



## SOM DISTILLERIES & BREWERIES LTD.

CIN : L74899DL1993PLC052787

Corporate Office : 23, Zone-II, Maharana Pratap Nagar, Bhopal-462 011 (M.P.) Tel. : +91-755-4278827, 4271271 Fax : +91-755-2557470  
E-mail : sdttd@bsnl.in , somdistilleries@rediffmail.com, Web : www.somindia.in Work : Village Rojrachak, Distt. Raisen (M.P.) Ph.: (07480) 266244-5

### FORM A

#### FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH STOCK EXCHANGE.

Name of the company SOM DISTILLERIES AND BREWERIES LIMITED

Annual financial statements  
For the year ended 31.03.2015

Type of Observation UNQUALIFIED

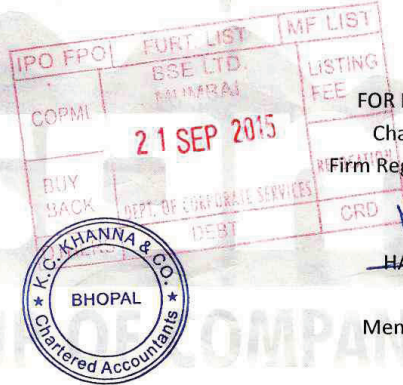
Frequency of observation not applicable

Soft copy of annual report for 2014-15 is attached as CD.

  
SURJEET LAL  
MANAGING DIRECTOR

  
RAJESH DUBEY  
CFO  
DEPUTY MANAGER (ACCOUNTS)

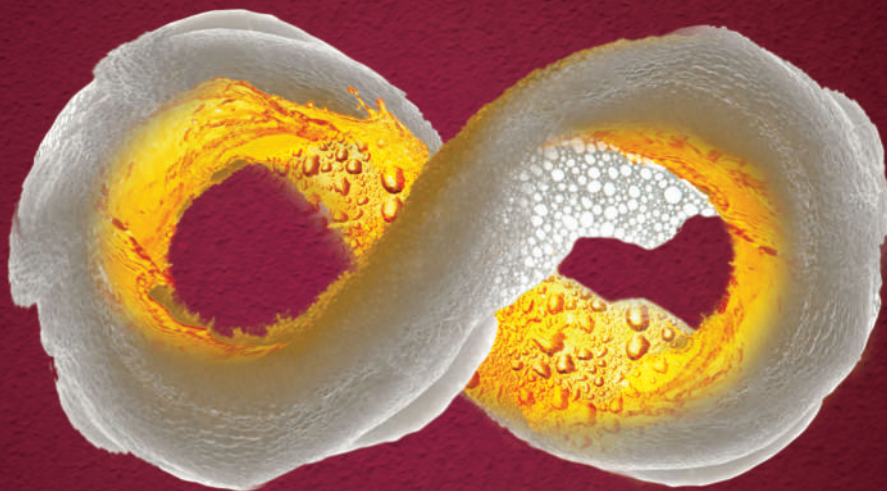
  
D.N.SINGH  
DIRECTOR  
AUDIT COMMITTEE CHAIRMAN



FOR K.C.KHANNA & CO.,  
Chartered Accountants  
Firm Registration No.000481N  
  
HARSHA CHANDRA  
PARTNER.  
Membership No: 080489

Registered Office: I - A, Zee Plaza, Arjun Nagar, Safdarjung Enclave, Kamal Cinema Road, New Delhi - 110029 INDIA  
Phone: +91-11-26169909, 26169712 Fax: +91-11-26195897

Exploring  
Infinite Possibilities



SDBL ANNUAL REPORT 2014-15

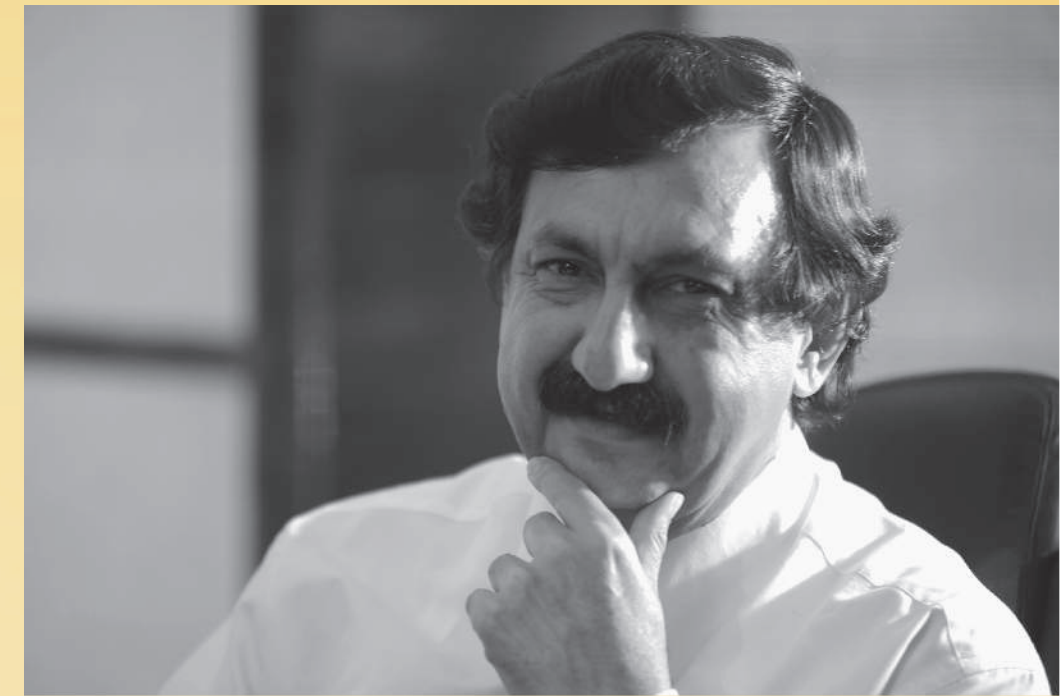




## 22<sup>nd</sup> Annual Report 2014-15



SOM DISTILLERIES AND BREWERIES LIMITED



### Few Words of Cheers from **The CHAIRMAN**

Dear Friends,

In our more than two decades of journey, growth and innovation have always remained the cornerstones of our success. On this strong foundation we continue to grow and reach new heights year after year. From a very humble beginning to the making of a strong player in the AlcoBev space, the company has come a long way. Today, we are being acknowledged as one of the leading AlcoBev Companies having presence in major parts of the country. The company owes this achievement to all its associates, partners and members of SOM family.

Our brand, White Fox Vodka has proved to be a highly successful product and has set an unbeatable trend in every market where it was launched. Motivated by the market response, we have taken a big step towards the extension of the brand by introducing White Fox Tangy Lemon Ready to Drink. I am quite confident that this new launch will be equally welcomed and would surely bring enhanced revenue and profitability to the company.

Best Wishes

**J.K. Arora**

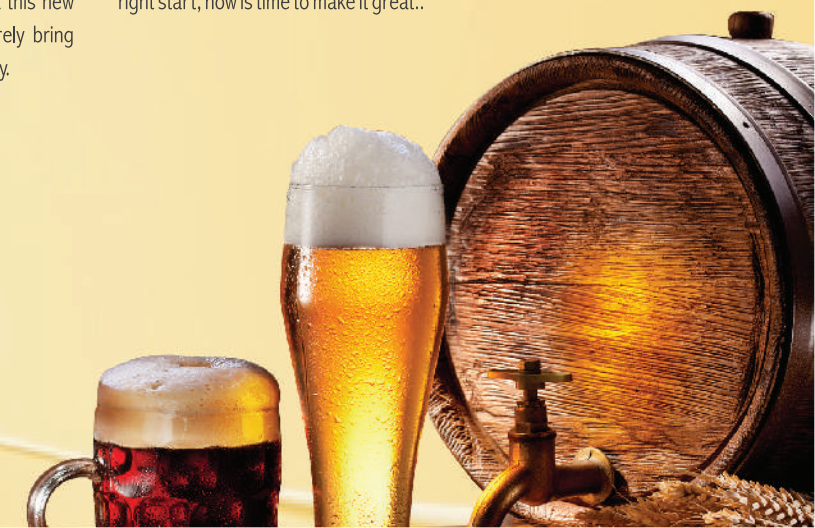
(Chairman & Managing Director)

Som Group of Companies

The company also plans of launching a Pint Bottle for Hunter Beer & Ready to drink in other variants in the near future. I foresee new arenas of growth for the company with these launches. I acknowledge the hard work and dedication put in by our CEO and his teammates in this project..

We are now constantly working on new business dimensions and strategizing towards our goal of becoming a national player in the next three years. For sure, with your support, cooperation, commitment, dedication and selfless work, we will achieve the targets set for the coming time.

I would like to close my note with a humble thank you to all the stakeholders for their support and confidence reposed in us as we all work together towards creating the brand SOM. As it is rightly said, "You don't have to be great to start, but you have to start to be great". We have made the right start, now is time to make it great..



# NOTICE TO MEMBERS

## SOM DISTILLERIES & BREWERIES LIMITED 22<sup>nd</sup> Annual Report

Notice is hereby given that the 22<sup>nd</sup> Annual General Meeting of Som Distilleries & Breweries Limited will be held on Wednesday the 30<sup>th</sup> September, 2015 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 consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution:

**“RESOLVED THAT** report of the Board of Directors dated 22.07.2015 and audited Balance sheet as at 31.03.2015 and Profit & Loss Account for the year 2014-2015 be and are hereby adopted.”

#### 2. Appointment of Shri Surjeet Lal as Director

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

**“RESOLVED THAT** Shri Surjeet Lal, who retired by rotation at this meeting and offered himself for reappointment, be and is hereby reappointed as a Director.”

#### 3. Declaration of Dividend for 2014-15

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

**“RESOLVED THAT** as recommended by the Board of Directors, the company do hereby declare a dividend of 15% i.e. Rs. 1.50 per share of Rs. 10 on all the 2,75,22,400 equity shares of the company for the year 2014-15 which dividend may be paid to the holders of shares on the date of this annual general meeting.”

#### 4. 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** pursuant to the provisions of Section 139 (1) of the Companies Act 2013 and the Companies (Audit and Auditors) Rules, 2014, K.C. Khanna & Company, Chartered Accountants, Bhopal, who had completed more than 10 year of audit of the company up to 31.03.2014 and were appointed as auditor for the year 2014-15 be and are hereby appointed as Auditors of the Company for two more years i.e for 2015-16 and 2016-17 in view of the transitional period allowed i.e from the conclusion of this 22nd Annual General Meeting till the conclusion of 24th Annual General Meeting to be held in 2017 (subject to ratification of their appointment by the Members of the Company at every subsequent Annual General Meeting) at a remuneration to be decided by the Chairman cum Managing Director with the consent of the auditors”.

### SPECIAL BUSINESS

#### 5. Appointment of Shri Deenanath Singh as an Independent Director

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 approval of the members of the Company be and is hereby accorded for the appointment of Shri. Deenanath Singh (DIN: 00281542), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6), as an independent Director of the Company not liable to retire by rotation for a period of five years with effect from **01.04.2014.**”

#### 6. Appointment of Shri Shailendra Singh Senger as an Independent Director

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 approval of the members of the Company be and is hereby accorded for the appointment of Shri. Shailendra Singh Senger (DIN: 00281444) who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6), as an independent Director of the Company not liable to retire by rotation, for a period of five years with effect from **01.04.2014.**”

#### 7. Appointment of Ms. Nishi Arora as an Independent Director/ Women Director

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 161 read with Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreement, approval of the members of the Company be and is hereby accorded for the

appointment of Ms. Nishi Arora (DIN: 07021730) who was appointed as an Additional Director from 14.11.2014 pursuant to the provisions of Section 161 and as per second proviso of section 149(1) of the Companies Act, 2013, and who holds office up to the date of this Annual General Meeting and in respect of whom the company has received a notice in writing under section 160 of the Act from a member proposing her candidature for the office of Director, as an independent Director of the Company not liable to retire by rotation, for a period of five years with effect from **14.11.2014.**”

### Notes

- 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.
- The Register of Members of the company will remain closed from 21.09.2015 to 30.09.2015 (both days inclusive).
- All correspondence regarding dematerialization/ transfer of shares, change of address etc. should be addressed to MAS Services Pvt. Ltd, T-34, Okhla Industrial Area, Phase II, Delhi-110020 who are the Registrar and Transfer Agents (RTA).
- Any queries for being answered at the meeting must reach at least seven days in advance.
- Shareholders are requested to furnish their e-mail addresses to RTA so that annual report and postal ballot papers etc. can be sent by e-mail in future.
- Electronic voting is allowed in respect of each of the items of business mentioned above. Notes/procedure on electronic voting may be seen at page number 65 & 66.

BY ORDER OF BOARD OF DIRECTORS

Place: Bhopal  
Dated: 27.07.2015

**SURJEET LAL**  
CHAIRMAN AND MANAGING DIRECTOR





**Explanatory Statement Under Section 102 of The Companies Act, 2013 To The Notice of Annual General Meeting To Be Held On Wednesday The 30<sup>th</sup> September 2015 At 10.00 A.M. At Executive Club, Dolly Farms And Resorts Pvt. Ltd, 349, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 110030**

**Item 5: Appointment of Shri Deenanath Singh as an Independent Director**

Pursuant to the provisions of section 149 and 152 read with Schedule IV of the Act, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation and are to be appointed for a term of upto five consecutive years.

The Company had appointed Shri Deena Nath Singh as Independent Director under the listing agreement. He is also an Independent Director under the provisions of the Companies Act, 2013.

It is proposed that Shri Deena Nath Singh be appointed as an Independent Director of the Company under the provisions of the Companies Act, 2013 for a term of consecutive five years with effect from 01.04.2014, the date on which the Act came into effect. An accounts and

finance expert, Shri Deenanath Singh has gained vast experience in the field of finance and banking. His experience will certainly be an asset. The Company has received his consent and his declaration confirming that he is not disqualified from being appointed as a Director in terms of the provisions of the Act and that he meets the criteria of independence as prescribed by the Act and the Rules. The Board is of the opinion that he fulfills the conditions prescribed under the Act and the Rules for appointment as independent director.

No Director, whole-time key managerial personnel or their relatives except Shri Deenanath Singh and his relatives are concerned with or interested, financially or otherwise, in the proposed resolution as set out in item nos. 5 of this notice.

**Item No. 6: Appointment of Shri Shailendra Singh Sengar as an Independent Director**

The Company had appointed Shri Shailendra Singh Sengar as Independent Director under the listing agreement. He is also an Independent Director under the provisions of the Companies Act, 2013.

It is proposed that Shri Shailendra Singh Sengar be appointed as an Independent Director of the Company under the provisions of the Companies Act, 2013 for a term of consecutive five years with effect from 01.04.2014, the date on which the Act came into effect. Mr. Sengar's expertise in dealing with warehouse authorities and state excise officials will certainly help the company. He is a B.A. The Company has received his consent and his declaration confirming that he is not

disqualified from being appointed as a Director in terms of the provisions of the Act and that he meets the criteria of independence as prescribed by the Act and the Rules. The Board is of the opinion that he fulfills the conditions prescribed under the Act and the Rules for appointment as independent director.

No Director, whole-time key managerial personnel or their relatives except Shri Shailendra Singh Sengar and his relatives are concerned with or interested, financially or otherwise, in the proposed resolution as set out in item nos. 6 of this notice.

**Item No. 7: Appointment of Ms. Nishi Arora as an Independent Director/ Women Director**

Ms. Nishi Arora was appointed as an Additional Director from 14.11.2014 pursuant to the provisions of Section 161 and as per second proviso of section 149(1) of the Companies Act, 2013, and holds office up to the date of this Annual General Meeting. The Board of Directors have received a notice from shareholders proposing the candidature of Ms. Nishi Arora (DIN: 07021730) as a Women / Independent Director to be appointed under the provisions of Section 149 and 152 of the Companies Act, 2013. Ms. Nishi Arora is a B.Com possessing good knowledge and experience in the field of purchase. The Company has received from Ms. Nishi Arora (i) consent in writing to act as Women / Independent Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules 2014

(ii) a declaration to the effect that she meets the criteria of independence as provided in sub-section (6) of Section 149 of the companies Act, 2013. The Board is of the opinion that she fulfills the conditions prescribed under the Act and the Rules for appointment as independent director. The Resolution seeks the approval of members for the appointment of Ms. Nishi Arora as Women / Independent Director of the Company for a term of 5 consecutive years pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made hereunder. None of the Directors, Key Managerial Personnel or their relatives, except Ms. Nishi Arora to whom the Resolution relates, are interested or concerned in the Resolution.

BY ORDER OF BOARD OF DIRECTORS

**Place: Bhopal  
Dated: 27.07.2015**

**SURJEET LAL**  
CHAIRMAN AND MANAGING DIRECTOR





# Corporate Information

## DIRECTORS

Shri Surjeet Lal - Chairman & Managing Director  
Shri Shailendra Singh Sengar - Director  
Shri Deenanath Singh - Director  
Ms. Nishi Arora - Director

## BANKERS

Punjab National Bank Limited  
IFCI Venture Capital Funds Limited  
SBER Bank  
Laxmi Vilas Bank Ltd  
IFCI Ltd

## AUDITORS

K.C. Khanna & Company  
Chartered Accountants  
12, Zone-II, MP Nagar, Bhopal - 462 011

## REGISTERED OFFICE

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

## CORPORATE OFFICE

23, Zone-II, M.P. Nagar, Bhopal-462 011  
Tel.: 0755 4271271, 4278827

## STOCK EXCHANGE

Bombay Stock Exchange Limited  
Address - Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001  
National Stock Exchange of India  
Address - C1 Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051



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# The Strategy of Finding Infinity

## Market Position

- Hunter, Black fort & Power family of beers are three millionaire Brands in the portfolio of the company.
- The company is a Dominant player in its natural market of MPCG.
- The company is re-enforcing its Market share through introduction of new & Innovative products & Brand extensions.

## Operations

- Total income of ₹ 2073 million.
- Increase in Gross Debt/Equity in FY2015.
- Maintaining a conservative leverage profile along with consistent growth and low net debt position.
- Company is eyeing Southern India in a big way towards this we are making efforts to enter market of Kerala, Karnataka etc.
- Looking to enter in Canteen stores in a big way.
- Strong marketing & distribution network across the country.
- The company is looking for Inorganic & Organic growth opportunities.

## Industry Dynamics

- India is third largest liquor market in the world in terms of volume.
- The total alcoholic drink sales volume was 2.56 billion liters in CY2014 and is expected to grow at a CAGR of 6.7% to reach to 3.54 billion litres by CY2019.
- India has one of the lowest per capita beer consumption rates in the world.

## Financials

- EBITDA of ₹ 317 million.
- PAT of ₹ 161 million.
- Net Debt of ₹ 200 million, Debt Equity of 0.51.
- Proposed Dividend of 15%.
- We have added four institutional lenders to augment the operation of the company.



# Capturing Infinity of Taste in a Bottle

## Beer

- Hunter Refreshing Strong Premium Beer
- Hunter Super Strong Premium Beer
- Power Cool Super Strong Beer
- Black Fort Super Strong Beer
- Legend Premium Lager Beer
- Woodpecker Lager Beer

## Vodka

- White Fox Vodka
- Blue Chip Vodka

## Gin

- 21st Century Gin
- Blue Chip Extra Dry Gin

## Whisky

- Milestone 100 premium Whisky
- Legend Premium Whisky
- 21st Century Pure Malted Whisky
- GS Genius Whisky
- Gypsy Whisky
- Sunny Malted Whisky

## Brandy

- Doctors Brandy

## Rum

- Black Fort XXX Rum



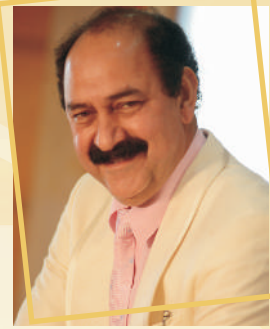


# The Management Players Who Tame The Brew Of Infinity



**J.K. Arora**  
CMD,  
SOM Group of Companies

- Visionary and the torchbearer of the SOM Group
- His leadership qualities extend into planning and strategizing the future growth of the Group
- He is also the driving force behind sales, marketing and financial operations of the SOM Group



**A.K. Arora**  
DMD,  
SOM Group of Companies

- An exceptional technocrat and executioner with complete charge over commercials / purchase processes
- Holds a BE and an MBA degree



**Surjeet Lal**  
CMD,  
SOM Distilleries & Breweries

- A seasoned professional associated with the Company since its inception
- Prior to SOM, he was associated with Lilasons Breweries and has successfully launched their premium brand "Khajuraho"
- He is a graduate in Science, Food and Fermentation Technologist



**Nakul Sethi**  
Head, Finance & Strategy,  
SOM Group of Companies

- Responsible for finance, accounts and strategic initiatives of the SOM Group
- Has over 15 years of experience in India, Middle East and Asia Pacific and associated with reputed firms like Alfardan Group, Yes Bank, Kotak Bank and Knights Insolvency



**Deepak Arora**  
CEO,  
SOM Group of Companies

- Responsible for managing and streamlining operations, planning and launching new products
- Leading initiatives in exploring new business opportunities by organic and inorganic growth
- Previously worked with Vodafone and SDBL



**Alok Arora**  
Director,  
SOM Group of Companies

- Previously worked for Rolls Royce, Barclays Bank in London and SOM Distilleries Private Limited. He is also CEO of Aryavrak Housing & Construction Pvt Ltd. (AHCPL)
- Has experience in Layout planning, startup formalities & execution and planning and is a graduate from the Imperial College London



**Raju Vajiraney**  
President- Sales & Marketing,  
SOM Distilleries & Breweries

- Over 30 years of experience across Beer & Spirit Division
- Worked with companies like Jagatjit Industries, Radico Khaitan Ltd, Diageo Radico Distilleries P Ltd.
- Major specialization and experience in sales & marketing.



**B K Goel**  
Vice President,  
Commercial

## The Operating Team

- Has over 35 years of experience in IMFL and distillation operations
- Prior work experiences include Radico Khaitan, Sunbhaoh Sugars, Daurala Sugar Works
- He is a B.Sc and Alcohol Technologist





# SOM DISTILLERIES & BREWERIES LIMITED

## 22<sup>nd</sup> Annual Report

### REPORT OF DIRECTORS

To,  
The Shareholders  
Som Distilleries & Breweries Ltd.

Sirs,  
Your Directors have pleasure in presenting the Annual Report of your Company for the year ended on 31<sup>st</sup> March 2015.

#### 1. Working Results

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

Particulars	2014-15 ₹ crores	2013-14 ₹ crores
Sales & Other Income	207.34	192.13
EBIDTA	31.70	30.30
Depreciation	3.91	4.81
Profit for the year	25.45	25.48
Provision of Tax	9.28	5.18
Profit after Tax	16.17	20.30

There has been an increase in the turnover during 2014-15 over the previous year. However the profit has declined due to interest cost and higher taxation.

#### 2. Extract of Annual Return

The extract of annual return in Form MGT 9 is attached herewith this report as Annexure I.

#### 3. Meetings of Board of Directors

During the financial year 2014-15, the Board of Directors met 12 times on 30.05.2014, 09.06.2014, 16.07.2014, 14.08.2014, 22.08.2014, 14.11.2014, 08.12.2014, 26.12.2014, 12.02.2015, 18.02.2015, 27.02.2015 and 27.03.2015.

#### 4. Directors' Responsibility Statement

The Directors hereby certify:-

- (i) that in the preparation of the accounts for 2014-15, the applicable accounting standards have been followed
- (ii) that the Directors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit of the Company for the year
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities.
- (iv) that the directors prepared the annual accounts on a going concern basis.
- (v) that the directors had laid down internal financial controls to be followed by the company, which are adequate and were operating effectively.

- (vi) that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### 5. Declaration by Independent Directors

Independent directors i.e. Shri S.S. Sengar Ms Nishi Arora and Shri D.N.Singh have given the requisite declarations under Section 149(7) of the Companies Act, 2013 to the effect that they meet the criteria of independence as provided under section 149(6).

#### 6. Audit Committee

The Audit Committee comprises of Shri D. N. Singh (Chairman), Shri Surjeet Lal, Managing 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.

#### 7. Vigil Mechanism

Smt. Kulvinder Kaur, Deputy Manager, HR Department is in-charge of the vigilance matters in the company. All the employees/directors of the Company can report their genuine concerns to her and she will take guidance from the Audit Committee and in this matter report to the Board of Directors through the Audit Committee.

#### 8. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of Directors has been constituted by the Board of Directors and comprises of Shri S.S Sengar (Chairman), Shri D.N Singh and Ms Nishi Arora in accordance with the provisions of Section 178 of the Companies Act, 2013.

#### 9. Reservation and Qualification on Statutory Audit Report and Secretarial Audit Report

There is no qualification, reservation or adverse remark or disclaimer of the statutory auditor/secretarial auditor to which a reply is needed from the Board. The corporate guarantee for Rs. 7.25 crores given to State Bank of India for facilities to Aryavrat Projects and Developers Pvt.

Ltd was duly given on 5.11.2013 under the Companies Act, 1956.

#### 10. Particulars of Loan & Investment Under Section 186

The company has complied with the provisions of Section 186 of Companies Act, 2013 in relation to loans, investments & guarantee given by the Company during the year.

#### 11. Particulars of Contract and Arrangement Under Section 188

There were no contracts or arrangements with related parties during the year 2014-15 except dealings in the nature of current accounts with Som Distilleries Private Limited, a company under same management, as detailed in the notes to the accounts for 2014-15. These dealings were arms length transactions.

#### 12. Reserves

The Directors recommend transfer of Rs. 10.82 crores to general reserves from the profits of the year.

#### 13. Dividend

Directors have recommend for the year 2014-15, a dividend of Rs. 1.5 on each share of Rs.10(i.e. 15%) on all the 27522400 equity shares payable to shareholders as on the date of Annual General Meeting.

#### 14. Conservation, Technology, Foreign Exchange

In terms of Rule 8(3) of Companies (Accounts) Rules, 2014, information about energy conservation and technology absorption is **nil** in regard to each of the respective items.

Information regarding foreign exchange is as follows: -

<b>Earnings</b>	<b>: ₹ 2,41,23,029</b>
<b>Outgo</b>	<b>: ₹ 1,69,53,767</b>

#### 15. Risk Management

The company constituted a Risk Management Committee in terms of Clause 49 of Listing Agreement consisting of Shri. Surjeet Lal and Ms. Nishi Arora. Details of risk management policy are yet to be cristalized in writing.

## 16. Corporate Social Responsibility

The Board constituted a corporate social responsibility committee in terms of section 135 of the Companies Act 2013 consisting of Shri Deena Nath Singh (Chairman), Shri S.S. Sengar and Smt. Nishi Arora. In respect of CSR Policy, the Board decided that at present the CSR activities of the company shall be through Asha Mohan Foundation which is a registered society engaged in the education of children at Sehatganj for the last more than ten years and has been established by the promoters of this company. The CSR Committee shall monitor the CSR expenditure of the company through Asha Mohan Foundation and shall ensure that at least 2% of the average net profit of the company made during the immediately preceding three years is incurred and well utilized for the education and other welfare activities of the society. In respect of the year, 2014-15, a report under Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached in **Annexure II**.

## 17. Secretarial Audit

M.M. Chawla and Associates, Company Secretaries in Practice, Bhopal were appointed as Secretarial Auditor of the company to perform Secretarial Audit of the company for the year 2014-15 in terms of section 204 of the Companies Act, 2013. The secretarial audit report issued by them is attached herewith as **Annexure III**.

## 18. Directors/ CFO/ Internal Auditor

Ms. Nishi Arora was appointed as an Independent Director with effect from 14.11.2014. The Board welcomes her on the Board of Directors.

Shri Rajesh Dubey was appointed as Chief Financial Officer of the company with effect from 14.11.2014.

Shri Sourabh Tandon was appointed as Internal Auditor of the company with effect from 14.11.2014.

## 19. Auditors

M/s K.C. Khanna & Co., Chartered Accountants, Bhopal retire at the ensuing 22nd Annual General Meeting. They are eligible for reappointment. The Board recommends their reappointment.

## 20. Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, and National Stock Exchange of India, 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 as **Annexures IV and V**.

## 21. Other Statutory Information

In respect of other various matters listed in Section 134(3) and other Sections of the Companies Act, 2013 and rules made there under, there is no further information to be furnished in this report. There are adequate internal financial controls keeping in view the size and nature of transactions of the Company. A system of evaluation of the performance of Directors is yet to be evolved. There was no employee getting salary in excess of that mentioned in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The information/ratios about employees/directors as required under Rule 5(1) of those Rules are attached as **Annexure VI**.

## 22. Acknowledgments

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.

BY ORDER OF BOARD OF DIRECTORS

**SURJEET LAL**  
CHAIRMAN AND MANAGING DIRECTOR

Place: Bhopal  
Dated: 27.07.2015

## ANNEXURE- I TO THE DIRECTORS' REPORT

### Form No. MGT-9 Extract of Annual Return For The Financial Year Ended on 31.03.2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. Registration and Other Details:

- (i) **CIN** : L74899DL1993PLC052787  
(ii) **Registration Date** : 26.03.1993  
(iii) **Name of the Company** : SOM DISTILLERIES AND BREWERIES LIMITED  
(iv) **Category/ Sub-Category of the Company** : COMPANY LIMITED BY SHARES/INDIAN NON-GOVERNMENT COMPANY  
(v) **Address of the Registered Office and Contact Details** : 1A, ZEE PLAZA, ARJUN NAGAR, S.J. ENCLAVE, KAMAL CINEMA ROAD, NEW DELHI.110029.  
Tele No. 011-26169909.  
Corporate Office: 23, Zone II, M.P.Nagar, Bhopal-462011 Tele No. 0755-4271271.  
(vi) **Whether listed company** : Yes  
(vii) **Name, Address and Contact details of Registrar and Transfer Agent, if any** : MAS Services Ltd T-34, Okhla Industrial Area, Phase-II, Delhi 110020  
Tele Nos.: 011-26387281-3,  
E-mail: info@masserv.com, Mobile: 9810215253.

#### II. Principal Business Activities of The Company

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	BEER MADE FROM MALT plus WHISKIES	2203.00 PLUS 2208.30	100%

#### III. Particulars of Holding, Subsidiary and Associate Companies – Nil

#### IV. Share Holding Pattern (equity share capital breakup as Percentage of Total Equity)



### (I) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian	2730364	200	2730564	9.921	2730364	200	2730564	9.921	-
g) Individual/ HUF	-	-	-	-	-	-	-	-	-
h) Central Govt.	-	-	-	-	-	-	-	-	-
i) State Govt (s)	3477608	-	3477608	12.636	3545758	-	3545758	12.883	0.247
j) Bodies Corp.	-	-	-	-	-	-	-	-	-
k) Banks/ FI	-	-	-	-	-	-	-	-	-
l) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>6207972</b>	<b>200</b>	<b>6208172</b>	<b>22.557</b>	<b>6276122</b>	<b>200</b>	<b>6276322</b>	<b>22.804</b>	<b>0.247</b>
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>									
<b>Total shareholding of Promoter (A) = (A) (1) + (A) (2)</b>	<b>6207972</b>	<b>200</b>	<b>6208172</b>	<b>22.557</b>	<b>6276122</b>	<b>200</b>	<b>6276322</b>	<b>22.804</b>	<b>0.247</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Fund s									
b) Banks / FI	-	-	-	-	600	-	600	0.002	0.002
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>					600		600	0.002	0.002
<b>2. Non Institutions</b>									
a) Bodies Corp. i) Indian	62718	93500	156218	0.568	61284	93300	154584	0.562	-0.006
(ii) Overseas									
b) Individu als									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	479464	982459	1461923	5.312	453681	946259	1399940	5.087	-0.225
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	18596183	1058500	19654683	71.413	18607587	1047700	19655287	71.416	-0.003
(c) Others (specify)									

non-resident Indian/obc	28255	-	28225	0.103	31515	-	31515	0.115	.012
d) others Clearing Member	13179	-	13179	0.048	4152	-	4152	0.015	-0.003
<b>Sub-total (B) (2):-</b>	<b>19179769</b>	<b>2134459</b>	<b>21314228</b>	<b>77.444</b>	<b>19158219</b>	<b>2087259</b>	<b>21245478</b>	<b>77.195</b>	<b>-0.249</b>
Total Public Shareholding (B)=(B)(1)+ (B)(2)	19179769	2134459	21314228	77.444	19158819	2087259	21246078	77.197	-0.247
C.) Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>25387741</b>	<b>2134659</b>	<b>27522400</b>	<b>100</b>	<b>25434941</b>	<b>2087459</b>	<b>27522400</b>	<b>100</b>	<b>-</b>

### (II) Shareholding of Promoters

SI No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in share holding during the year
1	SURJEET LAL	566	0.002	0	566	.002	0	0
2	ADFPL	551100	2.002	0	551100	2.002	0	0
3	DEEPAK ARORA	12400	0.045	0	12400	0.045	0	0
4	SWEENA ARORA	41	0	0	41	0	0	0
5	ASHA RANI ARORA	500	.002	0	500	.002	0	0
6	JAGDISH A KUMAR ARORA	1809117	6.573	0	1809117	6.573	0	0
7	NATASHA ARORA	124730	0.453	0	124730	0.453	0	0
8	SUNITA ARORA	135110	0.491	0	135110	0.491	0	0
9	AJAY KUMAR ARORA	648100	2.355	0	648100	2.355	0	0
10	SDPL	2926508	10.633	0	2994658	10.881	0	0.247
	<b>Total</b>	<b>6208172</b>	<b>22.556</b>	<b>0</b>	<b>6276322</b>	<b>22.804</b>	<b>0</b>	<b>0.247</b>

### (III) Change in Promoters' Shareholding (please specify, if there is no change)

SI No.		Shareholding at the beginning of the year			Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company
1.	At the beginning of the year	6208172	22.557		6208172	22.557
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	QUARTER ENDED 30.06.2014	PURCHASED 27865	0.101	6236037	22.658
		30.09.2014	11227	0.041	6247264	22.699
		31.12.2014	11991	0.044	6259255	22.742
		31.03.2015	17067	0.062	6276322	22.804
	<b>At the End of the year</b>				<b>6276322</b>	<b>22.804</b>

**(IV) Shareholding Pattern of Top Ten Shareholders  
(other than Directors, Promoters and Holders of GDRs and ADRs):**

SI No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	At the beginning of the year	12062802	43.829	12062802	43.829
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	QUARTER ENDED 30.06.2014	CHANGE 58983	12121785	44.043
		30.09.2014	NIL	12121785	44.043
		31.12.2014	-2	12121783	44.043
		31.03.2015	-2	12121781	44.043
	<b>At the End of the year (or on the date of separation, if separated during the year)</b>			<b>12121781</b>	<b>44.043</b>

**(IV) Shareholding of Directors and Key Managerial Personnel:**

SI No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	At the beginning of the year	566	0.002	566	0.002
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	NO CHANGES			
	<b>At the End of the year</b>	<b>566</b>	<b>.002</b>	<b>566</b>	<b>.002</b>

**(V) Indebtedness**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	12442188	45000000	-	57442188
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	49931	-	49931
<b>Total (i+ii+iii)</b>	<b>12442188</b>	<b>45049931</b>	<b>-</b>	<b>57492119</b>
<b>Change in Indebtedness during the FY</b>				
Addition	1264679985	56894136	-	1321574121
Reduction	750852359	23194067	-	77404626
<b>Net Change</b>	<b>513827626</b>	<b>33700069</b>	<b>-</b>	<b>547527695</b>
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	526269813	78750000	-	605019813
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>526269813</b>	<b>78750000</b>	<b>-</b>	<b>605019813</b>

**(VI) Remuneration of Directors And Key Managerial Personnel**

- A. Remuneration To Managing Director, Whole-time Directors and/or Manager : Nil  
 B. Remuneration To Other Directors : Nil  
 C. Remuneration To Key Managerial Personnel Other than MD/Manager/WTD

SI No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	<b>Gross salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		462996	453084	916080
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
	<b>Stock Option</b>				
	<b>Sweat Equity</b>				
	<b>Commission</b>				
	- as % of profit				
	- others, specify...				
	<b>Others, please specify</b>				
	<b>Total</b>		<b>462996</b>	<b>453084</b>	<b>916080</b>

**(VII) Penalties / Punishment/ Compounding of Offences : NIL**

By Order of Board of Directors

Place : Bhopal  
Dated : 27.07.2015

**SURJEET LAL**  
Chairman and Managing Director





## ANNEXURE- II TO THE DIRECTORS' REPORT

### Annual Report on CSR Activities

#### 1. Brief outline of the company's CSR policy etc.

At present the CSR activities of the company shall be through Asha Mohan Foundation which is a registered society engaged in the education of children at Sehatganj for the last more than ten years and has been established by the promoters of this company. The CSR Committee shall monitor the CSR expenditure of the company through Asha Mohan Foundation and shall ensure that the at least 2% of the average net profit of the company made during the immediately preceding three years is incurred and well utilized for the education and other welfare activities of the society.

#### 2. The Composition of the CSR Committee

Corporate Social Responsibility Committee in terms of Section 135 of the Companies Act 2013 consists of Shri Deena Nath Singh (Chairman), Shri S.S. Sengar and Smt. Nishi Arora.

#### 3. Average net profit of the company for last three financial years

YEAR	NET PROFIT (₹ Crore)
2011-12	15.24
2012-13	17.79
2013-14	20.30
TOTAL	53.33
AVERAGE	17.78

#### 4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above):

₹ 35.56 lakhs.

#### 5. Details of CSR spent during the financial year.

- (a) Total amount to be spent for the financial year : 23,37,970  
 (b) Amount unspent, if any : 12,18,030  
 (c) Manner in which the amount spent during the financial year is detailed below.

S. NO	CSR project or activity identified	Sector in which the is covered	Projects or programs 1. Local area or other 2. State and district where projects or program was undertaken	Amount outlay (budget) project or wise	Amount spent on the projects or programs:- 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent direct or through implementing agency
(i)	Children Education and Medical Aid	Children Education and Medical Aid	Local area Village: Sehatganj, Dist: Raisen (M.P)	₹ 40 Lakh	Direct expenditure ₹ 23,37,970	₹ 23,37,970	Through a Society i.e Asha Mohan Foundation

#### 6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount

There was some mis-match between estimated expenditure and actual expenditure incurred.

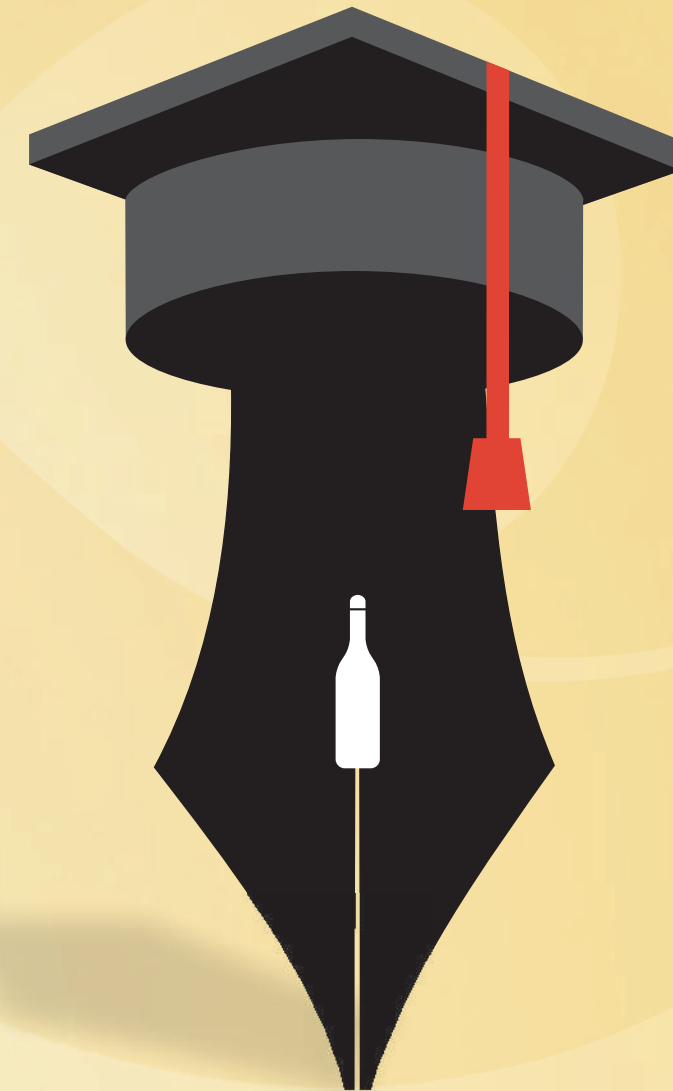
**Surjeet Lal**

Managing Director  
Corporate Social Responsibility Committee

**Deenanath Singh**

Chairman  
Corporate Social Responsibility Committee

Place: Bhopal  
Dated: 27.07.2015



## ANNEXURE- III TO THE DIRECTORS' REPORT

### Form No. MR-3 Secretarial Audit Report For The Financial Year Ended 31.03.2015

[Pursuant to section 204 (1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel Rules, 2014)]

To,  
The Members,  
Som Distilleries & Breweries Limited, Bhopal.

Sirs,

1. I/We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Som Distilleries & Breweries Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my/our opinion thereon.

2. Based on my/our verification of the Som Distilleries & Breweries Ltd.'s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I/We hereby report that subject to what is stated in the Financial Statement for 2014-15 read with the Auditors and Directors reports, the company has, during the audit period covering the financial year ended on 31.03.2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I/we have examined the books, papers, minute books, forms and returns filed and other records maintained by Som Distilleries & Breweries Limited for the financial year ended on 31.03.2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 :-
  - (a) The Securities & Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 2011
  - (b) The Securities & Exchange Board of India (Prohibition Of Insider Trading) Regulations, 1992
  - (c) The Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
  - (d) The Securities & Exchange Board of India (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999

- (e) The Securities & Exchange Board of India (Issue & Listing of Debt Securities) Regulations, 2008
- (f) The Securities & Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the Clients.
- (g) The Securities & Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities & Exchange Board of India (Buyback of Securities) Regulations, 1998
- (vi) Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange Ltd.

During the period under review the company has complied with the provisions of the Acts, Rules, Regulations, guidelines etc. mentioned above.

As per a certificate submitted by the Managing Director, the company has complied with all the laws and regulations governing the company's behavior as a Public Listed Company, has been following due processes enabling the Company to comply by all the legal requirements applicable to a Public Listed Company and has adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I/we further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I/we further report that during the audit period the company has gone through the following events:**

- (i) Decisions taken by the members in pursuance to section 180 of the Companies Act, 2013 in terms of subsections 180(1)(a) and 180(1)(c) up to the extent of Rs. 150 crores.
- (ii) Merger of Legend Distilleries Private Limited in the company.

**Place: Bhopal**  
**Dated: 27.07.2015**

**M.M.Chawla**  
For M.M.Chawal and Associates  
FCS 67, CP 716





## ANNEXURE- IV TO THE DIRECTORS' REPORT

### Report on Corporate Governance for The Year Ended on 31<sup>st</sup> March, 2015

(as required under clause 49 of the listing agreement)

#### 1. Board of Directors

- a. The Board consists of four directors including Chairman-cum-Managing Director. Three 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.	Ms Nishi Arora	Independent and Non Executive

- b. During the financial year 2014-15, the Board of Directors met 12 times on 30.05.2014, 09.06.2014, 16.07.2014, 14.08.2014, 22.08.2014, 14.11.2014, 08.12.2014, 26.12.2014, 12.02.2015, 18.02.2015, 27.02.2015 and 27.03.2015. Each of the directors attended all the meetings except that Shri G.D. Arora could not attend any of the 6 meetings held before his resignation on 08.12.2014. The minimum gap between any two meetings was less than 120 days. 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 30.09.2014 was attended by Shri Surjeet Lal the Chairman and Managing Director and Shri Deenanath Singh Chairman of the Audit Committee.

#### 2. Audit Committee

The Audit Committee comprises of three directors Shri D. N. Singh (Chairman), Shri Surjeet Lal, Managing 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. The last AGM held on 30.09.2014 was attended by the Chairman of the Audit Committee Shri D.N. Singh. During 2014-15 the audit committee met four 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 177 of the Companies Act, 2013.

#### 3. Nomination & Remuneration Committee

Nomination and Remuneration Committee consists of Ms. Nishi Arora, Shri D.N. Singh and Shri S.S. Sengar. However, no remuneration is being paid to any Director

except sitting fees, if claimed. The Committee has not held any meeting so far.

#### 4. Stakeholders Relationship Committee

Stakeholders Relationship Committee comprises of Chairman Shri S.S.Sengar (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. Under the SEBI Complaints Redress System, the company has authorized the RTA to give action taken report on shareholders complaints. During 2014-15, only 4 complaints were received from shareholders etc. which were resolved. There was no pending complaint as on 31.03.2015. 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.

#### 5. General Meetings

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

During Year	Date	Time	Venue	Meeting
2012-13	28 <sup>th</sup> Sept. 2012	11.00 A.M.	Executive Club, Dolly Farms and Resorts Pvt. Ltd. 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-30.	19th AGM
2013-14	30 <sup>th</sup> Sept. 2013	11.30 A.M.	Executive Club, Dolly Farms and Resorts Pvt. Ltd. 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-30.	20th AGM
2014-15	30 <sup>th</sup> Sept. 2014	11.00 A.M.	Executive Club, Dolly Farms and Resorts Pvt. Ltd. 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-30.	21th AGM

#### At the last AGM held on 30.09.2014, the following resolutions were passed as special resolution:-

- (i) Authority to Borrow upto Rs 150 crores.  
(ii) Authority to charge the assets of the company upto Rs. 150 crores.  
(iii) Re-appointment of Shri Surjeet Lal as Managing Director for five years from 21.03.2014.

At the last AGM held on 30.09.2014, the resolution relating to "Authority to charge assets of the Company" was passed through postal ballot where total votes cast were 24683514, all of which were in favor of the resolution.

#### 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 person 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 Bombay Stock Exchange Limited, National Stock Exchange of India or S.E.B.I or any other statutory authority on any matter related to capital market, during the last three years.  
(d) The Company is complying with all mandatory requirements of Clause 49 of the listing agreement.  
(e) There were no contracts with related parties during 2014-15.

#### 7. 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 proforma 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. somditilleries@rediffmail.com for investors to contact the company in case any information is needed by any investor.

## 8. General Share Holder Information:

- (i) Annual General Meeting  
Date & Time : 30th Day of September 2015 at 11.00 a.m.  
Venue : At Executive Club, Dolly Farms and Resorts Pvt. Ltd, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 30
- (ii) Financial Calendar 2014-15 relating to approval of financial results.  
First Quarterly Result : August, 2014  
Second Quarterly Result : November, 2014  
Third Quarterly Result : February, 2015  
Fourth Quarter Result : May, 2015  
Annual results for the year ending on 31.03.2015 : August, 2015
- (iii) Book Closure : 23.09.2015 to 30.09.2015 (Both days inclusive)
- (iv) Dividend for 2014-15 will be paid to shareholders as on the date of the AGM i.e. 30.09.2015
- (v) Listing on Stock Exchange : Bombay Stock Exchange Limited, Mumbai  
National Stock Exchange of India, Mumbai
- (vi) Equity Stock Code : 507514  
ISIN No : INE480C01012

The Company has already paid the Listing fees of both the Stock Exchanges for the year 2015-16.

(vii) Market Price Data:

The monthly high and low market prices of the shares with volume at Bombay Stock Exchange Limited during the financial year 2014-15 are as under:

Period (2014-15)	High Price	Low Price	Volume of Shares Traded
Apr-14	251.95	224	875032
May-14	265	198.20	900063
Jun-14	247.35	205.05	855979
Jul-14	244	209	807818
Aug-14	228.90	190	463312
Sep-14	225	190	528750
Oct-14	220.90	197.15	394813
Nov-14	225	204	446182
Dec-14	220	195.70	568244
Jan-15	215.20	198.45	575529
Feb-15	209.20	192	570742
Mar-15	209	180	734773

Source :- BSE Website

The monthly high and low market prices of the shares with volume at National Stock Exchange of India during the financial year 2014-15 are as under:

Period (2014-15)	High Price	Low Price	Volume of Shares Traded
Apr-14	288	206.25	607473
May-14	275	171.75	297382
Jun-14	244.75	206	13463
Jul-14	239	206.05	132513
Aug-14	238.95	191.05	408628
Sep-14	225	187	474304
Oct-14	231	196	377505
Nov-14	246	198.7	401568
Dec-14	224.95	195	474144
Jan-15	215	197.95	449135
Feb-15	216.80	191.05	429960
Mar-15	209	176.5	449305

Source: NSE Website

- (viii) Registrar and Transfer Agents: M/s MAS SERVICES LIMITED T-34, Okhla Industrial Area, Phase II, Delhi – 110 020
- (ix) 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.
- (x) Distribution of Shareholdings as on 31.03.2015

NO. OF SHARE HOLDERS	% TO TOTAL	SHARE HOLDING OF NOMINAL VALUE OF ₹	NO OF SHARE	AMOUNT (₹)	% TO TOTAL
6248	95.157	1 TO 5000	928307	9283070	3.373
133	2.026	5001 TO 10000	107580	1075800	0.391
57	0.868	10001 TO 20000	80851	808510	0.294
32	0.487	20001 TO 30000	78969	789690	0.287
3	0.046	30001 TO 40000	11200	112000	0.041
17	0.259	40001 TO 50000	82341	824130	0.299
20	0.305	50001 TO 100000	173201	1732010	0.629
56	0.853	100001 AND ABOVE	26059951	260599510	94.686
<b>6566</b>	<b>100</b>	<b>TOTAL</b>	<b>27522400</b>	<b>275224000</b>	<b>100</b>



(xi) Dematerialisation

The shares of the Company have been dematerialized. The position of dematerialization is given below:

Form	No. of Shares As on 31.03.2015
De-mat	25434941
Physical	2087459

The promoters along with persons acting in concert held 22.804% of the paid up capital on 31.03.15, private bodies corporate held 0.562% while NRI's/ OCBs held 0.115% on that date.

(xii) Subsidiaries

The company is not having any subsidiary.

(xiii) Category-wise Shareholding as on 31.03.2015

Category	Number of shares	% of total shares
Indian Promoters	6276322	22.804
Private Corporate Bodies	154584	0.562
Indian Public	21055227	76.502
Non-resident Indians, OCB's and others	32115	0.117
Clearing Members	4152	0.015
<b>Total</b>	<b>27522400</b>	<b>100.00</b>

The company has not issued any ADR/GDR.

(xiv) 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/ and/or Annual Report, and also regarding dematerialization/ rematerialisation of shares may be taken up with the Registrar and Transfer Agent:

**MAS SERVICES LIMITED**

T-34, OKHLA INDUSTRIAL AREA  
PHASE II, DELHI-110020  
TELEPHONE NO.: 011-26387281-83  
FAX NO.: 011-26387384

## (xv) Management Discussion and Analysis

### Indian Economy

FY2015 was a year of recovery for the Indian economy with GDP growth of 7.3% (Source: Ministry of Statistics and Programme Implementation). This growth was primarily driven by improvement in consumer sentiment due to sharp decline in inflation coupled with positive policies by the Central Government. Softening of global crude prices was one of the key factors leading to the decline in inflation and improved consumer sentiment.

The wholesale price index (WPI) has been declining since late 2014 and the consumer price index (CPI) is currently at 5%. The recent measures undertaken by Government to control the food prices are also expected to drive consumption due to improvement in purchasing power.

According to Fitch, an international rating agency, India is expected to record a real GDP growth of 7.8% in FY2016 and 8.1% in FY2017. This growth would be driven by ongoing reforms and initiatives by the Central Government including rapid project clearances and removal of administrative roadblocks. The Government is also expected to initiate a number of reforms which could revive the flagging infrastructure sector. Although the economic recovery is expected to be gradual and not sharp, the improvement in employment levels, rising incomes and changing lifestyles will contribute to an increase in the consumption expenditure.

### Consumer Trends

Political stability and improved economic conditions have led to an increase in consumer spending. In addition to a very strong young working population in urban India, rural consumers are also expected to drive

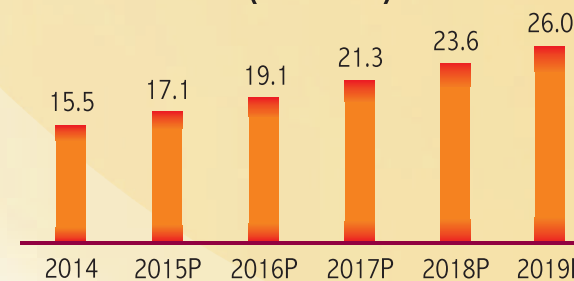
the consumption growth. This demographic profile is leading to an increase in the traditional consumer base. Consumerism has been gaining traction and the middle-class need a feel-good experience today and is gravitating towards premium and quality products, experimenting with fashion and technology. Higher levels of independence along with exposure to lifestyle in advanced economies, preference for better lifestyle and rise in income levels have changed the consumption patterns. What remains clear is that while there is changing behavior amongst Indian consumers; quality and value continue to guide their purchasing decisions. The consumer is increasingly becoming savvy and ensuring that they derive the best value from their purchases.

### Indian Alcobev Industry Overview

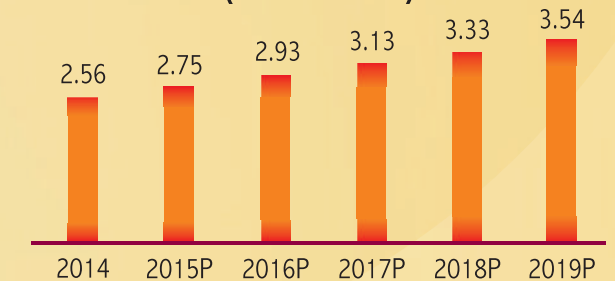
Indian alcohol industry volume has been increasing steadily over the past decade with growth rate of over 10% till 2011. However, after 2011, the growth has moderated significantly due to slowdown in overall consumption, increase in state government taxes and excise duties.

India is the third largest liquor market in the world in terms of volume. The total alcoholic drink sales volume was 2.56 billion litres in CY2014 and is expected to grow at a CAGR of 6.7% to reach to 3.54 billion liters by CY2019. During the same period industry sales value is expected to grow at 11.0% CAGR to reach \$26 billion by CY2019. This clearly demonstrates the trend of premiumization prevailing in the industry over the past few years. (Source: BMI Research)

Indian Alcohol Industry Sales Value  
(in \$ billion)



Indian Alcohol Industry Sales Volume  
(in billion litres)

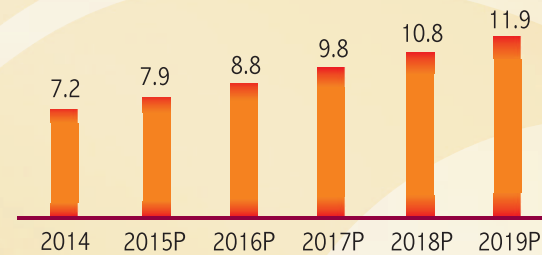


The Indian alcohol industry is broadly segmented as spirits, beer and wine. India is expected to be one of the fastest growing alcohol beverage markets in the world, primarily due to favorable demographic profile, increasing disposable incomes, large consumer base, rapid urbanization and changing lifestyles.

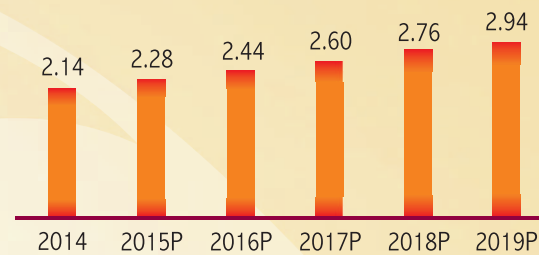
### Beer Industry in India

The Indian beer industry is dominated by strong beer which accounts for 85% of total volumes and remaining 15% for mild beer. Generally, the alcohol content in strong and mild beer is 5-8% and 5%, respectively. Indian consumers prefer strong beer with high alcohol content. (Source: Dun & Bradstreet)

**Indian Beer Industry Sales Value (in \$ billion)**



**Indian Beer Industry Sales Volume (in billion litres)**



The total beer sales volume in India was 2.14 billion litres in CY2014 and is expected to grow at a CAGR of 6.8% to reach to 2.94 billion liters by CY2019. During the same period industry sales value is expected to grow at 10.6% CAGR to reach \$11.9 billion by CY2019. (Source: BMI Research)

High entry barriers in the beer industry due to stringent regulations and investments required to set up distribution network has prevented the entry of smaller players. The major consumer states of beer include Andhra Pradesh, Maharashtra, Karnataka, Tamil Nadu and Delhi.

India has one of the smallest per capita beer consumption rates in the world. Currently, per capital consumption of beer is 1.7 liters per capita which is projected to become 2.2 liters per capita in the year 2019. This is significantly lower as compared to global average of over 27 litres. The average consumption in developed economies is even higher with 80 liters in US, 74 litres in Europe and about 22 litres in China. (Source: Dun & Bradstreet)

India has a favorable demographic profile which includes a growing young and working population which is entering legal drinking age. Furthermore, changing lifestyle, increasing social acceptance and increasing consumption among women has been stimulating the growth of beer industry in India. Moreover, the disposable income is witnessing an increase as growth in service sector has created large number of jobs pushing

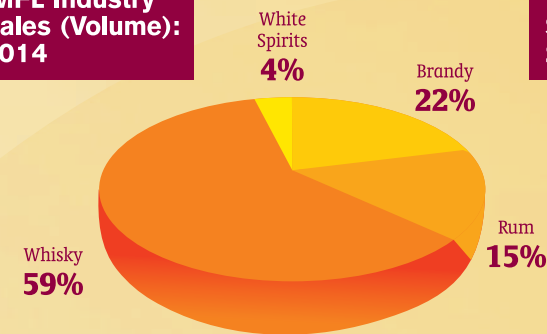
the overall income higher. These factors are expected to continue to drive growth of the Indian beer industry going forward.

### IMFL industry in India

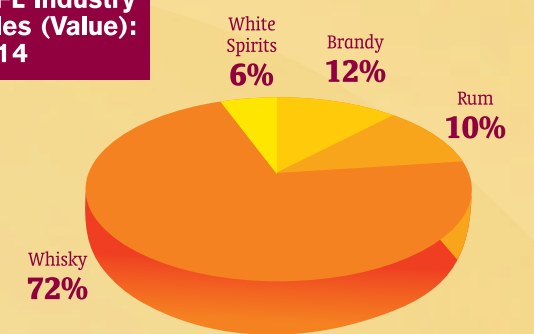
Globally, Asia-Pacific has the largest market for alcoholic products, followed by North America and Europe. Asia-Pacific is expected to maintain its dominance in the global spirit market due to increasing domestic consumption in countries such as China and India. China leads the Asia-Pacific spirit market but India is expected to grow fast in coming years. Indian Made Foreign Liquor (IMFL) account for approximately one third of the total liquor consumption in India and has been growing at a CAGR of more than 10% over the in the last decade. The spirits industry in India is experiencing the transformation towards premiumization over the past few years. The entry of global majors into Indian market is expected to provide further boost towards this transition. The size of the IMFL market in India was \$ 8.0 billion in CY2014 and is projected to increase to \$ 13.7 billion in CY2019 (CAGR of 11.2%). (Source: Euromonitor International)

IMFL primarily comprises of two broad segments: brown spirits and white spirits. The Indian IMFL industry is predominantly a brown spirits market having a share of 96% in volume terms while remaining 4% is white spirits (including Vodka). (Source: Euromonitor International)

**IMFL Industry Sales (Volume): 2014**



**IMFL Industry Sales (Value): 2014**



### Business Overview

SOM Distilleries & Breweries Limited (SDBL) was established in 1993 and is the flagship company of the SOM Group of Companies. The Group is based in Bhopal and is one of the leading alcoholic beverages manufacturers in India. SDBL is primarily engaged in production of beer and blending and bottling of IMFL. It has a strong sales and distribution network spread over 12 states in India. The Company has a strong marketing and distribution network in Arunachal Pradesh, Chandigarh, Chhattisgarh, Delhi, Gujarat, HP, Haryana,

Jharkhand, Orissa, Pondicherry, Uttarakhand and West Bengal with 60+ distributors across India. SDBL exports its products to Africa, Latin America, Asia and Middle East regions which are in a growth phase. The Company has an installed capacity of 59,200 KL of Beer and 5,400 KL of IMFL. The Company has strived for continuous innovation and premiumization to tap different price points, strengthen position through brand extension, innovative packaging and reaching consumers through new channels.

### KEY BRANDS MARKETED

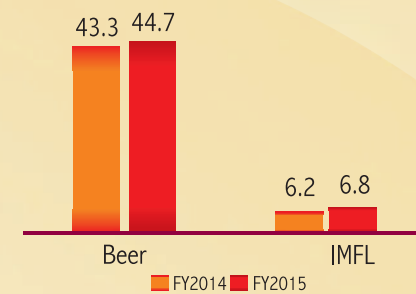




## Brand Portfolio Review

SDBL has a diversified product portfolio which consists of Beer, Rum, Brandy, Vodka and Whisky. The major brands of the Company include Hunter, Black Fort and Power Cool in the beer segment; Milestone 100 whisky and White Fox vodka. Other popular brands include whiskeys like Legend, Genius, Sunny and Woodpecker beer. The Hunter and Woodpecker brands are also supplied as draught beer to all the major hotels in Madhya Pradesh and Chhattisgarh. To capitalize on the ongoing shift of the IMFL industry from volume to value based, SDBL had entered the premium IMFL segment through the launch of Milestone 100 whisky and White Fox vodka in the previous year. Currently, the Company has three millionaire beer brands in its portfolio: Hunter, Blackfort and Power family of beer.

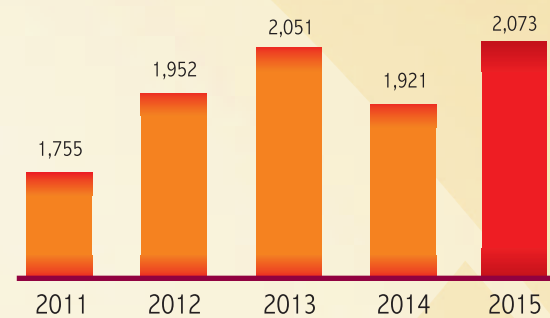
Revenue by Category (Lakh cases sold)



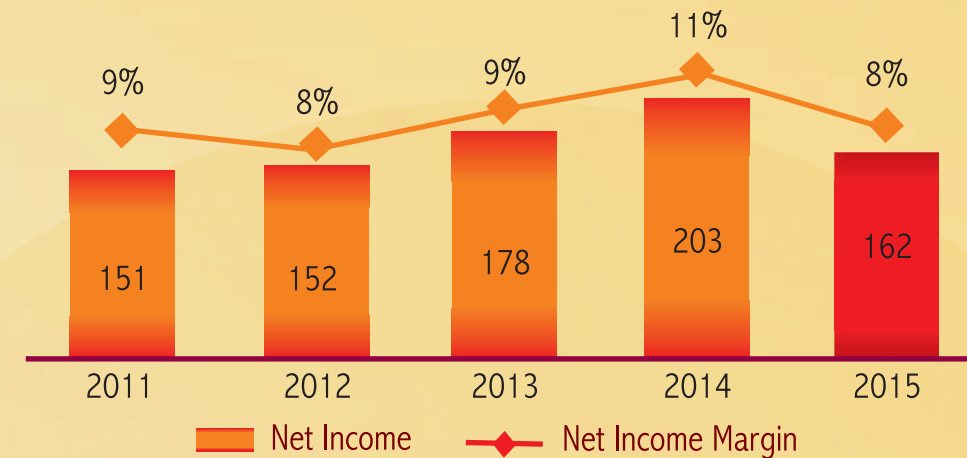
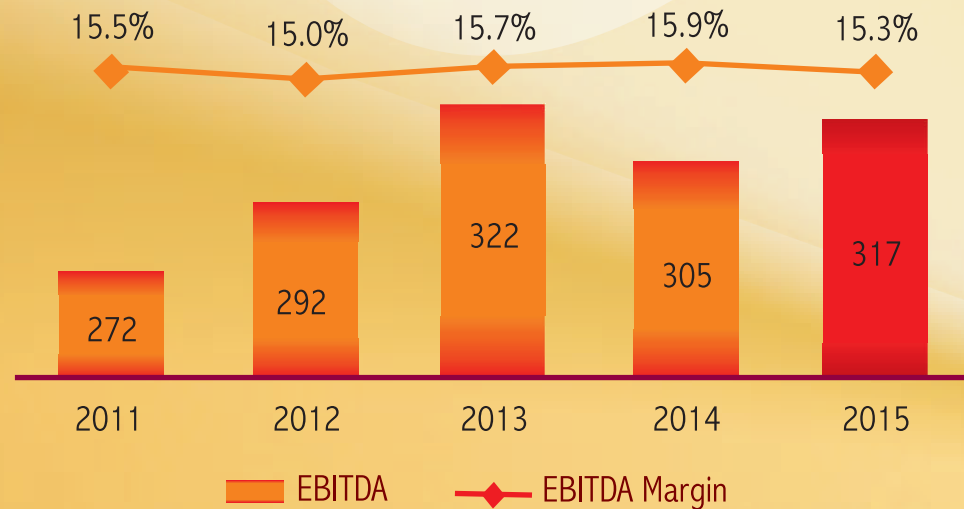
## Financial Performance

During the year, the total income of the Company increased by 7.9% to ₹ 2,073 million. The increase was due to improved price realizations and sales volumes. Total Beer sales volumes increased by 3.2% to 44.7 lakh cases. The IMFL volumes also continued its robust growth trajectory and increased by 9.7% to 6.8 lakh cases million demonstrating the success of the Company's newly launched brands as well as increased acceptance of existing brands.

Total Income (₹ million)



EBIDTA for the year was ₹ 317 million, an increase of 4.2% compared to same period last year. The margins remained relatively consistent at 15%. Although the raw material costs as a percentage of sales increased in FY2015, the Company's relentless focus on cost control measures supported the margins.



The Profit after Tax (PAT) for FY2015 declined by 20.3% to ₹ 162 million, compared to the same period last year. PAT margin for the year was 7.8%. The decline in PAT was due to the increased finance costs during the year.

## Liquidity

As of March 31, 2015, SDBL had total debt of Rs. 605 million, cash & cash equivalents of Rs. 402 million, resulting in net debt of Rs. 203 million. Total shareholders' equity at the end of FY2015 was Rs. 1,183 million. The Debt/Equity ratio stood at 0.51x, despite capital outlay for expansion. SDBL is well positioned to take advantage of growth opportunities through both organic and inorganic routes.

## Operational Performance

The Company continues to invest in improving its distribution footprint across urban and rural markets. SDBL has focused on brand building rather than contract manufacturing. Management is also making consistent efforts for strengthening the manufacturing and distribution capabilities.

## Major Corporate Developments

### a. Merger of Legend Distilleries Private Limited

In March 2014, a board resolution was passed to merge Legend Distilleries and SDBL. As both the companies are engaged in similar business activity, it is expected that this merger will result in significant synergies in the operations. The objective of the merger is to achieve economies in various aspects of operations and management such as marketing, purchases, accounts, legal services, secretarial, finances and borrowings.

The Company has filed the scheme of arrangement with the Delhi High Court after getting necessary approvals from the stock exchanges. We are hopeful that the merger will be effective soon.

### b. New Launches

#### 'Milestone 100' and White Fox Vodka:

Innovation is the core philosophy at SDBL. To capitalize on the opportunity in IMFL segment, SDBL launched two new brands launched in 2013: Milestone 100 in the premium whisky segment and White Fox Vodka in the vodka category. Both these brands continued their robust growth and exceeded expectations.

#### Refurbished Hunter:

The Company launched its flagship brand in a new theme which demonstrates the management's extensive and continuous efforts to innovate and keep abreast of the changing preferences and demands of the customers. The refurbished brand was launched on a pan India basis and is expected to drive further volumes for the company.

The new Hunter Beer is intended to give customers a drink that is refreshing in taste which adds to the overall experience of the product. We are confident that our new brew will be well received by our customers adding to the fun not just in summer but all year round.





### **White Fox Refresh, a ready to drink (RTD) product:**

RTDs/high-strength premixes witnessed stronger growth rates in 2014-2015 as consumers became more familiar with the concept, thus driving demand in both the off-trade and on-trade. The changed urban attitude towards alcohol consumption is one of the main corresponding reasons for the same.

### **Milestones, Awards and Accreditations**

During the year, the company won the following prestigious awards:

- Monde Selection Gold award for the Milestone 100 whisky
- Monde Selection Silver awards for the White Fox Vodka and Hunter beer
- Spiritz 2014 Best Product debut award for Milestone 100 whisky
- Packaging excellence of the year award – Milestone 100 - Indspirit 2014
- Packaging excellence award unit pack- Black Fort Rum Indspirit 2014
- Fastest emerging company of the year - Indspirit 2014
- Fastest growing company - Indspirit 2014
- Best CSR award - Spiritz 2014
- 'Centre of Excellence for Smart Innovation' award at the 'Inc Innovative 100 Awards'
- Inc India Innovative 100 Awards - 30 Most Innovative CEOs 2014

### **Business Strategy**

#### **Widespread Geographical Presence and Expansion plans**

The Company has well-defined business strategy to expand its product portfolio by introducing premium products and growing geographically. Over the long term, the Company envisions itself as one of India's top 3 brewing companies. To achieve this vision, the Company's strategy is to enhance presence in current markets and enter key markets of Karnataka, Andhra Pradesh and Kerala. SDBL is also focused on expanding footprints in select markets internationally. Some of the key export markets added during the year included Sierra Leone and Togo in Africa.

#### **Strong Brand Portfolio**

SDBL has established a distinct identity in the Beer and IMFL segments through its strong brand portfolio. The Company's investment in brands, distribution network, new product innovation and consumer connect activities continued to build momentum for future growth. SDBL has made significant progress in its efforts to create well accepted brands and value products. It has undertaken various initiatives through its strategic planning and research to capitalize on the available market opportunities. Most prominent among these is the launch of refurbished Hunter, the Company's flagship product, in a new package with refreshed taste and a

Keeping in mind the changing consumer preferences and industry trends, SOM is ready to showcase a completely new packaging design in coming months with the launch of new Vodka mixed RTD, White Fox Refresh, an extension of its popular White Fox triple distilled Vodka.

The Company plans to launch the product in Central India and Delhi markets and is targeted towards the younger generation and women.

unique combination of smoothness and strength. The launch is expected capitalize on the increasing demand for the Company's products. Furthermore, two new brands Milestone 100 whisky and White Fox vodka have seen increasing sales and acceptance since its launch in 2013. The Company continues to invest judiciously in all the mainstream brands with the aim of creating enhanced brand awareness and visibility.

#### **Human Resources**

SDBL believes that over the years, the Company has experienced various situations both achievements and challenges but the commitment of its employees have remained unchanged. The Company believes the human capital has been one of the most critical resources which has played an instrumental role in its growth and sustenance. SDBL lays additional emphasis on providing opportunities for their personal development of skills and capabilities, which ultimately benefits the organization. The Company believes in fostering equal employment opportunities and undertakes continuous efforts to employ and retain professionally qualified, dedicated and committed personnel. This approach has resulted in extremely low attrition and reflects the constructive relationship between the Company and its employees.

During the year, SDBL focused on various strategic learning programmes, employee engagement and health management initiatives to enable overall professional and personal development of the employees. During the year, the relationship with the employees was cordial and there was no loss of production across any of the Company's manufacturing facilities due to any industrial unrest.

### **Opportunities and Threats**

#### **Opportunities**

The Indian economy is currently at an inflection point and is anticipated to post robust growth going forward. This strong performance will be supported by implementation of structural reforms and resulting increase in investment activity. The improved consumption expenditure is expected provide growth opportunity to the Indian alcoholic beverage industry. Moreover, the Indian population, whose major share is comprised of the age group 15-55, is more disposed to accept alcohol as a beverage. The increased urbanization, removal of social barriers attached to the alcohol consumption and changing consumer preferences towards western lifestyle will drive future growth. Also, the increase in alcohol consumption by women is a clear indicator of this changing trend. With increasing urbanization, this acceptance is anticipated to increase further.

#### **Threats**

Any delay in pickup of macro-economic indicators, emergence of inflationary conditions, volatility in currency and unfavourable weather patterns are some of the threats to the Company's prospects. Any Government enactment aimed at increasing the legal drinking age can also have an adverse impact on the volume growth for the industry. Furthermore, any increase in taxes by state or central government can impact the overall volume for the industry as the higher tax incidence can reduce the purchasing power of the consumer.

#### **Key Market Risks and Concerns**

Indian alcohol industry is characterized by stringent regulations and is regulated by the State Governments. It has been highly structured as a result of strict processes for license, distribution and sales. Some of the key industry challenges are as follows:

##### **• Advertisements:**

Direct advertising of alcohol is banned in India. This creates a hurdle for of new brand building process as well as improving visibility of existing brands. The

general strategy followed by the companies is to advertise using surrogate products (like glasses, mineral water, music items) having identical brand names.

##### **• Industry regulated by different State Governments:**

Since alcoholic beverages are a state subject, each of India's 29 states and 7 union territories has their own rules & regulations and duties & taxes. Thus, the distribution and sale of alcoholic beverage is controlled by state governments and in most of the state governments decide the End Consumer Price (ECP). Additionally, interstate movement is regulated and an export/import license is required. Export fee is imposed in the State where the product is manufactured and import fees in the State where it is sold. In some states, only the alcoholic beverage manufactured in that state can be sold. Independent licenses are required to produce, bottle, store, distribute or retail all liquor products.

##### **• Prohibition Concerns**

Prohibition drives undertaken by the government from time to time such as the one taken by the Kerala government this year, could hamper sales.

##### **• Taxation**

Alcoholic beverages in India are taxed on ad valorem basis (no consideration of alcohol content) which makes beer an expensive drink compared with other spirits in terms of price per unit.

##### **• Limited Markets**

Sale of liquor is also prohibited in the states of Gujarat, Manipur, Mizoram and Nagaland, which further puts hindrance for the growth of the industry.

### **Internal Control Systems & Their Adequacy**

The Company lays emphasis on ensuring that an effective and efficient internal system is maintained across various processes. These systems are managed by qualified and experienced professionals. SDBL follows Standard Operating Procedures (SOPs) that are in line with the best global practices, and have been laid down across the process flows, along with authority controls for each activity.

The Company's internal and statutory auditors review the adequacy of internal controls on a regular basis and thus help mitigate/avoid fraud or any other discrepancies in the daily operational activities of the Company. The Audit Committee of the Board of Directors also meets periodically to review the findings



of internal and statutory auditors' reports and advise the management with corrective policies and controls to be adopted by the Company, consistent with the organizational requirements.

### Corporate Social Responsibility

Building community trust through responsible and sustainable management of the business is an indispensable part of SDBL philosophy and vision. The company believes that good governance is critical to sustaining corporate development, increasing productivity and competitiveness and creating shareholder wealth. Corporate Social Responsibility (CSR) is a continuous commitment of the Company for overall economic development and well being of the society. CSR plays an important role in sustainable growth of the Company and ensures that the Company discharges its duties towards development of the society.

The annual report on Corporate Social Responsibility activities as required under Sections 134 and 135 of the Companies Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014 is provided in the Annexure forming part of this Report. As per the section 135 of the Companies Act, 2013, CSR committee has been formed by the Company. During the year, the Company spent ₹ 23.38 lakhs on CSR activities as per the CSR policy of the Board.

Some of the ongoing CSR activities of the Company are as follows:

#### Environment

We are committed to protecting the environment and continue to look for ways to minimize waste, increase recycling, and maximize the effective use of natural resources throughout our operations. We routinely conduct assessments of our breweries and other facilities to ensure compliance with applicable environmental regulations and best practices.

- SDBL has established environmental parameters to improve upon against several key indicators by 2015
- The Company has started **PARTNERGREEN** program which enlists employees as

environmental champions and then supports them through awards program.

- The Company is also running projects that help combat water poverty by improving access to clean drinking water and sanitation.

#### Social Welfare

- In December 1995, **Asha Mohan Foundation** has established a school till the Class X for providing free education to the children in the surrounding rural areas.
- **SOMeshwara Dham Mandir** was built in the year 1994 along the Raisen Road, Madhya Pradesh.
- **Asha Mohan Hospital** is one of the charitable institutions established by SOM Group, which provides free health facilities to its factory workers and to the inhabitants of Sehatganj village and other neighboring areas.
- The Company regularly gives donations to various NGOs.

#### Other Activities

- Asha Mohan Foundation Society conducts Pulse Polio programs every month for three consecutive days in which they provide free vaccines to infants in Sehatganj and about 12 other villages in the vicinity.
- With an aim to boost up the morale of the youth SDBL sponsors, Merit based Scholarship award which is in the shape of financial support in few reputed schools of Bhopal.

### CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations, predictions and assumptions may be 'forward looking' within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed herein, important factors that could influence the Company's operations include global and domestic economic conditions affecting demand, supply, price conditions, change in Government's regulations, tax regimes and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events.

- (xvi) **Nomination Facility**  
Individual shareholders can avail of the facility of nomination by submitting Form SH-14 to the Company. 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, kartas of Hindu Undivided Families and holders of power of attorney.
- (xvii) **Reconciliation of Capital**  
As stipulated by SEBI, a qualified practicing Company Secretary carries out reconciliation of 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 is done every quarter and the report thereon is submitted to the Stock Exchanges where the shares are listed.
- (xviii) **CEO/CFO CERTIFICATION**  
Shri Surjeet Lal, Chairman & Managing Director and Shri Rajesh Dubey, Chief Financial Officer, of Som Distilleries & Breweries Ltd., have certified that:
  - (a) They have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2015 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 of the Board of Directors

**Place: Bhopal**  
**Dated: 27.07.2015**

**Rajesh Dubey**  
Chief Financial Officer

**Surjeet Lal**  
Chairman and Managing Director

## ANNEXURE- V TO THE DIRECTORS' REPORT

### Disclosers in Board's Report

Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year.	Remuneration provided to any Director is <b>NIL</b> .
2	The percentage increase in remuneration of each director, C.F.O, C.E.O, Company secretary or manager, if any, in the financial year.	Company Secretary-10% Chief Financial Officer-15% Managing Director-0% (No Salary)
3	The percentage increase in the median remuneration of employees in the financial year	4.5%
4	The number of permanent employees on the rolls of company.	122 Employees
5	The explanation on the relationship between average increase in remuneration and company performance.	There is no such relationship at present.
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company.	The remuneration of KMP is not related to company performance at present.
7	Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer (i.e. Rs. 10 per share in 1994).	Variation in Market capitalization of the company in Comparison to last year is <b>-(ive):20.7%</b> Price Earnings Ratio as at the 1. closing date of the current financial year, i.e. 31st March 2015 : <b>33.30</b> 2. closing rate of previous financial year i.e. 31st march 2014 : <b>33.19</b>  The Closing Price of equity shares of the company as on 31st March 2015 on BSE and NSE are 195.80 and 193.95, respectively. Representing a 1858 %/1839.5% increase over IPO price.
8	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	There has been approx. 10% average increase in the salaries of the employees.  The comparison cannot be done since no remuneration is being paid to any Director.
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company	Remuneration of KMP is not related to the performance of the company
10	The key parameters for any variable component of remuneration availed by the director.	Not applicable, since no remuneration is being paid to any Directors.
11	The ratio of the remuneration of the highest paid director to that of the employees who are not the directors but receive remuneration in excess of the highest paid director during the year.	Not applicable, since no remuneration is being paid to any Directors.
12	Affirmation that the remuneration is as per the remuneration policy of the company	No remuneration policy has been framed so far.

Place: Bhopal  
Dated: 27.07.2015

Surjeet Lal  
Managing Director

## Certificate of Compliance of The Conditions of Corporate Governance

To,  
The Members,  
Som Distilleries & Breweries Limited  
Bhopal.

Sirs,

We have examined the compliance of the conditions of Corporate Governance by Som Distilleries & Breweries Limited, for the year ended on 31.03.2015, as stipulated in clauses 49 of the Listing Agreement (hereinafter referred to as the "Agreement") of Som Distilleries & Breweries Ltd with Bombay Stock Exchange Limited and National Stock Exchange of India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring compliance of the conditions of Corporate Governance.

In our opinion and to the best of our information and according to the explanations given to us and subject to what is stated in the Financial Statement for 2014-15 read with the Auditors and Directors reports thereon, the company has generally complied with the conditions of corporate governance as stipulated in the above mentioned Agreement.

As per the information given to us and records maintained by the Stakeholders Relationship Committee, no investor grievance was pending as on 31.03.2015.

We further state that such compliance is neither an assurance as to the future viability of the company nor efficiency or effectiveness with which the Management has conducted the affairs of the company.

Place: Bhopal  
Dated: 27.07.2015

**M.M.Chawla**  
For M.M.Chawal and Associates  
FCS 67, CP 716





## Independent Auditors Report

To the members of Som Distilleries & Breweries Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of **SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI** ('the Company'), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in sub section 5 of Section 134 of the Companies Act, 2013 ("The Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under sub section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Government of India, in exercise of powers conferred upon it under subsection 11 of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by subsection 3 of Section 143 of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by

this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the Directors as on 31st March, 2015 taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March, 2015 from being appointed as a Director in terms of subsection 2 of Section 164 of the Act.

f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(f-i.) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 33 to the financial statements;

(f-ii.) As per the information given to us, the Company does not foresee any losses on any long-term contracts and has therefore not made any provision. We have been informed that the Company has not entered into any derivative contracts.

(f-iii.) As at March 31, 2015, as per its records, there were no amounts required to be transferred by the Company to the Investor Education and Protection Fund.

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

**Dated: 27.07.2015**

**For K.C. KHANNA & Co.**  
Chartered Accountants  
Firm Registration No. 000481N

**Harsha Chandra**  
Partner  
Membership No. 080489

## Annexure to the Independent Auditors' Report

### SOM DISTILLERIES & BREWERIES LIMITED

Year ended 31.03.2015

(Referred to in para 1 under 'Report on other Legal and Regulatory Requirements' section of our Report of even date)

1. (a) As per the information given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets. (previous year ₹ 3,62,41,381) and the year end debit balance was ₹ 22,72,12,413 (previous year ₹ 7,43,93,832).  
(b) We have been informed that the fixed assets have been physically verified by the Management at the close of the financial year and no discrepancies are reported have been noticed on such verification. (a) Not applicable.  
(b) Not applicable.
2. (a) As per the information given to us the inventory has been physically verified, at reasonable intervals, during the year, by the Management. In our opinion, the frequency of such verification is reasonable. (a) Not applicable.  
(b) The procedures for the physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business. (b) Not applicable.  
(c) The Company is stated to be maintaining proper records of inventory. No material discrepancies are stated to have been noticed on such verification.
3. As per the information given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the register maintained under Section 189 of the Act. However, the Company has an account in the nature of a current account with a company under the same management. It has been explained to us that the transactions with this company are in the ordinary course of business. The maximum amount due from that company at any time during the year was ₹ 46,24,74,613
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 inventory and fixed assets and for the sale of goods and services. However, procedures for purchase of inventory need to be strengthened.
5. According to the information given to us, the Company has not, during the year, accepted any deposits from the public in accordance with the provisions of sections 73 to 76 of the Act and the Rules framed thereunder.
6. As per the explanations given to us, the Central Government has not specified maintenance of cost records in respect of the Company's products.
7. (a) According to the records of the Company, provident fund dues, State excise and related dues and other statutory 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 and the information and explanations given to us, there are no undisputed statutory dues outstanding as at 31.03.2015 for a period of more than 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	48.94	2007-08	MP Commercial Tax Appeal Board, Bhopal
M P VAT Tax Act, 2002	CST	454.37	2011-12	MP High Court
M P VAT Tax Act, 2002	CST	413.69	2012-13	Additional Commissioner Commercial Tax, Bhopal
M P VAT Tax Act, 2002	Entry Tax	17.45	2012-13	Additional Commissioner Commercial Tax, Bhopal
Income Tax Act, 1961	Tax after assessment	217.5	2012-13	Commissioner of Income Tax Appeals

(c) As per the records of the company, during the year, no amount was required to be transferred to the Investor Education and Protection Fund.

8. 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. per the explanations given to us, the terms and conditions of such guarantee are not prejudicial to the interests of the company.
9. As per the records of the company, and the information given to us, the company has not defaulted in repayment of dues to any financial institutional or bank.
10. According to the information given to us, the Company had given a corporate guarantee to a bank for a loan taken by another company. As
11. As per the information given to us, the term loans have been applied for purposes for which they were obtained.
12. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

**Dated: 27.07.2015**

For **K.C. KHANNA & Co.**  
Chartered Accountants  
Firm Registration No. 000481N

**Harsha Chandra**  
Partner  
Membership No. 080489



# SOM DISTILLERIES & BREWERIES LIMITED

Balance Sheet As at 31-03-2015

S. No.	Particulars	Note No.	As at 31-03-2015 (Rs.)	As at 31-03-2014 (Rs.)
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
<b>(1)</b>	<b>Shareholder's Funds</b>			
	(a) Share capital	3	275,224,000	275,224,000
	(b) Reserves and Surplus	4	906,547,610	798,302,030
<b>(2)</b>	<b>Non current liabilities</b>			
	(a) Long term borrowings	5	286,274,185	54,241,165
	(b) Deferred tax liabilities (Net)	6	112,781,085	115,606,335
	(c) Other Long term liabilities	7	12,328,276	2,339,276
<b>(3)</b>	<b>Current Liabilities</b>			
	(a) Short term borrowings	8	318,745,628	3,250,953
	(b) Trade payables		194,571,358	174,316,082
	(c) Other current liabilities	9	264,270,729	140,373,553
	(d) Short term provision	10	135,863,866	87,270,357
	<b>Total</b>		<b>2,506,606,737</b>	<b>1,650,923,751</b>
<b>II.</b>	<b>ASSETS</b>			
<b>(1)</b>	<b>Non current assets</b>			
	(a) Fixed Assets			
	(i) Tangible assets	11	642,076,668	672,366,990
	(ii) Capital work in progress		20,338,959	1,875,839
	(b) Long term loans and advances	12	41,703,291	33,211,829
<b>(2)</b>	<b>Current assets</b>			
	(a) Inventories	13	261,754,502	153,788,676
	(b) Trade Receivables	14	593,131,467	337,271,920
	(c) Cash and Cash equivalents	15	402,298,411	63,530,345
	(d) Short term loans and advances	16	545,303,439	388,878,152
	<b>Total</b>		<b>2,506,606,737</b>	<b>1,650,923,751</b>

Significant Accounting Policies

[ 2 ]

For and on Behalf of the Board

**Rajesh Dubey**  
(Chief Financial Officer)

**Mayank Bhaduria**  
(Company Secretary)

**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  
Firm Registration No: 000481 N

**Harsha Chandra**  
Partner  
Membership No. 080489

**Bhopal**  
**Dated: 27th July, 2015**

# SOM DISTILLERIES & BREWERIES LIMITED

Profit and Loss Statement for The Year Ended 31st March, 2015

S. No.	Particulars	Note No.	Year Ended 31 March, 2015	Year Ended 31 March, 2014
I.	Revenue from operations	17	2,061,569,445	1,902,725,039
II.	Other Income	18	11,914,749	18,573,995
<b>III.</b>	<b>Total Revenue</b>	<b>( I+ II )</b>	<b>2,073,484,194</b>	<b>1,921,299,034</b>
	Expenses:			
	Cost of materials consumed	19	1,014,092,938	798,764,338
	Changes in inventories of finished goods, Work in progress and Stock in trade		(78,522,364)	78,385,829
	Employee benefit expenses	20	53,579,957	48,299,344
	Financial costs	21	23,479,534	1,679,049
	Depreciation		39,069,954	48,084,766
	Other expenses	22	767,859,677	691,182,314
<b>IV.</b>	<b>Total Expenses</b>		<b>1,819,559,696</b>	<b>1,666,395,640</b>
V.	Profit before exceptional and extraordinary items and tax	(III - IV)	253,924,498	254,903,394
VI.	Exceptional items	23	(585,787)	80,307
VII.	Profit before extraordinary items and tax	(V - VI )	254,510,285	254,823,087
VIII.	Extraordinary Items		-	
IX.	Profit before tax	(VII- VIII)	254,510,285	254,823,087
X.	Tax expenses:			
	(1) Current tax		95,641,102	50,975,726
	(2) Deferred tax		(2,825,250)	836,497
<b>XI.</b>	<b>Profit/(Loss) for the period</b>	<b>(IX - X)</b>	<b>161,694,433</b>	<b>203,010,864</b>
XII.	Earning per equity share:			
	(1) Basic		5.88	7.38
	(2) Diluted		5.88	7.38

Significant Accounting Policies

[ 2 ]

For and on Behalf of the Board

**Rajesh Dubey**  
(Chief Financial Officer)

**Mayank Bhaduria**  
(Company Secretary)

**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  
Firm Registration No: 000481 N

**Harsha Chandra**  
Partner  
Membership No. 080489

**Bhopal**  
**Dated: 27th July, 2015**

# SOM DISTILLERIES & BREWERIES LIMITED

Cash Flow Statement for The Year Ended 31st March 2015

Particulars	Year Ended 31 March, 2015	Year Ended 31 March, 2014
<b>Cash flow from operating activities</b>		
Profit before Tax	254,510,285	254,823,087
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation on continuing operations	39,069,954	48,084,766
Interest Expense	23,479,534	1,679,049
Dividend Income	(7,334,323)	(1,795,619)
<b>Operating profit before working capital changes</b>	<b>309,725,450</b>	<b>302,791,283</b>
<b>Movements in working capital:</b>		
Increase/(decrease) in trade payables	20,255,276	(44,676,640)
Increase/(decrease) in short term provisions	48,593,509	(23,832,906)
Increase/(decrease) in other current liabilities	123,897,176	(107,995,142)
Increase/(decrease) in other long term liabilities	9,989,000	200,000
Decrease/(increase) in trade receivables	(255,859,547)	152,618,584
Decrease/(increase) in inventories	(107,965,826)	147,519,790
Decrease/(increase) in long term loan & advances	(8,491,462)	(778,815)
Decrease/(increase) in Short loan & advances	(156,425,287)	(333,821,229)
<b>Cash generated from/(used in) operations</b>	<b>(16,281,711)</b>	<b>92,024,925</b>
Direct Taxes Paid (net of refunds)	(95,641,102)	(50,975,726)
<b>Net Cash flow from/ (used in) operating activities (A)</b>	<b>(111,922,813)</b>	<b>41,049,199</b>
<b>Cash flow from Investing activities</b>		
Purchase of fixed assets, CWIP and capital advances	(31,003,634)	(16,182,060)
Proceeds from sale of fixed assets		1,684,784
Proceeds from sale/maturity of current investment		
Dividend Received	7,334,323	1,795,619
<b>Net Cash flow from/ (used in) Investing activities (B)</b>	<b>(23,669,311)</b>	<b>(12,701,657)</b>
long term borrowings	547,527,694	(50,940,412)
Interest paid	(23,479,534)	(1,679,049)
Dividend paid	(41,283,600)	(41,283,600)
Dividend distribution tax	(8,404,370)	(7,016,148)
<b>Net Cash flow from/ (used in) Financing activities (C)</b>	<b>474,360,191</b>	<b>(100,919,209)</b>
Net increase/(decrease) in cash and cash equivalents	338,768,066	(72,571,667)
Cash and cash equivalents at the beginning of the year	63,530,345	136,102,013
<b>Cash and cash equivalents at the end of the year</b>	<b>402,298,411</b>	<b>63,530,346</b>
<b>Compenents of cash and cash equivalents</b>		
Cash on hand	20,696,919	35,515,260
With Banks - on current account	363,651,383	20,749,872
With Banks - on deposit account	17,950,109	7,265,213
<b>Total Cash and cash equivalents</b>	<b>402,298,411</b>	<b>63,530,346</b>

For and on Behalf of the Board

**Rajesh Dubey**  
(Chief Financial Officer)

**Mayank Bhaduria**  
(Company Secretary)

**D.N.Singh**  
(Director)

**S.Lal**  
(Chairman & Managing Director)

This is the Cash Flow Account referred to in our Report of even date.

**For K.C.KHANNA & CO.**  
Chartered Accountants  
Firm Registration No: 000481 N

**Harsha Chandra**  
Partner  
Membership No. 080489

Bhopal  
Dated: 27th July, 2015

# NOTES TO THE FINANCIAL STATEMENTS (Year Ended 31.03.2015)

## (1) Company Information

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

## (2) Significant Accounting Policies

### 2.1 Basis for preparation of accounts

These financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and other accounting principles generally accepted in India, to the extent applicable.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 70 days for the purpose of current/non-current classification of assets and liabilities.

### 2.2 Revenue Recognition

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

## 2.3 Expenditure

Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.

## 2.4 Fixed Assets and depreciation

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 based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except in respect of the labour quarters where useful life is different than those prescribed in Schedule II are used.

## 2.5 Impairment of Asset

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

## 2.6 Inventories

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

- Raw materials, components, packing material, stores and spares on first in first out basis.
- 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.

## 2.7 Foreign Currency Transaction

Transactions denominated in foreign currency are recorded at the exchange rates 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.

## 2.8 Retirement and Other Employee Benefits

### Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

These benefits include performance incentive and compensated absences.

### Post-Employment Benefits

#### Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund.

The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

#### Defined Benefit Plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Actuarial gains and losses in respect of post-employment and other long term benefits are charged to the Statement of Profit and Loss.

## 2.9 Provision for Current and Deferred Tax

Provision for Current Tax is made after taking into consideration benefits admissible under the Income Tax Act, 1961. Deferred Tax resulting from 'timing difference' between taxable and accounting income is computed using tax rates and laws that are enacted or substantively enacted by the Balance Sheet date.



## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	As At 31.03.2015	As At 31.03.2014
<b>[3] Share Capital</b>		
<b>Authorized</b>		
3,50,00,000 Equity Shares of Rs. 10 each	350,000,000	350,000,000
<b>Issued, Subscribed and Fully Paid</b>		
2,75,22,400 Equity Shares of Rs. 10 each	275,224,000	275,224,000

### Terms/Rights attached to the class of shares.

(a) The company has one class of equity shares having par value of Rs. 10 per Share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after the distribution of all preferential amounts in proportion to their shareholding.

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

NAME OF SHARE HOLDERS	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	%	No. of Shares	%
Som Distilleries Private Limited	2,994,658	10.881%	2,926,508	10.63%
Sh. Jagdish Kumar Arora	1,809,117	6.57%	1,809,117	6.57%

	As At 31.03.2015	As At 31.03.2014
<b>[4] Reserves &amp; Surplus</b>		
<b>Capital Reserve</b>	3,930,000	3,930,000
(Amount forfeited against share warrants)		
<b>Securities Premium Reserve</b>	122,111,040	122,111,040
<b>Surplus - In Statement of Profit &amp; Loss</b>		
Balance as per last Financial Statement	672,260,990	517,549,874
Less: Adjustment in value of Fixed Assets	3,760,883	-
(As per Schedule-II of Companies Act, 2013)		
Add: Profit for the year	161,694,433	203,010,864
Amount available for appropriation	<b>830,194,540</b>	<b>720,560,738</b>
<b>Less:</b>		
Proposed Dividend	41,283,600	41,283,600
Dividend Distribution Tax	8,404,370	7,016,148
<b>Balance at the end of the year</b>	780,506,570	672,260,990
<b>Total Reserves &amp; Surplus</b>	<b>906,547,610</b>	<b>798,302,030</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	As At 31.03.2015	As At 31.03.2014
<b>[5] Long Term Borrowings</b>		
<b>Loans &amp; Deposits</b>		
(i) IFCI Venture Capital Ltd. (Unsecured)	78,750,000	45,049,931
(ii) IFCI Ltd. (Secured)	200,000,000	-
(iii) Vehicle Loans (Secured) (Secured by Hypothecation of respective Vehicles)		
(a) From Banks	7,524,185	8,992,617
(b) From Others	-	198,617
<b>Grand Total</b>	<b>286,274,185</b>	<b>54,241,165</b>

### Notes:

- (a) Loan from IFCI Venture Capital Fund Ltd. is secured by personal guarantees of promoters and collaterals given by associates.
- (b) Loan from IFCI Ltd. is secured by mortgage of land and hypothecation of the factory plant & machinery.
- (c) Interest on vehicle loans varies from 8.5% to 12.75% p.a. Tenor of these loans ranges from 3 to 5 years. Respective vehicles have been hypothecated to the lending institutions to secure their loans. Repayment of these loans is regular as per the fixed equated monthly instalments.

	As At 31.03.2015	As At 31.03.2014
<b>[6] Deferred Tax Liability (Net)</b>		
Difference between depreciation as per books of account and the Income Tax Act 1961.	132,831,289	135,623,510
<b>Gross Deferred Tax Liability</b>	<b>132,831,289</b>	<b>135,623,510</b>
<b>Deferred Tax Assets</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	959,243	926,214
MAT Credit difference	19,090,961	19,090,961
<b>Gross Deferred Tax Assets</b>	<b>20,050,204</b>	<b>20,017,175</b>
<b>Deferred Tax Liability (Net)</b>	<b>112,781,085</b>	<b>115,606,335</b>

### Notes:

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	As At 31.03.2015	As At 31.03.2014
<b>[7] Other Long Term Liabilities</b>		
Security Deposits (Unsecured)	12,328,276	2,339,276
<b>Total</b>	<b>12,328,276</b>	<b>2,339,276</b>
<b>[8] Short Term Borrowings</b>		
Vehicle Loans (Secured) (Secured by Hypothecation of respective Vehicles)		
From Banks	3,294,978	2,866,905
From Others	-	384,048
Cash Credit from Bank	315,450,650	-
<b>Total</b>	<b>318,745,628</b>	<b>3,250,953</b>
<b>[9] Other Current Liabilities</b>		
Bank Overdrafts (Book)	3,408,810	13,862,532
Advances from customers	8,510,710	8,068,374
Expenses Payable	175,337,719	67,816,449
Statutory dues payable	27,314,746	10,553,892
Un paid Dividend	3,810,642	2,913,786
Other Payables	45,888,102	37,158,520
<b>Total</b>	<b>264,270,729</b>	<b>140,373,553</b>
<b>[10] Short Term Provisions</b>		
Employee Benefits	3,387,890	3,930,519
Proposed Dividend	41,283,600	41,283,600
Dividend tax	15,841,486	13,208,688
Income tax (Current Year)	75,350,890	28,847,550
<b>Total</b>	<b>135,863,866</b>	<b>87,270,357</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

[11] Tangible Fixed Assets

PARTICULARS	GROSS BLOCK		DEPRECIATION		TRANSFER TO RESERVE 2014-15	NET BLOCK	
	AS AT 01/04/2014	ADDITION/ (DISPOSAL)	AS AT 31/03/2015	UPTO 31/03/2014		FOR THE YEAR	AS AT 31/03/2015
LAND (FREEHOLD) & SITE DEVELOPMENT	10,451,783	-	10,451,783	-	-	10,451,783	10,451,783
BUILDINGS & CIVIL WORKS	162,038,222	-	162,038,222	39,571,770	10,896,306	108,673,917	122,466,452
PLANT & MACHINERY	785,132,973	10,394,957	795,527,930	275,035,824	22,964,473	497,527,633	510,097,149
FURNITURE & FIXTURES	1,884,423	-	1,884,423	1,808,523	20,016	7,918	75,899
OFFICE EQUIPMENTS	6,189,677	237,724	6,427,401	4,666,187	242,803	799,791	1,523,490
VEHICLES	58,592,532	1,907,832	60,500,364	30,840,314	4,946,356	24,615,625	27,752,218
INTANGIBLE ASSETS	500,000	-	500,000	500,000	-	-	-
<b>TOTAL</b>	<b>1,024,789,610</b>	<b>12,540,513</b>	<b>1,037,330,123</b>	<b>352,422,617</b>	<b>39,069,954</b>	<b>642,076,667</b>	<b>672,366,990</b>
<b>PREVIOUS YEAR</b>	<b>1,012,168,170</b>	<b>12,621,440</b>	<b>1,024,789,610</b>	<b>304,337,852</b>	<b>48,084,767</b>	<b>672,366,990</b>	<b>672,366,990</b>
<b>Capital work in Progress</b>	<b>1,875,839</b>	<b>18,463,120</b>	<b>20,338,959</b>	-	-	<b>20,338,959</b>	-
<b>GRAND TOTAL</b>			<b>662,415,626</b>			<b>672,366,990</b>	

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	As At 31.03.2015	As At 31.03.2014
<b>[12] Long Term Loans &amp; Advances</b>		
<b>Security Deposits</b>		
Security Deposit	37,378,291	28,976,829
Earnest Money	4,325,000	4,325,000
<b>Total</b>	<b>41,703,291</b>	<b>33,211,829</b>
<b>Note:</b> All the above amounts are unsecured and considered good.		
<b>[13] Inventory</b>		
(as taken, valued and certified by the Management)		
Raw Materials	25,722,445	22,460,404
Stores, Consumables & Packing Materials	75,392,389	49,210,968
Stock In Process	33,674,998	32,521,642
Finished Goods	126,964,670	49,595,662
<b>Total</b>	<b>261,754,502</b>	<b>153,788,676</b>
<b>[14] Trade Receivables</b>		
(Unsecured, considered good)		
Outstanding for a period exceeding six months	11,153,572	6,745,439
Other Debts	581,977,895	330,526,481
<b>Total</b>	<b>593,131,467</b>	<b>337,271,920</b>
<b>[15] Cash and Cash Equivalents</b>		
Cash in hand	20,696,919	35,515,260
Balance With Scheduled Banks		
Current Accounts	363,651,383	20,749,872
Deposit Accounts	14,139,467	4,351,427
Unpaid Dividend accounts	3,810,642	2,913,786
<b>Total</b>	<b>402,298,411</b>	<b>63,530,345</b>
<b>[16] Short Term Loans &amp; Advances</b>		
<b>Advances to a Related Party</b>	227,212,413	74,393,832
<b>Capital Advances</b>	68,702,758	20,602,924
<b>Others</b>		
Staff Advances	1,629,938	4,845,561
Prepaid Expenses	16,653,484	9,119,057
Advances to suppliers	75,416,139	33,665,161
Advances to Retailers	155,688,707	246,251,617
<b>Total</b>	<b>249,388,268</b>	<b>293,881,396</b>
<b>Grand Total</b>	<b>545,303,439</b>	<b>388,878,152</b>
<b>Note:</b> All the above amounts are unsecured and considered good.		

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Year Ended As At 31.03.2015	Year Ended As At 31.03.2014
<b>[17] Revenue from Operations</b>		
Sale of Products	2,153,388,894	1,941,618,806
Less: Production Duties (State Excise)	(91,819,449)	(38,893,767)
Revenue From Operations (Net)	<b>2,061,569,445</b>	<b>1,902,725,039</b>
<b>[18] Other Income</b>		
Interest	865,645	2,090,992
Dividends	7,334,323	1,795,619
Other Revenues	3,714,781	14,687,384
Total	<b>11,914,749</b>	<b>18,573,995</b>
<b>[19] Cost of Materials Consumed</b>		
Opening Stocks	71,671,372	140,805,333
Add : Purchases (Raw Materials & Chemicals)	433,805,697	289,424,603
Add : Purchases (Packing Material)	609,730,703	440,205,774
Less : Closing Stocks	101,114,834	71,671,372
Total	<b>1,014,092,938</b>	<b>798,764,338</b>

### NOTE: MATERIALS CONSUMED (AS CERTIFIED BY THE MANAGEMENT)

	Quantities (MT)		Rupees	
	2014-15	2013-14	2014-15	2013-14
<b>BEER</b>				
Barley Malt	5,717.69	4,682.15	141,061,582	119,633,110
Sugar	1,743.45	1,473.34	53,738,388	49,512,939
Hops	21.71	13.70	11,301,610	4,279,343
Chemicals & Essences			14,663,703	11,987,730
<b>IMFL</b>				
ENA Spirit	4,384.04	3,961.50	125,224,730	115,018,159
Chemicals & Essences			2,016,720	1,821,447
Malt Spirit	33.52	10.02	15,928,790	1,805,741

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Year Ended 31.03.2015	Year Ended 31.03.2014
<b>[20] Employee Benefits Expense</b>		
Salaries, allowances & Bonus	50,233,902	45,628,832
Employer's contribution to PF & Gratuity	1,498,544	861,752
Staff welfare expenses	1,847,511	1,808,760
<b>Total</b>	<b>53,579,957</b>	<b>48,299,344</b>
<b>[21] Financial Costs</b>		
Bank Interest	18,429,953	418,219
Other Interest & Charges	5,049,581	1,260,830
<b>Total</b>	<b>23,479,534</b>	<b>1,679,049</b>
<b>[22] Other Expenses</b>		
Consumables	15,996,773	13,200,328
Power and fuel	72,948,957	67,205,494
Rent	821,250	834,084
Repairs to buildings	3,170,234	26,673,275
Repairs to machinery	31,036,124	32,491,277
Insurance	830,450	1,086,341
Rates and Taxes (Other than on Income)	84,590,383	51,811,806
Miscellaneous expenses	3,401,275	2,674,588
<b>Auditors Remuneration</b>		
(a) Audit fees	174,158	202,248
(b) Other Services	61,798	61,798
Donations	2,337,970	-
Travelling & Conveyance	12,073,752	19,299,033
Legal & Professional	12,231,790	8,523,707
Sales promotion	377,176,219	327,311,693
Advertisement & Publicity	11,591,587	37,211,897
Freight outward	102,562,271	77,191,919
Other selling expenses	20,159,834	10,918,974
General expenses	3,700,798	6,765,312
Postage, Telegrams & Telephones	4,725,653	3,204,860
Others Repair & Maintenance	1,089,773	1,635,324
Vehicle Running & Maintenance	7,178,629	2,878,356
<b>Total</b>	<b>767,859,677</b>	<b>691,182,314</b>
<b>[23] Exceptional Items</b>		
Prior period Items (Net)	(585,787)	80,307
<b>Total</b>	<b>(585,787)</b>	<b>80,307</b>



## Other Notes

**(24)** The Company had sought but has not received information from any of the suppliers of their being a Micro, Small or Medium Enterprise Unit under the Micro, Small and Medium Enterprises Development Act, 2006. Hence, amounts due to Micro and Small Scale Enterprises outstanding as on March 31st 2015 are not ascertainable.

**(25) Employees Benefits:**

The required disclosures of employees benefits as per Accounting Standard – 15 are given hereunder:-

**(i) In respect of Short Term Employee Benefits:**

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

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

(A)	Change in Obligation over the year ended 31.3.2015	2014-15	2013-14
	Present Value of defined obligation as on 01.04.2014	18,16,112	
	Interest Cost	1,45,289	
	Current Service Cost	2,52,218	
	Benefits paid (if any)	(3,02,078)	
	Actuarial (gain)/loss	4,23,498	
	Present value of the obligation at the end of the period	23,35,039	18,16,112
(B)	Expenses recognized during the year ended 31.03.2015		
	Current Service Cost	2,52,218	
	Interest Cost	1,45,289	
	Expected return on plan asset	(1,25,417)	
	Net Actuarial Gains/losses	4,23,498	
	Current Service Cost & Actuarial losses in respect of separated employees	6,95,588	
(C)	Principal Actuarial Assumptions		
	Discount Rate	8.00% per annum	8.00% per annum
	Salary Growth Rate	5.00% per annum	5.00% per annum
	Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
	Expected Rate of Return	8.75% per annum	0
	Withdrawal Rate (Per Annum)	2.00% p.a.	2.00% p.a.

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

## Other Notes (Contd.)

**[26] Imports**

**(a) Value of Imports Calculated on CIF Basis**

(As certified by the Management)	2014-15	2013-14
i) Raw & Packing Materials	39,65,654	-
ii) Components and Spare Parts	1,29,01,179	59,41,145
<b>(b) Expenditure in Foreign Currency</b>		
Bank Charges	86,934	29629

**(27) Composition of raw material, packing materials, stores, spares consumed. (As certified by the Management)**

Particulars	Raw Materials & Packing Materials		Stores & Spares	
	2014-15	2013-14	2014-15	2013-14
<b>Imported</b>				
Percentage	-	-	15.94%	18.98%
Value (₹)	-	-	48,28,377	59,41,145
<b>Indigenous</b>				
Percentage	100%	100%	84.06%	81.02%
Value (₹)	101,40,92,938	78,01,32,208	2,54,61,328	2,53,51,932
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Total</b>	<b>101,40,92,938</b>	<b>78,01,32,208</b>	<b>3,02,89,705</b>	<b>3,12,93,077</b>

**[28] Earnings in Foreign Exchange Exports of Goods calculated on FOB Basis**

	2014-15	2013-14
- Direct	2,41,23,029	1,12,67,830
- Indirect	-	-

## Other Notes (Contd.)

### [29] Contingent Liabilities

		2014-15	2013-14
i)	Claims against the Company not acknowledged as debts/ Disputed		
	- Commercial Tax Department	9,34,44,729	48,93,903
	- Income Tax Department	2,17,50,660	--
ii)	Guarantees given by Bankers on behalf of the company not provided for	15,00,000	10,00,000
	Corporate guarantee given to a bank on behalf of another company	7,25,00,000	7,25,00,000
iii)	Estimated amount of contracts remaining to be executed on capital account and not provided for.	2,96,00,000	2,93,00,000

[30] The company is engaged in the business of manufacture and sale of Alcoholic beverages (Beer and IMFL) which constitutes a single business segment. The company's exports outside India did not exceed the threshold limits for disclosure as envisaged in 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.

[31] Information as per Accounting Standard (AS) 18: "Related Party Disclosures" is:

a) Related Party

Associates	Key Managerial Personnel Managerial Personnel	Relatives of Key Managerial Personnel
Som Distilleries Private Limited	<b>Mr. S. Lal</b> (Key Managerial Personnel)	-

b) Transactions with Related Parties

(In Rupees)

Nature of Transactions	Som Distilleries P. Ltd. (Associate)	Key Managerial Personnel	Relatives of Key Managerial Personnel
Purchase of Goods	12,42,75,000 (11,52,12,750)	<b>Mr. S. Lal</b>	--
Other transactions	Dr. 152,19,74,535 (Dr.1,38,30,13,989) Cr. 124,48,80,954 (Cr. 1,19,34,07,407)	--	--
Closing Balance	Dr. 22,72,12,413 (7,43,93,832)	--	--

[32] Earnings per share in accordance with Accounting Standard (AS) 20 on "Earnings per Share" are given below

S. No.	Particulars	31.03.2015	31.03.2014
a)	Numerator Profit/(Loss) after tax ₹	16,16,94,433	203,010,864
b)	Weighted average number of equity shares Nos.	2,75,22,400	2,75,22,400
c)	Basic & Diluted earnings per shares (₹)	5.88	7.38
d)	Nominal value of shares (₹)	10.00	10.00

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

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

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

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

[37] During the financial year 2014-15, the company has spent an amount of Rs. 23.38 lacs on Corporate social responsibility for the purpose of children education and medical aid.

Signatures to Schedules 1 to 37

**Rajesh Dubey**  
(Chief Financial Officer)

**Mayank Bhaduria**  
(Company Secretary)

**D.N. SINGH**  
(Director)

**S. LAL**  
(Chairman & Managing Director)

**Place: Bhopal**  
**Date: 27/07/2015**

**For K.C. KHANNA & CO.**  
Chartered Accountants  
Firm Registration No: 00048 IN

**Harsha Chandra**  
Partner  
Membership No: 080489





## Som Distilleries & Breweries Limited

Registered Office: 1 A, Zee Plaza, Arjun Nagar, Safdarganj Enclave, Kamal cinema road, New Delhi - 110029

### ATTENDANCE SLIP

I/We hereby record my/our presence at the 22<sup>nd</sup> Annual General Meeting on the above named Company held on Wednesday, the 30<sup>th</sup> September 2015 at 10.00 A.M. at Executive Club, Dolly Farms and Resorts Pvt. Ltd. 349, Village Shaorpur, P.O. Fatehpur Beri, New Delhi-110030.

Names and Address of Shareholder : \_\_\_\_\_

Folio No./DPIDCLIENTID No. : \_\_\_\_\_

SIGNATURE OF THE SHAREHOLDERS 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.

## POLLING PAPER SOM DISTILLERIES & BREWERIES LIMITED

CIN No. L74899DL1993PLC052787

Registered Office: 1-A Zee Plaza, Arjun Nagar, Safdarjung Enclave, Kamal Cinema Road, New Delhi  
Email: somdistilleries@rediffmail.com, web: www.somindia.net,  
Works: Village Rojrachak, Distt. Raisen, Ph. No. 011-26169909, 26169712

### ASSENT / DISSENT FORM FOR VOTING ON AGM RESOLUTIONS

- (1) Name (s) & Registered Address of the sole / first named Member : \_\_\_\_\_
- (2) Name(s) of the Joint-Holder(s), if any, in block letters : \_\_\_\_\_
- (3) i) Registered Folio No. : \_\_\_\_\_  
ii) \*DP ID No. & Client ID No. : \_\_\_\_\_  
[\*Applicable to Members holding shares in dematerialized form]
- (4) Number of Equity Share (s) held : \_\_\_\_\_

I / We hereby exercise my / our vote in respect of the following resolutions to be passed for the business stated in the Notice dated 27th July, 2015 of the 22nd Annual General Meeting held at Delhi on 30.09.2015, by conveying my / our assent or dissent to the resolutions by placing tick (✓) mark in the appropriate box below:

S. No	Resolution	I/We assent to the resolution (FOR)	I/We dissent to the resolution (AGAINST)
<b>Ordinary Business/Resolution proposed</b>			
1.	<b>Resolved that</b> report of the Board of Directors dated 27.07.2015 and audited Balance sheet as at 31.03.2015 and Profit & Loss Account for the year 2014-2015 be and are hereby adopted."		
2.	<b>Resolved that</b> Shri Surjeeet Lal, who retired by rotation at this meeting and offered himself for reappointment, be and is hereby reappointed as a Director."		
3.	<b>Resolved that</b> as recommended by the Board of Directors, the company do hereby declare a dividend of 15% i.e. ₹ 1.50 per share of ₹ 10 on all the 2,75,22,400 equity shares of the company for the year 2014-15 which dividend may be paid to the holders of shares on the date of this annual general meeting."		
4.	<b>Resolved that</b> pursuant to the provisions of Section 139(1) of the Companies Act 2013 and the Companies (Audit and Auditors) Rules, 2014, K.C. Khanna & Company, Chartered Accountants, Bhopal, who had completed more than 10 year of audit of the company up to 31.03.2014 and were appointed as auditor for the year 2014-15 be and are hereby appointed as Auditors of the Company for two more years i.e for 2015-16 and 2016-17 in view of the transitional period allowed i.e from the conclusion of this 22nd Annual General Meeting		



	till the conclusion of 24th Annual General Meeting to be held in 2017 (subject to ratification of their appointment by the Members of the Company at every subsequent Annual General Meeting) at a remuneration to be decided by the Chairman cum Managing Director with the consent of the auditors”.		
	<b>Special Business/Resolution Proposed</b>		
5.	<b>APPOINTMENT OF SHRI DEENANATH SINGH AS AN INDEPENDENT DIRECTOR</b> “Resolved that pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 approval of the members of the Company be and is hereby accorded for the appointment of Shri. Deenanath Singh (DIN: 00281542), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6), as an independent Director of the Company not liable to retire by rotation for a period of five years with effect from 01.04.2014.”		
6.	<b>APPOINTMENT OF SHRI SHAILENDRA SINGH SENGER AS AN INDEPENDENT DIRECTOR</b> “Resolved that pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 approval of the members of the Company be and is hereby accorded for the appointment of Shri. Shailendra Singh Senger (DIN: 00281444) who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6), as an independent Director of the Company not liable to retire by rotation, for a period of five years with effect from 01.04.2014.”		
7.	<b>APPOINTMENT OF MS. NISHI ARORA AS AN INDEPENDENT DIRECTOR/WOMEN DIRECTOR</b> “Resolved that pursuant to the provisions of Sections 149, 150, 152, 161 read with Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreement, approval of the members of the Company be and is hereby accorded for the appointment of Ms. Nishi Arora (DIN: 07021730) who was appointed as an Additional Director from 14.11.2014 pursuant to the provisions of Section 161 and as per second proviso of section 149(1) of the Companies Act, 2013, and who holds office up to the date of this Annual General Meeting and in respect of whom the company has received a notice in writing under section 160 of the Act from a member proposing her candidature for the office of Director, as an independent Director of the Company not liable to retire by rotation, for a period of five years with effect from 14.11.2014.”		

**Place : NEW DELHI**  
**Date : 30.09.2015**

Signature of the Member/ Authorized Representative

**Notes: (i)** If you opt to cast your vote by e-voting, there is no need to fill up and sign this form. **(ii)** Please read the instructions printed overleaf carefully before exercising your vote.

## INSTRUCTIONS

### General Instructions

- As per the Companies Act, 2013, Company has to provide e-voting facility to its shareholders. However the shareholders, who do not have access to e-voting facility, may convey their Assent / Dissent in Physical Assent / Dissent Form. If a shareholder has opted for e-voting, then he/she should not vote by Physical Assent / Dissent Form. However, in case Shareholders cast their vote through both physical assent/dissent form and e-voting, then vote caste through e-voting shall be considered, and vote caste through physical assent/dissent shall be treated as invalid.
- The notice of Annual General Meeting was dispatched/e-mailed to the members whose names appeared on the Register of Members as on 28.08.2015
- Members are requested to fill the Form in indelible ink and avoid filling it by using erasable writing medium(s) like pencil.
- There will be one Assent / Dissent Form for every folio / Client id irrespective of the number of joint holders.
- Members are requested not to send any other paper along with the Assent / Dissent Form. They are also requested not to write anything in the Assent / Dissent form except giving their assent or dissent and putting their signature.
- The Scrutinizer's decision on the validity of the Assent/ Dissent Form will be final and binding.

### Instructions for voting physically on Assent / Dissent Form.

- A Member desiring to exercise vote by Assent / Dissent should complete this Assent / Dissent Form and hand it over before the meeting site.
- This Form should be completed and signed by the Shareholder (as per the specimen signature registered with the Company/ Depository Participants). In case of joint holding, this Form should be completed and signed by the first named Shareholder and in his absence, by the next named Shareholder.
- In respect of shares held by corporate and institutional shareholders (companies, trusts, societies etc.), the completed Assent /Dissent Form should be accompanied by a certified copy of the relevant Board Resolution/appropriate authorization, with the specimen signature(s) of the authorized signatory(ies) duly attested.
- The consent must be accorded by recording the assent in the column 'FOR' or dissent in the column 'AGAINST' by placing a tick mark (✓) in the appropriate column in the Form. The assent or dissent received in any other form shall not be considered valid.



- Incomplete, unsigned or incorrectly ticked Assent/ Dissent Forms will be rejected.



## Notes for Shareholders

The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the RTA.

Electronic copy of the Annual Report for the year/period ended 31st March, 2015 along with the notice of the 22nd Annual General Meeting of the Company (including Ballot Form, Attendance Slip and Proxy Form) is being sent to all the members whose email IDs are registered with the RTA/Depository Participants. For members who have not registered their email address, physical copies of the Annual Report is being sent by other permissible means.

Members may also note that the Notice of 22nd Annual General Meeting and the Annual Report for period ended 31st March, 2015 will also be available on the Company's website [www.somindia.in](http://www.somindia.in) and on the website of CDSL, [www.evotingindia.com](http://www.evotingindia.com) for their download. Even after registering for e-communication, members are entitled to receive such communication in physical mode & free of cost, upon making a specific request for the same by any permissible mode free of cost.

Briefcase, Bag(s), Carry Bag(s), Helmets, Eatables, Drinks, etc. will not be allowed inside the Meeting Hall.

Members may kindly note that no 'Gifts' will be distributed at the Annual General Meeting.

Members / Proxy coming to attend the Annual General Meeting are requested to carry their original photo ID (passport/driving license/ voter's card/PAN card) proof with them for the purpose of verification at the venue.

Members wishing to seek further information or clarification on the Financial Statements or operations of the Company at the meeting are requested to send their queries, at least 10 days before the date of meeting, addressed to the Company Secretary at the registered office of the company.

Members must always mention their Folio / DP-ID & Client ID Number in all correspondence with the company or RTA.

## E-voting

- In Compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 and Clause 35B of Listing Agreement, your Company is pleased to offer E-voting facility to the Members of the Company to exercise their right to vote by electronic means in respect of the items contained in the notice.
- The Company has engaged the services of Central Depository Services (India) Limited as the Authorized Agency to provide E-voting facility. E-voting is optional and a member may physically vote at the Annual General Meeting at his discretion.
- The Board of Directors have appointed FCS Mr. Madan Mohan Chawla, Practising Company Secretary, Bhopal as the Scrutinizer for conducting the E-voting process in fair and transparent manner.
- The E-voting facility will be available during the following voting period after which the portal will be blocked and shall not be available for E-voting. Once the vote on a resolution is cast by any member, he/she shall not be allowed to change it subsequently. Commencement of E-voting Thursday, 25th September, 2015, 10:00 a.m. End of E-voting Saturday, 29th September, 2015, 5:00 p.m.
- The cut-off date for the purpose of E-voting is 23rd September 2015. The Voting rights of members shall be in proportion to their equity shareholding in the paid up equity share capital of the company as on cut-off date.
- The Results of E-voting and Physical Voting at the Annual General Meeting along with the scrutinizers' report shall be placed on the website of the Company viz. [www.somindia.in](http://www.somindia.in) and shall also be communicated to the Stock Exchange.

## The instructions for shareholders voting electronically are as under:

- The voting period begins on 25/09/2015 at 10:00 a.m. and ends on 29/09/2015 at 5:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23/09/2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- Click on Shareholders.
- Now Enter your User ID
  - For CDSL : 16 digits beneficiary ID,
  - For NSDL : 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
<b>PAN</b>	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (as mentioned on the address label of the envelope of this Annual Report) in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
<b>DOB</b>	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/ mm/yyyy format.
<b>Dividend Bank Details</b>	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.  • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- After entering these details appropriately, click on "SUBMIT" tab.



## Form No. MGT-11

### PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013  
and rule 19(3) of the Companies

(Management and Administration) Rules, 2014]

CIN : \_\_\_\_\_  
Name of the company : \_\_\_\_\_  
Registered Office : \_\_\_\_\_

Name of the member (s) : \_\_\_\_\_  
Registered address : \_\_\_\_\_  
E-mail Id : \_\_\_\_\_  
Folio No/ Client Id : \_\_\_\_\_  
DP ID : \_\_\_\_\_

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
E-mail Id : \_\_\_\_\_  
Signature : \_\_\_\_\_ , or failing him

2. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
E-mail Id : \_\_\_\_\_  
Signature : \_\_\_\_\_ , or failing him

- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the Som Distilleries and Breweries limited.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Non-Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.somindia.in](http://www.somindia.in) and on the website of CDSL <http://www.evotingindia.com> within three days of the passing of the Resolutions at the 22nd AGM of the Company and shall also be communicated to BSE Limited and NSE Limited where the shares of the Company are listed.





3. Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 E-mail Id : \_\_\_\_\_  
 Signature : \_\_\_\_\_ , or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the \_\_\_\_\_  
 \_\_\_\_\_ Annual general meeting/ Extraordinary general meeting of the company, to be held on the  
 \_\_\_\_\_ day of \_\_\_\_\_ At \_\_\_\_\_ a.m. / p.m. at \_\_\_\_\_ (place) and at any  
 adjournment thereof in respect of such resolutions as are indicated below :

1. **“Resolved that** report of the Board of Directors dated 27.07.2015 and audited Balance sheet as at 31.03.2015 and Profit & Loss Account for the year 2014-2015 be and are hereby adopted.”
2. **“Resolved that** Shri Surjeeet Lal, who retired by rotation at this meeting and offered himself for reappointment, be and is hereby reappointed as a Director.”
3. **“Resolved that** as recommended by the Board of Directors, the company do hereby declare a dividend of 15% i.e. ₹ 1.50 per share of ₹ 10 on all the 2,75,22,400 equity shares of the company for the year 2014-15 which dividend may be paid to the holders of shares on the date of this annual general meeting.”
4. **“Resolved that** pursuant to the provisions of Section 139(1) of the Companies Act 2013 and the Companies (Audit and Auditors) Rules, 2014, K.C. Khanna & Company, Chartered Accountants, Bhopal, who had completed more than 10 year of audit of the company up to 31.03.2014 and were appointed as auditor for the year 2014-15 be and are hereby appointed as Auditors of the Company for two more years i.e for 2015-16 and 2016-17 in view of the transitional period allowed i.e from the conclusion of this 22nd Annual General Meeting till the conclusion of 24th Annual General Meeting to be held in 2017 (subject to ratification of their appointment by the Members of the Company at every subsequent Annual General Meeting) at a remuneration to be decided by the Chairman cum Managing Director with the consent of the auditors”.

**Special Business/Resolution Proposed**

5. **APPOINTMENT OF SHRI DEENANATH SINGH AS AN INDEPENDENT DIRECTOR**  
**“Resolved that** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 approval of the members of the Company be and is hereby accorded for the appointment of Shri. Deenanath Singh (DIN: 00281542), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6), as an independent Director of the Company not liable to retire by rotation for a period of five years with effect from 01.04.2014.”
6. **APPOINTMENT OF SHRI SHAILENDRA SINGH SENGER AS AN INDEPENDENT DIRECTOR**  
**“Resolved that** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 approval of the members of the Company be and is hereby accorded for the appointment of Shri. Shailendra Singh Senger (DIN: 00281444) who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6), as an independent Director of the Company not liable to retire by rotation, for a period of five years with effect from 01.04.2014.”
7. **APPOINTMENT OF MS. NISHI ARORA AS AN INDEPENDENT DIRECTOR/WOMEN DIRECTOR**  
**“Resolved that** pursuant to the provisions of Sections 149, 150, 152, 161 read with Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreement, approval of the members of the Company be and is hereby accorded for the appointment of Ms. Nishi Arora (DIN: 07021730) who was appointed as an Additional Director from 14.11.2014 pursuant to the provisions of Section 161 and as per second proviso of section 149(1) of the Companies Act, 2013, and who holds office up to the date of this Annual General Meeting and in respect of whom the company has received a notice in writing under section 160 of the Act from a member proposing her candidature for the office of Director, as an independent Director of the Company not liable to retire by rotation, for a period of five years with effect from 14.11.2014.”



**100% PREMIUM  
GRAIN WHISKY**







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