

SOM DISTILLERIES AND BREWERIES LIMITED

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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, 2nd August, 2023 with regard to the unaudited financial results for Q1 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

Q1 FY24

Management:

Mr. Nakul Sethi – Director, Finance & Strategy





Moderator: Ladies and gentlemen, good day, and welcome to Som Distilleries & Breweries Limited's Q1 FY2024 Earnings Conference Call hosted by InCred Equities. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal a operator “*” then “0” on your touch-tone phone. Please note that this conference is being recorded.

I would now like to hand the conference over to Mr. Nitin Awasthi from InCred Equities. Thank you, and over to you, sir.

Nitin Awasthi: Hello, everyone. Welcome to the earnings call of Som Distilleries & Breweries Limited. From the management today, we have Mr. Nakul Sethi, Director-Finance and Strategy.

Without taking any more time, I would like to hand the call over to Mr. Nakul for his opening remarks.

Nakul Sethi: Thank you, Nitin. Good afternoon, everyone. On behalf of our company, I extend a warm welcome to all of you for Q1 FY24 earnings call. I am extremely happy to announce that despite the challenging macroeconomic environment, we have commenced the fiscal year with a robust financial performance.

During the quarter, we achieved beer volumes of 65.8 lakh cases and 2.2 lakh cases on IMFL resulting in a total income of Rs. 3,866 million achieving a growth of 51.0% over Q1 FY23. Our flagship brand, Hunter recorded a volume of 21.4 lakh cases while Black Fort and Power Cool recorded volumes of 14.0 lakhs and 29.3 lakhs cases, respectively. The volume in beer recorded a growth of close to 40% over Q1 FY23. IMFL volumes increased by over 17.4% compared to the same period last year.

Our beer realization for the quarter was Rs. 559 per case as compared to Rs. 506 in the Q1 FY23, while IMFL realization for the quarter stood at Rs.760, down compared to Rs.791 in Q1 FY23. Despite the prevailing inflationary conditions, we achieved an EBITDA of Rs. 501 million with a margin of close to 13% and a growth of 40% over the same period last year.

Our PAT for the quarter was Rs. 337 million, with a margin of 8.7% as compared to a PAT of Rs. 257 million for the same period last year. Additionally, we have made



significant improvement in our debt position with gross debt reducing to Rs.1,950 million and net debt improving to Rs. 1,510 million as on 30th June 2023. This reduction in debt has strengthened our balance sheet and underscored our robust cash flow generation that capabilities.

We are pleased to share that we have seen outstanding market share growth in various markets where we are present, establishing our position as a leader in the beer sector. In Madhya Pradesh, our market share surged to nearly 46% for the month of June 2023, while in the highly competitive State of Karnataka, it reached an all-time high of 20% in May 2023, showing remarkable progress from the 3% which we held in FY2019-20.

Moreover, in Odisha, our market share reached an impressive 18.4% in June 2023, making us the second largest competitor in the industry. These achievements are a testament to our commitment to express innovation and consumer-centric strategies which continue to drive our success, expansion in the markets where we are present.

Our contract manufacturing tie up with Carlsberg has commenced for the Odisha plant and is set to increase our utilization levels for the Odisha unit. Looking ahead, we are committed to sustaining the growth momentum. Our focus remains on enhancing market share in our key markets as well as increasing our presence in high-growth markets like Rajasthan, UP and Delhi. Additionally, we aim to optimize asset utilization and generate strong cash flow.

With that, I would now like to open the floor for Q&A. Thank you so much.

Moderator: The first question is from the line of Bharat Mani from Moneybee Investment.

Bharat Mani: My first question was on the capacity side. So post expansion, can you let me know what the beer in the IMFL capacity is now?

Nakul Sethi: So, our Bhopal plant is now at a capacity of 1.52 Cr cases. The Odisha plant is at 60 lakh cases and the plant at Hassan is at 90 lakh cases.

Bharat Mani: Understand. So, on the gross margin side, so you had taken a price hike in the Q1. So still, the gross margins are in the range of 36%. When do you see that going back to 40-plus margins?



- Nakul Sethi:** See, I mean, as long as the inflationary pressures are there on the packing material and the raw material, the return to normalcy on the gross margin will be a challenge. But we expect that from quarter 3 and quarter 4 onwards, we'll have improvement in the gross margins. As I said, in Q1, you tend to have higher percentage of new bottles going into the system. So that's the main reason why the gross margin was subdued for this quarter.
- Bharat Mani:** So, can you just talk about the raw material inflation had on the grain and the bottle side as well. So, as you said, on the bottle side, you get new bottles in the first quarter.
- Nakul Sethi:** If you compare between June 2022 and 2023, there has been a cost increase of close to 30% to 35% in glass bottles. And about close to about 20% increase in the price of can. So there has been a slight dip in the prices of the malted barley over about 6% to 7%.
- Bharat Mani:** So how do you see it shaping ahead like in Q2, Q3, do you see it is similar?
- Nakul Sethi:** Prices should come down in the short to medium term. And like I mentioned earlier that Q2 and Q3, we'll have slightly lower sales. So we'll have higher percentage of glass bottles coming back to us and which will be used. And thus there will be easing of the gross margin going forward.
- Bharat Mani:** Okay. So recently, you entered Rajasthan. So the ex-brewery prices in Rajasthan are not as remunerative as compared to the current states that you're in. So has that scenario changed. Can you just shed some thoughts over here?
- Nakul Sethi:** I think for the last 2 consecutive years, there has been price increases in the State of Rajasthan. So that has prompted us to enter that state. We will start the operations in the State from Q2 onwards.
- Bharat Mani:** Okay. Can you just give me like a broad figure on the brand mix that you have between Black Fort, Power Cool and Hunter, and how do you see that changing in the favour of Hunter? Do you see changing in the favour of Hunter?
- Nakul Sethi:** Brand mix in terms of?
- Bharat Mani:** Brand mix, sir, in volumes or revenue like how do you see it shaping up in the future?



- Nakul Sethi:** Figure is mentioned investor presentation. And I also mentioned in my opening remarks that we sold about 21 lakh cases of Hunter and Black Fort, we sold about 14 lakhs; and Power Cool, we sold 29 lakh cases for this particular quarter.
- Bharat Mani:** And what about the future, sir, do you see the mix changing?
- Nakul Sethi:** Our endeavour always has been to increase the percentage of Hunter going in because that's our main brand. And I think for the short to medium term, I think we'll strive to increase the percentage of Hunter going forward.
- Bharat Mani:** Okay. So as far as I know June quarter is the best quarter that we have. So last year, March performance and corresponding June performance was similar. So do you think this year's June performance will be correspondingly similar to the March 2024 performance?
- Nakul Sethi:** Sorry, I could not get you.
- Bharat Mani:** So last year, if you could see, March 2023 quarters' performance was similar to June 2022. So do you think June 2023 performance will reflect on the March 2024 performance as well?
- Nakul Sethi:** Every year is a different year. We cannot comment on how the Q4 was, I mean, Q1 also had its own challenges. We are seeing that certain companies, there has been a degrowth in their sales figures and volumes. But I think we have done much better than the industry average. And we are very positive about the future.
- Moderator:** The next question is from the line of Nitin Awasthi from InCred Equities.
- Nitin Awasthi:** Sir, so could you elaborate on the strategy to enter Rajasthan, what is the timeline? What is the game plan, if any, is that shareable with us as of now?
- Nakul Sethi:** Yes. I mean Rajasthan is one of the biggest consumption markets in the country. And I think we will start generating numbers from Q3 onwards in the State. And we hope that it will be significant contributor to our overall sales from the next year onwards. Because it takes about 6 to 9 months to establish a presence and seed the market
- Nitin Awasthi:** Understood, sir. And UP, you already are doing sales in UP. So when do you expect that to gain a significant share?



- Nakul Sethi:** So in terms of UP, for this particular Q1, we have actually doubled our sales as compared to the Q1 of last year. So we have done, I think, considerably well in UP. But I think the base is slightly small because we are selling more in our other all states but I think we are doing , considerably well in UP.
- Moderator:** The next question is from the line of Alisha Mahawla from Envision Capital.
- Alisha Mahawla:** So just wanted to know why the market share gains in Karnataka are very impressive? Is the competitive intensity changing now? or larger players are becoming aggressive again? How confident are we are sustaining this market share? Is there scope to grow this market share?
- Nakul Sethi:** We are very confident of maintaining our market share. We are at about 90 lakh cases capacity and our capacity utilization in Karnataka for this quarter was in excess of 100%, and we are already formulating plans of increasing the capacity in Karnataka further.
- Alisha Mahawla:** Okay. But we don't feel that with the increasing competitive intensity, in any format, are losing market share or volumes going forward.
- Nakul Sethi:** The increasing competitive intensity is present in all the states where we are present. None of the states are easy states. We are I think, quite seasoned in taking on competition in all forms. I don't think that's the problem.
- Alisha Mahawla:** That's great. I just wanted to reconfirm what is the total beer capacity after all the expansion that we did?
- Nakul Sethi:** It's 3.02 crores cases.
- Alisha Mahawla:** And while I understand the business is seasonal, what is the peak utilization that we can do?
- Nakul Sethi:** If you look at peak utilization, I'll just give you a figure. I mean, in Q1, for Bhopal, we have done about 97% capacity utilization. And like I mentioned earlier, Woodpecker, we have done in excess of 100%. And in Odisha, it was close to 50%. But I think that will increase once Carlsberg starts manufacturing. I mean, if you look at the annual capacity utilization, we can easily do about 80%, 85%.



- Alisha Mahawla:** 80%, 85%. Got it. And is it possible to quantify what is the contribution from Delhi and UP currently?
- Nakul Sethi:** We would not like to comment on that one.
- Alisha Mahawla:** Okay. We saw the growth in Hunter was relatively lower compared to Power Cool and Black Fort, because the growth in Hunter, was it only in single digit. And is this one of the key reasons why the gross margins are significantly lower and does this mix improve as the year goes by?
- Nakul Sethi:** No. I think if you look at the realization in prices, it has gone up from, I think, Rs. 506 to Rs. 559. So it's not a question of the price increase, it's a question of the cost of raw material and packing material, which has impacted the gross margin.
- Alisha Mahawla:** Okay. What is the price hike that we have taken, how much is price hike? How much is mix, will it be possible to understand that?
- Nakul Sethi:** So the price hikes have been in the region of 6% to 8% across all our key markets. And this year, we have sold more of cans also as compared to bottles. But still, because of the inflationary trends in both cans and bottles, the gross margin has been subdued.
- Alisha Mahawla:** Okay. And last quarter, we had highlighted that we target to do about Rs. 1,000-odd crores of revenue this year. Would we like to revise that guidance?
- Nakul Sethi:** I think we'll have a better idea about where we end after we end Q2. So I think for all practical purposes, let's stick to about Rs. 1,000 crores.
- Moderator:** The next question is from the line of Sanjaya Satapathy from Ampersand Capital.
- Sanjaya Satapathy:** Sir, you talked about your cost pressure. Can you just give some color about exactly which all things went up and how is the outlook?
- Nakul Sethi:** So, like I mentioned earlier, we have seen escalation in glass bottles and cans, which has impacted the margin. The cost of barley in fact, has come down, but the other things are manageable.
- Sanjaya Satapathy:** And is there any softening there.



- Nakul Sethi:** No, no, there is softening of prices. Yes.
- Sanjaya Satapathy:** Okay. And sir, my next question is that you mentioned that you are keener that Hunter brands would grow much faster than your remaining beer brand. What could be the reason why you were saying this because you mentioned that the mix did not really affect gross margin, then what really is the reason why you want to be?
- Nakul Sethi:** Because Hunter is our main brand, and it has a better realization per case as compared to the other beer brands.
- Sanjaya Satapathy:** And what could be the reason why it did not really grow that well then?
- Nakul Sethi:** Because, the market in Odisha where Hunter sells the most and MP, it has done quite well, but Odisha has not grown as much. And in Karnataka, also Hunter faces stiff competition from Kingfisher Strong. So that is one of the reasons why Hunter has not grown as much as Black Fort and Power Cool.
- Sanjaya Satapathy:** And what initiatives have been taken for competition and grow this Hunter brand?
- Nakul Sethi:** If you look at one of the press releases, we had mentioned that Hunter has become the No.1 beer brand in a segment in Delhi. So that's why, I mean, Delhi is one of the key markets where we want to concentrate and so is UP and Rajasthan. For that matter of fact, I mean, I would also like to highlight that in Q1, we had 11% market share in Delhi for the whole of Q1.
- Sanjaya Satapathy:** Understood. Sir, my last question is that this excise duty changes that has happened in Karnataka at the same time, you also have permission to expand in Rajasthan and all these things. So overall, will there be any meaningful effect on your performance going forward because of the changes? And lastly, because despite such a strong Q1, you're not really changing your guidance of Rs.1,000 crores. So I'm just trying to understand what is the thought process behind it?
- Nakul Sethi:** We are not changing the guidance in spite of a very strong Q1 because we expect that because generally in our industry, Q2 is slightly weak. So I think we can guide the market better once we end Q2. So that was the thought process.
- Sanjaya Satapathy:** Okay. Nothing to do with the changes in excise duty in Karnataka?



- Nakul Sethi:** No, nothing to do with that. As we said, the change in excise duty in Karnataka has only increased the MRP of the beer bottle by, I think, Rs. 4 or Rs. 5. So there is not much difference as such.
- Moderator:** The next question is from the line of Kuber Chauhan from Anand Rathi.
- Kuber Chauhan:** There are 2 questions from my end. So I'm witnessing a lower realization in IMFL compared to beer. So what all things have driven to that? And my second question is on price hike. As you said that you have taken a price hike of 6% to 8%. So moving forward, how we are looking at it? And are we going to take any price hike in Q2 and Q3?
- Nakul Sethi:** So the price hikes, which we get are only once a year as soon as the excise policy is formalized. So we cannot get a price hike during the year. Secondly, I think we sold more on lower range of IMFL that is the reason why the realization of IMFL has gone down. When you sell close to about 66 lakh cases of beer and 2 lakh cases of IMFL, it doesn't get on your margin as well.
- Kuber Chauhan:** Okay. And going forward, how you are looking at the business, as you said that you are going to clock Rs. 1,000 crores revenue. So what are things are leading to that? Are we witnessing any kind of a fall in upcoming quarters? And secondly, you said about the peak utilization, right? So what would be the peak utilization? And any plan for capex?
- Nakul Sethi:** Yes. I could not understand your question in between, on the capex, like I mentioned earlier, we will be doing capex in the plant at Hassan, that is for sure. Can you please repeat the rest of the questions, I could not hear it.
- Kuber Chauhan:** Yes. And your peak utilization, I'm sorry, I missed that for beer as well as for IMFL.
- Nakul Sethi:** Peak utilization, like I mentioned earlier, can be in the range of 80% to 85%. For this quarter, for 2 plants, we achieved nearly 100% capacity utilization. Odisha plant, we achieved about 50% capacity utilization.
- Kuber Chauhan:** Okay. That's it from my side and all the best.
- Moderator:** The next question is from the line of Rahil Shah from Crown Capital.
- Rahil Shah:** My question is on Woodpecker, which is the new entry, not so new now, how is that doing? I know the base is really small for that. But do you have any plans and expansion



in Woodpecker. So do you think it will be gaining momentum ahead? How are you seeing the trend?

Nakul Sethi: I think Woodpecker is doing quite well in the markets where it is present. We actually launched it in Bangalore this summer. And we have already seen that it has grown in numbers. Plus, we have also introduced Woodpecker in 5-liter kegs particularly for the Bangalore market. So, I think Woodpecker in the times to come should do well.

Rahil Shah: Which are the locations as of now?

Nakul Sethi: Sorry?

Rahil Shah: Where is it present as of now? Only Bangalore?

Nakul Sethi: It's present in Bangalore and it's present in MP and in CSD

Rahil Shah: What was the last one?

Nakul Sethi: Canteen stores.

Rahil Shah: Canteen stores. So are you seeing any other markets for it where it could be lucrative?

Nakul Sethi: I think we'll roll it out slowly over a period of time.

Rahil Shah: Okay. And secondly, just on this revenue target, which you have set. What is the outlook on the margins then will it be maintained at such levels?

Nakul Sethi: Yes, yes. I think we should be able to maintain the margins.

Rahil Shah: So 12% to 13% can be maintained?

Nakul Sethi: Yes.

Rahil Shah: All right, sir. All the best.

Moderator: The next question is from the line of Alisha Mahawla from Envision Capital.

Alisha Mahawla: Just an update on the Radico contract manufacturing, we signed that also late last year.

Nakul Sethi: Right. That is not picked up so much as we had expected.



- Alisha Mahawla:** Are we expecting to pick up later during this year?
- Nakul Sethi:** Yes. We expect maybe we can give you an update in the next call.
- Alisha Mahawla:** Okay. And we mentioned that we're entering the Rajasthan market from Q2, Q3 onwards. Are there any other markets that are looking lucrative ? There were talks 1 or 2 quarters back that we were evaluating Maharashtra, you obviously to enter. Is there plans of entering any other geographies during the year?
- Nakul Sethi:** So I think during this quarter, we have also entered Jharkhand. And like I mentioned that we have consolidated our position in Delhi. We have also grown in UP, but we could not sell in Kerala and Pondicherry because we had run out of capacity from our Hassan plant.
- Alisha Mahawla:** Post the Hassan expansion, do we think Kerala and Pondicherry will be markets, which will be addressable during the year?
- Nakul Sethi:** So Kerala and Pondicherry can only be serviced currently if we put additional capacity in Karnataka, because right now, I think this plant is only capable of servicing the demands, which are coming from Karnataka.
- Alisha Mahawla:** Okay. And plans for entering Maharashtra?
- Nakul Sethi:** Maharashtra is a very small piece for us currently. Maybe we can develop this market later, I guess, because our hands are full right now. I mean, there are a lot of markets to consolidate and take market share in.
- Alisha Mahawla:** Okay. And you said that peak utilization for the full year could be about 80-odd percent. For the expanded capacity, can we hit that kind of utilization this year?
- Nakul Sethi:** I mean, let's see how things turn out, then we can maybe discuss maybe after this quarter, then when we have a call, we'll get a guidance.
- Alisha Mahawla:** Just looking at the current demand and like you said, the market share gains, what is the internal outlook or aspiration looking now?
- Nakul Sethi:** Sorry.



- Alisha Mahawla:** I'm saying considering the current demand and the market share gains in most of the geographies that we operate in, is it looking achievable during the year?
- Nakul Sethi:** It can be, yes.
- Alisha Mahawla:** Sure. And just 1 last bookkeeping question. Our tax rate for the last full year was relatively lower. So what is our effective tax rate?
- Nakul Sethi:** So I mean, last year, because of COVID, we had losses and due to which our effective tax rate was lower for last year. But this year, I think that's why we have provisioned for about close to 21% tax rate. We had some credit or MAT also available. So I think our tax rate should be in the range of about 24%, 25% for this year.
- Moderator:** The next question is from the line of Karthi Keyan from Suyash Advisors.
- Karthi Keyan:** Can you talk a bit about the market development initiatives that you undertake when you get into a new market? Talk about some of the unique things you're doing here?
- Nakul Sethi:** Sorry?
- Karthi Keyan:** I was asking you; can you talk a bit about the market development initiatives that you undertake when you foray into a new market, what specifically are you able to do to attract customers to your products? I understand rebrand standing, of course. But could you highlight some of the initiatives you are undertaking?
- Nakul Sethi:** I can't answer that question at this forum please.
- Karthi Keyan:** Sure. Fair enough.
- Moderator:** The next question is from the line of Dhwanil from I-Wealth.
- Dhwanil:** A couple of questions. Sir, first was on the Carlsberg, the deal which we have done with them, right? So when I see annually, how much of capacity will be placed there?
- Nakul Sethi:** How much of?
- Dhwanil:** How much of our total capacity would be given?



- Nakul Sethi:** **Tie-up with** Carlsberg is confidential. So we cannot discuss the capacity which we will use or the margins which we will get.
- Dhwani:** So top line or something, can you share that?
- Nakul Sethi:** I can't give you a guidance on that.
- Dhwani:** Okay. Got it. And sir, second thing, just wanted to understand more on the market share which you would be gaining, you've been saying that the Hunter, lower growth rates as the Black Fort and Power Cool, right? So what went right for Black Fort and Power Cool, sir? Is there a category which is not there currently in the market. And hence, these 2 were very well placed and got accepted by the customers now?
- Nakul Sethi:** No. So Power Cool and Black Fort have been doing well for the last now, I think about maybe 4 to 6 quarters. So this category is very much there, and each competitor is there in that particular category. So there's nothing that it's weakened market and nobody is wanting to enter that market. It's just that we are offering a superior product with a good taste, which is being liked by the consumers.
- Dhwani:** The Black Fort and Power Cool are also in the strong beer category.
- Nakul Sethi:** Yes. All are in strong beer category.
- Dhwani:** Strong beer category. Okay. And the market share data which you've been giving, right? So in certain states, we've reached more than 50-odd percent, right? So how much of the more headroom so you think we can have now?
- Nakul Sethi:** I think there is a lot of headroom for us to grow in each of the states where we are present. But still in order to mitigate the risk, we are like I mentioned that entering into new states and trying to gain market share there also.
- Dhwani:** Got sir. And sir, just last one question was on the overall capacities and new capex. So if I take the ballpark 50% of utilization on 3 crores cases, so we could do roughly the Rs. 1,350 crores to Rs. 1,400 crores of sales at current utilization at 80% of 100, right? So now you've been doing some preferential allotment also where you guys are raising more money that the promoters are putting in, right? So what are the future plans on the capex side once we utilize this?



- Nakul Sethi:** One, like I mentioned earlier also in the call that we are very actively discussing and trying to implement expansion of the facility in Woodpecker.
- Dhwanil:** Karnataka.
- Nakul Sethi:** Karnataka, because like I mentioned earlier, it has run out of capacity, and we were unable to service the market of Kerala and Pondicherry in the Q1. So I mean, you will have to do a capacity expansion there. With that capacity, what we are going to put is still being worked out. We are working on it that how much is to put. And we expect by whatever capacity we put in that by the end of this financial year, we'll have it up and running so that we can take advantage of the Q1 of next year.
- Dhwanil:** Got it. So from Karnataka, we only sell Woodpecker, right? We don't sell the other 3 brands?
- Nakul Sethi:** No,. We sell all 4 brands. We sell Hunter, we sell Black Fort, we sell Power Cool, we sell Woodpecker.
- Dhwanil:** Got it. Got it. And sir, for the rest of the year, similar kind of volume growth numbers are fair enough to assume, sir, 35% on the back of increasing capacity?
- Nakul Sethi:** Tracking the company for the last maybe 1 year?
- Dhwanil:** More than that, yes.
- Nakul Sethi:** And you are well aware of the volume, which can be done. And but we are very hopeful of showing good numbers in the remaining 9 months.
- Moderator:** The next question is from the line of Harsh from Chris PMS.
- Harsh:** I wanted to understand a couple of things. One, do we have a possibility of getting more brands like Carlsberg in future, like similar deals? Is there a scope for that because this was one-off to get Carlsberg onboard?
- Nakul Sethi:** Yes. I think the main agenda or main point was to have better capacity utilization of the plant. Now if I'm running at maybe 100% capacity utilization at my other plants, there is actually no sense of getting external guy to use the facility. I think it was a kind of a strategic decision, which was to have Carlsberg in or depending upon the situation going



forward all the opportunities we could enter into a similar kind of agreement going forward also. But I can't comment on that right now.

Dhwanil: Got it. Perfect. Makes sense. This is of spare capacity is what we could export, makes sense. And when would this engage and discuss where you're adding capacity. So when would that capacity go live in Karnataka?

Nakul Sethi: So I think like I answered in the previous question also that I think by March or April of next year.

Moderator: The next question is from the line of Aditya Sen from RoboCapital.

Aditya Sen: I missed the capacity expansion number, the volumes that you are spending in Karnataka.

Nakul Sethi: We haven't decided on the exact capacity.

Moderator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference back to the management for their closing comments.

Nakul Sethi: Thank you so much. I would like to thank all of you for joining us for this conference call. I trust all your queries have been adequately addressed. Should you require any further information, please reach out to our Investor Relations team, and we will try to revert with all the necessary details at the earliest. Thank you so much.

Moderator: Thank you. On behalf of InCred Equities, we conclude today's conference. Thank you all for joining. You may now disconnect your lines.

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Note: This transcript has been edited to improve readability

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