



SOM DISTILLERIES AND BREWERIES LIMITED

Som Distilleries and Breweries Limited (“Company” or “Issuer”) was incorporated on March 26, 1993 as a public limited company under the Companies Act, 1956 with the Registrar of Companies, Delhi & Haryana at Delhi. For details, including reasons for changes in the registered office of our Company, “General Information” on page 40 of this Letter of Offer.

Registered Office: 1A, Zee Plaza, Arjun Nagar, S.J. Enclave, Kamal Cinema Road, New Delhi – 110 029, India;

Corporate Office: 23, Zone-II, M.P. Nagar, Bhopal – 462 011, Madhya Pradesh, India; **Tel:** +91 755 4271 271 / + 91 755 4278 827;

Contact Person: Om Prakash Singh, Company Secretary and Compliance Officer; **E-mail:** compliance@somindia.com; **Website:** www.somindia.com;

Corporate Identification Number: L74899DL1993PLC052787

OUR PROMOTERS: JAGDISH KUMAR ARORA, AJAY KUMAR ARORA, SUNITA ARORA, NATASHA ARORA, SWEENA ARORA, DEEPAK ARORA, SURJEET LAL, AALOK DEEP FINANCE PRIVATE LIMITED AND SOM DISTILLERIES PRIVATE LIMITED FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF SOM DISTILLERIES AND BREWERIES LIMITED (THE “COMPANY” OR THE “ISSUER”) ONLY

ISSUE OF UPTO 34,95,952 EQUITY SHARES OF FACE VALUE ₹ 5 EACH (“RIGHTS EQUITY SHARES”) OF OUR COMPANY FOR CASH AT A PRICE OF ₹ 140 EACH INCLUDING A SHARE PREMIUM OF ₹ 135 PER RIGHTS EQUITY SHARE (THE “ISSUE PRICE”), AGGREGATING UPTO ₹ 4,894.33 LAKHS* ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 10 (TEN) RIGHTS EQUITY SHARES FOR EVERY 211 (TWO HUNDRED ELEVEN) FULLY PAID-UP EQUITY SHARES HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON FRIDAY, APRIL 14, 2023 (THE “ISSUE”). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS 28 TIMES THE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED “TERMS OF THE ISSUE” ON PAGE 117 OF THIS LETTER OF OFFER.

**Assuming full subscription.*

WILFUL DEFAULTERS OR FRAUDULENT BORROWER

NEITHER OUR COMPANY NOR ANY OF OUR PROMOTERS OR DIRECTORS IS CATEGORISED AS A WILFUL DEFAULTER OR A FRAUDULENT BORROWER.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Rights Equity Shares in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of the contents of this Letter of Offer. Specific attention of the investors is invited to the section titled “Risk Factors” on page 18 of this Letter of Offer.

COMPANY’S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regards to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect.

LISTING

The existing Equity Shares are listed on BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”) (BSE and NSE together the “Stock Exchanges”). Our Company has received ‘in-principle’ approvals from the BSE and NSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide their letters dated March 17, 2023 and March 6, 2023, respectively. Our Company will also make applications to the Stock Exchanges to obtain trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purpose of this Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE

REGISTRAR TO THE ISSUE

VIVRO



VIVRO FINANCIAL SERVICES PRIVATE LIMITED
607/608 Marathon Icon, Opp. Peninsula Corporate Park,
Off. Ganpatrao Kadam Marg, Veer Santaji Lane,
Lower Parel, Mumbai – 400 013, Maharashtra, India.
Telephone: +91 22 6666 8040
E-mail: investors@vivro.net
Website: www.vivro.net
Investor Grievance E-mail: investors@vivro.net
Contact Person: Anshul Nenawati / Viral Shah
SEBI Registration Number: INM000010122

MAS SERVICES LIMITED
T-34, 2nd Floor, Okhla Industrial Area,
Phase - II, New Delhi - 110 020, India.
Telephone: +91 11 2638 7281/ 82/ 83, 4132 0335
Facsimile: +91 11 2638 7384
E-mail: investor@masserv.com
Website: www.masserv.com
Investor Grievance E-mail: investor@masserv.com
Contact Person: N.C. Pal
SEBI Registration Number: INR000000049

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSURES ON**
WEDNESDAY, APRIL 26, 2023	MONDAY, MAY 8, 2023	THURSDAY, MAY 11, 2023

* Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

** Our Board or Rights Issue Committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (Thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Letter of Offer uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

This Letter of Offer uses the definitions and abbreviations set forth below, which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Letter of Offer, but not defined herein, shall have the same meaning (to the extent applicable) ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, 2013, the SCRA, the Depositories Act, and the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in sections / chapters titled “Industry Overview”, “Statement of Tax Benefits, Financial Information”, “Outstanding Litigation and Material Developments” and “Terms of the Issue” on pages 57, 53, 85, 100, and 117 respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/ chapters.

General Terms

Term	Description
“Company”, “our Company”, “the Company”, “the Issuer”, “Som” or “SDBL”, “we”, “us”, or “our”	Som Distilleries and Breweries Limited, a public limited company incorporated under Companies Act, 1956 having its registered office at, 1A, Zee Plaza, Arjun Nagar, S.J. Enclave, Kamal Cinema Road, New Delhi – 110 029, India.

Company Related Terms

Term	Description
Articles / Articles of Association/ AoA	Articles / Articles of Association of our Company, as amended from time to time.
Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company for the financial year ended March 31, 2022 which comprises of the consolidated balance sheet as at March 31, 2022, the consolidated statement of profit and loss including other comprehensive income, the consolidated cash flow statement, the consolidated statement of changes in equity for the year ended March 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information. For details, see “Financial Information” on page 85 of this Letter of Offer.
Audit Committee	The Board of Directors of our Company constituted audit committee in accordance with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and Section 177 of the Companies Act, 2013.
Auditor / Statutory Auditor	The current statutory auditor of our Company, namely, M/s. AKB Jain & Co, Chartered Accountants.
Board / Board of Directors	Board of directors of our Company or Rights Issue Committee thereof. For details of the Board of Directors, see “Our Management and Organisational Structure” on page 81 of the Letter of Offer.
Chairman and Managing Director	Jagdish Kumar Arora
Chief Financial Officer / CFO	Rajesh Kumar Dubey, the Chief Financial Officer of our Company.
Company Secretary and Compliance	Om Prakash Singh, the Company Secretary and the Compliance Officer of our Company.

Term	Description
Officer	
Corporate Office	23, Zone-II, M.P. Nagar, Bhopal – 462 011, Madhya Pradesh, India.
Equity Shareholder	A holder of Equity Shares of our Company.
Equity Shares	Equity shares of our Company of face value of ₹ 5 each.
Executive Directors	Executive directors of our Company.
Independent Director(s)	The independent director(s) of our Company as per section 2(47) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations, and as described in the chapter “ <i>Our Management and Organisational Structure</i> ” on page 81 of the Letter of Offer.
Key Managerial Personnel / KMP	Key managerial personnel of our Company in terms of the Companies Act, 2013 and the SEBI ICDR Regulations as described in the subsection titled “ <i>Our Management – Key Managerial Personnel</i> ” on page 81 of this Letter of Offer.
Limited Reviewed Unaudited Consolidated Financial Results	The Limited Reviewed Unaudited Consolidated Financial Results of our Company and subsidiaries for the nine months ended December 31, 2022 in accordance with Regulation 33 of SEBI Listing Regulations, including the notes thereto.
Materiality Policy	A policy adopted by our Company, in the Board meeting held on January 24, 2023 for identification of material litigation(s) for the purpose of disclosure of the same in this Letter of Offer.
Memorandum of Association/ MoA	Memorandum of Association of our Company, as amended from time to time.
Non-executive Directors	Non-executive Directors of our Company.
Promoter(s)	The Promoters of our Company namely Jagdish Kumar Arora, Ajay Kumar Arora, Sunita Arora, Natasha Arora, Sweena Arora, Deepak Arora, Surjeet Lal, Aalok Deep Finance Private Limited and Som Distilleries Private Limited.
Promoter Group	Individuals and entities forming part of the promoter and promoter group in accordance with Regulation 2(1)(pp) SEBI ICDR Regulations and which are disclosed by the Company to Stock Exchanges from time to time.
Registered Office	The registered office of our Company 1A, Zee Plaza, Arjun Nagar, S.J. Enclave, Kamal Cinema Road, New Delhi – 110 029, India.
Registrar of Companies / RoC	Registrar of Companies, Delhi & Haryana situated at 4 th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110 019, India
Rights Issue Committee	The Committee of our Board reconstituted through the board resolution dated January 24, 2023.
Shareholders / Equity Shareholders	The Equity Shareholders of our Company, from time to time.
Subsidiaries	Companies or body corporates constituting the subsidiaries of our Company as determined in terms of Section 2(87) of the Companies Act, in our case the subsidiaries of our Company namely: a) Woodpecker Distilleries & Breweries Private Limited b) Som Distilleries & Breweries Odisha Private Limited

Issue Related Terms

Term	Description
Abridged Letter of Offer / ALOF	Abridged Letter of Offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act.
Additional Rights Equity Shares / Additional Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement.
Allot / Allotment / Allotted	Unless the context otherwise requires, the Allotment of Rights Equity Shares pursuant to the Issue.
Allotment Account	The account opened with the Banker(s) to the Issue, into which amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with

Term	Description
	Section 40(3) of the Companies Act.
Allotment Account Bank	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, ICICI Bank Limited.
Allotment Advice	Note, advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue.
Allotment Date	Date on which the Allotment is made pursuant to the Issue.
Allottee(s)	Person(s) who are Allotted Rights Equity Shares pursuant to the Allotment.
Applicant(s) / Investor(s)	Eligible Equity Shareholder(s) and / or Renouncee(s) who are entitled to make an application for the Rights Equity Shares pursuant to the Issue in terms of this Letter of Offer.
Application	Application made through submission of the Common Application Form or plain paper Application to the Designated Branch(es) of the SCSBs or online / electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Rights Equity Shares at the Issue Price.
Application Form / Common Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Investor to make an application for the Allotment of the Rights Equity Shares in the Issue.
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price.
Application Supported by Blocked Amount / ASBA	Application (whether physical or electronic) used by ASBA Applicants to make an Application authorizing the SCSB to block the amount payable on application in the ASBA Account maintained with such SCSB.
ASBA Account	Account maintained with a SCSB and as specified in the Common Application Form or plain paper application, as the case may be, for blocking the amount mentioned in the Common Application Form or the plain paper application, in case of Eligible Equity Shareholders, as the case may be.
ASBA Circulars	Collectively, the SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, the SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011 and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard.
Banker to the Issue	Collectively, the Escrow Collection Bank and the Refund Bank to the Issue, in this case being ICICI Bank Limited.
Banker to the Issue Agreement	Agreement dated March 16, 2023 entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Banker to the Issue for receipt of the Application Money.
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful applicants in the Issue and which is described in “ <i>Terms of the Issue</i> ” on page 117 of this Letter of Offer.
Controlling Branches / Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes , updated from time to time or at such other website(s) as may be prescribed by the SEBI from time to time.
Demographic Details	Details of Investors including the Investor’s address, name of the Investor’s father/husband, investor status, occupation and bank account details, where applicable.
Designated SCSB Branches	Such branches of the SCSBs which shall collect the Application Form submitted by ASBA Bidders, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 , updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	BSE Limited
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities

Term	Description
	and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996.
Draft Letter of Offer / DLOF	The draft letter of offer dated February 27, 2023, filed with the Stock Exchanges, for its observations and in-principle approvals.
Eligible Equity Shareholders	Existing Equity Shareholders as on the Record Date i.e., Friday, April 14, 2023. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, see “ <i>Notice to Investors</i> ” on page 9 of this Letter of Offer.
Issue / Rights Issue	Issue of up to 34,95,952 Rights Equity Shares for cash at a price of ₹140 per Rights Equity Share (including a share premium of ₹135 per Rights Equity Share) aggregating up to ₹4,894.33 lakhs* on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of 10 (Ten) Rights Equity Shares for every 211 (Two Hundred Eleven) fully paid-up Equity Shares held by the Eligible Equity Shareholders on the Record Date i.e., Friday, April 14, 2023. <i>*Assuming full subscription</i>
Issue Agreement	Agreement dated February 23, 2023 entered into between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the issue.
Issue Closing Date	Thursday, May 11, 2023
Issue Materials	Collectively, the Letter of Offer, the Abridged Letter of Offer, the Common Application Form and Rights Entitlement Letter, any other issue material relating to the Issue.
Issue Opening Date	Wednesday, April 26, 2023
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants / Investors can submit their Applications, in accordance with the SEBI ICDR Regulations.
Issue Price	₹140 per Rights Equity Share.
Issue Proceeds	The gross proceeds raised through the Issue
Issue Size	Amount aggregating up to ₹4,894.33.00 lakhs* <i>*Assuming full subscription.</i>
Lead Manager to the Issue / Lead Manager	Vivro Financial Services Private Limited
Letter of Offer / LOF	The letter of offer dated April 6, 2023 filed with the Stock Exchanges and with SEBI.
Multiple Application Forms	Multiple application forms submitted by an Eligible Equity Shareholder / Renouncee in respect of the Rights Entitlement available in their demat account. However supplementary applications in relation to further Equity Shares with / without using additional Rights Entitlements will not be treated as multiple application.
Net Proceeds	Issue Proceeds less the Issue related expenses. For details, see “ <i>Objects of the Issue</i> ” on page 48 of the Letter of Offer.
Non-Institutional Bidders / NIIs	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations.
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws.
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, on or before Monday, May 8, 2023.
QIBs / Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, being Friday, April 14, 2023.
Refund Bank	The Banker to the Issue with whom the Refund Account will be opened, in this case being ICICI Bank Limited.
Registrar to the Issue / Registrar	MAS Services Limited.

Term	Description
Registrar Agreement	Agreement dated February 23, 2023, entered into among our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation either through On Market Renunciation or through Off Market Renunciation in accordance with the SEBI ICDR Regulations, the SEBI Rights Issue Circular, the Companies Act and any other applicable law.
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date i.e., Wednesday, April 26, 2023. Such period shall close on Monday, May 8, 2023, in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date i.e., Thursday, May 11, 2023.
Retail Individual Bidders(s) / Retail Individual Investor(s) / RII(s) / RIB(s)	An individual Investor (including an HUF applying through karta) who has applied for Rights Equity Shares and whose Application Money is not more than ₹200,000 in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations.
Rights Entitlements / REs	Number of the Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of the Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being 10 (Ten) Rights Equity Shares for every 211 (Two Hundred Eleven) Equity Shares held by an Eligible Equity Shareholder. Pursuant to the provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements shall be credited in dematerialised form in respective demat accounts of the Eligible Equity Shareholders before the Issue Opening Date.
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders.
Rights Equity Shares/ Rights Shares	Equity Shares of our Company to be Allotted pursuant to this Issue, on fully paid-up basis on Allotment.
SEBI Rights Issue Circulars	SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 read with SEBI circular bearing reference number SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022 and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard.
Self-Certified Syndicate Banks / SCSBs	Self-certified syndicate banks registered with SEBI, which offers the facility of ASBA. A list of all SCSBs is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes , updated from time to time or at or such other website(s) as maybe prescribed by SEBI from time to time.
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, being BSE and NSE.
Transfer Date	The date on which the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Wilful Defaulter / Fraudulent Borrower	An entity or person categorised as a wilful defaulter or a fraudulent borrower by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(III) of the SEBI ICDR Regulations.
Working Day	In terms of Regulation 2(1)(mmm) of SEBI ICDR Regulations, working day means all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.

Business and Industry related Terms or Abbreviations

Term	Description
AIDA	All India Distilleries Association
AlcoBev	Alcoholic Beverages
B2B	Business to Business
bps	Basis points
CAGR	Compounded Annual Growth Rate
Case	12 bottles of 650 ml each totaling 7.8 liters
Covid-19	Coronavirus Disease 2019
F&B	Food and Beverage
FOB	Free On Board
GDP	Gross Domestic Product
GVA	Gross Value Added
ICRA	Investment Information and Credit Rating Agency of India Limited
IMF	International Monetary Fund
IMFL	Indian Made Foreign Liquor
INR	Indian Rupee (₹)
KL	Kilo Liters
OPM	Operating profit margins
RTD	Ready to Drink
USA/US	United States of America
USD/ US\$	US Dollar

Conventional and General Terms or Abbreviations

Term	Description
₹/ Rs./ Rupees/ INR	Indian Rupees
A/c	Account
AGM	Annual general meeting
AIF	Alternative Investment Fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	BSE Limited
CSE	Calcutta Stock Exchange
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
CLRA	Contract Labour (Regulation and Abolition) Act, 1970
Companies Act, 2013 / Companies Act	Companies Act, 2013 along with rules made thereunder.
Companies Act 1956	Companies Act, 1956, and the rules thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections).
COVID-19	The novel coronavirus disease which was declared as a Public Health Emergency of International Concern on January 30, 2020, and a pandemic on March 11, 2020 by the World Health Organization
CSR	Corporate Social Responsibility
Depository(ies)	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.
Depositories Act	The Depositories Act, 1996
DIN	Director Identification Number
DP ID	Depository Participant's Identification Number
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting

Term	Description
EPF Act	Employees' Provident Fund and Miscellaneous Provisions Act, 1952
EPS	Earnings per share
ESI Act	Employees' State Insurance Act, 1948
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the FEMA
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Rules	The Foreign Exchange Management (Non-debt instruments) Rules, 2019
Financial Year / Fiscal	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FPIs	A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations, provided that any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GDP	Gross Domestic Product
GoI / Government	The Government of India
GST	Goods and Services Tax
HUF(s)	Hindu Undivided Family(ies)
ICAI	Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Income Tax Act / IT Act	Income Tax Act, 1961
Ind AS	The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015, as amended
Indian GAAP	Generally Accepted Accounting Principles in India
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
Insolvency Code	Insolvency and Bankruptcy Code, 2016, as amended
INR or ₹ or Rs. or Indian Rupees	Indian Rupee, the official currency of the Republic of India
ISIN	International Securities Identification Number
IT	Information Technology
MCA	The Ministry of Corporate Affairs, GoI
Mn /mn	Million
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N.A. or NA	Not Applicable
NAV	Net Asset Value
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect.
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA. OCBs are not allowed to

Term	Description
	invest in the Issue.
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent account number
PAT	Profit after Tax
Payment of Bonus Act	Payment of Bonus Act, 1965
Payment of Gratuity Act	Payment of Gratuity Act, 1972
RBI	The Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934, as amended
Regulation S	Regulation S under the United States Securities Act of 1933, as amended
SCRA	Securities Contract (Regulation) Act, 1956 of 1933, as amended
SCRR	The Securities Contracts (Regulation) Rules, 1957 as amended
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012, as amended
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
Securities Act	The United States Securities Act of 1933.
STT	Securities Transaction Tax
State Government	The government of a state in India
Trademarks Act	Trademarks Act, 1999
TDS	Tax deducted at source
US\$ / USD / US Dollar	United States Dollar, the official currency of the United States of America
USA / U.S. / US / United States	United States of America
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
VAT	Value Added Tax
VCFs	Venture capital funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be
w.e.f.	With effect from
Year/Calendar Year	Unless context otherwise requires, shall refer to the twelve-month period ending December 31 of a particular year

NOTICE TO INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter any other issue material relating to the Issue (collectively “**Issue Materials**”) and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Issue Material may come are required to inform themselves about and observe such restrictions.

In accordance with the SEBI ICDR Regulations, Issue Materials will be sent/ dispatched only to the Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their email address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue materials will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas Shareholders, who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to e-mail or send a physical copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form and other applicable Issue materials, shall not be sent this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter the Application Form and other applicable Issue materials.

Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of our Company, the Registrar, the Lead Manager and the Stock Exchanges.

Our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Materials or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Issue Materials will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Issue Materials must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of the Issue Materials should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Issue Materials to any person outside India where to do so, would or might contravene local securities laws or regulations. If the Issue Materials is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in the Issue Materials.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Our Company, the Registrar or any other person acting on behalf of our Company reserves the right to treat any Common Application Form as invalid where they believe that Common Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Common Application Form.

Neither the delivery of the Issue Materials nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company’s affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information.

THE CONTENTS OF THIS LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER RIGHTS OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF EQUITY SHARES. IN ADDITION, OUR COMPANY IS NOT MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OF AMERICA OR THE TERRITORIES OR POSSESSIONS THEREOF (“UNITED STATES”), EXCEPT IN A TRANSACTION NOT SUBJECT TO, OR EXEMPT FROM, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT. THERE IS NO INTENTION TO REGISTER ANY PORTION OF THE ISSUE OR ANY OF THE SECURITIES DESCRIBED HEREIN IN THE UNITED STATES OR TO CONDUCT A PUBLIC OFFERING OF SECURITIES IN THE UNITED STATES. ACCORDINGLY, THE ISSUE MATERIALS SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is in the United States when the buy order is made. Envelopes containing an Application Form and Rights Entitlement Letter should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of these Equity Shares in India.

Rights Entitlements may not be transferred or sold to any person in the United States.

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED, REDISTRIBUTED OR PASSED ON, DIRECTLY OR INDIRECTLY, TO ANY OTHER PERSON OR PUBLISHED, IN WHOLE OR IN PART, FOR ANY PURPOSE.

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND CURRENCY OF PRESENTATION

Certain Conventions

All references to “India” contained in this Letter of Offer are to the Republic of India and its territories and possessions and all references herein to the “Government”, “Indian Government”, “GoI”, Central Government” or the “State Government” are to the Government of India, central or state, as applicable. Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to the ‘US’ or ‘U.S.’ or the ‘United States’ are to the United States of America and its territories and possessions.

Unless otherwise specified, any time mentioned in this Letter of Offer is in Indian Standard Time (“IST”). Unless indicated otherwise, all references to a year in this Letter of Offer are to a calendar year.

A reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Unless stated otherwise, all references to page numbers in this Letter of Offer are to the page numbers of this Letter of Offer.

Financial Data

Unless stated otherwise or the context otherwise requires, the financial information and financial ratios in this Letter of Offer has been derived from our Audited Consolidated Financial Results for the year ended March 31, 2022 and the Limited Reviewed Unaudited Consolidated Financial Statements for the nine months period ended December 31, 2022. For details, please see “*Financial Information*” on page 85 of this Letter of Offer.

Our Company’s financial year commences on April 1 and ends on March 31 of the next year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the twelve (12) month period ended on March 31 of that year.

We have prepared our annual Audited Consolidated Financial Statements in accordance with Ind AS and Unaudited Consolidated Financial Results in accordance with recognition and measurement principles laid down in Ind AS 34 prescribed under the Section 133 of the Companies Act 2013 and Regulation 33 of SEBI Listing Regulations. Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly, be limited.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in lakhs.

There are significant differences between Ind AS, US GAAP and IFRS. We have not provided a reconciliation of the financial information to IFRS or US GAAP. Our Company has not attempted to also explain those differences or quantify their impact on the financial data included in this Letter of Offer, and you are urged to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Letter of Offer will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with these accounting principles and regulations on our financial disclosures presented in this Letter of Offer should accordingly be limited. For further information, see “*Financial Information*” on page 85.

Certain figures contained in this Letter of Offer, including financial information, have been subject to rounded off adjustments. All figures in decimals (including percentages) have been rounded off to one or two decimals. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Letter of Offer rounded-off to such number of decimal points as provided in such respective sources. In this Letter of Offer, (i) the sum or percentage change of certain numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Any such discrepancies are due to rounding off.

Currency and Units of Presentation

All references to:

- “Rupees” or “₹” or “INR” or “Rs.” are to Indian Rupee, the official currency of the Republic of India;
- “USD” or “US\$” or “\$” are to United States Dollar, the official currency of the United States of America; and
- “Euro” or “€” are to Euros, the official currency of the European Union.

Our Company has presented certain numerical information in this Letter of Offer in “lakh” or “lakhs” or “Lac” units or in whole numbers. One lakh represents 1,00,000 and one million represents 10,00,000. All the numbers in the document have been presented in lakh or in whole numbers where the numbers have been too small to present in lakh. Any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” and elsewhere in this Letter of Offer, unless otherwise indicated, have been calculated based on our Audited Consolidated Financial Statements and Limited Reviewed Unaudited Consolidated Financial Results.

Exchange Rates

This Letter of Offer contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and other foreign currencies:

Currency	Exchange rate as on		
	December 31, 2022	March 31, 2022	March 31, 2021
1 USD	82.79	75.81	73.50
1 Euro	88.15	84.66	86.10

(Source: www.fbil.org.in)

Wherever the exchange rate was not available on account of a holiday, the exchange rate as of the immediately preceding working day has been provided.

Industry and Market Data

Unless stated otherwise, industry and market data used in this Letter of Offer has been extracted from thematic report titled “Indian Alcohol Beverage Industry” dated January 2023 prepared and issued by ICRA Limited (the “**ICRA Report**”).

Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. The third party data in relation to the industry and market data, has not been independently verified by our Directors, our Promoters or the Lead Manager or any of their respective affiliates or advisors and none of these parties, jointly or severally, make any representation as to the accuracy of this information. The data may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those

discussed in “*Risk Factors*” on page 18 this Letter of Offer. Accordingly, investment decisions should not be based solely on such information.

Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.

FORWARD – LOOKING STATEMENTS

This Letter of Offer contains certain “forward-looking statements”. Forward looking statements appear throughout this Letter of Offer, including, without limitation, under the chapters titled “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” and “*Industry Overview*”. Forward-looking statements include statements concerning our Company’s plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our Company’s competitive strengths and weaknesses, our Company’s business strategy and the trends our Company anticipates in the industries and the political and legal environment, and geographical locations, in which our Company operates, and other information that is not historical information. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “continue”, “can”, “could”, “expect”, “estimate”, “intend”, “likely”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “seek to”, “will”, “will continue”, “will pursue”, “forecast”, “target”, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company’s expected financial conditions, results of operations; business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company’s business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Letter of Offer that are not historical facts. These forward-looking statements contained in this Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, the competition in our industry and markets, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in laws, regulations and taxes, incidence of natural calamities and/or acts of violence. Important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

- trends in the Indian alcohol industry;
- performance of the industries in which our clients operate;
- performance of our key clients and our relationship with our intermediaries;
- adverse effect of competition on our market share and profits;
- changes in technology and our ability to manage any disruption or failure of our technology systems;
- our ability to:
 - manage our growth effectively;
 - manage our credit risk;
 - manage the quality of our products;
 - hire and retain senior management personnel and other skilled manpower;
 - manage cost of compliance with labor laws or other regulatory developments;
 - manage our operating costs;
 - manage breakdown or failure of equipment, power supply or processes, natural disasters and accidents;
 - successfully implement our business strategies and expansion plans;
 - maintain effective internal controls;
- adequate and timely supply of assets necessary for our operations such as vehicles and equipment;
- changes in general, political, social and economic conditions in India and elsewhere;
- general levels of GDP growth, and growth in employment and personal disposable income; and
- economic uncertainties, fiscal crises or instability in India.

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, see “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” beginning on pages 18, 68 and 90, respectively, of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as of the date of this Letter of Offer and are not a guarantee of future performance. These statements are based on the management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, our Promoter, the Syndicate Member(s) nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with the SEBI ICDR Regulations, our Company will ensure that investors are informed of material developments from the date of this Letter of Offer until the time of receipt of the listing and trading permissions from the Stock Exchanges.

SUMMARY OF THIS LETTER OF OFFER

The following is a general summary of the terms of this Issue, and should be read in conjunction with and is qualified by the more detailed information appearing in this Letter of Offer, including the sections titled “*Risk Factors*”, “*The Issue*”, “*Capital Structure*”, “*Objects of the Issue*”, “*Our Business*”, “*Industry Overview*”, “*Outstanding Litigation and Material Developments*” and “*Terms of the Issue*” on pages 18, 39, 45, 48, 68, 57, 100 and 117 respectively.

Summary of Business

Our company is primarily engaged in production of beer and Indian Made Foreign Liquor (“**IMFL**”). Our product portfolio consists of beer, rum, brandy, vodka, and whisky categories. Our flagships brands include Hunter, Black Fort, Power Cool and Woodpecker in Beer and Milestone 100 whisky and White Fox vodka in IMFL.

For more details, please refer to the chapter titled “*Our Business*” on page 68 of this Letter of Offer.

Objects of the Issue

Our Company intends to utilize the Net Proceeds raised through the Issue towards the following objects:

(₹ in lakhs)

Sr. No.	Particulars	Amount
1.	Utilization towards long-term working capital requirements of our Company	4,005.00
2.	General Corporate Purposes*	824.00
Total Net Proceeds[^]		4,829.00

* The amount utilized for General Corporate Purposes shall not exceed 25% of the Gross Proceeds.

[^] Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.

For further details, please see chapter titled “*Objects of the Issue*” beginning on page 48 of this Letter of Offer.

Intention and extent of participation by our Promoter and Promoter Group

Our Promoters and Promoter Group *vide* their letter dated February 4, 2023 (“**Subscription Letter**”), have undertaken that they, jointly and/or severally, shall subscribe in the Issue, to the full extent of their Rights Entitlements and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group).

The acquisition of Rights Equity Shares by our Promoters and our Promoter Group, over and above its Rights Entitlements shall not result in a change of control of the management of our Company and shall be in compliance with the SEBI SAST Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under the Applicable Law.

Summary of Outstanding Litigation

A summary of the pending tax proceedings and other material litigations involving our Company and our Subsidiaries is provided below:

a) Litigations involving our Company

i) Cases filed against our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Proceedings involving issues of moral turpitude or criminal liability on the part of our Company	1	5.00
Tax Proceedings	2	60.06
Proceedings involving material violations of statutory	Nil	-

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
regulations by our Company		
Economic offences	Nil	-
Material civil litigations	5	107.00

* To the extent quantifiable

ii) Cases filed by our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Proceedings involving issues criminal liability initiated by our Company	8	128.66
Tax Proceedings**	14	3664.26
Material civil litigations	3	35.16

* To the extent quantifiable

** Writ Petitions bearing Case nos. 922-932/2014 and 934-944/2014 are connected to a main case bearing no. WP 933/2014, which is included above.

b) Litigations involving our Subsidiaries

i) Cases filed against our Subsidiaries:

Nature of Litigation	Number of matters outstanding	Amount involved (₹ in lakhs)
Proceedings involving issues of moral turpitude or criminal liability on the part of our Subsidiaries	Nil	Nil
Tax Proceedings	Nil	Nil
Proceedings involving material violations of statutory regulations by our Subsidiaries	Nil	Nil
Economic offences	Nil	Nil
Material civil litigations	Nil	Nil

ii) Cases filed by our Subsidiaries:

Nature of Litigation	Number of matters outstanding	Amount involved (₹ in lakhs)
Proceedings involving issues criminal liability initiated by our Subsidiaries	Nil	Nil
Tax Proceedings	Nil	Nil
Material civil litigations	Nil	Nil

For further details, please see the chapter titled “*Outstanding Litigation and Material Developments*” beginning on page 100 of this Letter of Offer.

Risk Factors

Please see the chapter titled “*Risk Factors*” beginning on page 18 of this Letter of Offer.

Summary of Contingent Liabilities

For details regarding contingent liabilities, please see “*Note 30- Contingent Liabilities*” of the chapter titled “*Audited Consolidated Financial Statements*” beginning on page 85 of this Letter of Offer.

Summary of Related Party Transactions

For details of our related party transactions please refer “*Note 32- Related Party Transactions*” of the “*Audited Consolidated Financial Statements*” beginning on page 85 of this Letter of Offer.

Issue of equity shares made in last one year for consideration other than cash

Our Company has not made any issuances of Equity Shares in the last one year for consideration other than cash.

SECTION II – RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Letter of Offer, including the risks and uncertainties described below and “Financial Statements” on page 85 of this Letter of Offer, before making an investment in the Equity Shares. The risks described below are not the only risks relevant to us or the Equity Shares or the industries in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, cash flows, prospects, results of operations and financial condition. In order to obtain a complete understanding about us, investors should read this section in conjunction with “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 68 and 90, respectively, included in this Letter of Offer. If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business, cash flows, prospects, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment. Unless specified in the relevant risk factor below, we are not in a position to quantify the financial implication of any of the risks mentioned below.

However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Issue. The following factors have been considered for determining the materiality: (1) some events may not be material individually but may be found material collectively; (2) some events may have material impact qualitatively instead of quantitatively; and (3) some events may not be material at present but may have material impact in future.

This Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer.

Our financial year ends on March 31 of each year, so all references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise stated, the financial information used in this section is derived from our Audited Consolidated Financial Statements and Limited Review Unaudited Consolidated Financial Results, which are included in “Financial Statements” on page 85 of this Letter of Offer.

INTERNAL RISK FACTORS

BUSINESS RELATED RISKS

- 1. We generate a significant proportion of our total sales volume from our operations in Madhya Pradesh, Odisha and Karnataka and any adverse developments affecting our operations in these states could adversely affect our business operations and financial performance.***

Our operations in Madhya Pradesh, Odisha and Karnataka contribute a significant share of our total revenue from operations (net of excise duty); i.e., approximately 92%, 75% and 72% of our total domestic revenue from operations (net of excise duty) in the nine months period ended December 31, 2022, Fiscal 2022 and Fiscal 2021, respectively. The other states and agencies which contribute significantly to our revenue are Delhi NCR, Kerala and the Canteen Stores Department. The concentration of our operations and sales in the states of Madhya Pradesh, Odisha and Karnataka increases our exposure to economic, climatic, demographic and other challenges, which may adversely affect our business prospects, financial conditions and results of operations. Any adverse development that affects the economic performance in these states could have a material adverse effect on our operations and financial performance.

- 2. Restriction and prohibition on manufacturing, distribution and sale of alcoholic beverages may affect our operations.***

The manufacturing and distribution of beer is subject to regulation by government of each state of India and is subject to a complex and diverse tax structure. Our Company is subject to the compliance of regulations of each of the states in which it operates its manufacturing facilities, and these regulations may vary from one state to the other. Such regulations include licensing requirements, restrictions on and prescribed labelling of products, marketing set up and restrictions on advertising.

The Directive Principles of the Constitution of India provides that the Government of India should endeavour to implement the prohibition of the manufacture and sale of beer across the country. Currently, the manufacture, sale and consumption of beer is regulated by the Government of each State in India. Prohibition by a State Government in any of the states in which our Company operates would have a significant effect on the results of operations and on its ability to operate its business in such state.

3. Our Company and our Subsidiaries have incurred losses in the recent past and we may incur losses in the future.

Our Company and our Subsidiaries have incurred losses in the recent past, the details of which are provided below:

(₹ in lakhs)		
Name of the Company	March 31, 2022	March 31, 2021
Som Distilleries & Breweries Limited (Consolidated)	(984.00)	(3,807.28)
Som Distilleries & Breweries Limited (Standalone)	(1,097.24)	(1,803.62)
Som Distilleries & Breweries Odisha Private Limited	(273.82)	(1,106.39)
Woodpecker Distilleries & Breweries Private Limited	387.05	(897.29)

There can be no assurance that we will not incur losses in any future periods, or that there will not be an adverse effect on our reputation or business as a result of such losses. Such losses incurred by us may be perceived adversely by external parties such as customers, bankers, and suppliers, which could affect our reputation. For further details, refer to the chapter titled “Financial Information” on page 85 of this Letter of Offer.

4. Our Company has reported negative cash flow in the past. Any negative cash flows in the future would adversely affect our cash flow requirements, which may adversely affect our ability to operate our business and implement our growth plans, thereby affecting our financial condition.

Our Company has experienced negative net cash flow from investing and financing activities in the recent past, the details of which are provided below:

(₹ in lakhs)				
Particulars	March 31, 2022	March 31, 2021	September 30, 2022	September 30, 2021
Net cash generated from Investing Activities	(596.51)	(1,289.33)	(1047.73)	(25.80)
Net Cash Flow from Financing Activities	(929.40)	(1,799.34)	(763.89)	(344.84)

For year ended March 31, 2022, negative cash flow from investing activities is mainly on account of purchase of fixed assets and negative cash flow from financing activities is mainly on account of interest payments.

For six months period ended September 30, 2022 negative cash flow from investing activities is mainly on account of increase in the non-current assets and negative cash flow from financing activities is mainly on account of interest payments as well as repayment of borrowings.

For further details, refer “Consolidated Cash Flow Statement for the year ended March 31, 2022” on page F-20 of the chapter titled ‘Financial Information’.

5. Our business is seasonal in nature and it will experience variations in quarterly results of operations which could have an adverse impact on its business.

Our Company’s business is characterized by seasonal fluctuations in demand. Demand for beer, for example, is highest during the months of March to June, which results in peak sales during the last quarter of the fiscal and the first quarter of the subsequent new fiscal, and a build-up of inventory prior to that time. As a result, our Company plans its overall annual production levels based on predicted levels of demand for its products, which it derives from its own market assessments and sales targets from its distributors. Our Company may not be able to accurately predict annual and long-term demand in the future, and any errors in predicting future demand may have a material adverse effect on its business, prospects, results of operations and financial performance.

6. Stringent food safety, consumer goods, health and safety laws and regulations may result in increased liabilities and increased capital expenditures.

Our operations are subject to stringent health and safety laws as our products are for human consumption and are therefore subject to various industry specific regulations. We may also be subject to additional regulatory requirements due to changes in governmental policies. Further, we may also incur additional costs and liabilities related to compliance with these laws and regulations that are an inherent part of our business. We are subject to various central, state and local food safety, consumer goods, health and safety and other laws and regulations. These relate to various issues, including food safety, food ingredients, and food packaging requirements, and the investigation and remediation of contamination.

These laws and regulations are becoming increasingly stringent and may in the future create substantial compliance or remediation liabilities and costs. These laws may impose liability for non-compliance, regardless of fault. Other laws may require us to investigate and remediate contamination at our facilities and production processes. While we shall ensure compliance with applicable regulatory requirements, it is possible that such compliance may prove restrictive, costly and onerous and an inability to comply with such regulatory requirement may attract penalty.

7. There are certain outstanding legal proceedings against the Company and its Subsidiaries which may adversely affect our business, financial condition and results of operations.

As on the date of this Letter of Offer, our Company is involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and/or severally from us and/or other parties, as the case may be. We cannot assure you that these legal proceedings will be decided in favour of our Company, as the case may be, or that no further liability will arise out of these proceedings. We may incur significant expenses in such legal proceedings and we may have to make provisions in our financial statements, which could increase our expenses and liabilities. Any adverse decision may adversely affect our business, results of operations and financial condition.

A summary of the pending tax proceedings and other material litigations involving our Company and Subsidiaries are provided below:

a) Litigations involving our Company

i) Cases filed against our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Proceedings involving issues of moral turpitude or criminal liability on the part of our Company	1	5.00
Tax Proceedings	2	60.06
Proceedings involving material violations of statutory regulations by our Company	Nil	-
Economic offences	Nil	-
Material civil litigations	5	107.00

** To the extent quantifiable*

ii) Cases filed by our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Proceedings involving issues criminal liability initiated by our Company	8	128.66
Tax Proceedings**	14	3,664.26
Material civil litigations	3	35.16

** To the extent quantifiable*

*** Writ Petitions bearing Case nos. 922-932/2014 and 934-944/2014 are connected to a main case bearing no. WP 933/2014, which is included above.*

b) Litigations involving our Subsidiaries

i) Cases filed against our Subsidiaries:

Nature of Litigation	Number of matters outstanding	Amount involved (₹ in lakhs)
Proceedings involving issues of moral turpitude or criminal liability on the part of our Subsidiaries	Nil	Nil
Tax Proceedings	Nil	Nil
Proceedings involving material violations of statutory regulations by our Subsidiaries	Nil	Nil
Economic offences	Nil	Nil
Material civil litigations	Nil	Nil

ii) Cases filed by our Subsidiaries:

Nature of Litigation	Number of matters outstanding	Amount involved (₹ in lakhs)
Proceedings involving issues criminal liability initiated by our Subsidiaries	Nil	Nil
Tax Proceedings	Nil	Nil
Material civil litigations	Nil	Nil

For further details, please see the chapter titled “*Outstanding Litigation and Material Developments*” beginning on page 100 of this Letter of Offer.

8. *Health concerns relating to consumption of alcoholic beverages may reduce the demand for our products.*

There is growing concern among consumers, public health professionals and government agencies about the health problems associated with alcohol consumption. Increasing public concern, additional governmental regulations concerning the marketing, labelling, packaging or sale of alcoholic beverages and negative publicity resulting from actual or threatened legal actions against us or other companies in our industry relating to the marketing, labelling or sale of alcoholic beverages may reduce demand for our beverages, which could adversely affect demand for our products and thereby our profitability.

9. *We are exposed to foreign currency exchange rate fluctuations, which may have an adverse effect on our results of operations and value of the Equity Shares.*

Our exposure to foreign currencies is unhedged due to which we are exposed to foreign currency fluctuation risks. As a result of such exposure, we may incur potential losses if foreign currencies fluctuate significantly. Any such losses on account of foreign exchange fluctuations may adversely affect our results of operations.

The exchange rate between the Indian Rupee and the USD and other foreign currencies has changed considerably in recent years and may fluctuate substantially in the future. Fluctuations in the exchange rate between the Indian Rupee and other currencies may affect the value of a non-resident investor's investment in the Equity Shares.

A non-resident investor may not be able to convert Indian Rupee proceeds into USD or any other currency or the rate at which any such conversion may occur could fluctuate. In addition, our market valuation could be seriously harmed by the devaluation of the Rupee, if United States or other non-resident investors analyze our value based on the USD equivalent of our financial condition and results of operations.

For historical exchange rate fluctuations, see “*Certain Conventions, Use of Financial Information and Currency of Presentation*” on page 11 of this Letter of Offer.

10. Our use of imported ingredients and other raw materials and equipment exposes us to the risk of the imposition or increase of tariffs, duties and other levies.

We import some of our ingredients and equipment. Further, some of our third-party suppliers may also import certain ingredients and raw materials. Our Company's or our third parties' imports may increase in the future. India generally imposes import quotas and tariffs which may increase in the future thereby increasing the costs of these commodities and negatively affecting our results.

In addition, Indian authorities may ban imports of certain items into India, as a result of health or other considerations. These and other measures that reduce the supply of imported ingredients or other items in India may cause prices for these items to increase. Consequently, cost of our products would increase. We may not be able to pass this increase in costs to our customers.

11. We have certain contingent liabilities that may adversely affect our financial condition.

As of March 31, 2022, contingent liabilities disclosed in the notes to our Audited Consolidated Financial Statements aggregated ₹ 14,530.96 lakhs. Our contingent liabilities that had not been provided for as on March 31, 2022, are set forth below:

(₹ in lakhs)	
Particulars	Amount
i) Claims against the Company not acknowledged as debts/disputed:	
- Commercial Tax Department	60.71
- Income Tax Department	1,985.58
ii) Guarantees given by Bankers on behalf of the Company not provided for	1,178.67
iii) Corporate guarantee given to a bank on behalf of others	11,306.00

If a significant portion of these liabilities materialize, it could have an adverse effect on our business, financial condition and results of operations.

12. Our failure to protect confidential information like our product recipes, formulations, pricing or launch information could adversely affect our competitive position.

We intend to keep the recipes and formulations of our products confidential. We also keep information in relation to our proposed pricing of any new product, any proposed variation in price or launch of any new product confidential. Any failure to protect such confidential information due to leakage of information may impact our competitive position in our product segment. The appointment letters issued to our employees who use our processes and recipes to manufacture our products, require that all information made known to them be kept strictly confidential. Though there have not been any attempts made till now to divulge our proprietary / trade secrets, the appointment letters may not effectively prevent disclosure of our proprietary information and may not provide any adequate remedy in the event of unauthorised disclosure of such information to our competitors. Consequently, such events may adversely affect our competitive position.

13. Our lenders have charge over our assets in respect of loans that have been availed by us.

We have provided security in respect of loans / facilities availed by us from banks and financial institutions by creating a charge over our immovable property. The total amounts outstanding and payable by us as secured loans were ₹12,927.16 lakhs as on February 28, 2023. In the event we default in repayment of the loans / facilities availed by us and any interest thereof, our assets may be subject to forfeiture by lenders, which in turn could have significant adverse effect on business, financial condition or results of operations.

For further details of secured loans of our Company, please refer Note 15 in the chapter titled "Financial Statements" on page F-28 of this Letter of Offer.

14. Our financing agreements contain certain restrictive covenants which may affect our financial and operational flexibility. In the event of breach of any covenants in our financing agreements, our lenders may take any action in connection with such breaches which may have a material adverse effect on our business, results of operation, financial condition and prospects.

Our Company has entered into several borrowing facilities of varying terms and tenures from our lenders. Some of the financing arrangements entered into by us include conditions and covenants that require our Company to obtain consent from such lenders' prior to carrying out certain activities and entering into certain transactions including certain actions and matters in relation to the Issue. Some of these covenants include, altering our capital structure, changing our current ownership / control, formulating a scheme of amalgamation, material change in composition of management, undertaking guarantee obligations, declaration of dividend, and amending constitutional documents, for which we have to obtain consent from lenders.

15. *The Novel Coronavirus (Covid-19) pandemic outbreak and steps taken control the same have significantly impacted our business, results of operations, financial condition and cash flows and further impact will depend on future developments, which are highly uncertain.*

The rapid and diffused spread of COVID-19 and global health concerns relating to this outbreak have had a severe negative impact on all businesses. Further, there was temporary suspension of imports due to the COVID-19 pandemic. The COVID-19 pandemic could continue to have an impact that may worsen for an unknown period of time. Currently, there is substantial medical uncertainty regarding COVID-19 and till any cure is found, this pandemic may continue to cause unprecedented economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of COVID-19 remain uncertain and could be severe.

The extent to which the COVID-19 pandemic, and the related global economic impact, may affect our business, financial condition and results of operations will depend on future developments that are highly uncertain and cannot be predicted, including the spread, scope and duration of the COVID-19 pandemic and any recovery period, the effectiveness of further steps taken by the GoI and the RBI to mitigate the economic impacts in response to the pandemic and its effects.

16. *An inability to manage our growth effectively could adversely affect our business and future financial performance.*

We have experienced significant growth over the last few years as we have expanded our operations across India. However, our ability to grow our business will depend on various factors, many of which are beyond our control. These factors include, but are not limited to customer loyalty to our existing and future products; evolving consumer preferences and our ability to adapt our business and operations; recruiting and training qualified personnel; further strengthening our flagship products in new markets; competition in our markets; availability of financing at suitable terms and conditions; and sourcing and managing the cost of our expansion and identifying suitable supply and delivery resources.

In order to effectively manage our growth, we will need to further strengthen our operating systems, procedures and internal controls systems, and a failure to do so on a timely basis, or any weakness in our internal controls, may result in inconsistent or flawed operating procedures. The development of future business may also be affected by external factors, including general political and economic conditions in India and our international markets, government policies or strategies, particularly with respect to excise duty and sales tax applicable to our products and operations, as well as prevailing interest rates and currency exchange rates. Moreover, our ability to sustain our growth depends on our ability to attract and retain key management personnel, maintain effective risk management policies and address adverse market or business developments.

If we are unable to achieve our business strategy of organic and inorganic growth and if our existing and future management resources, operational and financial systems, and operating procedures and control measures are not adequate to support the growth in our future operations, it may adversely affect our business prospects and future financial performance.

17. *If we are unable to raise additional capital, our business prospects could be adversely affected.*

We intend to fund our growth and expansion plans through our cash on hand and cash flow from operations. We will continue to incur significant expenditure in maintaining and growing our existing infrastructure and production capacity. We cannot assure you that we will have sufficient capital resources for our current operations or any future expansion plans that we may have. While we expect our cash on hand and cash flow from operations to be adequate to fund our existing commitments, our ability to incur

any future borrowings is dependent upon the success of our operations. Additionally, if we are unable to arrange adequate financing on timely basis, it could adversely affect our ability to complete expansion plans. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and regulatory framework that allows us to raise capital. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants. If we are unable to raise adequate capital in a timely manner and on acceptable terms, or at all, our business, results of operations, cash flows and financial condition could be adversely affected.

- 18. *Consumer's taste and preference may change and they may not prefer our products in the future which may adversely affect demand for our products. Further, an inability to maintain our competitive position in India and in our other markets, and failure to adapt our product offerings to changing market trends and consumer tastes, preferences and spending habits could cause our sales to decline and may adversely affect our business, prospects and future financial performance.***

We operate in the highly competitive alcoholic beverages and IMFL products segments and rely on the continued demand for our beverages in India. We compete with global, regional and local brands of alcoholic beverages. If the number of competitors or level of marketing or investments undertaken by such competitors were to increase, it may result in a reduction in the consumption of our products and may reduce our market share, or we may be required to incur increased marketing and distribution related expenses in order to remain competitive. In addition, the success of our business depends on consumer behaviour and preferences and their affinity and loyalty to our beverages and brands, and there can be no assurance of market acceptance and consumer preference for new beverages or that there will be an increase in market share of the products. Our future growth and success will depend significantly on our ability to anticipate changes in market trends and consumer tastes and preferences, and then to identify, source and bring to the market in a timely manner wine products that satisfy the preferences of a broad range of consumers. In the event of a significant change in consumer preferences or in the event of an inability on our part to anticipate or react to such changes, it could result in reduced demand for our beverages and erosion of our competitive position and goodwill and could adversely affect our business, prospects, results of operations and financial condition.

In addition, we compete with aggressive marketing and promotional activities by other global, regional or local alcoholic beverage producers on price and promotional discounts announced from time to time. Other global and regional beverage producers in our markets typically match the pricing of our products. However, if the competition alters their pricing model, and we are unable to change our product prices in response to such competitive measures, our results of operations and profitability may be materially and adversely affected.

- 19. *Information relating to the manufacturing capacities of our production facilities included in this Letter of Offer are based on various assumptions and estimates. Underutilization of capacity of our manufacturing facilities may adversely affect our business, results of operations and financial condition.***

The information relating to the utilisation capacities of our manufacturing facilities included in this Letter of Offer are based on various assumptions and estimates of our management, including proposed operations, assumptions relating to availability and quality of raw materials and assumptions relating to potential facility capacity, facility operating shifts, and potential operational efficiencies. Capacity additions to our production facilities have been made on an incremental basis, including through expansion of our production facilities, improving material handling and other operational efficiencies in the production process and addition of equipment or production lines from time to time. Actual production levels and future capacity utilization rates may vary significantly from the estimated manufacturing capacities of our manufacturing facilities and historical capacity utilization rates. In addition, capacity utilization is calculated differently in different countries, industries and for the different kinds of products we manufacture.

In relation to our manufacturing capacity, assumptions have been made in the calculation of the estimated annual installed capacities of our production facilities included in this Letter of Offer. Undue reliance should therefore not be placed on the manufacturing capacity information for our existing manufacturing

facilities and any additional capacity information proposed or the historical capacity utilization rate information included in this Letter of Offer.

20. *Any significant interruption in production at our facilities or any break-down of our machinery could have a material adverse effect on our business, results of operations and financial condition.*

Our manufacturing facilities are subject to the normal risks of industrial production, including equipment breakdowns, labour stoppages, natural disasters, directives from government agencies, water shortages and power interruptions. All of the production facilities require a significant amount and continuous supply of electricity and water and any shortage or non-availability of electricity and water may adversely affect our operations. The production process of our products, as well as the storage of certain raw materials and finished product at particular temperatures requires uninterrupted electricity. We currently use ground water at our Bhopal plant and for the plant at Hassan, the water is sourced from the local municipality, while we also have a backup water source in the form of tubewells. Similarly for the Odisha plant, we depend on the ground water as well as the water supply from the municipality. We also depend on state electricity supply for our energy requirements. Although we have diesel generators to meet exigencies at our facilities, our operations at our facilities may be adversely affected during power failures. Any failure on our part to obtain alternate sources of electricity or water, in a timely fashion, and at an acceptable cost, may have an adverse effect on our business, results of operations and financial condition.

Further, our manufacturing facility is heavily dependent on our plant and machinery. Any significant malfunction or breakdown of our machinery may entail significant repair and maintenance costs and cause delays in our operations. If we are unable to procure the necessary spare parts in a timely manner in case of breakdown of machinery or if we are unable to carry out the necessary repair of the malfunctioning machinery promptly, our manufacturing operations may be hampered which could have an adverse impact on our results of operations and financial condition.

21. *We do not own the warehouse which is currently used by us. There can be no assurances that the lease agreement will be renewed upon termination or that we will be able to obtain other premises on lease on same or similar commercial terms. Further, we make significant capital improvements to our leased premises, the cost of which we may be unable to recover.*

Our warehouse is located on leased premises. The lease agreements may be terminated in accordance with their respective terms, and any termination or non-renewal of such leases could adversely affect our operations. There can be no assurance that we will be able to retain or renew such leases on same or similar terms, or that we will find alternate locations for the existing warehouse on terms favourable to us, or at all. Failure to identify suitable premises for relocation of existing property, if required, or in relation to new or proposed properties we may purchase, in time or at all, may have an adverse effect on our production and supply chain, the pace of our projected growth as well as our business and results of operations.

We periodically make significant, fixed capital improvements to our facilities. We may also invest in additional power supply infrastructure at our locations or other significant, fixed capital improvements, but any such investments generally become the property of the landlord after the expiration of the lease/ license. The cost of such capital improvements has gone up in recent times. As such, we may be unable to recover investments we make in upgrading our locations at the termination of a lease/ license, such as investments in power supply infrastructure.

22. *Our insurance coverage may not adequately protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.*

We are adequately insured against all losses and risks involving property and third party liability. For our operations, we have obtained insurance cover for standard fire and special perils, cash in transit, group personal accidental companies. Notwithstanding the insurance coverage that we carry, we may not be fully insured against some business risks and the occurrence of an event that causes losses in excess of limits specified under the relevant policy, or losses arising from events not covered by insurance policies, could adversely affect our business, results of operations and financial condition. If we are subject to litigation or claims or our operations are interrupted for a sustained period, the insurance policies may not be found to be adequate to cover the losses that may be incurred as a result of such interruption. If we suffer large uninsured losses or if any insured losses suffered by us significantly exceed our insurance coverage or our

insurance claim is rejected, it may adversely affect our business, results of operations and financial condition.

- 23. *Activities involving our manufacturing process can be dangerous and can cause injury to people or property in certain circumstances. A significant disruption at any of our manufacturing facilities may adversely affect our production schedules, costs, sales and ability to meet customer demand.***

Our business operations are subject to hazards such as risk of equipment failure, work accidents, fire or explosion and require individuals to work under potentially dangerous circumstances or with flammable materials. Although we employ safety procedures in the operation of our facilities and maintain what we believe to be adequate insurance, there is a risk that an accident or death may occur in one of our facilities. An accident may result in destruction of property or equipment, environmental damage, manufacturing or delivery delays, or may lead to suspension of our operations and/or imposition of liabilities. Any such accident may result in litigation, the outcome of which is difficult to assess or quantify, and the cost to defend litigation can be significant. As a result, the costs to defend any action or the potential liability resulting from any such accident or death or arising out of any other litigation, and any negative publicity associated therewith, may have a negative impact on our business, financial condition, results of operations, cash flows and prospects.

In particular, if operations at our manufacturing facility were to be disrupted as a result of any significant workplace accident, equipment failure, natural disaster, power outage, fire, explosion, terrorism, adverse weather conditions, labour dispute, obsolescence or other reasons, our financial performance may be adversely affected as a result of our inability to meet customer demand or committed delivery schedules for our products. Interruptions in production may also increase our costs and reduce our sales, and may require us to make substantial capital expenditures to remedy the situation or to defend litigation that we may become involved in as a result, which may negatively affect our profitability, business, financial condition, results of operations, cash flows and prospects.

- 24. *We appoint contract labour for carrying out certain of our operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations and financial condition.***

In order to maintain operational efficiencies, we appoint independent contractors who in turn engage on-site contract labour for performance of certain of our operations. We determine the number of contract labourers required depending on the requirement of our business from time to time. Although we do not engage these labourers directly, in the event of default by any independent contractor, we may be held responsible for any wage payments that must be made to such labourers. If we are required to pay the wages of the contracted employees, our results of operations and financial condition could be adversely affected. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, we need to update the licenses obtained by us regularly and failure to do so can attract penalties under the said Act. As on date of this Letter of Offer, certain agreements with the labour contractors have been expired and the same are in process of renewal. Delay in renewals, if any, of such agreements or licenses could lead to penalties under the Contract Labour (Regulation and Abolition) Act, 1970 and rules made thereunder.

- 25. *Interruptions in the transportation of raw materials or delivery of finished products, and poor handling of materials or products in transit could interrupt our business, cause us losses, damage our reputation, and adversely affect our results of operations and financial condition.***

We take delivery of many of our raw materials requirements at respective production facilities and typically the transportation and delivery of raw materials are undertaken by third party contractors. We may also face disruptions in the delivery of our products for various reasons beyond our control, including poor handling by distributors of our products, transportation bottlenecks, natural disasters and labour issues, breakdown of equipment, accidents, fire, loss of water or power supply, terrorism, political instability, military conflict, pandemic, strikes, the financial and/or operational instability of key suppliers, distributors, warehouses and transportation providers or brokers, or other reasons, which could impair our ability to sell our products, and lead to delayed or lost deliveries. Any supply disruptions could exert pressure on our costs, and we cannot assure you that all or part of any increase costs can be passed along to our consumers in a timely manner or at all, which could negatively affect our business, results of operations, future cash flows and financial condition. There has been substantial increase in prices of

various raw materials and logistics costs due to current inflationary trends. However, there is no assurance that we may not experience significant increases in the prices of our raw materials in the future. To the extent that we are unable to effectively manage such events if they occur, or cannot financially mitigate the likelihood or potential impact of such events, there could be a material adverse effect on our business and results of operations.

26. *Our Company may incur penalties or liabilities for non-compliances with certain provisions of the SEBI (LODR) Regulations, Companies Act and any other applicable laws in prior years.*

The Equity Shares of our Company are listed on BSE and NSE, therefore we are subject to the obligations and reporting requirements prescribed under the SEBI Listing Regulations. There have been instances in the past wherein, our Company has failed to comply with the requirements of the SEBI Listing Regulations in a timely manner. For further details, refer chapter titled “*Outstanding Litigation and Material Developments*” on page 100 of this Letter of Offer.

Although, our Company endeavours to comply with all such obligations/reporting requirements, there may be non-disclosures/delayed/erroneous disclosures and/or any other violations that might be committed by us, and the same may result into Stock Exchanges and/or SEBI imposing penalties, issuing warnings and show cause notices against us and/or taking actions as provided under the SEBI Act and Rules and Regulations made there under and applicable SEBI Circulars. Any such adverse regulatory action or development could affect our business reputation, divert management attention, and result in a material adverse effect on our business prospects and financial performance and on the trading price of the Equity Shares.

27. *Certain Promoters, Promoter Group and Directors hold Equity Shares in our Company and are therefore interested in the Company’s performance in addition to their remuneration and reimbursement of expenses.*

As on December 31, 2022, our Promoters and Promoter Group hold 32.72% of the Equity Share Capital and are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding in our Company. Our Promoters may exercise significant control over us, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting of shareholders, and our other shareholders may not be able to affect the outcome of such voting. Our Promoters may take or block actions with respect to our business which may conflict with the best interests of the Company or that of minority shareholders.

Further, as on December 31, 2022, our Promoter Director, Mr. Jagdish Kumar Arora holds 1,33,38,809 equity shares, Mr. Nakul Sethi, Executive Director holds 47,857 equity shares and Mr. Satpal Kumar Arora, Independent Director holds 16,225 equity shares which together constitutes 18.17% of the total shareholding of the Company, and are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding in our Company.

For further details, see “*Capital Structure*” and “*Financial Information*” on pages 45 and 85, respectively, of this Letter of Offer.

28. *We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.*

We have in the past entered into transactions with some of our Promoters, relatives of our Promoters, Directors, and enterprises over which our Directors have a significant influence. While all such transactions have been conducted on an arm’s length basis, we cannot assure you that we might have obtained more favourable terms had such transactions been entered into with unrelated parties. Further, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, financial condition, and cash flows. In the event any conflict of interest arises between us, or to the extent that competing products offered by any of our related parties erode our market share, we may not be able to effectively manage any such conflict or competitive pressures and, consequently, our business, results of operation and financial condition may be adversely affected. For further information on related party transaction, see Note 32 on page F-34 in the chapter titled “*Financial Information*” of this Letter of Offer.

29. ***Our Company has obtained, unsecured loans from the Promoters which may be recalled at any time. Any recall of the unsecured loans obtained by our Company may have an adverse effect on our business, prospects, financial condition and results of operations.***

Our Company has obtained unsecured loans, some or all of which may be recalled on demand. As on February 28, 2023, our Company has outstanding unsecured loans of ₹5,203.78 lakhs of which ₹1,765.30 lakhs have been availed from the promoters and members of the promoter group. If the unsecured loans obtained by our Company are recalled at any time, the financial condition of our Company may be adversely affected.

30. ***An interruption in the supply or significant increase in the price of raw materials or packaging materials may adversely affect our business, prospects, results of operations and financial condition.***

Our inability to maintain efficient inventory management and stock of raw materials at optimum levels may affect our operations. The availability and price of raw materials as well as the availability and price of packaging materials in particular of aluminium, glass, plastic closures, crowns and labels, may also impact our operations. The price of such raw materials and packaging materials may be affected by changes in global supply and demand, weather conditions, governmental policies, exchange rates and other macroeconomic factors. A prolonged interruption in the supply of raw materials or packaging materials may require us to identify alternative suppliers, which may require us to pay significantly higher prices for such raw materials and packaging materials. In the event of a significant increase in the price of such raw materials and packaging materials, it will increase our cost of production and other operating costs and decrease our profitability in the event we are unable to pass on such price increases to the dealers, and ultimately the consumers, by increasing the price of our beverages.

Our largest consumption of raw materials and packing material is of glass bottles. Our expenditure relating to purchase of bottles which represented 36.45%, 48.31% and 50.84% of our cost of materials consumed in Fiscal 2021 and 2022, and for the nine months period ended December 31, 2022, respectively. We also purchase packaging materials such as CC boxes, labels from various local / regional suppliers. We typically do not enter into long term supply contracts with any of the raw material and packaging material suppliers, but typically place orders in advance of our anticipated requirements at agreed prices. In the absence of long term supply contracts, we are susceptible to a sudden and significant increase in prices of raw materials and packaging materials. In addition, we are susceptible to the risk that one or more of our existing raw material or packaging materials suppliers may discontinue supplies to us, and unless we are able to enter into alternative arrangements in a timely manner on terms favourable to us, our business operations and financial performance may be materially and adversely affected. Certain of our critical raw materials such as malt, barley, rice and sugar may also be subject to seasonal fluctuations in price.

31. ***Any real or perceived contamination or deterioration of our beverages could result in reduced sales legal liability, damage our reputation and adversely affect our business prospects and financial performance.***

The actual or alleged contamination or deterioration of our beverages could result in legal liability, damage our reputation and adversely affect our business prospects and consequently our financial performance. We are subject to various regulations relating to legal liability, including in particular relating to safety of our products. We sell products for human consumption, which involves risks such as product contamination or spoilage, product tampering and other adulteration of our products. Although we conduct various tests before procurement of our raw materials, there can be no assurance that such testing and verification on quality of the raw material checks conducted by us will be accurate at all times. The risk of contamination or deterioration exists at each stage of the production cycle, including during the production and delivery of raw materials, the bottling, storage and delivery to our customers and the storage and shelving of our products by distributors and customers until final consumption by consumers. We follow stringent quality control processes and quality standards but there can be no assurance that our products will not be contaminated or suffer deterioration. If any of our products are found to have been contaminated or to have deteriorated, we could be required to recall large quantities of our beverages, and we could incur criminal or civil liability for any adverse medical condition or other damage resulting from consumption of such products.

Furthermore, the mere allegations that our products contain or has contained any contaminants could damage our reputation and have a material adverse effect on our business, regardless of whether these reports have any factual basis, especially in the current scenario where social media posts/blogs/tweets can be posted without any fact-checking.

Although we have not experienced any significant product liability claims in the past, there can be no assurance that our customers, or unrelated third parties, will not bring claims against us in the future that may result in adverse publicity. In case of any such product liability claims, there can also be no assurance that any product liability insurance will be sufficient to indemnify us against such liabilities. Any such product liability claim or contamination incident may adversely affect business prospects, results of operations and financial condition.

32. *Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.*

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements.

Although we declared an interim dividend for FY 2022-23 at the rate of 5% i.e., ₹ 0.25 per share on equity shares having face value of ₹ 5 per share, the Company may decide to retain all future earnings, if any, for use in the operations and expansion of the business. In such situation, the Company may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. We cannot state with any certainty whether we will be able to pay dividends in the future. Accordingly, realization of a gain on Shareholders' investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that our Equity Shares will appreciate in value.

33. *Our inability to expand or effectively manage our sales force, retailers and coverage of the width of distribution for our products or any disruptions in our supply or distribution infrastructure may have an adverse effect on our business, results of operations and financial condition.*

Our sales are dependent upon the growth of our brands and increased market coverage which shall be done by covering more of the retailer points through our sales force. We are dependent upon our sales force for the coverage of the width of distribution of our products across the different states. The width of distribution is important as there are specific points of sale of our products and they are a defined universe.

We are also dependent upon the various state governmental agencies for stocking our products at their designated warehouses. Our ability to influence retailers also depends upon timely settlement of schemes and other market incentives. Any delay in the scheme settlement shall result in lower stocking of our products at the point of sale.

We are dependent upon the supply of new bottles for beer from domestic as well as international suppliers. Any adverse event or development can lead to an irregular supply of our finished products in our key markets.

34. *We are dependent on third-party suppliers in respect of availability of our raw materials. Any interruption in the supply of such raw material and its price volatility could adversely affect our business, results of operations and financial condition.*

Our principal raw materials for making the alcoholic beverages are malted barley, rice flakes, sugar and hops. Further we use the packing materials used by us are our proprietary glass bottles and CC boxes.

Raw materials are subject to supply disruptions and price volatility caused by various factors, including commodity market fluctuations, the quality and availability of supply, currency fluctuations, consumer demand and changes in government policies. In addition, while competition for procuring raw material may result in an increase in raw material prices, our ability to pass on such increases in overall operational costs may be limited. Furthermore, any increase in the cost of raw materials which results in an increase in prices of our products, may reduce demand for our products and thereby affect our margins and

profitability. Supply interruptions or delays may lead to delays in production and higher raw material costs. The cost of materials consumed was 62.81%, 58.80% and 57.09% of our total revenue from operations (net of excise duty) for the nine months period ended December 31, 2022, Fiscal 2022, Fiscal 2021 and respectively. Generally, we do not execute agreements with any of the suppliers for long-term supplies of raw materials. Although we procure our raw materials from several suppliers to ensure consistent availability, there can be no assurance that we will be able to do so in the future. We are exposed to the risk of delay in supplies of raw materials as well as price escalations and supplier defaults. We also face political risk in case of diplomatic dispute and break down of trade channel with the countries from where we import our raw material.

If our suppliers are unable to supply us with adequate quantities of raw materials at commercially reasonable prices, or if we are unable to procure raw materials from other sources on commercially acceptable term, our business and results of operations could be adversely affected. In certain circumstances, our suppliers may choose to supply the raw materials to our competitors instead of us. Any increase in raw material prices will result in corresponding increases in our raw material costs. In addition, because of the time lag between purchase of the raw material and the sale of the Company's end-products, the Company is often unable to pass through any increase in costs to its customers.

All of these factors could have a material adverse effect on the Company's business, prospects, results of operations and financial condition.

35. *Any loss of business or potential adverse publicity resulting from spurious or imitation beverages, may lead to loss of sales and adversely affect our business, prospects, results of operations and financial condition.*

We are exposed to the risk that entities in India and elsewhere could pass off their products as our products, including spurious or imitation products, inspite of our Company having registered its brands/trademarks. For example, cloned products or products imitating our brands and packaging material selling spurious beverages may adversely affect sale of our products, resulting in a decrease in market share resulting from a decrease in demand for our products. Such imitation or spurious products may not only result in loss of sales but also adversely affect the reputation of our Company and the beverages we produce and sell and consequently our future sales and results of operations. The proliferation of spurious, cloned and imitation beverages and the time and resources in taking action against such spurious products, defending claims and complaints regarding such non-genuine products, could result in lower sales, and adversely affect our results of operations and may have material and adverse effect on our reputation, business, prospects, results of operations and financial condition.

36. *Any inability to protect our intellectual property or any claims that we infringe on the intellectual property rights of others could have a material adverse effect on us.*

As on December 31, 2022, we have 52 trademarks, including our key brands Hunter, Black Fort and Power Cool. Presently 8 trademarks are objected, and rectification has been filed for 2 trademarks. We have also applied for registration of other trademarks, which remain pending at various stages of the registration process. Further certain trademarks are registered under the name of Som Distilleries Limited and Som Distilleries Private Limited. Till date there has been no conflict with respect to the proprietorship of such trademarks but in event of any such conflict, we may have to pay a certain amount to the proprietors for usage of such trademarks. We may not be able to prevent infringement of our trademarks and a passing off action may not provide sufficient protection until such time that this registration is granted.

We are also exposed to the risk that other entities may pass off their products as ours by imitating our brand name, packaging material and attempting to create counterfeit products. There may be other companies or vendors which operate in the unorganized segment using our trade name or brand names. Any such activities could harm the reputation of our brand and sales of our products, which could in turn adversely affect our financial performance and the market price of the Equity Shares. The measures we take to protect our intellectual property include relying on Indian laws and initiating legal proceedings, which may not be adequate to prevent unauthorized use of our intellectual property by third parties. Furthermore, the application of laws governing intellectual property rights in India is uncertain and evolving and could involve substantial risks to us. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise infringe on our rights,

which may have an adverse effect on our reputation, business, financial condition, cash flows and results of operations.

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing any existing third-party intellectual property rights which may force us to alter our brand names. We may also be susceptible to claims from third parties asserting infringement and other related claims. If similar claims are raised in the future, these claims could result in costly litigation, divert management's attention and resources, subject us to significant liabilities and require us to enter into potentially expensive royalty or licensing agreements or to cease usage of certain brand names. Furthermore, necessary licenses may not be available to us on satisfactory terms, if at all. Any of the foregoing could have an adverse effect on our reputation, business, financial condition, cash flows and results of operations.

37. *We are dependent on a number of key personnel, including our senior management, and the loss of or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.*

We are highly dependent on our directors, senior management and other key personnel for setting our strategic business direction and managing our business. We currently do not have any non-compete agreements with our directors, senior management or other key personnel and have not obtained any key man insurance with respect to such individuals. Our ability to meet continued success and future business challenges depends on our ability to attract, recruit and retain experienced, talented and skilled professionals. Due to the current limited pool of skilled personnel, competition for senior management, commercial and finance professionals in our industry is intense.

In the event of the loss of services of our directors, senior management or other key personnel or our inability to recruit or train a sufficient number of experienced personnel or our inability to manage the attrition levels in different employee categories may have an adverse effect on the Company's financial results and business prospects.

38. *Any downgrading of our credit rating by a domestic or international credit rating agency may increase interest rates for our future borrowings, which would increase our cost of borrowings, and adversely affect our ability to borrow on a competitive basis.*

Our Company's debt borrowings which was BBB- (Stable) / A3 as on April 7, 2022, has improved to BBB (Stable) / A3+ as on August 4, 2022 by ICRA vide their rating rationale dated August 4, 2022. Our credit rating reflects, amongst other things, the rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Our inability to obtain such credit rating in a timely manner or any non-availability of credit ratings, or poor ratings may increase borrowing costs and constrain our access to capital and lending markets and, as a result, could adversely affect our business and results of operations. In addition, non-availability of credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements.

Any future downgrade of our credit ratings may increase interest rates of for refinancing our borrowings, which would increase our cost of borrowings, and may have an adverse effect on our future issuances of debt and our ability to borrow on a competitive basis. Further, any downgrade in our credit ratings may also trigger an event of default or acceleration of repayment of certain of our borrowings. If any of these risks materialise, it could have a material adverse effect on our business, results of operations and financial condition.

39. *Our Company has applied for change in name and awaits the approval from RoC and the Stock Exchanges.*

Our Company passed a resolution to change the name of the Company from "Som Distilleries and Breweries Limited" to "Som Distilleries Breweries and Wineries Limited" for better representation in the market, at its board meeting held on November 18, 2022. The same was approved by the Shareholders at their meeting held on December 27, 2022. Our Company has made necessary filings and intimations with the RoC and the Stock Exchanges but still awaits their approval for the change in name. The RoC or Stock

Exchange may reject our application or intimate defects in the application, due to which we may have to refile the application.

40. *We are subject to extensive licensing regime with changing laws, rules and regulations and our inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals for our business operations could materially and adversely affect our business, prospects, results of operations and financial condition.*

The alcoholic beverages segment is subject to extensive government regulation and in respect of our existing operations we are required to obtain and maintain various statutory and regulatory permits, certificates and approvals including approvals under the Food Safety and Standards Act, 2006, Water (Prevention and Control of Pollution) Act, 1974, environmental approvals, factories licenses, labour related and tax related approvals. Unfavourable changes in such laws or policies or the promulgation of new laws, rule and regulations applicable to our industry, could adversely affect our business and financial performance. There can be no assurance that the relevant authorities will issue or renew any expired permits or approvals in time or at all. Failure or delay in obtaining approvals or failure by us to obtain, maintain or renew the required permits or approvals within applicable time, may result in interruption of our operations. Furthermore, under such circumstances, the relevant authorities may initiate penal action against us, restrain our operations, impose fines/penalties or initiate legal proceedings for our inability to renew/obtain approvals in a timely manner or at all.

Although we endeavour to obtain and maintain relevant regulatory approvals applicable to our operations, such approvals are subject to various conditions and in the event of an inability to comply with such conditions, the relevant regulatory authorities may suspend or revoke such approvals. In addition, the regulations governing our operations may be amended and impose more onerous obligations on us which may result in increased costs, be subject to penalties, or suffer disruption in our activities, any of which could adversely affect our business.

Our operations are subject to stringent health and safety laws as our products are for human consumption and are therefore subject to various industry specific regulations. In spite of having being in compliance with applicable food safety, and other applicable laws and regulations, we may be subject to additional regulatory requirements due to changes in governmental policies. Further we may also incur additional costs and liabilities related to compliance with these laws and regulations that are an inherent part of our business. We are subject to various central, state and local food safety, consumer goods, health and safety and other laws and regulations. These relate to various issues, including food safety, food ingredients, and food packaging requirements, and the investigation and remediation of contamination.

These laws and regulations governing the food and beverage industry are increasingly becoming stringent and may in the future create substantial compliance or remediation liabilities and costs. Other laws may require us to investigate and remediate contamination at our facilities and production processes. While we endeavour to comply with applicable regulatory requirements, it is possible that such compliance measures may restrict our business and operations, result in increased cost and onerous compliance measures, and an inability to comply with such regulatory requirements may attract penalty.

We engage various contractors at our processing plants. We cannot assure you that the contractors operating our processing plants will be able to obtain and maintain relevant approvals for continuous operations of such facilities. Failure of the contractors to maintain requisite government approvals may lead to a disruption at our production facilities and consequently in the production and supply of our products and may adversely affect our results of operations. Certain material consents, licenses, registrations, permissions and approvals that are required to be obtained by our Company for undertaking its business have elapsed in their normal course and our Company has either made an application to the relevant Central or State government authorities for renewal of such licenses, consents, registrations, permissions and approvals or is in the process of making such applications.

- 41. *Some of our agreements in relation to our property are under stamped or inadequately stamped and if any financial or judicial implication arises out of the same it may have an effect on the Company's financial position and reputation.***

Some of agreements in relation to our property are under stamped. An inadequately stamped or unregistered document is inadmissible as evidence before any judicial forum. It may be further noted that such inadequately stamped document is capable of being impounded upon presentation before any governmental or judicial authority and an applicable penalty may be imposed as per the applicable laws. If any financial or judicial implication arises out of the same it may have an effect on our Company's financial position and reputation.

- 42. *Failure to comply with environmental laws and regulations could lead to unforeseen environmental litigation which could impact our business and our future net earnings.***

We are subject to various international, national, state, municipal and local laws and regulations concerning environmental protection in India, including laws addressing the discharge of pollutants into the air and water, the management and disposal of any hazardous substances, and wastes and the clean-up of contaminated sites. Environmental laws and regulations and their enforcement in India and our international licensed territories are becoming more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be pre-empted with any certainty. In case of any change in environmental or pollution regulations, we may be required to invest in, among other things, environmental monitoring, pollution control equipment and emissions management. Further, any violation of the environmental laws and regulations may result in fines, criminal sanctions, and revocation of operating permits or shutdown of our facilities.

As a consequence of unanticipated regulatory or other developments, future environmental and regulatory related expenditures may vary substantially from those currently anticipated and may adversely affect our business, results of operations or financial condition. In the event our products are found to be non-compliant, our products could be restricted from entering certain markets, and we could face other sanctions, if we were to violate or become liable under environmental laws. In the event we are found to be non-compliant, the potential exposure could include fines and civil or criminal sanctions, third-party property damage or personal injury claims and clean-up costs. Further, liability under some environmental laws relating to contamination of sites can be imposed retroactively. The amount and timing of costs under environmental laws are difficult to predict.

- 43. *We have commissioned an industry report for the disclosures made in the chapter titled "Industry Overview" and made disclosures on the basis of the data provided in the same and such data has not been independently verified by us.***

We have commissioned a thematic report titled "Indian Alcohol Beverage Industry" issued by ICRA Limited for the disclosures which need to be made in the chapter titled "Industry Overview" on page 57 of this Letter of Offer. We have not independently verified such data. We cannot assure you that any assumptions made are correct or will not change and, accordingly, our position in the market may differ from that presented in this Letter of Offer. Further, the industry data mentioned in this Letter of Offer or sources from which the data has been collected are not recommendations to invest in our Company. Accordingly, investors should read the industry related disclosure in this Letter of Offer in this context.

ISSUE SPECIFIC RISKS

- 44. *We will not distribute the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter to overseas Shareholders who have not provided an address in India for service of documents.***

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circulars our Company will send, only through email, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares permitted under laws of such jurisdictions and in each case who make a request in this regard. The Issue Materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. However, the

Companies Act, 2013 requires companies to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules made thereunder with respect to distribution of Issue Materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. While we have requested all the shareholders to provide an address in India for the purposes of distribution of Issue Materials, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act, 2013 and may subject us to fines or penalties.

45. *The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form (“Physical Shareholder”) may lapse in case they fail to furnish the details of their demat account to the Registrar.*

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 read with SEBI circular bearing reference number SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022, and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see “*Terms of the Issue*” on page 117 of this Letter of Offer. In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only.

46. *Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.*

Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements. For details, see “*Terms of the Issue*” on page 117 of this Letter of Offer.

47. *Any future issuance of Equity Shares, or convertible securities or other equity-linked securities by our Company may dilute your shareholding and any sale of Equity Shares by our Promoter or members of our Promoter Group may adversely affect the trading price of the Equity Shares.*

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by our Company may dilute your shareholding in our Company; adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our Promoter and Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. We cannot assure you that our Promoter and Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future.

48. *You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.*

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares of an Indian company are generally taxable in India. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of

the Equity Shares may be partially or completely exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on gains made upon the sale of the Equity Shares.

- 49. *You may not receive the Equity Shares that you subscribe in the Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk.***

The Equity Shares that you subscribe in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

- 50. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may adversely affect the value of our Equity Shares, independent of our operating results.***

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by equity shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may adversely affect the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

- 51. *Sale of Equity Shares by our Promoter or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.***

Any instance of disinvestments of equity shares by our Promoter or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur.

EXTERNAL RISK FACTORS

- 52. *Political, economic or other factors that are beyond our control may have adversely affect our business and results of operations.***

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our products or services may be adversely affected by an economic downturn in domestic, regional and global economies.

Economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production.

Consequently, any future slowdown in the Indian economy could harm our business, results of operations and financial condition. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

53. *A slowdown in economic growth in India could cause our business to suffer.*

We are incorporated in India, and all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. A slowdown in the Indian economy could adversely affect our business, including our ability to grow our assets, the quality of our assets, and our ability to implement our strategy.

Any slowdown in the Indian economy or in the growth of the sectors we participate in or future volatility in global commodity prices could adversely affect our borrowers and contractual counterparties. This in turn could adversely affect our business and financial performance and the price of our Equity Shares.

54. *Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, prospects and results of operations.*

Our business and financial performance could be adversely affected by unfavorable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to us and our business. There can be no assurance that the government may not implement new regulations and policies which will require us to obtain approvals and licenses from the government and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment or change to governing laws, regulation or policy in the jurisdictions in which we operate may have a material adverse effect on our business, financial condition, cash flows and results of operations. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations or cash flows. Any unfavorable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

55. *Financial instability in both Indian and international financial markets could adversely affect our results of operations and financial condition.*

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Financial turmoil in Asia, Europe, the United States and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have an adverse effect on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any global financial instability, including further deterioration of credit conditions in the U.S. market, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

The Indian economy is also influenced by economic and market conditions in other countries. This includes, but is not limited to, the conditions in the United States, Europe and certain economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts

of the world could have a global influence and thereby impact the Indian economy. Financial disruptions in the future could adversely affect our business, prospects, financial condition and results of operations. The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections.

These could include further falls in Stock Exchange indices and greater volatility of markets in general due to the increased uncertainty. These and other related events could have a significant impact on the global credit and financial markets as a whole, and could result in reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets. There are also concerns that a tightening of monetary policy in emerging markets and some developed markets will lead to a moderation in global growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have an adverse effect on our cost of funding, loan portfolio, business, future financial performance and the trading price of the Equity Shares.

56. *Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.*

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of salaries, and other expenses relevant to our business.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase our rates to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the GoI has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

57. *Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.*

As an Indian Company, we are subject to exchange controls that regulate borrowing in foreign currencies, including those specified under FEMA. Such regulatory restrictions limit our financing sources for our projects under development and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. Limitations on foreign debt may adversely affect our business growth, results of operations and financial condition.

Further, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

58. *Any downgrading of India's debt rating by an independent agency may harm our ability to raise financing.*

Any adverse revisions to India's credit ratings international debt by international rating agencies may adversely affect our ability to raise additional overseas financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our ability to fund our growth on favorable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

59. *The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.*

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighboring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business.

Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

SECTION III – INTRODUCTION

THE ISSUE

This Issue has been authorised through a resolution passed by our Board at its meeting held on January 24, 2023 pursuant to Section 62(1) (a) of the Companies Act.

The following is a summary of this Issue, and should be read in conjunction with and is qualified entirely by, the information detailed in the chapter titled “*Terms of the Issue*” on page 117 of this Letter of Offer.

Equity Shares proposed to be issued	Up to 34,95,952 Rights Equity Shares
Rights Entitlements	10 (Ten) Rights Equity Shares for every 211 (Two Hundred Eleven) fully paid up Equity Shares held on the Record Date.
Fractional Entitlement	For Rights Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 22 (Twenty Two) Equity Shares or is not in multiples of 22 (Twenty Two), the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlements. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares over and above their Rights Entitlement, if any.
Record Date	Friday, April 14, 2023
Face value per Equity Share	₹5
Issue Price per Rights Equity Share	₹140
Issue Size	Up to ₹4,894.33 lakhs* *Assuming full subscription
Equity Shares issued, subscribed and paid-up prior to the Issue	7,37,64,573 Equity Shares of ₹5 each
Equity Shares subscribed and paid-up after the Issue (assuming full subscription for and allotment of the Rights Shares)	7,72,60,525 Equity Shares of ₹5 each
Voting Rights and Dividend	The Equity Shares issued pursuant to this Issue upon being fully paid up shall rank <i>pari passu</i> in all respects with the Equity Shares of our Company.
Security Codes	ISIN: INE480C01020 BSE: 507514 NSE: SDBL ISIN for Rights Entitlement: INE480C20020
Use of Issue Proceeds	For details, see “ <i>Objects of the Issue</i> ” on page 48 of this Letter of Offer.
Terms of the Issue	For details, see “ <i>Terms of the Issue</i> ” on page 117 of this Letter of Offer.
Terms of Payment	The full amount of the Issue Price being ₹140 will be payable on application.

Please refer to the chapter titled “*Terms of the Issue*” on page 117 of this Letter of Offer.

GENERAL INFORMATION

Som Distilleries and Breweries Limited (“**Company**” or “**Issuer**”) was incorporated on March 26, 1993 as a public limited company under the Companies Act, 1956 with the Registrar of Companies, Delhi & Haryana at Delhi.

Registered Office, Corporate Identity Number and Registration Number

Som Distilleries and Breweries Limited

1-A Zee Plaza, Arjun Nagar,
Safdarjang Enclave, Kamal Cinema Road,
New Delhi - 110 029, India.

Telephone: +91 11 2616 9909 / 9712

E-mail: compliance@somindia.com

Website: <https://www.somindia.com>

Corporate Identity Number: L74899DL1993PLC052787

Registration Number: 052787

Corporate Office of our Company

Som Distilleries and Breweries Limited

23, Zone-II, M.P. Nagar,
Bhopal - 462 011, Madhya Pradesh, India.

Telephone: +91 755 4271 271 / + 91 755 4278 827

E-mail: compliance@somindia.com

Changes in our Registered Office

There has been no change in the address of Registered Office of our Company since incorporation.

Change in name of our Company

Our shareholders in the Extra-Ordinary General Meeting held on December 27, 2022, have approved the change of name of our Company from ‘*Som Distilleries & Breweries Limited*’ to ‘*Som Distilleries Breweries and Wineries Limited*’. (Approval from RoC is awaited.)

Address of the RoC

Our Company is registered with the Registrar of Companies, Delhi & Haryana, which is situated at the following address:

Registrar of Companies

B-Block Paryavaran Bhawan,
CGO Complex, Lodhi Road,
New Delhi – 110 003, India.

Company Secretary and Compliance Officer

Om Prakash Singh, is the Company Secretary and Compliance Officer of our Company. His contact details are set forth hereunder.

Som Distilleries and Breweries Limited

23, Zone-II, M.P. Nagar,
Bhopal - 462 011, India.

Telephone: +91 755 4271 271

E-mail: omprakash@somindia.com

Statutory Auditors of our Company

M/s. AKB Jain & Co.

Chartered Accountants

E-2/316, Arera Colony,

Bhopal – 462016, Madhya Pradesh, India.

Telephone: +91 82697 10541 / +91 75524 20163

Email: rahuldewanica@gmail.com; saliljainca@gmail.com

Contact Person: Mr. Rahul Dewani

Membership No: 435066

Firm Registration No: 003904C

Peer Review Certificate No: 014837

Lead Manager to the Issue

Vivro Financial Services Private Limited

607/608, Marathon Icon, Opp. Peninsula Corporate Park,

Off Ganpatrao Kadam Marg, Veer Santaji Lane, Lower Parel,

Mumbai – 400 013, Maharashtra, India.

Telephone: +91 22 6666 8040

Email: investors@vivro.net

Investor Grievance Email: investors@vivro.net

Website: www.vivro.net

Contact Person: Anshul Nenawati / Viral Shah

SEBI Registration No.: INM000010122

Statement of responsibilities

Since Vivro Financial Services Private Limited is the sole Lead Manager to the Issue and all the responsibilities pertaining to co-ordination and other activities, in relation to the Issue, shall be performed by them.

Legal Advisor to the Issue

M/s. Crawford Bayley & Co.

4th Floor, State Bank Building,

N.G.N Vaidya Marg, Fort,

Mumbai – 400 023,

Maharashtra, India.

Telephone: +91 22 2266 3353

E-mail: sanjay.asher@crawfordbayley.com

Registrar to the Issue

MAS Services Limited

T-34, 2nd Floor, Okhla Industrial Area,

Phase - II, New Delhi -110020, India.

Telephone: +91 11- 2638 7281 / 82 /83, 4132 0335

Fax: +91 11 2638 7384

Email: investor@masserv.com

Website: www.masserv.com

Investor grievance: investor@masserv.com

SEBI Registration: INR000000049

Contact Person: N.C. Pal

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the Application Forms, or the plain paper application, as the case may be, was submitted by the Investors

along with a photocopy of the acknowledgement slip. For details on the ASBA process, please see the section entitled “Terms of the Issue” on page 117 of this Letter of Offer.

Expert

Except as stated below, our Company has not obtained any expert opinion:

Our Company has received a written consent from our Statutory Auditors, M/s. AKB Jain & Co., Chartered Accountants, to include their name in this Letter of Offer and as an “expert”, as defined under Section 2(38) of the Companies Act 2013, to the extent and in their capacity as statutory auditors of our Company and in respect of the inclusion of (i) the audited consolidated financial statements of the Company for the fiscal year 2022 and their report thereon dated April 26, 2022; (ii) unaudited consolidated financial results of the period ended December 31, 2022 and their report thereon dated January 24, 2023; (iii) unaudited consolidated financial results of the period ended September 30, 2022 and their report thereon dated October 20, 2022; and (iii) the statement of special tax benefits dated February 23, 2023, included in this Letter of Offer, and such consent has not been withdrawn as of the date of this Letter of Offer. However, the term “expert” shall not be construed to mean an “expert” as defined under the Securities Act.

Banker to the Issue

ICICI Bank Limited

Capital Market Division, 1st Floor,
122, Mistry Bhavan, Dinshaw Vachha Road,
Backbay Reclamation, Churchgate,
Mumbai – 400 020, Maharashtra, India.

Telephone: 022 6681 8911 / 23 / 24

Email: sagar.welekar@icicibank.com / ipocmg@icicibank.com

Website: www.icicibank.com

SEBI Registration: INBI00000004

Contact Person: Sagar Welekar

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Particulars	Day, Date
Last Date for credit of Rights Entitlements	Tuesday, April 25, 2023
Issue Opening Date	Wednesday, April 26, 2023
Last Date for On Market Renunciation of Rights Entitlements[#]	Monday, May 8, 2023
Issue Closing Date[*]	Thursday, May 11, 2023
Finalization of Basis of Allotment (on or about)	Thursday, May 18, 2023
Date of Allotment (on or about)	Friday, May 19, 2023
Date of credit (on or about)	Tuesday, May 23, 2023
Date of listing (on or about)	Monday, May 29, 2023

[#]Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

^{*}Our Board or the Rights Issue Committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., Tuesday, May 9, 2023, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., Wednesday, May 10, 2023.

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company, the Lead Manager or the Registrar to the Issue will not be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date. For details on submitting Application Forms, see “*Terms of the Issue*” beginning on page 117 of this Letter of Offer.

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Equity Shares on or before Issue Closing Date, the Rights Entitlements of such Eligible Equity Shareholders shall get lapsed and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the amount paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under the Issue.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at www.masserv.com after keying in their respective details along with other security control measures implemented there at. For further details, see “*Terms of the Issue - Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” beginning on page 119 of this Letter of Offer.

Credit Rating

As the proposed Issue is of Rights Equity Shares, the appointment of a credit rating agency is not required.

Debenture Trustee

As the proposed Issue is of Rights Equity Shares, the appointment of debenture trustee is not required.

Monitoring Agency

Since the Issue size does not exceed ₹10,000 lakhs, there is no requirement to appoint a monitoring agency in relation to the Issue under SEBI ICDR Regulations.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution or any other independent agency.

Underwriting

This Issue is not underwritten and our Company has not entered into any underwriting arrangement.

Filing

This Letter of Offer is being filed with the Stock Exchanges i.e., BSE Limited and the National Stock Exchange of India Limited as per the provisions of the SEBI ICDR Regulations. Further, in terms of SEBI ICDR Regulations, our Company will simultaneously do an online filing with SEBI through SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of circular (No. SEBI/HO/CFD/DIL 1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI for record purposes only. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the email address: cfdil@sebi.gov.in for record purposes only.

Minimum Subscription

The objects of the Issue do not involve financing of capital expenditure. Further, our Promoters and Promoter Group have undertaken that they shall subscribe to the full extent of their Rights Entitlements and that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoters or member of the Promoter Group) subject to the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI LODR Regulations.

In terms of Regulation 86 of the SEBI ICDR Regulations, the requirement of minimum subscription of 90% is not applicable to the Issue.

CAPITAL STRUCTURE

The share capital of our Company as at the date of this Letter of Offer is set forth below:

(₹ in lakhs, except share data)		
Particulars	Aggregate value at face value	Aggregate value at Issue Price
AUTHORISED SHARE CAPITAL		
10,00,00,000 Equity Shares of ₹5 each	5,000.00	NA
ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE		
7,37,64,573 Equity Shares of ₹5 each	3,688.23	NA
PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER⁽¹⁾		
Up to 34,95,952 Rights Equity Shares at a premium of ₹135 per Rights Equity Share, i.e., at an Issue Price of ₹140 per Rights Equity Share	174.80	4,894.33
ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL AFTER THE ISSUE⁽²⁾		
7,72,60,525 Equity Shares of ₹5 each	3,863.03	NA
SECURITIES PREMIUM ACCOUNT		
Before the Issue		18,254.81
After the Issue ⁽²⁾		22,974.35*

⁽¹⁾The Issue has been authorised by a resolution of our Board of Directors passed at its meeting held on January 24, 2023, pursuant to Section 62(1)(a) of the Companies Act, 2013 and other applicable provisions.

⁽²⁾Assuming full subscription by the Eligible Equity Shareholders of the Rights Equity Shares.

*Subject to finalization of Basis of Allotment and Allotment of Rights Equity Shares.

Notes to Capital Structure

1. Details of options and outstanding instruments as on the date of this Letter of Offer

There are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Letter of Offer.

2. Except as disclosed under the heading titled “Statement showing holding of Equity Shares of the Promoters and Promoter Group including details of lock-in, pledge of and encumbrance thereon”, no Equity shares held by our Promoters and Promoter Group are locked-in, pledged or encumbered as on date of this Letter of Offer.
3. Except as disclosed below, no Equity Shares have been acquired by the Promoters or members of the Promoter Group in the year immediately preceding the date of filing of this Letter of Offer with the Stock Exchanges and submission to SEBI.

Sr. No.	Name of the Promoter / Promoter Group	No. of Equity Shares Acquired	Percentage of Equity Shares acquired (%)	Date of Acquisition
1.	Jagdish Kumar Arora	50,000	0.07	March 31, 2022
		7,000	0.01	May 4, 2022
		24,000	0.03	May 5, 2022
		25,000	0.03	May 6, 2022
		28,000	0.04	May 9, 2022
		25,000	0.03	May 10, 2022
		27,000	0.04	May 11, 2022
		50,000	0.07	May 12, 2022
		15,000	0.02	May 13, 2022
		15,000	0.02	June 6, 2022
		10,000	0.01	June 9, 2022
		32,000	0.04	June 13, 2022
		26,000	0.04	June 17, 2022
		15,000	0.02	June 20, 2022
		5,000	0.01	June 21, 2022
		12,000	0.02	June 23, 2022
		10,000	0.02	June 28, 2022
		45,000	0.06	June 29, 2022
		55,000	0.07	September 20, 2022
		60,300	0.08	September 22, 2022
		55,000	0.07	September 27, 2022
		30,000	0.04	October 24, 2022
		50,000	0.07	October 25, 2022
		50,000	0.07	October 27, 2022
		50,000	0.07	October 28, 2022
		50,000	0.07	November 1, 2022
		48,000	0.07	November 2, 2022
		20,000	0.03	November 7, 2022
		50,000	0.07	November 9, 2022
		20,00,000	2.71	November 18, 2022
		35,000	0.05	January 31, 2023
		20,000	0.03	February 3, 2023
		10,000	0.01	February 8, 2023
		20,000	0.03	February 9, 2023
		15,000	0.02	February 21, 2023
		10,000	0.01	February 22, 2023
		17,000	0.02	March 2, 2023
		20,500	0.03	March 3, 2023
		20,000	0.03	March 6, 2023
		35,000	0.05	March 9, 2023
		19,000	0.02	March 10, 2023
		25,000	0.03	March 28, 2023
		27,500	0.04	March 29, 2023
		35,000	0.05	March 31, 2023
2.	Deepak Arora	25,000	0.03	May 20, 2022
		35,000	0.05	May 23, 2022
		22,000	0.03	May 24, 2022
		20,540	0.03	May 25, 2022
		15,000	0.02	May 26, 2022
		15,000	0.02	May 27, 2022
		10,200	0.01	May 31, 2022
		5,00,000	0.68	November 18, 2022
		5,000	0.01	March 13, 2023
		10,000	0.01	March 27, 2023

4. Intention and extent of participation by our Promoters and Promoter Group

Our Promoters and Promoter Group *vide* their letter dated February 4, 2023 (“**Subscription Letter**”), have undertaken that they, jointly and/or severally, shall subscribe in the Issue, to the full extent of their Rights Entitlements and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group).

The acquisition of Rights Equity Shares by our Promoters and our Promoter Group, over and above its Rights Entitlements shall not result in a change of control of the management of our Company and shall be in compliance with the SEBI SAST Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under the Applicable Law.

5. The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of SEBI SAST Regulations is not required to be disclosed as no exemption is availed under Regulation 3(2) of the SEBI SAST Regulations.

6. At any given time, there shall be only one denomination of the Equity Shares of our Company.

7. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer. Further, the Rights Equity Shares allotted pursuant to the Issue, shall be fully paid up at the time of Allotment.

8. Shareholding pattern of our Company as per the last quarterly filing with the Stock Exchanges in compliance with the SEBI Listing Regulations:

- i. The shareholding pattern of our Company as on December 31, 2022, can be accessed on the website of the BSE at <https://www.bseindia.com/stock-share-price/som-distilleries--breweries-ltd/sdbi/507514/shareholding-pattern/> and the NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=SDBL&tabIndex=equity>
- ii. Statement showing holding of Equity Shares of the Promoters and Promoter Group including details of lock-in, pledge of and encumbrance thereon, as on December 31, 2022 can be accessed on the website of the BSE at: <https://www.bseindia.com/stock-share-price/som-distilleries--breweries-ltd/sdbi/507514/shareholding-pattern/> and the NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=SDBL&tabIndex=equity>.

9. Details of the Shareholders holding more than 1% of the issued, subscribed and paid-up Equity Share capital

The details of shareholders of our Company holding more than 1% of the issued, subscribed and paid -up Equity Share capital of our Company, as on December 31, 2022 are available at the website of BSE <https://www.bseindia.com/stock-share-price/som-distilleries--breweries-ltd/sdbi/507514/shareholding-pattern/> and the NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=SDBL&tabIndex=equity>

10. Employee Stock Option Scheme

As on the date of this Letter of Offer, Our Company has an existing “*SOM Employees Stock Option Plan Scheme 2020*” which is in force. However, our Company has not issued or granted any options under the scheme and accordingly does not have any outstanding options under the scheme.

OBJECTS OF THE ISSUE

We intend to utilize the gross proceeds raised through the Issue (“**Gross Proceeds**”) after deducting the Issue related expenses (“**Net Proceeds**”) for the following objects (collectively, referred to as the “**Objects**”):

1. To meet long-term working capital requirements of our Company; and
2. General Corporate Purposes.

(collectively, known as “**Objects**”)

The main object clause of the Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised through the Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association.

Issue Proceeds

The details of the Issue Proceeds are set forth in the table below:

(₹ in lakhs)	
Particulars	Amount
Gross Proceeds from this Issue [^]	4,894.33
Less: Estimated Issue related expenses	65.33
Net Proceeds from the Issue	4,829.00

[^] assuming full subscription and allotment.

Requirement of Funds and utilization of Net Proceeds

The proposed utilization of the Net Proceeds by our Company is set forth in the following table:

(₹ in lakhs)	
Particulars	Amount
Utilization towards long-term working capital requirement of our Company	4,005.00
General Corporate Purposes*	824.00
Total Net proceeds[^]	4,829.00

* The amount utilized for General Corporate Purposes shall not exceed 25% of the Gross Proceeds.

[^] Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.

There are no existing or anticipated transactions in relation to utilization of Net Proceeds with our Promoter, Directors, key managerial personnel or associate companies (as defined under Companies Act, 2013).

Means of Finance

The funding requirements mentioned above are based on our Company’s internal management estimates and have not been appraised by any bank, financial institution or any other external agency. In case of a shortfall in the Net Proceeds, our management may explore a range of options which include utilisation of our internal accruals, or other modes of financing. Our management expects that such alternate arrangements would be available to fund any such shortfall. They are based on current circumstances of our business and our Company may have to revise these estimates from time to time on account of various factors beyond our control, such as market conditions, competitive environment and interest or exchange rate fluctuations. Consequently, our Company’s funding requirements and deployment schedules are subject to revision in the future at the discretion of our management.

The fund requirements set out above are proposed to be entirely funded from the Net Proceeds. Accordingly, we confirm that there are no requirements to make firm arrangements of finance under Regulation 62(1)(c) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Details of the Objects of this Issue

1. To meet the long-term working capital requirements of our Company

Our business is working capital intensive and we will need additional working capital for the growth of our business. The aim of our working capital management is to ensure that we are able to continue our operations, increase our business operations and have sufficient cash flow to satisfy both maturing short-term debt and upcoming operational expenses. Based on our Company's past experience and taking into consideration the business requirements, we expect our working capital for FY 2023 and FY 2024 to be as elucidated below. The incremental working capital will be used to fund the working capital gap for our existing business operations. The details of our Company's working capital on a standalone basis are represented below:

(₹ in lakhs)

Sr. No.	Particulars	FY 2022 Audited	FY 2023 Estimated	FY 2024 Projected
I	Current Assets			
	1 Inventories			
	a) Raw Material	1,679.86	2,422.51	2,785.89
	b) Work in Progress	514.89	1,886.54	2,244.94
	c) Finished goods	2,275.80	2,862.25	3,418.85
	2 Trade Receivables	6,155.98	6,566.67	11,561.98
	3 Cash & Cash Equivalents	706.45	591.82	1,324.78
	4 Other Current Assets	3,673.54	3,172.18	
	Total (A)	15,006.52	17,501.97	24,430.19
II	Current Liabilities			
	1 Trade Payables	2,510.60	4,845.03	5,571.78
	2 Short Term provisions	1,037.04	1,987.64	2,645.19
	3 Other Current Liabilities	6,061.70	6,664.43	7,365.87
	Total (B)	9,609.34	13,497.10	15,582.84
III	Total Working Capital Gap (A-B)	5,397.18	4,004.88	8,847.35
	Funding pattern			
	Internal Accruals/ Short Term Borrowing*	2,065.87	1,204.88	1,342.35
	Working Capital Loans from Banks	3,331.31	2,800.00	3,500.00
	Net Proceeds from the proposed Rights Issue*	-	-	4,005.00

*The final amount shall be dependent on the Rights Issue pricing and/or subscription and shall be adjusted accordingly, In case of any shortfall in the Rights Issue proceeds, due to pricing or due to levels of subscription, such shortfall for funding of the working capital gap shall be fulfilled from Internal Accruals / Short Term Borrowing.

Basis of Estimation - Holding Period

Sr. No.	Particulars	Basis	Audited for the Fiscal 2022	Estimated for the Fiscal 2023	Projected for the Fiscal 2024
1	Trade Receivables	Days	88	45	45
2	Inventories				
	i. Raw Material	Days	45	30	30
	ii. Work-in-Progress	Days	10	20	20
	iii. Finished Goods	Days	44	30	30
3	Trade Payables	Days	31	60	60

Justification for holding period levels

Inventories	Raw Materials: The average raw material inventory holding level in FY 2022 was 45 days, which is expected to be at 30 days for FY 2023 and FY 2024, respectively. We believe that considering the overall economic conditions and the expected sales, one month inventory period shall be required to ensure uninterrupted production.
	Work in progress: The average Work in Progress for FY 2022 have been 10 days. Our Company expects that work in process would increase to around 20 days in FY 2023 and FY 2024, respectively, as a result higher production. Greater production planning coupled with visibility in sales shall help our Company to achieve this and improve further.
	Finished Goods: The average Finished Goods holding period for FY 2022 have been 44 days (approximately one and half month's stock). However, going forward we feel that we can reduce the holding of finished goods by achieving higher inventory turnover. Our Company expects that finished goods holding level would reduce to around 30 days in FY 2023 and FY 2024. Any unexpected demand shall be met through the same and at the same time not be short of stocks. The one month's closing stock shall also result in cost competitiveness and also effective working capital utilisation.
Debtors	The debtors' realization for FY 2022 was around 88 days. Based on our long standing relations with many of our customers, a better collection period of 45 days for FY 2023 and FY 2024 seems realistic and achievable, given the current macro environment.
Creditors	On the same lines, during FY 2022, our creditors period was around 31 days (approximately one month). However, for FY 2023 and FY 2024, we expect the creditors payment period to be 60 days (approximately two months).

2. General corporate purposes

In terms of Regulation 62(2) of the SEBI ICDR Regulations, the extent of the Issue Proceeds proposed to be used for general corporate purposes shall not exceeding 25% of the Gross proceeds of the Issue. Our Board will have flexibility in applying the balance amount towards general corporate purposes, including repayment of outstanding loans, meeting our working capital requirements, capital expenditure, funding our growth opportunities, including strategic initiatives, meeting expenses incurred in the ordinary course of business including salaries and wages, administration expenses, insurance related expenses, meeting of exigencies which our Company may face in course of business and any other purpose as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act.

Our management will have flexibility in utilizing any amounts for general corporate purposes under the overall guidance and policies of our Board. The quantum of utilization of funds towards any of the purposes will be determined by the Board, based on the amount actually available under this head and the business requirements of our Company, from time to time.

Deployment of funds

Our Company proposes to deploy the entire Net Proceeds towards the objects as described herein during Fiscal 2024. However, if the Net Proceeds raised are not completely utilised for the objects stated above by Fiscal 2024 due to various factors beyond our control, such as market conditions, competitive environment, interest or exchange rate fluctuations and including any terms and conditions of our Company's borrowings and other commercial considerations, the same would be utilised in Fiscal 2025. The details in relation to utilization of Net Proceeds of the Issue are set forth herein below.

(₹ in lakhs)

Particulars	Amount proposed to be funded from Net Proceeds	Proposed schedule for deployment of the Net Proceeds
		Fiscal 2024
Working Capital	4,005.00	4,005.00
General Corporate Purposes	824.00	824.00
Total	4,829.00	4,829.00

Estimated Issue related expenses

The total expenses of this Issue are estimated to be ₹65.33 lakhs. The break-up of the Issue expenses is as follows:

Particulars	Amount (₹ in lakhs)	% of Estimated Issue related expenses	% of Estimated Issue size
Fees of the Lead Manager, Registrar to the Issue, legal advisor, other professional service providers and statutory fee	34.71	53.13	0.71
Fees payable to regulators, including depositories, Stock Exchanges and SEBI	22.25	34.06	0.45
Statutory Advertising, Marketing, Printing and Distribution	5.13	7.84	0.10
Other expenses (including miscellaneous expenses and stamp duty)	3.25	4.97	0.07
Total estimated Issue expenses*	65.33	100.00	1.33

**Subject to finalisation of Basis of Allotment and actual Allotment. All Issue related expenses will be paid out of the Gross Proceeds from the Issue.*

Bridge Financing Facilities

Our Company has not raised any bridge loan from any bank or financial institution as on the date of the Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Interim use of Net Proceeds

Our Company, in accordance with the policies established by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization for the purposes described above, our Company intends to temporarily deposit the funds in the scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934 as may be approved by our Board of Directors. Our Company confirms that pending utilization of the Net Proceeds towards the stated objects of the Issue, our Company shall not use/deploy the Net Proceeds for any investment in the equity markets.

Monitoring of utilization of funds

Since the Issue is for an amount less than ₹ 10,000 lakhs, in terms of Regulation 82 of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for the purposes of the Issue. As required under the SEBI Listing Regulations, the Audit Committee appointed by the Board shall monitor the utilization of the proceeds of the Issue. We will disclose the details of the utilization of the Net Proceeds of the Issue, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements.

As per the requirements of Regulations 18 of the SEBI Listing Regulations, we will disclose to the Audit Committee the uses/ applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in the Letter of Offer and place it before the Audit Committee. The said disclosure shall be made till such time that the Gross Proceeds raised through the Issue have been fully spent. The statement shall be certified by our Auditor.

Further, in terms of Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in the Letter of Offer. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Regulations 33 of the SEBI Listing Regulations and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Regulation 18 of the SEBI Listing Regulations.

Appraising entity

None of the objects of this Issue, for which the Net Proceeds will be utilized, have been appraised.

Strategic or financial partners

There are no strategic or financial partners to the Objects of the Issue.

Interest of Promoters, Promoter Group and Directors, in the objects of the Issue

Our Promoters, Promoter Group and Directors do not have any interest in the objects of the Issue. No part of the Net Proceeds will be paid by our Company as consideration to our Promoter, Promoter Group, Directors and Key Managerial Personnel of our Company.

STATEMENT OF SPECIAL TAX BENEFITS

The Board of Directors

SOM Distilleries and Breweries Limited

1A, Zee Plaza, Arjun Nagar, S.J. Enclave,

Kamal Cinema Road, New Delhi.

Delhi – 110029, India.

Re: Proposed rights issue of equity shares of face value of ₹5 each (the “Equity Shares” and such offering, the “Issue”) of SOM Distilleries and Breweries Limited (the “Company”) pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI Regulations”) and the Companies Act, 2013, as amended (the ‘Act’)

We hereby report that the enclosed Statement prepared by SOM Distilleries and Breweries Limited (the “Company”) states the possible special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 and Income tax Rules, 1962 including amendments made by Finance Act, 2022 (hereinafter referred to as “**Income Tax Laws**”), the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975 as amended, the rules and regulations there under, Foreign Trade Policy, presently in force in India under the respective tax laws of their country as on the signing date, for inclusion in the Draft Letter of Offer and the Letter of Offer for the proposed rights issue of the Company to the existing shareholders. These benefits are dependent on the Company or the shareholders of the Company fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company or the shareholders of the Company to derive the special tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company or the shareholders of the Company may or may not choose to fulfill.

The benefits discussed in the enclosed Statement cover only special tax benefits available to the Company and to the shareholders of the Company and are not exhaustive and also do not cover any general tax benefits available to the Company. Further, any benefits available under any other laws within or outside India have not been examined and covered by this Statement.

Further, the preparation of the enclosed Statement and its contents was the responsibility of the management of the Company. We were informed that this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed offer.

We have conducted our examination in accordance with the ‘Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)’ (‘the Guidance Note’) issued by the Institute of Chartered Accountants of India (‘ICAI’). The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Performs Audits and Reviews of Historical Financial information and Other Assurance and Related Services Engagements

We do not express any opinion or provide any assurance as to whether:

- the Company or the shareholders of the Company will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits, where applicable, have been / would be met with.

The contents of the enclosed Statement are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this

assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.

This statement is solely for your information and not intended for general circulation or publication and is not to be reproduced or used for any other purpose without our prior written consent, other than for inclusion of extracts of this statement in the Draft Letter of Offer and Letter of Offer and submission of this statement to the Securities and Exchange Board of India, the stock exchanges where the Equity Shares of the Company are proposed to be listed, in connection with the proposed Issue, as the case may be.

For and on behalf of
M/s A.K.B Jain & Co.
Chartered Accountants
Firm Registration Number: 003904C

Mr. Rahul Dewani
(Partner)
ICAI Membership Number: 435066
UDIN: 23435066BGUVJZ3772
Date: February 23, 2023
Place: Bhopal

Encl: As above

ANNEXURE A

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO SOM DISTILLERIES AND BREWERIES LIMITED (THE “COMPANY”) AND ITS SHAREHOLDERS

I. UNDER THE INCOME TAX LAWS

1. Special tax benefits available to the Company

There are no special tax benefits available to the Company.

2. Special tax benefits available to the shareholders

There are no special tax benefits available to the shareholders of the Company.

Notes:

- a. The above Statement sets out the provisions of law in a summarized manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
- b. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
- c. The above statement of possible tax benefits is as per the current direct tax laws relevant for the assessment year 2023-24.
- d. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
- e. In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
- f. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

ANNEXURE B

STATEMENT OF INDIRECT TAX BENEFITS AVAILABLE TO SOM DISTILLERIES AND BREWERIES LIMITED (THE “COMPANY”) AND ITS SHAREHOLDERS

II. The Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 (“GST Act”), the Customs Act, 1962 (“Customs Act”) and the Customs Tariff Act, 1975 (“Tariff Act”) (collectively referred to as “Indirect Tax Laws”)

1. Special tax benefits available to the Company under the Indirect Tax Laws

There are no special indirect tax benefits available to the Company.

2. Special tax benefits available to the shareholders under the Indirect Tax Laws

There are no special indirect tax benefits applicable in the hands of shareholders for investing in the shares of the Company.

Notes:

- a. The above statement is based upon the provisions of the specified Indirect Tax Laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.
- b. The above statement covers only above-mentioned tax laws benefits and does not cover any direct tax law benefits or benefit under any other law.
- c. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice.
- d. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

Unless noted otherwise, the information in this section is obtained or extracted from thematic report titled “Indian Alcohol Beverage Industry” dated January 2023 prepared and issued by ICRA Limited (the “ICRA Report”). Neither we nor any other person connected with the Issue have independently verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.

Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.

Highlights

Covid-19 had a severe impact on the beer industry and a moderate impact on the IMFL industry; severity of the impact was mainly driven by the timing of Covid waves, which occurred during summer, the peak season for beer.

With the waning impact of the pandemic, the alcobev industry witnessed a healthy revival in FY2022 and is poised to report 18-20% growth in revenues in FY2023. However, OPM is likely to moderate by 100-150 bps in FY2023 due to the rise in key input costs such as ENA, barley, and glass, partly offset by revival in demand over the last few quarters.



The alcobev industry was impacted over FY2021 and FY2022 owing to the impact on the on-trade channel due to the pandemic. While IMFL players witnessed a moderate impact, beer players reeled under loss of volumes as their peak summer season coincided with the first and the second waves of Covid.



With the waning impact of the pandemic, ICRA's sample set reported 40% YoY growth in revenues in H1 FY2023 led by the revival in demand and premiumisation coupled with a low base. ICRA's sample set is poised to report strong growth of 18-20% in FY2023 backed by healthy volumes and product mix benefits, despite divestment of some brands by one of the companies in the sample set. Growth of beer players is expected to be higher than that of IMFL players following a normal peak season during Q1 FY2023. ICRA's sample set is likely to report moderate growth of 5-10% in revenues in FY2024 due to the high base of FY2023.



After being subdued in FY2021 affected by the pandemic, Extra Neutral Alcohol (ENA) prices started witnessing a sharp rise from Q3 FY2022 owing to incremental demand from the petrochemical sector following the announcement of the ethanol blending policy. Prices of barley, key input for beer, have also increased significantly from March 2022 onwards due to the Russia-Ukraine conflict. Ability of industry players to get price increase from state governments in a timely manner, given the continuous increase in RM prices remains critical from the profitability perspective.



OPM for ICRA's sample set contracted by 180 bps to 12.6% in FY2021 due to the pandemic. However, the same revived to 14.4% in FY2022 led by increased realisation and economies of scale following recovery in demand. While the OPM is expected to remain healthy, it is likely to moderate by 100-150 bps in FY2023 due to relatively higher input prices over the last few quarters.



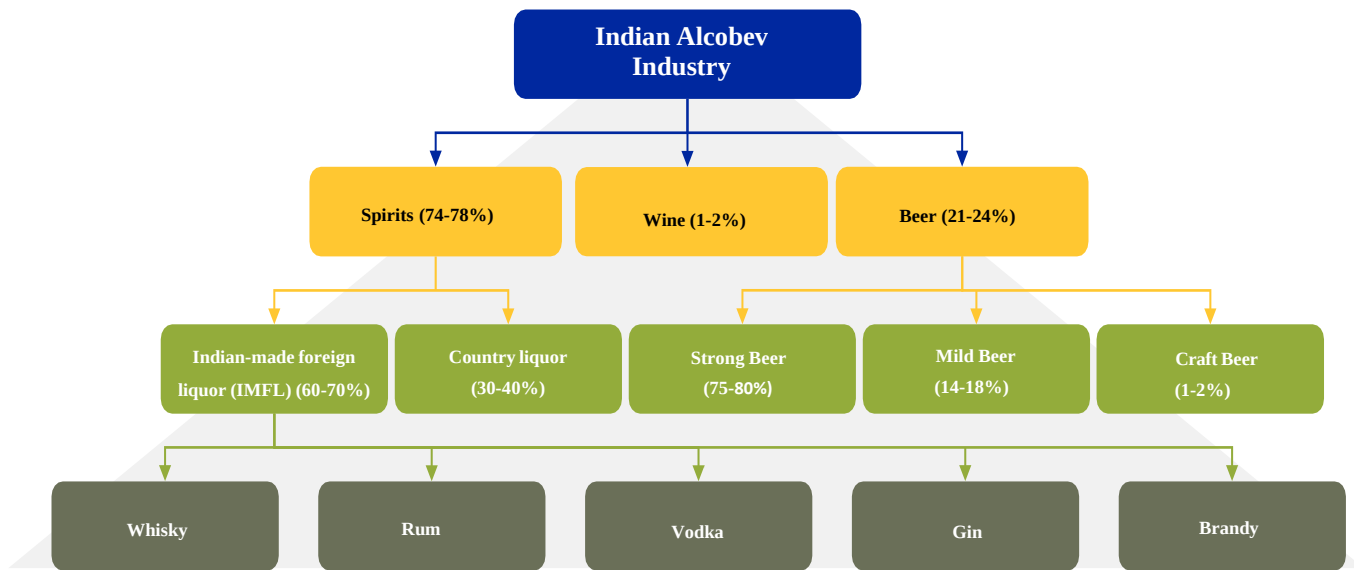
While the sample set undertook modest capex at 2-5% of operating income till FY2022, the same is expected to increase to 8-9% in FY2023 largely on account of greenfield expansions and enhancement in backward integration capabilities by some players. The same is being partly funded through debt. However, ICRA expects the industry to continue to demonstrate stable credit metrics supported by healthy demand.

ICRA sample set includes Associated Alcohols & Breweries Limited, GM Breweries Limited, Mohan Meakin Limited, Radico Khaitan Limited, Som Distilleries & Breweries Limited, Tilaknagar Industries Limited, United Breweries Limited, and United Spirits Limited.

Outlook for FY2023 and FY2024



India 3rd largest alcobev market globally



- The Indian alcobev market is the third largest market globally in terms of value and is one of the fastest growing markets. The manufacturing ecosystem includes brand owners, contract manufacturers including distillers, breweries and bottlers.
- Under the IMFL segment, whisky is the major contributing segment in terms of both volume and value.
- Based on pricing, the alcobev industry is classified into various segments such as Popular, Prestige, Premium and Luxury.

Source: ICRA Research; Strong beer has more than 5% alcohol content and mild beer has less than 5% alcohol content

Southern states are key contributors to the domestic consumption of alcohol

Source: ICRA Research



In India, IMFL and beer constitute majority (85-90%) of the alcobev industry in terms of value.



While IMFL consumption is tilted towards southern states, beer consumption is higher in the northern and central states. Conducive weather conditions in southern states support steady IMFL consumption. Long and hot summers in the northern and central states support high consumption of beer in these regions.



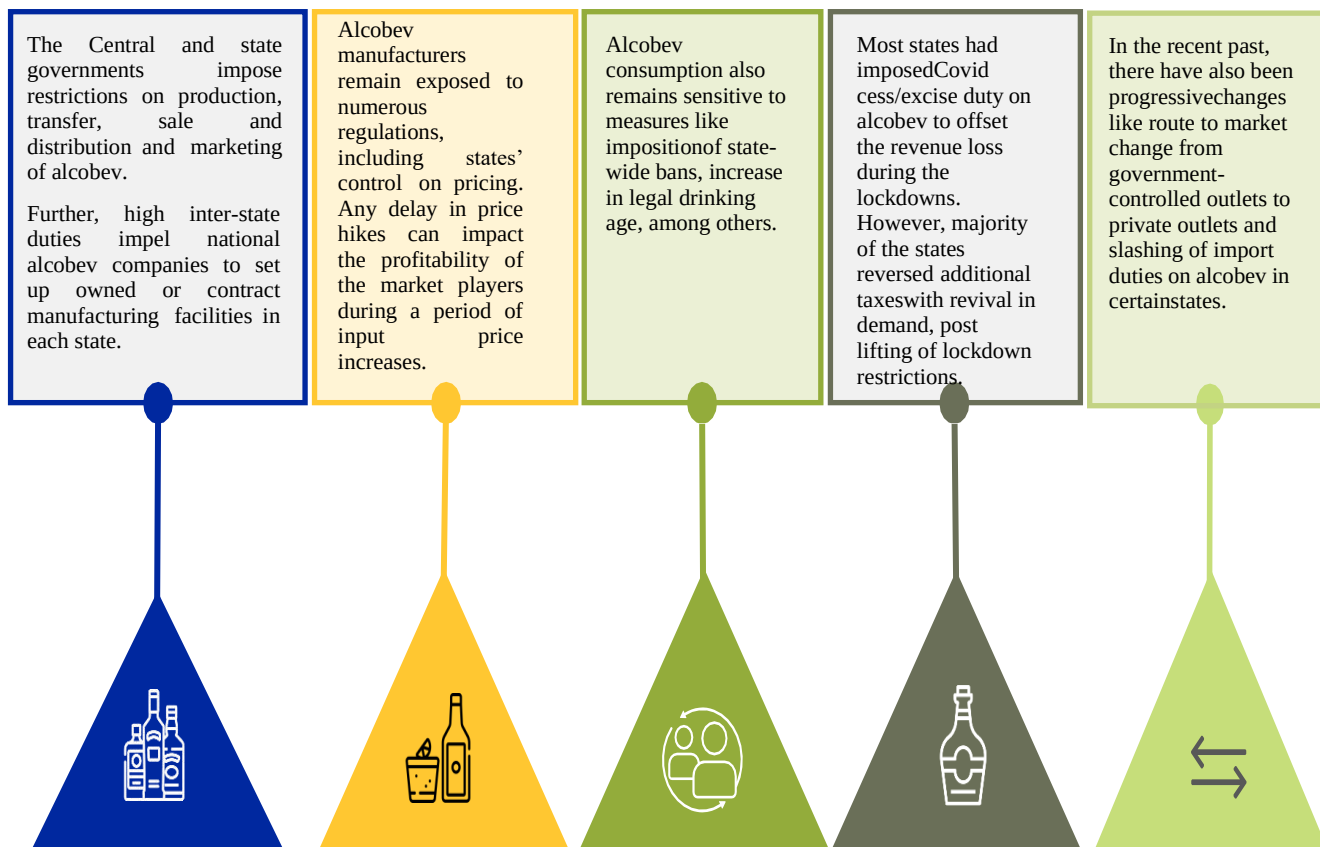
The southern states comprising Kerala, Telangana, Karnataka, Tamil Nadu, and Andhra Pradesh account for 40-50% of the total alcohol consumption. Other high consumption states include West Bengal, Odisha, Delhi, Haryana, and Punjab.



Despite being the third-largest market globally, per capita consumption of alcohol in India is one of the lowest at 5-6 ltrs. p.a., compared to 7-10 ltrs. p.a. in countries such as China, US, East Asia and the Pacific.

Source: ICRA Report

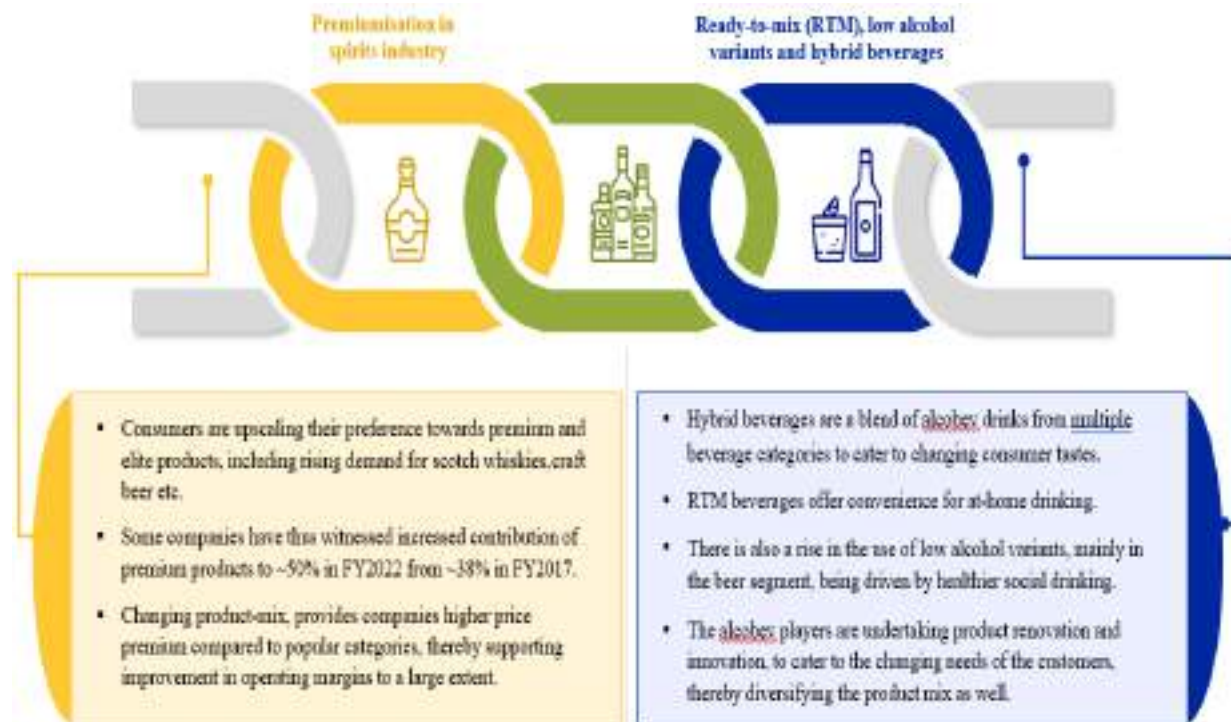
Highly regulated industry with state-specific pricing policies



Dynamic regulatory landscape across states

State	Regulatory changes	Impact
Delhi 	From July 30, 2022, Delhi rolled back its old excise policy and the government agencies have entirely taken control of the supply of alcobev. In the previous excise policy, which was implemented from November 2021 till July 2022, private operators were allowed to run the liquor shops, without any government intervention.	The alcobev players are experiencing decline in their revenues, due to this change in policy. Further, no discounts are being allowed in this policy, thereby reducing the supplies in the market.
Madhya Pradesh 	Slashed 10% of excise duty and 10% reduction in maximum retail price (MRP), increased selling points from 900 to 2,900 retail shops, with effect from April 1, 2022.	This supported volume growth of alcobev players, by virtue of decline in excise duty, MRP and increase in selling points.
Maharashtra 	Slashed 50% excise duty on imported scotch whisky from November 2021 onwards.	This has led to increased competition in the domestic market in the premium category.
West Bengal 	Prices of some premium and semi-premium whisky brands were slashed by 30% and beer price reduced by 5-6% from November 2021 onwards.	Increased volumes witnessed in premium brands, thereby supporting the revenue growth of alcobev players.
Andhra Pradesh 	Changed route-to-market by setting up state-managed retail outlets and discontinuing private retailers from July 2019	Impacted the alcobev companies on account of drastic reduction in their sale volumes.
	Slashed IMFL prices by 15-20% from December 2021 onwards	This led to increase in sales volumes, thereby supporting the players' revenue growth. The move was mainly to curb consumption of illicit country liquor.

Recent industry trends: Product innovation



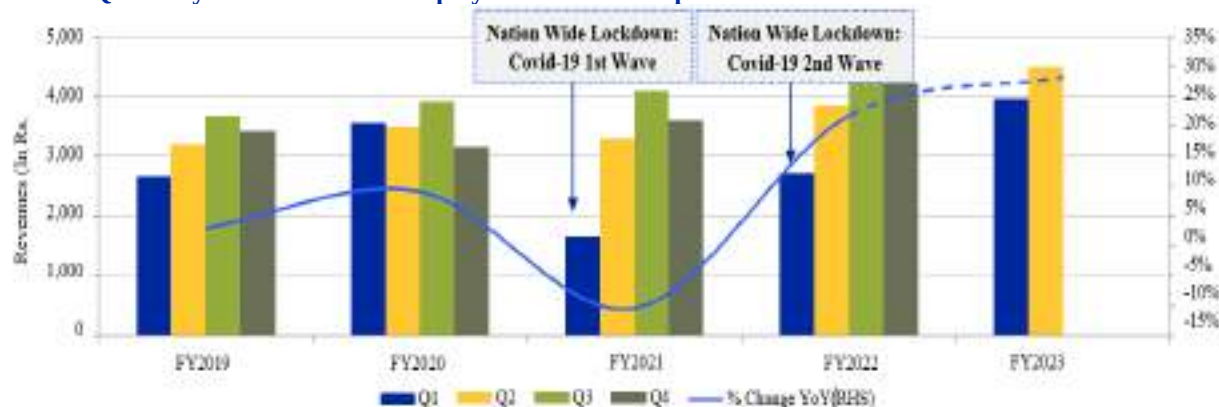
Recent industry trends: Increase in consumer reach



Source: ICRA Research

Sept-Dec is peak season for IMFL sales led by festive period and winter season

Exhibit: Quarterly revenues for IMFL players in ICRA sample set

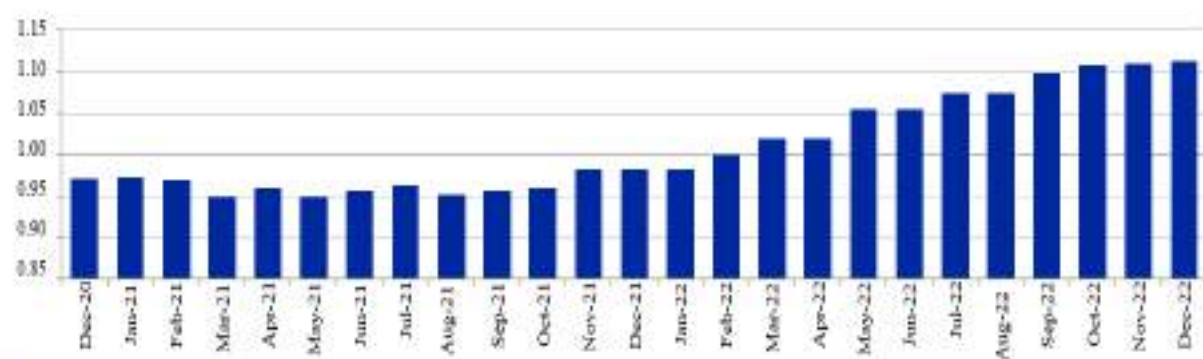


- Q3 of every fiscal is the peak season for IMFL consumption, contributing ~30% to the full-year sales, driven by spike in demand during winters in North and Central India, festive season, and auspicious dates for weddings and ceremonies.
- Revol in demand and improving premiumisation coupled with low base of FY2021 supported ~22% YoY growth in revenues in FY2022 for ICRA's sample set. Further, H1 FY2023 witnessed YoY growth of 28%, backed by revival in demand.
- ICRA expects IMFL players to witness strong growth of ~15-20% in revenues in FY2023 led by a combination of volume and realisation-based growth.
- IMFL consumption is expected to improve substantially over the long term, supported by changing preference towards premium alcohol from the country liquor segment.

Source: ICRA research; Based on ICRA sample of six listed IMFL companies - Associated Alcohols & Breweries Limited, GM Breweries Limited, Mohan Meakin Limited, Radico Khaitan Limited, Tilaknagar Industries Limited, United Spirits Limited.

High ENA prices: retail price hikes to support IMFL players' margins

Exhibit: Trend in ENA price indexed to December 2019 levels

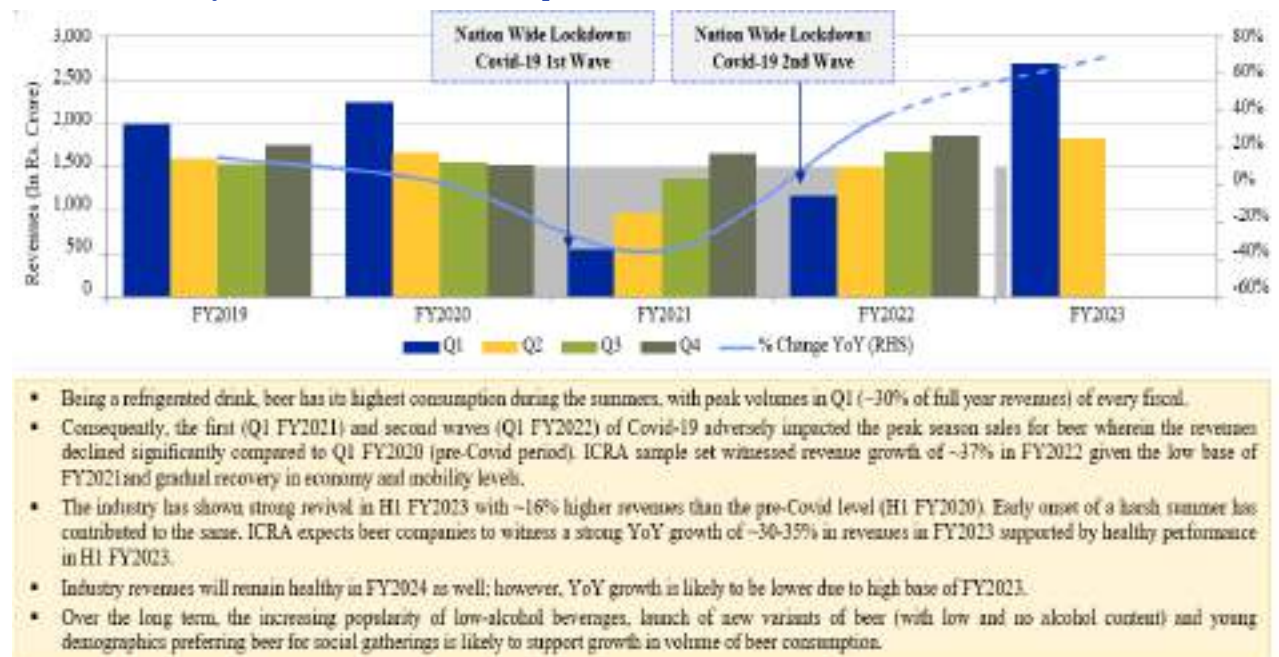


- Typically, Extra Neutral Alcohol (ENA) and glass account for more than 65% of the raw material cost for IMFL.
- ENA prices increased significantly in FY2020 owing to the ethanol blending policy announced by the Government in December 2018. As per the policy, the Government has fixed a target of 20% blending of fuel-grade ethanol with petrol by CY2025. This has altered the projected demand-supply dynamics for ENA with sizeable incremental demand from the petrochemical sector.
- After being subdued in FY2021 (due to the impact of the pandemic), ENA prices started witnessing sharp rise from Q3 FY2022 onwards. ICRA notes that following the blending policy, new distilling capacities are being set up. However, the pace of new capacities getting commercialised and impact of the same on prices remains to be seen.
- While the ENA prices are expected to remain high over the near term, IMFL players are seeking price increases from the state governments to offset the impact to a certain extent. Some industry majors also restricted supplies to undertake price negotiations.

Source: ICRA Research

April-June remains peak season for beer sales

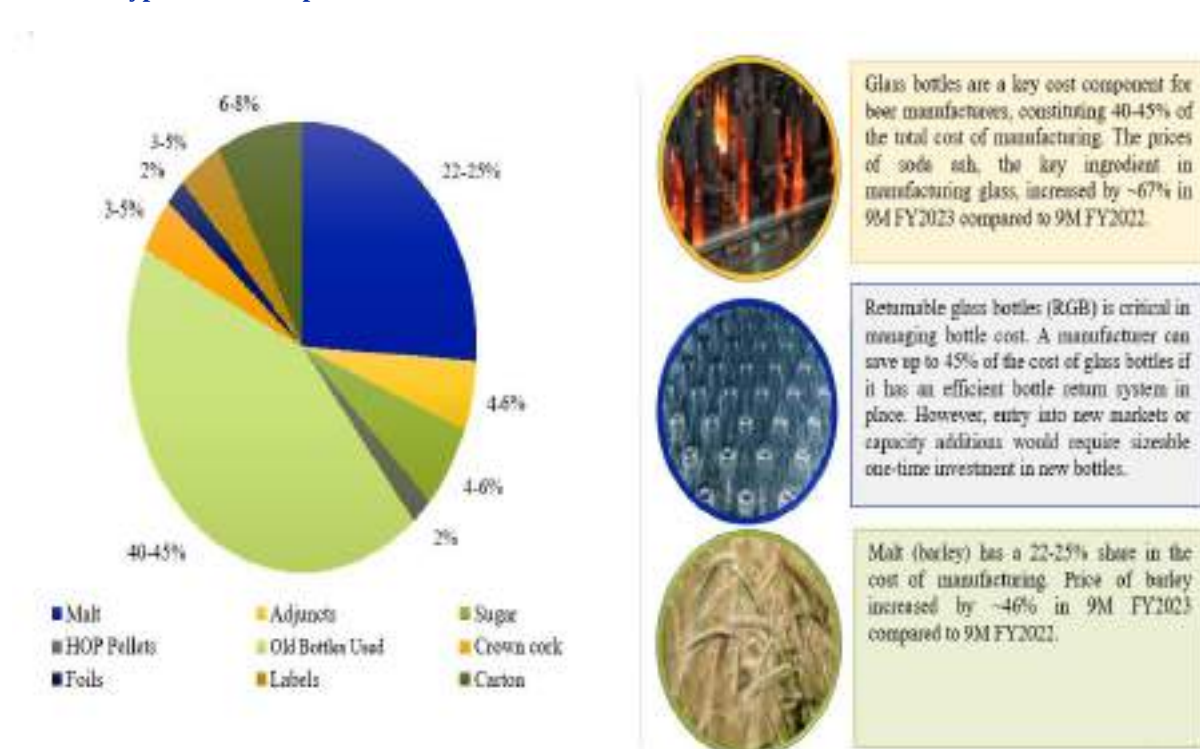
Exhibit: Quarterly revenue trend for beer companies



Source: ICRA research, Based on ICRA sample of two listed beer companies, Som Distilleries & Breweries Limited and United Breweries Limited

Glass bottles and barley form 62-70% of beer manufacturing cost

Exhibit: Typical cost composition of beer



Source: Bloomberg, ICRA Research

Rising raw material costs continue to impact margins of beer manufacturers

Exhibit: Trend in barely prices (Rs. /Quintal)

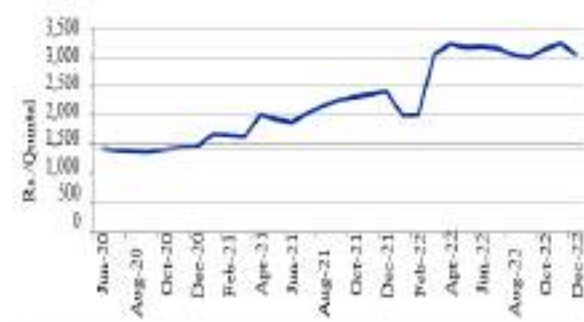
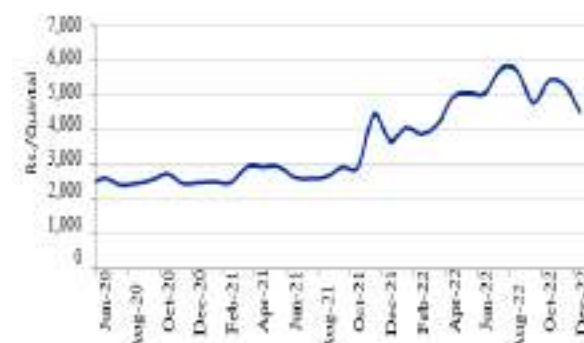


Exhibit: Trend in soda ash prices (Rs./ Quintal)



- Barley prices witnessed a sharp rise of ~50% in April 2022 compared to March 2022 due to the Ukraine-Russia conflict and healthy demand during the peak season for beer, Q1 FY2023. Ukraine is one of the key producers of barley and caters to ~50% of India's requirement. The prices of barley remained firm in CY2022 due to healthy demand.
- Glass containers and flat glass industry consume ~40% of the soda ash, followed by chemicals at ~18% and detergents at ~17%. Healthy demand from these end-user industries has been driving soda ash prices up. The soda ash prices softened to some extent from August 2022 onwards; although, they continue to remain at elevated level compared to previous normal.
- With barley and soda ash constituting 62-67% of the cost of beer manufacturing, companies have faced ~30% and ~25% increase in these inputs in Q3 FY2022 to Q1 FY2023 respectively. These input cost trends have largely remained firm since then and have witnessed some decline in December 2022.
- Many beer manufacturers have increased selling prices by ~5-15% from April 2022, which has partially compensated the rise in input costs. The increase in selling prices has been supported by healthy demand for beer in the summer of CY2022. The ability of companies to get price increase from the state governments in a timely manner remains critical from profitability perspective.

Source: Bloomberg, ICRA Research

Healthy revenue growth expected in FY2023

Exhibit: Trend in operating revenues for ICRA sample set

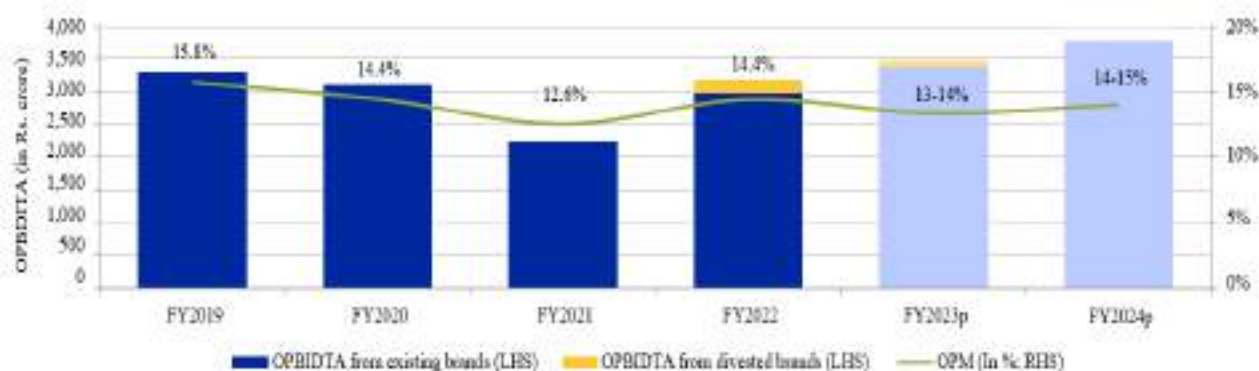


- Despite healthy YoY growth of 11.6% in revenues in 9M FY2020, Covid-19 impact during Q4 FY2020 led to a relatively moderate revenue growth of 3.0% in FY2020. While the industry was severely impacted in FY2021, revival in demand, increasing premiumisation and low base of FY2021 had led to a strong growth of 24.6% in FY2022.
- Industry revenues are likely to grow at ~18-20% in FY2023 and ~5-10% in FY2024, led by healthy volume growth in addition to improving contribution of prestige and premium brands to the overall revenues. In FY2023, majority portion of the popular segment brands (which contributed ~Rs. 1,350 crore revenues with operating profit margin (OPM) of ~14.5%) for one of the key alcohol manufacturers was divested. Despite the same, the sample set revenues are expected to grow at a healthy rate given robust demand across categories.

Source: Company financials, ICRA Research, ICRA sample set of nine companies, Associated Alcohols & Breweries Limited, GM Breweries Limited, Mohan Meakin Limited, Radico Khaitan Limited, Som Distilleries & Breweries Limited, Tilaknagar Industries Limited, United Spirits Limited, and United Breweries Limited.

Marginal contraction in OPM in FY2023; margins expected to remain healthy

Exhibit: Trend in OPBITDA for ICRA sample set



- OPM for ICRA's sample set in FY2021 declined by 180 bps due to the impact of the pandemic on sales, partly compensated by cost efficiency measures undertaken. The price hikes offered by the Government, benign input costs in H1 FY2022 and continued benefits of cost optimisation measures supported margin expansion in FY2022.
- While elevated cost of ENA (for manufacturing spirits), barley (for manufacturing beer) and glass impacted the cost structure of alcohol manufacturers, price hikes and increasing demand for premium products (which are margin-accretive) are expected to cushion the impact to some extent.
- Nonetheless, the OPM for ICRA's sample set in FY2023 is expected to contract marginally to 13-14% from 14.4% in FY2022. ICRA's sample set is likely to report stable OPM in FY2024 led by expectation of healthy demand, steadily improving product-mix, and gradually easing cost pressures.

Capacity addition to continue aided by strong demand

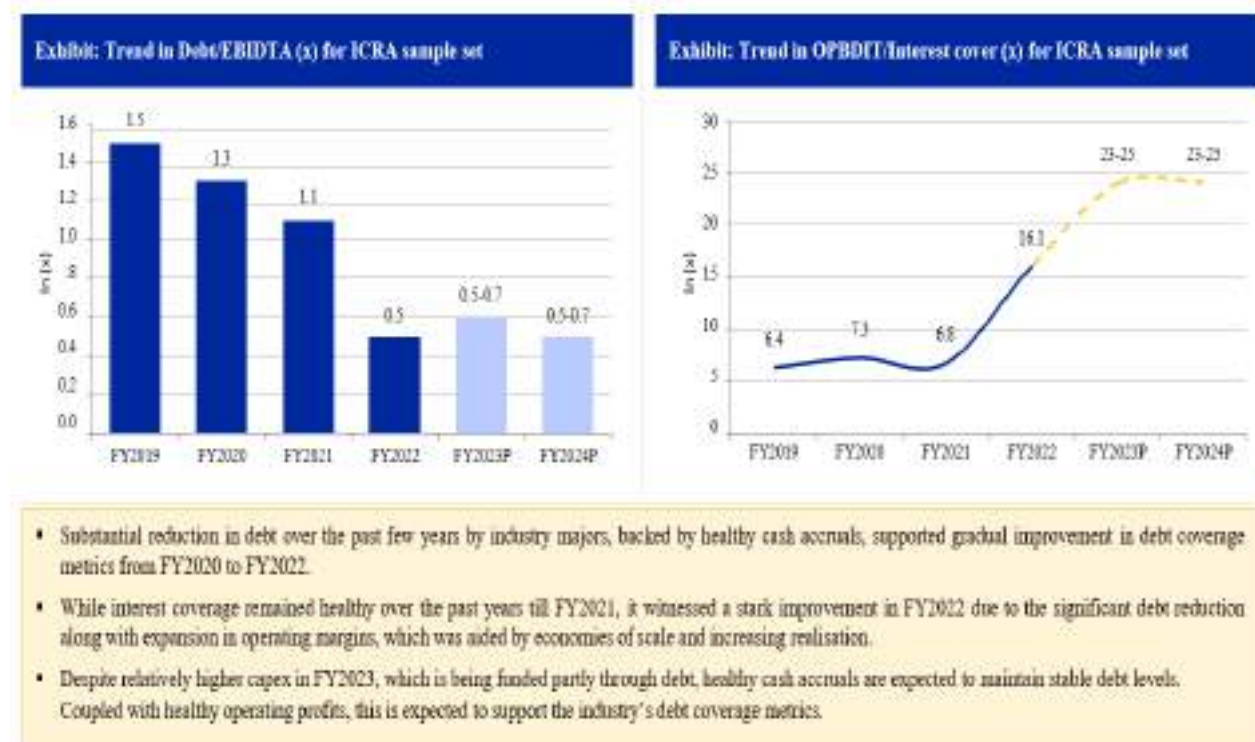
Exhibit: Trend in capex outflow for ICRA sample set (Rs. crore)



- During FY2019, ICRA's sample set incurred capital expenditure (capex) of ~Rs. 1,023 crore primarily towards brewery capacity additions led by a key player in the beer market, enhancement of manufacturing infrastructure and maintenance capex.
- During the pandemic-affected period of FY2020-FY2022, the capex was relatively lower and ranged between ~Rs. 500-750 crore per annum, largely towards capacity enhancements in addition to upgradation. The sample set undertook modest capex at ~2-5% of operating income till FY2022.
- While Covid-related uncertainties pushed organic capex to the backburner in the past two years, the same is expected to be ~7-9% of revenues in FY2023. Much of the expansion is towards greenfield facilities (grain-based distilleries) and enhancement in backward integration capabilities (such as captive ENA production) by some companies (expected to be partly debt-funded). Other companies in the ICRA sample set are also expected to incur upgradation capex over the near term to support their future supply requirements.

Source: Company financials, ICRA Research, ICRA sample set of nine companies, Associated Alcohols & Breweries Limited, GM Breweries Limited, Mohan Meakin Limited, Radico Khaitan Limited, Som Distilleries & Breweries Limited, Tilaknagar Industries Limited, United Spirits Limited, and United Breweries Limited

Credit metrics to remain healthy



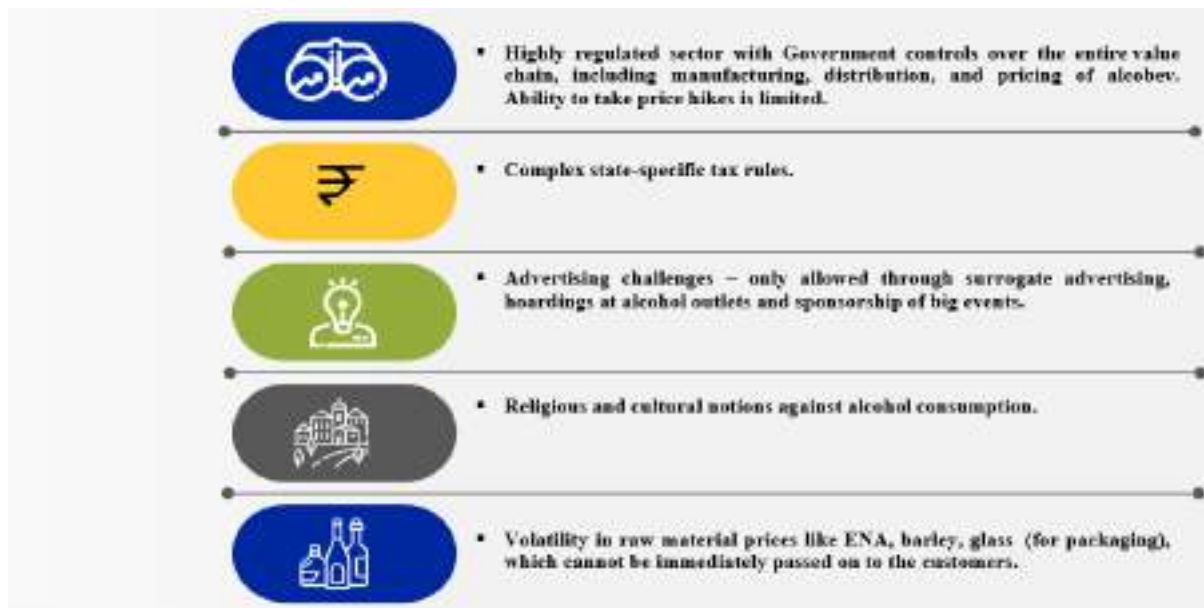
Source: Company financials, ICRA Research, ICRA sample set of nine companies, Associated Alcohols & Breweries Limited, GM Breweries Limited, Mohan Meakin Limited, Radico Khaitan Limited, Som Distilleries & Breweries Limited, Tilaknagar Industries Limited, United Spirits Limited, and United Breweries Limited

Key growth drivers



Source: ICRA Research

Key challenges



OUR BUSINESS

Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this entire Letter of Offer. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investment in the Equity Shares, you should read “Risk Factors” on page 18, for a discussion of the risks and uncertainties related to those statements, as well as “Financial Statements” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” on pages 85 and 90, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Overview

Our Company was incorporated as ‘Som Distilleries and Breweries Limited’ on March 26, 1993 as a public limited company under the Companies Act, 1956 with the Registrar of Companies, Delhi & Haryana at Delhi. The Corporate identification number of our Company is L74899DL1993PLC052787.

In the year 1994, our Company made an initial public offering of 49,96,100 Equity Shares of ₹ 10 each at par aggregating to ₹ 499.61 lakhs and listed its Equity Shares on BSE. Our Company was listed on NSE with effect from March 18, 2014.

Our company is primarily engaged in production of beer and blending and bottling of Indian Made Foreign Liquor (“IMFL”). We offer a broad portfolio of products at different price points to cater to varied preferences of consumers. Our product portfolio consists of various options across beer, rum, brandy, vodka, and whisky categories.

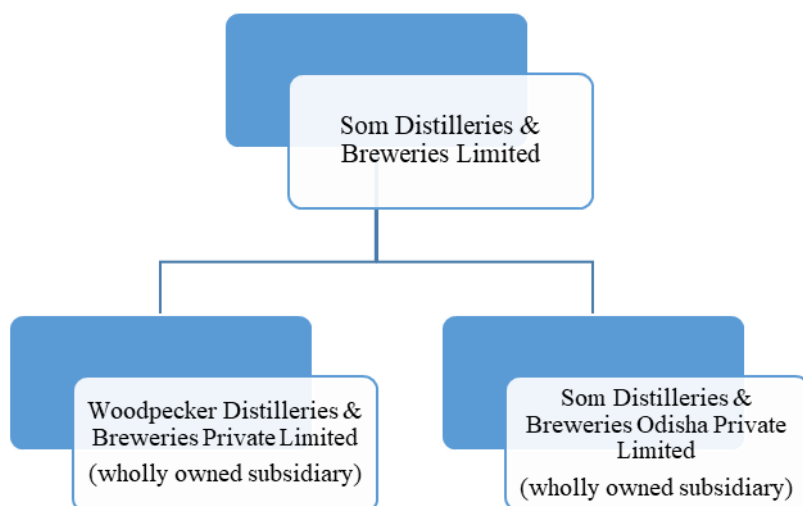
Our flagships brands include Hunter, Black Fort, Power Cool and Woodpecker in the Beer segment and Milestone 100 whisky and White Fox vodka in the IMFL segment. Other IMFL brands of ours include Legend, Pentagon, Black Fort, Genius, Sunny, Gypsy and Blue Chip. 91% of our revenues coming from beer sales for nine months period ended December 31, 2022. Hunter and Woodpecker brands are supplied as draught beer to all major hotels in Madhya Pradesh and Karnataka. We have recently launched ‘Woodpecker’ Wheat Beer, India’s first filtered wheat beer.

Our manufacturing unit is located at Bhopal (Madhya Pradesh). As on December 31, 2022, we have a total installed capacity of ~152 lakhs cases of beer per annum and ~6 lakhs cases per annum of IMFL (excluding our subsidiaries) which is sold to the domestic and international customers. Alongside, we have our 100% subsidiary companies, Woodpecker Distilleries & Breweries Private Limited located at Hassan, Karnataka and Som Distilleries & Breweries Odisha Private Limited located at Barpada, Odisha.

Our revenues (net of excise duty), on a consolidated basis, amongst the two major product lines can be broadly classified as under:

(₹ in lakhs)			
Particulars	Nine months ended December 31, 2022	Fiscal 2022	Fiscal 2021
Beer	50,156.11	31,860.48	23,587.23
IMFL	4,776.20	4,415.61	5,169.98
Total	54,932.31	36,276.09	28,757.21

As on date, our business activities are carried out through the following subsidiaries:



1. Woodpecker Distilleries & Breweries Private Limited (“**WDBPL**”)

Our wholly owned subsidiary Woodpecker Distilleries & Breweries Private Limited is located at Hasan, Karnataka and is engaged in manufacturing of beer and bottling/blending of IMFL. It started its commercial production in 2018 with a capacity of 34 lakhs cases per annum. As on December 31, 2022 it has a total installed capacity of 45 lakhs cases of Beer and 27.85 lakhs cases of IMFL per annum.

2. Som Distilleries & Breweries Odisha Private Limited (“**SDBOPL**”)

Our subsidiary Som Distilleries & Breweries Odisha Private Limited is located at Barpada, Odisha and is engaged in manufacturing of beer. It started its commercial production in March 2019 with capacity of 42 lakhs cases per annum. As on December 31, 2022 it has a total installed capacity of 42 lakhs cases per annum.

In 2022, we have received ISO 9001:2015 certification for manufacturing and supply of Beer, IMFL (Indian made foreign Liquor) and R.T.D (Ready to Drink) beverages for our Bhopal plant from LMS certification, UK, which is valid till February 2025. We also have FSSAI certifications for all our manufacturing units, which are valid and subsisting.

Our consolidated volume of beer and IMFL cases sold are depicted as under:

(No. in lakhs)			
Sales Volume (No of cases sold)	For nine months period ended December 31, 2022	Fiscal 2022	Fiscal 2021
Beer	108.33	69.96	50.21
IMFL	7.54	5.71	7.44
Total	115.87	75.67	57.65

Impact of Covid -19 on our business operations

In view of the nationwide lockdown announced by the Government of India to control the spread of COVID-19, the Company’s business operations were severely disrupted from March 24, 2020. From May 2020, we resumed our business activities in a phased manner in line with directives issued by the central and state governments. Our business operations were severely impacted in particular by the loss of peak season in FY 20-21, interruption of production, disruptions in the supply chain, loss on materials etc. Similarly, the second wave of Covid was also during the peak summer months of March 2021 to May 2021 which impacted us adversely. We continue to actively review costs and focus on working capital and effective inventory management. The impact of COVID-19 pandemic on the overall economic environment continues to be uncertain. We will continue to closely monitor the situation and any material changes to future economic conditions. For the COVID-19 risk that we envisage impacting our business, please see ‘Risk factor 15’ at page 23 of this Letter of Offer.

Our Competitive Strengths

Understanding consumer preferences, product development and roll out capabilities

We believe that our ability to understand consumer preferences and our focus on initiatives to develop product attributes that are most valued by consumers is one of our key strengths. We believe that we have an extensive understanding of the alcoholic beverages industry in India, and especially by leveraging on our wide distribution network, we try to understand changing consumer trends and preferences in terms of products types, pricing and packaging, particularly in our focus market of semi urban and rural areas. We complement our understanding of the market in India, with our product development and roll-out capabilities and with our attention on continuous improvement in product innovation and quality assurance. We believe that this has enabled us to develop and launch a competitive portfolio of beverages catering to a wide gamut of consumer preferences. We have also launched the 'Woodpecker Beer' in draught and packaged variants tailored to the preferences of consumers. We believe that the development and launch of our brands in certain key markets demonstrates our ability to roll out and execute sales and marketing initiatives to introduce new products which meet consumer expectations.

Pan India and presence in key international markets

Our Company has a long-standing market presence and operating history of nearly three decades. Our Company operates its business through a pan-India network and has a presence across India covering major cities. Our market presence at important locations is critical for increasing of market share, increase in business, widening our customer base, enhancing our service standards and enhancing the reputation of our Company. Over the years, we have expanded our presence internationally. Our key international geographies are UAE, USA, Norway and Seychelles for beer and for IMFL we export mainly to UAE and West African nations. Our consolidated revenues (net of excise duty) from domestic and international markets are detailed hereunder:

(₹ in lakhs)

Consolidated Revenue (net of excise duty)	Nine months ended December 31, 2022	Fiscal 2022	Fiscal 2021
Domestic	54,144.05	35,390.17	27,859.43
Exports	788.26	885.92	897.77
Total	54,932.31	36,276.09	28,757.21

Experienced management team

We have a qualified and professional management team with significant experience in all operational aspects of our business. We believe that the industry experience of our management team and their ability to deliver consistent sales growth are our significant strengths. Our management comprises of professionals who have the requisite qualifications and relevant industry experience. Mr. Jagdish Kumar Arora, our Promoter and Managing Director has an experience of more than 40 years in this line of business. Mr. Jagdish Kumar Arora provides strategic leadership to our Company and is also closely involved in our operations. We believe that our management team's in-depth understanding of target markets and consumer demand and preferences has enabled us to continue to grow our business and expand our sales internationally. We believe that our experience, knowledge and human resources will enable us to drive the business in a successful and profitable manner. For further details of our management team and our Key Managerial Personnel please refer the chapter titled "Our Management and Organisational Structure" beginning on page 81 of this Letter of Offer.

Our Business Strategies

We intend to pursue the following principal strategies to leverage our competitive strengths and grow our business:

Strengthening our business through product innovation and new product launches

Our customers' demand for top quality products is growing. In response to this, we place a strong emphasis on developing high quality products through product innovation and new product launches. We intend to continue to leverage on our in-depth market research to enable us to introduce a wider range of products under our existing brands based on consumer preferences and demand and to distinguish ourselves from our competitors. Our products taste and packaging are crafted to appeal to the younger generation. By providing innovative products, we believe that we will be able to become a preferred brand to our customers, thus giving us the opportunity to consolidate our position with our target market and increase our market-share. We further believe

that it will provide us with early-mover advantages and higher profit margins and will present us with opportunities to capture shifts in customer preferences.

Strengthening up our business through working more on the trade channels and increasing the width of distribution

We see a big opportunity to grow further and faster, provided we can aid the awareness and trial generation effort through campaigns, complemented by our effort in the channels for availability of required quantity and quality.

Our marketing and engagement plan addresses the key important drivers that would help us reach our consumers in a more effective manner. The investment here would be in improving in channel awareness, visibility, cold stock availability through our own coolers in trade, cold rooms in walk-in-channel, trade engagement and consumer engagement programs.

Focus on operational efficiencies to improve returns

Offering quality products at attractive prices is a key aspect of maintaining and expanding our relationships with our customers. To that end, we have adopted a number of initiatives designed to improve our cost efficiency and as a one of our primary business strategies we intend to continue improving cost efficiency. We are addressing the increase in operational output through continuous process improvements, quality check and technology development. We intend to use a variety of other manufacturing strategies, sourcing strategies and cost reduction strategies to continue to improve our operational efficiencies. For example, we plan to: (i) install machines with higher productivity; (ii) implement low-cost automation; (iii) rationalize our manpower requirements; (iv) use our research and design capabilities to reduce process and component and packaging costs; (v) continually review our vendor base so that we secure the best costs amongst vendors that meet our quality requirements; and (vi) outsource non-critical operations so that we can focus our efforts on delivering the best quality products within our core areas. Our employees are regularly motivated to increase efficiency with error free exercise. We believe that this can be done through continuous process improvements, learnings, training and skill development.

Widening our customer base by entering into new geographies

We aim to pursue growth strategies to expand our market share across key geographies. On the domestic front as well, top 5 states contributed 95%, 86% and 84% of our domestic revenues for nine months period ended December 31, 2022, Fiscal 2022 and Fiscal 2021, respectively, which we intend to spread to more states to improve our reach, revenues and profitability. We intend to cater to the increasing demand of our existing customers by widening our market reach to areas in which we do not operate currently. Our emphasis is on expanding the scale of our operations as well as growing our network, which we believe will provide opportunities to grow our client base increase our market share, revenues and profitability. The domestic market offers various opportunities in term of sub-geographic penetration and market diversification which we intend to seize and increase our market share by exploring untapped markets. We shall also continue to explore opportunities in different regions to enhance our geographical reach.

Selectively Pursue Strategic Acquisitions in the medium term

We plan to selectively pursue acquisitions. In July 2018, we acquired a brewery plant in Odisha which generated 8.90%, 12.39% and 14.32% of total consolidated net revenues for the nine months ended December 31, 2022, Fiscal 2022 and Fiscal 2021, respectively. We intend to continue our strategic expansion plans through inorganic growth opportunities that allow us to expand our existing operations. Through strategic acquisitions, we intend to increase our scale of operations, access new clients and enter high growth geographies in a cost – effective manner.

We shall continue to evaluate potential opportunities that would allow us to expand our reach and strengthen our position.

Product Portfolio

Our product portfolio includes Brews, Blends and Ready to Drinks products.

- **Brews**

The following table sets forth certain information relating to the products we produce and distribute:

Product	Description	Packaging sizes
 Hunter Strong Premium Beer	Hunter competes with all the national level main line brands in the strong beer segment having alcohol content of 6% to 8% v/v.	Available in 650 ml bottle, pint bottles and cans; Draught beer kegs
 Woodpecker Wheat Beer	Woodpecker is brewed using the finest South American wheat malts and German alpha hops to get the right texture, finesse and aroma.	Available in 650 ml bottle, pint bottles and cans; Draught beer kegs
 Black Fort Super Strong Beer	Black fort super strong beer is one of the signature brand of the company. This beer competes with the regional beer brands in the country.	Available in 650 ml bottle, pint bottles and cans
 Power Cool	Power Cool is a strong beer and is one of the signature brand for the company. It is aimed at the consumers who would like to shift from IMFL to beer.	Available in 650 ml bottle, pint bottles and cans
 Legend Premium Beer	Legend Premium Beer is brewed from the finest barley malt, imported hops and water.	Available in Cans of 500 ml.

• Blends

Product	Description	Packaging sizes
 Pentagon Gold Edition Whisky	Our product Pentagon gold edition whisky is a combination of highland scotch malt and the Sharbati Wheat variant. It's a 100% grain triple-distilled whisky.	Bottles of 90ml, 180 ml, 375 ml and 750 ml.
 Pentagon XO Premium Rum	Pentagon Rum is created by using a fine blend of cane juice and molasses.	Bottles of 90ml, 180 ml, 375 ml and 750 ml.
 White Fox Vodka	White Fox Vodka is produced from the finest grain. It is triple-distilled, charcoal filtered and made from the finest grain with a touch of rose and vanilla notes	Bottles of 90ml, 180 ml, 375 ml and 750 ml.
 Legend Rare Brandy	Legend Rare Brandy is produced by distilling grape juice. It contains 35–60% alcohol that is aged in wooden casks.	Bottles of 90ml, 180 ml, 375 ml and 750 ml.
 Black Fort Rum	Black Fort Rum is a classic blend of distilled sugarcane juice spirit. Dark rum with 42.8% alcohol content and 57.2% ecstasy.	Bottles of 90ml, 180 ml, 375 ml and 750 ml.
 Milestone 100 Whisky	Milestone 100 Whisky is a blended scotch whisky.	Bottles of 90ml, 180 ml, 375 ml, 750 ml and 1,000 ml.

Product	Description	Packaging sizes
 Legend Premium Whisky	Legend Premium Whisky is a finest blended scotch whisky.	Bottles of 90ml, 180 ml, 375 ml and 750 ml.

• Ready to Drink

Product	Description	Packaging sizes
 White Fox Refresh – Cosmo Cranberry	Ready to mix drink with vodka base and cranberry flavour. Low on sugar and high on taste.	Cans of 330 ml.
 White Fox Refresh - Passion Fruit	Ready to mix drink with vodka base and passion fruit flavour. Low on sugar and high on taste.	Cans of 330 ml.
 White Fox Refresh – Naughty Orange	Ready to drink with vodka base and orange flavour. Low on sugar and high on taste.	Cans of 330 ml.
 White Fox Refresh - Tangy Lemon	Ready to mix drink with vodka base and lemon flavour. Low on sugar and high on taste.	Cans of 330 ml.

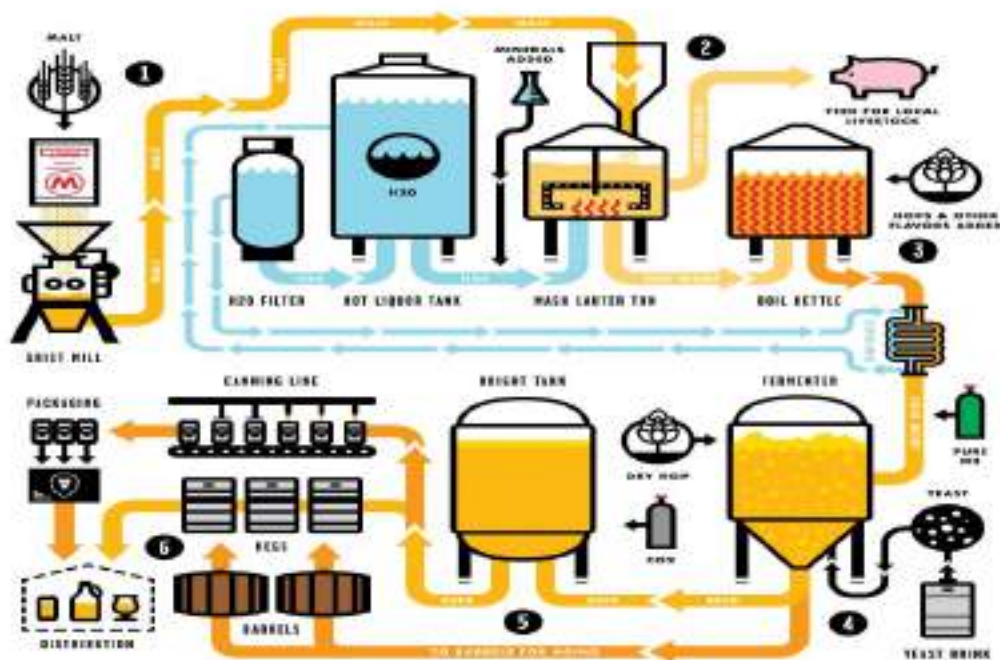
Technology and Process

The technology for manufacturing Beer and Indian Made Foreign Liquor is well established. Our company and its promoter have the requisite knowledge and technology to produce the same, having been in this business since 1993.

Manufacturing Process

Beer making is a batch process which involves the extraction and scarification of starches and their conversion into an alcoholic brew by fermentation process. The basic ingredients involved in beer manufacturing are Malt, Adjuncts such as maize flakes or rice flakes, sugar, hops either in form of pellets or extracts, yeast and potable water. The basic functions involved are as follows:

- Malt Screening and Cleaning
- Malt Milling
- Mashing & Loitering
- Boiling of Wort with Hops
- Wort Cooling
- Fermentation
- Laagering and Balancing of Beer
- Filtration, Carbonation and Bottling



Step 1: Malt Screening and Cleaning

Malt grains are fed through the hopper of an elevator to a screening system consisting of sieves of two different perforations where the dust and small grains of malt are separated and conveyed through ducting to an aspirator. From the screener, the correct sized malt grains are passed on to a magnetic separator, while the dust and fine particles are led by a fan to the cyclone separator. Dust and chaff (loose grain skins) are sucked on to the shell side by centrifugal force and skimmed by a brush continuously. Grains so cleaned are passed over to a permanent magnet to remove ferrous particles, if any, preventing any damage to the rollers in the mill. The malt then passes to a de-stoner which operates on the principle of fluidization and difference in density. The cleaned malt is then fed to the malt mill through an elevator.

Step 2: Malt Milling

To achieve the best results, the milling of the malt grains should be such that the husks are least broken. Preserving husk integrity thus makes the bed of spent grains in the lauter tun, light and porous. Lauter Tun is a vessel for separating the wort from the solids of the mash. It results in rapid filtration of even highly viscous worts through the filtering spent grains bed, and thus increasing productivity. It also results in effective leaching (dissolving of soluble parts) of the grains bed during sparging. On the other hand, the grains (kernels) are reduced to a fine grit so that the conversion of starches into glucose is as complete during the mashing process. To fulfill these requirements a proven, simple and indigenous mill is incorporated. The gap between the crusher roller and the pressure on them are set as to achieve the best results. The malt after the milling is called grist.

Step 3: Mashing & Loitering

Grist from the mill is passed on to the mash kettle through a pre-masher. During mashing, the malt grist and water are mixed together. It is the first and most important step in beer production. Mashing decisively determines the composition of the mash, filtered wort and finally the quality of finished beer. During mashing, the contents of the malt grist goes into solution or are brought into solution by the activity of enzymes, while the insoluble substances are separated as spent grains in the lauter tun. The part, which is brought into solution, is called the extract. The extract concentration in cold wort which is fermented is called the original gravity. “Mashing-in-liquor” refers to the volume of water mixed with the malt quantity for a brew. Sparging refers to the water used in the lauter tun for leaching the remaining extracts from the spent grains. In Mashing the extraction of soluble and digestible insoluble substances from malt is extracted. The mashing process consists of three distinct stages, which are achieved at different temperatures. The first stage consists of separation of proteins from the malt. The second stage consists of conversion of starch into fermenting sugars and the third stage consists of the complete conversion of the remaining starch into maltose. The mash is heated up in stages as to a predetermined regime of time and duration. Mashing in occurs at specified temperatures and ultimately the temperature is raised to 760°C. At specific temperatures there are rest periods of 5 to 75 minutes. This enables the enzymes in the mash to break down the mash substances at their specific optimal temperatures. The mash, which contains all the water extractable matter, is transferred to the lauter tun along with the spent grains. Here it runs through the spent grains bed and false bottom of the lauter tun. During the mash transfer to the lauter tun, turbid worts are recirculated, so that by the end of the mash intake, clear wort collection starts. The bottom entry valves (mash infeed) guarantee a uniform intake.

Step 4: Boiling of Wort with Hops

The prime objectives of wort boiling are:

1. Extraction and transformation of hop components, which in turn influence, the other objectives favorably. Hops contain two types of aromatic materials. The essential oils which are volatile and the bitter resins. Essential oils give the aroma to beer. The bitter resins impart bitter taste and flavour.
2. Formation and precipitation of protein – polyphenol complexes.
3. Boiling of the wort with hop stabilises its composition.
4. During boiling, the wort is sterilised and all the enzymes activity is terminated.
5. Increase wort acidity and colour.

Boiling of wort is carried out by using low-pressure dry saturated steam in a tube type internal reboiler installed inside the kettle. The reboiler works on the principle of natural circulation loops also known as thermosyphon. The boiling time is for 90 minutes at atmospheric pressure and an evaporation of 8% per hour is ensured. After boiling, the wort is pumped into turbulence tun called a whirlpool in a direction tangential to the circular sheet of the tun. The function of the whirlpool is to separate the hot worts from the hot trub, which is extracted as clear wort. This gives a whirlpool motion to the liquid, and suspended matter is collected in the centre after the motion ceases from where it is removed.

Step 5: Wort Cooling

The hot wort is cooled before it is pitched with yeast for fermentation. This cooling results in the formation and precipitation of the cold break which is basically the remaining part of the proteins coagulated during boiling and removed in the whirlpool. This appears as a fine colloidal suspension of the beer. Wort aeration is carried out immediately after cooling by injecting sterile air into it. This assists in good coagulation of proteinaceous matter and also the dissolved oxygen in the wort enhances the development of the yeast during fermentation.

Step 6: Fermentation

Fermentation of sugars is an exothermic process. It is carried out under controlled conditions of temperature and pressure. During fermentation the temperature of beer is maintained at 150 °C by using a flowing cooling medium.

Step 7: Lagering and Balancing of Beer

The stage in the manufacture of a lager beer when it is stored at a low temperature for maturing and clarification. Lagering or conditioning of the beer is necessary to achieve the following effects:

1. Setting of yeast and turbid matter.
2. Saturation of beer with carbon dioxide.
3. Improvement in flavour as a result of maturation.
4. Precipitation of chill haze

After fermentation beer is cooled down from 150 °C to (-) 10 °C by using cooling medium. Chilled green beer is kept under pressure with CO₂. During conditioning, blending of beer is also carried out by mixing beer from different batches and of different gravity. At the end of the maturation process, the beer becomes clear.

Step 8: Filtration, Carbonation and Bottling

The clear beer is taken from conditioning tanks and passed through a modern filtration plant. The filtration plant consists of candle filter, i.e., coarse common filter aid (also known as kieselguhr filtration), which is followed by trap filter. The trap filter increases the clarity of beer. The beer after filtration and carbonation is pumped into bright beer tanks from where it is pumped through insulated pipes to the automatic bottle filling machine. Beer bottles are pasteurized and labelled by automatic machine and are finally packed for distribution.

Raw Materials, Utilities and Infrastructure Facilities

Raw materials

The primary raw materials essential to manufacture our product are barley malt, rice flakes, sugar, hops and other chemicals, which are available from various vendors/suppliers. Raw materials are procured and stored based on production planning, inventory and dispatch schedules for optimum working capital utilisation. We purchase our raw materials from multiple suppliers on a purchase order basis. We do not have long term contracts for the supply of our raw materials and we procure required raw materials through purchase orders. We have long established relationships with a number of such suppliers, and such long established relationship ensure stable supply without dependency on a single source. On receipt of the raw materials from the suppliers, our quality control team tests the materials and only after such testing of the materials, the quality control department confirms whether the material is to be approved or rejected.

Water

Our manufacturing facilities are located at places where ground water is abundantly available and we utilise the same with requisite permissions/connections from local municipalities to meet water requirements for our manufacturing process. Generally, we use ground water and municipal water tap connections provided by the authorities.

Power

Our power requirements are met through state electricity boards. Our manufacturing processes require uninterrupted supply of power in order to ensure that we are able to manufacture our products in time. To meet power failure exigencies, we have also installed diesel generators at our manufacturing facilities to ensure uninterrupted supply.

Plant and Machinery

Our manufacturing facilities have been built keeping in mind efficiency, safety and environmental factors. Our units have all the key ingredients for a successful manufacturing unit. We have made all endeavours in procuring the best equipment within the financial resources available that can effectively cater to customer needs. The major equipment and machinery installed at our manufacturing facility includes:

Sr. No	Plant / Machinery	Use / Process	Make / Manufacturer	Location
1.	Bottling Line	For Bottling of Beer Bottles	Krones, Germany	Bhopal
2.	Process Plant	For Manufacturing of Beer	Alfa Laval / Praj	Bhopal
3.	Process Plant	For Manufacturing of CO ₂ recovery	Pent Air	Bhopal

Subsisting collaborations, any performance guarantee or assistance in marketing by the collaborators, infrastructure facilities for raw materials and utilities like water, electricity, etc.

Our Company does not have any collaborations or any marketing assistance from any collaborators.

Sales

The efficiency of the marketing and network is critical to success of our Company. We maintain a strong sales force which reach out to the retailers and the distributors across all the major states where we are present. Our distribution network has a strong presence in certain semi urban and rural markets in India.

We mainly operate in government markets where the wholesaler is the government, and the retail trade/outlets is controlled by the private parties. Examples of such states are Madhya Pradesh, Odisha, Karnataka and Kerala. Thus, our debtors are mainly the government corporations.

We have a warehouse in Uttar Pradesh to stock our products. From this location, our products are typically sent directly to retail outlets after the payment of the requisite excise duty.

Marketing

Recognizing that the alcobev industry in India is brand centric, marketing our brands is one of our key focus areas. The primary aim of our marketing campaigns is to build brand awareness and achieve recall for our brands, especially in semi urban and rural markets. For nine months ended December 31, 2022, Fiscal 2022 and Fiscal 2021, our marketing expenditure was ₹ 3,486.64 lakhs, ₹ 3,521.77 lakhs and ₹ 4,575.24 lakhs, respectively. We work closely with the retail outlets and believe in working with the trade in the promotion and trials of our products.

Collaborations

As on the date of this Letter of Offer, we have not entered into any technical or other collaboration arrangements.

Human Resources

We believe our employees are one of our most important assets and critical to maintaining our competitive position in our key geographical markets and in our industry. As on December 31, 2022 we had 170 full time employees.

The following table sets forth a bifurcation of the number of our employees as of December 31, 2022:

Sr. No.	Description	No. of Employees
1	Promoter Management	1
2	Top Management	2
3	Corporate support staff (Accounts, Secretarial, office staff)	15
4	Business staff	52
5	Others	100
Total		170

Competition

Alcobev Industry in India is highly competitive. In particular, the beer segment consists of well entrenched brands which have built their brand equity over several decades. Many of our competitors, specifically the multi-national brands, have significant competitive advantages, including longer operating histories, larger and broader customer bases, more established relationships, greater brand recognition and greater financial strength, research and development, marketing, distribution and other resources than we do. The number of our direct competitors and the intensity of competition may increase as we expand our product portfolio and presence. They may also have the ability to spend more aggressively on marketing and distribution initiatives and may have more flexibility to respond to changing business and economic conditions than we do. Our competitors may also be able to respond more quickly and effectively than we can to new or changing opportunities, standards or consumer preferences, which could result in a decline in our revenues and market share.

Corporate Social Responsibility

We as a responsible corporate citizen are committed to take up different developmental projects, as part of our Corporate Social Responsibility (“CSR”) initiatives towards improving the quality of lives of the underprivileged sections of the society and other stakeholders. Our CSR strategies are aligned to national priorities to meet the basic needs of the local community. Our CSR policy defines the framework for implementing CSR activities in compliance with Section 135 of the Companies Act, 2013 and rules framed thereunder. The CSR committee has been constituted as per the applicable act. We demonstrate our commitment towards our communities by committing our resources and energies to social development and we have aligned our CSR programs with legal requirements under the applicable Indian laws. For nine months ended December 31, 2022, Fiscal 2022 and Fiscal 2021, we have spent an amount of ₹ Nil, ₹ 23.50 lakhs and ₹ 69.50 lakhs, respectively, towards our CSR initiatives.

Capacity and Capacity Utilization

Set forth below are the details of the installed and utilized capacity of beers at our manufacturing units for nine months ended December 31, 2022, Fiscal 2022 and Fiscal 2021.

(No in lakhs)

Particulars	Nine Months ended December 31, 2022	Fiscal 2022	Fiscal 2021
A. Bhopal Plant			
Installed capacity (cases per annum)	152	152	152*
Production (cases per annum)	56.09	37.64	30.58
Capacity utilization (cases per annum)	36.90%#	24.76%	20.12%
B. Hassan Plant			
Installed capacity (cases per annum)	45	34	34
Production (cases per annum)	41.19	22.43	11.45
Capacity utilization (cases per annum)	91.53%#	65.97%	33.67%
C. Barpada Plant			
Installed capacity (cases per annum)	42	42	42
Production (cases per annum)	11.06	9.88	8.19
Capacity utilization	26.33%#	23.52%	19.50%

* This facility was capitalized and operational in the last quarter of the financial year 2020-21

Not annualised

Intellectual Property

We have registered certain business names and logos as trademarks under various classes with the Registrar of Trademarks in India under the Trade Marks Act, 1999. We have 52 trademarks as on the date of this Letter of Offer. Presently 8 trademarks are objected, and rectification has been filed for 2 trademarks. The registered trademarks are valid for a period of 10 years from the date of application or renewal.

Property

We carry out business operations from the following properties:

a) Freehold property:

Sr. No.	Particulars of the Property	Usage
1.	Factory land admeasuring 28.10 acres (Our Company)	Factory at Bhopal
2.	Factory land admeasuring 26.20 acres (Subsidiary)	Factory at Hassan
3.	Factory land admeasuring 7.301 acres (Subsidiary)	Factory at Barpada

b) Leasehold property:

Sr. No.	Details of the Deed/Agreement	Particulars of the property, description and area	Consideration/ License Fee/Rent	Tenure/ Term	Usage
1.	Leave and License Agreement dated June 1, 2022 entered into by and between Mrs. Nehta Garg (“Licensor”) and Company (“Licensee”)	6000 sq. ft. in the premises situated at 43/L/111AB, Lakhanpur, Opp. Lifeline Hospital, NH2 - NH11 Bye Pass Road, Shashtripuram, Agra – 282 070, Uttar Pradesh, India.	₹ 72,000 per month (6,000 sq. ft. @ ₹ 12 per sq. ft.) Increase by 5% of previous licensee fees at the expiry of every one year	From June 1, 2022 to May 31, 2025	Warehouse

OUR MANAGEMENT AND ORGANISATIONAL STRUCTURE

Our Board of Directors

Our Articles of Association require us to have not less than three (3) and not more than fifteen (15) Directors. As on date of this Letter of Offer, our Company has 7 (seven) Directors on our Board, comprising of 2 (two) Executive Directors and 5 (five) Independent Directors including 1 (one) Woman Director. The composition of our Board is governed by the provisions of the Companies Act and the SEBI Listing Regulations and the norms of the code of corporate governance as applicable to listed companies in India.

The following table sets forth the details regarding our Board as on the date of this Letter of Offer:

Sr. No.	Name, DIN, Date of Birth, Designation, Address, Occupation, Term, Period of Directorship and Nationality	Age (Years)	Other Directorships
1.	Jagdish Kumar Arora Address: SOM House (Vatsalya Bhavan), Kerwa Dam Road, Mendori, Bhopal - 462 044, Madhya Pradesh, India. Designation: Chairman and Managing Director DIN: 00224633 Date of Birth: June 23, 1956 Occupation: Business Current Term: For a period of 3 (three) years from February 4, 2022 to February 3, 2025. Period of Directorship: Since Incorporation till March 21, 2009 and from February 04, 2017 to till date Nationality: Indian	66	i. Aryavrat Fincon Private Limited ii. Aryavrat Projects and Developers Private Limited iii. Legend Capital Private Limited iv. Sompel JV Private Limited v. Som Power Limited
2.	Nakul Kam Sethi Address: C-3 Nizamuddin East, Hazrat, New Delhi – 110 013, India Designation: Whole-time Director DIN: 06512548 Date of Birth: September 3, 1973 Occupation: Business Current Term: For a period of 5 (five) years from June 1, 2018 to May 31, 2023. Period of Directorship: Since June 1, 2018 Nationality: Indian	49	i. Aryavrat Realtors Private Limited ii. Som Agro Products Limited

Sr. No.	Name, DIN, Date of Birth, Designation, Address, Occupation, Term, Period of Directorship and Nationality	Age (Years)	Other Directorships
3.	Satpal Kumar Arora Address: C-1/401, Ram Prastha Colony, Chander Nagar, Ghaziabad, Uttar Pradesh - 201 011, India. Designation: Independent Director DIN: 00061420 Date of Birth: April 1, 1958 Occupation: Business Current Term: For a period of 5 (five) years from October 13, 2018 till October 12, 2023. Period of Directorship: Since October 13, 2018 Nationality: Indian	65	i. Alchemist Asset Reconstruction Company Limited ii. CMR Green Technologies Limited iii. Dhampur Sugar Mills Limited iv. Globin Infra AMC Services Private Limited v. IFCI Sycamore Capital Advisors Private Limited vi. Shree Pushkar Chemicals & Fertilisers Limited
4.	Deena Nath Singh Address: 312/2 C, Saket Nagar, Habibgani, Huzur Bhopal - 462 024, Madhya Pradesh, India. Designation: Independent Director DIN: 00281542 Date of Birth: July 30, 1972 Occupation: Business Current Term: For a period of 5 (five) years from April 1, 2019 till March 31, 2024 Period of Directorship: Since March 30, 2006 Nationality: Indian	50	i. Som Distilleries & Breweries Odisha Private Limited ii. Woodpecker Distilleries & Breweries Private Limited
5.	Uma Kant Samal Designation: Independent Director Address: NUA- Palimi, Khasra - 209-211 NH-12, Hoshangabad Road, Misrod, Huzur, Bhopal - 462026, Madhya Pradesh, India. DIN: 08669929 Date of Birth: December 31, 1947	75	Nil

Sr. No.	Name, DIN, Date of Birth, Designation, Address, Occupation, Term, Period of Directorship and Nationality	Age (Years)	Other Directorships
	Occupation: Business Current Term: For a period of 5 (five) year from April 20, 2020 to April 19, 2025 Period of Directorship: Since April 20, 2020 Nationality: Indian		
6.	Nishi Arora Address: Flat No. S-3, Plot No. 199, 2-B, Saket Nagar Bhopal - 462 024, Madhya Pradesh, India Designation: Independent Director DIN: 07021730 Date of Birth: June 16, 1968 Occupation: Business Current Term: For a period of 5 (five) years from November 14, 2020 till November 13, 2024. Period of Directorship: Since November 14, 2014 Nationality: Indian	53	i. C-Neutral Energy Private Limited
7.	Rajesh Kumar Address: E1304, JLPL Falcon View, Section 66A, Airport Road, Mohali – 160 062, Punjab, India Designation: Independent Director DIN: 08732528 Date of Birth: June 15, 1960 Occupation: Professional Current Term: For a period of 5 (five) years from December 9, 2022 till December 8, 2027 Period of Directorship: Since December 9, 2022 Nationality: Indian	62	i. IFCI Financial Services Limited ii. Jio Payments Bank Limited iii. KCT Financial & Management Services Private Limited

Details of directorship in companies suspended or delisted

None of our Directors is or was a director of any listed company during the last five years preceding the date of filing of this Letter of Offer, whose shares have been or were suspended from being traded on any of the stock exchanges during the term of their directorship in such company.

None of our directors is or was a director of any listed company which has been or was delisted from any stock exchange during the term of their directorship in such company, in the last ten years immediately preceding the date of filing of this Letter of Offer.

Our Key Managerial Personnel and Senior Management Personnel

Sr. No.	Name of Key Management Personnel	Associated with our Company since	Designation
1.	Jagdish Kumar Arora	March 26, 1993	Managing Director*
2.	Nakul Kam Sethi	November 23, 2011	Whole time Director**
3.	Rajesh Kumar Dubey	June 7, 1994	Chief Financial Officer#
4.	Om Prakash Singh	February 7, 2020	Company Secretary & Compliance Officer

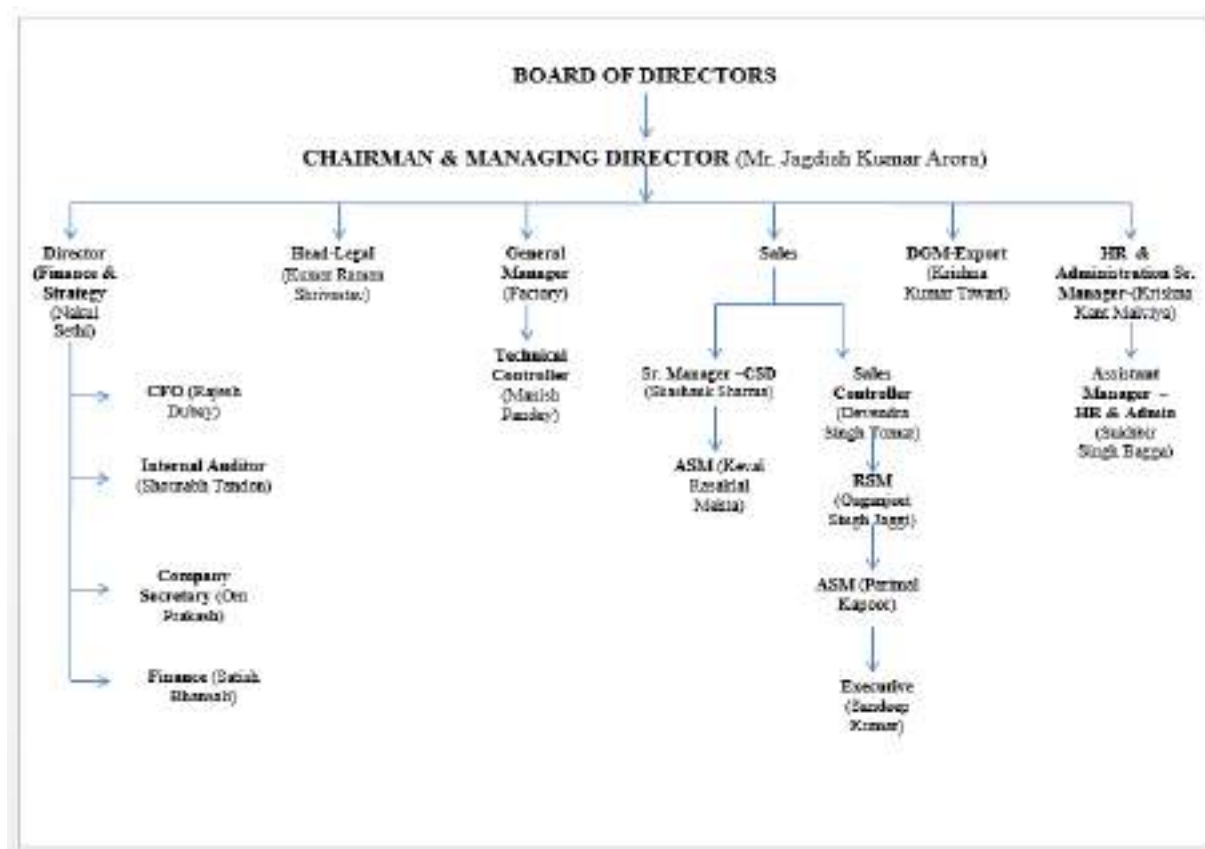
* Designated as Managing Director with effect from February 4, 2017.

** Designated as Whole time Director with effect from June 1, 2018.

Designated as Chief Financial Officer with effect from November 14, 2014.

All our Key Managerial Personnel are permanent employees of our Company.

Current Organization Structure



SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No.	Particulars	Page No.
1.	Limited Review Unaudited Consolidated Financial Results for the nine months period ended December 31, 2022	F1 – F3
2.	Limited Review Unaudited Consolidated Financial Results for the six months period ended September 30, 2022	F4 – F8
3.	Audited Consolidated Financial Statements as at and for the year March 31, 2022	F9 – F36

Independent Auditor's Review Report on the Quarterly unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Review Report to

The Board of Directors

Som Distilleries & Breweries Limited,

1. We have reviewed the accompanying statement of unaudited consolidated financial results of **SOM DISTILLERIES & BREWERIES LIMITED** (the "Holding Company") and its subsidiaries (the holding company and its subsidiaries together referred to as "the group") for the quarter ended **31st December, 2022** (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of regulation 33 of the SEBI (the Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Holding company's management is responsible for the preparation of the statement in accordance with therecognition and measurement principles laid down in Indian Accounting Standard 34, ("Ind AS 34") "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with regulation 33 of the listing regulations. The statement has been approved by the holding company's board of directors. Our responsibility is to express a conclusion on the statement based on our review.
3. We conducted our review of the statement in accordance with Standard on Review Engagement ("SRE") 2410 "Review of Interim financial information performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountant of India ("ICAI"). This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of person responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing as issued by the ICAI and consequently does not enable us to obtain assurance that would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.



4. The statement includes the results of the holding company and its following wholly owned subsidiaries:

(i) WOODPECKER DISTILLERIES & BREWERIES PRIVATE LIMITED

(ii) SOM DISTILLERIES AND BREWERIES ODISHA PRIVATE LIMITED

5. Based on our review conducted as stated in Paragraph 3 above, nothing has come to our attention that cause us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard ("Ind AS") specified under Section 133 of Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of listing regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For AKB Jain & Co
Chartered Accountants
FRN: 003904C

RAHUL DEWANI
(Partner)
M.No:435066



UDIN: 23435066BGUVJM4759

Place: Bhopal
Date: 24.01.2023

SOM DISTILLERIES AND BREWERIES LIMITED Corporate office- 23, Zona - II, M.P. Nagar, Bhopal - 462011 India. Ph. 0755- 4271271, 4271389 STATEMENT OF UNAUDITED CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31st DECEMBER, 2022						
	(Rs. in Lacs)					
	Quarter ended			Year to date ended		Year ended
	3 Months ended	Preceding 3 Months ended	Corresp. 3 Months ended in the previous year	current period ended	previous period ended	Previous year ended
	31.12.2022	30.09.2022	31.12.2021	31.12.2022	31.12.2021	31.03.2022
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I Revenue from operations (and Sale Extra Duties)	30,544.74	25,775.81	13,229.95	1,01,058.00	38,498.55	65,580.51
II Other Income	250.96	134.43	118.80	564.11	290.35	288.73
III Total Income (I+II)	30,795.70	25,911.24	13,348.75	1,01,622.11	38,788.91	65,869.24
IV Expenses						
a Cost of Materials Consumed	12,215.35	9,312.41	5,003.57	34,505.98	11,386.39	21,331.63
b Purchase of stock-in-trade	-	-	257.52	-	257.52	257.62
c Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	(3,381.53)	(602.50)	(246.53)	(2,510.57)	189.94	(651.81)
d Excise Duty	15,894.73	12,135.15	6,289.42	45,157.25	16,802.84	29,104.52
e Employee Benefits Expenses	632.57	871.52	584.58	1,909.00	1,002.32	2,568.85
f Finance Costs	345.79	454.68	369.83	1,103.87	1,147.30	1,535.45
g Depreciation and Amortisation	428.57	429.43	422.57	1,281.54	1,284.94	1,677.77
h Other Expenses	3,556.34	3,543.89	2,800.31	11,169.04	7,710.06	11,676.36
IV Total Expenses	29,072.16	25,886.25	15,461.42	88,646.09	40,582.13	66,304.61
V Profit(Loss) before exceptional items and tax (III-IV)	1,723.54	1,025.99	(112.67)	5,976.02	(1,793.22)	(1,284.27)
VI Exceptional items	-	-	-	-	-	-
VII Profit(Loss) before tax (V-VI)	1,723.54	1,025.99	(112.67)	5,976.02	(1,793.22)	(1,284.27)
VIII Tax Expense	121.14	202.07	(0.01)	569.52	0.09	(270.27)
IX Profit(Loss) for the Period (VII-VIII)	1,602.40	824.89	(112.67)	4,406.50	(1,822.18)	(994.00)
X Other Comprehensive Income	-	-	-	-	-	11.02
XI Total Comprehensive Income for the Period (IX-X)	1,602.40	824.89	(112.67)	4,406.50	(1,822.18)	(972.98)
XII Earnings Per Equity Share (Face Value of Rs. 5/- each)						
1 Basic (in Rs.)	5.67	1.18	(0.17)	3.78	(2.90)	(1.45)
2 Diluted (in Rs.)	5.48	1.17	(0.28)	3.73	(2.90)	(1.45)

NOTES:-

1. Unaudited financial results for the quarter/half year ended 31st December 2022 reviewed by the audit committee were taken on record at the Board meeting held on 24th January, 2023.
2. The company is engaged in the business of manufacturing of alcoholic beverages. There are no reportable segments other than alcoholic beverages, which singly or in the aggregate qualify for separate disclosure as per provision of the relevant Ind AS 108 "Operating Segments".
3. Previous period figures have been regrouped and/or reclassified, wherever necessary.
4. Shareholders are requested to intimate change of address, if any.

Date: 24.01.2023
Place: Bhopal

Nakul K Sethi
Executive Director

Regd. Office - 1-A, Zoo Plaza, Ayun Nagar, Sardarjung Enclave, Kanai Chandra Road, New Delhi (India)
Ph: +91-11-26186660, 26186712 Fax: +91-11-26196860

(Signature)



Independent Auditor's Review Report on the Quarterly unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Review Report to

The Board of Directors

Som Distilleries & Breweries Limited,

1. We have reviewed the accompanying statement of unaudited consolidated financial results of **SOM DISTILLERIES & BREWERIES LIMITED** (the "Holding Company") and its subsidiaries (the holding company and its subsidiaries together referred to as "the group") for the quarter ended **30th September, 2022** (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of regulation 33 of the SEBI (the Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Holding company's management is responsible for the preparation of the statement in accordance with therecognition and measurement principles laid down in Indian Accounting Standard 34, ("Ind AS 34") "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with regulation 33 of the listing regulations. The statement has been approved by the holding company's board of directors. Our responsibility is to express a conclusion on the statement based on our review.
3. We conducted our review of the statement in accordance with Standard on Review Engagement ("SRE") 2410 "Review of Interim financial information performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountant of India ("ICAI"). This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of person responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing as issued by the ICAI and consequently does not enable us to obtain assurance that would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

AKB



4. The statement includes the results of the holding company and its following wholly owned subsidiaries:
- (i) WOODPECKER DISTILLERIES & BREWERIES PRIVATE LIMITED
 - (ii) SOM DISTILLERIES AND BREWERIES ODISHA PRIVATE LIMITED
5. Based on our review conducted as stated in Paragraph 3 above, nothing has come to our attention that cause us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard ("Ind AS") specified under Section 133 of Companies Act, 2013, as amended , read with relevant rules issued there under and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of listing regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For AKB Jain & Co
Chartered Accountants
FRN: 003904C

RAHUL DEWANI
(Partner)
M.No:435066



UDIN: 22435066BAMDJG4523

Place: Bhopal
Date: 20.10.2022

SOM DISTILLERIES & BREWERIES LIMITED
Corporate office- 23, Zone - II, M.P. Nagar, Bhopal - 462011 India.
Ph. 0755-4271271, 4271369

Statement of Standalone/Consolidated Assets & Liabilities as at 30th September, 2022

(Rs. in Lacs)

Particulars	Standalone		Consolidated	
	As at	As at	As at	As at
	30.09.2022	31.03.2022	30.09.2022	31.03.2022
	Unaudited	Audited	Unaudited	Audited
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	19,381.86	19,770.39	39,743.94	40,522.79
(b) Capital work-in-progress	130.31	-	142.95	-
(c) Other Intangible assets	50.18	61.87	50.18	61.87
(d) Intangible assets under development	-	-	-	-
(e) Investments	7,601.00	7,601.00	-	-
(f) Financial assets				
(i) Loans	7,191.92	7,191.92	-	-
(ii) Other Financial Assets	1,380.22	1,383.69	1,578.22	1,541.14
(g) Other non current Assets	1,659.71	791.45	3,402.97	969.54
(2) Current assets				
(a) Inventories	4,885.73	4,470.55	8,448.53	8,451.84
(b) Financial assets				
(i) Trade receivables	4,938.59	8,155.98	10,318.58	11,579.40
(ii) Cash and cash equivalents	1,076.51	708.45	1,318.33	948.83
(iii) Loans	2,226.50	-	726.81	143.90
(c) Current tax assets/net	149.77	146.16	273.90	230.11
(d) Other current assets	4,678.87	3,527.37	6,360.03	5,489.81
TOTAL ASSETS	55,351.15	51,806.85	72,364.44	69,939.23
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	3,499.34	3,499.34	3,499.34	3,499.34
(b) Other equity	30,045.11	27,585.98	29,528.63	25,457.93
Liabilities				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	5,186.11	7,179.39	9,567.45	11,119.15
(ii) Other	287.86	297.36	634.41	473.91
(b) Deferred tax liabilities (Net)	382.21	304.14	162.48	106.89
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	4,574.12	4,368.35	9,029.33	8,612.69
(ii) Trade payables	3,311.01	2,510.80	6,598.75	6,933.04
(iii) Other financial liabilities	4,313.44	5,431.18	11,292.88	12,820.88
(b) Other current liabilities	2,716.18	594.03	2,932.29	1,013.80
(c) Provisions	95.77	36.48	118.87	101.80
TOTAL EQUITY AND LIABILITIES	55,351.15	51,806.85	72,364.44	69,939.23

NOTES :-

1. Unaudited financial results for the quarter/half year ended 30th September 2022 reviewed by the audit committee were taken on record at the board meeting held on 20th October, 2022.

2.

The company is engaged in the business of manufacturing of alcoholic beverages. There are no reportable segments other than alcoholic beverages, which singly or in the aggregate qualify for separate disclosure as per provision of the relevant Ind AS 108 "Operating Segments".

3. Previous period figures have been regrouped and/or reclassified, where necessary.

4. Shareholders are requested to intimate change of address, if any.

Dated: 20.10.2022

Place: Bhopal

[Signature]



[Signature]
Nakul K Sethi
Executive Director

Regd. Office - 1-A, Zee Plaza, Arjun Nagar, Safdarjung Enclave, Kirti Road, New Delhi (India)

Ph: +91-11-26189909, 26189712 Fax: +91-11-26189597

SOM DISTILLERIES AND BREWERIES LIMITED
Corporate office- 23, Zone - II, M.P. Nagar, Bhopal - 462011 India.
Ph. 0755- 4271271, 4271369

STATEMENT OF UNAUDITED CONSOLIDATED RESULTS FOR THE QUARTER/HALF YEAR ENDED
30th SEPTEMBER, 2022

		(Rs. in Lacs)					
		Quarter ended			Year to date ended:		Year Ended
		3 Months ended	Preceding 3 Months ended	Corresponding 3 Months ended in the previous year	current period ended	previous period ended	Previous year ended
		30.09.2022	30.06.2022	30.06.2021	30.09.2022	30.09.2021	31.03.2022
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I	Revenue from operations (net State Excise Duties)	25,776.81	43,709.05	13,371.11	70,544.85	23,359.00	65,340.61
II	Other Income	134.43	178.72	87.00	313.15	141.47	288.73
III	Total Income (I+II)	25,911.24	43,887.77	13,458.11	70,858.01	23,410.47	65,629.34
	Expenses						
A	Cost of Materials Consumed	9,312.41	12,973.27	3,752.02	22,295.68	6,395.77	21,331.83
B	Purchases of stock-in-trade	-	-	-	-	-	257.82
C	Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	(802.60)	1,473.88	468.35	871.08	436.27	(931.81)
D	Excise Duty	12,125.15	18,337.91	5,625.74	38,463.06	10,513.42	29,104.52
E	Employee benefits Expenses	671.82	594.91	521.45	1,256.43	1,037.74	2,168.65
F	Finance Costs	404.48	552.41	377.45	756.88	777.47	1,535.45
G	Depreciation and Amortisations	428.43	424.14	422.92	859.57	842.27	1,677.77
H	Other Expenses	2,543.39	6,587.05	2,509.83	10,531.84	4,917.77	11,570.38
IV	Total Expenses	25,884.28	41,134.26	13,767.76	67,018.53	24,929.73	66,594.61
V	Profit/(Loss) before exceptional items and tax (II-IV)	1,026.96	2,813.52	(249.65)	3,839.48	(1,519.26)	(1,254.27)
VI	Exceptional items	-	-	-	-	-	-
VII	Profit/(Loss) before tax (V-VI)	1,026.96	2,813.52	(249.65)	3,839.48	(1,519.26)	(1,254.27)
VIII	Tax Expense	202.07	245.71	0.03	446.78	0.03	(210.25)
IX	Profit/(Loss) for the Period (VII-VIII)	824.89	2,567.81	(249.68)	3,392.70	(1,519.28)	(964.02)
X	Other Comprehensive Income	-	-	-	-	-	11.02
XI	Total Comprehensive Income for the Period (IX-X)	824.89	2,567.81	(249.68)	3,392.70	(1,519.28)	(972.94)
XII	Earnings Per Equity Share (Face Value of Rs. 5/- each)						
1	Basic (in Rs.)	1.18	3.67	(0.38)	4.84	(2.32)	(1.45)
2	Diluted (in Rs.)	1.17	3.67	(0.38)	4.82	(2.32)	(1.45)

NOTES :-

1. Unaudited financial results for the quarter/half year ended 30th September, 2022 reviewed by the audit committee were taken on record at the board meeting held on 20th October, 2022.
2. The company is engaged in the business of manufacturing of alcoholic beverages. There are no reportable segments other than alcoholic beverages, which singly or in the aggregate qualify for separate disclosure as per provision of the relevant Ind AS 108 "Operating Segments".
3. Previous period figures have been regrouped and/or reclassified, wherever necessary.
4. Shareholders are requested to bring up to date change of address, if any.

Dated: 20.10.2022
Place: Bhopal



Rajul K. Sethi
Executive Director

Regd. Office:- 1-A, Zee Plaza, Arjun Nagar, 2nd Floor, Ring Road, Karmal Cinema Road, New Delhi (India)
Ph: +91-11-26189506, 26189713 Fax:- +91-11-26156957

SOM DISTILLERIES AND BREWERIES LIMITED

Unaudited Consolidated Cash Flow Statement for the Half Year ended 30th September, 2022

(Rs. in Lacs)

Particulars	Half year ended 30.09.2022	Year ended 31.03.2022
Cash flow from operating activities		
Profit before Tax	3839.48	(1254.27)
Adjustments for		
Depreciation on continuing operations	853.57	1877.77
Interest Expense	756.89	1535.45
Profit on sale of Fixed Assets	0.00	(0.73)
Loss on sale of Fixed Assets	0.00	50.82
Operating profit before working capital changes	5449.94	2009.04
Movements in working capital:		
Decrease/(increase) in inventories	3.31	(1607.64)
Decrease/(increase) in trade receivables	1250.82	1570.32
Decrease/(increase) in short term loans	(582.91)	3137.11
Decrease/(increase) in other current tax assets/(net)	(43.79)	320.60
Decrease/(increase) in other current assets	(570.21)	(699.12)
Increase/(decrease) in trade payables	(334.29)	(1997.42)
Increase/(decrease) in other current financial liabilities	(1226.00)	(1767.66)
Increase/(decrease) in other current liabilities	1335.33	955.92
Increase/(decrease) in short term provisions	17.07	(585.38)
Cash generated from/(used in) operations	4997.27	1335.80
Direct Taxes Paid (net of refunds)	(393.19)	(307.85)
Net Cash flow from/ (used in) operating activities (A)	4514.09	1027.95
Cash flow from investing activities		
Purchase of fixed assets	(63.02)	(650.49)
Change Capital work in progress	(142.96)	
Proceeds from sale of fixed assets	0.00	14.46
Increase/(decrease) in non current assets	(2433.43)	(5.94)
Decrease/(increase) in long term loans	0.00	0.00
Decrease/(increase) in long term financial assets	(37.08)	69.52
Net Cash flow from/ (used in) Investing activities (B)	(2675.51)	(602.45)
Cash flow from Financing activities		
Borrowings	(1551.69)	(1191.91)
Increase/(decrease) in other long term liabilities	160.50	127.75
Proceeds from right share issue		1749.67
Proceeds from issue of share warrants	680.00	
Interest paid	(756.89)	(1535.45)
Dividend paid	-	(10.88)
Dividend distribution tax	-	(82.64)
Net Cash flow from/ (used in) Financing activities (C)	(1468.08)	(923.45)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	369.50	(497.96)
Cash and cash equivalents at the beginning of the year	945.63	1445.79
Cash and cash equivalents at the end of the year	1315.13	947.83
Components of cash and cash equivalents		
Cash in hand	47.88	40.48
With Banks - in current account	87.37	237.02
With Banks - in deposit account	1180.08	670.33
Total Cash and cash equivalents	1315.33	947.83

Dated: 20.10.2022
Place: Bhopal



Nakul K Sethi
Executive Director



INDEPENDENT AUDITOR'S REPORT

To
Members of
Som Distilleries & Breweries Limited,
New Delhi

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **M/S SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI** (hereinafter referred to as the "Holding Company") and its subsidiaries "**WOODPECKER DISTILLERIES & BREWERIES PRIVATE LIMITED**" and "**SOM DISTILLERIES & BREWERIES ODISHA PRIVATE LIMITED**" (Holding Company and its subsidiaries together referred to as "the Group"), which comprises the consolidated balance sheet as at 31st March 2022, the consolidated statement of Profit and Loss (including other comprehensive), the consolidated cash flow statement and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2022, its consolidated **LOSS** including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) as specified under section 143(10) of the Companies Act, 2013 as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the following Notes to the accompanying consolidated financial statements:

- Note 37 regarding management's assessment of the impact of COVID-19 pandemic of the Group's operations for the period ending on 31st March, 2022.
- Note No. 49 regarding non availability of the necessary information of outstanding dues to Micro Enterprises and Small Enterprises.

Our opinion is not modified in respect of these matters.

Key audit Matters



Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters.

Key audit matters	How our audit addressed the key audit matter
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services. Revenue is recognized to the extent it is probable that the economic benefits will flow to the group and the revenue can be reliably measured, regardless of when the payment is being received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government. Based on the Educational Material on Ind AS 115 issued by the Institute of Chartered Accountants of India ("ICAI"), the recovery of excise duty flows to the Group on its own account and hence is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the group on its own account, revenue includes excise duty. However, sales tax/value added tax (VAT), goods and services tax are not received by the group on its own account and are taxes collected on value added to the commodity by the seller on behalf of the government. Accordingly, these are excluded from revenue.	Our procedures included the following: - Assessed the Group's revenue recognition accounting policy for sale of products. - Understood, evaluated and tested on sample basis the design and operating effectiveness of key internal controls over recognition and measurement of revenue. - Performed test of details on a sample basis and inspected the underlying accounting documents relating to sales accrual. - Tested on a sample basis, sales transactions near year end date. - Performed analytical procedures on revenue. - Assessed the disclosures in the consolidated financial statements in respect of revenue for compliance with disclosure requirements.

Other information

The Holding company's management and Board of Directors is responsible for preparation of the other information. The other information comprises the information included in the Holding Company's Annual Report, but does not include the financial statements and our auditor's report thereon. The Holding Company's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Those Charged with governance for the Consolidated Financial Statements

The Holding company's management and Board of Directors is responsible for the matters stated in sub section (5) of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the group in accordance with the Accounting Principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group companies.

Auditor's Responsibility for audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve



collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the holding company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we provide "Annexure-A", a statement on the matters specified in paragraphs 3 and 4 of the said order, to the extent applicable.



2. As required by section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The Consolidated Balance Sheet and Consolidated Statement of Profit and Loss (including other comprehensive), Consolidated Cash flow statement and Consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - e) On the basis of written representations received from the directors of the holding company as on March 31, 2022, and taken on record by the Board of Directors of the holding company and the reports of the statutory auditors of the group companies, none of the directors of the group companies is disqualified as on March 31, 2022, from being appointed as a director in term of sub-section (2) of section 164 of the Companies Act, 2013.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the group with reference to these consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.
 - g) With respect to the other matter to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule, 2014, as amended, in our opinion and to the best of our information and according to explanation given to us:
 - (a) There is no pending litigation according to the information provided which impacts the financial position of the group except those specified in Note No. 30 of the consolidated financial statements.
 - (b) The Group does not have long term contracts including derivative contracts for which there are any material foreseeable losses.
 - (c) There have no transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the holding company or the other company included in the group.
 - (d) (i)& (ii) As per the management representation provided to us, which is to their best knowledge and belief, they represented that, other than as disclosed in the consolidated notes to the accounts-

"No funds have been advanced or loaned or invested by the holding company or its subsidiary companies to or in any other person(s) or entities, including foreign entities ("Intermediaries"), with the understanding that the intermediary shall whether directly or indirectly lend or invest in other persons or entities identified in any manner by or on behalf of the holding company or its subsidiary companies (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of ultimate beneficiaries."; and

"No funds have been received by the holding company or its subsidiary companies from any person(s) or entities including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the holding company or its subsidiary companies



shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries"

(iii) Based on the audit procedures performed by us, and on the basis of audit evidences obtained, we have considered reasonable and appropriate in the circumstances, that nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contains any material misstatement.

(c) The Group has not declared or paid dividend during the year.

For AKB Jain & Co
Chartered Accountants
FRN: 003904C

R.D.

RAHUL DEWANI
(Partner)
M.No:435066



UDIN: 22435066AIPHH2975

Place: Bhopal
Date: 26.04.2022

ANNEXURE-A

REFERRED TO IN PARAGRAPH "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF M/S SOM DISTILLERIES & BREWERIES LIMITED

- (xxi) In our opinion and according to the information and explanations given to us, and on the basis of the individual CARO report of the companies included in the consolidated financial statement, no such qualification or adverse remarks were reported by the respective auditors of the companies.

For AKB Jain & Co
Chartered Accountants
FRN: 003904C

RAHUL DEWANI
(Partner)
M.No:435066



UDIN: 22435066AIPHH2975

Place: Bhopal
Date: 26.04.2022

ANNEXURE-B

(REFERRED IN OUR REPORT OF EVEN DATE)

Report on the Internal Financial Controls with reference to the aforesaid Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the act")

(Referred to in Para 2(f) under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

In conjunction with our audit of the consolidated financial statements of **M/s Som Distilleries & Breweries Limited, New Delhi** (hereinafter referred to as "the holding company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of the holding company and its subsidiaries companies, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements based on the criteria established by the respective company considering the essential components of internal control stated in the Guidance Note.

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective companies policies, safeguarding the assets of the company, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial information's, as required under the Companies Act 2013 (hereinafter referred to as "the Act").

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the relevant Guidance Note (Audit of Internal Financial Controls Over Financial Controls) and the Standards on Auditing, both, issued by the ICAI and are deemed prescribed under sub-section (10) of the section 143 of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statement. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements, was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statements, and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements, included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to consolidated financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

A Company's internal financial control with reference to consolidated financial statements, is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

A Company's internal financial control with reference to consolidated financial statements includes those policies and procedures that;



(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

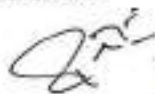
Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements, to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements, may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

For AKB Jain & Co
Chartered Accountants
FRN: 003904C

RAHUL DEWANI
(Partner)
M.No:435066



UDIN: 22435066AIPHH2975

Place: Bhopal
Date: 26.04.2022

SOM DISTILLERIES & BREWERIES LIMITED CONSOLIDATED

CIN- L74899DL1993PLC052787

BALANCE SHEET AS AT 31.03.2022

(Rs. in Lakhs)

PARTICULARS	Note	As at 31.03.2022	As at 31.03.2021
ASSETS			
(1) Non-current Assets			
(a) Property, Plant and Equipment	3	40,522.79	41,346.51
(b) Capital Work-in-progress		-	217.69
(c) Other Intangible Assets	4	61.87	79.92
(d) Intangible Assets under development		-	2.36
(e) Security Deposits	5	1,541.14	1,610.66
(f) Other Non- Current Assets	6	969.54	963.60
(2) Current Assets			
(a) Inventories	7	8,451.84	6,844.21
(b) Financial Assets			
(i) Trade Receivables	8	11,579.40	13,149.72
(ii) Cash and cash equivalents	9	948.83	1,446.79
(iii) Loans	10	143.90	147.15
(c) Current Tax Assets	11	230.11	550.71
(d) Other Current Assets	12	5,489.81	4,790.70
Total Assets		69,939.23	71,150.02
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	13	3,499.34	3,249.39
(b) Other Equity	14	25,457.93	24,931.20
Liabilities			
(1) Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	11,119.15	12,311.07
(ii) Other	16	473.91	346.16
(b) Deferred Tax Liabilities	17	106.89	681.11
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	8,612.69	8,509.87
(ii) Trade Payables	19	6,933.05	8,930.47
(iii) Other Financial Liabilities	20	12,620.88	11,368.37
(b) Other Current Liabilities	21	1,013.60	698.44
(c) Provisions	22	101.80	123.95
Total Equity and Liabilities		69,939.23	71,150.02

The accompanying notes are an integral part of the Consolidated Ind AS financial statements.

As per our Report of even date

For AKB Jain & Co.

Chartered Accountants

Firm Registration No: 003904C

Rahul Dewani

(Partner)

Membership No. 435066

Place: Bhopal

Dated: 26.04.2022

UDIN: 22435066AIPHH2975



SOM Distilleries & Breweries Limited
For and on Behalf of the Board

J.K. Arora

(Chairman &
Managing Director)

DIN- 00224633

Rajesh Dubey
(Chief Financial Officer)

Nakul K Sethi

(Director)

DIN- 06512548

Om Prakash
(Company Secretary)

SOM DISTILLERIES & BREWERIES LIMITED CONSOLIDATED

CIN- L74899DL1993PLC052787

STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED ON 31ST MARCH, 2022

(Rs. in Lakhs)

	Particulars	Note	Year Ended 31.03.2022	Year Ended 31.03.2021
			(Rs.)	(Rs.)
I	Revenue from operations	23	65,380.61	50,708.33
II	Other Income	24	269.73	257.53
III	Total Income		65,650.34	50,965.86
	Expenses:			
	Cost of Materials Consumed	25	21,331.83	16,418.19
	Purchase of stock-in-trade		257.62	-
	Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress		(851.81)	128.89
	Excise Duties		29,104.52	21,951.12
	Employees Remuneration & Benefits	26	2,169.85	1,678.80
	Finance Costs	27	1,535.45	1,865.90
	Depreciation & Amortisations		1,677.77	1,336.86
	Other Expenses	28	11,679.38	11,488.87
IV	Total Expenses		66,904.61	54,868.63
V	Profit Before Tax		(1,254.27)	(3,902.77)
VI	Tax Expenses:			
	Current tax		-	-
	Previous Year Taxes		307.86	256.55
	Deferred Tax		(578.12)	(352.03)
VII	Profit/(Loss) for the year		(984.00)	(3,807.28)
	Other Comprehensive Income (OCI)			
	Items that will not be reclassified to profit or loss in subsequent periods			
	Re-measurement of defined benefit plans		14.92	(5.45)
	Income Tax effect on above		(3.90)	1.68
	Total Comprehensive Income for the year		(972.98)	(3,811.05)
VIII	Earning Per Equity Share:			
	(1) Basic		(1.45)	(5.79)
	(2) Diluted		(1.45)	(5.79)
	Significant Accounting Policies	[2]		

The accompanying notes are an integral part of the Consolidated Ind AS financial statements.

As per our Report of even date
For AKB Jain & Co.
Chartered Accountants
Firm Registration No: 003904C

Rahul Dewani
(Partner)
Membership No. 435066

Place: Bhopal
Dated: 26.04.2022
UDIN: 22435066AIPHH2975



SOM Distilleries & Breweries Limited
For and on Behalf of the Board

J.K. Arora
(Chairman &
Managing Director)
DIN- 00224833

Rajesh Dubey
(Chief Financial Officer)

Nakul K Sethi
(Director)
DIN- 06512548

Omprakash
(Company Secretary)

SOM DISTILLERIES & BREWERIES LIMITED CONSOLIDATED
CIN- L74899DL1993PLC052787
CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2022

(Rs. in Lakhs)

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Cash flow from operating activities		
Profit before Tax	(1,254.27)	(3,902.77)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation on continuing operations	1,677.77	1,336.86
Interest Expense	1,535.45	1,865.90
Profit on sale of Fixed Assets	(0.73)	-
Loss on sale of Fixed Assets	50.82	-
Operating profit before working capital changes	2,009.04	(700.02)
Movements in working capital:		
Decrease/(increase) in inventories	(1,607.64)	3,547.77
Decrease/(increase) in trade receivables	1,570.32	(145.44)
Decrease/(increase) in short term loans	3,137.11	272.17
Decrease/(increase) in current tax assets (net)	320.60	(550.71)
Decrease/(increase) in other current assets	(699.12)	(478.96)
Increase/(decrease) in trade payables	(1,997.42)	248.01
Increase/(decrease) in other current financial liabilities	(1,767.66)	1,692.76
Increase/(decrease) in other current liabilities	955.92	(1,329.46)
Increase/(decrease) in short term provisions	(585.35)	55.78
Cash generated from/(used in) operations	1,335.81	2,611.91
Direct Taxes Paid (net of refunds)	(307.85)	(270.48)
Net Cash flow from/ (used in) operating activities (A)	1,027.96	2,341.42
Cash flow from Investing activities		
Purchase of fixed assets	(680.49)	(1,603.36)
Proceeds from sale of fixed assets	14.46	-
Decrease/(increase) in long term financial assets	69.52	314.03
Net Cash flow from/ (used in) Investing activities (B)	(596.51)	(1,289.33)
Cash flow from Financing activities		
Borrowings	(1,191.91)	(1,360.78)
Increase/(decrease) in other long term liabilities	127.75	237.16
Proceeds from right shares issue	1,749.67	-
Decrease/(increase) in non current assets	(5.94)	1,080.54
Interest paid	(1,535.45)	(1,865.90)
Dividend paid	(10.88)	9.43
Dividend distribution tax	(62.64)	100.19
Net Cash flow from/ (used in) Financing activities (C)	(929.40)	(1,799.34)
Net increase/(decrease) in cash and cash equivalents	(497.95)	(747.25)
Cash and cash equivalents at the beginning of the year	1,446.79	2,194.04
Cash and cash equivalents at the end of the year	948.83	1,446.79
Components of cash and cash equivalents		
Cash in hand	40.48	578.58
With Banks - in current account	237.02	205.13
With Banks - in deposit account	671.33	663.08
Total Cash and cash equivalents	948.83	1,446.79

The accompanying notes are an integral part of the Consolidated Ind AS financial statements.

As per our Report of even date
For AKB Jain & Co.
Chartered Accountants
Firm Registration No: 003904C

Rahul Dewani
(Partner)
Membership No. 435066

Bhopal
Dated: 26.04.2022
UDIN: 22435086AIPHH2975



SOM Distilleries & Breweries Limited
For and on Behalf of the Board

J.K. Arora
(Chairman &
Managing Director)
DIN- 00224633

Rajesh Dubey
(Chief Financial Officer)

Nakul K Sethi
(Director)
DIN- 06512548

Omprakash
(Company Secretary)

SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI

CIN- L74899DL1993PLC052787

YEAR ENDED 31.03.2022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GROUP INFORMATION

Som Distilleries & Breweries Ltd. (the 'Company') is a Public company domiciled in India and incorporated under the provisions of Companies Act, 1956. Its shares are listed on the National Stock Exchange and Bombay Stock Exchange. The Company is engaged in the manufacture and sale of Beer and Indian Made Foreign Liquor (IMFL). The Company is a market leader in Beer in the state of Madhya Pradesh. The company caters to both domestic and international markets.

The Company and its Subsidiaries (Referred to as 'Group' herein under) have been considered in these consolidated financial statements. The Company has following wholly owned subsidiaries

- i) Woodpecker Distilleries & Breweries Private Limited
- ii) Som Distilleries and Breweries Odisha Private Limited

The Group is engaged in the manufacture and sale of Beer and Indian Made Foreign Liquor (IMFL).

2. BASIS OF PREPARATION, CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation and consolidation

- (a) These Consolidated Financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The Consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the Consolidated financial statements. All assets and liabilities have been classified as current or non current as per the Group normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 70 days for the purpose of current or non-current classification of assets and liabilities.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year. The consolidated financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions.

The Consolidated financial statements are presented in INR, the functional currency of the Group. Items included in the consolidated financial statements of the Group are recorded using the currency of the primary economic environment in which the Group operates (the 'functional currency').

Transactions and balances with values below the rounding off norm adopted by the Group have been reflected as "0" in the relevant notes in these consolidated financial statements.



The Consolidated Financial statements of the Company for the year ended 31st March, 2022 were approved for issue in accordance with the resolution of the Board of Directors on 26th Apr 2022.

(b) **Basis of measurement**

These Consolidated Financial statements are prepared under the historical cost convention unless otherwise indicated.

2.2 KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Consolidated Financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognized prospectively.

2.3 SIGNIFICANT ACCOUNTING POLICIES

(a) These are set out under "Significant Accounting Policies" as given in the respective Company's standalone financial statements.

(b) Other Accounting Policies applicable to Group



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A signature that appears to be "A. K. Jain".
The initials "Y.S." followed by a signature that appears to be "Rajesh".
A signature that appears to be "Anil Kumar".

SOM DISTILLERIES & BREWERIES LIMITED CONSOLIDATED
CIN- L74899DL1993PLC052787
FOR THE YEAR ENDED 31.03.2022

STATEMENT OF CHANGES IN EQUITY
Equity Share Capital & Other Equity

(1) Current reporting year ended 31st March, 2022

(Rs. in Lakhs)

Particulars	Equity Share Capital	Reserves and Surplus			Other items of Other Comprehensive	Total
		Capital Reserve	Securities Premium	Retained Earnings		
Balance at the beginning of the current reporting period	3,249.39	39.30	14,223.99	10,663.58	4.33	28,180.58
Right Shares Issued	249.95	-	1,499.72	-	-	1,749.67
Profit and Loss during the year	-	-	-	(984.00)	-	(984.00)
Re-measurement of defined benefits Plan	-	-	-	-	11.02	11.02
Total Comprehensive Income for the	-	-	-	(984.00)	11.02	(972.99)
Balance at the end of the current reporting period	3,499.34	39.30	15,723.70	9,579.58	15.35	28,957.27

(2) Previous reporting year ended 31st March, 2021

(Rs. in Lakhs)

Particulars	Equity Share Capital	Reserves and Surplus			Other items of Other Comprehensive Income (specify nature)	Total
		Capital Reserve	Securities Premium	Retained Earnings		
Balance at the beginning of the current reporting period	3,249.39	39.30	14,223.99	14,470.87	8.10	31,991.64
Profit and Loss during the year	-	-	-	(3,807.29)	-	(3,807.29)
Re-measurement of defined benefits Plan	-	-	-	-	(3.77)	(3.77)
Total Comprehensive Income for the current year	-	-	-	(3,807.29)	(3.77)	(3,811.06)
Balance at the end of the current reporting period	3,249.39	39.30	14,223.99	10,663.58	4.33	28,180.58

As per our Report of even date
For AKB Jain & Co.
Chartered Accountants
Firm Registration No: 003904C

SOM Distilleries & Breweries Limited
For and on Behalf of the Board

Rahul Dewani
(Partner)
Membership No. 435066



Place: Bhopal
Dated: 26.04.2022

J.K. Arora
(Chairman & Managing)
DIN- 00224633

Rajesh Dubey
(Chief Financial Officer)

Nakul Sethi
(Director)
DIN- 06512548

Om Prakash
(Company Secretary)

SOM DISTILLERIES & BREWERIES LIMITED CONSOLIDATED
CIN-174899DL1993PLC052787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING ON 31.03.2022

[3] Property, Plant and Equipment

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS AT 01.04.2021	ADDITION DURING 2021-2022	(DISPOSAL) DURING 2021-22	AS AT 31.03.2022	Depreciation written back	FOR THE YEAR 2021-22	AS AT 31.03.2022	AS AT 31.03.2021
LAND (FREEHOLD) & SITE DEVELOPMENT	2,013.07	133.62	-	2,146.68	-	-	2,146.68	2,013.07
BUILDINGS & CIVIL WORKS	10,158.49	193.49	-	10,351.98	-	305.09	1,797.10	8,654.88
PLANT & MACHINERY	35,825.78	581.50	104.10	36,298.15	41.83	1,227.14	6,878.71	29,407.45
FURNITURE & FIXTURES	95.25	0.20	-	95.45	-	7.13	48.81	48.53
OFFICE EQUIPMENTS	239.23	4.02	-	243.25	-	34.04	194.27	48.96
VEHICLES	1,081.51	-	45.47	1,046.04	43.19	81.60	727.78	318.27
TOTAL	49,423.30	895.82	149.57	50,169.55	85.02	1,665.00	40,522.79	41,346.51
CAPITAL WORK IN PROGRESS	217.69	-	217.69	-	-	-	-	217.69
GRAND TOTAL							40,522.79	41,564.20

[4] Intangible Assets

PARTICULARS	GROSS BLOCK			AMORTISATION			NET BLOCK	
	AS AT 01.04.2021	ADDITION DURING 2021-2022	(DISPOSAL) DURING 2021-22	AS AT 31.03.2022	Amortisation written back	FOR THE YEAR 2021-22	AS AT 31.03.2022	AS AT 31.03.2021
ERP-COMPUTER SOFTWARES	142.59	4.72	-	147.31	-	22.77	85.44	79.92
TOTAL	142.59	4.72	-	147.31	-	22.77	85.44	79.92
INTANGIBLE ASSETS UNDER DEVELOPMENT	2.36	-	2.36	-	-	-	-	2.36
GRAND TOTAL							61.87	82.28



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SOM DISTILLERIES & BREWERIES LIMITED CONSOLIDATED
CIN- L74899DL1993PLC052787
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING ON 31.03.2022

(Rs. in Lakhs)

Note No	Particulars	As At 31.03.2022	As At 31.03.2021
[5]	Other Financial Assets		
	<u>Security Deposits</u>		
	Security Deposits	1,541.14	1,610.66
	Total	1,541.14	1,610.66
	Note: All the above amounts are unsecured and considered good.		
[6]	Other Non- Current Assets		
	Capital Advances	969.54	963.60
	Total	969.54	963.60
[7]	Inventories		
	(as taken, valued and certified by the Management)		
	Raw Materials	1,272.18	922.19
	Stores, Consumables & Packing Materials	3,157.60	2,751.76
	Stock In Process	1,446.20	944.04
	Finished Goods	2,575.86	2,226.22
	Total	8,451.84	6,844.21
[8]	Trade Receivables		
	Trade Receivables - considered good	11,579.40	13,149.72
	Total	11,579.40	13,149.72
	Trade Receivables ageing - "Disclosed in 8(i), annexed"		
[9]	Cash and Cash Equivalents		
	Cash in hand	40.48	578.58
	<u>Balance With Scheduled Banks</u>		
	Current Accounts	237.02	205.13
	Deposit Accounts	607.88	588.75
	<u>Other Bank Balances</u>		
	Unpaid Dividend Accounts	63.45	74.32
	Total	948.83	1,446.79
[10]	Current Loans		
	Advances to Others	143.90	147.15
	Total	143.90	147.15
	Note: All the above amounts are unsecured and considered good.		
[11]	Current Tax Assets		
	Balances with Revenue Authorities	230.11	550.71
	Total	230.11	550.71
[12]	Other Current Assets		
	Staff Advances	89.87	107.76
	Prepaid Expenses	1,596.09	1,268.03
	Advances to suppliers	3,490.09	3,416.91
	Other Assets	313.76	-
	Total	5,489.81	4,790.70



SOM DISTILLERIES & BREWERIES LIMITED CONSOLIDATED

CIN- L74899DL1993PLC052787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING ON 31.03.2022

Schedule 8 (i)

(Rs. in Lakhs)

Trade receivables ageing schedule for the year ended as on March 31, 2022

Particulars	Outstanding for following periods from due date of payments					Total
	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 year	
Undisputed trade Receivables considered good	11,196.14	312.64	70.62	-	-	11,579.40
	Trade Receivables					11,579.40

Trade receivables ageing schedule for the year ended as on March 31, 2021

Particulars	Outstanding for following periods from due date of payments					Total
	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 year	
Undisputed trade Receivables considered good	12,781.80	300.26	67.66	-	-	13,149.72
	Trade Receivables					13,149.72



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SOM DISTILLERIES & BREWERIES LIMITED CONSOLIDATED
CIN- L74899DL1993PLC052787
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING ON 31.03.2022

(Rs. in Lakhs)

Note No	Particulars	As At 31.03.2022	As At 31.03.2021
[13]	Equity Share Capital		
	Authorized		
	8,00,00,000 Equity Shares of Rs. 5/- each	4,000.00	4,000.00
	[Prev Year 3,50,00,000 Equity Shares of Rs.10/- each]		
	Issued, Subscribed and Fully Paid		
	6,99,86,796 Equity Shares of Rs.5/- each	3,499.34	3,249.39
	[Prev Year 6,49,87,736 Equity Shares of Rs.5/- each]		

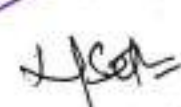
Terms/Rights attached to the shares

(a) The Company has only one class of Equity Shares having par value of Rs.5/- per share. Each shareholder is entitled to one vote per share held. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the company after the distribution of all preferential amounts, in proportion to their shareholding.

(b) Details of Shareholders holding more than 5% Shares in the Company.

Name of Shareholders	As at 31.03.2022		As at 31.03.2021	
	No. of Shares	%	No. of Shares	%
Sh. Jagdish Kumar Aroa	1,03,48,509	14.79%	62,43,322	9.61%
Som Distilleries Private Limited	68,35,559	9.77%	63,46,086	9.77%

[14]	Other Equity		
	Capital Reserve	39.30	39.30
	(Amount forfeited against share warrants)		
	Securities Premium Reserve	15,723.70	14,223.99
	Surplus - In Statement of Profit & Loss		
	Balance as per last Financial Statement	10,667.91	14,478.97
	Add: Comprehensive Income during the year	(972.99)	(3,811.06)
	Balance at the end of the year	9,694.92	10,667.91
	Total Reserves & Surplus	25,457.93	24,931.20





SOM DISTILLERIES & BREWERIES LIMITED CONSOLIDATED
CIN- L74899DL1993PLC052787
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING ON 31.03.2022

(Rs. in Lakhs)

Note No	Particulars	Non Current		Current Maturities	
		As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
[15]	Borrowings				
	Long Term Borrowings				
	(i) Secured Loans				
	(a) Bandhan Bank Ltd	1,474.09	2,038.66	519.46	828.09
	(b) SBI Term Loan	3,475.09	3,983.33	1,258.09	1,774.23
	(c) PNB Term Loan	362.97	459.53	152.68	197.82
	(d) Vehicle Loans (Secured by hypothecation of respective vehicles)				
	From Banks	3.22	8.76	5.66	9.32
	From Others	-	-	-	102.83
	(ii) Unsecured Loans				
	(a) IFCI Venture Capital Funds Ltd.				118.77
	(b) Others	5,803.78	5,820.78	-	-
	Grand Total	11,119.15	12,311.07	1,936.79	3,031.04

Notes:

- (a) Loan from Bandhan Banks is secured by way of pari passu charge on factory land & building and plant & machinery.
- (b) Loan from SBI is secured by way of pari passu charge on factory land & building and plant & machinery.
- (c) Loan from SBI in subsidiary "Woodpeckers Distilleries & Breweries Pvt Ltd" is secured by way of mortgage of Factory Land and Building, personal Guarantees of the Directors of the Company and corporate guarantee of the Holding Company.
- (d) Loan from PNB in subsidiary "Som Distilleries and Breweries Odisha Pvt Ltd" is secured by way of corporate guarantee of the Holding Company and personal guarantee of Directors and a promoter of holding company and by Collectral Security of Company's additional land at Orissa.
- (e) Vehicle Loans are secured by Hypothecation of respective vehicles.

Note No	Particulars	As At 31.03.2022	As At 31.03.2021	As At 31.03.2022	As At 31.03.2021
[16]	Other Long Term Financial Liabilities				
	Security Deposits (Unsecured)			473.91	346.16
	Total			473.91	346.16
[17]	Deferred Tax Liability (Net)				
	Difference between depreciation as per books of account and the Income Tax Act 1961.			4,150.45	3,597.32
	Others			-	19.22
	Gross Deferred Tax Liability			4,150.45	3,616.54
	Deferred Tax Assets				
	Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis.			21.64	94.03
	Carried Forward Losses			4,021.92	2,841.40
	Gross Deferred Tax Assets			4,043.56	2,935.43
	Deferred Tax Liability (Net)			106.89	681.11

Notes:

- (a) Deferred tax assets and Deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities.
- (b) Deferred tax assets and Deferred tax liabilities relate to income taxes levied by the same taxation authority.



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SOM DISTILLERIES & BREWERIES LIMITED CONSOLIDATED
CIN- L74899DL1993PLC052767
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING ON 31.03.2022

(Rs. in Lakhs)

Note No	Particulars	As at 31.03.2022	As at 31.03.2021
[16]	Borrowings		
	Short Term Borrowings		
	Cash Credit from Bank	6,675.89	5,478.83
	(Secured by way of hypothecation of entire current assets of the company)		
	Current maturities of long-term borrowing	1,936.79	3,031.04
	Total	8,612.69	8,509.87

[19] Trade Payables

MSME	6,933.05	8,930.47
Other than MSME	6,933.05	8,930.47
Total	6,933.05	8,930.47

For Current reporting period

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	4,643.70	1,205.20	635.23	250.75	198.17	6,933.05
Total	4,643.70	1,205.20	635.23	250.75	198.17	6,933.05

For Previous reporting period

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	3,694.13	2,642.39	2,277.61	90.53	225.80	8,930.47
Total	3,694.13	2,642.39	2,277.61	90.53	225.80	8,930.47

[20] Other Financial Liabilities

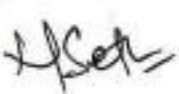
Bank Overdrafts (Bank)	386.00	147.64
Un paid Dividend	63.45	74.32
Expenses & Other Payables	12,171.43	11,146.41
Total	12,620.88	11,368.37

[21] Other Current Liabilities

Advances from customers	714.46	387.25
Statutory dues payable	299.14	311.19
Total	1,013.60	698.44

[22] Short Term Provisions

Employee Benefits	101.80	123.95
Total	101.80	123.95





SOM DISTILLERIES & BREWERIES LIMITED CONSOLIDATED

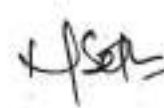
CIN- L74899DL1993PLC052787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING ON 31.03.2022

(Rs. in Lakhs)

Note No	Particulars	As at 31.03.2022	As at 31.03.2021
[23]	Revenue from operations	65,380.61	50,708.33
		65,380.61	50,708.33
[24]	Other Income		
	Interest	24.79	46.18
	Profit on Sale of Fixed Assets	0.73	-
	Other Revenues	244.21	211.35
	Total	269.73	257.53
[25]	Cost of Materials consumed		
	Opening Stocks	3,673.95	7,092.84
	Add: Purchases	22,087.65	12,999.31
	Less: Closing Stocks	4,429.78	3,673.95
	Total	21,331.83	16,418.19
[26]	Employee Remuneration & Benefits		
	Salaries, allowances & bonus	2,035.16	1,550.50
	Employer's contribution to Provident & Gratuity Fund	93.46	75.84
	Staff welfare expenses	41.23	52.47
	Total	2,169.85	1,678.80
[27]	Financial Costs		
	Interest to Bank & FIs	1,479.81	1,801.90
	Interest to Others	55.64	64.00
	Total	1,535.45	1,865.90
[28]	Other Expenses		
	Power and fuel	1,619.65	1,020.34
	Labour	712.21	471.03
	Rent	144.31	201.57
	Buildings	-	5.98
	Machinery	495.74	411.77
	Others	72.27	43.83
	Insurance	93.94	95.83
	Rates and taxes (Other than on income)	1,745.47	1,884.27
	Other Manufacturing Exp	100.41	129.50
	(a) Audit fees	3.46	2.59
	(b) Other Services	-	2.54
	Donations	30.52	13.70
	Corporate Social Responsibility	23.50	69.50
	Travelling & Conveyance	290.00	204.47
	Legal & Professional	269.86	157.38
	Sales promotion	3,015.12	3,138.95
	Advertisement & Publicity	37.11	86.35
	Freight outward	2,248.89	1,903.95
	Other selling expenses	469.54	1,349.94
	General expenses	191.82	178.80
	Postage, Telegrams & Telephones	24.65	49.39
	Vehicle Running & Maintenance	90.91	67.41
	Total	11,679.38	11,488.87









SOM DISTILLERIES & BREWERIES LIMITED CONSOLIDATED
CIN- L74899DL1993PLC052787
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING ON 31.03.2022

(Rs. in Lakhs)

Note No	Particulars	As at 31.03.2022	As at 31.03.2021
[29]	Employees Benefits:		

The required disclosures of employees benefits as per Ind AS – 19 are given hereunder:-

(i) In respect of Short Term Employee Benefits:

The Company has at present only the scheme of cumulative benefit of leave encashment payable at the end of each calendar year and the same have been provided for on accrual basis.

(ii) In respect of Defined Benefit Scheme (Based on Actuarial Valuation) of Gratuity:

Table Showing Changes in Present Value of Obligations:

Period	From 01.04.2021 To 31.03.2022	From 01.04.2020 To 31.03.2021
Present value of the obligation at the beginning of the period	89.91	82.71
Interest cost	6.52	5.79
Current service cost	19.41	14.42
Past Service Cost	-	-
Benefits paid (if any)	-	(7.64)
Actuarial (gain)/loss	(15.71)	(5.38)
Present value of the obligation at the end of the period	100.13	89.91

Key results:

Period	From 01.04.2021 To 31.03.2022	From 01.04.2020 To 31.03.2021
Present value of the obligation at the end of the period	100.13	89.91
Fair value of plan assets at end of period	65.90	61.72
Net liability/(asset) recognized in Balance Sheet and related analysis	34.22	28.19
Funded Status - Surplus/ (Deficit)	(34.22)	(28.19)

Expense recognized in the statement of Profit and Loss:

Period	From 01.04.2021 To 31.03.2022	From 01.04.2020 To 31.03.2021
Interest cost	6.52	5.79
Current service cost	19.41	14.42
Past Service Cost	-	-
Expected return on plan asset	(4.47)	(4.58)
Expenses to be recognized in P&L	21.45	15.63

Other comprehensive (income)/expenses (Re-measurement)

Period	From 01.04.2021 To 31.03.2022	From 01.04.2020 To 31.03.2021
Cumulative unrecognized actuarial (gain)/loss opening, B/F	5.63	11.08
Actuarial (gain)/loss - obligation	(15.71)	(5.38)
Actuarial (gain)/loss - plan assets	0.79	(0.07)
Total Actuarial (gain)/loss	(14.92)	(5.45)
Cumulative total actuarial (gain)/loss C/F	(9.29)	5.63

Table showing changes in the Fair Value of Planned Assets

Period	From 01.04.2021 To 31.03.2022	From 01.04.2020 To 31.03.2021
Fair value of plan assets at the beginning of the period	61.72	65.41
Expected return on plan assets	4.47	4.58
Contributions	0.50	(0.70)
Benefits paid	-	(7.64)
Actuarial gain/(loss) on plan assets	(0.79)	0.07
Fair value of plan assets at the end of the period	65.90	61.72

Table showing Fair Value of Planned Assets

Period	From 01.04.2021 To 31.03.2022	From 01.04.2020 To 31.03.2021
Fair value of plan assets at the beginning of the period	61.72	65.41
Actual return on plan assets	3.69	4.65
Contributions	0.50	(0.70)
Benefits paid	-	(7.64)
Fair value of plan assets at the end of the period	65.90	61.72



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Actuarial Gain/(Loss) on Planned Assets

Period	From 01.04.2021 To 31.03.2022	From 01.04.2020 To 31.03.2021
Actual return on plan assets	3.69	4.65
Expected return on plan assets	4.47	4.58
Actuarial gain/(loss)	(0.79)	0.07

The assumptions employed for the calculations are tabulated

Period	From 01.04.2021 To 31.03.2022	From 01.04.2020 To 31.03.2021
Discount rate	7.25 % per annum	7.00 % per annum
Salary Growth Rate	5.00 % per annum	5.00 % per annum
Mortality	IALM 2012-14	IALM 2012-14
Withdrawal rate (Per Annum)	5.00% p.a	5.00% p.a

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant facts.

Funding arrangements and funding policy

The company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the company. Any deficit in the assets arising as results of such valuation is funded by the company

Expected contribution during the next annual reporting period

The Company's best estimate of Contribution during the next year	26.22	18.18
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Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below:

Period	As on 31.03.2022
Defined Benefit Obligation (Base)	100.13 @ Salary Increase Rate : 5%, and discount rate : 7.25%
Liability with x% increase in Discount Rate	93.75; x=1.00%
Liability with x% decrease in Discount Rate	107.40; x=1.00%
Liability with x% increase in Salary Growth Rate	107.49; x=1.00%
Liability with x% decrease in Salary Growth Rate	93.56; x=1.00%
Liability with x% increase in Withdrawal Rate	100.38; x=1.00%
Liability with x% decrease in Withdrawal Rate	99.74; x=1.00%



SOM DISTILLERIES & BREWERIES LIMITED CONSOLIDATED
CIN- L74899DL1993PLC052787
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING ON 31.03.2022

(Rs. in Lakhs)

Note No	Particulars	As at 31.03.2022	As at 31.03.2021
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[30] Contingent Liabilities

	2021-22	2020-21
i) Claims against the Company not acknowledged as debts/ disputed		
• Commercial Tax Department	60.71	60.71
• Income Tax Department	1,985.58	1,118.14
ii) Guarantees given by Bankers on behalf of the Company not provided for	1,178.67	939.99
iii) Corporate guarantee given to banks on behalf of others	11,306.00	11,306.00

[31] Financial Instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instruments are disclosed.

A. Financial assets and liabilities

The break-up of financial assets and liabilities carried at amortized cost are as follows:

Particulars	March 31, 2022	March 31, 2021
Financial Assets:		
Cash and cash equivalents	948.83	1,446.79
Trade receivables	11,579.40	13,149.72
Loans	143.90	147.15
Other Financial Assets	1,541.14	1,610.66
Total	14,213.27	16,354.31
Financial Liabilities:		
Trade and other payables	6,933.05	8,930.47
Borrowings	19,731.84	20,820.93
Other Financial Liabilities	13,094.79	11,714.53
Total	39,759.67	41,465.93

B. Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds unquoted investments in a wholly owned subsidiary.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The senior management reviews and agrees policies for managing each of these risks, which are summarized below.

i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include deposits, investments and borrowings.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's borrowings with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on borrowings affected, with all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	As at 31.03.2022		As at 31.03.2021	
	0.25% increase	0.25% decrease	0.25% increase	0.25% decrease
Impact on profit before tax	(22 lacs)	22 lacs	(22 lacs)	22 lacs

(b) Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of Beer and therefore require a continuous supply of Barley. The Company's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The following table shows the effect of price changes in Barley:

Particulars	As at 31.03.2022		As at 31.03.2021	
	1% increase	1% decrease	1% increase	1% decrease
Impact on profit before tax	(30 lacs)	30 lacs	(28 lacs)	28 lacs

ii) Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and credit worthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled revenue, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the other financial instruments of the company result in material concentration of audit risk.

ii) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The table below summarises the maturity profile of the Company's financial liabilities:

As At March 31, 2022	Maturities			Total Carrying Value
	Upto 1 year	1-2 year	> 2 year	
Financial Liabilities:				
Non Current Borrowings	1,936.79	1,348.67	9,770.48	13,055.94
Current Borrowings	6,675.89	-	-	6,675.89
Trade and other payables	5,848.90	635.23	448.92	6,933.05
Other Financial Liabilities	12,620.88	-	473.91	13,094.79
Total	27,082.46	1,983.90	10,693.31	39,759.67

As At March 31, 2021	Maturities			Total Carrying Value
	Upto 1 year	1-2 year	> 2 year	
Financial Liabilities:				
Non Current Borrowings	3,031.04	1,934.86	10,376.21	15,342.11
Current Borrowings	5,478.83	-	-	5,478.83
Trade and other payables	6,336.51	2,277.61	316.34	8,930.47
Other Financial Liabilities	11,368.37	-	346.16	11,714.53
Total	26,214.75	4,212.47	11,038.71	41,465.93

[32] Information as per Ind AS 24: "Related Party Disclosures" is:

(a) Related Party

Group Companies	Directors	Others
Woodpecker Distilleries & Breweries Private Limited, Mumbai	J.K. Arora Nakul K. Sethi	Som Distilleries Private Limited
Som Distilleries and Breweries Odisha Private Limited		

(b) Transactions with Related Parties

Particulars	
Som Distilleries Private Limited	
Purchases	599.39
Sales	19.76
Other transactions	1,236.81
Closing Balance	7,570.63 Cr.
Executive Director (s)	
Remuneration	188.67
Non Executive Director (s)	
Sitting Fees	6.60

[33] The company is engaged in the business of manufacture and sale of Alcoholic beverages (Beer and IMFL) which constitutes a single business segment. The company's exports outside India did not exceed the threshold limits for disclosure as envisaged in IndAS 108 on "Operating Segments" issued by the Institute of Chartered Accountants of India. In view of the above, primary and secondary reporting disclosures for business/ geographical segment as envisaged in IndAS - 108 are not applicable to the Company.

[34] Earning per share in accordance with Ind AS-33 on "Earnings per Share" are as given below:

Particulars	31.03.2022	31.03.2021
a) Numerator Profit/(Loss) after tax Rs. in lakhs	(972.99)	(3,811.06)
b) Weighted average number of equity shares Nos.	6,99,66,796	6,49,87,738
c) Basic & Diluted earnings per share (Rs.)	(1.45)	(5.79)
d) Nominal value of shares (Rs.)	5.00	5.00

[35] The Group's pending litigations pertain to claims and cases occurring in the normal course of business. The Group has reviewed its pending litigations and expects that the outcome of the proceedings will not have any material effect on its financial position.

[36] Corporate Social Responsibility (CSR)

Particulars	2021-22	2020-21
a) Amount required to be spent by the company during the year	23.35	68.83
b) Amount of expenditure incurred	23.50	69.50
c) Shortfall at the end of the year	Nil	Nil
d) Total of previous years shortfall	Nil	Nil
e) Reason for shortfall	NA	NA
f) Nature of CSR activities for the purpose of	children education and medical aid.	
g) Details of related party transactions	Nil	Nil

[37] Global Health Pandemic on Covid-19

During the first quarter of the current financial year there was a surge in the spread of COVID-19 in India and various state governments imposed restrictions ranging from curfew / lockdown to contain the spread of COVID19. The impact of COVID 19 has now affected the operations of the company for two consecutive seasons.

The business operations of the Company and its two subsidiaries have been significantly impacted by way of interruption of production, supply chain, since the start of the pandemic.

The impact of COVID-19 pandemic on the overall economic environment continues to be uncertain though there has been a revival in the volumes in this quarter.

The Company will continue to closely monitor the situation and any material changes to future economic conditions.

The outlook for the industry is positive yet remains volatile depending amongst others on the future trajectory of the pandemic as well as the state of the economy. The company continues to actively review costs and focus on working capital management. We remain optimistic about the long-term growth drivers of the industry.

[38] Financial Ratio - "Disclosed in 38(i), annexed"

[39] The Group has sought information and certification from its vendors as to their being a micro, small or medium enterprise unit under the Micro, Small and Medium Enterprises Development Act, 2006, to comply with the requirements of law. However, till date replies have been received from very few vendors. Hence, amount due to micro, small scale enterprises outstanding as on March 31st, 2022 is not ascertainable. The process of collecting the information from the vendors is currently ongoing.

[40] Balances standing at the debit or credit in the accounts of various parties are subject to confirmation and reconciliation.

[41] Previous year's figures have been regrouped/ restated wherever considered necessary to make them comparable to those of the current year.

[42] All figures in the Balance Sheet, Profit & Loss Account and Schedules have been rounded off to the nearest rupee in lakhs.

As per our Report of even date
For AKB Jain & Co
Chartered Accountants
Firm Registration No: 003904C

Rahul Dewani
(Partner)
Membership No. 435066

Bhopal
Dated: 26.04.2022



SOM Distilleries & Breweries Limited
For and on Behalf of the Board

J.N. Arora
(Chairman &
Managing Director)
DIN- 00224633

Rajesh Dubey
(Chief Financial
Officer)

Nakul K Sethi
(Director)
DIN- 06512548

Om Prakash
(Company
Secretary)

SOM DISTILLERIES & BREWERIES LIMITED CONSOLIDATED

CIN- L74899DL1993PLC052787

[38(i)] Ratios

Particulars	Numerator	Denominator	Year Ended 31.03.2022	Year Ended 31.03.2021
(a) Current Ratio,	Current assets	Current liabilities	0.92	0.91
(b) Debt-Equity Ratio,	Total Debt (represents lease liabilities)	Shareholder's Equity	0.68	0.74
(c) Debt Service Coverage Ratio,	Earnings available for debt service	Debt Service	0.08	(1.09)
(d) Return on Equity Ratio,	Net Profits after taxes	Average Shareholder's Equity	(0.03)	(0.13)
(e) Inventory turnover ratio,	Turnover	Inventory	7.74	7.41
(f) Trade Receivables turnover ratio,	Revenue	Average Trade Receivable	5.29	3.88
(g) Trade payables turnover ratio,	Purchases of services and other expenses	Average Trade Payables	1.47	1.30
(h) Net capital turnover ratio,	Revenue	Working Capital	(26.82)	(18.77)
(i) Net profit ratio,	Net Profit	Revenue	(0.01)	(0.08)
(j) Return on Capital employed,	Earning before interest and taxes	Capital Employed	0.01	(0.05)
(k) Return on investment,	Increase in Shareholder's fund	Shareholder's Fund at the start of period	(0.09)	(0.12)



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STATEMENT OF ACCOUNTING RATIOS

The following tables present certain accounting and other ratios derived from the Audited Consolidated Financial Statements and unaudited consolidated financial results of the period ended September 30, 2022.

Particulars	Based on Unaudited Consolidated Financial Statements Results				Based on Audited Consolidated Financial Statements	
	For the nine months period ended December 31, 2022	For the nine months period ended December 31, 2021	As at and for the six months period ended September 30, 2022	As at and for the six months period ended September 30, 2021	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
Basic earnings per share (₹)	3.78	(2.50)	4.84	(2.32)	(1.45)	(5.79)
Diluted earnings per share (₹)	3.73	(2.60)	4.82	(2.32)	(1.45)	(5.79)
EBITDA (₹ in lakhs)	6,834.22	528.76	5,136.79	(31.98)	1,689.22	(957.53)

Particulars	Based on Unaudited Consolidated Financial Statements Results		Based on Audited Consolidated Financial Statements	
	As at and for the six months period ended September 30, 2022	As at and for the six months period ended September 30, 2021	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
Return on Net Worth (%)	10.28%	NA*	NA*	NA*
Net Asset Value per Equity Share (₹)	47.14	40.98	41.32	43.30

* As the profit after tax is negative, Return on Net Worth cannot be calculated.

The formula used in the computation of the above ratios is as follows:

Basic earnings per share	Net Profit/(Loss) after Tax as per Consolidated Statement of Profit and Loss attributable to Equity Shareholders after exceptional items, as applicable / Weighted Average number of Equity Shares.
Diluted earnings per share	Net Profit/(Loss) after Tax as per Consolidated Statement of Profit and Loss attributable to Equity Shareholders :
Return on net worth (in %)	Profit/(Loss) for the Period/Year as per Consolidated Statement of Profit and Loss attributable to Equity Shareholders (prior to other comprehensive income)/ Net worth at the end of the year on consolidated basis.
Net asset value per Equity Share	Net Worth on consolidated basis divided by the number of Equity Shares outstanding for the period/year.
EBITDA	Profit/(Loss) for the year before finance costs, tax, depreciation, amortisation, exceptional items and other income as presented in the consolidated statement of profit and loss in the Financial Statements.

Calculation of Return of Net Worth

(₹ in lakhs)

Particulars	Based on Unaudited Consolidated Financial Results		Based on Audited Consolidated Financial Statements	
	For the six months period ended September 30, 2022	For the six months period ended September 30, 2021	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
Total comprehensive income	3,390.70	(1,510.28)	(972.98)	(3,811.05)
Less:				
Other comprehensive income	-	-	11.02	(3.77)
(A) Profit and Loss attributable to Equity Shareholders (prior to other comprehensive income)	3,390.70	(1,510.28)	(984.00)	(3,807.28)
Net Worth:				
Total paid-up share capital	3,499.34	3,249.39	3,499.34	3,249.39
Reserves out of profit	13,085.62	9,157.63	9,694.92	10,667.91
Securities premium account	15,723.70	14,223.99	15,723.70	14,223.99
Share application money	680.00	-	-	-
LESS:				
Accumulated losses	-	-	-	-
Deferred expenditure	-	-	-	-
Miscellaneous expenditures which are written off	-	-	-	-
Net Worth:	32,988.66	26,631.01	28,917.96	28,141.29
Return on Net Worth (in %)	10.28%	NA*	NA*	NA*

* As the profit after tax is negative, Return on Net Worth cannot be calculated

The formula used in the computation of the above ratios is as follows:

Net Worth	Net worth shall have the same meaning as defined under section 2(57) of the Companies Act, 2013. Net worth = (Total paid-up share capital + reserves out of profit + securities premium account) – (accumulated losses + deferred expenditure + miscellaneous expenditures which are written off)
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Calculation of Net asset value per Equity Share

(₹ in lakhs)

Net Worth	Based on Unaudited Consolidated Financial Results		Based on Audited Consolidated Financial Statements	
	For the six months period ended September 30, 2022	For the six months period ended September 30, 2021	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
Total paid-up share capital	3,499.34	3,249.39	3,499.34	3,249.39
Reserves out of profit	13,085.62	9,157.63	9,694.92	10,667.91
Securities premium account	15,723.70	14,223.99	15,723.70	14,223.99
Share application money	680.00	-	-	-
Less:				

Net Worth	Based on Unaudited Consolidated Financial Results		Based on Audited Consolidated Financial Statements	
	For the six months period ended September 30, 2022	For the six months period ended September 30, 2021	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
Accumulated losses	-	-	-	-
Deferred expenditure	-	-	-	-
Miscellaneous expenditures which are written off	-	-	-	-
NET WORTH (A)	32,988.66	26,631.01	28,917.96	28,141.29
Number of Equity Shares outstanding for the period/year (B)	699.87	649.88	699.87	649.88
NAV per Equity share (A / B)	47.14	40.98	41.32	43.30

Calculation of EBITDA:

(₹ in lakhs)

Particulars	Based on Unaudited Consolidated Financial Results				Based on Unaudited Consolidated Financial Statements	
	For the nine months period ended December 31, 2022	For the nine months period ended December 31, 2021	For the six months period ended September 30, 2022	For the six months period ended September 30, 2021	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
Profit/(Loss) after Tax	4,443.10	(1,623.15)	3,390.70	(1,510.28)	(984.00)	(3,807.28)
Add:						
Finance Cost	1,103.67	1,147.30	756.89	777.47	1,535.45	1,865.90
Tax	569.92	0.03	448.78	0.03	(270.27)	(95.48)
Depreciation & Amortisation	1,281.64	1,264.94	853.57	842.27	1,677.77	1,336.86
Exceptional items	-	-	-	-	-	-
Less:						
Other incomes	(564.11)	(260.36)	(313.15)	(141.47)	(269.73)	(257.53)
EBITDA	6,834.22	528.76	5,136.79	(31.98)	1,689.22	(957.53)

MATERIAL DEVELOPMENTS

Except as stated in this Letter of Offer and as disclosed below, to our knowledge, non-circumstances have arisen since December 31, 2022, which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities:

- i. On January 02, 2023, the Board with requisite majority has passed the resolution by circulation and has concluded that in view of unforeseen / unavoidable circumstances, the EGM scheduled to be held on Saturday, January 7, 2023, was cancelled.
- ii. At the Board Meeting of the Company held on, January 24, 2023, the Board considered and approved the proposal of raising fund through Right Issue, as the Company is in need of funds for its working capital requirements. Board approval the offer and issuance of fully paid-up equity shares of ₹5/- each of the Company aggregating upto ₹49.00 Crores at such ratio, price & terms and conditions as may be determined by the Board of Directors in due course.
- iii. At the Board Meeting of the Company held on February 27, 2023, the Board considered and approved the filling of the Draft Letter of Offer dated February 27, 2022, with SEBI and the Stock Exchanges.
- iv. At the Extra-Ordinary General meeting of the Company held on March 7, 2023, the members considered and approved the appointment of Mr. Rajesh Kumar as an Independent Director.
- v. A fresh credit facility of ₹26.00 Crores (₹25.00 Crores - Term Loan and ₹1.00 Crore - Cash Credit) has been sanctioned by Punjab National Bank, Corporate Banking Branch, Bhubneshwar, Odisha, to our subsidiary company – Som Distilleries and Breweries Odisha Private Limited.

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MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our Limited Review Unaudited Consolidated Financial Results for the nine months ended on December 31, 2022 and Audited Consolidated Financial Statements as of and for the year ended March 31, 2022, included in this Letter of Offer. Our Audited Consolidated Financial Statements for Financial Year ended March 31, 2022 and Limited Review Unaudited Consolidated Financial Results as of and for the nine months period ended December 31, 2022, were prepared in accordance with Ind AS. Unless otherwise stated, the financial information used in this chapter is derived from the Audited Consolidated Financial Statements and Limited Review Unaudited Consolidated Financial Results of our Company.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the sections titled “Risk Factors” and “Forward-Looking Statements” on pages 18 and 14 respectively, of this Letter of Offer.

Our Financial Year ends on March 31 of each year, so all references to a particular “Financial Year” and “Fiscal” are to the twelve (12) month period ended March 31 of that year. References to the “Company”, “we”, “us” and “our” in this chapter refer to Som Distilleries and Breweries Limited on a consolidated basis, as applicable in the relevant period, unless otherwise stated. For further information, see “Financial Statements” beginning on page 85 of this Letter of Offer.

OVERVIEW OF OUR BUSINESS

Our company is primarily engaged in production of beer and blending and bottling of Indian Made Foreign Liquor. We offer a broad portfolio of products at different price points to cater to varied preferences of consumers. Our product portfolio consists of various options across beer, rum, brandy, vodka, and whisky categories. Our flagships brands include Hunter, Black Fort, Power Cool and Woodpecker in the Beer segment and Milestone 100 whisky and White Fox vodka in the IMFL segment.

Results of our Operations

The following table sets forth certain information with respect to our results of operations for the periods indicated:

(₹ in lakhs)

Particulars	Nine Months ended December 31, 2022		Nine Months ended December 31, 2021		Financial Year 2022		Financial Year 2021	
	Amount	% of Total Income	Amount	% of Total Income	Amount	% of Total Income	Amount	% of Total Income
Revenue from Operations (net of excise duty)	54,932.31	98.98%	21,695.81	98.81%	36,276.09	99.26%	28,757.21	99.11%
Other Income	564.11	1.02%	260.36	1.19%	269.73	0.74%	257.53	0.89%
Total Income	55,496.42	100.00%	21,956.17	100.00%	36,545.82	100.00%	29,014.74	100.00%
Cost of Material Consumed	34,500.98	62.17%	11,399.39	51.92%	21,331.83	58.37%	16,418.19	56.59%
Purchase of stock-in-trade	-	-	257.62	1.17%	257.62	0.70%	-	-
Changes in Inventories of finished goods, work in progress and stock in trade	(2,510.57)	(4.52) %	189.64	0.86%	(851.81)	(2.33) %	128.89	0.44%
Employee Remuneration & Benefits	1,909.00	3.44%	1,602.32	7.30%	2,169.85	5.94%	1,678.80	5.79%
Financial Cost	1,103.67	1.99%	1,147.30	5.23%	1,535.45	4.20%	1,865.90	6.43%
Depreciation and Amortization Expenses	1,281.64	2.31%	1,264.94	5.76%	1,677.77	4.59%	1,336.86	4.61%
Other Expenses	14,198.68	25.58%	7,718.08	35.15%	11,679.38	31.96%	11,488.87	39.60%
Total Expenses	50,483.40	90.97%	23,579.29	107.39%	37,800.09	103.43%	32,917.51	113.45%
Profit/(Loss) before tax	5,013.02	9.03%	(1,623.12)	(7.39)%	(1,254.27)	(3.43)%	(3,902.77)	(13.45) %
Tax expense:								
- Current Tax	-	-	-	-	-	-	-	-
- (Excess)/short provision relating to earlier years	-	-	-	-	307.86	0.84%	256.55	0.88%
- Deferred Tax Provision/(Reversal)	569.92	1.03%	0.03	-	(578.12)	(1.58)%	(352.03)	(1.21)%
Net Tax expenses	569.92	1.03%	0.03	-	(270.26)	(0.74)%	(95.48)	(0.33)%
Profit/(Loss) for the period after tax	4,443.10	8.01%	(1,623.15)	(7.39)%	(984.01)	(2.69)%	(3,807.29)	(13.12)%

Total Income

Our total income comprises of revenue from operations (net of excise duty) and other income:

Revenue from operations (net of excise duty)

Our principal component of income is from Sale of Alcoholic Beverages. Our revenue from operations (net of excise duty) accounted for 98.98%, 98.81%, 99.26% and 99.11% of our total income for the nine months period ended December 31, 2022, corresponding nine months period ended December 31, 2021, Financial Year 2022 and Financial Year 2021 respectively.

Other Income

Our other income comprises of Interest Income, Profit on Sale of Fixed Assets and other revenues. Our other income accounted for 1.02%, 1.19%, 0.74% and 0.89% of our total income for the nine months period ended December 31, 2022, corresponding nine months period ended December 31, 2021, Financial Year 2022 and Financial Year 2021 respectively.

Expenses

Cost of Material Consumed

Cost of Materials Consumed accounted for 62.17%, 51.92%, 58.37% and 56.59% of our total income for the nine months period ended December 31, 2022, corresponding nine months period ended December 31, 2021, Financial Year 2022 and Financial Year 2021 respectively.

Purchase of stock in trade

Purchase of stock in trade accounted for 1.17% and 0.70% of our total income for the nine months period ended December 31, 2021 and Financial Year 2021 respectively.

Changes in inventories of finished goods, stock-in-trade, and work in progress

Changes in inventories of Finished Goods, Stock-in-trade, and Work-in-progress accounted for 4.52%, 0.86%, 2.33% and 0.44% of our total income for the nine months period ended December 31, 2022, corresponding nine months period ended December 31, 2021, and Financial Year 2022 and Financial Year 2021 respectively.

Employee benefit expenses

Employee benefits expense includes (i) salaries, allowances and bonuses (ii) employer's contribution to provident and gratuity fund, and (iii) staff welfare expenses. Employee benefits expense accounted for 3.44%, 7.30%, 5.94% and 5.79% of our total income for the nine months period ended December 31, 2022, corresponding nine months period ended December 31, 2021, Financial Year 2022 and Financial Year 2021 respectively.

Finance cost

Finance cost include interest to Banks & FIIs and interest to others. Finance costs accounted for 1.99%, 5.23%, 4.20% and 6.43% of our total income for the nine months period ended December 31, 2022, corresponding nine months period ended December 31, 2021, Financial Year 2022 and Financial Year 2021 respectively.

Depreciation and amortization expenses

Depreciation represents depreciation on our property, plant and equipment. Amortization represents amortization of right of use assets and intangible assets. Depreciation is calculated on written down value method over the estimated useful life of all assets, these lives are in accordance with Schedule II to the Companies Act, 2013. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on prospective basis.

Depreciation and amortization expense accounted for 2.31%, 5.76%, 4.59%, and 4.61% of our total income for the nine months period ended December 31, 2022, corresponding nine months period ended December 31, 2021, Financial Year 2022 and Financial Year 2021 respectively.

Other expenses

Other expenses include power & fuel, labour, rent, repair to buildings, machinery and others, insurance, postage, telegram and telephones, rate and taxes, legal and professional fees, auditor's remuneration, advertisement & publicity, sales promotion, corporate social responsibility expenditure, miscellaneous expenditure, travelling and conveyance and general expenses. Other expenses accounted for 25.58%, 35.15%, 31.96% and 39.60% of our total income for the nine months period ended December 31, 2022, corresponding nine months period ended December 31, 2021, Financial Year 2022 and Financial Year 2021 respectively.

Nine months period ended December 31, 2022 compared with nine months period ended December 31, 2021

Total income

Our total income, which comprised of revenue from operations (net of excise duty) and other income, for nine months period ended December 31, 2022 was ₹ 55,496.42 lakhs as compared to ₹ 21,956.17 lakhs for corresponding nine months period ended December 31, 2021. This was primarily due to increase in revenue from operation on account of increased sale of our products due to normalisation of business environment post COVID.

- Revenue from Operations (net of excise duty)

Our revenue from operations (net of excise duty) increased by ₹ 33,236.50 lakhs or by 153.19 % from ₹ 21,695.81 lakhs in the nine months period ended December 31, 2021 to ₹ 54,932.31 lakhs in the nine months period ended December 31, 2022. This was primarily driven by increased sales of our products on account of post-COVID improvement in overall demand.

- Other Income

Our other income increased by ₹ 303.75 lakhs or by 116.67% from ₹ 260.36 lakhs in the nine months period ended December 31, 2021 to ₹ 564.11 lakhs in the nine months period ended December 31, 2022. This increase was primarily due to increase in interest income and other miscellaneous income.

Expenses

Total expenses increased by ₹ 26,904.11 or by 114.10% from ₹ 23,579.29 lakhs in the nine months period ended December 31, 2021 to ₹ 50,483.40 lakhs in the nine months period ended December 31, 2022. This increase was primarily driven by ₹23,101.59 lakhs or by 202.66% increase in cost of material consumed, ₹ 306.68 lakhs or by 19.14% increase in employee benefits expenses and ₹ 6,480.60 lakhs or 83.97% increase in other expenses over the corresponding nine months period ended December 31, 2021.

Cost of materials consumed

Cost of materials consumed increased by ₹ 23,101.59 lakhs or 202.66 % from ₹ 11,399.39 lakhs in the nine months period ended December 31, 2021 to ₹ 34,500.98 lakhs in the nine months period ended December 31, 2022. Cost of Material Consumed constituted 62.17% of the total income for the nine months period ended December 31, 2022 vis-à-vis 51.92% of the total income for the nine months period ended December 31, 2021. This was primarily due to increase in costs of various raw materials used for production of our products.

Purchase of stock in trade

Purchase of stock in trade is ₹ Nil for the nine months period ended December 31, 2022 as compared to ₹ 257.62 lakhs in the nine months period ended December 31, 2021. The purchase of stock in trade for the nine months ended December 31, 2021 was on account of certain raw materials purchased on behalf of wholly owned subsidiaries which was subsequently transferred to them.

Changes in inventories of finished goods, Stock in trade and work-in-progress

Changes in inventories of finished goods, stock in trade and work-in-progress reduced further by ₹ 2,700.21 lakhs from ₹ 189.64 lakhs in the nine months period ended December 31, 2021 to ₹ (2,510.57) lakhs in the nine months period ended December 31, 2022. This reduction was primarily due to increased sales of our products on account of post-COVID demand recovery.

Employee benefits expense

Employee benefits expense increased by ₹ 306.68 lakhs or by 19.14% from ₹ 1,602.32 lakhs in the nine months period ended December 31, 2021 to ₹ 1,909.00 lakhs in the nine months period ended December 31, 2022. Employee benefit expense constituted 3.44% of the total income for the nine months period ended December 31, 2022 vis-à-vis 7.30% of the total income for the nine months period ended December 31, 2021. This was primarily on account of resumption of operations post-COVID lockdown and increased sales of our products.

Finance costs

Finance costs decreased by ₹ 43.63 lakhs or by 3.80% from ₹ 1,147.30 lakhs in the nine months period ended December 31, 2021 to ₹ 1,103.67 lakhs in the nine months period ended December 31, 2022. Finance costs constituted 1.99% of the total income for the nine months period ended December 31, 2022 vis-à-vis 5.23% of the total income for the nine months period ended December 31, 2021. This decrease was on account of repayment of term loans and no fresh borrowings by the Company.

Depreciation and amortisation expense

Our depreciation and amortization expense increased by ₹ 16.70 lakhs or 1.32%, from ₹ 1,264.94 lakhs in the nine months period ended December 31, 2021 to ₹ 1,281.64 lakhs in the nine months period ended December 31, 2022. Depreciation and amortisation expense constituted 2.31% of the total income for the nine months period ended December 31, 2022 vis-à-vis 5.76% of the total income for the nine months period ended December 31, 2021. This increase is primarily on account of addition of certain machineries during nine months ended December 31, 2022.

Other expenses

Accordingly, other expenses increased by ₹ 6,480.60 lakhs or by 83.97% from ₹ 7,718.08 lakhs in the nine months period ended December 31, 2021 to ₹ 14,198.68 lakhs in the nine months period ended December 31, 2022. Other expenses constituted 25.58% of the total income for the nine months period ended December 31, 2022 vis-à-vis 35.15% of the total income for the nine months period ended December 31, 2021. This was primarily due to resumption of business operations, increase in sales and post-COVID improvement in overall demand.

Profit/(loss) before tax

In the light of above discussions, the Profit before tax stood at ₹ 5,013.02 lakhs in the nine months period ended December 31, 2022 as compared to a loss ₹ (1,623.12) lakhs in the nine months period ended December 31, 2021.

Tax expenses

Our total tax expense increased by ₹ 569.89 lakhs from ₹ 0.03 lakhs in the nine months period ended December 31, 2021, to ₹ 569.92 lakhs in the nine months period ended December 31, 2022. The increase was on account of increase in profits during nine month period ended December 31, 2022 as compared to loss in corresponding nine months period ended December 31, 2021.

Profit/(Loss) for the period after tax

As a result of aforesaid, there was a profit after tax of ₹ 4,443.10 lakhs in the nine months period ended December 31, 2022 as compared to a net loss of ₹ (1,623.15) lakhs in the nine months period ended December 31, 2021.

Financial Year 2022 compared to Financial Year 2021

Total Income

Our total income, which comprised of revenue from operations (net of excise duty) and other income, for the Financial Year 2022, was ₹ 36,545.82 lakhs as compared to ₹ 29,014.74 lakhs for the Financial Year 2021, representing an increase of 25.96%. Total income comprised of:

- Revenue from Operations (net of excise duty)

Our revenue from operations (net of excise duty) increased by ₹ 7,518.88 lakhs or by 26.15% from ₹ 28,757.21 lakhs in Financial Year 2021 to ₹ 36,276.09 lakhs in Financial Year 2022. This was primarily due to increased sales of our products on account of post-COVID improvement in overall demand.

- Other Income

Our other income increased by ₹ 12.20 lakhs or by 4.74% from ₹ 257.53 lakhs in Financial Year 2021 to ₹ 269.73 lakhs in Financial Year 2022. This increase was driven by increase in other revenues. The said increase was primarily attributable to profit on sale of certain fixed assets in Financial Year 2022 and increase in other miscellaneous income.

Expenses

Our total expenses increased by ₹ 4,882.58 lakhs or by 14.83% from ₹ 32,917.51 lakhs in Financial Year 2021 to ₹ 37,800.09 lakhs in Financial Year 2022. Total expenditure comprises of:

Cost of Materials Consumed

Our cost of materials consumed increased by ₹ 4,913.64 lakhs or by 29.93% from ₹ 16,418.19 lakhs in Financial Year 2021 to ₹ 21,331.83 lakhs in Financial Year 2022. Cost of Material Consumed constituted 58.37% of the total income for the Financial Year 2022 vis-à-vis 56.59% of the total income for the Financial Year 2021. The increase was primarily due to increase in demand and sales of our products post-COVID pandemic.

Purchase of stock in trade

Purchase of stock in trade is ₹ 257.62 lakhs for the Financial Year ended 2022 as compared to ₹ Nil in the financial Year ended 2021. The purchase of stock in trade for Fiscal 2022 was on account of certain raw materials purchased on behalf of wholly owned subsidiaries which was subsequently transferred to them.

Change in inventories of Finished Goods, Stock-in-trade and Work-in-progress

Our cost of change in inventories of finished goods, stock-in-trade and work-in-progress decreased by ₹ 980.70 lakhs from ₹ 128.89 lakhs in Financial Year 2021 to ₹ (851.81) lakhs in Financial Year 2022. This reduction was primarily due to increased sales of our products on account of post-COVID demand recovery.

Employee benefits expense

Employee benefits expense increased by ₹ 491.05 lakhs or by 29.25% from ₹ 1,678.80 lakhs in Financial Year 2021 to ₹ 2,169.85 lakhs in Financial Year 2022. Employee benefit expenses constituted 5.94% of the total income for the Financial Year 2022 vis-à-vis 5.79% of the total income for the Financial Year 2021. This was primarily due to increase in salaries, allowance & bonus by ₹ 484.66 lakhs and Employer's contribution to provident & gratuity fund by ₹ 17.62 lakhs.

Finance costs

Finance costs decreased by ₹ 330.45 lakhs or by 17.71% from ₹ 1,865.90 lakhs in Financial Year 2021 to ₹ 1,535.45 lakhs in Financial Year 2022. Finance cost constituted 4.20% of the total income for the Financial Year 2022 vis-à-vis 6.43% of the total income for the Financial Year 2021. This decrease in finance costs was primarily on account of repayment of various term loans during Fiscal 2022.

Depreciation and amortisation expense

Our depreciation and amortization expense increased by ₹ 340.91 lakhs or 25.50%, from ₹ 1,336.86 lakhs in Financial Year 2021 to ₹ 1,677.77 lakhs in Financial Year 2022 due to increase in our asset base. Depreciation and amortisation expenses constituted 4.59% of the total income for the Financial Year 2022 vis-à-vis 4.61% of the total income for the Financial Year 2021.

Other expenses

Accordingly, other expenses increased by ₹ 190.51 lakhs or by 1.66% from ₹ 11,488.87 lakhs in Financial Year 2021 to ₹ 11,679.38 lakhs in Financial Year 2022. Other expenses constituted 31.96% of the total income for the Financial Year 2022 vis-à-vis 39.60% of the total income for the Financial Year 2021. This was primarily due to an increase of (i) ₹ 599.31 lakhs in power and fuel expenses, (ii) ₹ 241.18 lakhs in labour expense, (iii) ₹ 85.53 lakhs in travelling & conveyance (iv) ₹ 112.48 lakhs in legal & professional and (v) ₹ 344.94 lakhs in freight outward amongst other expenses.

Profit/(loss) before tax

In light of above discussions, our loss decreased by ₹ (2,648.50) lakhs from ₹ (3,902.77) lakhs in Financial Year 2021 to ₹ (1,254.27) lakhs in Financial Year 2022.

Tax expense

Our total tax expense decreased by ₹ 174.78 lakhs from ₹ (95.48) lakhs in Financial Year 2021 to ₹ (270.26) lakhs in Financial Year 2022 due to decrease in deferred tax liabilities.

Profit/(loss) for the Year

For the reasons discussed above, and following adjustments for tax expense, we recorded a decrease in our loss by ₹ 2,823.28 lakhs from ₹ (3,807.29) lakhs in Financial Year 2021 to a net loss of ₹ (984.01) lakhs in Financial Year 2022.

Cash Flows

The following table sets forth certain information relating to our cash flows under Ind AS in Financial Year 2022 and Financial Year 2021:

(₹ in lakhs)		
Particulars	FY 2022 (Consolidated)	FY 2021 (Consolidated)
Net cash flow from/ (used in) operating activities	1,027.96	3,641.20
Net cash flow from/ (used in) investing activities	(596.51)	(1,289.33)
Net cash flow from/ (used in) financing activities	(929.40)	(3,099.12)
Net increase/(decrease) in cash and cash equivalents	(497.95)	(747.25)
Cash and cash equivalents at the beginning of the year	1,446.79	2,194.04
Cash and cash equivalents at the end of the year	948.83	1,446.79

Net cash generated from operating activities

Net cash generated from operating activities in the Financial Year 2022 was ₹ 1,027.96 lakhs and our profit before tax for the period was ₹ (1,254.27) lakhs. The difference was primarily on account of depreciation of ₹ 1,677.77 lakhs, interest expense of ₹ 1,535.45 lakhs, profit on sale of fixed assets of ₹ 0.73 lakhs, loss on sale of fixed assets of ₹ 50.82 lakhs and thereafter change in inventories, trade receivables and trade payables of ₹ (1,607.64) lakhs, ₹1,570.32 lakhs and ₹ (1,997.42) lakhs respectively, resulting in gross cash generated from operations at ₹ 1,335.81 lakhs. We paid an income tax of ₹ 307.85 lakhs.

Net cash generated from operating activities in the Financial Year 2021 was ₹ 3,641.20 lakhs and our profit before tax was ₹ (3,902.77) lakhs. The difference was on primarily on account of depreciation of ₹ 1,336.86 lakhs, interest expense of ₹ 1,865.90 lakhs and thereafter change in inventories, trade receivables and trade payables of ₹ 3,547.77 lakhs, ₹ (145.44) lakhs and ₹ 248.01 lakhs respectively, resulting in gross cash generated from operations at ₹ 3,911.68 lakhs. We paid an income tax of ₹ 270.48 lakhs.

Net cash used in investing activities

In the Financial Year 2022, our net cash used in investing activities was ₹ 596.51 lakhs. This was on account of (i) purchase of fixed assets of ₹ 680.49 lakhs, (ii) proceeds from sale of fixed assets of ₹ 14.46 lakhs and (iii) decrease in long term financial assets by ₹ 69.52 lakhs.

In the Financial Year 2021, our net cash used in investing activities was ₹ 1,289.33 lakhs. This was on account of (i) purchase of fixed assets of ₹ 1,603.36 lakhs and (ii) decrease in long term financial assets by ₹ 314.03 lakhs.

Net cash generated from/ used in financing activities

In the Financial Year 2022, our net cash used in financing activities was ₹ 929.40 lakhs. This was primarily due to payment of interest of ₹ 1,535.45 lakhs, dividend of ₹ 10.88 lakhs and reduction in borrowings of ₹ 1,191.91 lakhs respectively.

In the Financial Year 2021, our net cash used in financing activities was ₹ 3,099.12 lakhs. This was primarily due to payment of interest of ₹ 1,865.90 lakhs and reduction in borrowings of ₹ 1,360.76 lakhs respectively.

Contingent liabilities

As of March 31, 2022, the estimated amount of contingent liabilities are as follows:

(₹ in lakhs)		
Particulars	Fiscal 2022	Fiscal 2021
i) Claims against the Company not acknowledged as debts/disputed		
- Commercial Tax Department	60.71	60.71
- Income Tax Department	1,985.58	1,118.14
ii) Guarantees given by Bankers on behalf of the Group not provided for	1,178.67	939.99
iii) Corporate guarantee given to a bank on behalf of subsidiaries	11,306.00	11,306.00

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements that have or which we believe reasonably likely to have a current or future effect on our financial condition, revenue or expenses, operating results, liquidity, capital expenditure or capital resources.

RELATED PARTY TRANSACTIONS

We enter into various transactions with related parties in the ordinary course of business. For further information relating to our related party transactions, see “Financial Statements — Notes to Financial Statements – Note 32 – Related party disclosures” on page F-34 of this Letter of Offer.

Reservations, Qualifications and Adverse Remarks by the statutory auditors

There are no reservations, qualifications, and adverse remarks by our Statutory Auditors on the Audited Consolidated Financial Statements as of and for the year ended March 31, 2022, and the Unaudited Consolidated Financial Results for the nine months ended December 31, 2022.

Details of Default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues or repayment of debentures or repayment of deposits or repayment of loans from any bank or financial institution

There have been no defaults in payment of statutory dues or repayment of debentures and interest thereon or repayment of deposits and interest thereon or repayment of loans from any bank or financial institution and interest thereon by the Company for the Financial Year 2022 and Financial Year 2021.

Material Frauds

There are no material frauds, as reported by our statutory auditor, committed against our Company, during the last three financial years.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss related to adverse changes in market prices, including interest rates. In the normal course of business, we are exposed to certain market risks including interest risk.

Interest rate risk

Interest rate risk results from changes in prevailing market interest rates, which can cause a change in the fair value of fixed-rate instruments and changes in the interest payments of the variable-rate instruments. Our operations are funded to a certain extent by borrowings. Our current loan facilities carry interest at variable rates as well as fixed rates. We mitigate risk by structuring our borrowings to achieve a reasonable, competitive cost of funding. There can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks.

Liquidity risk

Adequate and timely cash availability for our operations is the liquidity risk associated with our operations. Our Company's objective is to all time maintain optimum levels of liquidity to meet its cash and collateral requirements. We employ prudent liquidity risk management practices which inter-alia means maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Credit Risk

We are exposed to the risk that our counterparties may not comply with their obligations under a financial instrument or customer contract, leading to a financial loss. We are exposed to credit risk from our operating activities, primarily from trade receivables.

We consider our customers to be creditworthy counterparties as our major supplies are to state government beverage corporations which limits the credit risk, however, there can be no assurance that our counterparties may not default on their obligations, which may adversely affect our business and financial condition.

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

1. Unusual or infrequent events or transactions

Except as disclosed elsewhere in this Letter of Offer, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change in accounting policies and discretionary reduction of expenses.

2. Significant economic changes that materially affected or are likely to affect income from continuing operations.

Except as described under Section "Risk Factors" beginning on page 18, there are no significant economic changes that may materially affect or likely to affect income from continuing operations.

3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

Except as described under Section "Risk Factors" beginning on page 18, in our opinion, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

4. Future changes in relationship between costs and revenues

Our Company's future costs and revenues will be determined by demand/supply situation of our end

services as well as the prices of our service suppliers, cost of employees, government policies and budget constraints of our customer(s).

5. *Increases in net sales or revenue and Introduction of new products or services or increased sales prices*

Increases in revenues shall by and large be linked to increases in volume of business.

6. *Status of any publicly announced New Products or Business Segment*

Except as disclosed elsewhere in this Letter of Offer, we have not announced and do not expect to announce in the near future any new products or business segments.

7. *Total Turnover of Each Major Industry Segment in Which the Issuer Operates*

Our Company currently operates in the alcoholic beverages sector. Details of the industry related data and other relevant information is disclosed in the section “*Industry Overview*” beginning on page 57.

8. *Seasonality of business*

Our Company’s business is seasonal in nature. We derive maximum revenues in the months of summer season.

9. *Any Major Dependence on a single or few suppliers or customers*

Except as disclosed elsewhere in this Letter of Offer, particularly in sections “*Risk Factors*” on page 18 to our knowledge, there is no significant dependence on a single or few customers or suppliers.

10. *Competitive conditions:*

Competitive conditions are as described under the chapters “*Industry Overview*” and “*Our Business*” beginning on page 57 and 68, respectively.

11. *Significant Developments after December 31, 2022, that may affect our results of operations*

Except as disclosed in this Letter of Offer, there have not arisen, since the date of the last financial statements disclosed in this Letter of Offer, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months. For further information, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operation*”, “*Our Business*” and “*Risk Factors*” on page 90, 68 and 18, respectively.

SECTION VI - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no outstanding litigation with respect to (i) issues of moral turpitude or criminal liability on part of our Company or our Subsidiaries; (ii) material violations of statutory regulations by our Company or our Subsidiaries; (iii) economic offences where proceedings have been initiated against our Company or our Subsidiaries; (iv) any pending matters which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position; and (v) other litigation, including civil or tax litigation proceedings, which involves an amount in excess of the Materiality Threshold (as defined below) considered material in terms of (a) the “Policy for Determination of Materiality of Events and Information” adopted by our Board, in accordance with the requirements under Regulation 30 of the SEBI Listing Regulations, and (b) the materiality policy adopted by the Board of Directors of our Company through its resolution dated January 24, 2023 for the purpose of litigation disclosures in this Letter of Offer (“**Materiality Policy**”).

In this regard, please note the following:

1. Any outstanding litigation involving our Company i.e., proceedings other than litigation involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences, shall be considered material and shall be disclosed in this Letter of Offer, if (i) the monetary claim involved in such proceedings is an amount equal to or exceeding 2% of the revenue from operations of the Company as per the standalone audited financial statements of the Company for the immediately preceding financial year (being ₹ 501.07 lakhs i.e., 2% of the ₹ 25,053.25 lakhs as on March 31, 2022) (“**Materiality Threshold**”), and / or (ii) is otherwise determined to be material in terms of the Materiality Policy.
2. Pre-litigation notices received by our Company and/or our Subsidiaries from third-parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences) has not been evaluated for materiality until such time our Company and/or our Subsidiaries are impleaded as defendants in litigation proceedings before any judicial forum.

All terms defined herein in a particular litigation disclosure pertain to that litigation only.

Litigations involving our Company

There are no issues of moral turpitude or criminal liability, material violation of statutory regulations or economic offences or material pending matters involving our Company, except as follows:

A. Proceedings involving issues of moral turpitude or criminal liability initiated against our Company

- a) A regular criminal trial bearing number 4656 of 2020 was filed by Food Inspector, Food and Drugs Administration, Indore, Madhya Pradesh before the Hon’ble District and Sessions Court, Indore against our Company (the “**Accused**”) under Sections 3(1)(l), 3(1)(zf), 26(2)(ii), 26(2)(iii), 27(1), 31(1), 52, 55, 58, 62, 63 and 66 of the Food Safety and Standards Act, 2006 on the allegation of non-compliance with labelling regulations. Presently the case is pending before the Hon’ble 96-XVIII Civil Judge Class-II and is listed for hearing on March 13, 2023.

B. Proceedings involving issues of criminal liability initiated by our Company

- a) A regular criminal trial bearing number 6578 of 2019 was filed by our Company before the Hon’ble District and Sessions Court, Bhopal against M/s. Haridhan Sprints India (the “**Accused**”) under Section 138 of the Negotiable Instruments Act, 1881 for dishonor of cheques issued by the Accused to our Company for payment of consideration for goods supplied and services rendered aggregating to ₹65,06,765. The case was disposed on January 12, 2023 as the accused had absconded. Permanent arrest warrants have been issued against the accused persons. The case file has been sent to record room and the matter will automatically open upon the arrest of accused person.

- b) A regular criminal trial bearing number 7142 of 2019 was filed by our Company before Hon'ble District and Sessions Court, Bhopal against M/s. Kumar Departmental Store (the "**Accused**") under Section 138 of the Negotiable Instruments Act, 1881 for dishonour of cheques issued by the Accused to our Company for payment of consideration for goods supplied and services rendered aggregating to ₹1,00,000. Presently the case is pending before the Hon'ble IX Civil Judge Class-I and is listed for hearing on February 9, 2023.
- c) A regular criminal trial bearing number 7147 of 2019 was filed by our Company before the Hon'ble District and Sessions Court, Bhopal against M/s. Kumar Departmental Store (the "**Accused**") under Section 138 of the Negotiable Instruments Act, 1881 for dishonour of cheques issued by the Accused to our Company for payment of consideration for goods supplied and services rendered aggregating to ₹4,00,000. Presently the case is pending before the Hon'ble XI Civil Judge Class-I and is listed for hearing on February 9, 2023.
- d) A regular criminal trial bearing number 16175 of 2019 was filed by our Company before the Hon'ble District and Sessions Court, Bhopal against M/s. Journey Makers (the "**Accused**") under Section 138 of the Negotiable Instruments Act, 1881 for dishonour of cheques issued by the Accused to our Company for payment of consideration for goods supplied and services rendered aggregating to ₹5,40,000. The case has been disposed of by the Hon'ble 24-VI Civil Judge Class-I on January 27, 2023 as the accused persons are not appearing before the Hon'ble Court. Therefore, permanent arrest warrants have been issued against the accused and records of the matter has been sent to record room. Matter will re-open upon arrest of accused.
- e) A regular criminal trial bearing number 16185 of 2019 was filed by our Company before the Hon'ble District and Sessions Court, Bhopal against M/s. Kumar Departmental Store (the "**Accused**") under Section 138 of the Negotiable Instruments Act, 1881 for dishonour of cheques issued by the Accused to our Company for payment of consideration for goods supplied and services rendered aggregating to ₹1,00,000. Permanent arrest warrants against the accused has been issued by the Court on February 8, 2023 and the matter will re-open upon arrest of the accused
- f) A regular criminal trial bearing number 3011710 of 2015 was filed by our Company before the Hon'ble District and Sessions Court, Bhopal against M/s. B. Deboo and Co. Pvt. Ltd. (the "**Accused**") under Section 138 of the Negotiable Instruments Act, 1881 for dishonour of cheques issued by the Accused to our Company for payment of consideration for goods supplied and services rendered aggregating to ₹24,44,541. Presently the case is pending before the Hon'ble 24-VI Civil Judge Class-I and is listed for final hearing on February 21, 2023.
- g) A Miscellaneous Criminal Case bearing number 15928 of 2018 was filed by Amber Jaiswal and Ors. ("**Complainant**") before Hon'ble Madhya Pradesh High Court, Principal Bench Jabalpur against our Company under Sections 409, 467, 465, 464, 420, 418, 471, 468 of the Indian Penal Code, 1860 read with Section 482 of Code of Criminal Procedure, 1973 against the order passed by the lower court in the matter bearing crime no. 160/2017 wherein our Company had filed a complaint for fraud and forgery against the Complainant for opening accounts of our Company without authorisation for an amount to the tune of ₹ 27,00,000. Presently the case is pending before Hon'ble Madhya Pradesh High Court and is tentatively listed for hearing on February 10, 2023.
- h) A Miscellaneous Criminal Case bearing number 15336 of 2012 was filed by our Company before the Hon'ble Madhya Pradesh High Court against the State of Madhya Pradesh and Ors. ("**Respondents**") under Section 378 (4) of the Code of Criminal Procedure, 1973. The said appeal has been filed by our Company against acquittal order dated July 23, 2012 passed by the Hon'ble Fasttrack Court of JMFC, Bhopal in R.T. no. 6196/06 wherein one of the Respondents was acquitted of the offence under Section 138 of the Negotiable Instruments Act, 1881. The appeal remains pending.

C. Proceedings involving material violations of statutory regulations by our Company

As on the date of this Letter of Offer, there are no pending or outstanding violations of any statutory regulations against our Company. However, our Company and some of our Promoters have been

penalised by SEBI, RBI and the Stock Exchanges in the last 5 years for violating certain statutory regulations. The penalties have been paid and there are no outstanding actions by any of the abovementioned regulatory authorities pending against the Company or our Promoters. The details of the penalties imposed by the regulatory authorities are mentioned below:

i. Actions taken by SEBI

Sr. No.	Particulars	Fine/Penalty imposed (₹)	Date on which Fine/ Penalty was imposed on	Status
1.	Penalized our Company for violations of certain provisions of SEBI LODR Regulations.	₹5,00,000	June 19, 2019	Penalty paid
2.	Penalized <i>Aalok Deep Finance Pvt. Ltd. (our Promoter)</i> for violation of Regulation 13(2A) of the SEBI (Prohibition of Insider Trading) Regulations, 2015.	₹2,00,000	September 27, 2019	Penalty paid
3.	Penalized <i>Jagdish Kumar Arora (our Promoter)</i> for violation of Regulation 13(4A) read with 13(5) of the SEBI (Prohibition of Insider Trading) Regulations, 2015.	₹2,00,000 + interest of ₹ 1,38,119	September 27, 2019	Penalty paid
4.	Penalized <i>Som Distilleries Private Limited (our Promoter)</i> for violation of Regulation 13(4A) read with 13(5) of the SEBI (Prohibition of Insider Trading) Regulations, 2015.	₹2,00,000	September 27, 2019	Penalty paid
5.	Non-Compliance of Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements), 2018.	₹5,00,000	July 3, 2019	Complied with in June 2019.
6.	Non-compliance with SEBI circular no. CIR/MRD/DP/10/2015 dated June 05, 2015	Nil	Nil	Complied with in February 2020.

D. Economic offences where proceedings have been initiated against our Company

Nil

E. Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Material Policy and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company.

- An Original Suit bearing number 25327 of 2015 was filed by United Breweries Limited before the Hon'ble Addl. City Civil and Sessions Judges, Mayo Hall and FTC, Mayohall against our Company under Order 7 Rule 1 read with Section 26 of Civil Procedure Code. United Breweries Limited had filed the suit for restraining our Company from infringing its registered trade mark '*Kingfisher*' by using/reusing beer bottles having a label Kingfisher with a device flying horse and mandatory injunction directing our Company to render accounts of profit made due to wrongful use of the aforementioned beer bottles. Presently the case is stayed by Hon'ble High Court, Karnataka vide its Order dated 15.01.2021 passed in WP No. 15333/2020 which was subsequently extended by Order dated 13.12.2021 and the lower Court is awaiting Orders which is listed before 1169-CCH75-LXXIV Additional City Civil and Sessions Judge and is listed for hearing on 20.03.2023.
- Writ Petition bearing number 15333 of 2020 was filed by our Company ("**Petitioner**") against United Breweries Limited, before the Hon'ble High Court of Karnataka. The petition is filed against the Order of District Court Bangalore whereby district court did not direct United Breweries Limited to lead the Evidence. The matter was last heard on December 13, 2021 and was adjourned to uptill six weeks.

These cases are filed on regular course of business by every distillery against the each other to restrain them from using recycled bottles of other distillery procured from junk market and normally only injunctive orders are passed so far in these type of cases. Therefore, we do not foresee any financial implication in future.

- c) A Company Petition bearing number 198 of 2008 was filed by Madhya Pradesh State Industrial Development Corporation (“**Petitioner**”) before Hon’ble High Court, Delhi against our Company. As per the Order dated July 26, 2017 passed by the Hon’ble High Court of Delhi, our Company was directed to pay an amount of ₹8,35,00,000 along with an interest of ₹2,15,00,000 which has been accrued till the date of application to the Petitioner. Our Company has already deposited an amount of ₹9,43,00,000 with the Registrar. Presently the Petitioner and our Company are endeavouring to settle the matter amicably. The matter is listed for hearing on April 6, 2023 in the Hon’ble High Court, Delhi.
- d) A First Appeal bearing number 492 of 2019 was filed by Anheuser Busch Inbev India Limited (“**Petitioner**”) before Hon’ble High Court, Madhya Pradesh, Principal Bench Jabalpur, against our Company under the relevant provisions of the Code of Civil Procedure, 1908. The Appeal has been filed challenging the Order of the Hon’ble Raisen District Court wherein an infringement suit filed against our Company was dismissed. The matter is not listed since August 29, 2019 and remains pending as on date of the Letter of Offer.
- e) Arbitration Appeal bearing number 66 of 2019 was filed by our Company against Rahul Malt Private Limited before the Hon’ble High Court of Madhya Pradesh, Principal Bench, Jabalpur. Appeal is filed under Arbitration & Conciliation Act, 1996 against the Order dated May 13, 2019 of Add. District Judge, Raisen whereby the award dated October 18, 2007 passed by the Arbitration Tribunal in favour of respondent for ₹35,16,203 was upheld. The matter was last listed on February 18, 2020 and is pending for final hearing.
- f) CS(COMM) 102/2020 filed by our Company (“**Plaintiff**”) against Mount Everest Breweries Limited & Ors (“**Defendant**”) in the Hon’ble High Court of Delhi. Trademark Infringement Suit filed against the Defendant for using ‘Hunter Bottles’ of the Company for sale of their beers. The matter was listed for admission denial/ marking of exhibits on January 12, 2023. The matter is filed against Mount Everest to restrain them from using Hunter Bottles for filing of their beer. Therefore, there will be no financial implication on the Company.
- g) Writ Petition bearing number 13297 of 2019 filed by one Gaurav Gupta against the State of Madhya Pradesh and Ors before the Hon’ble High Court of Madhya Pradesh. Our Company has been made respondent no. 4. The PIL is yet to be admitted and notice is yet to be issued to our Company. The matter was last listed on March 13, 2020. There is no financial implication on the Company in this matter.
- h) Writ Petition bearing number 4049 of 2014 filed by Regent Beers and Wines Limited (“**Petitioner**”) against the State of Madhya Pradesh & Ors before the Hon’ble High Court of Madhya Pradesh where our Company has been made party as Respondent No. 3. This matter was filed by the Petitioner against the Order dated June 26, 2014 of the Excise Commissioner whereby the Excise Commissioner rejected the label registration of the Petitioner for “Black Force” Beer which was deceptively similar to the trade mark of our Company’s product “BLACK FORT”. The matter is pending for final hearing. There is no financial implication on the Company in this matter.

F. Tax Proceedings

- a) Writ Petitions bearing numbers 19221 of 2015 and 9783 of 2016 were filed by our Company before Hon’ble High Court, Madhya Pradesh, Principal Bench, Jabalpur against the State of Madhya Pradesh and Ors (the “**Respondents**”) under the relevant provisions of Central Sales Tax Act 1956. According to our Company Indian Made Foreign Liquor and Rectified Spirit being excisable articles under the M.P. Excise Act, should be exempted from payment of duty or tax under the Commercial Tax Act and VAT Act. The amount involved is ₹16,39,93,100. The Hon’ble High Court passed a judgment in our favour. Presently, the State has filed a Special Leave Petition (Civil) bearing Diary no. 15087/2017 before the

Hon'ble Supreme Court of India. The matter was last listed on November 24, 2022 and as on date of this Letter of Offer, remains pending.

- b) In the Financial Year 2010-11 (Assessment Year 2011-2012), the Ld. Assessing Officer in his assessment, made a disallowance of commission expenses under 271(1)(b) of the Income Tax Act, 1961 for an amount of ₹24,91,941. Accordingly, our Company has disputed the disallowance and has filed an Appeal bearing no. 595380871180117 before the Commissioner of Income Tax (Appeals) under sections 143(3), 37 and 234 of the Income Tax Act, 1961. The amount involved in such Appeal is ₹4,25,890.
- c) In the Financial Year 2012-13 (Assessment Year 2013-2014), the Ld. Assessing Officer in his assessment, made certain allowances and disallowances under Section 143(1) of the Income Tax Act, 1961 amounting to ₹1,68,83,910. Accordingly, our Company has disputed such assessment and has filed an Appeal bearing no. 161673301210416 before the Commissioner of Income Tax (Appeals) under Sections 246A, 43B, 28, 14A, 40(a)(ia), 244A and 244 of the Income Tax Act, 1961. The amount involved in such Appeal is ₹53,48,000.
- d) In the Financial Year 2013-14 (Assessment Year 2014-2015), the Ld. Assessing Officer in his assessment, made certain disallowances under Section 143(3) of the Income Tax Act, 1961 amounting to ₹7,71,12,050. Accordingly, our Company has disputed such disallowances and had filed an Appeal bearing no. 595285791180117 before the Commissioner of Income Tax (Appeals) under Section 143(3), 37, 115JAA, 206 and 234 of the Income Tax Act, 1961. The amount involved in such Appeal is ₹4,60,18,860. The order u/s 143(3) has been replaced by new assessment order u/s 153C/143(3) dated September 29, 2021 and company has filed new appeal bearing no. 764499810301021 before National Faceless Appeal Centre, New Delhi. In the said assessment amount of disallowance of ₹7,73,03,660 and disputed outstanding demand is ₹8,83,93,550
- e) In the financial year 2014-15 (Assessment Year 2015-16), the Ld. A.O. in his assessment order u/s 153C r.w.s. 143(3) dated September 29, 2021 of the Income tax Act. In the said assessment proceedings A.O. disallow interest on delayed deposit of TDS and disallowance of donation expenses u/s 37 of the I.T. Act. Aggrieved by the order passed assessee made an appeal before the CIT(Appeals) National Faceless Appeal Centre, New Delhi appeal bearing no. 764605830301021 amount of addition involved is ₹2,471,820 and the amount of disputed outstanding amount is ₹25,77,510.
- f) In the Financial Year 2015-16 (Assessment Year 2016-2017), the Ld. Assessing Officer in his assessment, made certain disallowances of labour expenses under Section 143(3) of the Income Tax Act, 1961 amounting to ₹52,21,000. Accordingly, our Company has disputed such disallowances and has filed an Appeal bearing no. 411922731230119 before the Commissioner of Income Tax (Appeals) under Section 143(3), 37 and 234 of the Income Tax Act, 1961. The amount involved in such Appeal is ₹23,99,910. The order u/s 143(3) has been replaced by new assessment order u/s 153C/143(3) dated September 29, 2021 and company has filed new appeal bearing no. 764671460301021 before National Faceless Appeal Centre, New Delhi. In the said assessment amount of disallowance of ₹53,51,882 and disputed outstanding demand is ₹21,06,650.
- g) In the Financial Year 2016-17 (Assessment Year 2017-2018), the Ld. Assessing Officer in his assessment, made certain disallowances of donation expenses, unexplained cash u/s 69A of the Income Tax Act, 1961 and tax on deemed income under Section 143(3) of the Income Tax Act, 1961 amounting to ₹5,80,12,981. Accordingly, our Company has disputed such disallowances and has filed an Appeal bearing no. 297101621280120 before the Commissioner of Income Tax (Appeals) under Section 143(3), 37, 69A, 115BBE, 234 and 115O. The amount involved in such Appeal is ₹6,71,30,372. The order u/s 143(3) has been replaced by new assessment order u/s 153C/143(3) dated September 29, 2021 and company has filed new appeal bearing no. 764766890301021 before National Faceless Appeal Centre, New Delhi. In the said assessment amount of disallowance of ₹6,02,74,060 and disputed outstanding demand is ₹7,32,58,580.
- h) In the financial year 2017-18 (Assessment Year 2018-19), the Ld. A.O. in his assessment order u/s 153C r.w.s. 143(3) dated September 29, 2021 of the I.T. Act. In the said assessment proceedings A.O.

disallow interest on delayed deposit of TDS and disallowance of donation expenses u/s 37, disallow of CSR Expenses and Addition u/s 56(2)(x)(b) of the I.T. Act. Aggrieved by the order passed assessee made an appeal before the CIT(Appeals) National Faceless Appeal Centre, New Delhi appeal bearing no. 764841200301021 amount of addition involved is ₹1,50,32,430 and the amount of disputed outstanding amount is ₹22,38,060.

- i) In the financial year 2018-19 (Assessment Year 2019-20), the Ld. A.O. in his assessment order u/s 153C r.w.s. 143(3) dated September 29, 2021 of the I.T. Act. In the said assessment proceedings A.O. disallow interest on delayed deposit of TDS and disallowance of donation expenses u/s 37, disallow of CSR Expenses and Addition u/s 56(2)(x)(b) of the I.T. Act. Aggrieved by the order passed assessee made an appeal before the CIT(Appeals) National Faceless Appeal Centre, New Delhi appeal bearing no. 764926050301021 amount of addition involved is ₹3,86,57,140 and the amount of disputed outstanding demand amount is ₹1,97,20,250.
- j) In the Financial Year 2019-20 (Assessment Year 2020-2021), the Ld. Assessing Officer in his assessment order u/s 153C, made disallowances u/s 14A, addition of undisclosed interest income and A.O. also not given full and proper credit of TDS and TCS. Accordingly, our Company has disputed such disallowances and has filed an Appeal bearing no. 763469770301021 before the Commissioner of Income Tax (Appeals) National Faceless Appeal Centre, New Delhi. The amount of addition involved is ₹42,84,730 and the amount of disputed outstanding demand amount is ₹79,66,900.
- k) A Writ Petition bearing number 6743 of 2021 was filed by our Company before Hon'ble High Court, Madhya Pradesh, Principal Bench, Jabalpur against The State of Madhya Pradesh and Ors (the "**Accused**") under the relevant provisions of the Madhya Pradesh Excise Act, 1915. The Petition has been filed against the imposition of Excise Duty on the export of IMFL and beers. According to our Company, such imposition of excise duty is against the mandate of the Constitution of India. As per the order dated March 24, 2021, the Hon'ble High Court has granted interim relief to our company by directing the Excise Commissioner, Gwalior to depute any other deputy Commissioner (excise) to deal with the cases of the Company till the next date of hearing. Presently the case is pending and was last listed for hearing on December 23, 2021. The Petition has since not been listed for hearing.
- l) A Writ Petition bearing number 3902 of 2021 was filed by our Company before Hon'ble High Court, Madhya Pradesh, Principal Bench, Jabalpur against The State of Madhya Pradesh and Ors (the "**Accused**") under the relevant provisions of The Madhya Pradesh Excise Act, 1915. The Petition has been filed challenging the order of the Excise Commissioner dated November 7, 2020 ("**Disputed Order**") wherein all breweries were directed not to use recycled bottles. As per the order dated February 19, 2021, the Hon'ble Chief Justice and Hon'ble Justice Shri Vijay Kumar Shukla had directed the Respondents to refrain from giving effect to the Disputed Order till March 10, 2021. Considering that there were matters of similar nature pending before the Indore Bench, the Writ Petition was transferred to the Indore Bench and were to be heard along with Writ Petition no. 19121 of 2020 and other connected matters. The matter was last listed on January 10, 2023 and is to be listed for final hearing.
- m) A Writ Petition bearing number 933 of 2014 was filed by State of Madhya Pradesh through Principal Secretary Commercial Tax Department Vallbh Bhavan Bhopal, Madhya Pradesh and Ors. before the Hon'ble High Court, Madhya Pradesh, Gwalior Bench, against our Company, under the relevant provisions of the Madhya Pradesh Excise Act, 1915. The Petition has been filed challenging the Order of the Revenue Board whereby the Order of the Excise Commissioner/Collector for imposing penalty for excess transit loss was set aside by the Board. The tentative date for hearing was January 16, 2023.

Considering that there were other petitions of similar nature, they were connected and pooled together with the Writ Petition bearing number 933 of 2014 being the main case. Details of the connected matters have been provided below:

Sr. No.	Case Details	Petitioner	Respondent	Status
1.	922/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending
2.	923/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending
3.	924/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending
4.	925/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending
5.	926/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending
6.	927/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending
7.	928/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending
8.	929/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending
9.	930/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending
10.	931/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending
11.	932/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending
12.	934/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending
13.	935/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending
14.	936/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending
15.	937/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending
16.	938/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending
17.	939/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending
18.	940/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending
19.	941/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending
20.	942/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending
21.	943/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending
22.	944/2014	The State of Madhya Pradesh	Our Company and Ors.	Pending

- n) Income Tax Appeals bearing numbers 14 and 15 of 2020 were filed by Principal Commissioner of Income Tax 1/District Bhopal, Madhya Pradesh before the Hon'ble High Court, Madhya Pradesh, Principal Bench, Jabalpur, against our Company. The Appeal has been filed challenging the order passed by Hon'ble Kul Bharat, Judicial Member and Hon'ble Manish Borad, Accountant Member in the Income Tax Appeals bearing numbers 495/Ind/2018 and 516/Ind/2018 before the Income Tax Appellate Tribunal, Indore Bench, Indore whereby it was held that if the payee has paid tax on income and has shown in its return of income and requisite certificate has been filed during the assessment proceedings, then the disallowance under Section 40(a)(ia) of the Income Tax Act, 1961 is not justified. The Petition was last listed for hearing on January 10, 2023.
- o) An Income Tax Appeal bearing number 78 of 2010 was filed by our Company before the Hon'ble High Court, Madhya Pradesh, Principal Bench, Jabalpur, against by Assistant Commissioner of Income Tax under the relevant Sections of the Income Tax Act, 1961. The Appeal has been filed challenging the order passed by Hon'ble Indore District Court. The Petition was last listed for hearing on July 31, 2014.
- p) A Writ Petition bearing number 11048 of 2020 was filed by our Company before Hon'ble High Court, Madhya Pradesh, Principal Bench, Jabalpur against Directorate General of GST Intelligence and Ors (the "**Accused**") under the relevant provisions of Central Sales Tax Act 1956. The Petition has been filed against the imposition of GST liability of approximately ₹33,00,00,000 on the sister concern of our company Som Distilleries Private Ltd ("**SDPL**") SDPL has deposited an amount of ₹8,00,00,000 in accordance with the initial claim of ₹7,96,00,000. Presently the Petition is pending and was last listed for hearing on August 23, 2022.

Litigations involving our Subsidiaries

There are no issues of moral turpitude or criminal liability, material violation of statutory regulations or economic offences or material pending matters involving our Subsidiaries, except as follows:

A. Proceedings involving issues of moral turpitude or criminal liability initiated against our Subsidiaries

Nil

B. Proceedings involving issues of moral turpitude or criminal liability initiated by our Subsidiaries

Nil

C. Proceedings involving material violations of statutory regulations by our Subsidiaries

Nil

D. Economic offences where proceedings have been initiated against our Subsidiaries

Nil

E. Other proceedings involving our Subsidiary which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Material Policy and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company.

F. Tax Proceedings

Nil

GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company requires various licenses, registrations, permits and approvals issued by relevant central and state authorities under various rules and regulations (“**Approvals**”) for carrying on its present business activities. The requirement for the Approvals may vary based on factors such as the legal requirements in the jurisdiction, in which the manufacturing facility is located. Further, our obligation to obtain and renew such approvals arises periodically and applications for such approvals are made at the appropriate stage.

Since, our Company intends to utilize the proceeds of the Issue, after deducting Issue related expenses towards long term working capital requirements and for general corporate purposes, no government and regulatory approval pertaining to the Objects of the Issue will be required.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board passed at its meeting held January 24, 2023, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.

The Board of the Directors has, at its meeting held on April 6, 2023 determined the Issue Price of ₹140 per Rights Equity Share (including a premium of ₹135 per Rights Equity Share), in consultation with the Lead Manager, and the Rights Entitlement as 10 (Ten) Rights Equity Shares for every 211 (Two Hundred Eleven) fully paid up Equity Shares held on the Record Date.

This Letter of Offer has been approved by our Board of Directors at its meeting held on April 6, 2023.

Our Company has received 'in-principle' approval for listing of the Rights Equity Shares to be Allotted pursuant to Regulation 28 of SEBI Listing Regulations, *vide* letter bearing reference number LOD/RIGHT/IB/FIP/3230/2022-23 dated March 17, 2023 issued by BSE and reference number NSE/LIST/34563 dated March 6, 2023 issued by NSE for listing of the Rights Equity Shares to be Allotted pursuant to the Issue. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN INE480C20020 for the Rights Entitlements to be credited to the respective demat accounts of the Eligible Equity Shareholders of our Company. For details, see "*Terms of the Issue*" on page 117 of this Letter of Offer.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoter, our Directors, the members of our Promoter Group and persons in control of our Company have not been prohibited from accessing the capital market or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Letter of Offer.

Our Company and certain Promoters have been penalized by SEBI for violations of provisions of SEBI LODR Regulations and SEBI (Prohibition of Insider Trading) Regulations, 2015 in the last 5 years. The penalties have been paid and there are no outstanding SEBI actions against our Company or our Promoters and members of our Promoter Group as on the date of this Letter of Offer. For details, see "*Actions taken by SEBI*" on page 102 in the chapter titled Outstanding Litigations and Material Developments.

Further, our Promoter and our Directors are not promoter or director of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Neither our Promoter nor our Directors have been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018.

Association of our Directors with the securities markets

None of our Directors are associated with the securities market in any manner.

Prohibition by RBI

Except as disclosed below, neither our Company nor our Promoters and Directors have been categorized or identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India:

Kotak Mahindra Bank had classified our Company and our Promoters as wilful defaulters in respect of a loan availed from it by our Company in the years 2010 and 2011. Thereafter, the said loan was repaid by our Company and subsequently Kotak Mahindra Bank had issued a no-dues certificate dated April 25, 2012 in favour of our Company. However, the CIBIL records have not been updated and our Company and our Promoters are still appearing as wilful defaulters in such records.

Eligibility for the Issue

Our Company is a listed company, incorporated under Companies Act, 1956. The Equity Shares of our Company are presently listed on BSE and NSE. We are eligible to undertake the Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI to the SEBI ICDR Regulations.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchanges for listing of the Rights Equity Shares to be issued pursuant to the Issue. BSE Limited is the Designated Stock Exchange for the Issue.

Compliance with Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of this Letter of Offer with SEBI & Stock Exchanges;
2. The reports, statements and information referred to above are available on the website of BSE and NSE; and
3. Our Company has an investor grievance handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Letter of Offer are in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 27, 2023, WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THE DRAFT LETTER OF OFFER OF THE SUBJECT ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:
 - a. THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;
 - b. ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - c. THE MATERIAL DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. BESIDES OURSELVES, ALL INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE, SUCH REGISTRATION IS VALID-COMPLIED WITH
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE
5. WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING DRAFT LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE
6. ALL APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS, WHICH RELATE TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE
7. ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTERS' CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THAT THE AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE ISSUE – NOT APPLICABLE, BEING A RIGHTS ISSUE
8. NECESSARY ARRANGEMENTS SHALL BE MADE TO ENSURE THAT THE MONIES

RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGE, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE

9. THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE ‘MAIN OBJECTS’ IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN THE LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION – COMPLIED WITH TO THE EXTENT APPLICABLE
10. FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:
 - a. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER, EXCLUDING SUPERIOR RIGHTS EQUITY SHARES, WHERE AN ISSUER HAS OUTSTANDING SUPERIOR RIGHTS EQUITY SHARES – COMPLIED WITH (THE COMPANY HAS NOT ISSUED ANY SUPERIOR RIGHTS EQUITY SHARES); AND
 - b. AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI – COMPLIED WITH
11. WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 – NOTED FOR COMPLIANCE
12. IF APPLICABLE, THE COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS OF CHAPTER X OF THE SEBI ICDR REGULATIONS, 2018 – NOT APPLICABLE

THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.

Disclaimer from our Company and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made other than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in this Issue will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable law, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares, and are relying on independent advice/ evaluation as to their ability and quantum of investment in the Issue.

Cautions

Our Company and the Lead Manager shall make all relevant information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever, including at presentations, in research or sales reports, etc., after filing this Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlements, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Letter of Offer is current only as at its date.

Disclaimer in respect of Jurisdiction

This Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Bhopal, India only.

Disclaimer Clause of BSE

“BSE Limited (“the Exchange”) has given vide its letter dated March 17, 2023, permission to this Company to use the Exchange’s name in this Letter of Offer as the stock exchange on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or
- Warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.”

Disclaimer Clause of NSE

“As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref. No. NSE/LIST/34563 dated March 6, 2023 permission to the Issuer to use the Exchange’s name in this letter of offer as one of the stock exchanges on which this Issuer’s securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer.

It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the letter of offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.”

Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue is BSE Limited.

Selling Restrictions

This Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Letter of Offer is not to be reproduced or distributed to any other person.

The distribution of this Letter of Offer, Abridged Letter of Offer, Common Application Form and the Rights Entitlement Letter (“**Issue Materials**”) and the issue of Rights Entitlements and Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Issue Materials may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Issue Materials only to Eligible Equity Shareholders who have provided an Indian address to our Company/ Registrar.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of the Issue Material or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Letter of Offer has been filed with the Stock Exchanges.

Accordingly, the Rights Entitlement or Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer or any offering materials or advertisements in connection with the Issue or Rights Entitlement may not be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in this Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company’s affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information. Each person who exercises Rights Entitlements and subscribes for Equity Shares, or who purchases Rights Entitlements or Equity Shares shall do so in accordance with the restrictions set out below.

THE CONTENTS OF THIS LETTER OF OFFER SHOULD NOT BE CONSTRUED AS BUSINESS, LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF BUYING OR SELLING OF RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS. AS A RESULT, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS. IN ADDITION, NEITHER OUR COMPANY NOR THE LEAD MANAGER NOR ANY OF THEIR RESPECTIVE AFFILIATES ARE MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE RIGHTS EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO IN THE LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH

THE LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Accordingly, this Letter of Offer, Abridged Letter of Offer, Rights Entitlement Letter and Application Form should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe, is in the United States when the buy order is made. No payments for subscribing for the Rights Equity Shares shall be made from US bank accounts and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of the Rights Equity Shares in India.

We, the Registrar, the Lead Manager or any other person acting on behalf of us, reserve the right to treat as invalid any Application Form which: (i) does not include the certification set out in the Application Form to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations; (ii) appears to us or its agents to have been executed in, electronically transmitted from or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where we believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and we shall not be bound to allot or issue any Rights Equity Shares in respect of any such Application Form.

Rights Entitlements may not be transferred or sold to any person in the United States.

NO OFFER IN ANY JURISDICTION OUTSIDE INDIA

NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANY TIME.

Filing

This Letter of Offer is being filed with the Stock Exchanges i.e., BSE Limited and the National Stock Exchange of India Limited as per the provisions of the SEBI ICDR Regulations. Further, in terms of SEBI ICDR Regulations, our Company will simultaneously do an online filing with SEBI through SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of circular (No. SEBI/HO/CFD/DIL 1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI for record purposes only. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the email address: cfdil@sebi.gov.in for record purposes only.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for redressal of investor grievances in compliance with the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of Shareholders in relation to transfer of shares and effective exercise of voting rights.

MAS Services Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

Investor complaints received by our Company are typically disposed of within 10 days from the receipt of the complaint.

Investor Grievances arising out of this Issue

Investors may contact the Registrar to the Issue at:

MAS Services Limited

T-34, 2nd Floor, Okhla Industrial Area,

Phase – II, New Delhi -110020, India;

Telephone: +91 11 – 26387281/ 82/83, 4132 0335

Fax: +91 11 – 26387384

Email: investor@masserv.com

Website: www.masserv.com

Investor Grievance Email: investor@masserv.com

SEBI Registration: INR000000049

Contact Person: N.C. Pal

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue / post-Issue related matters such as non-receipt of Letters of Allotment / share certificates / demat credit / Refund Orders etc.

Om Prakash Singh, is the Company Secretary and Compliance Officer of our Company. His contact details are set forth hereunder:

Om Prakash Singh

Som Distilleries and Breweries Limited

23, Zone-II, M.P. Nagar,

Bhopal – 462 011, Madhya Pradesh, India.

Telephone: +91 755 4271 271

E-mail: omprakash@somindia.com

SECTION VII – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Common Application Form, before submitting the Common Application Form. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors are advised to make their independent investigation and ensure that the Common Application Form is correctly filled up. Unless otherwise permitted under the SEBI ICDR Regulations read with SEBI Rights Issue Circulars, Investors proposing to apply in this Issue can apply only through ASBA.

Investors are requested to note that Application in this Issue can only be made through ASBA.

Please note that in accordance with the provisions of the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 (“SEBI Rights Issue Circular”), all investors (including renounce) shall make an application for a rights issue only through ASBA facility.

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and the Letter of Offer.

Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this section.

Investors are requested to note that application in this Issue can only be made through ASBA facility, in case of Eligible Equity Shareholder.

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the Government and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice or security certificate and rules as may be applicable and introduced from time to time.

Important:

1. Dispatch and availability of Issue materials:

In accordance with the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, our Company will send / dispatch at least three days before the Issue Opening Date, the Abridged Letter of Offer, the Rights Entitlement Letter, Common Application Form and other issue material (“**Issue Materials**”) only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be provided by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

In case the Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can access the Letter of Offer, the Abridged Letter of Offer and the Common Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

- (i) our Company at www.somindia.com;
- (ii) the Registrar at www.masserv.com;
- (iii) the Lead Manager, i.e., Vivro Financial Services Private Limited at www.vivro.net; and
- (iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com;

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.masserv.com) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (i.e., www.somindia.com).

Shareholders who have not received the Application Form may apply, along with the requisite Application Money, by using the Application Form available on the websites above, or on plain paper, with the same details as mentioned in the Application Form available online.

Further, our Company will undertake all adequate steps to reach out to the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible. Our Company, the Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form attributable to the non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in transit.

The distribution of the Letter of Offer, the Abridged Letter of Offer, Common Application Form, the Rights Entitlement Letter and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Common Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Common Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Common Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Common Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Common Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Common Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Common Application Form. Any person who makes an application to acquire Rights Entitlements and the Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India,

without requirement for our Company or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

2. Facilities for Application in this Issue:

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA. For details, please refer to the paragraph titled “*Procedure for Application through the ASBA process*” on page 128 of this Letter of Offer.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may accept this Issue and apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB. Please note that Applications made with payment using third party bank accounts are liable to be rejected.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN, or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details see “*Terms of the Issue – Grounds for Technical Rejection*” on page 137 of the Letter of Offer. Our Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application. If an Eligible Equity Shareholder makes an Application both in an Application Form as well as on plain paper, both applications are liable to be rejected. Please note that in terms of Regulation 78 of the SEBI ICDR Regulations, the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently. For details, see “*Terms of the Issue – Application by on Plain Paper under ASBA process*” on page 131 of the Letter of Offer.

3. Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialized form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI Listing Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d)

credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

In this regard, our Company has made necessary arrangements with CDSL and NSDL for crediting the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is INE480C20020. The ISIN for the Rights Entitlements shall remain frozen (for debit) until the Issue Opening Date. The ISIN for the Rights Entitlements shall be suspended for transfer by the Depositories post the Issue Closing Date.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of PAN, Bank detail, Mobile number Email id and nominee detail using ISR-1, SH-13 (which can be downloaded from the website i.e., www.masserv.com) and ISR-2 (if signature does not matched with our record) and client master sheet of demat account etc., details / records confirming the legal and beneficial ownership of their respective Equity Shares) to our Registrar not later than 2 (Two) Working Days prior to the Issue Closing Date, i.e., by Tuesday, May 9, 2023 to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least 1 (One) day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

PLEASE NOTE THAT CREDIT OF THE RIGHTS ENTITLEMENTS IN THE DEMAT ACCOUNT DOES NOT, *PER SE*, ENTITLE THE INVESTORS TO THE RIGHTS EQUITY SHARES AND THE INVESTORS HAVE TO SUBMIT APPLICATION FOR THE RIGHTS EQUITY SHARES ON OR BEFORE THE ISSUE CLOSING DATE AND MAKE PAYMENT OF THE APPLICATION MONEY. FOR DETAILS, SEE “PROCEDURE FOR APPLICATION” ON PAGE 126 OF THE LETTER OF OFFER.

Other important links and helpline:

The Investors can visit following links for the below-mentioned purposes:

- a) Frequently asked questions are available on the website of the Registrar (www.masserv.com) or call helpline numbers (+91 2638 7281/82/83, 4132 0335) and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: investor@masserv.com
- b) Updation of Indian address/ email address/ mobile number in the records maintained by the Registrar or our Company: investor@masserv.com
- c) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: investor@masserv.com
- d) Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders: investor@masserv.com

Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Basis for this Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date, i.e., Friday, April 14, 2023.

Rights Entitlements

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, i.e., Friday, April 14, 2023, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

The Registrar will send/dispatch a Rights Entitlement Letter along with the Abridged Letter of Offer and the Common Application Form to all Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlements or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions, which will contain details of their Rights Entitlements based on their shareholding as on the Record Date.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.masserv.com) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (i.e., www.somindia.com).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e., www.masserv.com). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send/ dispatch the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Common Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. For further details, see “Notice to Investors” on page 9 of this Letter of Offer.

PRINCIPAL TERMS OF THIS ISSUE

Face Value

Each Rights Equity Share will have the face value of ₹5/-.

Issue Price

Each Rights Equity Share is being offered at a price of ₹140/- per Rights Equity Share (including premium of ₹135/- per Rights Equity Share) in this Issue.

The Issue Price for Rights Equity Shares has been arrived at by our Company in consultation with the Lead Manager and has been decided prior to the determination of the Record Date, i.e., Friday, April 14, 2023.

Rights Entitlements Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 10 (Ten) Rights Equity Shares for every 211 (Two Hundred Eleven) Equity Shares held by the Eligible Equity Shareholders as on the Record Date i.e., Friday, April 14, 2023.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by way of On Market or through off-market transfer. For details, see “*Procedure for Renunciation of Rights Entitlements*” on page 129 of this Letter of Offer.

In accordance with SEBI Rights Issue Circulars, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least 2 (Two) Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.

Trading of the Rights Entitlements

In accordance with the SEBI Rights Issue Circulars, the Rights Entitlements credited shall be admitted for trading on the Stock Exchanges under Rights Entitlement ISIN INE480C20020. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. Investors shall be able to trade/ transfer their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The On Market Renunciation shall take place electronically on the secondary market platform of the Stock Exchanges on T+1 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. The Rights Entitlements shall be tradable in dematerialized form only. The market lot for trading of Rights Entitlements is One Rights Entitlement.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from Wednesday, April 26, 2023 to Monday, May 8, 2023 (both days inclusive). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date. For details, see “*Procedure for Renunciation of Rights Entitlements – On Market Renunciation*” and “*Procedure for Renunciation of Rights Entitlements – Off Market Renunciation*” on pages 130 and 130 respectively, of this Letter of Offer. Once the Rights Entitlements are credited to the demat account of the Renouncees, application in the Issue could be made until the Issue Closing Date. For details, see “*Procedure for Application*” on page 126 of this Letter of Offer.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Terms of Payment

₹140/- per Rights Equity Share (including premium of ₹135/- per Rights Equity Share) shall be payable, in entirety at the time of making the Application.

Where an Applicant has applied for additional Rights Equity Shares and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/ blocked shall be refunded/ unblocked. The

un-blocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of 10 (Ten) Rights Equity Shares for every 211 (Two Hundred Eleven) Equity Shares held as on the Record Date. As per the SEBI Rights Issue Circular, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than 22 (Twenty Two) Equity Shares or is not in the multiple of 22 (Twenty Two) Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one additional Rights Equity Share if they apply for the Additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of the Rights Equity Shares in this Issue post allocation towards the Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds 22 (Twenty Two) Equity Shares, such Equity Shareholder will be entitled to 1.042654 Rights Equity Share and will also be given a preferential consideration for the Allotment of 1 (One) additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above his/her Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than 22 (Twenty Two) Equity Shares shall have 'zero' entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for the Additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for the Additional Rights Equity Shares, subject to availability of the Rights Equity Shares in this Issue post allocation towards the Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Common Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and allotted under this Issue shall, upon being fully paid up, rank *pari passu* with the existing Equity Shares, in all respects including dividends. In respect of the Rights Equity Shares, Investors are entitled to dividend in proportion to the amount paid up and their voting rights exercisable on a poll shall also be proportional to their respective share of the paid up equity capital of our Company.

Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE and NSE through letters bearing reference number LOD/RIGHT/IB/FIP/3230/2022-23 dated March 17, 2023 and reference number NSE/LIST/34563 dated March 6, 2023, respectively.

Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

For an applicable period, the trading of the Rights Equity Shares would be suspended under the applicable law. The process of corporate action for crediting the fully paid-up Rights Equity Shares to the Investors' demat accounts may take such time as is customary or as prescribed under applicable law from the last date of payment of the amount.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 507514) and NSE (Symbol: SDBL) under the ISIN: INE480C01020. The Rights Equity Shares shall be credited to a temporary RE ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary RE ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary RE ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within 4 days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded / unblocked within 4 (Four) days after our Company becomes liable to repay it, our Company and every Director of our Company who is an officer-in-default shall, on and from the expiry of the 4th day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by our Promoters and our Promoter Group

For details of the intent and extent of subscription by our Promoter and the Promoter Group, see "*Capital Structure – Intention and extent of participation by our Promoters and Promoter Group*" on page 16 of this Letter of Offer.

Rights of Holders of Rights Equity Shares of our Company

Subject to applicable laws, Rights Equity Shareholders shall have the following rights:

- a) The right to receive dividend, if declared;
- b) The right to vote in person, or by proxy;
- c) The right to receive surplus on liquidation;
- d) The right to free transferability of Rights Equity Shares;
- e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law; and
- f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

Subject to applicable law and Articles of Association, holders of Rights Equity Shares shall be entitled to the above rights in proportion to amount paid-up on such Rights Equity Shares in this Issue

GENERAL TERMS OF THE ISSUE

Market Lot

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Rights Equity Shares in dematerialised mode is 1 (One) Equity Share.

Joint Holders

Where 2 (Two) or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Rights Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be Allotted in this Issue. Nominations registered with the respective Depository Participants of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

Arrangements for Disposal of Odd Lots

The Rights Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be 1 (One) Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

Restrictions on transfer and transmission of shares and on their consolidation/splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue. However, the Investors should note that pursuant to provisions of the SEBI (LODR) Regulations, with effect from April 1, 2019 and as amended vide SEBI Notification bearing No. SEBI/LAD-NRO/GN/2022/66 on January 24, 2022, the request for transfer of securities shall not be effected unless the securities are held in the dematerialized form with a depository. Provided further that transmission or transposition of securities held in physical or dematerialized form shall be effected only in dematerialized form.

Notices

In accordance with the SEBI (ICDR) Regulations and the SEBI Rights Issue Circulars, our Company will send / dispatch the Abridged Letter of Offer, the Rights Entitlement Letter, Common Application Form and other issue materials only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be provided by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who have make a request in this regard. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in (i) one English language national daily newspaper with wide circulation; (ii) one Hindi language national daily newspaper with wide circulation; (Hindi being the regional language of New Delhi where our Registered Office is situated) and/or, will be sent by post or electronic transmission or other permissible mode to the addresses of the Eligible Equity Shareholders provided to our Company. This Letter of Offer, the Abridged Letter of Offer and the Common Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, the RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by the RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar by email on investor@masserv.com or physically/postal means at the address of the Registrar MAS Services Limited, T-34 2nd Floor, Okhla Industrial Area, Phase – II, New Delhi – 110 020. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Manager and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Common Application Form shall be sent/dispatched to the email addresses and Indian addresses of non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdictions. Investors can access the Letter of Offer, the Abridged Letter of Offer and the Common Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company and the Lead Manager and the Stock Exchanges. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to their repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, OCBs have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and to obtain prior approval from RBI for applying in this Issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules.

PROCEDURE FOR APPLICATION

How to Apply

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

For details of procedure for application by the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, i.e., Friday, April 14, 2023 see “*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” on page 133 of this Letter of Offer.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Common Application Form

The Common Application Form for the Rights Equity Shares offered as part of this Issue would be sent/ dispatched (i) only to email address of the resident Eligible Equity Shareholders who have provided their email address; (ii) only to the Indian addresses of the resident Eligible Equity Shareholders, on a reasonable effort basis, who have not provided a valid email address to our Company; (iii) only to the Indian addresses of the non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. The Common Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent/ dispatched at least three days before the Issue Opening Date. The Renouncees and Eligible Equity Shareholders who have not received the Common Application Form can download the same from the website of the Registrar, our Company, the Lead Manager or Stock Exchanges.

In case of non-resident Eligible Equity Shareholders, the Common Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email to email address if they have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdictions.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Common Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Common Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit or there is a delay in physical delivery (where applicable).

To update the respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit www.masserv.com . Investors can access this Letter of Offer, the Abridged Letter of Offer and the Common Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of:

- (i) our Company at www.somindia.com;
- (ii) the Registrar at www.masserv.com;
- (iii) the Lead Manager, i.e., Vivro Financial Services Private Limited www.vivro.net; and
- (iv) the Stock Exchanges www.bseindia.com and www.nseindia.com;

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.masserv.com) by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (i.e., www.somindia.com).

The Common Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue, based on the Rights Entitlement credited in their respective demat accounts. Please note that one single Common Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Common Application Form for each demat account.

Investors may accept this Issue and apply for the Rights Equity Shares by submitting the Common Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts

Please note that Applications made with payment using third party bank accounts are liable to be rejected.

Investors are also advised to ensure that the Common Application Form is correctly filled up stating therein, the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Common Application Form will be blocked by the SCSB.

Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Common Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Incorrect depository account details or PAN number could lead to rejection of the Application. For details see “- Grounds for Technical Rejection” on page 137 of this Letter of Offer. Our Company, the Lead Manager, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “*Application on Plain Paper under ASBA process*” on page 131 of this Letter of Offer.

Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

- (i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
- (ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- (iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- (iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares; or
- (v) renounce its Rights Entitlements in full.

Procedure for Application through the ASBA process

An investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Common Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Common Application Form, or have otherwise provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Common Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on Designated Branches of SCSBs collecting the Common Application Form, please refer the above-mentioned link.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

The Company, its directors, employees, affiliates, associates and their respective directors and officers, the Lead Manager and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions, and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares (i) by submitting the Common Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date for Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Applications submitted to anyone other than the Designated Branches of the SCSB are liable to be rejected.

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section “*Application on Plain Paper under ASBA process*” on page 131 of this Letter of Offer.

Additional Rights Equity Shares

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the section “*Basis of Allotment*” on page 142 of this Letter of Offer.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.

Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date cannot renounce until the details of their demat account are provided to our Company or the Registrar and the dematerialized Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. However, Such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Rights Equity Shares while submitting the Application through ASBA process.

Procedure for Renunciation of Rights Entitlements

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges; or (b) through an off-market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/ her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

On Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN INE480C20020 subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from Wednesday, April 26, 2023 to Monday, May 8, 2023 (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN INE480C20020 and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of Stock Exchanges under automatic order matching mechanism and on 'T+1 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and SEBI.

Off Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date to enable Renouncees to subscribe to the Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN INE480C20020, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the CDSL and NSDL from time to time.

Application on Plain Paper under ASBA process

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through e-mail or physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the websites of the Registrar, Stock Exchanges or the Lead Manager. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB authorizing such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application. If an Eligible Equity Shareholder makes an Application both in an Application Form as well as on plain paper, both applications are liable to be rejected.

Please note that in terms of Regulation 78 of the SEBI ICDR Regulations, the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being; Som Distilleries and Breweries Limited
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Folio Number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) / DP and Client ID;
4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;
5. Number of Equity Shares held as on Record Date;
6. Allotment option - only dematerialised form;
7. Number of Rights Equity Shares entitled to;
8. Number of Rights Equity Shares applied for within the Rights Entitlements;
9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
10. Total number of Rights Equity Shares applied for;
11. Total amount paid at the rate of ₹140 per Rights Equity Share;
12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;

13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);
16. An approval obtained from any regulatory authority, if required, shall be obtained by the Eligible Equity Shareholders and a copy of such approval from any regulatory authority, as may be required, shall be sent to the Registrar at investor@masserv.com; and
17. All such Eligible Equity Shareholders are deemed to have accepted the following:

"I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (U.S. Securities Act), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (United States), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/ we understand the Rights Equity Shares referred to in this application are being offered and sold only in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act (Regulation S) to existing shareholders who are located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/we hereby make the representations, warranties, acknowledgments and agreements set forth in "Restrictions on Purchases and Resales" on page 149 of this Letter of Offer.

I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in accordance with Regulation S to a person outside the United States.

I/ We acknowledge that we, the Company, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, as applicable, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor.

The plain paper Application format will be available on the website of the Registrar at www.masserv.com. Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish details of their demat account to the Registrar or our Company at least 2 (Two) Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least 1 day before the Issue Closing Date. If demat account details are not provided by the Eligible Equity Shareholders holding Equity Shares in physical form to the Registrar or our Company by the date mentioned above, such shareholders will not be allotted any Rights Equity Shares, nor such Rights Equity Shares be kept in suspense account on behalf of such shareholder.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company. In the event, the relevant details of the demat accounts of such Eligible Equity Shareholders are not received during the Issue Period, then their Rights Entitlements kept in the suspense escrow demat account shall lapse.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

1. The Eligible Equity Shareholders shall send form ISR-1, SH-13 (which can be download from website i.e., www.masserv.com) and ISR-2 (if signature does not matched with RTA record) the Registrar either by e-mail(with digital sign), post, speed post, courier, or hand delivery so as to reach to the Registrar no later than 2 (Two) Working Days prior to the Issue Closing Date;
2. The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least 1 (One) day before the Issue Closing Date; and
3. The remaining procedure for Application shall be same as set out in “*Procedure for Application through the ASBA process*” on page 128 of this Letter of Offer.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Equity Shares while submitting the Application through ASBA process.

PLEASE NOTE THAT NON-RESIDENT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE, i.e., FRIDAY, APRIL 14, 2023 AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

Allotment of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE “ALLOTMENT ADVICE OR REFUND / UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 143 OF THIS LETTER OF OFFER.

General instructions for Investors

- (a) Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.
- (b) The Application Form can be used by both the Eligible Equity Shareholders and the Renouncees.
- (c) Application should be made only through the ASBA facility.
- (d) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circular and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.
- (e) In accordance with the Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Circular and ASBA Circular, an Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with a SCSB, prior to making the Application.
- (f) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and / or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- (g) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under “*Application on Plain Paper under ASBA process*” on page 131 of this Letter of Offer.
- (h) Applications should be submitted to the Designated Branch of the SCSB or made online / electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.
- (i) Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form.
- (j) Applications should not be submitted to the Banker to the Issue, our Company or the Registrar or the Lead Manager.
- (k) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income Tax Act, 1961, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.
- (l) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation (Demographic Details) are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and / or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. The Allotment Advice and the e-mail intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the address of the Investor as per the e-mail address provided to our Company or the Registrar or Demographic Details

received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match 3 parameters i.e., (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.

- (m) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- (n) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his / her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
- (o) Investors should provide correct DP ID and Client ID / Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID should match the demat account details in the records available with Company and / or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.
- (p) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.
- (q) All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first / sole Applicant, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) / DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- (r) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- (s) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- (t) Do not submit the General Index Registrar number instead of the PAN as the application is liable to be rejected on this ground.
- (u) Avoid applying on the Issue Closing Date due to risk of delay / restrictions in making any physical Application.
- (v) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (w) Do not submit multiple Applications.
- (x) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is effected in contravention of this, the Application may be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.

- (y) No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.
- (z) An Applicant being an Overseas Corporate Body (OCB) is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules.
- (aa) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 and press release dated June 25, 2021.

Do's:

- (a) Ensure that the Common Application Form and necessary details are filled in.
- (b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.
- (c) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects.
- (d) Investors should provide correct DP ID and client ID/ folio number while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

Dont's:

- (a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- (b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (d) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (e) Do not submit multiple Applications.

Do's for Investors applying through ASBA:

- (a) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.
- (b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- (c) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Common Application Form before submitting the Application to the respective Designated Branch of the SCSB.

- (d) Ensure that you have authorised the SCSB for blocking funds equivalent to the amount payable on application mentioned in the Common Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.
- (e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- (f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Common Application Form in physical form or plain paper Application.
- (g) Ensure that the name(s) given in the Common Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Common Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Common Application Form and the Rights Entitlement Letter.

Dont's for Investors applying through ASBA:

- (a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- (b) Do not submit the Common Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.
- (c) Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not a SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- (d) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
- (e) Do not submit Application Form using third party ASBA account.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

- (a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar
- (b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
- (c) Sending an Application to our Company, the Lead Manager, Registrar, Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB.
- (d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to a regulatory order.
- (f) Account holder not signing the Application or declaration mentioned therein.
- (g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account
- (h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.

- (i) Submitting the General Index Registrar number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- (j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.
- (k) Applications by SCSB on its own account, other than through an ASBA Account in its own name with any other SCSB.
- (l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer.
- (m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable
- (n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements
- (p) We, the Registrar, the Lead Manager or any other person acting on behalf of us, reserve the right to treat invalid any Application Form which: (i) does not include the certification set out in the Application Form to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations; (ii) appears to us or its agents to have been executed in, electronically transmitted from or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where we believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and we shall not be bound to allot or issue any Rights Equity Shares in respect of any such Application Form.
- (q) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (r) Applicants holding physical shares not submitting the documents.
- (s) Application from investors who do not hold Rights Entitlement (REs) as on issue closing date in the demat account from which application is submitted
- (t) Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).
- (u) Application from Resident of countries which shares the border of India which is not having documentary evidence of approval from Ministry of Home Affairs.
- (v) Applications supported by amounts blocked from a third party bank account.
- (w) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar/Depositories

Depository account and bank details for Investors holding Equity Shares in demat accounts and applying in this Issue

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE COMMON APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE COMMON APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE COMMON APPLICATION

FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE COMMON APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Common Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Common Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Common Application Forms, the Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Common Application Forms are liable to be rejected.

Modes of Payment

All payments against the Common Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Common Application Forms, if such payments are not made through ASBA facility.

In case of Application through ASBA facility, the Investor agrees to block the amount payable on Application with the submission of the Common Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Common Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Common Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their Application at the time of the submission of the Common Application Form.

The SCSB may reject the application at the time of acceptance of Common Application Form if the ASBA Account, details of which have been provided by the Investor in the Common Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Common Application Form.

Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

Mode of payment for Resident Investors

All payments on the Common Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through the ASBA facility and using permissible accounts in accordance with the FEMA, FEMA Rules and requirements prescribed by the RBI and subject to the following conditions:

1. Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Common Application Forms on the websites of the Registrar, our Company and the Lead Manager.

Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Common Application Form shall be sent to their email addresses if they have provided their Indian address to our Company or if they are located in certain jurisdictions (other than the United States and India) where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering such jurisdiction. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdictions and in each case who make a request in this regard.

2. Common Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
3. Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.

Notes:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act.
2. In case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Common Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Common Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Rights Equity Shares.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see “*Procedure for Applications by Mutual Funds*” on page 146 of this Letter of Offer.

In cases where multiple Common Application Forms are submitted, including cases where an Investor submits Common Application Forms along with a plain paper Application or multiple plain paper Applications, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoters or members of Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in “*Capital Structure – Intention and extent of participation by our Promoters and Promoter Group*” on page 16 of this Letter of Offer.

Last date for Application

The last date for submission of the duly filled in the Common Application Form or a plain paper Application is Thursday, May 11, 2023, i.e., Issue Closing Date. Our Board or Rights Issue Committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Common Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or Rights Issue Committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or Rights Issue Committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under the section, “*Basis of Allotment*” on page 142 of this Letter of Offer.

Please note that on the Issue Closing Date for Applications through ASBA process shall be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges. Please ensure that the Common Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, applying through ASBA facility, may withdraw their Application post the Issue Closing Date.

Issue Schedule

Last Date for Credit of Rights Entitlements	Tuesday, April 25, 2023
Issue Opening Date	Wednesday, April 26, 2023
Last Date for On Market Renunciation of the Rights Entitlements*	Monday, May 8, 2023
Issue Closing Date[#]	Thursday, May 11, 2023
Finalisation of Basis of Allotment (on or about)	Thursday, May 18, 2023
Date of Allotment (on or about)	Friday, May 19, 2023
Date of Credit (on or about)	Tuesday, May 23, 2023
Date of Listing (on or about)	Monday, May 29, 2023

* Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

[#] Our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date) or such other time as may be permitted as per applicable law. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

The above schedule is indicative and does not constitute any obligation on our Company or the Lead Manager. Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than 2 (Two) Working Days prior to the Issue Closing Date, i.e., Tuesday, May 9, 2023 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least 1 (One) day before the Issue Closing Date, i.e., Wednesday, May 10, 2023. If demat account details are not provided by the Eligible Equity Shareholders holding Equity Shares in physical form to the Registrar or our Company by the date mentioned above, such shareholders will not be allotted any Rights Equity Shares nor such Rights Equity Shares be kept in suspense account on behalf of such shareholder in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar, is active to facilitate the aforementioned transfer. Eligible Equity Shareholders holding Equity Shares in physical form can update the details of their demat accounts on the website of the Registrar (i.e., investor@masserv.com). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts. Eligible Equity Shareholders can obtain the details of their Rights Entitlements from the website of the Registrar (i.e., www.masserv.com) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.somindia.com).

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Common Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board or Rights Issue Committee will proceed to Allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.
- (b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, i.e., Friday, April 14, 2023, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board or Rights Issue Committee in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (e) Allotment to any other person, that our Board or Rights Issue Committee may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board or Rights Issue Committee in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

Allotment Advice or Refund/ Unblocking of ASBA Accounts

Our Company will send / dispatch Allotment advice, refund intimations (or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them; along with crediting the Allotted Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of on or before T+1 day (T: Basis of allotment day). In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through an e-mail, to the e-mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through unblocking amounts blocked using ASBA facility.

Refund payment to non-residents

The Application Money will be unblocked in the FCNR/NRE Account of the non-resident Applicants, details of which were provided in the Common Application Form.

Allotment Advice or Demat Credit of Securities

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (in case of credit of the Rights Equity Shares returned/ reversed/ failed) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS WHERE THE CREDIT OF THE RIGHTS EQUITY SHARES RETURNED/REVERSED/FAILED.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed two agreements with the respective Depositories and the Registrar to the Issue, which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates:

- a) Tripartite agreement dated November 23, 2000 amongst our Company, NSDL and the Registrar to the Issue; and
- b) Tripartite agreement dated November 1, 2000 amongst our Company, CDSL and the Registrar to the Issue.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialized form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Common Application Form *vis-a-vis* such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Common Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Common Application Form, the Investor will not get any Rights Equity Shares and the Common Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Common Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by email and, if the printing is feasible, through physical dispatch.

7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates (i.e., 100%).

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which maybe specified by the Government from time to time. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

- (a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the off shore derivative instruments are to be transferred to are pre – approved by the FPI.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centers where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India (“OCI”) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country (“**Restricted Investors**”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies (“NBFC-SI”)

In case of an application made by NBFC-SI registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited consolidated financial statements is required to be attached to the application.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 10.00 lakhs or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than 6 months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than 3 years) and fine of an amount not less than the amount involved in the fraud, extending up to 3 times of such amount. Provided that where the fraud in question involves public interest, the term of imprisonment shall not be less than 3 years. In case the fraud involves (i) an amount which is less than ₹ 10.00 lakhs or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to 5 years or a fine of an amount extending up to ₹ 50.00 lakhs or with both.

Payment by stock invest

In terms of the RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Common Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Common Application Form would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.

Our Board or Rights Issue Committee reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Common Application Form carefully.

Utilisation of Issue Proceeds

Our Board declares that:

- A. All monies received out of this Issue shall be transferred to a separate bank account;
- B. Details of all monies utilized out of this Issue referred to under (A) shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies had been utilized; and
- C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Undertakings by our Company

Our Company undertakes the following:

- 1. The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
- 2. All steps for completion of the necessary formalities for listing and commencement of trading at Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within the timeline specified by SEBI.
- 3. The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- 4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- 5. In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- 6. Adequate arrangements shall be made to collect all ASBA Applications.
- 7. At any given time, there shall be only one denomination for the Rights Equity Shares of our Company.

8. No further issue of securities affecting our Company's Equity Share capital shall be made until the Rights Equity Shares are listed or until the Application Money is refunded on account of non-listing, under subscription etc.
9. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
10. Our Company accepts full responsibility for the accuracy of information given in the Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in the Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

Important

1. Please read the Letter of Offer carefully before taking any action. The instructions contained in the Common Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise, the Application is liable to be rejected.
2. All enquiries in connection with the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Common Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Common Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Common Application Form and super scribed "*Som Distilleries and Breweries Limited – Rights Issue*" on the envelope and postmarked in India or in the email) to the Registrar at the following address:

MAS Services Limited

T-34, 2nd Floor, Okhla Industrial Area,

Phase - II, New Delhi -110020, India;

Telephone: +91 11 - 26387281/ 82/83, 4132 0335;

Fax: +91 11 – 2638 7384

Email: investor@masserv.com

Website: www.masserv.com

Investor Grievance Email: investor@masserv.com

SEBI Registration: INR 000000049

Contact Person: N. C. Pal

3. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.masserv.com). Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties are +91-11-2638 7281 82/83, 4132 0335.

This Issue will remain open for a minimum 7 days. Our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the Foreign Investment Promotion Board (“**FIPB**”). Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“**FDI**”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) (“**DPIIT**”), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 (“**FDI Policy**”) by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020, which with effect from October 15, 2020, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis. The above information is given for the benefit of the Investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

RESTRICTIONS ON PURCHASES AND RESALES

General Eligibility and Restrictions

No action has been taken or will be taken to permit a public offering of the Rights Entitlements or the Issue Shares in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer, its accompanying documents or any other material relating to our Company, the Rights Entitlements or the Equity Shares in any jurisdiction where action for such purpose is required, except that this Letter of Offer will be filed with SEBI and the Stock Exchanges.

The Rights Entitlements and the Issue Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States.

The Rights Entitlements or the Equity Shares may not be offered or sold, directly or indirectly, and none of this Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the Rights Entitlements or the Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Equity Shares, applying for excess Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Equity Shares.

This Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Equity Shares, or who purchases the Rights Entitlements, or Equity Shares shall do so in accordance with the restrictions in their respective jurisdictions.

SECTION VIII – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following material documents and contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years prior to the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office between 10 a.m. and 5 p.m. on all working days from the date of the Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated February 23, 2023 entered into between our Company and the Lead Manager.
2. Registrar Agreement dated February 23, 2023 entered into between our Company and the Registrar to the Issue.
3. Escrow Agreement dated March 16, 2023 amongst our Company, the Registrar to the Issue and the Bankers to the Issue / Refund Bank.

B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended from time to time.
2. Certificate of incorporation dated March 26, 1993.
3. Copy of Prospectus of the Company for its Initial Public Offering in the year 1994.
4. Copy of Letter of Offer dated December 27, 2021, for the rights issue of our Company.
5. Resolution of the Board of Directors dated January 24, 2023, in relation to the Issue.
6. Resolution of the Board of the Directors dated February 27, 2023, approving and adopting the Draft Letter of Offer.
7. Resolution of the Board of the Directors dated April 6, 2023, finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.
8. Resolution of the Board of Directors dated April 6, 2023 approving and adopting this Letter of Offer.
9. Consent of our Directors, Company Secretary and Compliance Officer, Statutory Auditor, Legal Advisor, Lead Manager, the Registrar to the Issue, Banker to the Issue/ Refund Bank for inclusion of their names in the Letter of Offer in their respective capacities.
10. Copies of Annual Reports of our Company for Fiscals 2022, 2021, 2020, 2019 and 2018.
11. The Audited Consolidated Financial Statements along with report dated April 26, 2022 and Limited Review Unaudited Consolidated Financial Results along with the report thereon dated January 24, 2023 of the Statutory Auditor thereon, included in this Letter of Offer.
12. Statement of Tax Benefits dated February 23, 2023 from the Statutory Auditor included in this Letter of Offer.
13. Tripartite Agreement dated November 1, 2000 between our Company, CDSL and the Registrar to the Issue.
14. Tripartite Agreement dated November 23, 2000 between our Company, NSDL and the Registrar to the Issue.
15. In-principle approvals dated March 17, 2023 and March 6, 2023 issued by BSE and NSE, respectively.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Jagdish Kumar Arora
Chairperson and Managing Director

Date: April 6, 2023

Place: Bhopal

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Nakul Kam Sethi
Whole-time Director

Date: April 6, 2023

Place: Bhopal

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Satpal Kumar Arora
Independent Director

Date: April 6, 2023

Place: Delhi

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Deena Nath Singh
Independent Director

Date: April 6, 2023

Place: Bhopal

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Uma Kant Samal
Independent Director

Date: April 6, 2023

Place: Bhopal

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Nishi Arora
Independent Director

Date: April 6, 2023

Place: Bhopal

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Rajesh Kumar
Independent Director

Date: April 6, 2023

Place: Mohali

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Rajesh Dubey
Chief Financial Officer

Date: April 6, 2023

Place: Bhopal