

SOM DISTILLERIES AND BREWERIES LIMITED

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SDBL/BSE/NSE/2023

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To,

<p>The Manager, Listing Department, NATIONAL STOCK EXCHANGE OF INDIA LIMITED 'Exchange Plaza' C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051. cmlist@nse.co.in <u>Security ID: SDBL</u></p>	<p>Dy. General Manager, Department of Corporate Services, BSE LIMITED, First Floor, P.J. Towers, Dalal Street, Fort, Mumbai – 400001. corp.compliance@bseindia.com <u>Security ID: 507514</u></p>
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SUB: INTIMATION UNDER REGULATION 30 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 - EARNINGS CONFERENCE CALL TRANSCRIPT

Dear Sir/ Madam,

Pursuant to Regulation 30 of Listing Regulations, please find attached Earnings Conference Call transcript of Wednesday, 18th day of October, 2023 with regard to the unaudited financial results for Q2 FY2024.

The transcript of the said Earnings Conference Call is also available on the Company's website i.e. www.somindia.com.

This is for your information and records please.

Thanking You,

For Som Distilleries & Breweries Limited

Om Prakash Singh
Company Secretary & Compliance Officer

SOM Group of Companies



SOM Distilleries & Breweries Ltd.

Earnings Conference Call Transcript

Q2 FY24

Management:

Mr. Nakul Sethi – Director, Finance & Strategy





Moderator: Ladies and gentlemen, good day and welcome to Q2 FY24 Earnings Conference Call for Som Distilleries and Breweries Limited hosted by InCred Equities. As a reminder, all participant line will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that the conference is being recorded. I now hand the conference over to Mr. Nitin Awasthi from InCred Equities. Thank you and over to you, sir.

Nitin Awasthi: Thank you, Akshay. We thank the management of Som Distilleries for giving us the opportunity to host their call today. From the management, we have Mr. Nakul Sethi, Director-Finance and Strategy. I will now hand over the floor to Nakul ji for his opening remarks. Over to you, sir.

Nakul Sethi: Thank you, Nitin ji, and good afternoon and welcome to everybody to our Earnings Call. The second quarter is typically subdued due to the monsoon season and various religious festivals impacting our sales. Despite this, we have shown a growth trajectory. For Q2 FY24 our consolidated income was Rs. 2,480 million compared to Rs. 1,479 million for the same quarter in FY23, showing a growth of nearly 68%.

Our EBITDA was Rs. 275 million up from Rs. 186 million for the same period last year, showing a growth of nearly 48%. Our PAT for the quarter stood at Rs. 149 million, an increase from Rs. 82 million for same quarter in FY23, showing a growth of 80%. Coming to the first half of FY24, our income was RS.6,346 million compared to Rs. 4,039 million for the H1 FY23, representing a growth of 57%.

Our EBITDA for the first half of this year was Rs. 776 million up from Rs. 545 million for H1 FY23, a growth of 42%. Similarly, the PAT stood at Rs. 485 million as compared to Rs. 339 million in H1 FY23, showing a growth of nearly 43%. In the quarter, we recorded beer sales of 40.3 lakh cases, and half year beer volume amounted to approximately 106.2 lakh cases as compared to 76 lakh cases sold in the same period last year.

Additionally, we sold around 2.5 lakh cases of IMFL during the quarter. Key brands like Hunter, Black Fort, and Power Cool experienced significant sales volume in the key markets. This performance across the brands can be attributed to the trust in our product quality and execution capabilities of our team. The decrease in net debt from Rs. 2,296 million in March 2023 to Rs. 1,540 million in September 2023 highlights the company's efforts in managing its financial obligations more effectively.

Furthermore, our long-term bank loan ratings have been upgraded from BBB to BBB+ by ICRA, underscoring our continued financial strength and commitment to growth. In line with our expansion plans, we have placed orders to enhance our beer facility at Hassan. These orders involve suppliers from Germany and India, allowing us to add close to 6 million cases per annum to our production capacity. We expect the expansion to happen in March or April of next year.

On the operations front, we have successfully obtained permission to supply our beer brands to Rajasthan as well as IMFL. This will help us in diversifying our product portfolio and strengthening our market impact. We have also secured permission for supply of beer to Chhattisgarh and have commenced initial dispatches. This strategic move aims to establish a significant market presence for our products in the medium term,



marking a key milestone in our regional expansion efforts. With that, we would now like to open the floor for Q&A. Thank you so much.

Moderator: Thank you very much. The first question is from the line of Abneesh Roy from Nuvama Institutional Equities. Please go ahead.

Abneesh Roy: Yes, thanks for the opportunity. My first question is on the gross margin and EBITDA margin. There is slight fall quarter-on-quarter and what is the reason for that? In terms of outlook for your three key raw materials, so glass, ENA, and barley prices, how do you see in H2 versus H1?

Nakul Sethi: See, the prices of barley have come down. But we are yet to see an impact on the glass bottle. We expect that some softening of prices on the glass bottles would happen in the H2. But I think coming to your question on gross margins, we are growing across the country. You can see in the numbers also in terms of volume growth and as well as the revenue growth. But our dependence on new bottles continues to be there. So, I think that is one of the main reasons why the gross margins are a little subdued for the present.

Abneesh Roy: So in terms of barley, how much correction has happened versus, say, Q1 and versus last year's average cost? How much would be the current price for barley for you? And similarly for glass if you could give similar data?

Nakul Sethi: I cannot tell you the absolute price, what it is costing me, but I can just give you a range.

Abneesh Roy: I need the percentage..

Nakul Sethi: We have made the correction of around 15% over the last 1 year in the prices of barley.

Abneesh Roy: And further correction you expect from here?

Nakul Sethi: No, I don't expect any further correction. I mean, on the more optimistic side, another maybe 3% or 4%.

Abneesh Roy: And glass, how much correction you expect second half or, say, FY2025

Nakul Sethi: I think the indication which we have got right now is about in the range of about 5% to 7%.

Abneesh Roy: Okay, that's it. Small correction?

Nakul Sethi: Yes.

Abneesh Roy: Sir, my second and last question is on Karnataka. There was a tax hike, which led to a pricing increase at the customer level, but no increase to the company. So, has that impacted volumes for the industry and for you in Karnataka in any of your segments?

Nakul Sethi: The increase in excise policy has made the selling side of beer costlier by about, I think, Rs. 5 to Rs. 10 a bottle. I don't think that's much as compared to IMFL. So, in terms of volume, it does not have any margin side.



- Abneesh Roy:** But on IMFL, for the industry, you think there is an impact?
- Nakul Sethi:** Yes. For IMFL.
- Moderator:** Thank you. The next question is from the line of Sagar Tanna from Alchemie Ventures. Please go ahead.
- Sagar Tanna:** If you can give us the breakdown of volumes in the second quarter in terms of our three brands?
- Nakul Sethi:** We sold close to about 11 lakh cases of Hunters in the quarter. We sold close to around 4.75 lakhs for Black Fort and about 22 lakhs of Power Cool.
- Sagar Tanna:** And anything on Woodpecker?
- Nakul Sethi:** Okay. Woodpecker, let's classify it that we have got another segment called "Other beers". So, Woodpecker comes in that now. We sold about 2 lakh cases of the other beers.
- Sagar Tanna:** And sir, what would be the realization difference between Woodpecker and Power Cool?
- Nakul Sethi:** Now that depends upon state to state.
- Sagar Tanna:** But if you were to look at Karnataka or Madhya Pradesh?
- Nakul Sethi:** If we come to, say, Power Cool sales for Rs. 551 per case in Madhya Pradesh, and Woodpecker sales for about Rs. 650 per case.
- Sagar Tanna:** 6-5-0?
- Nakul Sethi:** Yes, 6-5-0.
- Sagar Tanna:** Okay. And in Karnataka, what would be the realization, sir, just for a broader understanding?
- Nakul Sethi:** Power cool would be about, I think, about Rs. 450 per case, and Woodpecker would be about Rs. 520.
- Moderator:** The next question is from the line of Mayank Dugar from Moonbow Investment Advisor.
- Mayank Dugar:** Yes. So, we have done two strategic contract manufacturing agreements, one in Jammu and the second one in Punjab. how much is that going to add to the topline? My second question would be, the capacity that we have on the IMFL side, that is 3.9 million cases. So how much of that is being utilized currently?
- Nakul Sethi:** Coming to the capacity utilization on IMFL, the capacity utilization in MP is about, I think we're doing quite well in terms of the capacity utilization in MP, but IMFL capacity utilization is very less in Karnataka. We have got a big capacity, that's why we had Radico there. But unfortunately, their offtake also has not been so great.



Coming to the contract manufacturing, which we have done in Punjab and in Jammu, that's very initial and that is for supply of IMFL to the canteen stores. So let's see how it goes. I mean it's very difficult to give you any idea what the kind of volume which we will do from those facilities as of now.

Moderator: The next question is from the line of Gunit Singh: from CCIPL.

Gunit Singh: What is the outlook for FY24 in terms of topline and bottom line? I mean looking at the current run rate, can we expect to reach around Rs.1,300 crores topline this year?

Nakul Sethi: I'll be more comfortable between the range of about Rs. 1,100 crores to Rs. 1,200 crores for the current year.

Gunit Singh: What kind of EBITDA margins are we looking at for the entire year?

Nakul Sethi: I think we should aim at about 12% to 12.5%.

Gunit Singh: All right. And you mentioned that there's a new capacity coming up in March, April next year. So, what would that be capacity used for? I mean, are we expanding to some other states? Would that be used to supply our brands to other states? Or would that be so contract manufacturing?

Nakul Sethi: The present capacity which we have in Karnataka has not been sufficient for the kind of traction our brand is enjoying. So that was the need for setting up additional capacity. And of course, we want to establish states like Kerala and Pondicherry, which are not being served from the Karnataka facility as of now.

Gunit Singh: All right. What kind of additional revenue should we expect from this capacity? And I mean this is commencing in March, April next year. Can we expect this to be running at full capacity, say, from beginning, I mean looking at the kind of demand that we're getting?

Nakul Sethi: So I think the aim is to have the facility ready for the next season. So our strategy is to maximize the capacity utilization. So right now, for example, the Karnataka plant for this half year has been running at a capacity utilization of 90%. So we are pretty optimistic about the capacity utilization levels of the new plant also next year.

Gunit Singh: At what kind of optimal capacity utilization, what kind of revenues would this add?

Nakul Sethi: If you consider a 90% capacity utilization, so it can easily give us about Rs. 270 crores of net revenue.

Gunit Singh: All right. And by when can we expect, I mean, of 90% capacity utilization?

Nakul Sethi: I can't give you a guidance on that. Let's see how things pan out during the second half of this year.

Moderator: The next question is from the line of Sanjaya Satapathy from Ampersand Capital.

Sanjaya Satapathy: Sir, congratulations on a fantastic set of results. One question is that can you give us some kind of sense about your market share gain, anything that happened during Q2?



- Nakul Sethi:** The growth which happened in Q1, we have been able to maintain our market share in all the key markets where we are present. Plus, we have done quite well in the new state like Chhattisgarh where we have recently made, I think, good inroads. We are also very hopeful of doing well in Rajasthan in the second half of this year. So that's the whole situation as of now.
- Sanjaya Satapathy:** And any kind of numbers in terms of what are your market shares in your top three states as of now? The reason why we are asking this is that as you are rolling out to newer states, I mean we can really expect something, some similar performance probably pan out in some couple of year's time in those new states as well.
- Nakul Sethi:** So for example, year-to-date, we have got a close to about 18.5% market share in Karnataka, close to 13% in Odisha and about 11% in Delhi for the six months and I think it's 43% in MP.
- Sanjaya Satapathy:** Understood. So, in your existing market itself, you have a significant scope of markets gained in?
- Nakul Sethi:** Yes. Plus, I mean, obviously we are adding new markets, so we are looking at good traction coming from those states also.
- Sanjaya Satapathy:** Understood. And you also spoke about some kind of easing of cost reserve from what you saw in the first half of the year. And the fact that your utilization level, are improving. On a medium-term basis, is there any kind of a margin guidance that you can share with us?
- Nakul Sethi:** So I think, the previous caller had also asked me this question. So I think about 12% to 12.5% would be the range at an EBIDTA level where we'll be comfortable.
- Sanjaya Satapathy:** Understood. And have you shared your full year revenue guidance, or you are not giving that now?
- Nakul Sethi:** So I think revenue we are expecting, earlier, we had given a guidance of RS.1,000 crores, but now we have revised it anywhere between RS.1,100 crores to RS.1,200 crores.
- Sanjaya Satapathy:** Okay. That is good and last question if I can check that while you are expanding in new estates you have plans for acquisitions, on your core, on your other business which is your IMFL business, how are the traction? And last thing that I want to check there that you are getting into, there will be elections and all that, so does it help or hurt your performance during this period?
- Nakul Sethi:** During the times of election there are certain disruptions in the terms of supply because the excise also becomes stricter. But I think given the kind of volume we are expecting I think those short-term aberrations will be negated.
- Coming to IMFL. IMFL is also an important piece for us. It complements our beer business especially during the lean season, that is from the third quarter. But considering that now we have got good market presence in the southern India, that is the reason that the share of IMFL is little less as compared to the total but still I believe that IMFL will continue to be an important piece of a business.



- Moderator:** Thank you. The next question is from the line of Alisha Mahawla from Envision Capital. Please go ahead.
- Alisha Mahawla:** Hi, sir. Good afternoon. Thank you for the opportunity. The first question is the capacity expansion at Hasan, we're expecting our capacity to increase by how much, as in what the 30 million cases will reach to where, and what is the capex that we're incurring for this?
- Nakul Sethi:** Right now, our capacity is about 90 lakh cases and we are increasing this capacity by another 60 lakh cases. So all together the Karnataka facility will have a capacity of 1.5 crores cases. And we are expecting that we should be spending about close to about Rs. 70 crores to Rs. 75 crores for this expansion.
- Alisha Mahawla:** Okay. And there's no capacity expansion plan at MP currently?
- Nakul Sethi:** No, because we have just, you know, in March of this year we have put up a new canning line. I don't think there is another need for expansion currently in MP.
- Alisha Mahawla:** Okay. And while you did mention the market share in your key states, would you like to comment on what is the kind of response we have seen in UP? Maybe what is the contribution to our top line from UP currently or market share that we have gained there, what is the kind of volumes we're doing there?
- Nakul Sethi:** See, I mean, the share of the newer states, I mean, if you look at UP, it is about, close to about 3% of our sales. So it is slowly gaining in prominence because if you compare it to last year, it was maybe less than a 1%. So I mean, as we are growing, the share of the newer markets also is growing.
- Alisha Mahawla:** Okay, sure. And you were mentioning that on a full year basis or annual basis, a peak capacity utilization can hit 90% considering the seasonality across quarters?
- Nakul Sethi:** Yes, it can. For example, currently, I mean, if you look at the way we are growing in Karnataka our annualized capacity utilization is about 92%.
- Alisha Mahawla:** Okay. So once we hit the 1.5 crores cases, we should be able to do 1.3 crores cases from Karnataka. 90% is achievable.
- Nakul Sethi:** Yes, it is achievable. But it depends upon, I am not too sure about the time it will take or how fast we can do it, but it is very much achievable. I'm very optimistic about the way we are growing in Karnataka, let me put it that way.
- Alisha Mahawla:** And with the current contract manufacturing that we're doing in Jammu Kashmir and Punjab both of these are for IMFL, is there an aspiration of what is the split between beer or IMFL that you want to hit in three years or five years? Or do we expect the split to be largely 90-10 as it is currently?
- Nakul Sethi:** I think it should be in the range of 90-10 only.
- Alisha Mahawla:** Okay, thank you.
- Moderator:** Thank you. The next question is from the line of Imran from Longbow India Capital. Please go ahead.



- Imran:** Hi, thanks for taking my question. Sir, I joined the call a little late, so pardon me if my questions are a little repetitive. I just wanted to check your thoughts on the raw material inflation and other input cost inflation in the last quarter and in the current quarter.
- Nakul Sethi:** So I mean, like I mentioned earlier, we have seen a reduction in the prices of barley, but the prices of glass bottles have not decreased as of now, but we expect that maybe we will have a reduction in the cost of the glass bottle by about 4% to 5% towards the second half of this year.
- But as I mentioned to one of the callers previously also that when you grow by in excess of 50% in terms of your volumes and of course your revenues, then the percentage of glass bottles which you require, new glass bottles is obviously more. So, I mean that puts somewhat of pressure on your gross margins. So that is what we are experiencing currently.
- Imran:** Right, all right. And sir, any downward trend on the, let's say, usage of coal and the coal prices?
- Nakul Sethi:** No. I think we are stable as of now.
- Imran:** So not going further down?
- Nakul Sethi:** No.
- Imran:** Can you share your per liter maybe cost of power and fuel if it is possible?
- Nakul Sethi:** I don't think, we'll be able to share that.
- Imran:** All right, so thank you so much and best of luck.
- Nakul Sethi:** Thank you.
- Moderator:** Thank you. The next question is from the line of Sandeep Dixit from Arjav Partners. Please go ahead.
- Sandeep Dixit:** Thank you. Just maybe I missed this, but can you please tell me when is the Karnataka capacity expected to go online?
- Nakul Sethi:** We're expecting by March or April of next year.
- Sandeep Dixit:** So that's March or April 2024, correct?
- Nakul Sethi:** Yes.
- Sandeep Dixit:** Thank you. Best wishes.
- Moderator:** Thank you. The next question is from the line of Forum from Abakkus. Please go ahead.
- Forum:** Hi sir. Just one question, like this capacity expansion that we are planning, how will it be funded? By internal accruals or will we require some debt as well?



- Nakul Sethi:** So as of now, we have issued some preferential warrants to promoters and some of the investors. So we have got about Rs. 42.5 crores of that and we expect another Rs. 100 crores to come over the next one year. I think partly that is going to be funded through the money from the warrants and partly from the internal accruals. As of now we don't expect that we will borrow anything for the expansion.
- Forum:** Got it, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Hiten Boricha from Sequent Investment. Please go ahead.
- Hiten Boricha:** Good afternoon, sir. Very good afternoon. So I have only one question, but before that, I just missed a number. You gave the Karnataka plant which is running at 90% utilization will give us revenue of how many crores? I just missed that number.
- Nakul Sethi:** I said about Rs. 270 crores.
- Hiten Boricha:** Rs. 270 crores. Okay. Thank you. Okay. Sir, my question is on the market share gain strategy. You mentioned we have around 19% % in Karnataka, 10% in Delhi and Odisha. So just wanted to understand the strategy and the plan we are looking to gain the market share gain there and what kind of advertising and promoting expenses and strategy, if you can share your thoughts on that?
- Nakul Sethi:** As a company we in terms of advertising and we are mainly focused on the trade channels, or the point of sales. So, we are not into surrogate advertisement or something like that. We are an Indian company. We want to conserve our capital. Our strategy is to focus on the point of sales. And we believe that there is a sufficient margin for us to grow in the state where we are present as well as the additional states which we have identified where we want to grow.
- Hiten Boricha:** So do we have any internal target to reach what kind of market share? So any internal targets?
- Nakul Sethi:** So internal targets are not for external audience, you know. I don't want to have a discuss on our internal targets in this forum But I mean, having said that, if you look at the way we are growing, we are very much optimistic about the growth in the short to medium term. And our growth trajectory is very firm.
- Hiten Boricha:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Yash from Stallion Asset. Please go ahead.
- Yash:** Sir, my question is that in your initial comments that Q2 is normally subdued because of the weather and other factors, but we've seen a very strong growth. So, I just wanted to understand what are the factors that have led you to such growth as we compare it to the industry? And do you think we can also, at least in the near term, let's say Q3, Q4 grow about 40% volume growth?
- Nakul Sethi:** Yes, in terms of, obviously during the last two years, we have been growing much more than the industry average. So we are pretty focused on our growth and we have all this natural market for us, where we have our plants and Delhi is also a neutral market because none of the competitors have got a plant there. So these



are markets where we are wanting to concentrate and our focus on value for money products and to give consumers the right taste and the right packaging has gone very well with the consumers and that's how we have been able to, I guess, manage the growth.

Yash: Okay, sir, thank you. And just maybe just on the volume front, sir, do you think Q3 would be, because of the festive season and Q3 and Q4, you expect volumes to be higher than what you've done in H1, in terms of percentage?

Nakul Sethi: We should be able to maintain our, the kind of growth which we have done. We should be able to maintain that.

Yash: Okay, thank you.

Nakul Sethi: Thank you.

Moderator: Thank you. The next question is from the line of Manan Shah from Moneybee Investment Advisor. Please go ahead.

Manan Shah: My question is regarding the two new markets that we are looking to enter, Rajasthan and Chhattisgarh. What would be the size of these markets and the average realization in these markets, would that be similar to our current realization, company realization or they would be better off or worst off?

Nakul Sethi: Rajasthan is one of the top five markets in terms of consumption in the country. The realization is lesser there, but we have seen in the last two years. There have been two price hikes given by the industry, by the excise there. So that is a very positive impact because they have seen that, there is an increase in consumption there and Chhattisgarh is a market of about close to 1 crore 25 lakh cases of beer per annum. Rajasthan would be in the range of 3 crores to 3.5 crores cases.

Manan Shah: Okay. In this quarter, we've seen almost 15% jump in our IMFL realizations, whether I look at on a quarter-on-quarter or on a Y-o-Y basis. So what led to this sort of increase in our IMFL realization?

Nakul Sethi: We have sold more in MP as compared to Karnataka and the ex-breweries price is much higher in MP as compared to Karnataka because it depends upon the size segment in which we are playing. So, we were playing in a lower segment in Karnataka, in IMFL, and we are playing a slightly higher segment in MP. That's the difference.

Manan Shah: Okay, understood. And looking at the success that Indian single-malt players have had, any plans on entering this segment in the near term?

Nakul Sethi: Let's see, but as of now, no, because we are pretty focused on beer. And if you can see that about 90%- 92% of our sales still comes from beers. So, we're pretty focused on that.



- Manan Shah:** Okay. And my last question was that in the interview, Mr. Arora sir, had indicated plans of acquiring some unit either in Maharashtra or some other state. And now with the delay in the QIP, any delay in those acquisitions also or anything on that side?
- Nakul Sethi:** The delay in QIP was due to the fact that the types of conditions which were being put in by some investors were not in the interest of company, let me put it that way. We will revisit it maybe at a later stage, but in terms of the internal accruals and the kind of reserves which we have, those plans of acquisition or setting up a greenfield will not be delayed due to that fact.
- Manan Shah:** Okay, so we don't expect any delay in our acquisition or in the greenfield project that we were planning because of the QIP
- Nakul Sethi:** Yes, that won't have any impact.
- Manan Shah:** Okay. Thanks, I'll get back in the queue.
- Nakul Sethi:** Thanks.
- Moderator:** Thank you. Next question is from the line of Mukul Agarwal from Sovereign Global Market Pvt. Ltd. Please go ahead.
- Mukul Agarwal:** Good afternoon sir. Sir, I have two questions actually. The first one is continuation to your earlier comment on the distribution channel. So, how many echelons are there in your distribution channel? Is it two Tier, three Tier?
- Nakul Sethi:** How many?
- Mukul Agarwal:** How many Tiers are there in your distribution channel? Is it CNF to distributor to retailer or is it from super distributor to distributor?
- Nakul Sethi:** It depends upon state to state. Most of the states where we are present are the government markets, where the distributor is, or you can say the wholesaler is the government. And you have then the private retailers through which the consumers pick up the product.
- Mukul Agarwal:** Okay. And in that case, it actually ties back to my earlier question that, you talked about that we will be doing some activity on the distribution front, right? So it will be, you will be branding those shops, or it would be more of like giving higher margin to the distribution channel?
- Nakul Sethi:** So you want a confirmation from my side or I mean, not getting it?
- Mukul Agarwal:** No, I am saying that, whether it would be marketing in those shops, branding in those shops. More about doing that...no kind of margin to do that distribution centre?
- Nakul Sethi:** If I give more margins then obviously, I will be not making EBITDA margins higher than the competition, right.



- Mukul Agarwal:** So the marketing activity will be in terms of branding those, retail shops or something like that? That kind of activity you are thinking of?
- Nakul Sethi:** So, it is ensuring that the settlement of the schemes which you promised the retailer happened at the right time.
- Mukul Agarwal:** Understood.
- Nakul Sethi:** Also ensuring that all your products are stocked properly and are available at all the distribution points. These are the two key points to ensure that you work well with the distribution channel.
- Mukul Agarwal:** Understood, sir. Now my next question or the last one is that, how many employees are there on roll, sir, as of now? Who are EPFO empanelled? How many employees are there?
- Nakul Sethi:** I will have to check that case.
- Mukul Agarwal:** Okay. Thanks a lot, sir. All the best.
- Moderator:** Thank you. The next question is from the line of Aman Singh Bhadoria from GYR Capital Advisor, Private Limited. Please go ahead.
- Aman Bhadoria:** Hi sir, congratulations for such a strong figure. Sir, I have two questions regarding the debt repayment. So if I see in quarter 1, there has been a significant repayment of around RS.280 million and even in quarter 2 we are seeing a repayment of RS.300 million. So how exactly are we proposing in future about the debt repayment structure on the leverage part?
- Nakul Sethi:** So it, so your question is sorry what, what were you saying?
- Aman Bhadoria:** I am just asking how are we proposing in future the debt repayment structure since in the first two quarters, we have significantly repaid our debt. So are we going to go for no debt or is it a part of the QIP scheme that you were telling about earlier?
- Nakul Sethi:** QIP has got nothing to do with this.
- Aman Bhadoria:** Okay. And how exactly in future are we proposing the debt repayment thing?
- Nakul Sethi:** If you look at cash flow from operations, we have generated about Rs. 48 crores in the first six months. We also did a right issue of Rs. 48 crores in April or May. Then we got another say Rs. 42 crores from the preferential issue.
- Aman Bhadoria:** In future also, we are expecting the debt to be reduced significantly, right?
- Nakul Sethi:** Yes that depends upon, I don't know how much you know about our industry but most of the states now have moved to a duty-paid structure where you have to incur the excise duty at the time of dispatch of the goods. I'm expecting that the debt level should remain stable at this level.



Aman Bhadoria: Okay. Thank you.

Nakul Sethi: Yes.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. On behalf of InCred Equities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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For further information, please contact:

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Note: This transcript has been edited to improve readability

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