



# 17<sup>th</sup> ANNUAL REPORT 2009-2010

**SOM DISTILLEREIS & BREWERIES LIMITED**



## **DIRECTORS**

Shri Surjeet Lal	Chairman/Managing Director
Shri Shailendra Singh Sengar	Director
Shri Deenanath Singh	Director
Shri Guru Darshan Arora	Director

## **BANKER**

Punjab National Bank Limited

## **AUDITORS**

K.C. Khanna & Co.  
Chartered Accountants  
12, Zone-II, M.P. Nagar  
Bhopal-462011

## **REGISTERED OFFICE**

1-A, Zee Plaza, Arjun Nagar  
Safdarjang Enclave,  
Kamal Cinema Road,  
New Delhi - 110029  
Tel Nos. 011-26169909, 26169712

## **CORPORATE OFFICE**

23, Zone-II, M.P. Nagar, Bhopal - 462011  
Tel Nos. 0755-4271271, 4271369

## **FACTORY**

Rojra Chak, District Raisen, Madhya Pradesh  
Tel Nos. 07480-266244, 266245

## **STOCK EXCHANGE**

Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai 400001



**SOM DISTILLEREIS & BREWERIES LIMITED**  
**Seventeenth Annual Report**

**NOTICE TO  
MEMBERS**

Notice is hereby given that the 17th Annual General Meeting of Som Distilleries & Breweries Limited will be held on Wednesday the 29th September 2010 at 10.00 A.M. at Executive Club, Dolly Farms and Resorts Pvt. Ltd, 349, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi 110030 to transact the following business: -

**ORDINARY BUSINESS**

**1. ACCOUNTS**

To approve and adopt the Audited Profit & Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date and the Reports of Directors' and Auditors' thereon.

**2. APPOINTMENT OF SHRI SHAILENDRA SINGH SENGAR AS DIRECTOR**

To appoint a director in place of Shri Shailendra Singh Sengar who retires by rotation and being eligible, offers himself for re-appointment.

**3. APPOINTMENT OF AUDITORS**

To consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution: -

"Resolved that K.C. Khanna & Company, Chartered Accountants, Bhopal be and are hereby appointed as Auditors of the Company from the conclusion of 17th Annual General Meeting till the conclusion of next Annual General Meeting at a remuneration to be decided by the Chairman cum Managing Director with the consent of the auditors".

**Notes :-**

- a. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend and vote at the meeting instead of himself and such proxy need not be a member of the company. Proxies in order to be effective must be received at the Registered Office of the company at least 48 hours before the commencement of the meeting.
- b. The Register of Members of the company will remain closed from 23.09.2010 to 30.09.2010 (both days inclusive).
- c. All correspondence regarding dematerialization/transfer of shares, change of address etc. should be addressed to MAS Services Ltd, T-34, Okhla Industrial Area, Phase II, Delhi- 110021 who are the Registrar and Transfer agents.
- d. Any queries for being answered at the meeting must reach at least seven days in advance.

**By Order of Board of Directors**

**PLACE: BHOPAL**  
**DATED: 4th September 2010**

**SURJEET LAL**  
**CHAIRMAN AND MANAGING DIRECTOR**



**SOM DISTILLERIES & BREWERIES LIMITED**  
**Seventeenth Annual Report**

**REPORT OF  
DIRECTORS**

To,  
The Shareholders  
Som Distilleries & Breweries Ltd.

Sirs,

Your Directors have pleasure in presenting the Seventeenth Annual Report of your Company for the year ended on 31<sup>st</sup> March 2010.

**1. WORKING RESULTS**

During the year 2009-2010 the factory produced 27152 KL of Beer and 1011 KL of IMFL compared with 15417 KL of Beer and 1231 KL of IMFL during the year 2008-2009.

The summarized working results for the year are as under:-

	<b>2009-10</b> (Rs. In lacs)	<b>2008-09</b> (Rs. In lacs)
Sales & Other Income	10522.79	7308.84
Depreciation	186.89	182.82
Profit / (Loss) for the year	1025.29	684.10
Provision of Tax	190.77	32.01
Profit / (Loss) after Tax	834.52	652.09

The demand for the products of the company and therefore the sales were higher resulting in higher profit.

**2. DIRECTORS:**

The Board of Directors consists of the following.

S.No	Name	Designation	Date of appointment
01	Shri Surjeet Lal	Director Chairman/Managing Director	<u>19.05.1993</u> 21.03.2009
02	Shri Shailendra Singh Sengar	Director	30.03.2006
03	Shri Deenanath Singh	Director	30.03.2006
04	Shri Guru Darshan Arora	Director	21.03.2009



**3. AUDITORS**

M/s K.C. Khanna & Co., Chartered Accountants, Bhopal retire at the ensuing 17th Annual General Meeting. They are eligible for reappointment. The Board recommends their reappointment.

**4. STATUTORY INFORMATION**

(a) The information in respect of employees drawing remuneration above a certain limit as per Section 217 (2A) of the Companies Act, 1956 is NIL.

(b) In terms of Section 217(1) (e) of the Companies Act, 1956 and the rules made there under, information about energy conservation and technology absorption is nil in regard to each of the respective items. Information in Form-A is not required to be furnished in the case of this industry.

(c) Information regarding foreign exchange is as follows: -

Earnings: Rs.80,50,961

Imports: Rs.101,06,164

(d) Directors Responsibility Statement

**The Directors hereby certify:-**

i) that in the preparation of the accounts for 2009-2010, the applicable accounting standards have been followed.

ii) that accounting policies have been stated in Schedule K to the Accounts. The accounting policies have been selected and applied consistently and judgements and estimates have been made which are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31.03.2010 and of the Profit of the Company for 2009 -2010.

iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for prevention and detection of frauds and other irregularities.

iv) that the directors prepared the annual accounts on a going concern basis.

**5. CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with the Mumbai Stock Exchange, Corporate Governance Report including Management Discussion and Analysis and Certificate from Company Secretary in Practice regarding compliance of conditions of Corporate Governance are attached and form part of this report.

**6. ACKNOWLEDGEMENTS**

Directors are grateful for the co-operation received from business associates and the valued customers of the company. Directors wish to place on record their high appreciation of the services of executives, staff and workers of the company.

**For and on behalf of the Board of Directors**

Place: Bhopal  
Date : 04.09.2010

**SURJEET LAL**  
Chairman and Managing Director



**ANNEXURE-I TO DIRECTORS' REPORT**  
**REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH,**  
**2010**  
(as required under clause 49 of the listing agreement)

**1. Board of Directors**

The Board consists of four directors including Chairman-cum-Managing Director. Two of the Directors on the Board are independent directors. All Directors are non-executive since no remuneration is paid to any director, except sitting fees, if claimed. The details of composition and categories of Directors are as under :

Sr. No.	Name of Director	Category
1.	SHRI SURJEET LAL, Chairman and M.D.	Non independent and Non Executive
2.	SHRI D N SINGH	Independent and Non Executive
3.	SHRI SHAILENDRA SINGH SENGAR	Independent and Non Executive
4.	SHRI GURU DARSHAN ARORA	Non independent and Non Executive

a) Non-executive directors are not paid any remuneration except sitting fees of Rs.1000/- per Board/Committee meeting attended, if claimed. No stock options were given to any directors.

b) During the financial year 2009-10, the Board of Directors met 10 times on 01.04.2009, 30-04-2009, 20-05-2009, 30-06-2009, 29-07-2009, 03-10-2009, 21-10-2009, 09-12-2009, 28-01-2010, 22-03-2010. Each of the directors attended all the meetings. The minimum gap between any two meetings was less than four months. No director was a member of more than 10 committees and was not Chairman of more than five committees. A code of conduct for all Board members and senior managers has been framed and circulated. The code of conduct has been complied by all the directors and senior managers. Last AGM held on 30.09.09 was attended by Shri Surjeet Lal the chairman and managing director and Shri Deenanath Singh Chairman of the Audit Committee.

**2. Details of Director seeking Re-appointment at the forth coming Annual General Meeting.**

Shri Shailendra Singh Sengar has been a Director on the Board of Directors of the company since 30.03.2006. He is a B.A. with 13 years experience in commercial departments. He is not interested in any other company. He is an independent Director as per clause 49 of the listing agreement. He is a member of the Audit Committee.





**3. Audit Committee**

The Audit Committee comprises of three non-executive directors viz Shri D. N. Singh (Chairman), Shri G. D. Arora, Director and Shri Shailendra Singh Sengar, Director. Two of them are independent. All the members of the committee are financially literate and the Chairman Shri D. N. Singh, an independent director, is having wide experience of industry and has passed Intermediate(Group I) of ICWA. At the last AGM held on 30.09.2009, the Chairman of the Audit Committee Shri D.N. Singh attended the annual general meeting. During 2009-10 the audit committee met five times. The gap between any two meetings was not more than four months. The quorum was complied with. All the members of the committee attended all the meetings. The Committee has been given the powers and assigned the role as per clause 49 and as per section 292A of the Companies Act, 1956.

**4. Remuneration Committee**

No remuneration committee has been constituted since no remuneration was paid to any Directors, except sitting fees, if claimed.

**5. Subsidiaries**

The company is not having any subsidiary.

**6. Disclosures**

(a) The Company has whistle blower policy under which all employees are having direct access to the management in case of any Complaint about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics. No personnel was denied access to the audit committee.

(b) No director is paid any remuneration by the company except sitting fees of Rs.1000/- for attending each Board Meeting, if claimed.

(c) There were no instances of non-compliance or penalty imposed on the company by Mumbai Stock Exchange or SEBI or any other statutory authority on any matter related to capital market, during the last three years.

(d) At the time of appointment/reappointment of Directors, requisite information about directors was given in the notice of general meetings.

(e) The Company is complying with all mandatory requirements of Clause 49 of the listing agreement.

**7. Whistle Blower Policy**

It has been notified through a circular that whistle blowers can approach the audit committee members. During the year, no such approach was denied to anybody.

**8. General Meetings**

Particulars of Annual General Meetings and Extra Ordinary General Meetings held during the last three years



During Year	Date	Time	Venue	Meeting
2007-08	23 <sup>rd</sup> April, 2007	4.00 P.M.	Company's factory at village Rojrachak, Dist. Raisen, M.P.	EGM
2007-08	29 <sup>th</sup> Sept, 2007	10.00 A.M.	Executive Club, Dolly Farms and Resorts Pvt. Ltd., 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-30	14 <sup>th</sup> AGM
2008-09	30 <sup>th</sup> Sept., 2008	10.00A.M.	Executive Club, Dolly Farms and Resorts Pvt. Ltd., 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-30	15 <sup>th</sup> AGM
2009-10	30 <sup>th</sup> Sept., 2009	10.00A.M.	Executive Club, Dolly Farms and Resorts Pvt. Ltd., 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-30	16 <sup>th</sup> AGM

No Special Resolution was put through postal ballot last year.

**9. Means of Communication**

The quarterly, half-yearly and yearly financial results of the company are sent to the stock exchanges immediately after they are approved by the Board. These are also published in the prescribed pro-forma as per the listing agreement in two newspapers of Delhi from time to time. No presentations were made to any institutional investors or analysts. The Company also has exclusive e-mail ID i.e. [sombreweries@gmail.com](mailto:sombreweries@gmail.com) for investors to contact the company in case of any information and grievances.

**10. Investor Correspondence:**

Any query relating to shares and request for transactions such as transfer, transmission and nomination facilities, duplicate share certificates, change of address, non-receipt of dividend/Annual Report, and also regarding dematerialization/ rematerialisation of shares may be taken up with :

**MAS SERVICES PRIVATE LIMITED,  
T-34, OKHLA INDUSTRIAL AREA  
PHASE II, DELHI-110020  
TELEPHONE NO. 011-26387281-83  
FAX NO. 011-26387384**

**11. Management Discussion and Analysis Report**

Beer industry in India is in highly progressive phase and is expanding at an annualized rate of 13-13.5%. At present, the total market size is estimated at 177 million cases of 12 bottles of 650ml. in India. India being the second most populous country in the world, potential in absolute number is huge. The per capita consumption of beer is only about 2 litres as against over 55 litres in the developed countries.

The product of the company is one of the best qualities produced in India and the company has got an excellent plant with rarely available canning facility in the country. Company is also the sole player of Draught Beer in the MP market.

The brands of the company are well accepted in the market, like Hunter Premium Extra Strong Beer, Can Beer, and Draught Beer. In M.P. the present market share of the company in





strong beer segment is around 27%. With adequate working capital support it is expected that in coming years the market share in beer segment will be more than 36% in M.P.

Due to encouraging response and demand for company's product, company is expanding its plant capacity from 3 lacs hecto litres to 6 lacs hecto litres by spending Rs. 32 crores for its CAPEX. All the major plant and machinery have been imported from world leaders like Alfa Laval of Sweden, and Krones and KHS of Germany.

With this capex project, the company has upgraded the plant by adding PC/PLC Control process section from Alfa Laval & Krones and KHS Bottling line of 21000 bottles per hour. Similarly, Quality Control laboratory has been upgraded with imported equipments to make the brewery latest and ultra modern.

With the enhancement of plant capacity and the fact that all the product brands are well accepted by the people in India & abroad, the company is poised to take a quantum leap in sales growth. The company is currently operating in premium lager and Super Strong beer segments.

The Company is associated with United Breweries (UB) and recently added Cobra Beer Limited, London and is manufacturing and marketing their brands. The Company is already having extensive marketing and distribution network through its own depots in the state of Maharashtra, Madhya Pradesh, Delhi, Haryana, Himachal Pradesh and Chandigarh. In other States, it has tie-ups with local distributors and marketing agents. Company has recently started in Tamil Nadu, Pondicherry, Andhra Pradesh and Daman & Diu. Company is also exporting its products to USA, South Korea and Africa etc. and its Export turnover is also increasing.

The company is confident that it will be able to utilize its increased brewing capacity and in coming time its highly developed distribution system will benefit the company in spanning its products and brands in every nook & corner of the country.

**12. General Share Holder Information:  
Annual General Meeting**

Date & Time : 29th Day of September 2010 at 10.00 a.m.  
Venue : at Executive Club, Dolly Farms and Resorts Pvt.  
Ltd, 439, Village Shahoorpur, P.O.Fatehpur Beri,  
New Delhi – 30  
Book Closure : 23.09.2010 to 30.09.2010 (Both days inclusive)

Financial Calendar 2009-10 relating to approval of financial results.

First Quarterly Result : July 2009  
Second Quarterly Result : October 2009  
Third Quarterly Result : January 2010  
Fourth Quarter Result : May, 2010  
Annual results for the year  
Ending on 31.03.2010 : July, 2010

Listing on Stock Exchanges : Bombay Stock Exchange Limited, Mumbai  
Equity Stock Code : 507514  
ISIN No. : INE480C01012

The Company has already paid the Listing fees of Bombay Stock Exchange Ltd., Mumbai for the year 2010-11. Shareholders Grievances and Share Transfer Committee comprises of Chairman Shri G.D.Arora (non-executive) and Shri Surjeet Lal. The committee is duly authorized to effect transfers, transmission, issue of duplicate shares, dematerialization etc. The registrar and transfer agent, Mas Services Pvt. Ltd. has been authorized to effect transfers etc. The committee generally meets once in a month. The Committee has also been authorized to look into shareholders grievances. During 2009-10, only six complaints were received from shareholders etc. which were resolved. There was no pending complaint as on 31.3.2010. There was no transfer pending for more than 21 days as at the end of the year. Shri Surjeet Lal, Managing Director is the Compliance Officer.

The shares of the Company have been dematerialized.

Form	No. of Shares As on 31.03.2010
De-mat	16102879
Physical	11419521

The promoters along with persons acting in concert held 13.586% of the paid up capital on 31.03.10, private bodies corporate held 05.756% while NRI's/OCBs held 0.138% on that date.

### 13. Market Price Data:

The monthly high and low market prices of the shares with volume at Mumbai Stock Exchange during the financial year 2009-10 are as under:

Period (2009-10)	High	Low	Volume of Shares Traded
April 2009	21.28	11.60	379032
May 2009	31.65	14.15	479589
June 2009	28.15	17.25	249965
July 2009	21.65	14.30	137683
August 2009	26.95	18.80	463614
September 2009	33.15	24.00	1457435
October 2009	25.90	18.05	229529
November 2009	25.95	18.25	305380
December 2009	27.20	21.35	339106
January 2010	29.45	21.95	294883
February 2010	24.00	20.40	76465
March 2010	23.45	19.50	231311

Source: BSE Website



#### 14. Registrar and Transfer Agents , Share Transfer System

M/s MAS SERVICES PRIVATE LIMITED  
T-34, Okhla Industrial Area, Phase II,  
Delhi – 110 020

Share Transfers are registered and returned in the normal course within an average period of 15 days from the date of receipt, if the documents are in order in all respects.

#### 15. Category-wise Shareholding as on 31.03.2010

Category	Number of shares	% of total shares
Indian Promoters	3739193	13.586%
Private Corporate Bodies	1584254	5.756%
Indian Public	21694864	78.827%
Non-resident Indians, OCB's and others	38090	0.138%
Clearing Members	465999	1.693%
Total	27522400	100.00

The company has not issued any ADR/GDR.

#### 16. Distribution of Shareholdings as on 31.03.2010

SH. HOLDING NOMINAL VALUE RS.	NO. OF SH. HOLDERS	%TO TOTAL	NO OF SHARES	AMT. IN RS.	%TO TOTAL
1 TO 5000	9026	89.10	1573734	15737340	5.72
5001 TO 10000	503	4.97	432519	4325190	1.57
10001 TO 20000	219	2.16	346023	3460230	1.26
20001 TO 30000	79	0.78	203008	2030080	0.74
30001 TO 40000	46	0.45	164504	1645040	0.60
40001 TO 50000	54	0.53	259760	2597600	0.94
50001 TO 100000	83	0.82	658721	6587210	2.39
100001 & ABOVE	120	1.19	23884131	238841310	86.78
<b>TOTAL</b>	<b>10130</b>	<b>100.00</b>	<b>27522400</b>	<b>275224000</b>	<b>100.00</b>



**17. Nomination Facility :**

Individual shareholders can now avail of the facility of nomination. The nominee shall be the person in whom all rights of transfer and /or amount payable in respect of the shares shall vest in the event of the death of shareholder(s). A minor also can be a nominee provided the name of the guardian is given in the nomination form. The facility of nomination is not available to non-individual shareholders such as body corporate, financial institutions, karta of Hindu Undivided Families and holders of power of attorney.

**18. Secretarial Audit for reconciliation of Capital:**

As stipulated by SEBI, a qualified practicing Company Secretary carries out secretarial audit to reconcile the total of the capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and in physical form with the total issued/paid up capital and with total listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchange where the shares are listed.

**19. CEO/CFO CERTIFICATION:**

Shri Surjeet Lal, Chairman & Managing Director and Shri Sanjay Gupta Asst. General Manager Accounts), of Som Distilleries & Breweries Ltd., have certified that :

- (a) They have reviewed financial statements and the cash flow statement for the year ended 31st March 2010 and that to the best of their knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit committee
  - (i) Significant changes in internal control over financial reporting during the year.
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For and on behalf on the Board of Directors

**Sanjay Gupta**  
Asst General Manager (Accounts)

**Surjeet Lal**  
Chairman and Managing Director

Place: Bhopal  
Dated: 04.09.2010



## **SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI AUDITORS REPORT TO SHAREHOLDERS**

We have audited the attached Balance Sheet of **SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI** as at 31st March, 2010 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Government of India under sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above and on the basis of the audit indicated herein, we report that:

1. We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
2. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
3. The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
4. In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this Report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 except Accounting Standards AS (15): "Employee Benefits" and (AS) 22: "Accounting for Taxes on Income".
5. Based on written representations received from the Directors, as at 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors are, prima facie, as at 31st March, 2010, disqualified from being appointed as Directors of the Company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, subject to



i) Note no. B11 of Schedule L regarding non provision of interest on the inter corporate deposit from the Madhya Pradesh State Industrial Development Corporation Ltd. (MPSIDC) as stated in the said Note ;

ii) Note no. B24 of Schedule L regarding balances at debit/credit in the accounts of various parties being subject to confirmation and reconciliation; in the context of debit balances, particularly old outstanding amounts, we are unable comment as to whether and the extent to which provision is required upto the year end;

the financial statement together with the notes thereon and the Schedules A to L attached thereto give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India,

- a) in the case of the Balance Sheet, of the state of the Company's affairs as at 31st March, 2010
- b) in the case of the Profit and Loss Account of the profit for the year ended on that date ;
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For K.C. KHANNA & Co.**  
Chartered Accountants

**Harsha Chandra**  
Partner  
Membership No. 080489  
Firm Registration No. 000481N

12, Zone II, M.P. Nagar,  
BHOPAL 462 011

Dated: 22nd July, 2010





**SOM DISTILLERIES & BREWERIES LIMITED**  
**Year ended 31.03.2010**

**Annexure to the Auditors' Report**  
(Referred to in our Report of even date)

1.
  - (a) As per the information given to us the Company has maintained records showing full particulars, including quantitative details and situation of its fixed assets.
  - (b) We have been informed that the fixed assets other than Office Equipments and Furniture and Fixtures are stated to have been physically verified by the Management at the close of the financial year and no discrepancies have been noticed on such verification.
  - (c) No fixed assets have been disposed off during the year.
2.
  - (a) As per the information given to us the inventory has been physically verified, during the year, by the Management. In our opinion, the frequency of verification is reasonable.
  - (b) The procedures of physical verification of inventories followed by the Management are adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper records of inventory. No material discrepancies are stated to have been noticed on verification between the physical stocks as compared to book records.
3.
  - (a) As per the information given to us, the Company has not granted any loans, secured or unsecured, to Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
  - (b) Not applicable.
  - (c) Not applicable.
  - (d) Not applicable.
  - (e) During the year the Company has not obtained any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. However, in the earlier years, an unsecured loan had been obtained from one such company, part of which had been repaid during the year.  
  
In addition thereto, the Company has an account in the nature of a current account with the same Company. The maximum amount due at any time during the year was Rs. 3,33,12,644 and the year end balance was Rs. 47,62,521.
  - (f) As per the information given to us, there are no stipulations as to the rate of interest and there are no other terms and conditions attached thereto. In our view, this is not prima facie, prejudicial to the interest of the Company.



- (g) As per the information given to us, there are no stipulations as to the repayment of the principal amount and interest.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for the sale of goods and services. Such procedures for purchase of inventory need to be strengthened.
5. (a) According to information and explanation given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to information and explanation given to us, the transactions made in pursuance of such contracts or arrangements, exceeding the value of rupees five lacs in respect of any party, during the year, have been made at prices which are reasonable having regard to prevailing market price at that time.
6. According to the information and explanations given to us, the Company has not, during the year, accepted any deposits from the public.
7. In our view a regular system of internal audit of all areas of the Company's operations needs to be put in place and implemented.
8. The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for any of the Company's products.
9. (a) According to the records of the Company, provident fund dues, State excise and related dues have been regularly deposited with the appropriate authorities. We have been informed that the Employees State Insurance Scheme is not applicable to the Company.

As per the records of the Company there are no undisputed statutory dues outstanding as at 31.03.2010 for a period exceeding a period of six months from the date they became payable.

- (b) As per the information and explanations given to us, the statutory dues which have not been deposited on account of disputes are as follows:

Name of Statute	Nature of dues	Amount (Rupees in Lacs)	Period to which the amount relates	Forum where dispute is pending
M P Entry Tax Act, 1976	Entry Tax	4.85	1999-2000	Appeal Court, Commercial Tax, Bhopal

10. The Company has no accumulated losses. Further, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.



11. As per the information given to us, the Company has not repaid the inter corporate deposit obtained from the Madhya Pradesh Industrial Development Corporation Ltd. (MPSIDC), a state level financial institution. The amount outstanding, since October 2002 is principal Rs. 7.00 crores plus applicable interest (Refer Note no. B11 of Schedule L).
12. As per the information given to us, the Company has not granted, during the year, any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause 4 (xiii) of the Order are not applicable to the Company.
14. As per the information given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
15. The Company has given Corporate guarantees for loans obtained by a company under the same management. As has been explained to us, the terms and conditions thereof are not prejudicial to the interest of the Company.
16. As per the information given to us, the term loans have been applied for purposes for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, the Company has, during the year made preferential allotment of shares on the conversion of share warrants issued in an earlier year to parties then covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the price at which such shares have been issued is not prejudicial to the interest of the Company.
19. According to the information given to us, during the period covered by our Report the Company did not issue any debentures. Hence, the provisions of Clause 4 (xix) of the Order are not applicable to the Company.
20. The Company has not raised any money by way of public issue during the year. Accordingly, the provisions of Clause 4 (xx) of the Order are not applicable to the Company.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**For K.C. KHANNA & Co.**  
Chartered Accountants

12, Zone II, M.P. Nagar,  
BHOPAL 462 011

Dated: 22nd July, 2010

**Harsha Chandra**  
Partner  
Membership No. 080489  
Firm Registration No. 000481N





**SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI**  
**BALANCE SHEET AS AT 31ST MARCH, 2010**

	SCHE DULE	As At 31.03.2010 (Rs. )	As At 31.03.2009 (Rs. )
<b>SOURCES OF FUNDS</b>			
<b>Shareholders Funds</b>			
Share Capital	A	275,224,000	181,000,000
Share Application Money		—	131,457,800
		275,224,000	312,457,800
<b>Reserves &amp; Surplus</b>			
Reserves & Surplus	B	298,678,073	101,214,607
<b>Loan Funds</b>			
Secured Loans	C	92,201,998	100,707,155
Unsecured Loans	D	179,843,329	209,843,329
		272,045,327	310,550,484
Total		845,947,400	724,222,891
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	E	386,963,607	374,264,347
Less : Depreciation		192,211,545	173,521,857
<b>Net Block</b>		194,752,062	200,742,490
Capital work-in-progress		259,947,859	234,620,167
Investment	F	1,000,000	-
Current Assets Loans & Advances	G	720,027,386	622,452,298
Less - Current Liabilities & Provisions	H	329,779,907	333,592,064
Net Current Assets		390,247,479	288,860,234
Total		845,947,400	724,222,891
Significant Accounting Policies & Other Notes	L		

**For and on Behalf of the Board**

**D N SINGH**  
Director

**S LAL**  
Chairman & Managing Director

This is the Balance Sheet referred  
to in our Report of even date

**For K.C. KHANNA & CO.**  
Chartered Accountants

**Harsha Chandra**  
Partner  
Membership No-080489  
Firm Registration No. 000481 N

Bhopal  
Dated : 22nd July, 2010



**SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

PARTICULARS	SCHE DULE	As At 31.03.2010 (Rs.)	As At 31.03.2009 (Rs.)
<b>INCOME</b>			
Sales		1,047,877,969	729,355,376
Other Income		4,401,418	1,529,098
Increase/Decrease in Stock		39,804,533	(22,768,968)
		1,092,083,920	708,115,506
<b>EXPENDITURE</b>			
Materials Consumed	I	494,438,339	281,961,592
Manufacturing	J	207,332,217	149,117,968
Duties & Taxes		17,265,557	23,643,212
Administrative	K	47,914,390	40,494,091
Selling		198,350,627	112,306,011
Interest & Bank Charges		5,040,272	13,768,307
Depreciation		18,689,688	18,282,132
		989,031,090	639,573,313
Profit/ (Loss) Before Tax		103,052,830	68,542,193
Prior Period Income/ (Expenses)		(523,349)	(132,321)
Profit for the year		102,529,481	68,409,872
Provision for Income Tax		19,077,055	2,564,410
Provision for Fringe Benefit Tax		-	636,718
Profit After Tax		83,452,426	65,208,744
Balance Brought Forward		89,184,607	23,975,863
Balance Carried forward		172,637,033	89,184,607
Earning Per Share (Basic and Diluted)		4.55	3.60

Significant Accounting Policies  
& Other Notes

**For and on Behalf of the Board**

**D N SINGH**  
Director

**S LAL**  
Chairman & Managing Director

This is the Profit & Loss Account  
referred to in our Report of even date

**For K.C. KHANNA & CO.**  
Chartered Accountants

**Harsha Chandra**  
Partner  
Membership No.- 080489  
Firm Registration No. 000481 N

Bhopal  
Dated : 22nd July, 2010



**SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI**  
**YEAR ENDED 31.03.2010**  
**SCHEDULE TO BALANCE SHEET**

	As At 31.03.2010 (Rs.)	As At 31.03.2009 (Rs.)
<b><u>SCHEDULE "A" SHARE CAPITAL</u></b>		
<b>AUTHORIZED</b>		
3,50,00,000 Equity Shares (Previous Year 3,50,00,000) of Rs. 10 each	<u>350,000,000</u>	<u>350,000,000</u>
<b>ISSUED, SUBCRIBED AND FULLY PAID</b>		
2,75,22,400 Equity Shares (Previous year 1,81,00,000) of Rs. 10 each	<u>275,224,000</u>	<u>181,000,000</u>
<b><u>SCHEDULE "B" RESERVES &amp; SURPLUS</u></b>		
<b>A) Capital Reserve</b>		
Share Warrants Forfeited	3,930,000	3,930,000
<b>B) Profit &amp; Loss Account</b>	172,637,033	89,184,607
<b>C) Share Premium</b>	<u>122,111,040</u>	<u>8,100,000</u>
	<u>298,678,073</u>	<u>101,214,607</u>
<b><u>SCHEDULE "C" SECURED LOANS</u></b>		
<b><u>FROM BANKS</u></b>		
<b>Term Loans</b>		
Secured by way of hypothecation of current assets personal guarantees of promoters. Part of loan is also secured by mortgage of the company's fixed assets.	89,054,828	97,164,025
<b>Vehicle Loans</b>	3,147,170	3,543,130
(Secured by way of Hypothecation of vehicles)		
<b>Total</b>	<u>92,201,998</u>	<u>100,707,155</u>
<b><u>SCHEDULE "D" UNSECURED LOANS</u></b>		
Madhya Pradesh State Industrial Development Corporation Limited	109,770,329	109,770,329
<b>OTHERS</b>	70,073,000	100,073,000
(A Company under the same management)		
	<u>179,843,329</u>	<u>209,843,329</u>



SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI

**SCHEDULE E : FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS AT 01.04.2009	ADDITIONS (Disposals)	AS AT 31.03.2010	UPTO 31.03.2009	FOR THE YEAR	UP TO 31.03.2010	AS AT 31.03.2010	AS AT 31.03.2009
<b><u>A - TANGIBLE ASSETS</u></b>								
Land (Freehold)	5,065,192	0	5,065,192	-	-	-	5,065,192	5,065,192
Buildings & Civil Works	67,645,628	2,813,370	70,458,998	21,695,446	2,043,927	23,739,373	46,719,625	45,950,182
Plant & Machinery	270,080,316	4,923,540	275,003,856	130,688,643	13,675,798	144,364,441	130,639,415	139,391,673
Furniture & Fixtures	1,767,618	-	1,767,618	1,375,198	111,890	1,487,088	280,530	392,420
Office Equipments	4,282,355	360,550	4,642,905	2,840,995	117,132	2,958,127	1,684,778	1,441,360
Vehicles	24,923,238	4,601,800	29,525,038	16,521,575	2,640,941	19,162,516	10,362,522	8,401,663
<b>TOTAL (A)</b>	<b>373,764,347</b>	<b>12,699,260</b>	<b>386,463,607</b>	<b>173,121,857</b>	<b>18,589,688</b>	<b>191,711,545</b>	<b>194,752,062</b>	<b>200,642,490</b>
<b><u>B - INTANGIBLE ASSETS</u></b>								
	500,000	-	500,000	400,000	100,000	500,000	-	100,000
<b>TOTAL</b>	<b>374,264,347</b>	<b>12,699,260</b>	<b>386,963,607</b>	<b>173,521,857</b>	<b>18,689,688</b>	<b>192,211,545</b>	<b>194,752,062</b>	<b>200,742,490</b>
Previous Year Rs.	368,061,472	6,202,875	374,264,347	155,239,725	18,282,132	173,521,857		
Capital works in progress	234,620,167	25,327,692	259,947,859				259,947,859	234,620,167
							<b>454,699,921</b>	<b>435,362,657.00</b>



**SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI**

**YEAR ENDED 31.03.2010**

**SCHEDULE TO BALANCE SHEET**

<b>SCHEDULE "F" INVESTMENT</b>	1,000,000	-
(SBI Debt Fund Series 370 Days-3 Growth)		
(Market value Rs. 10,00,000.00)	<u>1,000,000</u>	<u>-</u>
<b>SCHEDULE "G" CURRENT ASSETS LOANS &amp; ADVANCES</b>		
<b>CURRENT ASSETS</b>		
<b><u>Inventories</u></b>		
(as taken, valued and certified by the Management)		
Raw Material s	58,076,314	73,276,152
Stores Consumeables & Packing Materials	122,493,037	108,992,239
Stock In Process	28,029,881	24,935,021
Finished Goods	<u>64,892,559</u>	<u>28,182,888</u>
	273,491,791	235,386,300
<b><u>Sundry Debtors</u></b>		
(Unsecured, considered good)		
Outstanding for a period exceeding six months	45,821,988	65,074,352
Other Debts	<u>191,432,098</u>	<u>135,015,266</u>
	237,254,086	200,089,618
	237,254,086	200,089,618
<b>Cash in hand</b>	23,676,712	37,466,759
<b>Balances with Scheduled Banks</b>		
Current Accounts	21,447,122	3,911,685
Deposit Accounts	<u>13,395,747</u>	<u>12,621,280</u>
	34,842,869	16,532,965
<b>LOANS &amp; ADVANCES</b>		
Advances & other amounts recoverable in cash or kind or for value to be received	150,761,928	132,976,656
<b>Total</b>	<u><b>720,027,386</b></u>	<u><b>622,452,298</b></u>
<b>SCHEDULE "H" CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Dealership & Other Deposits	17,603,884	38,199,495
Sundry Creditors	233,200,464	256,854,411
Other Liabilities	66,869,811	32,487,191
<b>PROVISIONS</b>		
Provision for Fringe Benefit Tax	-	636,717
Provision for Income Tax	8,960,348	2,564,410
Provision for Leave Encashment	1,769,456	1,824,509
Provision for Gratuity	1,375,944	1,025,331
<b>Total</b>	<u><b>329,779,907</b></u>	<u><b>333,592,064</b></u>



**SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI**  
**YEAR ENDED 31.03.2010**  
**SCHEDULE TO PROFIT & LOSS ACCOUNT**

	As At 31.03.2010 (Rs.)	As At 31.03.2009 (Rs.)
<b>SCHEDULE "I" MATERIALS CONSUMED</b>		
Opening Stock	182,268,391	130,650,522
Add : Purchases (Raw Materials & Chemicals)	177,505,269	122,782,886
Add : Purchases (Stores)	315,234,030	210,796,575
	675,007,690	464,229,983
Less : Closing Stock	180,569,351	182,268,391
<b>Total</b>	<b>494,438,339</b>	<b>281,961,592</b>
<b>SCHEDULE "J" MANUFACTURING EXPENSES</b>		
Power & Fuel	39,496,193	28,162,663
Production Duties	56,574,476	38,400,092
Machinery Maintenance	10,588,287	8,093,818
Factory Insurance	428,469	162,799
Consumables	6,492,434	2,703,904
Miscellaneous	1,290,575	230,346
Royalty	92,461,783	71,364,346
<b>Total</b>	<b>207,332,217</b>	<b>149,117,968</b>
<b>SCHEDULE "K" ADMINISTRATIVE EXPENSES</b>		
Salaries & Allowances	19,028,152	17,682,537
Travelling	3,348,230	5,576,046
Printing & Stationery	758,207	786,148
Conveyance	3,049,827	2,763,639
Rent	157,224	209,960
Insurance	242,403	399,679
Repairs & Maintenance	1,014,948	1,152,491
Postage, Telegrams & Telephones	1,899,160	2,198,637
Auditors Remuneration	134,566	113,936
Legal & Professional	1,362,468	1,873,981
Miscellaneous Charges	12,999,366	3,554,704
Vehicle Maintenance	3,092,678	3,171,189
Rate & Taxes	827,161	1,011,144
<b>Total</b>	<b>47,914,390</b>	<b>40,494,091</b>





## **SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI**

### **SCHEDULE "L": SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

#### **A. SIGNIFICANT ACCOUNTING POLICIES**

##### **1. Basis of accounting**

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles (GAAP), in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government under section 211(3c) of the Companies Act 1956

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and disclosures of contingent liabilities on the date of the financial statements. Examples of such estimates include provision for doubtful debts/advances, future obligations in respect of retirement benefits etc. Difference if any between the actual results and estimates is recognized in the period in which the amounts are crystallized.

##### **2. Fixed Assets and depreciation**

###### Tangible Assets

Fixed assets other than land (including site development) are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost (freight, duties, levies etc.) of bringing the asset to its working condition for its intended use and capitalization of interest and other expenses incurred upto the date of commissioning.

Depreciation is provided on fixed assets on the Straight Line Method at the rates prescribed under Schedule XIV to the Companies Act, 1956 from the month following the month of acquisition/commissioning.

###### Intangible Assets

Trade Marks/Copyrights and Brands are accounted at cost which is amortized over a period of five years.

##### **3. Inventories**

Inventories are stated at lower of cost and net realizable value. Costs are arrived at as follows:

- (i) Raw materials, components, Packing material, stores and spares on first in first out basis.
- (ii) Stock-in-process and finished goods taking into account the annual average cost of materials consumed, direct production expenses, interest, depreciation and related Government duties.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

##### **4. Foreign Currency Transaction**

Transactions denominated in foreign currency are recorded at the exchange rate



prevailing on the date of the transactions.

Current assets and liabilities in foreign currency are converted at the exchange rate prevailing at the year end and exchange differences are recognized in the Profit and Loss Account.

**5. Revenue recognition**

All revenues are generally recognized on accrual basis except where there is uncertainty of ultimate realisation.

Sales are shown net of trade discounts and inclusive of Excise and other levies.

**6. Retirement and other employee benefits**

Provision for gratuity (unfunded) and leave encashment are determined and accrued on estimated basis.

**7. Income taxes**

Income Tax expense comprises of current income tax. Current income tax is computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized subject to the consideration of prudence, on timing difference being the differences between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods. Deferred tax asset is not recognized unless there are timing differences, the reversal of which will result in sufficient income or there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

**8. Impairment**

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the assets exceeds the recoverable amount.

**B. OTHER NOTES**

1. In the opinion of the Board the current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amounts at which they are stated.
2. Term Loans due within one year Rs. 3,46,17,864 (Previous year Rs. 2,94,60,000)  
Vehicle loans due within one year Rs. 19,43,020 (Previous Year Rs. 20,66,268).
3. Amounts due to Som Distilleries Private Ltd., a company under the same management -  
Unsecured loan Rs. 7,00,73,000 (Previous Year Rs. 10,00,73,000)  
Current Account Rs. 47,62,521 (Previous Year Rs. 3,49,36,802)
4. Amount due from Directors Nil (previous year Nil). Maximum amount due from directors any time during the year Nil (previous year Nil).
5. Other income includes interest on bank fixed deposits and security deposits (gross) Rs.7,05,489 (previous year Rs. 8,93,949); Income tax deducted at source thereon Rs.84,858 (previous year Rs. 1,50,070).
6. Included in Administrative Expenses under Schedule "K" :  
Salaries and Allowances Employer's Contribution to Provident Fund





Rs. 3,33,436 (Previous year Rs. 3,71,706/-); General Charges Staff welfare Rs. 8,49,869 (previous year Rs. 7,74,902).

7. Directors' remuneration Rs.Nil (previous year Rs. Nil).
8. Selling Expenses include commission to selling agents Rs. 10,13,415 (previous year Rs. 26,53,001 ).
9. Interest & Bank charges include interest on term loans Rs 39,52,218 (previous year Rs.1,24,67,438); Vehicle Loan Rs. 3,10,178 (previous year Rs. 3,79,518)).
10. For repayment of Contractual Principle & interest amount to Kotak Mahindra Bank Ltd. (KMBL) the Company had made an offer along with token cheques. These cheques have been accepted by KMBL and consequently, the provision for interest in respect of KMBL outstandings has been made in the accounts as per the Company's offer.
11. The Company is taking up the matter afresh for settlement of its outstandings with the Madhya Pradesh State Industrial Corporation Ltd. (MPSIDC) as per the policy of MPSIDC in this regard. In accordance with the said policy, the management is confident of arriving at a mutually acceptable settlement and is of the considered opinion that the final liability there against will not exceed the balance outstanding reflected in the books of the Company as at 31.03.2010. Consequently no further provision towards interest is considered necessary.
12. Original title deeds in respect of part of freehold land belonging to the Company have been lodged with the Company's bankers for the purposes of mortgage to secure the credit facilities granted to the Company.
13. The Company has not received any information from any of the suppliers of their being a Micro, Small and Medium Enterprises Unit under Micro, Small and Medium Enterprises Development Act, 2006. Hence, amounts due to Micro and Small Scale Enterprises outstanding as on March 31<sup>st</sup> 2010 are not ascertainable.

14. **CAPACITIES ETC. (in KL) (As certified by the Management)**

		2009-10	2008-09
Licensed Capacity	Beer	30,000	30,000
	IMFL	6,700	6,700
Installed Capacity	Beer	29,200	29,200
	IMFL	5,400	5,400
Actual Production	Beer	27,152	15,417
	IMFL	1,011	1,231



15. **MATERIALS CONSUMED** (As certified by the Management)

	<b>Quantities (MT)</b>		<b>Rupees</b>	
	<b>2009-10</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2008-09</b>
<b>BEER</b>				
Barley Malt	4231.44	2294.78	8,29,85,535	4,55,70,474
Sugar	964.21	651.52	2,26,52,272	1,05,90,888
Hops	13.85	10.155	1,85,36,601	1,52,74,400
Chemicals & Essence			84,44,295	51,34,581
<b>IMFL</b>				
Malt Spirit	--	Nil	--	Nil
ENA Spirit	766.27	935.27	1,78,09,349	1,39,28,719
Chemicals & Essence		--	2,30,668	4,67,000

16. Particulars in respect of opening and closing stocks and sales of finished goods (As certified by the Management)

	<b>Cases</b>		<b>Rupees</b>	
	<b>2009-10</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2008-09</b>
<b>BEER*</b>				
Opening stocks	1,19,494	2,95,817	2,15,32,454	4,62,17,753
Sales	30,11,028	21,23,741	1,00,77,12,239	67,59,07,486
Closing Stock	3,36,365	1,19,494	6,12,12,461	2,15,32,454
<b>IMFL**</b>				
Opening stocks	23,901	41,008	66,50,432	1,11,86,102
Sales	1,10,057	1,56,780	4,01,65,730	5,16,34,289
Closing Stock	29,178	23,901	45,82,994	66,50,432

\* Cases of 7.80 liters each  
 \*\* Cases of 9.00 liters each

17. **Remuneration to Auditors**

(Including service tax)	<b>2009-10</b>	<b>2008-09</b>
As Auditor	90,446	84,931
<b>Certification</b>	44,120	29,005

18. **a) Value of Imports calculated on CIF basis**

i) Raw & Packing Materials	92,39,437	1,21,84,609
ii) Components and spare parts	8,66,727	5,48,420
iii) Capital Goods	--	1,21,33,229

**b) Expenditure in Foreign Currency**

i) Professional Charges	--	19,830
ii) Bank Charges	13,310	43,797

c) Composition of raw material, packing material stores, spares consumed.

	Raw Materials & Packing Materials		Stores & Spares	
	2009-10	2008-09	2009-10	2008-09
<b>Imported</b>				
Percentage	1.39	4.67	11.17	9.76
Value(Rs.)	68,55,920	1,31,67,818	11,00,614	7,12,186
<b>Indigenous</b>				
Percentage	98.61	95.33	88.83	90.24
Value(Rs.)	48,75,82,418	26,87,93,776	87,50,865	65,82,646
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Total</b>	<b>49,44,38,338</b>	<b>28,19,61,594</b>	<b>98,51,479</b>	<b>72,94,832</b>

19. **Earning in Foreign Exchange**

i) **Exports of Goods calculated on FOB basis**

- Direct	48,80,252	15,89,134
- Indirect	31,24,670	33,59,080

ii) **Others**

46,039	1,28,746
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20. **Contingent Liabilities**

Claims against the Company not acknowledged as debts

i) <b>Disputed Income Tax demands</b>	Nil	83,70,487
ii) <b>Disputed Entry Tax demands</b>	4,85,850	4,85,850
iii) <b>Guarantees given by Bankers on behalf of the Company not provided for</b>	51,15,312	48,15,312
iv) <b>Estimated amount of contracts remaining to be executed on capital account and not provided for</b>	Nil	2,03,32,415

21. The company is engaged in the business of manufacture and sale of Beverage Alcohol ( Beer and IMFL) which constitutes a single business segment. The company's exports outside India did not exceed the threshold limits for disclosure as envisaged in AS 17 on 'Segment Reporting' 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 AS 17 are not applicable to the Company.

22. Information as per Accounting Standard (AS) 18: "Related Party Disclosures" is :

**I Related Parties**

Associates	Key Managerial Personnel	Relatives of Key Managerial Personnel
Som Distilleries Private Limited	Mr. S. Lal	-



## II Transactions with Related Parties

Nature of Transactions	Som Distilleries P. Ltd. (Associate)	Key Managerial Personnel	Relatives of Key Managerial Personnel
Purchase of Goods	2,11,20,000 (1,31,00,000)	Mr. S. Lal --	
Other transactions	Dr. 46,58,05,908 Cr. 38,45,11,627	--	
Trade Receivables Unsecured Loans	Cr. 47,62,521 Cr. 7,00,73,000	--	

(Previous years figures are stated in brackets)

23. Earnings per share in accordance with Accounting Standard (AS) 20 on "Earnings per Share" are given below :

	Particulars	31.03.2010	31.03.2009
a)	Numerator Profit/(Loss) after tax Rs.	8,34,52,426	6,52,08,744
b)	Weighted average number of equity shares Nos.	1,83,58,148	1,81,00,000
c)	Basic & Diluted Earning per shares (Rs.)	4.55	3.60
d)	Nominal value of shares (Rs.)	10.00	10.00

24. Balances standing at the debit or credit in the accounts of various parties are subject to confirmation and reconciliation.
25. Previous year's figures have been regrouped/ restated wherever considered necessary to make them comparable to those of the current year.
26. All figures in the Balance Sheet, Profit & Loss Account and Schedules have been rounded off to the nearest rupee.

Signatures to Schedules A to L

**D.N. SINGH**  
Director

**S. LAL**  
Chairman & Managing Director  
**For K.C. KHANNA & Co.**  
Chartered Accountants

**Harsha Chandra**  
Partner  
Membership No.- 080489  
Firm Registration No. 000481 N

Place: Bhopal  
Date: 22<sup>nd</sup> July, 2010





**SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI**  
**Cash Flow Statement for the Year Ended 31st March, 2010**

	<b>Year Ended 31.03.2010</b>	<b>Year Ended 31.03.2009</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before Tax and Extraordinary Items</b>	83,452,426	65,208,744
<b>Adjustment for:</b>		
Depreciation	18,689,688	18,282,132
Deferred Revenue Expenses written off	-	-
Interest	5,040,272	13,768,307
Inventory write / off	-	-
<b>Operating Profit before Working Capital Changes</b>	107,182,386	97,259,183
<b>Adjustment for:</b>		
Trade and other Receivables	(37,164,468)	13,043,037
Inventories	(38,105,491)	(28,848,901)
Trade Payable	(3,812,157)	(137,754,077)
Loan & Advances	(17,785,272)	28,711,491
<b>Cash Generated from Operations</b>	10,314,998	(27,589,267)
Direct Taxes Paid	-	-
<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>	10,314,998	(27,589,267)
Extraordinary Items	-	-
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>10,314,998</b>	<b>(27,589,267)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(38,026,952)	(141,676,505)
Sale of Fixed Assets	-	-
Investment SBI fund	(1,000,000)	-
<b>Net Cash used in Investing Activities (B)</b>	<b>(39,026,952)</b>	<b>(141,676,505)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share Capital & Application Money	76,777,240	79,957,800
Borrowings (Net)	(38,505,157)	106,458,604
Interest Paid	(5,040,272)	(13,768,307)
<b>Net Cash from Financing Activities (C)</b>	<b>33,231,811</b>	<b>172,648,097</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	4,519,857	3,382,325
Cash and Cash Equivalents : Opening Balance	53,999,724	50,617,399
Cash and Cash Equivalents : Closing Balance	<b>58,519,581</b>	<b>53,999,724</b>

**Notes to the Cash Flow Statement for the Year ended 31st March, 2010**

	<b>Year Ended 31.03.2010</b>	<b>Year Ended 31.03.2009</b>
<b>1. Cash and cash equivalents include :</b>		
Cash in Hand	23,676,712	37,466,759
Balances with Scheduled Banks		
On current account	21,447,122	3,911,685
On deposit account	13,395,747	12,621,280
	58,519,581	53,999,724
Less: Unrealised translation gain on foreign currency cash and cash equivalents	-	-
	<b>58,519,581</b>	<b>53,999,724</b>

2. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard on 'Cash Flow Statements (AS3)'

4. Previous year's figures have been regrouped/ restated wherever necessary.

For and on behalf of the Board

**D. N. SINGH**  
Director

**S. LAL**  
Chairman & Managing Director

This is the Cash Flow Statement referred to in our report of even date.

**For K.C. Khanna & Co.**  
Chartered Accountants

Bhopal  
Dated : 22nd July, 2010

**Harsha Chandra**  
Partner  
Membership No. 500-80489  
Firm Registration No. 000481 N



**SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI  
SEVENTEENTH ANNUAL REPORT**

**Balance Sheet Abstract and Company's General Business Profile**

**I. Registration Details:**

Registration No.      State Code    
(Refer Code List 1)

Balance Sheet Date        
Date Month Year

**II. Capital raised during the year (Amount in Rs. Thousands)**

Public Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="4"/>

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities	<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="7"/>	Total Assets	<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="7"/>
Sources of Funds			
Paid-Up Capital	<input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="4"/>	Reserves & Surplus	<input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="8"/>
Secured Loans	<input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="2"/>	Unsecured Loans	<input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="3"/>
Application of Funds			
Net Fixed Assets	<input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="0"/>	Investments	<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>
Net Current Assets	<input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="7"/>	Miscellaneous Expenditure	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Accumulated Losses	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Capital Expenses in Progress	<input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="8"/>

**IV. Performance of Company (Amount in Rs. Thousands)**

Turnover	<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="9"/>	Total Expenditure	<input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="0"/>
+ - Profit / Loss Before Tax	<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="9"/>	+ - Profit / Loss After Tax	<input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="2"/>
Earning Per Share in Rs.	<input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="5"/>	Dividend Rate %	<input type="text" value="0"/> <input type="text" value="0"/>

**V. Generic names of Three Principal Products/Services of the Company (as per monetary terms)**

Item Code No. (ITC Code)

Products Description

Item Code No. (ITC Code)

Products Description

Item Code No. (ITC Code)

Products Description

Bhopal  
Dated : 22nd July 2010

D N SINGH  
Director

S . LAL  
Chairman & Managing Director



## SOM DISTILLERIES & BREWERIES LIMITED

Registered Office ; 1 A, Zee Plaza, Arjun Nagar, Safdarjang Enclave,  
Kamal Cinema Road, New Delhi - 110029

### ATTENDANCE SLIP

I/we hereby record my/our presence at the 17th Annual General Meeting of the above named Company held on Wednesday the 29th September 2010 at 10.00 A.M. at Executive Club, Dolly Farms And Resorts Pvt. Ltd. 349, Village Shaoorpur, P.O. Fatehpur Beri, New Delhi 110030.

Name and Address of shareholder :

Folio No. DP ID CLIENT ID No. :

SIGNATURE OF THE SHAREHOLDER OR PROXY

NO. OF SHARES HELD

NOTE : Shareholder/Proxy holder must bring this Admission Slip To the meeting and hand over at the venue duly signed.

Cut Here

## SOM DISTILLERIES & BREWERIES LIMITED

Registered office: 1 A, Zee Plaza, Arjun Nagar Safadarjang Enclave,  
Kamal Cinema Road, New Delhi- 110029

### PROXY FORM

I/We..... of..... being a member/members of  
Som Distilleries & Breweries Limited hereby appoint..... of..... or  
failing him/her..... of..... or failing  
her..... of..... as my/our proxy to attend  
and vote for me/us on my/our behalf at the 17th Annual General Meeting of the Company to be held  
on Wednesday the 29th September 2010 at 10.00 A. M. or at any adjournment thereof.

Signature this.....day of.....2010

Folio No./ DP ID CLIENT ID No.

Affix  
Revenue Stamp

SIGNATURE

Note . The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time For holding the aforesaid meeting. The Proxy need not be a member of the Company.