



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 46 of this Draft 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, 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 49,99,058 EQUITY SHARES OF FACE VALUE ₹ 5 EACH (“RIGHTS EQUITY SHARES”) OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●] EACH INCLUDING A SHARE PREMIUM OF ₹ [●] PER RIGHTS EQUITY SHARE (THE “ISSUE PRICE”), AGGREGATING UPTO ₹ [●] LAKHS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 1:13 I.E. ONE RIGHTS EQUITY SHARE FOR EVERY THIRTEEN FULLY PAID-UP EQUITY SHARES HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (THE “ISSUE”). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS [●] ([●]) TIMES THE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED “TERMS OF THE ISSUE” ON PAGE 116 OF THIS DRAFT LETTER OF OFFER.

WILFUL DEFAULTERS

Neither our Company, nor any of our Promoters or Directors are categorised as wilful defaulters by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

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 Draft Letter of Offer. Specific attention of the investors is invited to the section titled “Risk Factors” on page 20 of this Draft Letter of Offer.

OUR COMPANY’S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and this Issue, which is material in the context of this Issue, that the information contained in this Draft 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 Draft 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 [●] and [●], 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

SAFFRON

energising ideas

SAFFRON CAPITAL ADVISORS PRIVATE LIMITED

605, Center Point, 6th floor, J. B. Nagar, Andheri Kurla Road, Andheri (East), Mumbai - 400 059, Maharashtra, India.

Telephone: +91 22 4082 0906

Facsimile: +91 22 4082 0999

E-mail: rights.issue@saffronadvisor.com

Website: www.saffronadvisor.com

Investor grievance: investorgrievance@saffronadvisor.com

Contact Person: Varsha Gandhi

SEBI Registration Number: INM000011211

Validity of Registration: Permanent

REGISTRAR TO THE ISSUE

MASS

MAS SERVICES LIMITED

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

Phase - II,

New Delhi - 110 020, India

Telephone: +91 11 2638 7281 / 82 / 83

Facsimile: +91 11 2638 7384

E-mail: sm@masserv.com

Website: www.masserv.com

Investor grievance: info@masserv.com

Contact Person: Shrawan Mangla

SEBI Registration No.: INR000000049

Validity of Registration: Permanent

ISSUE PROGRAMME		
ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION	ISSUE CLOSES ON
[●]	[●]	[●]

* 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 Renounees on or prior to the Issue Closing Date

** Our Board or a duly authorized 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 Draft Letter of Offer uses certain definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalized terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalized terms used in this Draft Letter of Offer shall have the meaning as defined hereunder. References to any legislations, acts, regulation, rules, guidelines, circulars, notifications, policies or clarifications shall be deemed to include all amendments, supplements or re-enactments and modifications thereto notified from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under such provision.

Provided that terms used in the sections/ chapters titled “Industry Overview”, “Summary of this Draft Letter of Offer”, “Financial Information”, “Statement of Tax Benefits”, “Outstanding Litigation and Material Developments” and “Issue Related Information” on pages 63, 17, 89, 59, 103, and 116 respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/ chapters.

Company Related Terms

Term	Description
“Company”, “our Company”, “the Company”, “the Issuer”	Som Distilleries and Breweries Limited, a public limited company incorporated under Companies Act, 1956 having its registered office at, 1-A Zee Plaza, Arjun Nagar, Safdarjang Enclave, Kamal Cinema Road, New Delhi-110029
“we”, “us”, or “our”	Unless the context otherwise indicates or implies, refers to our Company.
“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 and its Subsidiaries for the year ended March 31, 2021 (along with comparatives for the year ended March 31, 2020) prepared in accordance with IND AS which comprises the consolidated balance sheet as at March 31, 2021 and March 31, 2020, the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended March 31, 2021 and March 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information read along with the report thereon..
“Auditor” / “Statutory Auditor”/ “Peer Reviewed Auditor”	Statutory and peer reviewed auditor of our Company, namely, M/s AKB Jain & Co, Chartered Accountants.
“Board” / “Board of Directors”	Board of directors of our Company or a duly constituted committee thereof.
“Chief Financial Officer / CFO”	Mr. Rajesh Kumar Dubey, the Chief Financial Officer of our Company.
“Company Secretary and Compliance Officer”	Mr. Om Prakash, the Company Secretary and the Compliance Officer of our Company.
“Corporate Office”	23, Zone-II, Maharana Pratap Nagar, Bhopal- 462 011
“Director(s)”	The director(s) on the Board of our Company, unless otherwise specified.
“Equity Shareholder”	A holder of Equity Shares
“Equity Shares”	Equity shares of our Company of face value of ₹ 5 each.
“Executive Directors”	Executive directors of our Company.
“Financial Information”	Collectively the Audited Consolidated Financial Statements and the Limited Reviewed Unaudited Consolidated Financial Statements.
“Independent Director(s)”	The independent director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act, 2013.
“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 “Our Management – Key Managerial Personnel” on page 73 of this Draft Letter of Offer.
Limited Reviewed Unaudited Consolidated Financial Statements	Unaudited interim consolidated financial statements of our Company and its Subsidiaries, for the six months ended September 30, 2021 prepared in accordance with the 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 reviewed in accordance with the Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information performed by

Term	Description
	<i>the Independent Auditor of the Entity</i> ” issued by the Institute of Chartered Accountants of India, along with a limited review report thereon.
Materiality Policy	A policy adopted by our Company, in the Board meeting held on October 30, 2021 for identification of material litigation(s) for the purpose of disclosure of the same in this Draft 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”	The Promoters of our Company namely Surjeet Lal, Ajay Kumar Arora, Sunita Arora, Natasha Arora, Jagdish Kumar Arora, Sweena Arora, Deepak Arora, 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 1-A Zee Plaza, Arjun Nagar, Safdarjang Enclave, Kamal Cinema Road, New Delhi-110029.
“Registrar of Companies”/ “RoC”	Registrar of Companies, Delhi & Haryana situated at 4 th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110 019
“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	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 the Application Money lying to the credit of the Escrow account(s) and the Application 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 Section 40(3) of the Companies Act.
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 Draft Letter of Offer, including an ASBA Investor.
Application	Application made through (i) submission of the 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, or (ii) filling the online Application Form available on R-WAP, to subscribe to the Rights Equity Shares at the Issue Price.
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application through the R-WAP facility or through the website of the SCSBs (if made available by such SCSBs) under the ASBA process used by an Applicant to make an application for the Allotment of Rights Equity Shares in this 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.

Term	Description
ASBA Account	Account maintained with a SCSB and as specified in the Application Form or plain paper application, as the case may be, for blocking the amount mentioned in the Application Form or the plain paper application, in case of Eligible Equity Shareholders, as the case may be.
ASBA Applicant/ ASBA Investor	As per the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, all investors (including renouncees) shall make an application for a rights issue only through ASBA facility.
ASBA Bid	A Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations.
Banker(s) to the Issue	Collectively, the Escrow Collection Bank and the Refund Banks to the Issue, in this case being [●].
Bankers to the Issue Agreement	Agreement dated [●] entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Banker to the Issue for collection of the Application Money from Applicants/Investors making an application through the R-WAP facility, transfer of funds to the Allotment Account from the Escrow Account and SCSBs, release of funds from Allotment Account to our Company and other persons and where applicable, refunds of the amounts collected from Applicants/ Investors and providing such other facilities and services as specified in the agreement.
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 116 of this Draft Letter of Offer.
Controlling Branches/ Controlling Branches of the SCSBs	Such branches of SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on the website of SEBI at http://www.sebi.gov.in .
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 ASBA Forms 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 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	This draft letter of offer dated November 18, 2021, filed with the Stock Exchanges, for its observations and in-principle listing approval.
Escrow Collection Bank	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom Escrow Account(s) will be opened, in this case being [●].
Eligible Equity Shareholders	Existing Equity Shareholders as on the Record Date i.e. [●]. 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 3 of this Draft Letter of Offer.
Issue / Rights Issue	Issue of up to 49,99,058 Equity Shares of face value of ₹ 5 each (“Rights Equity Shares”) of our Company for cash at a price of ₹ [●] per Rights Equity Share (including a share premium of ₹ [●] per Rights Equity Share) aggregating up to ₹ [●] lacs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of one (1) Rights Equity Share for every thirteen (13) fully paid-up Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date i.e. [●].
Issue Closing Date	[●]
Issue Opening Date	[●]
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	₹ [●] per Rights Equity Share.
Issue Proceeds	Gross proceeds of the Issue.
Issue Size	Amount aggregating up to ₹ [●] lacs* *Assuming full subscription
Lead Manager	Saffron Capital Advisors Private Limited
Letter of Offer/LOF	The final letter of offer to be issued by our Company in connection with the Issue.
Net Proceeds	Proceeds of the Issue less our Company’s share of estimated Issue related expenses. For further information about the Issue related expenses, see “ <i>Objects of the Issue</i> ” on page 54 of this Draft Letter of Offer.
Non-ASBA Investor/ Non-ASBA Applicant	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process comprising Eligible Equity Shareholders holding Equity Shares in physical form or who intend to renounce their Rights Entitlement in part or full and Renouncees.

Term	Description
Non-Institutional Bidders or 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 Exchange through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchange, from time to time, and other applicable laws, on or before [●].
QIBs or 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 [●].
Refund Bank(s)	The Banker(s) to the Issue with whom the Refund Account(s) will be opened, in this case being [●].
Registrar to the Issue / Registrar	MAS Services Limited.
Registrar Agreement	Agreement dated October 22, 2021, 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 the Rights Entitlement from the Eligible Equity Shareholders on renunciation.
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. [●]. Such period shall close on [●], 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. [●].
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 Entitlement/REs	<p>The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, being one (1) Rights Equity Shares for every thirteen (13) Equity Shares held on [●].</p> <p>The Rights Entitlements with a separate ISIN: [●] will be credited to your demat account before the date of opening of the Issue, against the equity shares held by the Equity Shareholders as on the Record Date i.e. [●]</p> <p><i>Pursuant to the provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circular, the Rights Entitlements shall be credited in dematerialized form in respective demat accounts of the Eligible Equity Shareholders before the Issue Opening Date.</i></p>
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the R-WAP facility and link for the same will be available on the website of our Company.
Rights Equity Shares/ Rights Shares	Equity Shares of our Company to be Allotted pursuant to this Issue.
R-WAP	Registrar's web based application platform accessible at www.masserv.com instituted as an optional mechanism in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 and SEBI/HO/CFD/DIL2/CIR/P/2021/633 dated October 01, 2021 for accessing/ submitting online Application Form by resident Investors.
SEBI Rights Issue Circulars	Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI/HO/CFD/DIL2/CIR/P/2021/633 dated October 01, 2021.

Term	Description
Self-Certified Syndicate Banks” or “SCSBs	The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 , as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI mechanism), a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time
Stock Exchanges	Stock exchange where the Equity Shares are presently listed, being BSE and NSE.
Transfer Date	The date on which the amount held in the escrow account(s) and the amount blocked in the ASBA Account will be transferred to the Allotment Account, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Wilful Defaulter	A Company or person, as the case may be, categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(III) of SEBI ICDR Regulations and in accordance with the guidelines on wilful defaulters issued by the RBI, including any company whose director or promoter is categorized as such.
Working Day	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Issue Period, Term Description the term Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchange. “Working Day” shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays, as per the 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
CAGR	Compounded Annual Growth Rate
Case	12 bottles of 650 ml each totaling 7.8 litres
Covid-19	Coronavirus Disease 2019
F&B	Food and Beverage
FOB	Free On Board
GDP	Gross Domestic Product
GVA	Gross Value Added
IMF	International Monetary Fund
IMFL	Indian Made Foreign Liquor
INR	Indian Rupee (₹)
KL	Kilo Litres
RTD	Ready to Drink
USA/US	United States of America
USD/ US\$	US Dollar

Conventional and General Terms or Abbreviations

Term	Description
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.

Term	Description
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).
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
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

Term	Description
	transactions pursuant to general permission granted to OCBs under FEMA. OCBs are not allowed to 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 of America, its territories and possessions, any state of the United States of America and the District of Columbia
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 Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter (collectively “**Issue Material**”) 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.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch through email and courier the Issue Material only to Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to our Company. Further, the Draft Letter of Offer will be provided, through email and courier, by the Registrar on behalf of our Company 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 in each case who make a request in this regard. Investors can also access the Issue Material from the websites of the Registrar, our Company, the Stock Exchanges, and on R-WAP. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent any 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 Material 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 Material 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 Material 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 Material should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Issue Material to any person outside India where to do so, would or might contravene local securities laws or regulations. If the Issue Material 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 Material.

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 Application Form as invalid where they 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 or Rights Entitlement in respect of any such Application Form. Neither the delivery of this Draft 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 at any time subsequent to the date of this Draft Letter of Offer or the date of such information.

Neither the delivery of the Issue Material 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 the Issue Material or the date of such information.

THE CONTENTS OF THIS DRAFT 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 Draft 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 Material should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

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. Our Company is making the Issue on a rights basis to Eligible Equity Shareholders and the Issue Material will be dispatched only to Eligible Equity Shareholders who have an Indian address. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that, (i) it is not and that at the time of subscribing for such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, and (ii) it is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat any Application Form as invalid which: (i) does not include the certification set out in the Application Form to the effect that the subscriber is authorised to acquire the Rights Equity Shares or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form.

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 OR DISTRIBUTED TO ANY OTHER PERSON.

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND CURRENCY OF PRESENTATION

Certain Conventions

All references to “India” contained in this Draft 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 Draft 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 Draft Letter of Offer is in Indian Standard Time (“IST”). Unless indicated otherwise, all references to a year in this Draft 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 Draft Letter of Offer are to the page numbers of this Draft Letter of Offer.

Financial Data

Unless stated otherwise or the context otherwise requires, the financial information and financial ratios in this Draft Letter of Offer has been derived from our Audited Consolidated Financial Statements for the year ended March 31, 2021 and the Limited Reviewed Unaudited Consolidated Financial Statements for the six months period ended September 30, 2021. For details, please see “*Financial Information*” on page 89. 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.

The GoI has adopted the Indian accounting standards (“**Ind AS**”), which are converged with the International Financial Reporting Standards of the International Accounting Standards Board (“**IFRS**”) and notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (the “**Ind AS Rules**”). The Audited Consolidated Financial Statements of our Company and its Subsidiaries for the Financial Year ended March 31, 2021 have been prepared in accordance with Ind AS as prescribed under Section 133 of Companies Act read with the Ind AS Rules and other the relevant provisions of the Companies Act and audited in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (revised), 2019, issued by the ICAI. The Limited Reviewed Consolidated Financial Statements of our Company and its Subsidiaries for the six months ended September 30, 2021 have been prepared in accordance with the 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 reviewed in accordance with the Standard on Review Engagements (SRE) 2410, “*Review of Interim Financial Information performed by the Independent Auditor of the Entity*” issued by the Institute of Chartered Accountants of India. Our Company publishes its financial statements in Rupees.

In this Draft 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. Our Company has presented all numerical information in the Financial Statements in whole numbers and other information in this Draft Letter of Offer is represented in “lakh/lac” units or in whole numbers where the numbers have been too small to represent in lac. One lac represents 1,00,000 and one million represents 10,00,000.

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 Draft 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 Draft 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 Draft Letter of Offer should accordingly be limited. For further information, see “*Financial Information*” on page 89

Certain figures contained in this Draft 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 Draft Letter of Offer rounded-off to such number of decimal points as provided in such respective sources. In this Draft 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 Draft Letter of Offer in “lakh” 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 Draft Letter of Offer, unless otherwise indicated, have been calculated based on our Audited Financial Information.

Exchange Rates

This Draft 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		
	March 31, 2021	March 31, 2020	March 31, 2019*
1 USD	73.51	75.38	69.17
1 Euro	86.01	83.04	77.70

*Exchange rate as on March 29, 2019, as RBI reference rate is not available for March 31, 2019 and March 30, 2019 being a Saturday and Sunday, respectively.

(Source: www.rbi.org.in and www.fbil.org.in)

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Letter of Offer has been obtained or derived from publicly available information as well as industry publications and sources.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Draft Letter of Offer is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified 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 20, this Draft Letter of Offer. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Draft Letter of Offer is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

FORWARD - LOOKING STATEMENTS

This Draft Letter of Offer contains certain “forward-looking statements”. Forward looking statements appear throughout this Draft 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 Draft Letter of Offer that are not historical facts. These forward-looking statements contained in this Draft 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 20, 73 and 91, respectively, of this Draft 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 Draft 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 Draft Letter of Offer until the time of receipt of the listing and trading permissions from the Stock Exchange.

SUMMARY OF THIS DRAFT 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 Draft 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 20, 45, 51, 54, 73, 63, 103 and 116 respectively.

1. Summary of Industry

Indian alcoholic beverage industry is one of the biggest alcoholic beverage industries across the globe, only behind two major countries i.e. China and Russia. Growing demand for alcoholic beverages in India is majorly attributed to the huge young population base and growing consumption of alcohol by the young generation as well as rising disposable income is strengthening the industry growth. With a population of 1.3 billion India is one of the largest consumer markets across the globe. It is also demographically one of the youngest with around 50% of its population below the age of 25 and around 65% below the age of 35. The majority of alcohol volume is consumed by people between the ages of 18 and 40. These demographic statistics are expected to fuel the growth of alcoholic beverages market over the forecast period at rapid pace. Additionally, rapid urbanization of tier-II cities is further fuelling the market growth.

For further details, please refer to the chapter titled “Industry Overview” at page 63 of this Draft Letter of Offer.

2. Summary of Business

Our Company is one of the leading alcoholic beverages manufacturers in India. Our Company is primarily engaged in the production of beer; and blending and bottling of IMFL. We offer a broad line of products at various price points and the product portfolio consist of various options across beer, rum, brandy, vodka and whisky. Our Company has three key brands of beer – Hunter, Black Fort and Power Cool.

For further details, please refer to the chapter titled “Our Business” at page 73 of this Draft Letter of Offer.

3. Our Promoters

The Promoters of our Company are 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.

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

Pursuant to a letter dated October 18, 2021, Jagdish Kumar Arora, Ajay Kumar Arora, Deepak Arora, Som Distilleries Private Limited and Aalok Deep Finance Private Limited (“Subscription Letter”), have confirmed that they intend to subscribe, jointly and / or severally, to the full extent of their Rights Entitlements (including through subscription of any Rights Entitlements renounced in their favour by any other Promoter or member(s) of the Promoter Group of our Company). Further, they shall subscribe to Additional Rights Equity Shares, over and above their Rights Entitlements and to subscribe to any unsubscribed portion of the Issue, if any, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

The acquisition of Additional Rights Equity Shares by our Promoters and members of our Promoter Group, over and above their Rights Entitlements, if any, shall not result in a change of control of the management of our Company and shall be in accordance with provisions of 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 applicable law, pursuant to this Issue.

The acquisition of Additional Rights Equity Shares by our Promoters and members of our Promoter Group over and above its Rights Entitlements may cause the Promoters and Promoter Group to exceed the threshold of 25% under Regulation 3(1) of the Takeover Regulations thereby necessitating a mandatory open offer. Accordingly, certain of our promoters (i) Jagdish Kumar Arora; (ii) Ajay Kumar Arora; (iii) Deepak Arora; (iv) Som Distilleries Private Limited and (v) Aalok Deep Finance Private Limited had applied for exemption under Regulation 11(1) of the Takeover Regulations to SEBI and SEBI *vide* its letter dated July 15, 2021 has granted

an exemption to the extent that the subscription in the rights issue leading to their holding, crossing the threshold of 25%, shall not be required to make an open offer.

5. Objects of the Issue

The Net Proceeds are proposed to be used in the manner set out in the following table:

		(₹ in lakhs)
Particulars		Amount
Utilization towards long term working capital requirement of our Company [^]		2,100.00
General Corporate Purposes		[●]
Total Net proceeds		[●]

The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.

[^] Deployed during FY 2021-22. Further, any portion of the Net Proceeds not deployed for the stated Objects in FY 2021-22 will be deployed by our Company in FY 2022-23.

For further details, please see chapter titled “Objects of the Issue” beginning on page 54 of this Draft Letter of Offer.

6. Summary of Audited Financial Information

Following are the details as per the Consolidated Audited Financial Information as at and for the Financial Years ended on March 31, 2020 and 2021 and the quarter ended June 30, 2021:

Sr. No.	Particulars	September 30, 2021*	Fiscal 2021	Fiscal 2020
1.	Authorised Share Capital	40,00,00,000	40,00,00,000	35,00,00,000
2.	Paid-up Capital	32,49,38,690	32,49,38,690	32,49,38,690
3.	Net Worth	26,67,00,186	281,80,58,220	319,91,64,073
4.	Total Revenue	2,34,10,47,265	5,09,65,85,947	7,15,21,23,113
5.	Profit after tax	(15,10,28,034)	(38,07,28,988)	15,02,10,877
6.	Earnings per Share (basic & diluted) (in ₹)	(2.32)	(5.86)	3.02
7.	Net Asset Value per Equity Share (in ₹)	8.21	8.67	9.85
8.	Total Borrowings	27,83,79,385	29,28,77,081	30,05,01,086

**6 months period ended, Unaudited, reviewed*

For further details, please refer the section titled “Financial Information” on page 89 of this Draft Letter of Offer.

7. Summary of Outstanding Litigation

A summary of the pending tax proceedings and other material litigations involving our Company, our Promoter, our Directors and our Group Companies is provided below:

Litigations involving our Company

i) Cases filed against our Company:

Nature of Litigation	Number of matters outstanding	Amount involved (₹)
Criminal matters	1	Not quantifiable
Direct Tax matters	-	-
Indirect Tax matters	-	-
Actions taken by regulatory authorities	-	-
Material civil litigations	3	10,50,00,000*

**To the extent quantifiable*

ii) Cases filed by our Company:

Nature of Litigation	Number of matters outstanding	Amount involved (₹)
Criminal matters	10	Not quantifiable
Direct Tax matters	6	12,45,43,228*
Indirect Tax matters	8**	49,39,93,100*
Actions taken by regulatory authorities	-	-
Material civil litigations	-	-

**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.*

For further details, please see the chapter titled “*Outstanding Litigation and Material Developments*” beginning on page 103 of this Draft Letter of Offer.

8. Risk Factors

Please see the chapter titled “*Risk Factors*” beginning on page 20 of this Draft Letter of Offer.

9. Summary of Contingent Liabilities

Following are the details as per the Audited Financial Information as at and for the Financial Year ended on March 31, 2021:

Particulars	(Amount in ₹)
Claims against the Company not acknowledged as debts/ disputed	
- Commercial Tax Department	60,70,636
- Income Tax Department	11,18,14,414
Guarantees given by Bankers on behalf of the Company not provided for	9,39,99,451
Corporate Guarantee given to a bank on behalf of subsidiaries	1,13,06,00,000
Total	1,34,24,84,501

For further details, please see the chapters titled “*Audited Connsolidated Financial Statements - Note 30 - Contingent Liabilities*” at page F-21 of the Audited Consolidated Financial Statements in this Draft Letter of Offer.

10. Summary of Related Party Transactions

(Amount in ₹)				
Nature of Transaction	Name of the related party	Half year ended September 30, 2021	Year ended 31st Mar 2021	Year ended 31st Mar 2020
Sale of Assets/ Goods	Subsidiaries	1,82,56,205	3,18,77,189	8,98,693
Sales/ Services	Som Distilleries Private Limited	13,60,847	53,86,281	-
Purchase of Goods	Som Distilleries Private Limited	5,51,87,940	9,83,25,000	18,78,15,023
	Subsidiaries	1,25,25,928	1,38,04,441	42,39,375
Other Transactions	Som Distilleries Private Limited	25,27,70,904	4,59,91,726	1,7,05,26,683
	Subsidiaries	9,07,67,489	2,0,60,60,141	1,55,23,419
Remuneration	Whole Time Directors	96,60,000	88,09,842	60,00,000
Sitting Fees	Independent Directors	2,70,000	4,50,000	1,41,600

For further details, please refer “*Audited Connsolidated Financial Statements - Note 33 - Related Party Disclosures*” at page F-23 of the Audited Consolidated Financial Statements in this Draft Letter of Offer.

11. 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.

12. Split or consolidation of Equity Shares in the last one year

Except as stated below our Company has not split or condolidated its shares in the last one year:

Purpose	Ex-Date	Book Closure / Record Date	Date of resolution passed by the Shareholders of the Company, authorizing the split/ consolidation
Stock Split from ₹ 10 to ₹ 5	October 15, 2020	October 16, 2020	September 29, 2020

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 Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue including the merits and risks involved. The risks described below are not the only ones relevant to us, our Equity Shares, the industry or the segment in which we operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may arise or may become material in the future and may also impair our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the trading price of our Equity Shares could decline, and as prospective investors, you may lose all or part of your investment. You should consult your tax, financial and legal advisors about particular consequences to you of an investment in this Issue.

To obtain a complete understanding, you should read this section in conjunction with the sections “Industry Overview”, “Our Business” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” on pages 63, 73 and 91 of this Draft Letter of Offer, respectively. The industry-related information disclosed in this section has been derived from publicly available information as well as industry publications and sources. Neither our Company, nor any other person connected with the Issue, has independently verified the information in the industry report or other publicly available information cited in this section.

This Draft Letter of Offer also contains forward-looking statements that involve risks, assumptions, estimates 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, in the section titled “Forward-Looking Statements” on page 15 of this Draft Letter of Offer.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context requires otherwise, the financial information of our Company has been derived from the Audited Financial Information, prepared in accordance with Ind AS and the Companies Act and audited in accordance with the SEBI ICDR Regulations.

Materiality:

The Risk Factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality of Risk Factors:

- *Some events may not be material individually but may be found material collectively;*
- *Some events may have material impact qualitatively instead of quantitatively; and*
- *Some events may not be material at present but may have a material impact in future.*

The financial and other related implications of risks concerned, wherever quantifiable have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence, the same has not been disclosed in such risk factors. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.

In this Draft Letter of Offer, any discrepancies in any table between total and sums of the amount listed are due to rounding off.

In this section, unless the context requires otherwise, any reference to “we”, “us” or “our” refers to Som Distilleries and Breweries Limited.

The risk factors are classified as under for the sake of better clarity and increased understanding.

INTERNAL RISK FACTORS

BUSINESS RELATED RISKS

1. ***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. 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.

Further, if in case, due to any consequent wave of Coronavirus, if a long term lockdown is imposed in the country or the state in which we conduct our business, we may face losses and our business operations could be severely impacted.

2. ***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 sales volume; i.e. approximately 69% of our total domestic sales volume in Fiscal 2021. The other states where we operate that contribute significantly to our sales volume are Delhi NCR, Kerala, Odisha and the Canteen Stores Department, which contributed approximately 16% of our total sales volume in India in Fiscal 2021. The concentration of our operations and sales in the Madhya Pradesh and Karnataka regions increases our exposure to economic, climatic, demographic and other challenges in such territory, which may adversely affect our business prospects, financial conditions and results of operations. Any adverse development that affects the economic performance of this region could have a material adverse effect on our results of operations.

3. ***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 regulatory systems 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 India's Constitution states that the Government 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 state Government of each state in India. While our Company believes that likelihood of prohibition is low, 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.

4. ***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 has incurred losses in the recent past, attributable largely to the COVID 19 pandemic and its consequent nationwide lockdown, the details of which are provided below:

Som Distilleries & Breweries Limited (Consolidated)

(Amount in ₹)		
Particulars	March 31, 2020	March 31, 2021
Profit/ (Loss) incurred	15,02,10,877	(38,07,28,988)

*Som Distilleries & Breweries Limited (Standalone)**(Amount in ₹)*

Particulars	March 31, 2020	March 31, 2021
Profit/ (Loss) incurred	15,10,20,705	(38,11,05,850)

*Som Distilleries & Breweries Odisha Private Limited**(Amount in ₹)*

Particulars	March 31, 2020	March 31, 2021
Profit/ (Loss) incurred	2,36,13,918	(11,06,39,241.00)

*Woodpecker Distilleries & Breweries Private Limited**(Amount in ₹)*

Particulars	March 31, 2020	March 31, 2021
Profit/ (Loss) incurred	(4,30,50,893)	(8,97,28,927.00)

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.

5. ***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:

(Amount in ₹)

Particulars	March 31, 2021	March 31, 2020
Net Cash Flow from/(used in) Operating Activities	36,41,19,905	41,14,98,559
Net cash generated from/(used in) investing activities	(128,933,250)	(702,800,071)
Net Cash Flow from/(used in) Financing Activities	(30,99,11,783)	26,40,70,791

6. ***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 July, 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 condition.

7. ***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. For details, see "Outstanding Litigation and Material Developments" on page 103

These laws and regulations are increasingly becoming 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 intend to comply 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.

8. *There are certain criminal and other 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 Draft Letter of Offer, our Company and one of our Subsidiary, Woodpecker Distilleries & Breweries Private Limited 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 and Subsidiary, 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 Subsidiary are provided below:

Litigations involving our Company

i) Cases filed against our Company:

Nature of Litigation	Number of matters outstanding	Amount involved (₹)
Criminal matters	1	Not quantifiable
Direct Tax matters	-	-
Indirect Tax matters	-	-
Actions taken by regulatory authorities	-	-
Material civil litigations	3	10,50,00,000*

*To the extent quantifiable

ii) Cases filed by our Company:

Nature of Litigation	Number of matters outstanding	Amount involved (₹)
Criminal matters	10	Not quantifiable
Direct Tax matters	6	12,45,43,228*
Indirect Tax matters	8**	49,39,93,100*
Actions taken by regulatory authorities	-	-
Material civil litigations	-	-

*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.

Litigations involving our Subsidiary

Nature of Litigation	Number of matters outstanding	Amount involved* (₹)
Criminal matters	-	-
Direct Tax matters	2	36,02,369
Indirect Tax matters	-	-
Actions taken by regulatory authorities	-	-
Material civil litigations	-	-

For further details, please see the chapter titled “*Outstanding Litigation and Material Developments*” beginning on page 103 of this Draft Letter of Offer.

9. *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 our profitability.

10. 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 12.

11. 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 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, our costs would increase. We may not be able to pass this increase in our costs to our customers.

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

Our contingent liabilities as of March 31, 2021 were as follows:

Sr. No.	Particulars	Amount (₹)
Claims against the Company not acknowledged as debts/ disputed		
i.	Commercial Tax Department	60,70,636
ii.	Income Tax Department	11,18,14,414
iii.	Guarantees given by Bankers on behalf of the Company not provided for	9,39,99,451
iv.	Corporate guarantee given to a bank on behalf of subsidiaries	1,13,06,00,000

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

13. 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.

14. *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 ₹ 135,46,47,890 as on September 30, 2021. 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 the chapter titled Financial Statements on page 89 of this Draft Letter of Offer.

15. *We are subject to restrictive covenants under our financing agreements that could limit our flexibility in managing our business or to use cash or other assets.*

Typically, restrictive covenants under financing documents of our Company relate to obtaining prior consent of the lender for events or actions including the following:

- any change in shareholding of our Promoter;
- any change in the capital structure of our Company;
- any additional borrowings;
- any encumbrance or security over charged assets;
- change in the ownership or control of our Company, resulting in any change in the beneficial ownership;
- create any further charge over the asset provided as security without Bank's prior approval;
- any material change in the management of our Company;
- invest by way of share capital in or lend or advance to or place deposits with any other concern;
- implement any scheme of expansion or acquire fixed assets like land and buildings.
- any scheme of merger, amalgamation, compromise or reconstruction;
- any change in the constitutional documents of our Company;
- pre-paying any indebtedness incurred by our Company;
- declaring any dividend on share capital of the Company, if our Company has failed to meet its obligations to pay the interest and/or commission and/or installment or installments and/or other moneys payable to the lender, so long as it is in such default;
- selling, assigning, mortgaging or otherwise disposing of any of the fixed assets charged to the lender;
- undertaking any new business, operations or projects or substantial expansion of any current business, operations or projects;
- undertake guarantee obligations on behalf of any third party or any other company;
- any contractual obligation of a long-term nature or affecting our Company financially to a significant extent; and
- any change to the general nature of the business of the Company.

In addition, such restrictive covenants may also affect some of the rights of our shareholders and our ability to pay dividends if we are in breach of our obligations under the applicable financing agreement. Such financing agreements also require us to maintain certain financial ratios.

Any failure to service our indebtedness, perform any condition or covenant or comply with the restrictive covenants could lead to a termination of one or more of our credit facilities, acceleration of amounts due under such facilities and cross-defaults under certain of our other financing agreements, any of which may adversely affect our ability to conduct our business and have an adverse effect on our financial condition and results of operations.

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

In light of the global Covid-19 pandemic our revenue from operations (net) reduced from ₹ 7,15,21,23,113 in Fiscal 2020 to ₹ 5,09,65,85,947 in Fiscal 2021 representing a decrease of (28.74%). However, we have experienced significant growth over the last few years as we have expanded our operations across India. 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, 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. *An inability to maintain our competitive position in India and in our other markets may adversely affect our business, prospects and future financial performance.*

The alcoholic beverage market is highly competitive in India. We compete with, 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. 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 Draft 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 Draft 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 Draft Letter of Offer and the same has been certified by the relevant excise authorities. 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 Draft Letter of Offer.

20. *Any significant interruption in production at our facilities 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, while 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.

21. *We make significant capital improvements to our leased premises, the cost of which we may be unable to recover.*

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 believe 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. While the gross block of our assets such as buildings, plant and machinery and stocks as of September 30, 2021 was ₹ 101,58,48,728, ₹ 357,28,84,773 and ₹ 58,69,75,519 respectively, our sum assured under our insurance policies was ₹ 59,98,00,000, ₹ 308,25,00,000 and ₹ 87,00,00,000 respectively. 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. Under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, in the event that the contractor fails to pay wages to its employees, we as a principal employer of such contract labour may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractor. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract labourers as permanent employees in specified situations. Thus, any such order from a regulatory body or court may have an adverse effect on our business, results of operations and financial condition.

- 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. 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.

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.*

Certain of our Directors (including our Promoters and Promoter Group) 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.

For further details, see “*Capital Structure*” and “*Financial Information*” on pages 51 and 89 of this Draft 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 certain of our Promoters, relatives of our Promoters, Directors, and enterprises over which our Directors have a significant influence. While we believe that 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.

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 of which may be recalled at any time at the option of the lender. As on March 31, 2021, our Company has outstanding unsecured loans of ₹ 58,20,77,829 of which ₹ 17,65,30,053 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 32.70%, 36.45% and 36.68% of our cost of materials consumed in Fiscal 2020 and 2021, and in the six months period ended September 30, 2021, 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. ***We have never revalued any of our assets in the past. There can be no assurance that the value of our assets and accordingly our net worth will not undergo any further change based on any future revaluation.***
32. ***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 our distributor 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.

33. ***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.

In the recent past; i.e. Fiscal 2020 and Fiscal 2021, we have not made any dividend payouts to the Shareholders of our Company. 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.

34. *Demand for our products may be adversely affected by changes in consumer preferences and any significant reduction in demand could adversely affect our business, prospects, results of operations and financial condition.*

We operate in the highly competitive alcoholic beverages and IMFL products segments and rely on the continued demand for our beverages in India. In order to maintain and increase revenues and profitability, we are required to continuously address market trends and consumer preferences and produce and sell beverages that appeal to our customers and ultimate 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.

35. *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 retailers for stocking our products at their shops. 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.

36. *We are dependant 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 34.57%, 32.21% and 27.32% of our total revenue from operations for Fiscal 2020, Fiscal 2021 and the six months period ended September 30, 2021 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.

- 37. *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, propsects, results of operations and financial condition.

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

As at September 30, 2021, we had registered 42 trademarks, including our key brands Hunter, Black Fort and Power Cool. We have also applied for registration of other trademarks, which remain pending at various stages of the registration process. 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 requireus 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.

- 39. *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 agreementswith 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.

40. *Certain of our financing agreements involve variable interest rates and any increase in interest rates may adversely affect our results of operations and financial condition.*

We are susceptible to changes in interest rates and the risks arising therefrom. Certain of our financing agreements provide for interest at variable rates with a provision for the periodic resetting of interest rates. Further, under certain of our financing agreements, the lenders are entitled to change the applicable rate of interest, which is a combination of a base rate that depends upon the policies of the RBI and a contractually agreed spread, and in the event of an adverse change in our Company's credit risk rating. Further, in recent years, the Government of India has taken measures to control inflation, which have included tightening the monetary policy by raising interest rates. As such, any increase in interest rates may have an adverse effect on our business, results of operations, cash flows and financial condition.

41. *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 are currently rated as BBB- by ICRA vide their rating rationale dated February 23, 2021. In the immediate past, our debt rating has been downgraded by ICRA from BBB+ to BBB-, attributable majorly to the COVID-19 induced pandemic. Our credit rating could be downgraded due to various factors, including factors which may be outside our control. 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.

42. *We are subject to extensive government regulation 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. 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. While we believe that our production facilities are 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.

43. *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.

44. *An increase in the cost of or shortage or disruption in supply of electricity and fuel may adversely affect our results of operations and profitability. Similarly any shortage or price hike of any other essential ingredients used in our Company's manufacturing operation for e.g. water, essential raw materials, etc may adversely affect our results of operations and profitability.*

An increase in the price, disruption of supply or shortage of fuel and other energy sources or for that matter raw materials or even availability of water etc, that may be caused by increasing demand or by events such as natural disasters, power outages, or the like could increase our operating costs and negatively impact our profitability.

45. *Industry information included in this Draft Letter of Offer has been derived from publicly available sources. There can be no assurance that such third-party statistical, financial and other industry information is complete or accurate and neither has our company independently verified the same.*

Industry Information included herein is subject to various limitations and based upon certain assumptions that are subjective in nature. Neither us nor anyone associated with us has independently verified the information. Although we believe that the Industry Information may be considered to be reliable, the accuracy, completeness and underlying assumptions are not guaranteed and dependability cannot be assured. While we have taken reasonable care in the reproduction of the information, the information has not been prepared or independently verified by us, any of the Lead Manager or any of our or their respective affiliates or advisors and, therefore, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Draft Letter of Offer.

ISSUE SPECIFIC RISKS

46. *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.

47. *SEBI has recently, by way of circulars dated January 22, 2020 and May 6, 2020, July 24, 2020, January 19, 2021, April 22, 2021 and October 1, 2021 streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars, and in this Draft Letter of Offer.*

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 January 22, 2020 and May 6, 2020, July 24, 2020, January 19, 2021, April 22, 2021 and October 1, 2021 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 116.

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 dematerialised form; and (ii) a demat suspense escrow account (namely, “**SOM DISTELLERIES AND BREWERIES LIMITED RIGHTS ISSUE – SUSPENSE ESCROW DEMAT ACCOUNT**”) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or suspended for debit or credit or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) 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 (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

48. *The R-WAP payment mechanism facility proposed to be used for this Issue may be exposed to risks, including risks associated with payment gateways.*

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/633 dated October 01, 2021, a separate web based application platform, i.e., the R-WAP facility (accessible at www.masserv.com), has been instituted for making an Application in this Issue by Resident Individual Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. On R-WAP, the Resident Individual Investors can access and fill the Application Form in electronic mode and make online payment using the internet banking or UPI facility from their own bank account thereat. For details, see “*Terms of the Issue – Procedure for Application through the R-WAP*” on page 128 Such payment gateways and mechanisms are faced with risks such as:

- keeping information technology systems aligned and up to date with the rapidly evolving technology in the payment services industries;
- scaling up technology infrastructure to meet requirements of growing volumes;
- applying risk management policy effectively to such payment mechanisms;
- keeping users’ data safe and free from security breaches; and
- effectively managing payment solutions logistics and technology infrastructure.

Further, R-WAP is a new facility which has been instituted due to challenges arising out of COVID-19 pandemic. We cannot assure you that R-WAP facility will not suffer from any unanticipated system failure or breakdown or delay, including failure on part of the payment gateway, and therefore, your Application may not be completed or rejected. These risks are indicative and any failure to manage them effectively can impair the efficacy and functioning of the payment mechanism for this Issue. Since Application process through R-WAP is different from the ASBA process, there can be no assurance that investors will not find difficulties in accessing and using the RWAP facility.

49. *The entitlement of Rights Equity Shares to be allotted to investors applying for Allotment in physical form, will be kept in abeyance.*

In accordance with the SEBI ICDR Regulations, the option to receive the Rights Equity Shares in physical form will not be available after a period of six months from the date of coming into force of the SEBI ICDR Regulations, i.e., May 10, 2019. Since, the Rights Equity Shares offered pursuant to this Issue will be Allotted only after May 10, 2019, the entitlement of Rights Equity Shares to be Allotted to the Applicants who have applied for Allotment of the Rights Equity Shares in physical form will be kept in abeyance in electronic mode by our Company until the Applicants provide details of their demat account particulars to the Registrar. Pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares).

50. *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 January 22, 2020 and May 6, 2020, read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 and SEBI circular bearing reference number

SEBI/HO/CFD/DIL2/CIR/P/2021/633 dated October 01, 2021, 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 116. 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.

51. *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 116

52. *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.

53. *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.

54. *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.

55. *Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.*

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

56. *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.

57. *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.

58. *Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.*

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

EXTERNAL RISK FACTORS

59. *The outbreak of Novel Coronavirus, or outbreak of any other severe communicable disease could have a potential impact on our business, financial condition and results of operations.*

The outbreak, or threatened outbreak, of any severe epidemic caused due to viruses (particularly the Novel Coronavirus) could materially adversely affect overall business sentiment and environment, particularly if such outbreak is inadequately controlled. The spread of any severe communicable disease may also adversely affect the operations of our customers and suppliers, which could adversely affect our business, financial condition and results of operations. The outbreak of Novel Coronavirus has resulted in authorities implementing several measures such as travel bans and restrictions, quarantines, shelter in place orders, and shutdowns. These measures have impacted and may further impact our workforce and operations, the operations of our customers, and those of our respective vendors and suppliers. There is currently substantial medical uncertainty regarding Novel Coronavirus. A rapid increase in severe cases and deaths where

measures taken by governments fail or are lifted prematurely, may cause significant economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of Novel Coronavirus remain uncertain and could be severe. Our ability to meet our ongoing disclosure obligations might be adversely affected, despite our best efforts. If any of our employees were suspected of contracting Novel Coronavirus or any other epidemic disease, this could require us to quarantine some or all of these employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be impacted to the extent that a natural disaster, health epidemic or other outbreak harms the Indian and global economy in general.

The outbreak has significantly increased economic uncertainty. It is likely that the current outbreak or continued spread of Novel Coronavirus will cause an economic slowdown and it is possible that it could cause a global recession. The spread of Novel Coronavirus has caused us to modify our business practices (including employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences), and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, partners, and suppliers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the outbreak, and our ability to perform critical functions could be harmed.

The extent to which the Novel Coronavirus further impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions taken globally to contain the coronavirus or treat its impact, among others. Existing insurance coverage may not provide protection for all costs that may arise from all such possible events. We are still assessing our business operations and system supports and the impact Novel Coronavirus may have on our results and financial condition, but there can be no assurance that this analysis will enable us to avoid part or all of any impact from the spread of Novel Coronavirus or its consequences, including downturns in business sentiment generally or in our sector in particular. The degree to which Novel Coronavirus impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions taken to contain the outbreak or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. The above risks can threaten the safe operation of our facilities and cause disruption of operational activities, environmental harm, loss of life, injuries and impact the wellbeing of our people.

Further due to the rising number of infected cases of COVID-19 in the country and the onset of the second wave of the virus, various State Governments have imposed a complete lockdown. There is no certainty if additional restrictions will be imposed or if the lockdown would be extended to combat with the second wave and prevent the third wave of COVID-19 in the country. In the events additional restrictions are imposed, it could result in muted economic growth or give rise to a recessionary economic scenario, in India and globally, which could adversely affect the business, prospects, results of operations and financial condition of our Company.

60. *Significant differences exist between Ind AS, Indian GAAP and other accounting principles, such as US GAAP and International Financial Reporting Standards (“IFRS”), which investors may be more familiar with and consider material to their assessment of our financial condition.*

Our audited summary statements of assets and liabilities as at March 31, 2021 and audited summary statements of profit and loss (including other comprehensive income), cash flows and changes in equity for the Fiscals 2020 have been prepared in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the Ind AS Rules and audited in accordance with the SEBI ICDR Regulations, the SEBI Circular and the Prospectus Guidance Note.

We have not attempted to quantify the impact of US GAAP, IFRS or any other system of accounting principles on the financial data included in this Draft Letter of Offer, nor do we provide a reconciliation of our financial statements to those of US GAAP, IFRS or any other accounting principles. US GAAP and IFRS differ in significant respects from Ind AS and Indian GAAP. Accordingly, the degree to which the Audited Financial Information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader’s level of familiarity with Ind AS, Indian GAAP and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

61. *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.

62. *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.

Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- variations in exchange rates;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- prevailing regional or global economic conditions; and
- other significant regulatory or economic developments in or affecting India

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.

63. *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.*

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

The Government of India has issued a notification dated September 29, 2016 notifying Income Computation and Disclosure Standards (“ICDS”), thereby creating a new framework for the computation of taxable income. The ICDS became applicable from the assessment year for Fiscal 2018 and subsequent years. The adoption of ICDS is expected to significantly alter the way companies compute their taxable income, as ICDS deviates from several concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. In addition, ICDS shall be applicable for the computation of income for tax purposes but shall not be applicable for the computation of income for minimum alternate tax. There can be no assurance that the adoption of ICDS will not adversely affect our business, results of operations and financial condition.

- the General Anti Avoidance Rules (“GAAR”) have been made effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.
- a comprehensive national GST regime that combines taxes and levies by the Central and State Governments into a unified rate structure, which came into effect from July 1, 2017. We cannot provide any assurance as to any aspect of the tax regime following implementation of the GST. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materializing, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions.

In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

Any increase in taxes and levies, or the imposition of new taxes and levies in the future, could increase the cost of production and operating expenses. Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the central or state governments may adversely affect our competitive position and profitability.

64. *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.

65. *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.

66. *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.

67. *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 favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

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

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example, the Government of India implemented a comprehensive national goods and services tax ("GST") regime with effect from July 1, 2017, that combined multiple taxes and levies by the Central and State Governments into a unified tax structure. Our business and financial performance could be adversely affected by any unexpected or onerous requirements or regulations resulting from the introduction of GST or any changes in laws or interpretation of existing laws, or the promulgation of new laws, rules and regulations relating to GST, as it is implemented. The Government has enacted the GAAR which have come into effect from April 1, 2017.

The Government of India has announced the union budget for Fiscal 2021 and the Ministry of Finance has notified the Finance Act, 2021 ("Finance Act") on March 28, 2021, pursuant to assent received from the President, sections (2) to (88) of the Finance Act will come into operation with effect from April 1, 2021 and sections (108) to (123) shall come into force on such date as the Central Government may, by notification in Official Gazette appoint. There is no certainty on the impact that the Finance Act may have on our business and operations or on the industry in which we operate. We cannot predict whether any amendments made pursuant to the Finance Act would have a material adverse effect on our business, financial condition and results of operations. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. For instance, the Supreme Court of India has, in a decision clarified the components of basic wages, which need to be considered by companies while making provident fund payments. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations. Further, a draft of the Personal Data Protection Bill, 2019 ("Bill") has been introduced before the Lok Sabha on December 11, 2019, which is currently being referred to a joint parliamentary committee by the Parliament. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

69. *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 neighbouring 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.

70. *We are subject to regulatory, economic, social and political uncertainties and other factors beyond our control.*

We are incorporated in India and we conduct our corporate affairs and our business in India. Our Equity Shares are listed on BSE and NSE. Consequently, our business, operations, financial performance and the market price of our Equity Shares will be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

Factors that may adversely affect the Indian economy, and hence our results of operations may include:

- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian customers and Indian corporations;
- epidemic or any other public health in India or in countries in the region or globally, including in India's various neighbouring countries;
- hostile or war like situations with the neighboring countries;
- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;
- downgrading of India's sovereign debt rating by rating agencies; and
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and/or a timely basis.
- Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy or certain regions in India, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares. For example, our manufacturing facilities are located in the states of Madhya Pradesh, Odisha and Karnataka, hence any significant disruption, including due to social, political or economic factors or natural calamities or civil disruptions, impacting this region may adversely affect our operations.

71. *Financial instability in other countries may cause increased volatility in Indian financial markets.*

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of 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 worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, our future financial performance and the prices of the Equity Shares.

The recent outbreak of Novel Coronavirus has significantly affected financial markets around the world. Any other global economic developments or the perception that any of them could occur may continue to have an adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. 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.

SECTION III – INTRODUCTION

THE ISSUE

This Issue has been authorised through a resolution passed by our Board at its meeting held on July 20, 2021 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 116 of this Draft Letter of Offer.

Particulars	Details of Equity Shares
Equity Shares proposed to be issued	Upto 49,99,058 Equity Shares
Rights Entitlement	Upto one (1) Rights Equity Share(s) for every thirteen (13) fully paid-up Equity Share(s) held on the Record Date i.e. [●].
Face value per Equity Shares	₹ 5
Issue Price per Rights Equity Shares	₹ [●]
Issue Size	Upto 49,99,058 Equity Shares of face value of ₹5 each for cash at a price of ₹ [●] per Rights Equity Share up to an amount of ₹ [●] lakhs.
Record Date	[●]
Fractional Entitlement	For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than thirteen (13) Equity Shares or is not in multiples of thirteen (13), the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement, if any.
Voting Rights and Dividend	The Equity Shares issued pursuant to this Issue shall rank <i>pari passu</i> in all respects with the Equity Shares of our Company.
Equity Shares issued, subscribed and paid up prior to the Issue	6,49,87,738 Equity Shares
Equity Shares subscribed and paid-up after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	Upto 6,99,86,796 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	Upto [●] Equity Shares
Money payable at the time of Application	100% i.e. ₹ [●]
Scrip Details	ISIN: INE480C01020 BSE: 507514 NSE: SDBL
Use of Issue Proceeds	For details please refer to the chapter titled “ <i>Objects of the Issue</i> ” on page 54 of this Draft Letter of Offer.
Terms of the Issue	For details please refer to the chapter titled “ <i>Terms of the Issue</i> ” on page 116 of this Draft Letter of Offer.

Please refer to the chapter titled “*Terms of the Issue*” on page 116 of this Draft 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 of our Company

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/>

Registration Number: 052787

CIN: L74899DL1993PLC052787

Corporate Office of our Company

Som Distilleries and Breweries Limited

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

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

Facsimile: Not Available

E-mail: compliance@somindia.com

Registrar of Companies

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

Registrar of Companies, Delhi & Haryana

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

Telephone: 011-24362708

Facsimile: 011-24364570

E-mail: roc.delhi@mca.gov.in

Board of Directors of our Company

Set forth below are the details of our Board of Directors as on the date of this Draft Letter of Offer:

Name	Age	Designation	Address	DIN
Jagdish Kumar Arora	65	Chairman and Managing Director	SOM House (Vatsalya Bhavan), Kerwa Dam Road, Mendori, Bhopal, Madhya Pradesh – 462 044	00224633
Nakul Kam Sethi	48	Executive Director	C-3 Nizamuddin East, New Delhi – 110 013	06512548
Satpal Kumar Arora	63	Independent Director	C-1/401, Ram Prastha Colony, Chander Nagar, Ghaziabad, Uttar Pradesh 201 011.	00061420
Deena Nath Singh	49	Independent Director	312/2 C, Saket Nagar, Habibgani, Huzur, Bhopal, Madhya Pradesh 462 024	00281542
Uma Kant Samal	73	Independent Director	NUA- Palimi, Khasra-209-211, NH-12, Hoshangabad Road, Misrod, Huzur, Bhopal, Madhya Pradesh - 462 026	08669929
Nishi Arora	53	Independent Director	Flat No. S-3, Plot No. 199, 2-B, Saket Nagar, Bhopal, Madhya Pradesh 462 024	07021730

Chief Financial Officer

Rajesh Kumar Dubey, is the Chief Financial 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: rajeshdubey@somindia.in

Company Secretary and Compliance Officer

Om Prakash, 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

Details of Key Intermediaries pertaining to this Issue of our Company:

Lead Manager to the Issue

Saffron Capital Advisors Private Limited

605, Center Point, 6th floor, J. B. Nagar, Andheri Kurla Road,

Andheri (East), Mumbai - 400 059,

Maharashtra, India.

Telephone: +91 22 4082 0906

Facsimile: +91 22 4082 0999

E-mail: rights.issue@saffronadvisor.com

Website: www.saffronadvisor.com

Investor grievance: investorgrievance@saffronadvisor.com

Contact Person: Varsha Gandhi

SEBI Registration Number: INM000011211

Validity of Registration: Permanent

Legal Advisor to the Issue

M/s. Crawford Bayley & Co.

4th Floor, State Bank Buildings

N.G.N. Vaidya Marg, Fort,

Mumbai - 400 023,

Maharashtra, India

Telephone: +91 22 2266 3353

Facsimile: +91 22 2266 3978

Email: sanjay.asher@crawfordbayley.com

Contact Person: Sanjay Asher

Registrar to the Issue

MAS Services Limited

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

Phase - II, New Delhi -110020, India;

Tel: +91 11 2638 7281 / 82 / 83

Fax: +91 11 2638 7384

Email: sm@masserv.com

Website: www.masserv.com

Investor grievance: info@masserv.com

SEBI Registration: INR000000049

Validity: Permanent

Contact Person: Sharwan Mangla

Investors may contact Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process or R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), Email address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgment slip (in case of ASBA process) and copy of the e-acknowledgment (in case of R-WAP process). For details on the ASBA process and R-WAP process, see “*Terms of the Issue*” on page 116 of this Draft Letter of Offer.

Statutory and Peer Review Auditor of our Company

M/s. AKB Jain & Co.

E-2/316, Arera Colony, Bhopal

Madhya Pradesh – 462 016, India

Telephone: +91 98260 83140, +91 755 2420 163

Email: saliljainca@gmail.com

Contact Person: Mr. Salil Jain

Membership No: 077266

Firm Registration No: 003904C

Peer Review Certificate No: 012071

Bankers to the Issue / Refund Bank

[●] shall be appointed prior to filing of Letter of Offer

Designated Intermediaries

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For details on Designated Branches of SCSBs collecting the Application Forms, refer to the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. On Allotment, the amount will be unblocked and the account will be debited only to the extent required to pay for the Rights Equity Shares Allotted.

Inter-se Allocation of Responsibilities

Saffron Capital Advisors Private Limited, being the sole Lead Manager will be responsible for all the responsibilities related to co-ordination and other activities in relation to the Issue. Hence, a statement of inter se allocation of responsibilities is not required.

Investor grievances

Investors may contact the Company Secretary and Compliance Officer for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment/ share certificates/ demat credit/ Refund Orders, etc.

Investors are advised to contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related problems such as non-receipt of Abridged Letter of Offer/ Application Form and Rights Entitlement Letter/ Letter of Allotment, Split Application Forms, Share Certificate(s) or Refund Orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, ASBA Account number and the Designated Branch of the SCSBs, number of Equity Shares applied for, amount blocked, where the Application

Form and Rights Entitlement Letter or the plain paper application, in case of Eligible Equity Shareholder, was submitted by the ASBA Investors through ASBA process or R-WAP.

Expert

Our Company has received a written consent from our Statutory Auditors, M/s AKB Jain & Co., Chartered Accountants, to include their name in this Draft Letter of Offer and other issue related documents 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 their report of the statement of special tax benefits dated November 03, 2021, included in this Draft Letter of Offer, and such consent has not been withdrawn as of the date of this Draft Letter of Offer. However, the term “expert” shall not be construed to mean an “expert” as defined under the Securities Act, 1933.

Credit Rating

As this is an Issue of Equity Shares, credit rating is not required.

Debenture Trustees

As the Issue is of Equity Shares, the appointment of Debenture trustees is not required.

Monitoring Agency

As the net proceeds of the Issue will be less than ₹10,000 lakhs, under the SEBI ICDR Regulations, it is not required that a monitoring agency be appointed by our Company.

Appraising Entity

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

Filing

SEBI *vide* the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees 1,000 lakhs to Rupees 5,000 lakhs. Since the size of this Issue falls below this threshold, the Draft Letter of Offer has been filed with the Stock Exchanges and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchanges.

Underwriting Agreement

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

Changes in Auditors during the last three years

Except as mentioned below, there has been no change in the statutory auditors of our Company during the three years immediately preceding the date of this Draft Letter of Offer:

Particulars	Date of change	Reason for change
M/s. AKB Jain & Co.	October 31, 2021	Filling up of casual vacancy
M/s. R.N. Gupta & Associates	October 31, 2021	Resignation due to medical reasons

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:

Event	Indicative Date
Issue Opening Date	[●]
Last Date for On Market Renunciation of Rights	[●]
Issue Closing Date	[●]

The above schedule is indicative and does not constitute any obligation on our Company

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 (2) Working Days prior to the Issue Closing Date, i.e., [●] 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., [●].

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Neither our Company nor the Registrar to the Issue will 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, due to prevailing COVID-19 related conditions. For details on submitting Application Forms, see “*Terms of the Issue*” beginning on page 116

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No 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 Issue.

Minimum Subscription

In accordance with Regulation 86 of the SEBI ICDR Regulations, our Company is not required to achieve minimum subscription for the Rights Issue on account of the following reason:

1. Objects of the Rights Issue are for a purpose which is other than financing a capital expenditure for a project; and
2. Our Promoter and Promoter Group have confirmed *vide* their letter dated October 18, 2021, their intention to subscribe to their rights entitlement, and will not renounce rights except to the extent of renunciation within the promoter group.

CAPITAL STRUCTURE

The share capital of our Company, as on the date of this Draft Letter of Offer and after giving effect to the Issue is set forth below:

		<i>Amount (in ₹ Lacs, except share data)</i>	
Sr. No.	Particulars	Aggregate value at Face Value	Aggregate value at Issue Price
A.	Authorised Share Capital		
	8,00,00,000 Equity Shares of face value of ₹ 5 each	4,000.00	
B.	Issued, Subscribed and Paid-Up Share Capital before the Issue		
	6,49,87,738 Equity Shares of face value of ₹ 5 each	3,249.39	
C.	Present Issue in terms of this Draft Letter of Offer⁽¹⁾		
	Up to 49,99,058 Equity Shares of ₹ 5/- each	249.95	[●]
D.	Issued Subscribed and Paid-up Capital after the Issue⁽²⁾		
	6,99,86,796 Equity Shares of face value of ₹5 each	3,499.34	
E.	Securities Premium Account		
	Before the Issue		14,223.99
	After the Issue ⁽³⁾		[●]

⁽¹⁾ The present Issue has been authorised by the Board of Directors vide a resolution passed at its meeting held on July 20, 2021, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.

⁽²⁾ Assuming full subscription to the Rights Entitlements and Allotment of the Rights Equity Shares.

⁽³⁾ Subject to finalisation of Basis of Allotment, Allotment and deduction of Issue Expenses

NOTES TO CAPITAL STRUCTURE

1. Details of outstanding instruments as on the date of this Draft 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 Draft 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.

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, as on September 30, 2021" on BSE's website: <https://www.bseindia.com/stock-share-price/som-distilleries--breweries-ltd/sdb1/507514/shareholding-pattern/> and NSE's website at: <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=SDBL&tabIndex=equity>, no Equity Shares held by our Promoters or Promoter Group have been locked-in, pledged or encumbered as of the date of this Draft Letter of Offer.

3. Our Promoters and Promoter Group have not acquired any Equity Shares in the last one (1) year immediately preceding the date of filing of this Draft Letter of Offer.

4. Intention and extent of participation by our Promoter and Promoter Group in the Issue:

Our Promoter and Promoter Group have undertaken to subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favour by any other Promoter or member(s) of the Promoter Group of our Company. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares is exempt in terms of Regulation 10(4)(b) of the Takeover Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations.

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.

The acquisition of Rights Equity Shares by our Promoters and our Promoter Group over and above its Rights Entitlements may cause the Promoters and Promoter Group to exceed the threshold of 25% under Regulation 3(1) of the Takeover Regulations thereby necessitating a mandatory open offer. Accordingly certain promoters (i) Jagdish Kumar Arora; (ii) Ajay Kumar Arora; (iii) Deepak Arora; (iv) Som Distilleries Private Limited and (v) Aalok Deep Finance Private Limited had applied to SEBI for exemption under Regulation 11(1) of the Takeover Regulations. SEBI *vide* its letter number WTM/SM/CFD/39 /2021-22 dated July 15, 2021 has granted an exemption to the extent that the requirement of making an open offer shall not be applicable to the aforementioned promoters in connection with the acquisition of equity shares of our Company in this Rights Issue.

5. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is [●] /- per equity share.
6. At any given time, there shall be only one denomination of the Equity Shares of our Company.
7. All Equity Shares of our Company are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Letter of Offer. The Equity Shares which shall be issued pursuant to this 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 Exchange in compliance with the SEBI Listing Regulations:**
 - (i) The shareholding pattern of our Company as on September 30, 2021, can be accessed on the website of the BSE at <https://www.bseindia.com/stock-share-price/som-distilleries--breweries-ltd/sdb1/507514/shareholding-pattern/> and the NSE at <https://www.nseindia.com/get-quotes/equity?symbol=SDBL>
 - (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 September 30, 2021 can be accessed on the website of the BSE at <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=507514&qtrid=111.00&QtrName=September%202021> and the NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=SDBL&tabIndex=equity>
 - (iii) Statement showing holding of Equity Shares of persons belonging to the category "Public" including shareholders holding more than 1% of the total number of Equity Shares as on September 30, 2021 can be accessed on the website of the BSE at <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=507514&qtrid=111.00&QtrName=September%202021> and the NSE at https://www1.nseindia.com/corporates/corporateHome.html?id=spatterns&radio_btn=company¶m=SDBL
9. **Details of shareholders of our Company holding 1% or more of the paid-up capital of the issuer as last disclosed to the stock exchanges**

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 September 30, 2021 can be accessed on the website of the BSE at <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=507514&qtrid=111.00&QtrName=September%202021> and the NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=SDBL&tabIndex=equity>

10. Details of shares locked-in, pledged, encumbrance by Promoters and Promoter Group:

As on date of this Draft Letter of Offer, none of the Equity Shares held by our Promoter or the members of our Promoter Group are locked-in, pledged or otherwise encumbered.

The details of shares lock locked-in, pledged, encumbrance by Promoter and Promoter Group can be accessed on the website of the BSE at <https://www.bseindia.com/stock-share-price/som-distilleries--breweries-ltd/sdbl/507514/disclosures-consolidated-pledge-data/> and the NSE at https://www1.nseindia.com/corporates/corporateHome.html?id=spatterns&radio_btn=company¶m=SDBL

OBJECTS OF THE ISSUE

Our Company intends to utilize the Net Proceeds from this Issue towards the following objects:

1. To meet long term working capital requirements of our Company; and
2. General corporate purposes.

(collectively, known as “Objects”)

The main objects and the objects incidental and ancillary to the main objects of our Memorandum of Association enable our Company to undertake the activities for which the funds are being raised through the Issue, and the activities for which the borrowings proposed to be repaid in full or part from the Net Proceeds.

Issue Proceeds

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

(₹ in lakhs)	
Particulars	Amount
Gross Proceeds from this Issue [^]	[●]
Less: Estimated Issue related expenses*	[●]
Net Proceeds from the Issue	[●]

[^] assuming full subscription and allotment

* to be determined on finalization of the Issue Price and updated in the Letter of Offer at the time of filing with the Stock Exchanges.

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 [^]	2,100.00
General Corporate Purposes	[●]
Total Net proceeds	[●]

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

[^] Deployed during FY 2021-22. Further, any portion of the Net Proceeds not deployed for the stated Objects in FY 2021-22 will be deployed by our Company in FY 2022-23.

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. 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 22 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 is represented below:

Sr. No	Particulars	FY 20	Holding level	FY 21	Holding level	FY 22	Holding level
		Audited	In Days	Audited	In Days	Estimated	In Days
I	<u>Current Assets</u>						
1	Inventories						
	a) Raw Material	12,34,26,116	22.49	4,96,51,478	14.4	6,27,00,000	14.99
	b) Work in Progress	4,59,74,195	8.38	5,15,63,125	14.95	6,95,00,000	16.62
	c) Finished goods	13,02,84,791	23.74	14,26,11,281	41.35	14,51,00,000	34.7
	d) Packing material, Consumables and Coal, Furnance oil and fire wood	35,15,98,577	64.07	16,08,22,706	46.63	18,66,00,000	44.62
2	Trade Receivables	86,15,51,001	77.97	82,88,37,638	133.45	74,08,00,000	91.25
3	Cash & Cash Equivalents	18,50,96,408		8,35,66,994		6,37,00,000	
4	Other Current Assets	84,07,09,017		71,70,74,101		65,22,00,000	
	Total (A)	2,53,86,40,105		2,03,41,27,323		1,92,06,00,000	
II	<u>Current Liabilities</u>						
1	Trade Payables	48,05,17,994	87.56	53,10,43,936	153.98	45,05,00,000	107.73
2	Short Term provisions	53,52,768		66,44,714		39,27,00,000	
3	Other Current Liabilities	94,41,87,702		93,08,90,540		49,09,00,000	
	Total (B)	1,43,00,58,464		1,46,85,79,190		1,33,41,00,000	

III	Total Working Capital Gap (A-B)	1,10,85,81,641		56,55,48,133		58,65,00,000	
	<u>Funding pattern</u>						
	Internal Accruals/ Short Term Borrowing*	80,80,80,555		27,26,71,052		9,65,00,000	
	Working Capital from Banks	30,05,01,086		29,28,77,081		28,00,00,000	
	Proceeds from the proposed Rights Issue*	--		--		21,00,00,000	

*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.

^As on September 30, 2021, our Company has a sanctioned working capital limit of ₹ 4,300 lacs comprising of fund based working capital limit of ₹ 2,800 lacs and non-fund-based limit of ₹ 1,500 lacs. We have applied for additional Working Capital limit of Rs.200 lacs from a lender.

Justification for “Holding period” levels

Inventories	Raw Materials: The average raw material inventory holding level in FY 2020 and FY 2021 was 17 days which is expected to be more or less the same at 15 days for FY 2022. We believe that considering the overall economic conditions and the expected sales, a 15 day inventory period shall be required to ensure uninterrupted production.
	Work in progress: The average Work in Progress for FY 20 and FY 21 have been 12.5 days and our Company expects to continue in the same range / and marginally improve the WIP to around 17 days in FY 22. Greater production planning coupled with visibility in sales shall help our Company to achieve this and improve further.
	Finished Goods: Based on our Company’s past average for FY 20 and FY 21, we shall maintain finished good stock of 35 days (marginally over a month’s stock), which going forward we feel can at the same level. 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 20 was normal and around 78 days. That covid hit from March 2020 onward, the FY 21 figures for receivables was impacted which led to 133 days of debtor’s collection period. We believe that covid impact has weaned for the business and we expect a more sustainable level of 90 days of debtors (around 3 months). We have long standing relations with many of our customers and a collection period of 90 days for FY 2022 seems realistic and achievable, given the current macro environment in this backdrop of a weakening global pandemic.
Creditors	On the same lines, during FY 20 our creditors period was around 3 months, which went up to 5 months owing to the pandemic. However, we expect the creditors payment period to be marginally over 3 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 2022. However, if the Net Proceeds raised in Fiscal 2022 are not completely utilised for the objects stated above by Fiscal 2022 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 2023. The details in relation to utilization of Net Proceeds of the Issue are set forth herein below.

Particulars	Amount proposed to be funded from Net Proceeds	Proposed schedule for deployment of the Net Proceeds
		Fiscal 2022
Working Capital	2,100.00	2,100.00
General corporate purposes	[●]	[●]
Total	[●]	[●]

Estimated Issue related expenses

The total expenses of this Issue are estimated to be ₹ [●] lacs. The break-up of the Issue expenses is as follows:

Particulars	Amount* (₹ lacs)	As a percentage of total expenses*	As a percentage of Issue size*
Fees of the Registrar to the Issue, Legal Advisor, Advisor/Merchant Banker, Auditor's fees, including out of pocket expenses etc.	[●]	[●]	[●]
Expenses relating to advertising, printing, distribution, marketing and stationery expenses	[●]	[●]	[●]
Regulatory fees, filing fees, listing fees and other miscellaneous expenses	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

** Subject to finalization of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall adjusted with the amount allocated towards general corporate purposes. Amount will be finalized at the time of filing of the Letter of Offer and determination of Issue Price and other details. In the event there is any reduction in the actual Issue Expenses, the residual amount shall be utilized towards General Corporate Purposes.*

Bridge Financing Facilities

Our Company has not raised any bridge loan from any bank or financial institution as on the date of the Draft 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 lacs, 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 Draft 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 Draft 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

Statement of possible special tax benefits available to the Company and its Shareholders

To,

The Board of Directors

SOM Distilleries and Breweries Limited

1A, Zee Plaza, Arjun Nagar, S.J. Enclave,
Kamal Cinema Road, New Delhi.
DL 110029 IN

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 2020 (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 / 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 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 / 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 AKB Jain & Co., Chartered Accountants
Firm Registration Number: 003904C

Name: Salil Jain
Partner
ICAI Membership Number: 077266

Date: November 03, 2021

Place: Bhopal

UDIN: 21077266AAAANS1227

Encl: As above

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

I. UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as ‘the Act’)

1. Special tax benefits available to the Company under the Act

There are no special tax benefits available to the Company.

2. Special tax benefits available to the shareholders under the Act

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 summary 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 2021-22.
- 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.

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”)

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

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

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

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

The information in this section has been extracted from various websites and publicly available documents from various industry sources. The data may have been re-classified by us for the purpose of presentation. None of the Company and any other person connected with the Issue have independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from believed to be reliable, but 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, projection forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on information.

The Global Economy

Global contraction for the year 2020 was at 3.3% (negative growth). As a result of COVID-19 pandemic, the same is projected to grow at 6% in 2021. Also, it is expected that the pandemic will fade in second half of 2021 and containment efforts can be gradually unwound, the global economy is projected to grow on the back of a vaccine powered recovery by 4.4% in 2022, as per The International Monetary Fund, World Economic Outlook April 2021.

Summary of World Economic Outlook Projections is given below (in %):

Particulars	2020	2021P	2022P
World	-3.3	6.0	4.4
Advanced Economies	-4.7	5.1	3.6
United States	-3.5	6.4	3.5
Euro Area	-6.6	4.4	3.8
Japan	-4.8	3.3	2.5
United Kingdom	-9.9	5.3	5.1
Canada	-5.4	5.0	4.7
Other Advanced Economies*	-2.1	4.4	3.4
Emerging market and developing economies (EMDEs)	-2.2	6.7	5.0
Emerging and Developing Asia	-1.0	8.6	6.0
China	2.3	8.4	5.6
India**	-8.0	12.5	6.9
ASEAN-5***	-3.4	4.9	6.1
Emerging and Developing Europe	-2.0	4.4	3.9
Latin America and Caribbean	-7.0	4.6	3.1
Middle East and Central Asia	-2.9	3.7	3.8
Sub-Saharan Africa	-1.9	3.4	4.0

p- Projections

* Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries

** For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with FY 11-12 as a base year.

*** Indonesia, Malaysia, Philippines, Thailand, Vietnam

Source: World Economic Outlook April 2021 as published by IMF

Growth in the advanced economy group—as the vulnerable population gets vaccinated, contact intensive activities are expected to resume and drive a significant pickup in recovery—is projected at 5.1 percent in 2021. Most economies in the group are forecast to recover this year, though in varying degrees. In parts of Europe, the outbreak has been as severe as in China's Hubei province. Although essential to contain the virus, lockdowns and restrictions on mobility are extracting a sizable toll on economic activity. Adverse confidence effects are likely to further weigh on economic prospects. In 2022, the advanced economy growth rate is projected to be 4.8 percent.

Among emerging market and developing economies, vaccine procurement data suggest that effective protection will remain unavailable for the most population in 2021. Recovery profiles shall vary, depending upon based on regional differences in the severity of the pandemic, economic structure and exposure to specific shocks. Overall, the group of emerging market and developing economies is projected to recover at 6.7 percent in 2021. In 2022

the growth rate for emerging market and developing economies is projected to stabilise to 5.0 percent, largely reflecting the forecast for China (5.6 percent).

Emerging Asia is projected to have a sharp recovery rate in 2021 (8.6 percent). The growth in 2022 with projected growth rate of 6.0 percent in emerging Asia depends critically on the pandemic fading in the second half of 2021, allowing containment efforts to be gradually scaled back and restoring consumer and investor confidence. Several economies in the region are forecast to grow at rapid rates, including India at 6.9 percent.

Financial markets across the world are experiencing extreme volatility: equity markets recorded sharp sell-offs, with volatility touching levels seen during the global financial crisis; flights to safety have taken down sovereign bond yields to record lows; risk spreads have widened; and financial conditions have tightened. Global commodity prices, especially of crude oil, have also declined sharply in anticipation of weakening global demand on the one hand, and the failed negotiations of the Organisation of the Petroleum Exporting Countries (OPEC) and Russia, on the other.

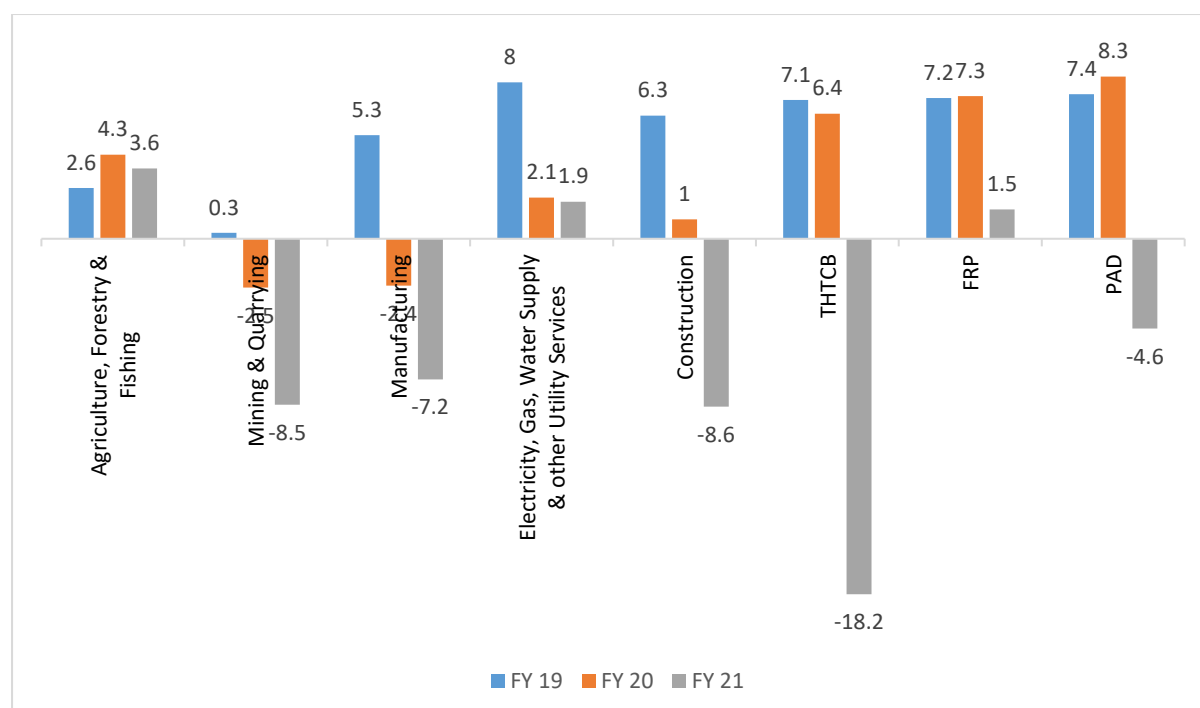
Many central banks have eased monetary, liquidity and regulatory policies to support domestic demand, including through emergency off-cycle meetings. The International Monetary Fund (IMF) and the World Bank Group are making available US\$ 50 billion and US\$ 14 billion, respectively, through various financing facilities to their membership to help them respond to the crisis.

The Indian Economy

The annual growth of India for 2021 has been projected to be 12.5 percent as per IMF World Economic Outlook April 2021. However, it is expected to stabilise to 6.9 percent in 2022.

Gross Domestic Product (GDP) is the sum of private consumption, gross investment in the economy, government investment, government spending and net foreign trade (difference between exports and imports). Sectorial GDP Growth is as under:

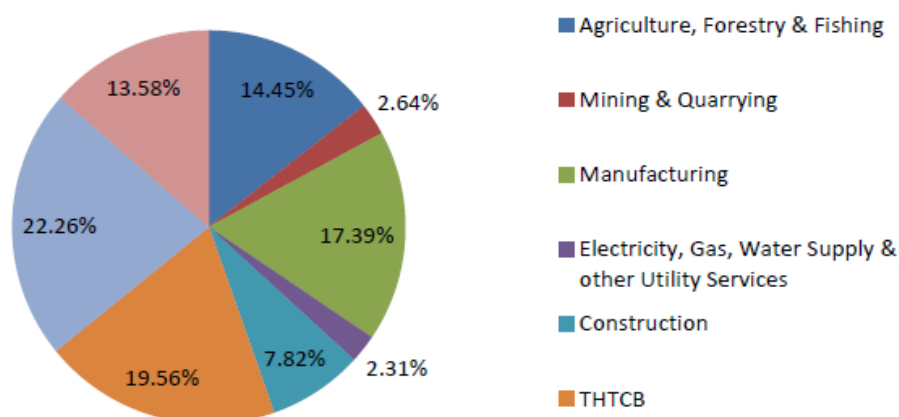
Sectoral Growth of GDP in (%) (At constant FY 11-12 prices)



(Source: Ministry of Statistics and Programme Implementation)

Gross value added (GVA) is the measure of the value of goods and services produced in an economy. GVA gives picture of supply side where as GDP represents consumption. Sector wise estimated contribution to GVA is provided below:

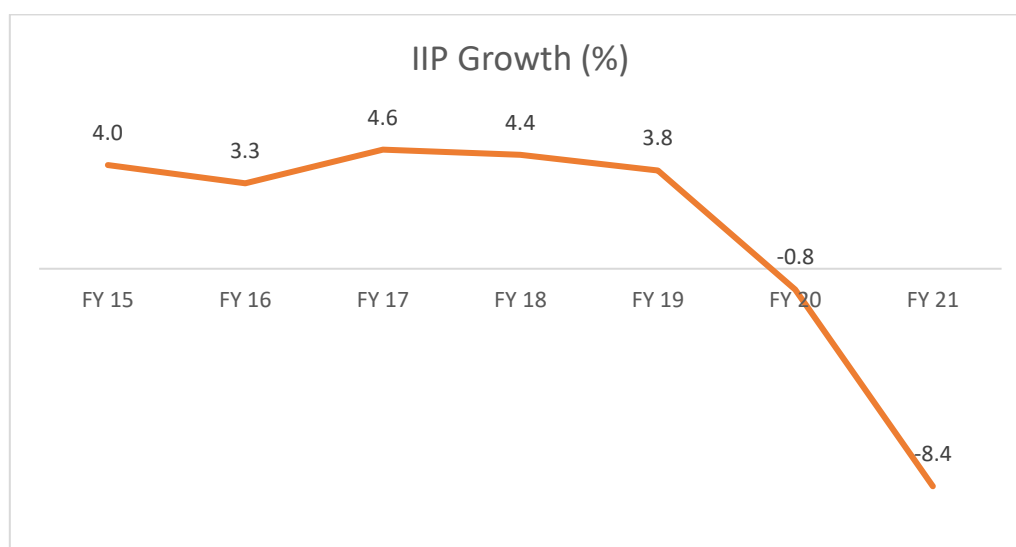
**% contribution to GVA at Constant prices (FY 11-12) for
FY 19-20**



(Source: Ministry of Statistics and Programme Implementation)

It may be noticed from the above that Financial, Real Estate and Professional services (FRP) contribute highest followed by contribution from Trade, Hotels, Transport and Communication services (THTCB). Share of Manufacturing and Agriculture sector was 3rd and 4th largest respectively.

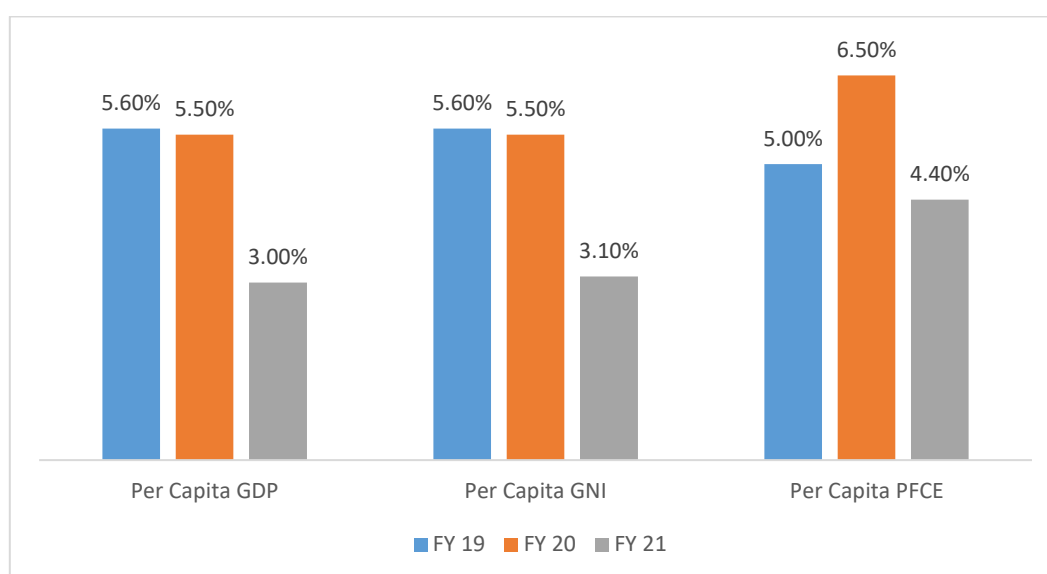
Industrial Growth - The cumulative Index of Industrial Production (IIP) growth during FY 20-21 was at -8.4%.



(Source: Ministry of Statistics and Programme Implementation)

In view of the global COVID-19 pandemic and consequent nationwide lockdown measures implemented since March, 2020, the data flow from the producing units was impacted. As some of these units are yet to resume operations, the response rate has been lower than usual. Consequently, the Quick Estimates are likely to undergo revision and will be incorporated in subsequent releases as per the revision policy of IIP.

Growth in Per Capita GDP, Income and Final Consumption



(Source: Ministry of Statistics and Programme Implementation)

During the year FY 20-21, growth in per capita GDP, income and private consumption have decreased drastically compared to previous FY 19-20. It may be noted growth of private consumption has sustained as compared to the other parameters in FY 20-21 indicating an increasing share of private consumption in the country.

Indian Economy Outlook

India has not been spared from the exponential spread of COVID-19. As per IMF, growth in India was -8.0 percent in 2020 and “V” shape recovery is projected with 12.5 percent growth in 2021 only to stabilise at a growth rate of 6.9 percent in 2022. While efforts are being mounted on a war footing to arrest its spread, COVID-19 would impact economic activity in India directly through domestic lockdown. Second round effects would operate through a severe slowdown in global trade and growth.

Domestic and global shocks to key conditioning variables such as global crude oil prices, global trade and growth, the exchange rate, the monsoon outturn and the rising frequency of their visitations make forecasting a challenging task. Such uncertainties make the forecasting of growth highly challenging. The actual outturn would depend upon the speed with which the outbreak is contained and economic activity returns to normalcy.

Private consumption, in particular, is at serious risk from the COVID-19 pandemic, notwithstanding improved rabi prospects and the recent rise in food prices, and the rationalisation of personal income tax rates in the Union Budget 2021-22 along with measures to boost rural and infrastructure spending. Aggregate demand is expected to be impacted adversely by likely recession in the global economy, caused by disruptions in global supply chains, travel and tourism, and lockdowns in many economies. Domestic production will also be impacted by the nation-wide lockdown. In the near-term, the challenge is to mitigate the adverse impact of COVID-19.

Since March 2020 the inflation outlook has become highly uncertain due to the COVID-19 outbreak turning into a pandemic. Crude oil prices have collapsed to lows not seen since early 2000s. With several major economies in lockdown mode, demand conditions may weaken sharply. Accordingly, countries across the world are bracing up for deflationary forces to take hold. India may not be immune to these extreme downside pressures imparted by the pandemic.

The pick-up in economic activity would be dependent on the easing of lockdown across the country and the containment of the spread of the virus. The longer the economy at a standstill the longer the return to normalcy.

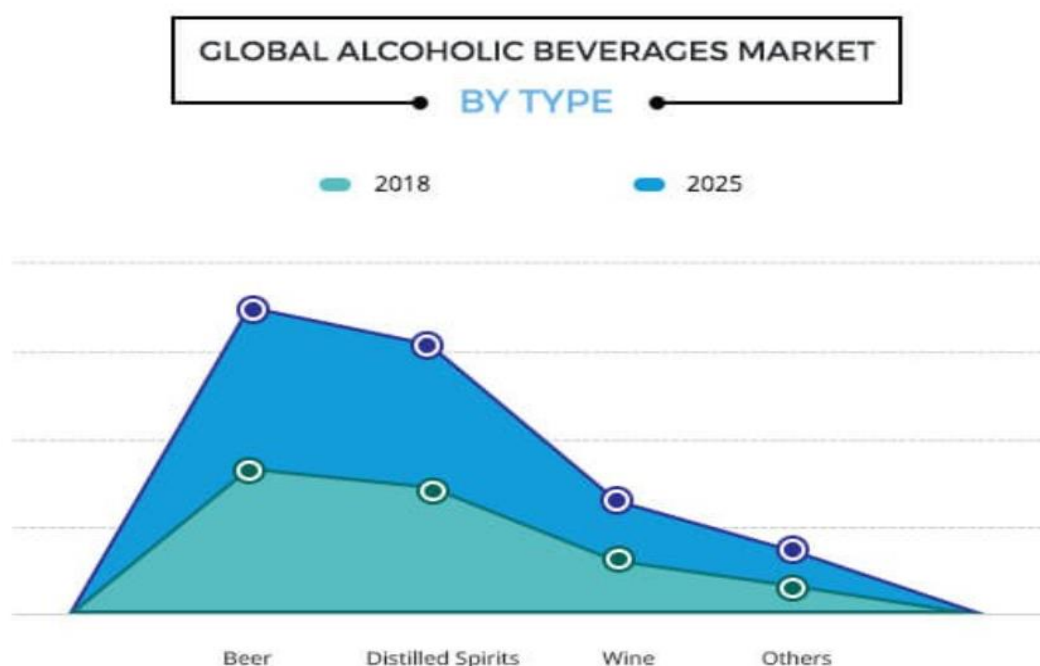
Even with easing of lockdown, revival across sectors would vary significantly and be contingent on how they are able to address the challenges of liquidity, labour, logistics, demand and capacity utilization.

Significant monetary and liquidity measures taken by the Reserve Bank and fiscal measures by the government would mitigate the adverse impact on domestic demand and help spur economic activity once normalcy is restored.

Still, the government would have to play a critical role for the revival of the economy mainly through investments which could to an extent address the dire employment situation and also prompt consumption.

GLOBAL SPIRITS MARKET

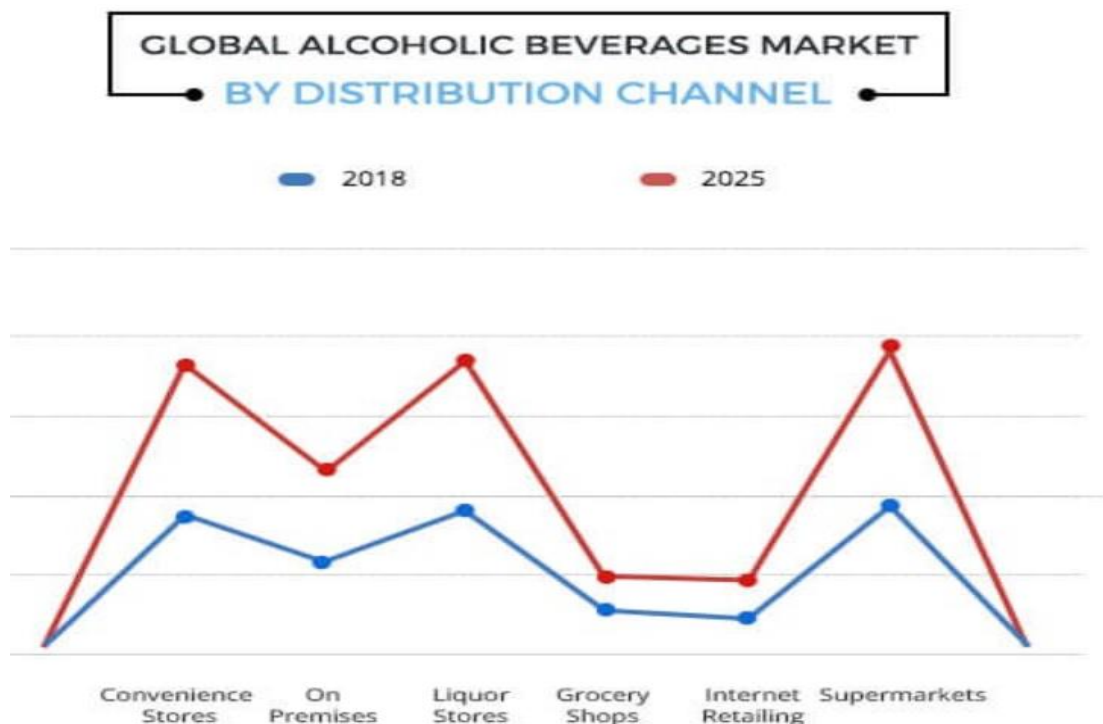
The spirits market consists of sales of potable liquors, ethyl alcohol, grain alcohol and spirits by entities (organizations, sole traders and partnerships) that distil and blend liquors. The companies in the distilleries industry process raw materials into potable liquors, ethyl alcohol, grain alcohol and spirits, package and distribute them through various distribution channels to both individual customers and commercial establishments. The spirits market is segmented into whiskey, vodka, rum, tequila, gin and other spirits. The global alcoholic beverages market was valued at \$1,439 billion in 2017, and is expected to reach \$1,684 billion by 2025, registering a CAGR of 2.0% from 2018 to 2025.



Most cultures across the globe have traditionally consumed various types of alcoholic beverages; however, local specialty alcoholic beverages account for the majority share. Only a small number have evolved into commodities that are produced commercially on a large scale. On a global level, beer from barley, wine from grapes, and other distilled beverages are sold as commodities. The pricing of these beverages is determined by the costs of production and the duties levied on those costs. The effects of prices as measured with price elasticities differ across countries and in different time periods.

The growth of the global alcoholic beverages market is driven by increase in global young-adult demographic, surge in disposable income, and rise in consumer demand for premium/super premium products. However, high cost of premium/super premium products and escalation of non-alcoholic beverages market, owing to increase in health concerns are expected to restrict the market growth in the near future. Furthermore, recent developments in honey-derived products appear to be a viable alternative to produce innovative alcoholic drinks for the consumers and to drive the future growth of this market.

The number of supermarkets is on an increase in almost all major cities, with rapid urbanization in various emerging economies. Moreover, availability of products at low cost and accessibility to a wide variety of alcoholic beverages available in supermarkets fuel the growth of this segment. Furthermore, high visibility and attractive assortment of alcoholic beverages, increase in disposable income of consumers along with changes in preferences toward premium products boost the growth of this distribution segment.



Asia Pacific was the largest region in the global spirits market, accounting for 58% of the market in 2020. North America was the second largest region accounting for 22% of the global spirits market. Middle East was the smallest region in the global spirits market.

World population is growing and is expected to reach 10 billion by 2050. Increase in population creates more demand for alcoholic-beverages. Crop production, farming activities and trade volumes will have to increase in order to meet increased population. Therefore, companies in this market are expected to benefit from rising demand for spirits manufacturing (distilleries) products due to rising population, during the forecast period.

Source: <https://www.alliedmarketresearch.com/alcoholic-beverages-market> & *Research and Markets*

INDIAN ALCOHOLIC BEVERAGES MARKET OVERVIEW

India is a diverse nation with hefty variation in climate, vegetation, natural resources, culture and traditions. This variegation is also echoed in the types of alcoholic beverages prepared, procured and used up with assorted cultural meaning associated with liquor use. The most common forms of alcoholic beverages available are arrack (fermentation of rice/paddy or wheat), toddy (wine from palm), country liquor (arrack), illicit liquor, Indian made foreign liquor (IMFL), beer and imported liquor. According to WHO, traditional alcoholic beverages viz., arrack, toddy, country liquor contain about 20 to 40% of alcohol, whereas it is as high as 56% in illicit liquor thus making the latter a big menace to the country's health. Ingredients used in illicit liquor production are akin to those used in country liquor manufacture; yet, illicit liquor is more often adulterated with industrial methylated spirit and other adulterants posing huge detrimental effects on health. Adding on to the fire, illicit liquor is relatively cheaper than the licensed country liquor and thus more rampant among urban and rural poor community making them more vulnerable.

India alcoholic beverage industry is one of the biggest alcohol industry across the globe only behind from two major countries such as China and Russia. Growing demand for alcoholic beverages in India is majorly attributed to the huge young population base and growing consumption of alcohol by the young generation as well as rising disposable income is strengthening the industry growth. With population of 1.3 billion India is one of the largest consumer markets across the globe. It is also demographically one of the youngest with around 50% of its population below the age of 25 and around 65% below the age of 35. The majority of alcohol volume is consumed by people between the ages of 18 and 40. These demographic stats are expected to fuel the growth of alcoholic beverages market over the forecast period at rapid pace. Additionally, rapid urbanization of tier-II cities is further fuelling the market growth. Goldstein Market Intelligence analyst forecast the India alcoholic beverages market to grow at a CAGR of 7.4% during the forecast period 2017-2030.

The distillery industry today consists broadly of two parts, one potable liquor and the industrial alcohol including anhydrous ethanol for blending with petrol. The potable industry producing Indian Made Foreign Liquor and Country Liquor has a steady but limited demand with a growth rate of about 7-10 per cent per annum. The industrial alcohol industry on the other hand, is showing a declining trend because of high price of Molasses which is invariably used as a substrate for production of alcohol. The alcohol produced is now being utilized in the ratio of approximately 52 per cent for potable and the balance 48 percent for industrial and ethanol for blending with petrol, use. Over the years the potable liquor industry has shown remarkable results in the production of high quality spirits. Indian Liquor industry is today exporting a sizable quantity of Indian Liquor products to other countries.

The Indian spirits industry is segmented into IMFL (Indian Made Foreign Liquor) and IMIL (Indian Made Indian Liquor). The IMFL category accounts for almost 72 percent of the market. The states of Karnataka, Maharashtra, West Bengal, Odisha, Telangana, Delhi, Haryana, Punjab, etc. are amongst the largest consuming states for spirits in India. The most popular channel of spirits sale in India are liquor stores as its consumption is primarily an outdoor activity and supermarkets and malls are present only in the tier I and tier II cities of India. A slowdown in economy during 2019 also had an adverse impact on spirits consumption in the country. India was fraught with multiple headwinds throughout year 2019 – lingering distress in the financial services space, muted consumption and cyclical slowdown across industries. The virus outbreak in March 2020 exacerbated these challenges and India's GDP contracted by 4.2 percent in financial year 2019-20 (April 2019-March 2020), the lowest growth in a decade. Spirits sales have taken a drastic hit in the country. Liquor manufacturing, -distribution and retailing in India came to a complete standstill during the nationwide lockdown and led to a 17 percent decline in net sales in the country during the year ended in June. While there has been a phased re-opening of the off-trade since May, the on-trade channel – bars, pubs and restaurants – remains closed. During the lockdown, several states also introduced additional taxes and excise duties that have impacted retail prices of spirits in the country. The Government of India has announced several measures to inject liquidity into the economy, limit the impact on vulnerable -sectors and enhance the pace of recovery. A young demographic base, growing income levels, expanding middle-class, greater preference for premium food and drink experiences and steadily rising social -acceptance of spirits will continue to drive alcohol demand in the country in the years to come.

According to a study by the Indian Council for Indian council for Research on International Economic Relations (ICRIER) the global alcoholic beverages market was estimated to be at USD1.58 trillion in 2020 and is projected to grow at a CAGR of around 3.5 per cent between 2020 and 2023. India - estimated market size of USD52.5 billion in 2020 and the market is expected to grow at a CAGR of 6.8 per cent between 2020 and 2023.

As per the report of ICRIER, production of alcoholic beverages in the country increased by about 23.8 per cent during the period between 2015-16 and 2018-19:

- Contributes to around 1.5 million jobs and generated around USD48.8 billion in sales revenue in 2019.
- The number of people consumption alcohol increased from approximately 219 million in 2005 to 293 million in 2018; it is projected to increase to 386 million in 2030
- By 2030, 50 per cent of consumers are expected to buy more of the same category of alcoholic beverages that they were consuming, 26 per cent are estimated to move to higher brands, and 24 per cent are expected to spend on newer categories of alcoholic beverages.
- States with high prevalence of alcohol consumption (i.e., percentage of total population who consume alcohol) in 2018 were Chhattisgarh (35.6 per cent), Tripura (34.7 per cent), Punjab (28.5 per cent), and Arunachal Pradesh and Goa (28 per cent each).
- In terms of the absolute number of people who consume alcohol, the top-ranking states are Uttar Pradesh (4.2 crore), West Bengal (1.4 crore), and Madhya Pradesh (1.2 crore).

The Indian alcobev industry can broadly be classified into five categories, namely Indian Made Foreign Liquor (IMFL), India Made Indian Liquor (IMIL), foreign liquor Bottled in Origin (BIO), Beer and Wine. IMFL primarily comprises of brown spirits such as whisky, rum, and brandy whereas white spirits comprise of gin, vodka, and white rum. BIO forms a very small part of alcohol consumption in India. It is usually consumed by the rich and the upper middle class in metropolitan cities. It is also subject to customs duty which makes it much more expensive.

Beer can broadly be classified into two subcategories, strong beer with an alcohol content of around 6-8% and mild or lager beer which has an alcohol content of 4-6%. The recent trends in the alcoholic beverages segment includes launch of flavoured alcoholic drinks and ready to drink (RTD).

The alcobev segment was one of the most impacted sectors due to pandemic. Restaurants and hotels were shut or operated at very limited capacity which severely impacted sales of alcohol. Even if the restaurants were open customers were sceptical to visit restaurants / hotels and limited their outings, rather preferring home delivery.

As a result of the lockdown in India last year, total alcohol volume plummeted 30%, but the market is expected to rebound to more than 8% volume (CAGR 2021-2025). Spirits are predicted to rise by nearly 5% over the four-year period, while beer will increase by 13%. (IWSR Report)

Sales of Indian made foreign liquor (IMFL) declined by 12% year-on-year during FY2021 due to the pandemic-induced lockdown and increase in taxes, according to the Confederation of Indian Alcoholic Beverage Companies (CIABC). Recovery in demand for alcohol is some time away as consumers may not visit bars and pubs, affecting the out-of-home liquor consumption. This implies that out-of-home alcohol consumption, which contributes 15% to spirits and 25% to beer sales volumes, will take a big hit. Furthermore, permission for online sales in some of the states has resulted in shrinkage of retail outlets to the tune of 40-50% of the total strength due to lack of technology and delivery capabilities particularly in tier 2 and tier 3 cities. On the other hand, the current lockdown situation presents an opportunity for the alcobev industry to get authorization for online ordering and home delivery distribution route. If the new model of delivery is adopted, it can bring a positive structural change in the alcobev industry.

Beer Industry

Indian beer industry is primarily dominated by strong beer which accounts for over 85% of the total beer volumes sold in India. The beer consumption in the country is driven by the demand from the southern states which accounts for more than half of the volumes consumed in India. Around 30% of the total consumption is contributed by western region and equally spread between northern and eastern states. India has one of the lowest per capita alcohol consumption rates globally, which is an indicator of the prevailing opportunity. The growth in the beer market is predominantly driven by young consumers and professionals who consider beer as a trendy drink, as compared with traditional spirits. Furthermore, rising disposable incomes, changing preferences and favourable demographics coupled with increasing social acceptance is also anticipated to contribute to growth of the industry in the medium term. India adds over 19 million people to the legal drinking age every year and only one in eight women consume beer, compared to one in two in more mature markets. This presents significant industry growth potential.

Approximately, 30% of beer sales are in the summer months. Consumption stays low during the rainy seasons and picks after winter season. Moreover, 25% of beer consumptions happens out of home in places like bars, pubs and cafes. Due to two months of lockdown and gradual lifting up of restrictions in India, this has coincided with that time period of the year where beer consumption is the highest. Moreover, less people are likely to go to cafes, pubs, restaurants and bars in the near term as they adopt social distancing norm as a new normal. These factors pose a serious threat to beer consumption in the near term. Additionally, alcoholic drinks are not consumed for refreshment or lifestyle as evident by popularity of hard liquor over beer and even in beer, strong beer is the preferred category. Despite low alcohol content as compared to IMFL, it is taxed similar to IMFL which makes beer relatively expensive. The Covid-19 pandemic has led to job losses and salary cuts; all of this will lead to lower disposable income of the consumers and in turn reduce the pace of shift to beers and premium beer category in particular in the short term. However, in the medium to long term the outlook for beer continues to remain promising and poised to grow.

IMFL Industry

Although India is the largest whisky market in the world in volume terms, there is still a fair amount of opportunity to expand it further in value terms. A large part of the consumption is still in categories such as country liquor. However, the Covid-19 pandemic will lead to less than expected growth for the IMFL Industry as: volumes will be lost because of less people visiting bars, pubs and restaurants where approximately 15% of IMFL is consumed; new Covid-cess has also reduced demand due to increase in prices, and as the economy is expected to shrink for the year and lower income levels will lead to slower rate of transition from country liquor to IMFL. All these factors are going to affect the consumption of IMFL in the near term.

Challenges

The Indian market offers a number of opportunities for its domestic spirits producers. But there is a number of challenges which the India based spirits producers are facing. The Indian spirits industry operates in a highly regulated industry with state-specific policies which impact industry volumes in some markets. Prohibitively high inter-state duties compel Indian spirits producers to set up owned or contract manufacturing set-ups in every state. Licenses are required to produce, bottle, store, distribute or retail alcoholic products. Distribution is also highly controlled, both at the wholesale and retail levels. In states with government control on pricing, price increase is based on government notifications. In states where retailing is controlled by the state government, there is a specified quota that each player can sell, capping potential to increase market share for their products. These regulations make operations restrictive for the spirits producers in India. In terms of starting new business and expansion liquor licensing and sourcing emerged as the major growth barrier for the industry, as the necessity to obtain number of mandatory licenses and regulation related to hours of operation and consumers minimum age, which varied from state to state.

Growth Drivers

According to our India Alcoholic Beverages market study on the basis of extensive primary and secondary research, “Over the past few years, there has been a huge change in attitudes and lifestyle, making consumption of alcohol more socially acceptable. This acceptability of alcohols extends to drinking in family environments, at social events, and by females/youngsters. The growing acceptability and changing social norms have significantly boosted the growth of alcohol beverage industry growth.”

According to the report, major driver in India alcoholic beverages market is growing consumption of alcohol owing to rapid urbanization and favourable demographics in the country. Huge population in India are migrating towards bigger cities, where they are exposed to a wider variety of alcoholic beverage products, including IMFL and significantly contributing to the market growth. India is a young country, with more than 55 per cent of Indians falling in the 18-45 years age group. This is the age group the industry targets as potential customers.

- **The New Normal:** Earlier alcohol and its consumption was not much favoured in India. However, with rising urbanisation and awareness now it is socially acceptable. Gradually, people are accepting it as a social drink and is acceptable in family gatherings and informal get-togethers. The acceptability of social drinking by females and youngsters have also increased.
- **Improved Standard of Living:** The Indian population segmentation by income level has transitioned from pyramid shape to diamond shape, resulting in larger share of middle-class population. The Indian middle class has also been able to enhance their disposable income and resulting in increased consumer demand. In addition, the growing purchasing power and rising influence of the social media have enabled Indian consumers shift their preference towards more premium and lifestyle products. Furthermore, various measures undertaken by the government over last few years such as direct benefit transfer and various agricultural reforms are also anticipated to increase purchasing power of rural India and drive consumption further. The Indian middle class is moving to an upper income group with changing lifestyles, luxury preferences and ability to pay more for premium products.
- **Favourable Demographics:** The mix of younger generation is high in India with over 55% of the population in the age group of 18-45 years. Additionally, around 19 million people get added to the legal age for drinking every year, which provides a significant opportunity for the alcobev industry in India.
- **Urbanisation:** Huge population in India are migrating towards bigger cities, where they are exposed to a wider variety of alcoholic beverage products, including IMFL and significantly contributing to the market growth
- **Family Structure:** Indian families are shifting towards more nuclear structure as compared to traditional joint family structure. As a result, the decision makers in houses are younger generation who are more inclined towards affluent lifestyle.
- **Alcohol Availability:** Focus on premium-isation coupled with entrance of international players in India has resulted in availability of a wide variety of choices for aspirational Indian population. Wider choice will cater to a broader target audience resulting in increased demand for the industry.

- **Low Penetration:** The current per capita consumption of beer in India is one of the lowest in the world. Also, alcohol is sold through a meagre 86,000 outlets, which is extremely low when compared to the rest of the world. Given the current low penetration level there is immense scope for enhancing the consumption which is expected to benefit the industry.
- **Online Sales:** Due to the ongoing pandemic, most of the states in India allowed online sale of liquor to ensure social distancing. Online sales were restricted earlier, and this allowance of online sales can emerge as new avenue to drive demand in medium to long term.

Source: <https://www.goldsteinresearch.com/report/india-alcoholic-beverages-market-analysis>
<https://www.aidaindia.org/about-aida.html>,

International Journal of Community Medicine and Public Health – April 2021; <https://blog.drinktec.com/cross-industry/the-indian-spirits-industry>

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 Draft 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 20, 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 89 and 91, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

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 ₹ 4,99,61,000 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.

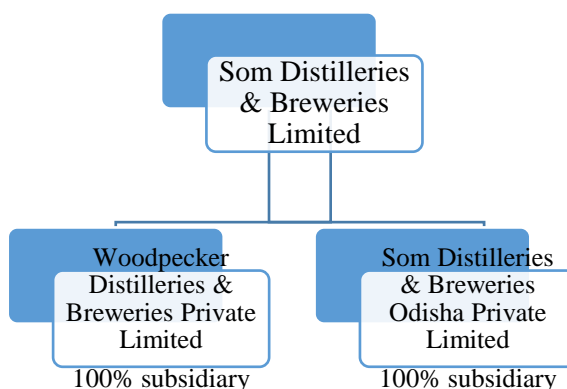
Our flagships brands include Hunter, Black Fort, Power Cool and Woodpecker in the Beer segment and Milestone 100 whisky and White Fox vodka in the IMFL segment. Other popular IMFL brands of us include Legend, Genius, Sunny, Gypsy and Blue Chip. With around 90% of our revenues coming from beer, we have three key brands (with sales more than 1 million cases per annum) i.e. Hunter, Black Fort and Power Cool. Hunter and Woodpecker brands are supplied as draught beer to all major hotels in Madhya Pradesh and Chhattisgarh. We have recently launched ‘Woodpecker’ Wheat Beer, India’s first filtered wheat beer.

Our manufacturing unit is located at Bhopal (Madhya Pradesh). As on September 30, 2021, we have a total installed capacity of 1,52,00,000 cases of beer per annum and 6,00,000 cases per annum of IMFL (excluding our subsidiaries) which is sold to the domestic and international customers such as end users, merchants, distributors, and exporters. Alongside, we have our 100% subsidiary companies, Woodpecker Distilleries & Breweries Private Limited located at Hasan in the state of Karnataka and Som Distilleries & Breweries Odisha Private Limited located at Barpada, Odisha.

Our revenues, on a consolidated basis, amongst the two major product lines can be broadly classified as under:

Particulars	(Amount in ₹)		
	Half year ended September 30, 2021	Fiscal 2021	Fiscal 2020
Beer	111,85,49,796	235,87,23,026	383,81,51,443
IMFL	15,70,08,403	51,69,97,607	76,07,14,752
Total	127,55,58,200	287,57,20,633	459,88,66,195

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 in the state of Karnataka and is engaged in manufacturing of beer and bottling/blending of IMFL. It started its commercial production in 2018 with a capacity of 34,00,000 cases per annum. As on September 30, 2021 it has a total installed capacity of 34,00,000 cases of Beer and 27,85,000 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 42,00,000 cases per annum. As on September 30, 2021 it has a total installed capacity of 42,00,000 cases per annum.

In 2019, 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 2022. We also have FSSAI certifications for all our manufacturing units, which are valid and subsisting.

With our inherent strength in brewing, and with the existing capacities we also do contract manufacturing for other brands/companies. We have been manufacturing beer for companies like White Owl Breweries Private Limited (Brands manufactured: White Owl Diablo, Spark, Ace, Spike and Boss) and 7 Ink Brews Private Limited (Brands: Copter 7 Strong and Lager). Our revenues based on our Company’s own brands and contract manufacturing / white-labelling are depicted as under:

	September 30, 2021		FY 2021		FY 2020	
Sales Revenue (₹)	Own Sales	Contract Manuf / White-labelling	Own Sales	Contract Manuf/ White-labelling	Own Sales	Contract Manf / White-labelling
Beer	111,05,16,560	--	230,70,49,026	5,16,74,000	377,36,46,915	6,45,04,528
IMFL	16,50,41,639	--	51,69,97,607	--	7,60,71,4,752	--
Total	127,55,58,199	--	282,40,4,633	5,16,74,000	453,43,61,667	6,45,04,528

Sales (No of cases sold)	September 30, 2021		FY 2021		FY 2020	
	Own Sales	Contract Manufacturing / White-labelling	Own Sales	Contract Manufacturing / White-labelling	Own Sales	Contract Manufacturing / White-labelling
Beer	23,55,398	--	49,07,121	63,969	82,75,909	71,600
IMFL	2,15,379	--	7,69,055	--	11,94,521	--
Total	25,70,777	--	57,40,145	63,969	95,42,030	71,600

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 1’ at page 21 of this Draft 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 alcohol 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' draught beer—filter wheat beer, tailored to the preferences of consumers primarily located in Bangalore. 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 more than two 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 operations internationally. Our key international geographies are: UAE, USA, Denmark, Norway and New Zealand for beer and for IMFL we export mainly to West African nations. Our revenues from domestic and international markets are detailed hereunder:

Revenue (In ₹)	Half year ended September 30 2021	Fiscal 2021	Fiscal 2020
Domestic	122,75,81,965	278,59,42,419	454,99,67,113
Exports	4,79,76,234	8,97,77,214	4,88,99,082
Total	127,55,58,199	287,57,20,633	459,88,66,195

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 academic background 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 operations 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" beginning on page 86 of this Draft Letter of Offer.

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 which is 360 degrees in nature 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) rationalise 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 contribute approximately 81 % of our domestic revenues 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 14.93 % of total net revenues for the half year ended September 30, 2021. 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
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	<p>Hunter competes with all the national level main line brands in the strong beer segment.</p> <p>Launched in 1995 in the premium segment Alcohol content of 6% to 8% v/v</p> <p>New refurbished Hunter beer and pint bottle launched in FY2016</p>	<p>Available in 650 ml bottle, pint bottles and cans</p> <p>Draught beer kegs</p>
	<p>Woodpecker is brewed using the finest South American wheat malts and German alpha hops to get the right texture, finesse, and aroma. This is India's first filtered wheat beer.</p>	<p>Available in 650 ml bottle, pint bottles and cans</p> <p>Draught beer kegs</p>
	<p>Black fort strong beer is a millionaire brand of the company. This beer competes with the regional beer brands in the country.</p>	<p>Available in 650 ml bottle, pint bottles and cans</p>
	<p>Power Cool is a strong beer and is a millionaire brand for the company. It is aimed at the consumers who would like to shift from IMFL to beer.</p>	<p>Available in 650 ml bottle, pint bottles and cans</p>

• Blends

Product	Description	Packaging sizes
	<p>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.</p>	<p>Bottles of 90ml, 180 ml, 375 ml and 750 ml.</p>
	<p>Pentagon Rum is created by using a fine blend of cane juice and molasses.</p>	<p>Bottles of 90ml, 180 ml, 375 ml and 750 ml.</p>
	<p>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</p>	<p>Bottles of 90ml, 180 ml, 375 ml and 750 ml.</p>

	Legend 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.
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• Ready to Drink

Product	Description	Packaging sizes
	Ready to mix drink with vodka base and cranberry flavour. Low on sugar and high on taste.	Cans of 330 ml.
	Ready to mix drink with vodka base and passion fruit flavour. Low on sugar and high on taste.	Cans of 330 ml.
	Ready to drink with vodka base and orange flavour. Low on sugar and high on taste.	Cans of 330 ml.
	Ready to mix drink with vodka base and lemon flavour. Low on sugar and high on taste.	Cans of 330 ml.

Technology and Process

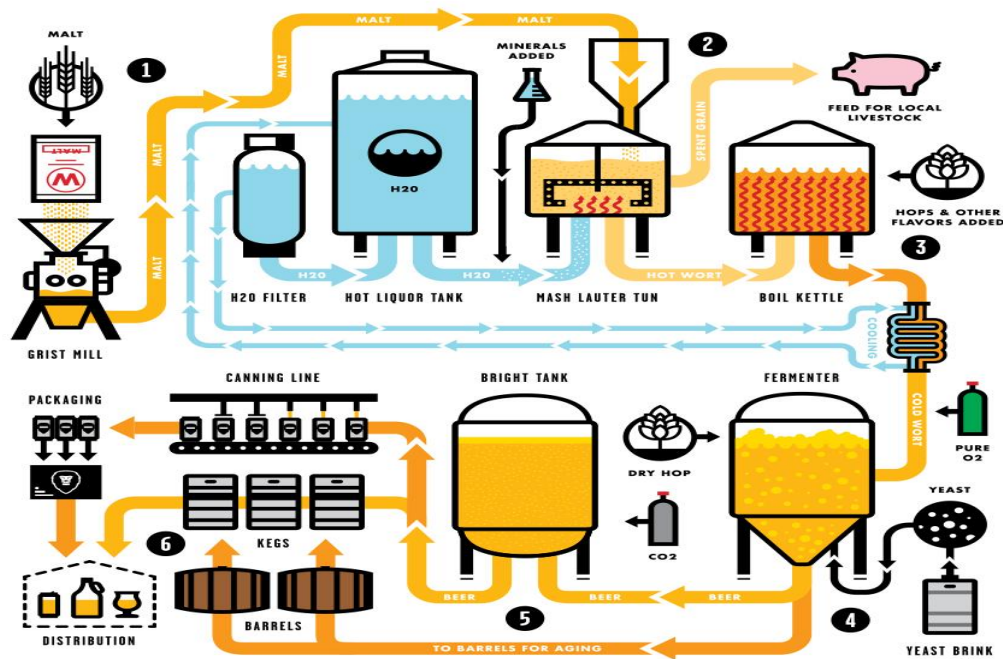
The technology for manufacturing Beer and Indian Made Foreign Liquor is well established. Our company and its promoter have the requisite knowledge and technology to produce the same, having been in this business.

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. Spargings 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 favourably. 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.

Utilities and Infrastructure Facilities

The major raw material required for our business are:

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 with multiple suppliers 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 or the 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 endeavors 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	Alpha 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.

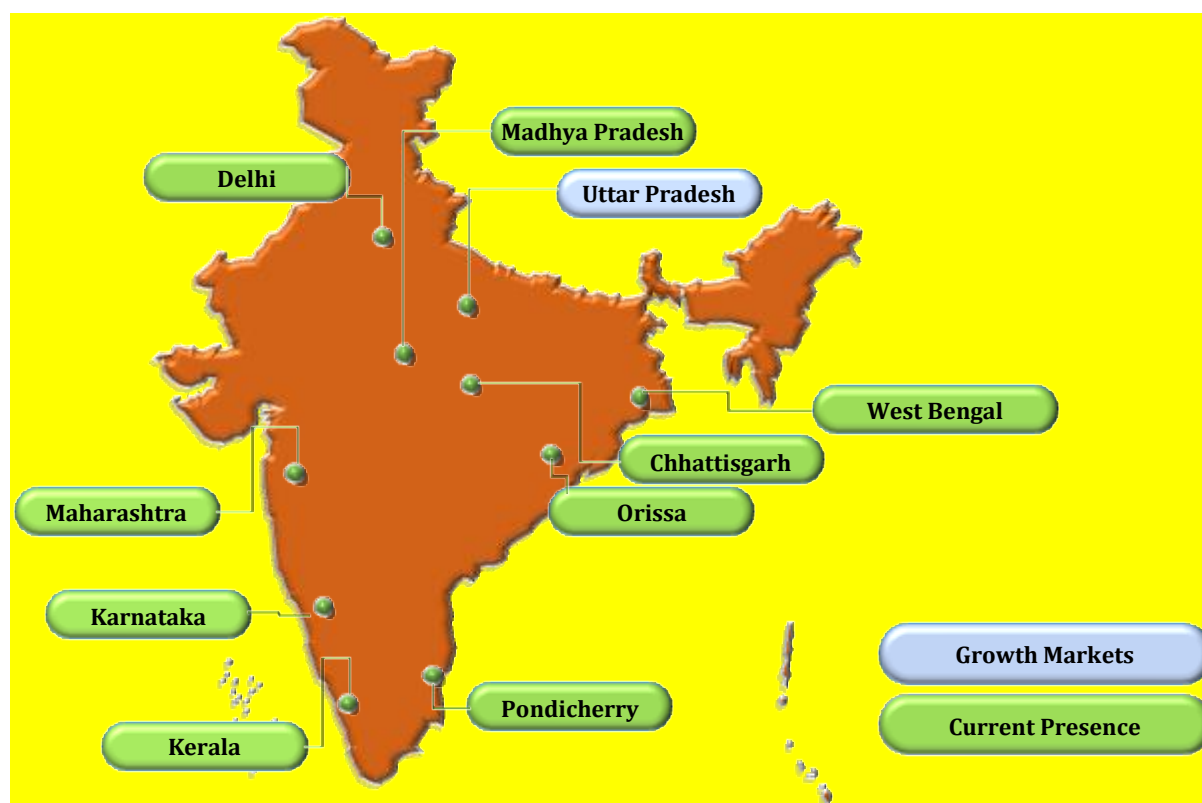
Our Company does not have any collaborations or any marketing assistance from any collaborators.

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 an especially strong presence in certain semi urban and rural markets in India. We select retail partners based on their distribution networks, sales personnel, financial condition, creditworthiness.

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 mainly are the government corporations.

We have 3 warehouses for the private markets of Delhi, Uttar Pradesh and Jharhand to stock our products. From these locations, our products are typically sent directly to retail outlets after the payment of the requisite excise duty.



Marketing

Recognizing that the alcoholic 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. During fiscal 2021, our marketing expenditure, comprising of advertisement & publicity expenses, sales promotion expenses was ₹ 86,35,050 and 31,38,95,340 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 Draft 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 September 30, 2021 we had 167 full time employees. The following table sets forth a bifurcation of the number of our employees as of September 30, 2021:

Sr. No.	Description	No. of Employees
1	Promoter Management	1
2	Top Management	13
3	Corporate support staff (Accounts, Secretarial, office staff)	32
4	Business staff	40
5	Others	81
Total		167

We also hire contract labourers through registered labour contractors for workmen at our manufacturing units, and other general duties at our offices, as and when the need arises.

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. In furtherance of the same, we had undertaken CSR activities through Asha Mohan Foundation that focuses on education of children at Sehatganj, District Raisen, M.P. We have spent an amount of ₹ 69.50 lacs towards our CSR initiatives during FY 2021.

Capacity and Capacity Utilization

Set forth below are the details of the installed and utilized capacity of our manufacturing units for the last two years. The production details have been certified by the excise authorities at our plants.

Particulars	FY 2021	FY 2020
A. Bhopal Plant		
Installed capacity (cases per annum)	*152,00,000	76,00,000
Production (cases per annum)	30,57,682	56,67,140
Capacity utilization (cases per annum)	20%	74.5%
B. Hassan Plant		
Installed capacity (cases per annum)	34,00,000	34,00,000
Production (cases per annum)	11,44,610	14,66,343
Capacity utilization (cases per annum)	33.66%	43.12%
C. Barpada Plant		
Installed capacity (cases per annum)	42,00,000	42,00,000
Production (cases per annum)	8,04,862	12,67,252
Capacity utilization	19.16%	30.17%




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

Intellectual Property

Trademark:

Our Company owns the following trademarks:

Sr. No.	Particulars of the mark	Number	Class	Valid upto
1.	ULTRA – Word Mark	650447	32	30/12/2004
2.	 - Device Mark	717248	32	13/09/2016
3.	VERNET - Device Mark	2308131	33	30/03/2022
4.	REBEL - Device Mark	2327196	33	07/05/2022
5.	BERNICE - Device Mark	2610878	32	11/10/2023
6.	BERNICE - Device Mark	2610879	33	11/10/2023
7.	LEGEND – Word Mark	629726	32	03/06/2024
8.	 - Device Mark	629729	32	03/06/2024
9.	 - Device Mark	2760206	32	23/06/2024
10.	 - Device Mark	2760207	33	23/06/2024
11.	 - Device Mark	2760208	32	23/06/2024
12.	SDBL - Device Mark	2769591	32	08/07/2024
13.	SDBL - Device Mark	2769592	33	08/07/2024
14.	BLACK FORT – Word Mark	634662	32	22/07/2024
15.	Power – Word Mark	634663	32	22/07/2024
16.	SOM – Word Mark	634664	32	22/07/2024
17.	HUNTER – Word Mark	648923	32	16/12/2024
18.	REBEL - Word Mark	648925	32	16/12/2024
19.	HUNTER – Word Mark	703134	33	26/03/2026
20.	 - Device Mark	3354219	32	06/09/2026
21.	ARTHUR'S PEAK - Word Mark	3469317	32	31/01/2027
22.	ARTHUR'S PEAK - Word Mark	3469318	33	31/01/2027
23.	WOODPECKER - Word Mark	732681	32	05/02/2027
24.	WOODPECKER - Word Mark	732682	33	05/02/2027
25.	BHANGRA- Word Mark	740139	33	30/04/2027
26.	BHANGRA - Word Mark	740138	32	30/04/2027
27.	WHITE OAK – Word Mark	3762002	32 & 33	23/02/2028
28.	SUNNY – Word Mark	629727	32	03/06/2028
29.	21ST CENTURY – Word Mark	629728	32	03/06/2028

Sr. No.	Particulars of the mark	Number	Class	Valid upto
30.	 - Device Mark	861741	32	21/06/2029
31.	GLORY - Word Mark	867880	33	26/07/2029
32.	DAZZLING - Word Mark	895300	32	31/12/2029
33.	PENTAGON - Word Mark	895302	32	31/12/2029
34.	SPLASH - Word Mark	895304	32	31/12/2029
35.	DAZZLING - Word Mark	895305	33	31/12/2029
36.	LUXOR - Word Mark	895306	33	31/12/2029
37.	PENTAGON - Word Mark	895307	33	31/12/2029
38.	SHILAJIT - Word Mark	895308	33	31/12/2029
39.	SPLASH - Word Mark	895309	33	31/12/2029
40.	 - Device Mark	2198501	32	02/09/2031
41.	 - Device Mark	2198502	33	02/09/2031
42.	GYPSY - Word Mark	1067937	33	19/12/2031

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 Badapada

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.	Lease dated January 18, 2018 entered into by and between M/s. Vinayakam Steel Private Limited Company (“ Lessor ”) and our Company (“ Lessee ”)	Property No. B-2/68 Mohan Co-operative Industrial area, Mathura Road, New Delhi.	₹ 4,52,575 per month	From January 20, 2018 to December 2024.	Warehouse
2.	Leave and License Agreement dated April 1, 2021 entered into by and between M/s. Kotsons Private Limited (“ Licensors ”) and our Company (“ Licensee ”)	5985 sq. ft of covered area in the premises situated at D-25, UPSIDC, Site C, Sikandra Industrial Area, Agra 282 007	₹ 59,850 per month (5985 sq. ft @ ₹ 10 per sq ft)	From April 1, 2021 to February 28, 2022.	Warehouse
3.	Leave and License Agreement dated April 1, 2021 entered into by and between M/s. Kotsons Private Limited (“ Licensors ”) and our Company (“ Licensee ”)	1700 sq. ft of covered area in the premises situated at D-25, UPSIDC, Site C, Sikandra Industrial Area, Agra 282 007	₹ 17,000 per month (1700 sq. ft @ ₹ 10 per sq ft)	From April 1, 2021 to February 28, 2022.	Warehouse + Office

OUR MANAGEMENT

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 Draft Letter of Offer, we have six (6) Directors on our Board, which includes, two (2) Executive Directors and four (4) Independent Directors. In compliance of corporate governance norms, of the four (4) Independent Directors, one (1) is a women director.

Set forth below, are details regarding our Board as on the date of this Draft Letter of Offer:

Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality	Age (years)	Other Directorships
Jagdish Kumar Arora DIN: 00224633 Date of Birth: June 23, 1956 Designation: Chairman and Managing Director Address: SOM House (Vatsalya Bhavan) Kerwa Dam Road, Mendori, Bhopal Madhya Pradesh – 462 044, India Occupation: Business Term: For a period of five (5) years w.e.f. February 4, 2017. Nationality: Indian	65	i. Som Agro Products Limited ii. Legend Distilleries Private Limited iii. Som Power Limited iv. Aryavrat Projects and Developers Private Limited v. Aryavrat Fincon Private Limited vi. Legend Capital Private Limited vii. Sompel JV Private Limited
Nakul Kam Sethi DIN: 06512548 Date of Birth: September 3, 1973 Designation: Executive Director Address: C-3 Nizamuddin East New Delhi – 110 013, India Occupation: Business Term: For a period of five (5) years w.e.f. June 1, 2018. Nationality: Indian	48	i. Aaryavrat Realtors Private Limited
Satpal Kumar Arora DIN: 00061420 Date of Birth: April 1, 1958 Designation: Independent Director Address: C-1/401, Ram Prastha Colony Chander Nagar, Ghaziabad Uttar Pradesh - 201 011, India. Occupation: Business Term: For a period of five (5) years w.e.f. October 13, 2018.	63	i. Dhampur Sugar Mills Limited ii. Shree Pushkar Chemicals & Fertilisers Limited iii. CMR Green Technologies Limited iv. Shree Maheshwar Hydel Power Corporation Limited v. Globin Infra AMC Services Private Limited vi. IFCI Sycamore Capital Advisors Private Limited vii. Beacon Trusteeship Limited

Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality	Age (years)	Other Directorships
Nationality: Indian		
Deena Nath Singh	49	i. Woodpecker Distilleries & Breweries Private Limited
DIN: 00281542		ii. Som Distilleries & Breweries Odisha Private Limited
Date of Birth: July 30, 1972		
Designation: Independent Director		
Address: 312/2 C, Saket Nagar, Habibgani, Huzur Bhopal, Madhya Pradesh 462 024, India		
Occupation: Business		
Term: For a period of five (5) years w.e.f. April 1, 2019.		
Nationality: Indian		
Uma Kant Samal	73	NIL
DIN: 08669929		
Date of Birth: December 31, 1947		
Designation: Independent Director		
Address: NUA- Palimi, Khasra-209-211 NH-12, Hoshangabad Road, Misrod, Huzur Bhopal, Madhya Pradesh - 462 026, India		
Occupation: Business		
Term: For a period of five (5) year w.e.f. April 20, 2020		
Nationality: Indian		
Nishi Arora	53	NIL
DIN: 07021730		
Date of Birth: June 16, 1968		
Designation: Independent Director		
Address: Flat No. S-3, Plot No. 199, 2-B, Saket Nagar Bhopal, Madhya Pradesh - 462 024, India		
Occupation: Business		
Term: For a period of five (5) years from November 14, 2020		
Nationality: Indian		

Confirmations on directorship in companies suspended or delisted

1. 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 Draft Letter of Offer, whose shares have been or were suspended from being traded on any of the stock exchanges during the term of his/her directorship in such Company.
2. 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 Draft Letter of Offer.

Our Key Managerial Personnel

In addition to our Chairman and Managing Director and Executive Director, whose details have been described and uploaded on our Company's website: https://www.somindia.com/pdf/sebi/SOM-Profile%20of%20Directors_Jan-2021.pdf, set forth below are the details of our Key Managerial Personnel as on the date of filing of this Draft Letter of Offer:

Rajesh Kumar Dubey, aged 53 years, is the Chief Financial Officer of our Company. Holding a Masters in Commerce and a Bachelors degree in Commerce, he has been associated with our Company since June 7, 1994 and was re-designated as CFO with effect from November 14, 2014. He is responsible for handling the accounts and finance related matters of our Company. He has an experience of more than 25 years.

Om Prakash, aged 38 years, is the Company Secretary and Compliance Officer of our Company. A commerce graduate, a law graduate and a qualified Company Secretary, he has been associated with our Company since February 7, 2020 and is responsible for setting forth policies and implementing relating to records and the secretarial matters of our Company. Prior to joining us, he worked with companies like Omaxe Limited and DLF Limited and has an experience of more than 10 years.

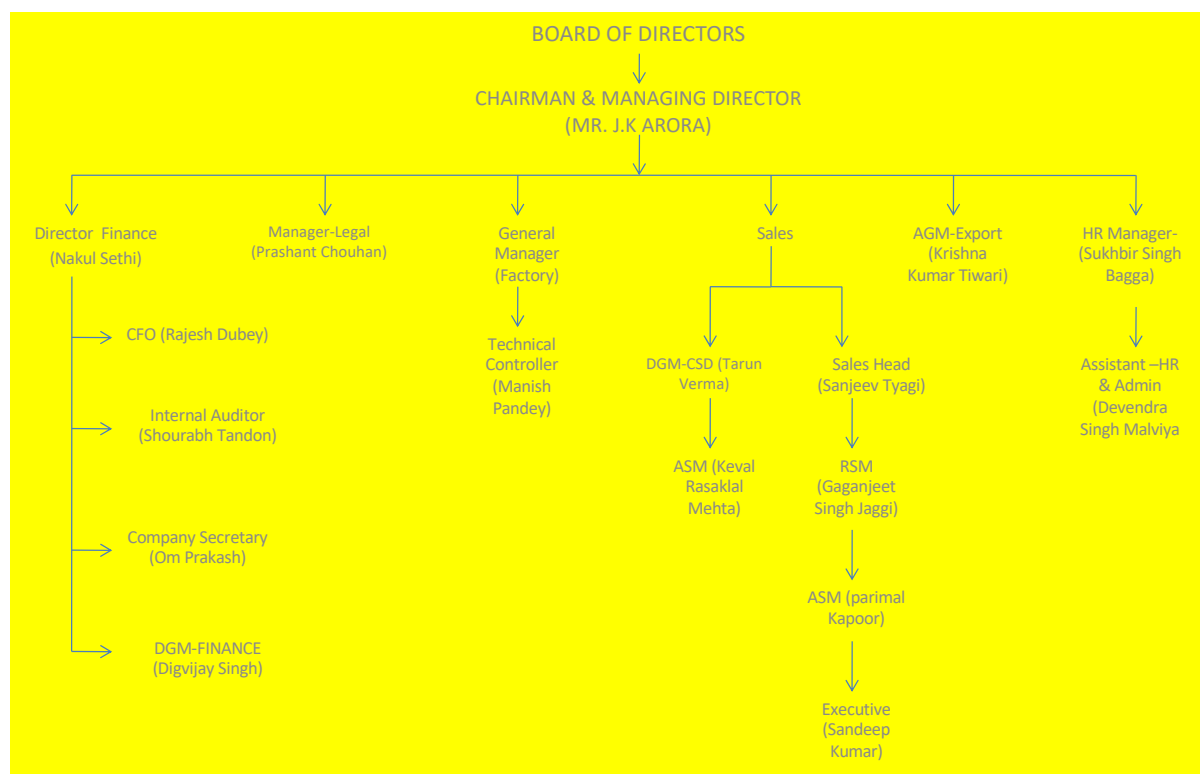
All our Key Managerial Personnel are permanent employees of our Company.

Relationship of Key Managerial Personnel with our Directors, Promoter and / or other Key Managerial Personnel

None of the key managerial personnel are related to each other or to our Promoter or to any of our Directors.

Management Organization Structure

Set forth is the organization work structure of our Company:



SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

S. No.	Details	Page Number
1.	Independent Auditor's Review Report on Quarterly and year to date Unaudited Consolidated Financial Results of the Company pursuant to the Regulation 33 of SEBI Listing Regulations	F-1 to F-2
2.	Statement of Unaudited Consolidated Results for the Quarter/Half year ended September 30, 2021	F-3
3.	Statement of Standalone/Consolidated Assets & Liabilities as at September 30, 2021	F-4
4.	Unaudited Consolidated Cash Flow Statement for the half year ended September 30, 2021	F-5
5.	Independent Auditor's Report on the Consolidated Financial Statements for the year ended March 31, 2021	F-6 to F-23
6.	Statement of Accounting Ratios	90
7.	Statement of Capitalization	91
8.	Statement of Material Developments after March 31, 2021	92

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Consolidated Financial Results of the Company Pursuant to the Regulations 33 of the SEBI (Listings Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to
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, 2021 and the year to date from 1st April, 2021 to 30th September, 2021 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition 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. 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 the Standard on Review Engagements ("SRE") 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants 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 persons 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 specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



R.N. GUPTA & ASSOCIATES
CHARTERED ACCOUNTANTS
6, NEW MARKET, (1st FLOOR), T.T. NAGAR, BHOPAL-462003
Tel. 0755-2559350
E-mail: rn_gupta_ca@yahoo.com

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, 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 and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes 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 the 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 the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatements.

For **R. N. GUPTA & ASSOCIATES,**
Chartered Accountants
Firm Registration No. 001419C



Dated: 30.10.2021
Place: Bhopal


R.N. Gupta
Membership No. 070590
UDIN: 21070590AAAAEU3220

SOM DISTILLERIES AND BREWERIES LIMITED

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, 2021

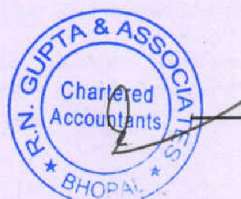
		(Rs. in Lacs)					
		Quarter ended			Year to date ended		Year Ended
		30.09.2021	30.06.2021	30.09.2020	30.09.2021	30.09.2020	31.03.2021
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I	Revenue from operations (Incl State Excise Duties)	13,371.11	9,897.90	11,358.67	23,269.00	18,082.39	50,708.33
II	Other Income	87.00	54.47	30.57	141.47	49.13	257.53
III	Total Income (I+II)	13,458.10	9,952.37	11,389.24	23,410.47	18,131.52	50,965.86
2	Expenses						
a	Cost of Materials Consumed	3,752.02	2,643.74	2,742.31	6,395.77	5,402.70	16,418.19
b	Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	498.35	(62.07)	708.43	436.27	696.77	128.89
c	State Excise Duties	5,625.74	4,887.68	5,053.97	10,513.42	7,915.13	21,951.12
d	Employee Benefits Expenses	521.45	516.30	400.14	1,037.74	765.11	1,678.80
e	Finance Costs	377.45	400.02	440.91	777.47	900.40	1,865.90
f	Depreciation and Amortisations	422.92	419.36	313.03	842.27	621.26	1,336.86
g	Other Expenses	2,509.83	2,407.94	2,386.30	4,917.77	4,668.33	11,488.87
IV	Total Expenses	13,707.76	11,212.97	12,045.09	24,920.73	20,969.69	54,868.64
V	Profit/(Loss) before exceptional items and tax (III-IV)	(249.66)	(1,260.60)	(655.84)	(1,510.26)	(2,838.17)	(3,902.78)
VI	Exceptional Items	-	-	-	-	-	-
VII	Profit/(Loss) before tax (V-VI)	(249.66)	(1,260.60)	(655.84)	(1,510.26)	(2,838.17)	(3,902.78)
VIII	Tax Expense	0.03	-	2.60	0.03	238.25	(95.49)
IX	Profit/(Loss) for the Period (VII-VIII)	(249.68)	(1,260.60)	(658.45)	(1,510.28)	(3,076.42)	(3,807.29)
X	Other Comprehensive Income	-	-	-	-	-	(3.77)
XI	Total Comprehensive income for the Period (IX-X)	(249.68)	(1,260.60)	(658.45)	(1,510.28)	(3,076.42)	(3,811.06)
XII	Earnings Per Equity Share (Face Value of Rs. 5/- each)						
1	Basic (in Rs.)	(0.38)	(1.94)	(1.01)	(2.32)	(4.73)	(5.86)
2	Diluted (in Rs.)	(0.38)	(1.94)	(1.01)	(2.32)	(4.73)	(5.86)

NOTES :-

- Unaudited financial results for the quarter/half year ended 30th September 2021 reviewed by the audit committee were taken on record at the board meeting held on 30th October, 2021.
- 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".
- 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.
- Previous period figures have been regrouped and or reclassified, wherever necessary.
- Shareholders are requested to intimate change of address, if any.

Dated: 30.10.2021

Place: Bhopal



(Signature)

Nakul K Sethi
Executive Director

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

Ph: +91-11-26169909, 26169712 Fax:- +91-11-26195897

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

Statement of Standalone/Consolidated Assets & Liabilities as at 30th September, 2021

(Rs. in Lacs)

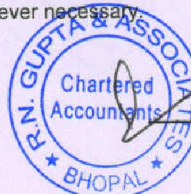
Particulars	Standalone		Consolidated	
	As at 30.09.2021	As at 31.03.2021	As at 30.09.2021	As at 31.03.2021
	Unaudited	Audited	Unaudited	Audited
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	20,073.43	20,569.40	40,478.03	41,346.51
(b) Capital work-in-progress	39.97	-	426.08	217.69
(c) Other Intangible assets	70.96	79.92	70.96	79.92
(d) Intangible assets under development	2.36	2.36	2.36	2.36
(d) Investments	7,601.00	7,601.00	-	-
(e) Financial assets				
(i) Loans	7,191.92	7,191.92	-	-
(ii) Other Financial Assets	1,334.09	1,434.45	1,623.18	1,610.66
(2) Current assets				
(a) Inventories	3,406.96	4,046.48	5,869.76	6,844.21
(b) Financial assets				
(i) Trade receivables	5,570.17	8,288.38	8,934.57	13,149.72
(ii) Cash and cash equivalents	624.18	835.67	1,163.62	1,446.79
(iii) Loans	1,490.40	2,354.31	143.86	147.15
(c) Other current assets	5,073.47	4,816.43	6,417.60	6,305.01
TOTAL ASSETS	52,478.92	57,220.32	65,130.01	71,150.01
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	3,249.39	3,249.39	3,249.39	3,249.39
(b) Other equity	26,189.56	27,169.42	23,420.91	24,931.20
Liabilities				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	7,714.56	8,283.40	11,625.89	12,311.07
(ii) Other	295.16	293.16	396.71	346.16
(b) Deferred tax liabilities (Net)	610.39	610.39	681.11	681.11
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	2,783.79	2,928.77	5,279.51	5,478.83
(ii) Trade payables	3,306.85	5,310.44	6,348.92	8,930.47
(iii) Other financial liabilities	7,573.17	8,789.30	13,163.02	14,399.41
(b) Other current liabilities	725.11	519.60	918.37	698.44
(c) Provisions	30.94	66.45	46.18	123.95
TOTAL EQUITY AND LIABILITIES	52,478.92	57,220.32	65,130.01	71,150.01

NOTES :-

- 1 Unaudited financial results for the quarter/half year ended 30th September 2021 reviewed by the audit committee were taken on record at the board meeting held on 30th October, 2021.
- 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.

Dated: 30.10.2021

Place: Bhopal



[Signature]

Nakul K Sethi
Executive Director

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

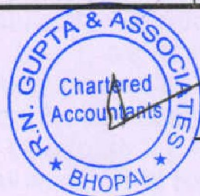
Ph: +91-11-26169909, 26169712 Fax:- +91-11-26195897

SOM DISTILLERIES AND BREWERIES LIMITED

Unaudited Consolidated Cash Flow Statement for the Half Year ended 30th September, 2021

(Rs. in Lacs)

Particulars	Half year ended 30.09.2021	Year ended 31.03.2021
Cash flow from operating activities		
Profit before Tax	(1510.26)	(3902.78)
Adjustments for		
Depreciation on continuing operations	842.27	1336.86
Interest Expense	777.47	1865.90
Profit on sale of Fixed Assets	50.82	0.00
Operating profit before working capital changes	160.31	(700.02)
Movements in working capital:		
Decrease/(increase) in inventories	974.45	3547.77
Decrease/(increase) in trade receivables	4215.15	(145.44)
Decrease/(increase) in short term loans	3.29	272.17
Decrease/(increase) in other current assets	(112.59)	50.87
Increase/(decrease) in trade payables	(2581.55)	248.01
Increase/(decrease) in other current financial liabilities	(584.68)	1711.62
Increase/(decrease) in other current liabilities	219.92	(1129.08)
Increase/(decrease) in short term provisions	(77.77)	55.78
Cash generated from/(used in) operations	2216.54	3911.68
Direct Taxes Paid (net of refunds)	(0.03)	(270.48)
Net Cash flow from/ (used in) operating activities (A)	2216.51	3641.20
Cash flow from Investing activities		
Purchase of fixed assets	(235.49)	(1603.36)
Proceeds from sale of fixed assets	11.46	0.00
Decrease/(increase) in long term financial assets	(12.52)	314.03
Net Cash flow from/ (used in) Investing activities (B)	(236.55)	(1289.33)
Cash flow from Financing activities		
Borrowings	(1536.20)	(1360.76)
Increase/(decrease) in other long term liabilities	50.55	237.16
Interest paid	(777.47)	(1865.90)
Dividend paid	-	(9.43)
Dividend distribution tax	-	(100.19)
Net Cash flow from/ (used in) Financing activities (C)	(2263.12)	(3099.12)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(283.17)	(747.25)
Cash and cash equivalents at the beginning of the year	1446.79	2194.04
Cash and cash equivalents at the end of the year	1163.62	1446.79
Components of cash and cash equivalents		
Cash in hand	628.14	578.58
With Banks - in current account	42.11	205.13
With Banks - in deposit account	493.36	663.08
Total Cash and cash equivalents	1163.62	1446.79



Dated: 30.10.2021
Place: Bhopal

Nakul K Sethi
Executive Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOM DISTILLERIES & BREWERIES LIMITED REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **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 comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, the Consolidated Cash Flows Statement 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Company as at March 31, 2021, of consolidated profit, other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of the current period. 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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 Responsibilities for the 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 whether the company has adequate internal financial controls system in place 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

ability of the Group entities 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 of the current period 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

As required by Section 143(3) of the Act, we report, to the extent applicable, 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 purposes 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, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement 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.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 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/are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - I. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group companies – Refer Note 30 to the consolidated financial statements.
 - II. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - III. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and Group Companies.

For R. N. GUPTA & ASSOCIATES
Chartered Accountants
Firm Registration No. 001419C
UDIN:21070590AAAABU3379

6, New Market (1st Floor),
T.T. Nagar,
BHOPAL 462 003
Dated: 03.06.2021

Sd/-
R.N. Gupta
Proprietor
Membership No. 070590

ANNEXURE A

TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SOM DISTILLERIES & BREWERIES LIMITED FOR THE YEAR ENDED 31ST MARCH, 2021

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

{Referred to in clause (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 **SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI** (hereinafter referred to as "the Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary 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 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, 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 Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 were 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 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 the internal controls 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 consolidated 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 with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to consolidated financial statements

A company's internal financial controls with reference to consolidated

financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls 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 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 controls 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 March 31, 2021, 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 R. N. GUPTA & ASSOCIATES

Chartered Accountants
Firm Registration No. 001419C
UDIN:21070590AAAABU3379

6, New Market (1st Floor),
T.T. Nagar,
BHOPAL 462 003
Dated: 03.06.2021

R.N. Gupta
Proprietor
Membership No. 070590

SOM DISTILLERIES & BREWERIES LIMITED

CONSOLIDATED BALANCE SHEET**AS AT 31ST MARCH 2021**

PARTICULARS	Note	As at 31.03.2021	As at 31.03.2020
ASSETS			
(1) Non-current Assets			
(a) Property, Plant and Equipment	3	4,134,651,012	2,706,971,337
(b) Capital Work-in-progress		21,769,359	1,420,775,964
(c) Other Intangible Assets	4	7,992,102	10,250,761
(d) Intangible Assets under development		236,000	-
(e) Financial Assets	5	161,065,987	192,468,813
(2) Current Assets			
(a) Inventories	6	684,420,714	1,039,197,976
(b) Financial Assets			
(i) Trade Receivables	7	1,314,971,939	1,300,428,355
(ii) Cash and cash equivalents	8	144,678,614	219,403,742
(iii) Loans	9	14,714,607	41,931,207
(c) Other Current Assets	10	630,500,846	635,588,240
TOTAL ASSETS		7,115,001,180	7,567,016,395
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	11	324,938,690	324,938,690
(b) Other Equity	12	2,493,119,530	2,874,225,383
Liabilities			
(1) Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	1,231,106,561	1,445,760,403
(ii) Other	14	34,616,279	10,900,279
(b) Deferred Tax Liabilities	15	68,111,162	103,482,643
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	547,882,636	543,063,978
(ii) Trade Payables		893,046,509	868,245,736
(iii) Other Financial Liabilities	17	1,439,940,934	1,195,962,674
(b) Other Current Liabilities	18	69,844,263	192,226,123
(c) Provisions	19	12,394,616	6,817,013
(d) Current Tax Liabilities (Net)		-	1,393,473
TOTAL EQUITY AND LIABILITIES		7,115,001,180	7,567,016,395

As per our Report of even date
For **R. N. GUPTA & ASSOCIATES**
Chartered Accountants
Firm Registration No. 001419C
Sd/-
R.N. Gupta
(Proprietor)
Membership No. 070590
Place: Bhopal
Dated: 03.06.2021

For and on Behalf of the Board

Sd/-
J.K. Arora
(Chairman & Managing Director)

Sd/-
Rajesh Dubey
(Chief Financial Officer)

Sd/-
Nakul K Sethi
(Director)

Sd/-
Om Prakash
(Company Secretary)

STATEMENT OF CONSOLIDATED PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31ST MARCH 2021

PARTICULARS	Note	Year Ended 31.03.2021 (Rs.)	Year Ended 31.03.2020 (Rs.)
Revenue from operations		5,070,832,885	7,116,103,224
Other Income	20	25,753,062	36,019,889
Total Revenue		5,096,585,947	7,152,123,113
Expenses:			
Cost of Materials Consumed	21	1,641,819,219	2,472,229,521
Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress		12,888,869	(42,485,795)
Excise Duties		2,195,112,252	2,517,237,029
Employees Remuneration & Benefits	22	167,880,328	168,898,537
Finance Costs	23	186,590,014	153,690,019
Depreciation & Amortisations		133,685,664	116,744,858
Other Expenses	24	1,148,887,133	1,556,931,689
Total Expenses		5,486,863,478	6,943,245,858
Profit Before Tax		(390,277,531)	208,877,254
Tax Expenses:			
Current tax		-	73,227,252
Previous Year Taxes		25,654,946	4,917,537
Deferred Tax		(35,203,489)	(19,478,412)
Profit/(Loss) for the year		(380,728,988)	150,210,877
Other Comprehensive Income (OCI)			
Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement of defined benefit plans		(544,855)	1,142,533
Income Tax effect on above		167,993	(332,706)
Total Comprehensive Income for the year		(381,105,850)	151,020,705
Earning Per Equity Share:			
(1) Basic		(5.86)	3.02
(2) Diluted		(5.86)	3.02
Significant Accounting Policies	[2]		

As per our Report of even date
For **R. N. GUPTA & ASSOCIATES**
Chartered Accountants
Firm Registration No. 001419C
Sd/-
R.N. Gupta
(Proprietor)
Membership No. 070590
Place: Bhopal
Dated: 03.06.2021

For and on Behalf of the Board

Sd/-
J.K. Arora
(Chairman & Managing Director)

Sd/-
Rajesh Dubey
(Chief Financial Officer)

Sd/-
Nakul K Sethi
(Director)

Sd/-
Om Prakash
(Company Secretary)

CONSOLIDATED CASH FLOW STATEMENT**YEAR ENDED 31ST MARCH 2021**

PARTICULARS	YEAR ENDED 31 MARCH, 2021	YEAR ENDED 31 MARCH, 2020
Cash flow from operating activities		
Profit before Tax	(390,277,532)	208,877,254
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation on continuing operations	133,685,664	116,744,858
Interest Expense	186,590,014	153,690,019
Profit on sale of Fixed Assets	-	(734,778)
Operating profit before working capital changes	(70,001,854)	478,577,354
Movements in working capital:		
Decrease/(increase) in inventories	354,777,262	(85,707,748)
Decrease/(increase) in trade receivables	(14,543,584)	(110,857,246)
Decrease/(increase) in short term loans	27,216,600	(38,607,744)
Decrease/(increase) in other current assets	5,087,394	93,180,397
Increase/(decrease) in trade payables	24,800,773	232,965,356
Increase/(decrease) in other current financial liabilities	171,162,030	77,486,996
Increase/(decrease) in other current liabilities	(112,907,900)	5,055,652
Increase/(decrease) in short term provisions	5,577,603	964,215
Cash generated from/(used in) operations	391,168,324	653,057,233
Direct Taxes Paid (net of refunds)	(27,048,419)	(241,558,674)
Net Cash flow from/ (used in) operating activities (A)	364,119,905	411,498,559
Cash flow from Investing activities		
Purchase of fixed assets	(160,336,076)	(666,994,656)
Proceeds from sale of fixed assets	-	1,024,376
Decrease/(increase) in long term financial assets	31,402,826	(36,829,791)
Net Cash flow from/ (used in) Investing activities (B)	(128,933,250)	(702,800,071)
Cash flow from Financing activities		
Borrowings	(136,076,090)	501,180,352
Increase/(decrease) in other long term liabilities	23,716,000	(23,322,565)
Interest paid	(186,590,014)	(153,690,019)
Dividend paid	(942,864)	(48,545,310)
Dividend distribution tax	(10,018,816)	(11,551,667)
Net Cash flow from/ (used in) Financing activities (C)	(309,911,783)	264,070,791
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(74,725,128)	(27,230,721)
Cash and cash equivalents at the beginning of the year	219,403,742	246,634,463
Cash and cash equivalents at the end of the year	144,678,614	219,403,742
Components of cash and cash equivalents		
Cash in hand	57,857,753	22,052,692
With Banks - in current account	20,513,341	113,707,034
With Banks - in deposit account	66,307,520	83,644,016
Total Cash and cash equivalents	144,678,614	219,403,742

As per our Report of even date
For **R. N. GUPTA & ASSOCIATES**
Chartered Accountants
Firm Registration No. 001419C

Sd/-
R.N. Gupta
(Proprietor)
Membership No. 070590
Place: Bhopal
Dated: 03.06.2021

| SDBL ANNUAL REPORT 2020-21

For and on Behalf of the Board

Sd/-
J.K. Arora
(Chairman & Managing Director)

Sd/-
Rajesh Dubey
(Chief Financial Officer)

Sd/-
Nakul K Sethi
(Director)

Sd/-
Om Prakash
(Company Secretary)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**YEAR ENDED 31ST MARCH 2021**

A. Equity Share Capital	
Balance as at 31.03.2020	324,938,690
Changes during the year	-
Balance as at 31.03.2021	324,938,690

B. Other Equity				
Particulars	Capital Reserve	Securities Premium Reserve	Retained Earnings	Total
Balance as at 31.03.2020	3,930,000	1,422,398,757	1,447,896,626	2,874,225,383
Total Comprehensive Income for the year	-	-	(381,105,853)	(381,105,853)
Balance as at 31.03.2021	3,930,000	1,422,398,757	1,066,790,773	2,493,119,530

As per our Report of even date
For **R. N. GUPTA & ASSOCIATES**
Chartered Accountants
Firm Registration No. 001419C
Sd/-
R.N. Gupta
(Proprietor)
Membership No. 070590
Place: Bhopal
Dated: 03.06.2021

For and on Behalf of the Board

Sd/-
J.K. Arora
(Chairman & Managing Director)

Sd/-
Rajesh Dubey
(Chief Financial Officer)

Sd/-
Nakul K Sethi
(Director)

Sd/-
Om Prakash
(Company Secretary)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2021

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 noncurrent 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, 2021 were approved for issue in accordance with the resolution of the Board of Directors on 3rd June, 2021.

(b) Basis of measurement

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

2.2 KEY ACCOUNTING ESTIMATES AND JUDGMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31ST MARCH 2021

3. Property, Plant and Equipment

Particulars	Gross Block			Depreciation			Net Block	
	As at 31.03.2020	Addition/ (Disposal) During	As at 31.03.2021	Upto 31.03.2020	For the Year 2020-21	Upto 31.03.2021	As at 31.03.2021	As at 31.03.2020
Land & Site Development	198,049,853	3,256,728	201,306,581	-	-	-	201,306,581	198,049,853
Buildings & Civil Works	733,182,532	282,666,195	1,015,848,728	121,637,243	27,564,240	149,201,482	866,647,246	611,545,290
Plant & Machinery	2,313,676,671	1,268,899,072	3,582,575,743	479,926,189	89,413,313	569,339,502	3,013,236,241	1,833,750,481
Furniture & Fixtures	9,457,310	67,468	9,524,778	3,443,669	734,360	4,178,029	5,346,749	6,013,641
Office Equipments	19,705,654	4,217,217	23,922,871	11,726,976	4,296,076	16,023,053	7,899,818	7,978,678
Vehicles	109,150,841	-	109,150,841	59,517,447	9,419,017	68,936,464	40,214,377	49,633,394
Total	3,383,222,861	1,559,106,680	4,942,329,542	676,251,524	131,427,005	807,678,530	4,134,651,012	2,706,971,337
Capital Work In Progress	1,420,775,964	(1,399,006,605)	21,769,359				21,769,359	1,420,775,964
Grand Total							4,156,420,371	4,127,747,301

4. Intangible Assets

Particulars	Gross Block			Amortisation			Net Block	
	As at 31.03.2020	Addition During 2020-21	As at 31.03.2021	Upto 31.03.2020	For the Year 2020-21	Upto 31.03.2021	As at 31.03.2021	As at 31.03.2020
ERP-Computer Softwares	14,258,585	-	14,258,585	4,007,824	2,258,659	6,266,482	7,992,102	10,250,761
Total	14,258,585	-	14,258,585	4,007,824	2,258,659	6,266,482	7,992,102	10,250,761
Intangible Assets Under Development	-	236,000	236,000				236,000	-
Grand Total							8,228,103	10,250,761

As per our Report of even date
For **R. N. GUPTA & ASSOCIATES**
Chartered Accountants
Firm Registration No. 001419C
Sd/-
R.N. Gupta
(Proprietor)
Membership No. 070590
Place: Bhopal
Dated: 03.06.2021

For and on Behalf of the Board

Sd/-
J.K. Arora
(Chairman & Managing Director)

Sd/-
Rajesh Dubey
(Chief Financial Officer)

Sd/-
Nakul K Sethi
(Director)

Sd/-
Om Prakash
(Company Secretary)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31ST MARCH 2021

		As At 31.03.2021	As At 31.03.2020
5.	Financial Assets		
	Security Deposits		
	Security Deposit	161,065,987	192,468,813
	Total	161,065,987	192,468,813
	Note: All the above amounts are unsecured and considered good.		
6.	Inventories (as taken, valued and certified by the Management)		
	Raw Materials	92,219,238	181,750,454
	Stores, Consumables & Packing Materials	275,176,253	527,533,431
	Stock In Process	94,403,647	95,649,760
	Finished Goods	222,621,575	234,264,331
	Total	684,420,714	1,039,197,976
7.	Trade Receivables (Unsecured, considered good)		
	Outstanding for a period exceeding six months	36,792,137	51,362,168
	Other Debts	1,278,179,802	1,249,066,187
	Total	1,314,971,939	1,300,428,355
8.	Cash and Cash Equivalents		
	Cash in hand	57,857,753	22,052,692
	Balance With Scheduled Banks		
	Current Accounts	20,513,341	113,707,034
	Deposit Accounts	58,875,118	75,268,751
	Other Bank Balances		
	Unpaid Dividend Accounts	7,432,402	8,375,266
	Total	144,678,614	219,403,742
9.	Current Loans		
	Advances to Others	14,714,607	41,931,207
	Total	14,714,607	41,931,207
	Note: All the above amounts are unsecured and considered good.		
10.	Other Current Assets		
	Capital Advances	96,359,964	204,314,359
	Staff Advances	10,776,102	10,326,118
	Prepaid Expenses	126,602,900	126,369,963
	Advances to suppliers	341,690,817	294,577,800
	Other Assets	55,071,064	-
	Total	630,500,846	635,588,240

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31ST MARCH 2021

		As At 31.03.2021	As At 31.03.2020		
11.	Equity Share Capital				
	Authorized 8,00,00,000 Equity Shares of Rs. 5/- each [Prev Year 3,50,00,000 Equity Shares of Rs.10/- each]	400,000,000	350,000,000		
	Issued, Subscribed and Fully Paid 6,49,87,738 Equity Shares of Rs.5/- each [Prev Year 3,24,93,869 Equity Shares of Rs.10/- each]	324,938,690	324,938,690		
	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 31.03.2021		As at 31.03.2020	
		No. of Shares	%	No. of Shares	%
	Sh. Jagdish Kumar Arora	6243322	9.61%	3121661	9.61%
	Som Distilleries Private Limited	6346066	9.77%	3163613	9.74%
	Karst Peak Asia Master Fund	-	-	2455042	7.56%

		As At 31.03.2021	As At 31.03.2020
12.	Other Equity		
	Capital Reserve (Amount forfeited against share warrants)	3,930,000	3,930,000
	Securities Premium Reserve	1,422,398,757	1,422,398,757
	Surplus - In Statement of Profit & Loss		
	Balance as per last Financial Statement	1,447,896,626	1,355,635,541
	Add: Comprehensive Income during the year	(381,105,853)	151,020,705
	Amount available for appropriation	1,066,790,773	1,506,656,246
	Less:		
	Final Dividend Paid	-	48,740,804
	Dividend Distribution Tax	-	10,018,816
	Balance at the end of the year	1,066,790,773	1,447,896,626
	Total Reserves & Surplus	2,493,119,530	2,874,225,383

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31ST MARCH 2021

		Non Current		Current Maturities	
		As At 31.03.2021	As At 31.03.2020	As At 31.03.2021	As At 31.03.2020
13.	Borrowings				
	Long Term Borrowings				
	(i) Secured Loans				
	(a) Bandhan Bank Ltd	203,866,000	243,686,286	82,808,572	94,580,000
	(b) SBI Term Loan	398,333,340	413,000,000	177,100,200	92,572,548
	(c) PNB Term Loan	45,952,909	59,980,629	19,781,567	9,139,580
	(d) Vehicle Loans				
	From Banks	876,483	2,162,943	723,273	1,222,991
	From Others	-	12,902,883	-	6,559,264
	(ii) Unsecured Loans				
	(a) IFCI Venture Capital Funds Ltd.	-	-	-	25,270,784
	(b) Others	582,077,829	714,027,662	-	-
	Grand Total	1,231,106,561	1,445,760,403	280,413,612	229,345,167

Notes:

- Loan from Bandhan Bank is secured by way of pari passu charge on factory land & building and plant & machinery.
- Loan from SBI is secured by way of pari passu charge on factory land & building and plant & machinery.
- Loan from SBI in a subsidiary 'Woodpeckers Distilleries & Breweries Pvt Ltd' is secured by way of mortgage of Factory Land and Buildings, personal guarantees of the Directors of the Company and corporate guarantee of the Holding Company.
- 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 Collateral Security of Company's additional land at Orissa.
- Vehicle Loans are secured by hypothecation of respective vehicles.
- Loan from IFCI Venture Capital Funds Ltd. is secured by personal guarantees of promoters and collaterals given by related party.

		As At 31.03.2021	As At 31.03.2020
14.	Other Long Term Financial Liabilities		
	Security Deposits (Unsecured)	34,616,279	10,900,279
	Total	34,616,279	10,900,279

		As At 31.03.2021	As At 31.03.2020
15.	Deferred Tax Liability (Net)		
	Difference between depreciation as per books of account and the Income Tax Act 1961.	359,732,384	238,451,984
	Others	1,921,605	2,280,272
	Gross Deferred Tax Liability	361,653,989	240,732,256
	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	9,402,993	3,504,921
	Carried Forward Losses	284,139,834	133,744,692
	Gross Deferred Tax Assets	293,542,827	137,249,613
	Deferred Tax Liability (Net)	68,111,162	103,482,643

Notes:

- Deferred tax assets and Deferred tax liabilities have been offset.
- Deferred tax assets and Deferred tax liabilities relate to income taxes levied by the taxation authorities of respective companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31ST MARCH 2021

		As At 31.03.2021	As At 31.03.2020
16.	Borrowings		
	Short Term Borrowings		
	Cash Credit from Bank	547,882,636	543,063,978
	Total	547,882,636	543,063,978
17.	Other Financial Liabilities		
	Current maturities of long-term borrowing	303,104,261	229,345,167
	Bank Overdrafts (Book)	14,763,698	18,296,451
	Un paid Dividend	7,432,402	8,375,266
	Expenses & Other Payable	1,114,640,573	939,945,790
	Total	1,439,940,934	1,195,962,674
18.	Other Current Liabilities		
	Advances from customers	38,725,462	81,459,030
	Statutory dues payable	24,855,223	94,484,699
	Dividend tax	6,263,578	16,282,394
	Total	69,844,263	192,226,123
19.	Short Term Provisions		
	Employee Benefits	12,394,616	6,817,013
	Total	12,394,616	6,817,013
20.	Other Income		
	Interest	4,617,666	5,615,995
	Profit on Sale of Fixed Assets	-	734,778
	Other Revenues	21,135,396	29,669,116
	Total	25,753,062	36,019,889
21.	Cost of Materials consumed		
	Opening Stocks	709,283,886	628,968,918
	Add: Purchases	1,299,930,826	2,552,544,489
	Less: Closing Stocks	367,395,491	709,283,886
	Materials consumed	1,641,819,219	2,472,229,522
22.	Employee Remuneration & Benefits		
	Salaries, allowances & bonus	155,049,690	153,405,079
	Employer's contribution to Provident & Gratuity Fund	7,583,606	7,910,317
	Staff welfare expenses	5,247,032	7,583,141
	Total	167,880,328	168,898,537
23.	Financial Costs		
	Interest to Bank & FIs	180,189,940	140,774,831
	Interest to Others	6,400,074	12,915,188
	Total	186,590,014	153,690,019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31ST MARCH 2021

		Year Ended 31.03.2021	Year Ended 31.03.2020
24.	Other Expenses		
	Power and fuel	102,033,502	161,216,609
	Labour	47,103,298	49,664,878
	Rent	20,156,684	17,101,045
	Repairs		
	Buildings	597,782	763,356
	Machinery	41,177,055	97,540,342
	Others	4,382,719	7,393,434
	Insurance	9,562,913	6,020,589
	Rates and taxes (Other than on income)	188,426,976	180,811,042
	Other Manufacturing Exp	12,949,906	13,198,733
	Auditor's Remuneration		
	(a) Audit fees	258,700	258,700
	(b) Other Services	253,700	253,700
	Donations	1,369,900	546,911
	Corporate Social Responsibility	6,950,000	6,865,000
	Travelling & Conveyance	20,447,420	21,980,006
	Legal & Professional	15,737,856	25,177,636
	Sales promotion	313,895,340	507,873,978
	Advertisement & Publicity	8,635,050	26,072,550
	Freight outward	190,395,288	320,574,227
	Other selling expenses	134,993,830	58,311,231
	General expenses	17,879,852	15,242,338
	Postage, Telegrams & Telephones	4,938,797	18,710,718
	Vehicle Running & Maintenance	6,740,563	21,354,665
	Total	1,148,887,133	1,556,931,689

OTHER NOTES

25) The Group had 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, amounts due to Micro, Small Scale Enterprises outstanding as on 31st March, 2021 is not ascertainable. The process of collecting the information from the vendors is currently ongoing.

26) 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 01.04.2020 to 31.03.2021	From 01.04.2019 to 31.03.2020
Present value of the obligation at the beginning of the period	75,38,695	70,97,590
Interest cost	5,27,709	4,96,831
Current service cost	9,83,641	10,64,822
Past Service Cost	-	-
Benefits paid (if any)	(7,64,193)	-
Actuarial (gain)/loss	(4,23,034)	(11,20,548)
Present value of the obligation at the end of the period	78,62,818	75,38,695

Key results:

Period	From 01.04.2020 to 31.03.2021	From 01.04.2019 to 31.03.2020
Present value of the obligation at the end of the period	78,62,818	75,38,695
Fair value of plan assets at end of period	61,71,781	65,40,746
Net liability/(asset) recognized in Balance Sheet and related analysis	16,91,037	9,97,949
Funded Status - Surplus/ (Deficit)	(16,91,037)	(9,97,949)

Expense recognized in the statement of Profit and Loss:

Period	From 01.04.2020 to 31.03.2021	From 01.04.2019 to 31.03.2020
Interest cost	5,27,709	4,96,831
Current service cost	9,83,641	10,64,822
Past Service Cost	-	-
Expected return on plan asset	(4,57,852)	(4,26,461)
Expenses to be recognized in P&L	10,53,498	11,35,192

Other comprehensive (income)/expenses (Re measurement)

Period	From 01.04.2020 to 31.03.2021	From 01.04.2019 to 31.03.2020
Cumulative unrecognized actuarial (gain) / loss opening. B/F	11,08,935	22,51,468
Actuarial (gain)/loss - obligation	(4,23,034)	(11,20,548)
Actuarial (gain)/loss - plan assets	(7,239)	(21,985)
Total Actuarial (gain)/ loss	(4,30,273)	(11,42,533)
Cumulative total actuarial (gain)/loss C/F	6,78,662	11,08,935

Table showing changes in the Fair Value of Planned Assets:

Period	From 01.04.2020 to 31.03.2021	From 01.04.2019 to 31.03.2020
Fair value of plan assets at the beginning of the period	65,40,746	60,92,300
Expected return on plan assets	4,57,852	4,26,461
Contributions	(69,863)	0
Benefits paid	(7,64,193)	0
Actuarial gain/(loss) on plan assets	7,239	21,985
Fair Value of Plan Asset at the end of the Period	61,71,781	65,40,746

Table showing Fair Value of Planned Assets:

Period	From 01.04.2020 to 31.03.2021	From 01.04.2019 to 31.03.2020
Fair value of plan assets at the beginning of the period	65,40,746	60,92,300
Actual return on plan assets	4,65,091	4,48,446
Contributions	(69,863)	-
Benefits paid	(7,64,193)	-
Fair value of plan assets at the end of the period*	61,71,781	65,40,746

Actuarial (Gain)/Loss on Planned Assets:

Period	From 01.04.2020 to 31.03.2021	From 01.04.2019 to 31.03.2020
Actual return on plan assets	4,65,091	4,48,446
Expected return on plan assets	4,57,852	4,26,461
Actuarial gain/ (Loss)	7,239	21,985

The assumptions employed for the calculations are tabulated:

Period	2020-21	2019-20
Discount rate	7.00 % 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

Period	From 01.04.2020 To 31.03.2021	From 01.04.2019 To 31.03.2020
The Company's best estimate of Contribution during the next year	12,46,119	13,42,577

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: 31.03.2021
Defined Benefit Obligation (Base)	78,62,818 @ Salary Increase Rate : 5%, and discount rate :7%
Liability with x% increase in Discount Rate	73,69,250; x=1.00% [Change (6)%]
Liability with x% decrease in Discount Rate	84,17,937; x=1.00% [Change 7%]
Liability with x% increase in Salary Growth Rate	84,23,589; x=1.00% [Change 7%]
Liability with x% decrease in Salary Growth Rate	73,55,803; x=1.00% [Change (6)%]
Liability with x% increase in Withdrawal Rate	78,98,249; x=1.00% [Change 0%]
Liability with x% decrease in Withdrawal Rate	78,21,348; x=1.00% [Change (1)%]

27) Imports

Period	2020-21	2019-20
a) Value of Imports Calculated on CIF Basis (As certified by the Management)		
i) Raw & Packing Materials	7,00,87,455	14,39,73,939
ii) Components and Spare Parts	17,47,839	1,24,29,679
iii) Capital Goods	30,99,035	-
b) Expenditure in Foreign Currency		
Bank Charges	1,58,785	1,24,816

28) Consumption of raw material, packing materials, stores, spares consumed. (As certified by the Management)

Particulars	Raw Materials & Packing Materials		Stores & Spares	
	2020-21	2019-20	2020-21	2019-20
Imported				
Percentage	4.44%	6.62%	4.19%	12.64%
Value (Rs)	7,28,24,159	16,35,59,462	17,47,839	1,24,29,679
Indigenous				
Percentage	95.33%	93.38%	95.81%	87.36%
Value (Rs)	1,56,89,95,060	2,30,86,70,059	3,99,99,998	8,58,74,020
Total (%)	100%	100%	100%	100%
Total (Rs.)	1,64,18,19,219	2,47,22,29,521	4,17,74,837	9,83,03,699

29) Earnings in Foreign Exchange

	2020-21	2019-20
Exports of Goods calculated on FOB Basis	8,97,77,214	4,88,99,082

30) Contingent Liabilities

		2020-21	2019-20
i.	Claims against the Company not acknowledged as debts/ disputed - Commercial Tax Department - Income Tax Department	60,70,636 11,18,14,414	51,37,183 11,06,86,800
ii.	- Guarantees given by Bankers on behalf of the company not provided for	9,39,99,451	18,58,60,480
iii.	- Corporate guarantee given to a bank on behalf of subsidiaries	1,13,06,00,000	80,00,00,000

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:

	March 31, 2021	March 31, 2020
Financial Assets:		
Cash and cash equivalents	14,46,78,814	21,94,03,743
Trade receivables	1,31,49,71,988	1,30,04,28,354
Loans		
Loans	1,47,14,607	4,19,31,207
Other Financial Assets	16,10,65,987	19,24,68,813
Total	1,63,54,31,396	1,75,42,32,117
Financial Liabilities:		
Trade and other payables	89,30,46,511	86,82,45,736
Borrowings	1,77,89,89,197	1,98,88,24,380
Other financial liabilities	1,47,45,57,213	1,20,68,62,953
Total	4,14,65,92,921	4,06,39,33,069

B. Financial risk management objectives and policies

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

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group'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 Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rate relates primarily to the Group'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 Group's profit before tax is affected through the impact on float ingrate borrowings, as follows:

	As at 31.03.2021		As at 31.03.2020	
	0.25% increase	0.25% decrease	0.25% increase	0.25% decrease
Impact on profit before tax	(20 Lacs)	20 Lacs	(20 Lacs)	20 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 Group'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:

	As at 31.03.2021		As at 31.03.2020	
	1% increase	1% decrease	1% increase	1% decrease
Impact on profit before tax	(10 Lacs)	10 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 Group result in material concentration of audit risk.

iii) Liquidity risk

The Group'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 Group's financial liabilities:

As At March 31, 2021	Maturities			Total Carrying value
	Upto 1 year	1-2 years	> 2 years	
Financial Liabilities:				
Non Current Borrowings	30,31,04,260	19,34,85,520	1,03,76,21,041	1,53,42,10,821
Current Borrowings	4,78,82,636	-	-	54,78,82,636
Trade and other payables	89,30,46,511	-	-	89,30,46,511
Other financial liabilities	1,13,68,36,673	-	3,46,16,279	1,17,14,52,952
Total	2,88,08,70,080	19,34,85,520	1,07,22,37,320	4,14,65,92,920

As At March 31, 2020	Maturities			Total Carrying value
	Upto 1 year	1-2 years	> 2 years	
Financial Liabilities:				
Non Current Borrowings	22,93,45,167	17,24,96,233	1,27,32,64,170	1,67,51,05,570
Current Borrowings	54,30,63,978	-	-	54,30,63,978
Trade and other payables	86,82,45,736	-	-	86,82,45,736
Other financial liabilities	96,66,17,507	-	1,09,00,279	97,75,17,786
Total	2,60,72,72,388	17,24,96,233	1,28,41,64,449	4,06,39,33,070

32) The Group is engaged in the business of manufacture and sale of Alcoholic beverages (Beer and IMFL) which constitutes a single business segment. The Group's exports outside India did not exceed the threshold limits for disclosure as envisaged in Ind AS 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 Ind AS – 108 are not applicable to the Group.

33) Information as per Ind AS 24: "Related Party Disclosures" is:

a) Related Party

Subsidiary	Key Management Personnel	Others
- Woodpecker Distilleries & Breweries Private Limited, Mumbai - Som Distilleries and Breweries Odisha Private Limited	J.K. Arora Nakul K Sethi	Som Distilleries Private Limited

b) Transactions with Related Parties

(In Rupees)

Som Distilleries Private Limited	
Purchases	9,86,65,345
Sales	48,98,039
Job Work Charges	4,88,241
Other transactions	29,41,04,726
Closing Balance	57,54,19,389 Cr
Executive Director(s)	
Remuneration	88,09,842
Non Executive Director(s)	
Sitting Fees	4,50,000

34) Earnings per share in accordance with Ind AS-33 on "Earnings per Share" are given below:

Sl. No.	Particulars	31.03.2021	31.03.2020
a)	Numerator Profit/(Loss) after tax Rs.	(38,11,05,850)	15,10,20,705
b)	Weighted average number of equity shares Nos.	6,49,87,738	3,24,93,869
c)	Basic & Diluted earnings per shares (Rs.)	(5.86)	4.65
d)	Nominal value of shares (Rs.)	5.00	10.00

As per our Report of even date
For **R. N. GUPTA & ASSOCIATES**
Chartered Accountants
Firm Registration No. 001419C
Sd/-
R.N. Gupta
(Proprietor)
Membership No. 070590
Place: Bhopal
Dated: 03.06.2021

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) During the financial year 2020-21, the Group has spent an amount of Rs.69.50 lakhs (previous year Rs. 68.65 lakhs) on Corporate Social Responsibility for the purpose of children education and medical aid.

37) Global Health Pandemic on Covid-19

In March 2020, the World Health Organization had declared Corona virus (COVID-19) to be a pandemic and on March 24, 2020, the Government of India ordered a nationwide lockdown, which got extended in phases across the country.

Due to COVID 19 there was a significant reduction in the economic activity in the country. From May 2020, we resumed our business activities in a phased manner in line with directives issued by the central and state governments. The business operations of the company 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.

The industry outlook remains 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.

Recently, India has seen a surge in the spread of COVID-19 in India and various state governments have imposed restrictions ranging from lock downs to night/weekend curfews to contain the spread of COVID-19. The impact of COVID-19 pandemic on the overall economic environment continues to be uncertain. The Company will continue to closely monitor the situation and any material changes to future economic conditions.

38) Balances standing at the debit or credit in the accounts of various parties are subject to confirmation and reconciliation.

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

40) All figures in the Balance Sheet, Profit & Loss Account and Schedules have been rounded off to the nearest rupee.

For and on Behalf of the Board

Sd/-
J.K. Arora
(Chairman & Managing Director)

Sd/-
Rajesh Dubey
(Chief Financial Officer)

Sd/-
Nakul K Sethi
(Director)

Sd/-
Om Prakash
(Company Secretary)

STATEMENT OF ACCOUNTING RATIOS

The following table sets forth the accounting ratios as at March 31, 2021 and March 31, 2020 as per audited consolidated financial statements.

(All Amounts in ₹, unless stated otherwise)

Particulars		As at 31st Mar 21	As at 31st Mar 20
A	Net Worth	281,80,58,220	319,91,64,073
B	Profit attributable to the owners of the equity	(38,07,28,988)	15,02,10,877
C	Number of the shares outstanding at the end of the year	6,49,87,738	3,24,93,869
D	Basic and diluted earnings per share (B/C)	(5.86)	3.02
E	Return on net worth (%) (B/A)	(13.51)	4.69
F	Net assets value per share of Rs.10 each (A/C)	43.36	98.45
G	EBITDA	(7,00,01,853)	47,93,12,131
H	Face value	5	10

Notes:

The amounts disclosed are based on Audited Financial Information of the Company

Basic earnings per share	<u>Net profit, attributable to the owners of the company</u> Weighted average no. of equity shares during the year
Return on net worth (%)	<u>Net profit, attributable to the owners of the company</u> Net worth, including share capital and reserves and surplus at the end of the year
Net asset value per equity share	<u>Net worth, including share capital and reserves and surplus at the end of the year</u> No. of equity shares outstanding at the end of the year
EBITDA	Profit before tax and exceptional items + Finance costs + Depreciation and amortization expense

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

Sd/-

Name: Salil Jain
Partner
ICAI Membership Number: 077266

Date: November 03, 2021

Place: Bhopal

UDIN: 21077266AAAANS1227

STATEMENT OF CAPITALISATION

Particulars (Amounts in ₹)		Pre Issue as at 31st Mar 2021	Pre Issue as at 30th Sep 2021	As adjusted for the issue (Post Issue)*
Borrowings:				
Current borrowings	A	54,78,82,636	52,79,51,389	
Non-current borrowings	B	1,56,88,27,101	1,44,01,93,382	
Total borrowings	C=A+B	2,11,67,09,737	1,96,81,44,771	
Shareholder's fund (Net worth)				
Share Capital	C	32,49,38,690	32,49,38,690	
Other Equity	D	2,49,31,19,530	2,34,20,91,500	
Total shareholder's fund(Net worth)	E=C+D	2,81,80,58,220	2,66,70,30,190	
Non-current borrowing's/shareholder's fund (Net worth) ratio	B/E	0.56	0.54	
Total borrowings /shareholders' funds (Net worth) ratio	C/E	0.75	0.74	

**To be updated in the Letter of Offer*

Notes:

- 1) Non-current borrowings are considered as borrowings other than short term borrowings and include current maturities of long term borrowings.
- 2) The amounts disclosed above are based on the Audited Financial Information of the Company as at March 31, 2021 and Unaudited Financial Statements as at September 30, 2021.

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

Sd/-

Name: Salil Jain
Partner
ICAI Membership Number: 077266

Date: November 13, 2021

Place: Bhopal

UDIN: 21077266AAAAOA5412

STATEMENT OF MATERIAL DEVELOPMENTS AFTER MARCH 31, 2021

1. **On 12th June, 2021 the Board by a resolution by circulation** has withdrawn the preferential issue of proposed issue of 66,00,000 Convertible Equity Warrants on preferential basis to proposed allottees (promoters/ promoters group and public investors) as it could not materialize, as the proposed allottees did not subscribe to the warrants within the prescribe time lines due to the outbreak of second wave of Covid-19 Pandemic (resulting in nationwide temporarily suspension of economic activities).
2. **On 20th July, 2021 the Board approved** the offer and issuance of upto 49,99,058 fully paid-up equity shares of the Company by way of a Rights Issue in proportion of 1:13 to the existing equity shareholders of the Company as on the record date (to be notified subsequently), at such price as may be decided by the Board subject to necessary approvals and consent as may be necessary / required for compliance of applicable laws, including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and the Companies Act, 2013 as amended.
3. **On 30th October, 2021** the Board of Directors of the Company have noted and accepted the resignation dated October 28, 2021 of M/s RN Gupta & Associates, Chartered Accountants, Bhopal (FRN: 001419C) Statutory Auditor with effect from October 31, 2021 from the Company and its two material subsidiaries i.e. Som Distilleries and Breweries Odisha Private Limited and Woodpecker Distilleries and Breweries Private Limited. The Audit Committee and Board of Directors have noted that the Statutory Auditors have not raised any concern or issue with respect to their resignation except for the reasons as stated in their resignation letter dated October 28, 2021.
4. **On 30th October, 2021** the Board of Directors of the Company, subject to the approval of the shareholders of the Company in General Meeting have approved the appointment of M/s. AKB Jain & Co., Chartered Accountants, Bhopal (FRN: 003904C) as the Statutory Auditor of the Company to fill the casual vacancy caused by resignation of M/s RN Gupta & Associates with effect from October 31, 2021 till the conclusion of the 29th Annual General Meeting to be held in the year 2022.

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

You should read the following discussion and analysis of our financial condition and results of operations, and our assessment of the factors that may affect our prospects and performance in future periods, together with our Audited Financial Statements for Financial Years 2021 and 2020 and our Limited Review Interim Consolidated Financial Results as of and for the six months period ended September 30, 2021 and corresponding six months period ended September 30, 2020, all prepared in accordance with the Companies Act and Ind-AS, including the schedules, annexure, notes thereto and the reports thereon, included in the section titled "Financial Information" on page 89 of this Draft Letter of Offer. Unless otherwise stated, financial information used in this section is derived from the Financial Statements.

This discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and our financial performance, which are subject to numerous risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements. You should also read "Forward-Looking Statements" and "Risk Factors" on pages 15 and 20, respectively, which discuss a number of factors and contingencies that could affect our business, financial condition and results of operations. Our Financial Year ends on March 31 of each year and accordingly, references to Financial Year, are to the 12-month period ended March 31 of the relevant year.

BUSINESS 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 ₹ 4,99,61,000 and listed its Equity Shares on BSE. Our Company was listed on NSE with effect from 18th 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 popular IMFL brands of us include Legend, Genius, Sunny, Gypsy and Blue Chip. With around 90% of our revenues coming from beer, we have three key brands (with sales more than 1 million cases per annum) i.e. Hunter, Black Fort and Power Cool. Hunter and Woodpecker brands are supplied as draught beer to all major hotels in Madhya Pradesh and Chhattisgarh. We have recently launched 'Woodpecker' Wheat Beer, India's first filtered wheat beer.

Our manufacturing unit is located at Bhopal, Madhya Pradesh. As on September 30, 2021, we have a total installed capacity of 1,52,00,000 cases of beer and 6,00,000 cases of IMFL which is sold to the domestic and international customers such as end users, merchants, distributors and exporters. Our wholly owned subsidiary Woodpecker Distilleries & Breweries Private Limited is located at Hasan in the state of Karnataka and is engaged in manufacturing of beer and bottling/blending of IMFL. It started its commercial production in 2018 with a capacity of 34,00,000 cases per annum. As on September 30, 2021 it has a total installed capacity of 34,00,000 cases of Beer and 27,85,000 cases of IMFL per annum. Further, 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 42,00,000 cases per annum. As on September 30, 2021 it has a total installed capacity of 42,00,000 cases per annum.

RESULTS OF OPERATIONS

Particulars	Six months ended September 2021		Six months ended September 2020		Fiscal 2021 Consolidated		Fiscal 2020 Consolidated	
	Amount in ₹	% of Total income	Amount in ₹	% of Total income	Amount in ₹	% of Total income	Amount in ₹	% of Total Income
i. Revenue from Operations								
Sale of Alcoholic Beverages	2,32,69,00,333	99.40	1,80,82,38,620	99.73	5,07,08,32,885	99.49	7,11,61,03,224	99.50
Total Revenue from Operations (i)	2,32,69,00,333	99.40	1,80,82,38,620	99.73	5,07,08,32,885	99.49	7,11,61,03,224	99.50
ii. Other Income								
Interest Income	3,46,962	0.01	9,91,368	0.05	46,17,666	0.09	56,15,995	0.08
Profit on Sale of Fixed Assets	-	-	-	-	-	-	7,34,778	0.01
Other Revenues	1,37,99,971	0.59	39,22,075	0.22	2,11,35,396	0.41	2,96,69,116	0.41
ii. Total Other Income	1,41,46,933	0.60	49,13,443	0.27	2,57,53,062	0.51	3,60,19,889	0.50
Total Income (i+ii)	2,34,10,47,266	100.00	1,81,31,52,063	100.00	5,09,65,85,947	100.00	7,15,21,23,113	100.00

Total Income

Our total income comprises of revenue from operations and other income:

Revenue from operations

Our principal component of income is from Sale of Alcoholic Beverages. Our revenue from operations accounted for 99.40%, 99.73%, 99.49% and 99.50% of our revenue for the six months period ended September 2021, corresponding six months period ended September 2020, Financial Year 2021 and Financial Year 2020 respectively.

Other Income

Our other income comprises of Interest Income, Profit on Sale of Fixed Assets and other revenues. Our other income accounted for 0.60%, 0.27%, 0.51% and 0.50% of our total income for the six months period ended September 2021, corresponding six months period ended September 2020, Financial Year 2021 and Financial Year 2020 respectively.

	Six months ended September 2021		Six months ended September 2020		Fiscal 2021		Fiscal 2020	
	Consolidated, Unaudited, reviewed				Consolidated, Audited			
	Amount in ₹	% of Revenue	Amount in ₹	% of Revenue	Amount in ₹	% of Revenue	Amount in ₹	% of Revenue
Income								
Revenue from Operations	2,32,69,00,333	99.40	1,80,82,38,620	99.73	5,07,08,32,885	99.49	7,11,61,03,224	99.50
Other income	1,41,46,933	0.60	49,13,443	0.27	2,57,53,062	0.51	3,60,19,889	0.50
Total Revenue	2,34,10,47,265	100.00	1,81,31,52,064	100.00	5,09,65,85,947	100.00	7,15,21,23,113	100.00
Expenses								

Cost of materials consumed	63,95,76,816	27.32	54,02,69,672	29.80	1,64,18,19,219	32.21	2,47,22,29,521	34.57
Changes in inventories of Finished Goods, Stock-in-trade, and Work-in-progress	4,36,27,075	1.86	6,96,76,897	3.84	1,28,88,869	0.25	-4,24,85,795	-0.59
Excise Duties	1,05,13,42,133	44.91	79,15,12,593	43.65	2,19,51,12,252	43.07	2,51,72,37,029	35.20
Employee benefits expense	10,37,74,484	4.43	7,65,11,001	4.22	16,78,80,328	3.29	16,88,98,537	2.36
Finance costs	7,77,47,478	3.32	9,00,40,133	4.97	18,65,90,014	3.66	15,36,90,019	2.15
Depreciation and amortisation expense	8,42,27,393	3.60	6,21,26,007	3.43	13,36,85,664	2.62	11,67,44,858	1.63
Other expenses	49,17,77,420	21.01	46,68,33,020	25.75	1,14,88,87,132	22.54	1,55,69,31,689	21.77
Total Expenses	2,49,20,72,799	106.45	2,09,69,69,324	115.65	5,48,68,63,478	107.66	6,94,32,45,858	97.08
Profit/(loss) before extraordinary, exceptional items and tax	-15,10,25,533	-6.45	-28,38,17,260	-15.65	-39,02,77,531	-7.66	20,88,77,255	2.92
Exceptional items	-	-	-	-	-	-	-	-
Profit before tax	-15,10,25,533	-6.45	-28,38,17,260	-15.65	-39,02,77,531	-7.66	20,88,77,255	2.92
Current Tax	2500	0.00	2,38,24,803	1.31	-	-	7,32,27,252	1.02
Previous Year Taxes	-	-	-	-	2,56,54,946	0.50	49,17,537	0.07
Deferred Tax	-	-	-	-	-3,52,03,489	-0.69	-1,94,78,412	-0.27
Total comprehensive Income for the period	-15,10,28,033	-6.45	-30,76,42,063	-16.97	3,76,862	-0.01	8,09,827	0.01
Net Profit for the year	-15,10,28,033	-6.45	-30,76,42,063	-16.97	-38,11,05,850	-7.48	15,10,20,705	2.11

Expenses:

Cost of Materials Consumed

Cost of Materials Consumed accounted for 27.32%, 29.80, 32.21% and 34.57% % of our revenue for the six months period ended September 2021, corresponding six months period ended September 2020, Financial Year 2021 and Financial Year 2020 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 1.86%, 3.84%, 0.25% and (0.59)% of our revenue for the six months period ended September 2021, corresponding six months period ended September 2020 and Financial Year 2020 respectively.

Excise Duties

Excise Duties accounted for 44.91%, 43.65%, 43.07% and 35.20% of our revenue for the six months period ended September 2021, corresponding six months period ended September 2020, Financial Year 2021 and Financial Year 2020 respectively.

Employee benefits expense

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 4.43%, 4.22%, 3.29% and 2.36% of our revenue for the six months period ended September 2021, corresponding six months period ended September 2020, Financial Year 2021 and Financial Year 2020 respectively.

Finance costs

Finance cost include interest to Banks & FIIs and interest to others. Finance costs accounted for 3.32%, 4.97%, 3.66% and 2.15% of our revenue for the six months period ended September 2021, corresponding six months period ended September 2020, Financial Year 2021 and Financial Year 2020 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 end of each reporting period, with the effect of any change in estimate accounted for on prospective basis.

Depreciation and amortization expense accounted for 3.60%, 3.43%, 2.62%, and 1.63% of our revenue for the six months period ended September 2021, corresponding six months period ended September 2020, Financial Year 2021 and Financial Year 2020 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 21.01%, 25.75%, 22.54% and 21.77% of our revenue for the six months period ended September 2021, corresponding six months period ended September 2020, Financial Year 2021 and Financial Year 2020 respectively.

Six months period ended September 2021 compared with Six months period ended September 2020

Total revenue

Our total revenue, which comprised of revenue from operations and other income, for six months period ended September 2021 was ₹ 2,34,10,47,265 as compared to ₹ 1,81,31,52,064 for corresponding six months period ended September 2020, representing an increase of 29.11 %. This was primarily due to an increase in our revenue from operations and other income.

- Revenue from Operations

Our revenue from operations increased by ₹ 51,86,61,713 or by 28.68 % from ₹ 1,80,82,38,620 in the six months period ended September 2020 to ₹ 2,32,69,00,333 in the six months period ended September 2021. This increase was primarily driven by increase in volume of sale of alcoholic beverages due to lesser impact of the COVID-19.

- Other Income

Our other income increased by ₹ 92,33,490 or by 187.95% from ₹ 49,13,443 in the six months period ended September 2020 to ₹ 1,41,46,933 in the six months period ended September 2021. This increase was driven by increase in interest income and other revenues

Expenditure

Total expenses increased by ₹ 39,51,03,475 or by 18.84% from ₹ 2,09,69,69,324 in the six months period ended September 2020 to ₹ 2,49,20,72,799 in the six months period ended September 2021. This increase was primarily

driven by ₹ 25,98,29,540 or by 32.83% increase in excise duties, ₹ 2,72,63,483 or by 36.63% increase in employee benefits expenses consumed over the corresponding six months period ended September 2020.

Cost of materials consumed

Cost of materials consumed increased by ₹ 9,93,07,144 or 18.38% from ₹ 54,02,69,672 in the six months period ended September 2020 to ₹ 63,95,76,816 in the six months period ended September 2021. This was on account of increase in usage of new bottles.

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 ₹ -2,60,49,822 or by (37.39)% from ₹ 6,96,76,897 in the six months period September ended 2020 to ₹ 4,36,27,075 in the six months period ended September 2021. This was due to the higher stock at the factories in September 20 as it was preceded by a lockdown and we were operating at a much higher sales volumes then.

Excise Duties

Excise duties increased by ₹ 25,98,29,540 by 32.83% from ₹ 79,15,12,593 in the six months period September ended 2020 to ₹ 1,05,13,42,133 in the six months period ended September 2021. This was on account of higher sales in duty paid states such as Karnataka where the manufacturer must pay the excise duty at the time of dispatch of finished goods.. The excise duty is subsequently returned by the excise department.

Employee benefits expense

Employee benefits expense increased by ₹ 2,72,63,483 or by 35.63% from ₹ 7,65,11,001 in the six months period September ended 2020 to ₹ 10,37,74,484 in the six months period ended September 2021. This was primarily due to the full impact of normal salaries in the period ended September 2021 as compared to restructured salaries in the same period ended September 2020.

Finance costs

Finance costs decreased by ₹ 1,22,92,655 or by 13.65% from ₹ 9,00,40,133 in the six months period September ended 2020 to ₹ 7,77,47,478 in the six months period ended September 2021. This was primarily due to lower term debt outstanding due to the repayments during the reported period.

Depreciation and amortisation expense

Our depreciation and amortization expense increased by ₹ 2,21,01,386 or 35.57%, from ₹ 6,21,26,007 in the six months period September ended 2020 to ₹ 8,42,27,393 in the six months period ended September 2021. The increase in depreciation was primarily due to the capitalisation of the added capacity in the Bhopal plant.

Other expenses

Accordingly, other expenses increased by ₹ 2,49,44,400 or by 5.34% from ₹ 46,68,33,020 in the six months period September ended 2020 to ₹ 49,17,77,420 in the six months period ended September 2021.

Profit before tax

In light of above discussions, the loss before tax stood at ₹ 15,10,25,533 in the six months period ended September 2021 as compared to a loss ₹ 28,38,17,260 in the six months period ended September 2020, representing a decrease in losses by ₹ 13,27,91,727 or by (46.79%).

Tax expense

Our total tax expense decreased by ₹ -2,38,22,303 or by (99.99)% from ₹ 2,38,24,803 in the six months period September ended 2020 to 2500 in the six months period ended September 2021.

Profit/Loss after Tax

As a result of aforesaid, there was a net loss incurred after tax of ₹ 15,10,28,033 in the six months period ended September 2021 as compared to a net loss of ₹ 30,76,42,063 in the six months period ended September 2020.

Financial Year 2021 compared with Financial Year 2020

Total revenue

Our total revenue, which comprised of revenue from operations and other income, for the Financial Year 2021, was ₹ 5,09,65,85,947 as compared to ₹ 7,15,21,23,113 for the Financial Year 2020, representing a decrease of (28.74)%. Total revenue comprised of:

- Revenue from Operations

Our revenue from operations decreased by ₹ 2,04,52,70,339 or by (28.74)% from ₹ 7,11,61,03,224 in Financial Year 2020 to ₹ 5,07,08,32,885 in Financial Year 2021. This decrease was primarily due to decrease in revenue from sale of alcoholic beverages, majorly attributable to the COVID-19 pandemic.

- Other Income

Our other income decreased by ₹ 1,02,66,827 or by (28.50)% from ₹ 3,60,19,889 in Financial Year 2020 to ₹ 2,57,53,062 in Financial Year 2021. This decrease was driven by decrease in interest income, other revenues. There was also an other income on account of sale of fixed assets in Financial Year 2020 of ₹ 7,34,778, which was a non-recurring other income, and has resulted in decrease in overall other income in Financial Year 2021.

Expenditure

Our total expenses decreased by ₹ 1,45,63,82,380 or by (20.98)% from ₹ 6,94,32,45,858 in Financial Year 2020 to ₹ 5,48,68,63,478 in Financial Year 2021. Total expenditure comprises of:

Cost of Materials Consumed

Our cost of materials consumed decreased by ₹ 83,04,10,302 or by (33.59)% from ₹ 2,47,22,29,521 in Financial Year 2020 to ₹ 1,64,18,19,219 in Financial Year 2021. The decrease was due to reduction in sales of our company which in turn reduced the consumption of raw material.

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 increased by ₹ 5,53,74,664 from ₹ (4,24,85,795) in Financial Year 2020 to ₹ 1,28,88,869 in Financial Year 2021. This is due to fact of higher production during the current period and closing figures for the period stated.

Excise Duties

Our excise duties decreased by ₹ 32,21,24,777 or by (12.80)% from ₹ 2,51,72,37,029 in Financial Year 2020 to ₹ 2,19,51,12,252 in Financial Year 2021.

Employee benefits expense

Employee benefits expense decreased by ₹ 10,18,209 or by (0.60)% from ₹ 16,88,98,537 in Financial Year 2020 to ₹ 16,78,80,328 in Financial Year 2021. This was primarily due to decrease in staff welfare expenses by ₹ 23,36,109. Employee benefit expenses contributed 3.29% of the total revenues for the Financial Year 2021 vis-à-vis 2.36% of the total revenues for the Financial Year 2020.

Finance costs

Finance costs increased by ₹ 3,28,99,995 or by 21.41% from ₹ 15,36,90,019 in Financial Year 2020 to ₹ 18,65,90,014 in Financial Year 2021. This increase in finance costs was primarily on account of increase in interest to banks and FIIs. Finance cost contributed 3.66% of the total revenues for the Financial Year 2021 vis-à-vis 2.15% of the total revenues for the Financial Year 2020.

Depreciation and amortisation expense

Our depreciation and amortization expense increased by ₹ 1,69,40,806 or 14.51%, from ₹ 11,67,44,858 in Financial Year 2020 to ₹ 13,36,85,664 in Financial Year 2021 due to increase in our asset base. Depreciation and amortisation expenses contributed 2.62% of the total revenues for the Financial Year 2021 vis-à-vis 1.63% of the total revenues for the Financial Year 2020.

Other expenses

Accordingly, other expenses decreased by ₹ 40,80,44,557 or by (26.21) % from ₹ 1,55,69,31,689 in Financial Year 2020 to ₹ 1,14,88,87,132 in Financial Year 2021. This was primarily due a decrease of (i) ₹ 5,91,83,108 in power and fuel expenses, (ii) ₹ 5,63,63,288 in machinery repairs, and (iii) ₹ 19,39,78,638 in sales promotions amongst other expenses.

Profit before tax

In light of above discussions, our profit before tax decreased by ₹ 59,91,54,786 from ₹ 20,88,77,254 in Financial Year 2020 to ₹ (39,02,77,531) in Financial Year 2021.

Tax expense

Our total tax expense decreased by ₹ 6,82,14,920 from ₹ 5,86,66,377 in Financial Year 2020 to ₹ (95,48,543) in Financial Year 2021 due to decrease in profits before tax.

Profit for the Year

For the various reasons discussed above, and following adjustments for tax expense, we recorded a decrease in our profit by ₹ 53,09,39,865 from ₹ 15,02,10,877 in Financial Year 2020 to a net loss of ₹ 38,07,28,988 in Financial Year 2021.

Cash Flows

The following table sets forth certain information relating to our cash flows under Ind AS in Financial Year 2021 and Financial Year 2020:

Particulars	(Amount in (₹))	
	As at 31 st Mar 21 (Consolidated)	As at 31 st Mar 20 (Consolidated)
Net cash flow from operating activities	36,41,19,905	41,14,98,559
Net cash flow used in investing activities	(12,89,33,250)	(70,28,00,071)
Net cash flow (used in)/from financing activities	(30,99,11,783)	26,40,70,791
Net increase in cash and cash equivalents	(7,47,25,128)	(2,72,30,721)
Cash and cash equivalents at the beginning of the year	21,94,03,742	24,66,34,463
Cash and cash equivalents at the end of the year	14,46,78,614	21,94,03,742

Net cash generated from operating activities

Net cash generated from operating activities in the Financial Year 2021 was ₹ 36,41,19,905 and our profit before tax that period was ₹ (39,02,77,532). The difference was on account of depreciation of ₹ 13,36,85,664, interest expense of ₹ 18,65,90,014 and thereafter change in inventories, trade receivables and trade payables of ₹ 35,47,77,262, ₹ (1,45,43,584) and ₹ 2,48,00,773 respectively, resulting in gross cash generated from operations at ₹ 39,11,68,324. We paid an income tax of ₹ 2,70,48,419.

Net cash generated from operating activities in the Financial Year 2020 was ₹ 41,14,98,559 and our profit before tax was ₹ 20,88,77,254. The difference was on account of loss on sale of assets of ₹ 7,34,778, depreciation amount of ₹ 11,67,44,858, interest expense of ₹ 15,36,90,019 and thereafter change in inventories, trade receivables and trade payables of ₹ (8,57,07,748), ₹ (11,08,57,246) and ₹ 23,29,65,356 respectively, resulting in gross cash generated from operations at ₹ 65,30,57,233. We paid an income tax of ₹ 24,15,58,674.

Net cash used in investing activities

In the Financial Year 2021, our net cash used in investing activities was ₹ 12,89,33,250. This was on account of (i) purchase of fixed assets of ₹ 16,03,36,076, (ii) decrease in long term financial assets by ₹ 3,14,02,826.

In the Financial Year 2020, our net cash used in investing activities was ₹ 70,28,00,071. This was on account of (i) purchase of Fixed assets of ₹ 66,69,94,656 (ii) increase in long term financial assets by ₹ 3,68,29,791.

Net cash generated from/ used in financing activities

In the Financial Year 2021, our net cash used in financing activities was ₹ 30,99,11,783. This was primarily due to payment of interest and dividend of ₹ 18,65,90,014 and ₹ 9,42,864 respectively. We also reduced borrowings by ₹ 13,60,76,090 during that year.

In the Financial Year 2020, our net cash generated from financing activities was ₹ 26,40,70,791. This was primarily due to proceeds from borrowings of ₹ 50,11,80,352. We also paid an interest and dividend amounts of ₹ 15,36,90,019 and ₹ 4,85,45,310 respectively.

Contingent liabilities

As of March 31, 2021, the estimated amount of contingent liabilities are as follows:

Particulars	2020-21 (₹)	2019-20 (₹)
i) Claims against the Group not acknowledged as debts/ disputed		
- Commercial Tax Department	60,70,636	51,37,183
- Income Tax Department	11,18,14,414	11,06,86,800
ii) Guarantees given by Bankers on behalf of the Group not provided for	9,39,99,451	18,58,60,480
iii) Corporate guarantee given to a bank on behalf of subsidiaries	113,06,00,000	80,00,00,000

Capital expenditures

Our historical capital expenditures were, and we expect our future capital expenditures to be, primarily for investments in property, office equipment and expenditures and other assets that shall be utilised to further our business operations.

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, changes in 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 including purchase of fixed assets, rent paid and managerial remuneration. For further information relating to our related party transactions, see “Financial Statements — Notes to Financial Statements – Note 33 – Related party disclosures” on page F-23

Reservations, Qualifications and Adverse Remarks by the statutory auditors

There are no reservations, qualifications and adverse remarks by our Statutory Auditors during the last three financial years.

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 Financial Year 2020 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, 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

As on date, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

2. Significant economic changes that materially affected or are likely to affect income from continuing operations.

Apart from the risks as disclosed under Section "Risk Factors" beginning on page 20 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.

Apart from the risks as disclosed under Section "Risk Factors" beginning on page 20, 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, both of the end services provided by us 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 Draft 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 turnover and other relevant information is disclosed in the section "*Industry Overview*" beginning on page 63

8. *Seasonality of business*

Our Company's business is seasonal in nature. We derive maximum revenues in the summer months.

9. *Any Major Dependence on a single or few suppliers or customers*

Other than as described in this Draft Letter of Offer, particularly in sections "*Risk Factors*" on page 20 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 pages 63 and 73 respectively.

11. *Significant Developments after March 31, 2021 that may affect our results of operations*

There have not arisen, since the date of the last financial statements disclosed in this Draft 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 pages 91, 73 and 20 respectively.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

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 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 Fiscal 2021, interruption of production, disruptions in the supply chain, loss on materials etc. We continue to actively review our costs and focus on working capital 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.

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; (ii) material violations of statutory regulations by our Company; (iii) economic offences where proceedings have been initiated against our Company; (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 October 30, 2021, for the purpose of litigation disclosures in this Draft 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 violation of statutory regulations or proceedings related to economic offences, shall be considered material and shall be disclosed in this Draft Letter of Offer, if (i) the monetary claim involved in such proceedings is an amount equal to or exceeding 1% of the total revenue of the Company as per the audited consolidated financial statements of the Company for the immediately preceding financial year (being ₹5,09,65,859 i.e. 1 % of 5,09,65,85,947 as on March 31, 2021) (“Materiality Threshold”) and/or (ii) is otherwise determined to be material in terms of Materiality Policy.*
- 2. Pre-litigation notices received by our Company from third parties (excluding notices pertaining to any offence involving issued of moral turpitude, criminal liability and material violation of statutory regulations or proceedings related to economic offences) shall not be evaluated for materiality until such time our Company is 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. Presently the case is pending before the Hon’ble 96-XVIII Civil Judge Class-II and is listed for hearing on October 20, 2021.

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 dishonour of cheques issued by the Accused to our Company for payment of consideration for goods supplied and services rendered aggregating to ₹65,06,765. Presently the case is pending before the Hon’ble 189-VII Civil Judge Class-II and is listed for hearing on November 17, 2021.
- 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 68-XXIV Civil Judge Class-I and is listed for hearing on December 9, 2021.

- 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 24-XXIV Civil Judge Class-I and is listed for hearing on December 9, 2021.
- d) A regular criminal trial bearing number 16143 of 2019 was filed by our Company before Hon'ble District and Sessions Court, Bhopal against M/s. Shri Creation Jewels and Handicrafts 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 ₹1,45,000. Presently the case is pending before the Hon'ble 24-VI Civil Judge Class-I and is listed for hearing on October 12, 2021.
- e) 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. Presently the case is pending before the Hon'ble 24-VI Civil Judge Class-I and is listed for hearing on October 12, 2021.
- f) 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. Presently the case is pending before the Hon'ble 24-VI Civil Judge Class-I and is listed for hearing on October 12, 2021.
- g) A regular criminal trial bearing number 2804 of 2020 was filed by our Company before the Hon'ble District and Sessions Court, Bhopal against M/s. Shri Creation and Handicraft 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 ₹3,82,500. Presently the case is pending before the Hon'ble 24-VI Civil Judge Class-I and is listed for hearing on January 25, 2022.
- h) 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 hearing on October 11, 2021.
- i) 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 October 21, 2021.

- j) 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 was last listed for hearing on July 6, 2018.

C. Proceedings involving material violations of statutory regulations by our Company

As on the date of this Draft 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:

a) Actions taken by SEBI

Sr. No.	Particulars	Fine/Penalty imposed (₹)	Date on which Fine/Penalty was imposed on	Status
1.	Penalised our Company for violations of certain provisions of SEBI LODR Regulations.	₹ 5,00,000	June 19, 2019	Penalty paid
2.	Penalised <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.	Penalised <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.	Penalised <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

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.

- a) 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 awaiting Orders before 1169-CCH75-LXXIV Additional City Civil and Sessions Judge and is listed for hearing on October 25, 2021.
- b) 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.

- c) A First Appeal bearing number 492 of 2019 was filed by Anheser 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 Appeal was last listed for hearing on August 29, 2019.

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.
- 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 ₹ 5,67,890.
- 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 ₹ 70,28,800.
- 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 has 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.
- e) 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.
- f) 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.
- g) In the Financial Year 2019-20 (Assessment Year 2020-2021), the Ld. Assessing Officer in his assessment, made certain disallowances of Provident Fund and Employee State Insurance contributions under Section 143(1) of the Income Tax Act, 1961 amounting to ₹ 3,86,890. Accordingly, our Company has disputed

such disallowances and has filed an Appeal bearing no. 689859221311020 before the Commissioner of Income Tax (Appeals) under Section 143(1), 36(1)(va) and 234. The amount involved in such Appeal is ₹ 13,97,396.

- h) 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 August 26, 2021. The Petition has since not been listed for hearing.
- i) 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. Presently the case is pending before Hon'ble Shri Justice Sujoy Pauland is tentatively listed for hearing on September 27, 2021.
- j) A Miscellaneous Petition bearing number 1812 of 2018 was filed by State of Madhya Pradesh, Excise Commissioner Moti Mehal Campus, Gwalior, Madhya Pradesh before Hon'ble High Court, Madhya Pradesh, Gwalior Bench, against our Company. 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. Presently the case is pending before Hon'ble Shri Justice Anand Pathakand was last listed for hearing on July 1, 2021.
- k) 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.

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

- l) 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 28, 2021.
- m) 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.
- n) A Writ Petition bearing number 9650 of 2020 was filed by our Promoter Som Distilleries Private Limited 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. Our Promoter 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 5, 2021.

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.

Nil

F. Tax Proceedings

- a) In the Financial Year 2018-19 (Assessment Year 2019-20), the Ld. Assessing Officer in his assessment, made a disallowance under Section 154 of the Income Tax Act, 1961 for an amount of ₹7,32,987. Accordingly, WDBPL has disputed the disallowance and has filed an Appeal bearing no. CPC/1920/U6/21000529101 before the Commissioner of Income Tax (Appeals). This Appeal has been preferred under Section 246A of the Income Tax Act, 1961.
- b) In the Financial Year 2017-18 (Assessment Year 2018-19), the Ld. Assessing Officer assessed that WDBPL's business promotion and development expenses of ₹28,69,382 were not genuine business expenditures. All the expenses were made through banking channels and the transactions were fully recorded and therefore such an assessment was not justified. Accordingly, WDBPL has disputed the assessment and has filed an Appeal bearing no. ITBA/AST/S/143(3)/2020-21/1031316513 before the Commissioner of Income Tax (Appeals). This Appeal has been preferred under Section 246A of the Income Tax Act, 1961.

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.

Material pending government and regulatory approvals pertaining to the Objects of the Issue

Since, our Company intends to utilize the proceeds of the Issue, after deducting Issue related expenses towards 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 Board, pursuant to its resolution dated July 20, 2021, authorised the Issue under Section 62(1)(a) of the Companies Act, 2013.

Our Board has, at its meeting held on [●], determined the Issue Price as ₹ [●] per Rights Equity Share and the Rights Entitlement as one (1) Rights Equity Share(s) for every thirteen (13) Equity Share(s) held on the Record Date, i.e. [●]. The Issue Price of ₹ [●] per Rights Equity Share has been arrived at, in consultation with the Lead Manager, prior to determination of the Record Date.

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* letters dated [●] and [●] issued by BSE and NSE, respectively for listing of the Rights Equity Shares to be Allotted pursuant to the Issue.

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 Draft 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 Draft Letter of Offer.

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 (17 of 2018).

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.

Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, our Promoter and the members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018.

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.

Disclaimer Clause of SEBI

The Draft Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is up to ₹ 5,000.00 lakhs.

Disclaimer from our Company and our Directors

Our Company accepts no responsibility for statements made otherwise than in this Draft 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 anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in this Issue will be deemed to have represented by our Company and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

Disclaimer in respect of Jurisdiction

This Draft 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

As required, a copy of this Draft Letter of Offer has been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

Disclaimer Clause of NSE

As required, a copy of this Draft Letter of Offer has been submitted to NSE. The Disclaimer Clause as intimated by NSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue is BSE Limited.

Listing

Our Company will apply to BSE and NSE for final approval 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 the Issue will trade after the listing thereof.

Selling Restrictions

This Draft Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Draft Letter of Offer is not to be reproduced or distributed to any other person.

The distribution of this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer, 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.

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 Draft 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 Draft 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 Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Draft 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 Draft 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 Draft 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 Draft 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.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE 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 DRAFT LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE DRAFT 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, DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Our Company reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Rights Equity Shares and/ or the Rights Entitlements is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is not in the United States and eligible to subscribe for the Rights Equity Shares and/ or the Rights Entitlements under applicable securities laws, and such person is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares and/ or Rights Entitlements in respect of any such Application Form.

Our Company reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the Application Form headed "Overseas Shareholders" to the effect that the person

accepting and/or renouncing the Application Form does not have a registered address (and is not otherwise located) in the United States, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; (iii) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such Application Form.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission (the “**Securities Act**”), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Draft Letter of Offer. Any representation to the contrary is a criminal offence 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 DRAFT 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 DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANY TIME.

Consents

Consents in writing of our Directors, legal advisor, the Registrar to the Issue and the Bankers to the Issue/ Refund Bank to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer.

Our Company has received written consent dated November 03, 2021 from our Statutory Auditor, namely, M/s. AKB Jain & Co., Chartered Accountants for inclusion of their report on the statement of special tax benefits dated November 03, 2021, included in this Draft Letter of Offer. Such consent has not been withdrawn up to the date of this Draft Letter of Offer.

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 Draft Letter of Offer and other issue related documents 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 their report on the statement of special tax benefits dated November 03, 2021, included in this Draft Letter of Offer, and such consent has not been withdrawn as of the date of this Draft Letter of Offer. However, the term “expert” shall not be construed to mean an “expert” as defined under the Securities Act, 1933.

Except for the abovementioned documents, provided by M/s. AKB Jain & Co., Chartered Accountants, our Company has not obtained any expert opinions.

Performance vis-à-vis objects – Public/ Rights Issue of our Company

Our Company has not made any rights issues during the five years immediately preceding the date of this Draft Letter of Offer. There have been no instances in the past, wherein our Company has failed to achieve the objects in its previous issues.

Performance vis-à-vis objects – Last issue of listed Subsidiaries or Associates

As on the date of filing this Draft Letter of Offer, our Company does not have any subsidiaries or associate companies that are listed on any Stock Exchanges.

Filing

SEBI *vide* the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3(b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer has been filed with the Stock Exchanges and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchanges.

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 15 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;

Tel: +91 11 - 26387281/ 82/83;

Fax: +91 11 - 26387384

Email: sm@masserv.com

Website: www.masserv.com

Investor grievance: info@masserv.com

SEBI Registration: INR000000049

Validity: Permanent

Contact Person: Sharwan Mangla

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, 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

Madhya Pradesh, India.

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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 Draft Letter of Offer, 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 this Draft Letter of Offer and the Letter of Offer. Investors are advised to make their independent investigation and ensure that the 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 or R-WAP facility as disclosed in this section.

Investors are requested to note that Application in this Issue can only be made through ASBA or by R-WAP facility. Further, this R-WAP facility in addition to ASBA is onetime relaxation made available by SEBI in view of the COVID-19 and shall not be a replacement of the existing process under the SEBI ICDR regulations. For guidance on the application process through R-WAP and resolution of difficulties faced by investors, you are advised to read the frequently asked question (FAQ) on the website of the registrar at www.masserv.com.

OVERVIEW

This Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, the 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, FEMA, FEMA Rules, 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, approvals, if any, from the RBI or other regulatory authorities, 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.

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, 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 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., Saffron Capital Advisors Private Limited at www.saffronadvisor.com;
- (iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com http://www.nseindia.com/; and
- (v) the Registrar’s web-based application platform at www.masserv.com (“**R-WAP**”).

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) and PAN. The link for the same shall also be available on the website of our Company (i.e. www.somindia.com).

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible. In light of the current COVID-19 situation 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.

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 either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue i.e. R-WAP, Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using R-WAP. For details, see “- Procedure for Application through the ASBA Process” and “-Procedure for Application through the R-WAP” on page 128

- a. **ASBA facility:** Investors can submit either the Application Form in physical mode to the Designated Branches of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

Investors should note that the ASBA process involves procedures that are different from the procedure under the R-WAP process. Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process. For details, see “- Procedure for Application through the ASBA Process” on page 127

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

- b. **Registrar’s Web-based Application Platform (R-WAP):** In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, SEBI circular SEBI/HO/CFD/DIL1/CIR/P2021/552 dated April 22, 2021 and SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2021/633 dated October 01, 2021, a separate web based application platform, i.e., the R-WAP facility (accessible at www.masserv.com), has been instituted for making an Application in this Issue by resident Investors. Further, **R-WAP is only an additional option and not a replacement of the ASBA process.** At the R-WAP, resident Investors can access and submit the online Application Form in electronic mode using the R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds.

PLEASE NOTE THAT ONLY RESIDENT INVESTORS CAN SUBMIT AN APPLICATION USING THE R-WAP. R-WAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE

OPENING DATE. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE “RISK FACTOR - The R-WAP payment mechanism facility proposed to be used for this Issue may be exposed to risks, including risks associated with payment gateways.” on page 36.

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions or call helpline number +91 11 2638 7281 / 82 / 83. For details, see “- Procedure for Application through the R-WAP” on page 128

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) and R-WAP. Please note that incorrect depository account details or PAN or Application Forms without depository account details (except in case of Eligible Equity Shareholders who hold Equity Shares in physical form and are applying in this Issue in accordance with the SEBI Rights Issue Circulars through R-WAP) shall be treated as incomplete and shall be rejected. For details see “Grounds for Technical Rejection” on page 138. 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 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”.

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 Circulars, 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 dematerialised 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 a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) 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 (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings, as applicable (g) Eligible Equity Shareholders who have not provided their Indian addresses.

Eligible Equity Shareholders, whose Rights Entitlements are credited in demat suspense escrow account opened by our Company, are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., by [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least 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 is active, details of which have been provided to the Company or the Registrar, 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. www.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)

Other important links and helpline:

The Investors can visit following links for the below-mentioned purposes:

- Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: www.masserv.com
- Updation of Indian address/ e-mail address/ mobile number in the records maintained by the Registrar or our Company: www.masserv.com
- Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: www.masserv.com
- Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders: www.masserv.com.

Investors can also visit or post the documents to the Registrars office at MAS Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020.

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.

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, 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 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) and PAN. 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 Abridged Letter of Offer, the Rights Entitlement Letter and the 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 10.

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 ₹ [●] per Rights Equity Share (including premium of ₹ [●] per Rights Equity Share) in this Issue. On Application, Investors will have to pay ₹ [●] per Rights Equity Share, which constitutes 100% of the Issue Price.

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.

Rights Entitlements Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 1 (one) Rights Equity Shares for every 13 (thirteen) Equity Shares held by the Eligible Equity Shareholders as on the Record Date.

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.

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 two Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.

Credit of Rights Entitlements in dematerialised account

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. 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 dematerialised 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 a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar

on the Record Date; or (d) 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 (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings, as applicable.

In this regard, our Company has made necessary arrangements with NSDL and CDSL for the cred of 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 [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date and shall be active for renouncement or transfer only during the Renunciation Period, i.e., from [●] to [●] (both days inclusive). It is clarified that the Rights Entitlements shall not be available for transfer or trading post the Renunciation Period. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Eligible Equity Shareholders, whose Rights Entitlement are credited in demat suspense escrow account opened by our Company are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., by [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least 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 the Company or the Registrar account 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. www.masserv.com). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

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 125.

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 ISIN [●]. 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+2 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 [●] to [●] (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. 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 125.

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

₹ [●] per Rights Equity Share (including premium of ₹ [●] 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 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.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of 1 (one) Rights Equity Shares for every 13 (thirteen) Equity Shares held as on the Record Date. As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than 13 (thirteen) Equity Shares or is not in the multiple of 13 (thirteen) 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 (1) additional Rights Equity Share if they apply for additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds twenty-six(26) Equity Shares, such Equity Shareholder will be entitled to two (2) Rights Equity Share and will also be given a preferential consideration for the Allotment of one (1) 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 thirteen (13) Equity Shares shall have ‘zero’ entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for additional Rights Equity Shares, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

Credit Rating

As this Issue is a rights issue of Rights Equity Shares, there is no requirement of credit rating for this Issue.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Draft Letter of Offer, the 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, 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 rank *pari passu* with the existing Equity Shares, in all respects including dividends.

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 through letter bearing reference number [●] dated [●] and from the NSE through letter bearing reference number [●] dated [●]. 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 (Scrip Code: SDBL) under the ISIN: INE480C01020. The Rights Equity Shares shall be credited to a temporary 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 ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary 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 four (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 four (4) 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 fourth 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 17 .

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.

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 one Equity Share.

Joint Holders

Where 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 in 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 DPs 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 one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

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, Application Form and other issue materials (“**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.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in (i) one English national daily newspaper and (ii) one Hindi language national daily newspaper; (Hindi being the regional language of Bhopal, Madhya Pradesh, 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 Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the 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 at 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 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 this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the 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 note that only resident Investors can submit an Application using the R-WAP.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the 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 the RBI and to obtain prior approval from RBI for applying in this Issue.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at MAS Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020.

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 either the ASBA process or the optional mechanism instituted only for Investors in the Issue, *i.e.* R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP.

For details of procedure for application by the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, see “- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” on page 133.

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.

Application Form

The 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 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 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 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 Application Form attributable to non-availability of the email 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 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 MAS Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020 or E-mail: sm@masserv.com; Website: www.masserv.com. Investors can access this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the 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., Saffron Capital Advisors Private Limited at www.saffronadvisor.com;
- (iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com; and
- (v) the R-WAP at www.masserv.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) and PAN. The link for the same shall also be available on the website of our Company (i.e. www.somindia.com).

The Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts. Please note that one single 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 Application Form for each demat account.

Investors may accept this Issue and apply for the Rights Equity Shares (i) 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 authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts or (ii) filing the online Application Form available on R-WAP and make online payment using the internet banking or UPI facility from their own bank account thereat. **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 Application Form is correctly filled up stating therein (i) 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 Application Form will be blocked by the SCSB or (ii) the requisite internet banking or UPI details (in case of Application through R-WAP, which is available only for resident Investors).

Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB and R-WAP). Incorrect depository account details or PAN number could lead to rejection of the Application. For details see “- Grounds for Technical Rejection” on page 138. 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 .

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 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 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 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 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.

Procedure for Application through the R-WAP

Resident Investors, making an Application through R-WAP, shall make online payment using internet banking or UPI facility. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds. Our Company, the Registrar and the Lead Manager shall not be responsible if the Application is not successfully submitted or rejected during Basis of Allotment on account of failure to be in compliance with the same. R-WAP facility will be operational from the Issue Opening Date. For risks associated with the R-WAP process, see “*Risk Factors - The R-WAP payment mechanism facility proposed to be used for this issue may be exposed to risks, including risks associated with payment gateways*” on page 36

Set out below is the procedure followed using the R-WAP:

- a. Resident Investors should visit R-WAP (accessible at www.masserv.com) and fill the online Application Form available on R-WAP in electronic mode. Please ensure to provide correct DP ID, Client ID, Folio number (only for resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date), PAN details and all other details sought for while submitting the online Application Form.
- b. Non-resident Investors are not eligible to apply in this Issue through R-WAP.
- c. Only resident Investors are eligible to apply in this Issue through R-WAP.
- d. The Investors should ensure that Application process is verified through the email / mobile number. Post due verification, the Investors can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Rights Equity Shares to be applied for. Please note that the Application Money will be determined based on number of Rights Equity Shares applied for.
- e. The Investors who are Renouncees should select the category of ‘Renouncee’ at the application page of R-WAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The Renouncees shall also be required to provide the required Application details, such as total number of Rights Equity Shares to be applied for. A Shareholder who has purchased Rights Entitlement from the Stock Exchanges or through off-market transaction, should select “Eligible Equity Shareholder” category.
- f. Investors applying in the Issue through UPI facility should accept the debit/ payment request in the relevant mobile application for which the UPI ID details were provided.
- g. Prior to making an Application, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the bank account are less than total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash mode mechanism in accordance with the SEBI Rights Issue Circulars.

- h. The Investors shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. **Applications made using payment from third party bank accounts will be rejected.**
- i. Verification in respect of Application through Investors' own bank account, shall be done through the latest beneficial position data of our Company containing Investor's bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.
- j. The Application Money collected through Applications made on the R-WAP will be credited to the Escrow Account, opened by our Company with the Escrow Collection Bank.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares (i) 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 authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts or (ii) filing the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account there at.

Please note that on the Issue Closing Date for (i) Applications through ASBA process will be uploaded until 5.00p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges and (ii) the R-WAP facility will be available until 5.00 pm (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 or using R-WAP 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

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.

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 or using the R-WAP.

Procedure for Renunciation of Rights Entitlements

The Investors 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. 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.

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.

On Market Renunciation

The Investors 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 Circulars, 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 [●] subject to requisite approvals. 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 Entitlement.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (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 [●] and indicating the details of the Rights Entitlements they intend to sell. 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 BSE and NSE under automatic order matching mechanism and on 'T+2 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 the SEBI.

Off Market Renunciation

The Investors 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.

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 RE-ISIN [●], 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 NSDL and CDSL from time to time.

Application on Plain Paper under ASBA process

An Eligible Equity Shareholder 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 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. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising 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.

Please note that 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.

PLEASE NOTE THAT APPLICATION ON PLAIN PAPER CANNOT BE SUBMITTED THROUGH R-WAP.

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 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. Registered Folio Number/DP and Client ID No.;
4. Number of Equity Shares held as on Record Date;
5. Allotment option – only dematerialised form;
6. Number of Rights Equity Shares entitled to;
7. Number of Rights Equity Shares applied for within the Rights Entitlements;
8. Number of additional Rights Equity Shares applied for, if any;
9. Total number of Rights Equity Shares applied for;
10. Total amount paid at the rate of ₹ [●] per Rights Equity Share;
11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
12. In case of NR 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;
13. 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;
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. In addition, 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 US Securities Act of 1933, as amended (the "**US 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 (the "United States"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. I/ we understand the Rights Equity Shares referred to in this application are being offered and sold in offshore transactions outside the United States in compliance with Regulation S under the US Securities Act ("**Regulation S**") to existing shareholders 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 United States 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 the section of the 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 compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We acknowledge that we, 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, 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 SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Mode of payment

All payments against the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility if applying through RWAP.

In case of Application through ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the 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 Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the 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 Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the 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.

For details of mode of payment in case of Application through R-WAP, see “- *Procedure for Application through the R-WAP*” on page 128.

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 Circulars, the credit of Rights Entitlements and Allotment of Rights 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 the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

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.

To update respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit MAS Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020; Website: www.masserv.com; Email: sm@masserv.com.

Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form

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:

- (a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by email, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date;
- (b) 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 one day before the Issue Closing Date;

(c) The Eligible Equity Shareholders can access the Application Form from:

- R-WAP, the website of the Registrar www.masserv.com;
- our Company (www.somindia.com);
- the Lead Manager (www.saffronadvisor.com);
- the Stock Exchanges (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) and PAN. The link for the same shall also be available on the website of our Company (i.e. www.somindia.com);

(d) The Eligible Equity Shareholders shall, on or before the Issue Closing Date (i) submit 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 authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts or (ii) fill the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

PLEASE NOTE THAT NON-RESIDENT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE 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 RIGHTS 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 OR THE ISSUE CLOSING DATE, AS THE CASE MAY BE.

General instructions for Investors

- Please read this Draft Letter of Offer carefully to understand the Application process and applicable settlement process.
- Please read the instructions on the Application Form sent to you.
- The Application Form can be used by both the Eligible Equity Shareholders and the Renouncees.
- Application should be made only through the ASBA facility or using R-WAP.
- 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 Draft Letter of Offer, the 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.
- In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section “- *Application on Plain Paper under ASBA process*” on page 131.
- 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 either the ASBA process or optional mechanism instituted only for resident Investors in this Issue, i.e., R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using R-WAP.

- (h) 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.
- (i) In case of Application through R-WAP, the Investors should enable the internet banking or UPI facility of their respective bank accounts.
- (j) Applications should be (i) 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 or (ii) filled on the R-WAP. Please note that on the Issue Closing Date for (i) 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 and (ii) the R-WAP facility will be available until 5.00 pm (India Standard Time) or such extended time as permitted by the Stock Exchanges.
- (k) Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar or the Lead Manager.
- (l) In case of Application through ASBA facility, 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.
- (m) 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, 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. Further, in case of Application in joint names, each of the joint Applicants should sign the Application Form.**
- (n) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Furthermore, in case of Applications submitted using R-WAP facility, payment shall be made using internet banking or UPI facility. 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 made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.
- (o) 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.
- (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 address 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 numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address 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) 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, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

- (s) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.
- (t) 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.
- (u) An Applicant being an OCB is required not to be under the adverse notice of the RBI and must submit approval from RBI for applying in this Issue.

Do's:

- (a) Ensure that the 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.

Don'ts:

- (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 R-WAP:

- (a) Ensure that the details of the correct bank account have been provided while making payment along with submission of the Application
- (b) 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 the bank account through which payment is made using the R-WAP.
- (c) Ensure that you make the payment towards your application through your bank account only and not use any third party bank account for making the payment.
- (d) Ensure that you receive a confirmation email on successful transfer of funds.
- (e) Ensure you have filled in correct details of PAN, folio number, DP ID and Client ID, as applicable, and all such other details as may be required.

- (f) Ensure that you receive an acknowledgement from the R-WAP for your submission of the Application.

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 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 total amount payable on application mentioned in the 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 Application Form in physical form or plain paper Application.
- (g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the 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 Application Form and the Rights Entitlement Letter.

Don'ts for Investors applying through ASBA:

- (a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.
- (b) Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an 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.
- (c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

Don'ts for Investor applying through R-WAP

- (a) Do not apply from bank account of third parties.
- (b) Do not apply if you are a non-resident Investor.
- (c) Do not apply from non-resident account.
- (d) Do not apply from corporate 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 not matching with the DP ID and Client ID records available with the Registrar.
- (b) Sending an Application to the Lead Manager, Registrar, Escrow Collection Banks (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 or our Company.
- (c) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (d) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- (e) Account holder not signing the Application or declaration mentioned therein.
- (f) Submission of more than one application Form for Rights Entitlements available in a particular demat account.
- (g) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (h) Submitting the GIR 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).
- (i) 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.
- (j) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (k) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Draft Letter of Offer.
- (l) Physical Application Forms not duly signed by the sole or joint Investors.
- (m) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (n) 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.
- (o) Applications which: (i) does not include the certifications set out in the Application Form; (ii) appears to us or our agents to have been executed in or dispatched from a Restricted Jurisdiction; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares in respect of any such Application Form.
- (p) Applications which have evidence of being executed or made in contravention of applicable securities laws.

Applications under the R-WAP process are liable to be rejected on the following grounds (in addition to above applicable grounds)

- (a) Applications by non-resident Investors.
- (b) Payment from third party bank accounts.

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 OR THROUGH THE R-WAP PROCESS (AVAILABLE ONLY FOR RESIDENT INVESTORS), 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 APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE 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 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 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 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 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 Application Forms are liable to be rejected.

Modes of Payment

All payments against the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility if applying through R-WAP.

In case of Application through ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the 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 Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the 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 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 Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the 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.

For details of mode of payment in case of Application through R-WAP, see “- *Procedure for Application through the R-WAP*” on page 128

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, the following conditions shall apply:

1. Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain 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 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 in 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. 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 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. 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 147

In cases where multiple Application Forms are submitted, including cases where an Investor submits 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 17

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is [●], i.e., Issue Closing Date. Our Board or any 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 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 any committee thereof, the invitation to offer contained in this Draft Letter of Offer shall be deemed to have been declined and our Board or any 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

Please note that on the Issue Closing Date for (i) 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 and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the 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 or sending email withdrawal request to sm@masserv.com

in case of Application through R-WAP facility. However, no Investor, whether applying through ASBA facility or R-WAP facility, may withdraw their Application post the Issue Closing Date.

Issue Schedule

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	[●]
ISSUE OPENING DATE	[●]
LAST DATE FOR ON MARKET RENUNCIATION*	[●]
ISSUE CLOSING DATE[#]	[●]
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF CREDIT (ON OR ABOUT)	[●]
DATE OF LISTING (ON OR ABOUT)	[●]

** 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 a duly authorized 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.

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., [●] 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.

For details, see “General Information - Issue Schedule” on page 49

Basis of Allotment

Subject to the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board 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, 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 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 may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board 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.

For Applications through R-WAP, instruction will be sent to Escrow Collection Bank with list of Allottees and corresponding amount to be transferred to the Allotment Account. Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank to refund such Applicants.

Allotment Advice or Refund/ Unblocking of ASBA Accounts

Our Company will send/ dispatch Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 15 days' period.

In case of Applications through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

In accordance with the SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, in case of Applications made through the R-WAP facility, refunds, if any for un-allotted or partially allotted applications shall be completed on or before T+1 day (T being the date of finalisation of Basis of Allotment).

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 email, to the email 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, refunds 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 Equity Shares in the Issue and is Allotted a lesser number of 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 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.

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 any of the following modes. Please note that payment of refund in case of Applications made through R-WAP, shall be through modes under (b) to (g) below.

- (a) Unblocking amounts blocked using ASBA facility.
- (b) NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- (c) National Electronic Fund Transfer (“**NEFT**”) – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (“**IFSC Code**”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- (d) Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- (e) RTGS – If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.
- (f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.
- (g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

In case of Application through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active. In accordance with the SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, in case of Applications made through the RWAP facility, refunds, if any for un-allotted or partially allotted applications shall be completed on or before T+1 day (T being the date of finalisation of Basis of Allotment).

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the 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 an agreement dated November 23, 2000, with NSDL and an agreement dated November 01, 2000, with CDSL 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.

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 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 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 Application Form, the Investor will not get any Rights Equity Shares and the 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 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 / centres where such AIFs are located are mandatorily required to make use of the ASBA facility or using R-WAP (available only for residents). 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 (“OCT”) 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 for fraud involving an amount of at least ₹ 10 lakhs or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending upto three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 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 five years or a fine of an amount extending up to ₹50 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 Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form and the R-WAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.

Our Board 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 or refunded to the Investors in the same bank account through which Application Money was received, in case of an application using the R-WAP facility. 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 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 all Stock Exchanges where the Equity Shares are to be listed will be taken within the time limit specified by SEBI.
- 3) The funds required for making refunds 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 and record all Applications made under the R-WAP process.
- 7) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

In accordance with Regulation 86 of the SEBI ICDR Regulations, our Company is not required to achieve minimum subscription for the Rights Issue on account of the following reason:

1. Objects of the Rights Issue are for a purpose which is other than financing a capital expenditure for a project; and
2. Our Promoter and Promoter Group have confirmed *vide* their letter dated October 9, 2021, their intention to subscribe to their rights entitlement, and will not renounce rights except to the extent of renunciation within the promoter group.

Important

1. Please read this Draft Letter of Offer and the Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Draft Letter of Offer, the Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.
2. All enquiries in connection with this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed “SOM Distilleries and Breweries Limited – 2021 Rights Issue” on the envelope and postmarked in India or in the email) to the Registrar at the following address:

Investor Grievance Email: info@masserv.com

Website: www.masserv.com

Contact Person: Mr. Sharwan Mangla

SEBI Registration Number: INR000000049

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.

This Issue will remain open for a minimum 15 days. However, our Board 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).

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 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 nonresident 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.

SECTION VIII—OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft 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, would be available on the website of the Company at www.somindia.com from the date of this Draft Letter of Offer until the Issue Closing Date.

1. Material Contracts for the Issue

- (i) Issue Agreement dated October 9, 2021, entered into amongst our Company and the Lead Manager to the Issue.
- (ii) Registrar Agreement dated October 22, 2021, entered into amongst our Company and the Registrar to the Issue.
- (iii) Escrow Agreement dated [●] amongst our Company, the Lead Manager, the Registrar to the Issue and the Banker to the Issue/ Refund Bank.

2. Material Documents

- (i) Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended from time to time.
- (ii) Certificate of incorporation dated March 26, 1993.
- (iii) Copy of Prospectus of the Company for its Initial Public Offering in the year 1994
- (iv) Resolution of the Board of Directors dated July 20, 2021 in relation to the Issue.
- (v) Resolution of the Board of Directors dated November 18, 2021, approving and adopting the Draft Letter of Offer.
- (vi) Consent of our Directors, Company Secretary and Compliance Officer, Statutory Auditor, Legal Advisor, the Lead Manager, the Registrar to the Issue, Banker to the Issue/ Refund Bank for inclusion of their names in the Draft Letter of Offer in their respective capacities.
- (vii) Copies of Annual Reports of our Company for Fiscals 2021, 2020, 2019, 2018 and 2017
- (viii) Copy of quarterly unaudited (reviewed) financial statement for the quarter ended September 30, 2021.
- (ix) Statement of Tax Benefits dated November 03, 2021 from the Statutory Auditor included in this Draft Letter of Offer.
- (x) Tripartite Agreement dated November 23, 2000 between our Company, NSDL and the Registrar to the Issue.
- (xi) Tripartite Agreement dated November 01, 2000 between our Company, CSDL and the Registrar to the Issue.
- (xii) In principle listing approvals dated [●] and [●] issued by BSE and NSE, respectively.

Any of the contracts or documents mentioned in this Draft 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

We hereby declare that all relevant provisions of the Companies Act and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Sd/-

Jagdish Kumar Arora
(Chairperson)

Sd/-

Nakul Kam Sethi
(Executive Director)

Sd/-

Satpal Kumar Arora
(Independent Director)

Sd/-

Deena Nath Singh
(Independent Director)

Sd/-

Uma Kant Samal
(Independent Director)

Sd/-

Nishi Arora
(Independent Director)

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Sd/-

Rajesh Kumar Dubey
(Chief Financial Officer)

Date: November 18, 2021

Place: New Delhi