



Reaching for the skies



SOM DISTILLERIES AND BREWERIES LIMITED  
24<sup>th</sup> ANNUAL REPORT 2016-17

# CORPORATE INFORMATION

## DIRECTORS

**Shri J.K.Arora**  
Chairman and Managing Director

**Shri Surjeet Lal**  
Director

**Shri Shailendra Singh Sengar**  
Independent Director

**Shri Deenanath Singh**  
Independent Director

**Ms. Nishi Arora**  
Independent Director

## BANKERS/FI's

**Punjab National Bank Limited**

**IFCI Ltd.**

**Lakshmi Vilas Bank Ltd.**

**IFCI Venture Capital Funds Ltd.**

## AUDITORS

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

## REGISTERED OFFICE

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

## STOCK EXCHANGE

**Bombay Stock Exchange Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400 001

**National Stock Exchange of India**  
C1 Block G, Bandra Kurla Complex,  
Bandra (E), Mumbai - 400 051

## CORPORATE OFFICE

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

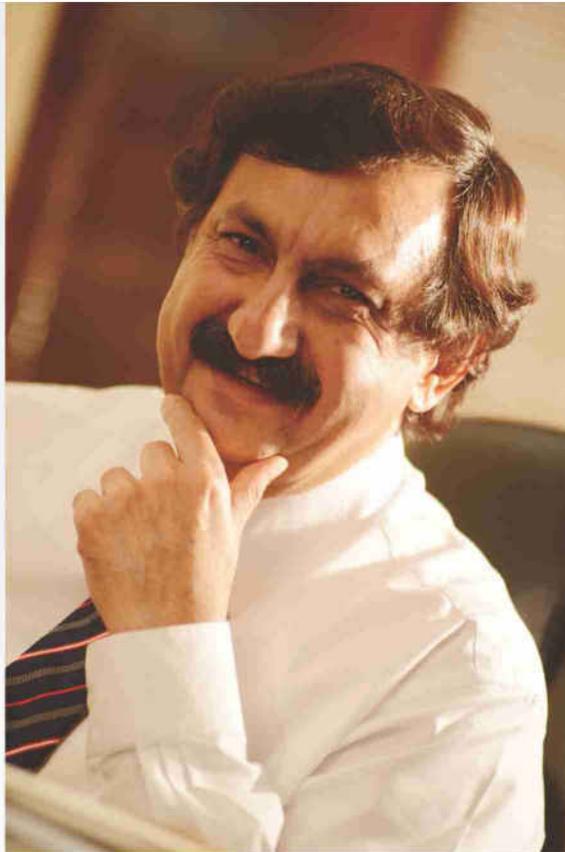
## An inspired note of growth from **The Chairman**

Dear friends and fellow shareholders,

I am delighted to address you all and feel proud to mention the achievements of our company in what has been a year of turbulent economic and industry environment. Since we last met a year ago, the global and domestic economic scenario has witnessed several disruptive events which have added to a sense of uncertainty. Considering the adverse regulatory scenario and relatively subdued sentiment that impacted our industry last year, I would urge all our shareholders to look at your company's performance from a broader perspective of resilience and long-term growth.

The lingering effects of the highway liquor ban and demonetisation disrupted the sales growth momentum for the industry in the year. Despite the visible hurdles impacting the overall industry, we reported beer volumes increase of 7.6% in FY2017, significantly higher than the industry growth. Total revenues increased by 12%. The increase in operating profit by 12% and consistent operating margins of over 15% stand testimony to our relentless focus on premiumization and cost optimisation. This demonstrates our focus on financial prudence, irrespective of industry cycles and volatilities. Another indication of our firm roots that enable us to withstand temporary storms is our well capitalised balance sheet and low leverage.

During the year, SOM achieved several milestones. We recorded a volume in excess of 2 million cases for our flagship beer brand – Hunter. We launched White Fox ready to drink product in new cranberry flavour which highlights our ongoing innovation strategy.



Earlier in the financial year, we launched Hunter Pint bottle which is the first in the beer segment to come with a curved shape and shrink wrap.

Our strategic focus on the Canteen Stores Department showed remarkable results and in March 2017, our 'Woodpecker' beer brand was approved for supply. This was subsequent to the approval of our four brands earlier in the financial year for supply on a pan India basis. The CSD remains a key focus area for us in future.

SOM is on track to capitalise on the opportunities through both organic growth and acquisitions in the near term. Aligned to our strategic vision of expansion, we are also in the process of setting up a brewery in Karnataka and expect revenues to increase substantially following the start of production in FY2018.

Looking forward, I am optimistic of the long-term prospects of the Company. The favourable demographics of India and rising disposable incomes coupled with low per capita consumption will result in sustainable long-term growth of the industry and established players as us are likely to be a key beneficiary.

Before closing, I would like to express my appreciation to all the stakeholders who have strived to make our company a success. I thank all of you for your unstinting support over the years, which always inspires us to scale new heights.

Best Wishes  
**J.K. Arora**  
(Chairman & Managing Director)  
Som Group of Companies



Being termed as premium is just the tip of the iceberg, when it comes to this golden delight. A perfect balance of the finest ingredients mark the creation of this super strong beer. A perfect balance of taste and strength is what sets Black Fort Premium Beer apart from the others. When it comes the best moments, it only gets better with Black Fort Premium Beer

Produced from the finest malt and imported hops, Hunter our premium beer is made truly for endowing bliss. Rich in quality and taste, you get to enjoy a refreshing feel when swilling it down your yearning throat.

The young, the old, the merry, Hunter Beer reaches out to one and all. Grab a bottle or drink it from the can, Hunter Beer is enough to get a party started.



When it comes to the light and naughty moments, White Fox Vodka does the trick. When this crystal clear drink, mingles with your blood stream, the light buzz elevates the mood and heightens the spirit of any party. This drink is just perfect for the light occasion and the naughty drinker.



Hassle free and all set to go down your gullet, White Fox Refresh is a refreshing new treat. Perfect for any moment, this ready to drink concoction saves you the hassle of being at the bar or being the bar tender when what you truly deserve is to unwind. Grab your can, pull open and sip, your moment is on.



Presenting the finest blended scotch whisky that will capture rarity and perfection in a glass.

Legend Premium Whisky, a blend of finest imported scotch malts and select Indian malt spirits offers pleasure starting with the first sip. Bask in the richness of its glory. The amber liquid with shades of gold is distilled to perfection for the perfect gentleman.





Enjoy the richest rum straight up as it offers a serious depth of flavour. The distinctive rich taste of it is unmistakable. Our secret blend brings out the intensity of this legendary spirit. The rum we offer is full bodied, rich and proffers a smooth mellow palate.

# NOTICE TO MEMBERS

Notice is hereby given that the 24th Annual General Meeting of Som Distilleries & Breweries Limited will be held on Friday the 29th September, 2017 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 28.07.2017 and audited Balance sheet as at 31.03.2017 and Profit & Loss Account for the year 2016-2017 be and are hereby adopted."

### 2. RETIREMENT OF DIRECTOR BY ROTATION

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

"Resolved that Shri Surjeeet Lal, who retires by rotation at this meeting and has offered himself for reappointment, be and is hereby reappointed as a Director."

### 3. DECLARATION OF DIVIDEND FOR 2016-17

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 2016-17 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 consequent to the retirement of M/s K.C. Khanna & Co., Chartered Accountants, Bhopal as auditors at the ensuing 24th Annual General Meeting on completion of more than ten years of audit before coming into force of The Companies Act, 2013 and on completion of three years audit thereafter in terms of Section 139 (2) of the Act, and pursuant to the provisions of that Section and the Companies (Audit and Auditors) Rules, 2014 and the recommendation of the Board of Directors, M/s R.N.Gupta and Associates, Chartered Accountants, Bhopal, be and are hereby appointed as Auditors of the Company for five years from 2017-18 to 2021-22 from the conclusion of this 24th Annual General Meeting till the conclusion of Annual General Meeting to be held in 2022 at a remuneration to be decided by the Chairman cum Managing Director with the consent of the auditors from year to year and subject to ratification at every annual general meeting for the particular year."

## SPECIAL BUSINESS

### 5. APPOINTMENT OF SHRI JAGDISH KUMAR ARORA AS MANAGING 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 provision of sections 149, 152, 160 and 161 read with schedule V of the Companies Act 2013, Shri Jagdish Kumar Arora (DIN: 00224633) who was appointed as an additional Director, (and also Chairman cum Managing Director) from 04.02.2017 and who

holds the office of Director 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 his candidature for the office of Director, be and is hereby appointed as Director liable to retire by rotation and also as Managing Director from 04.02.2017 for a period of five years without any remuneration, it being put on record in term of third proviso to section 203(3) of the Act that he will draw his remuneration as Managing Director of Som Distilleries Private Limited, another company in same group."

**Notes:-**

- a. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend and vote at the meeting instead of himself and such proxy need not be a member of the company. Proxies in order to be effective must be received at the Registered Office of the company at least 48 hours before the commencement of the meeting.
- b. The Register of Members of the company will remain closed from 21.09.2017 to 29.09.2017 (both days inclusive).

- c. All correspondence regarding dematerialization/ transfer of shares, change of address etc. should be addressed to MAS Services Ltd, T-34, Okhla Industrial Area, Phase II, Delhi-110020 who are the Registrar and Transfer Agents(RTA).
- d. Any queries for being answered at the meeting must reach at least ten days in advance.
- e. Shareholders are requested to furnish their e-mail addresses to RTA so that annual report etc. can be sent by e-mail in future.
- f. Electronic voting is allowed from 25.09.2017 10.00 a.m. to 28.09.2017, 5.00 p.m. in respect of each of the items of business mentioned above. Notes/procedure on electronic voting may be seen at pages 98 to 99.

Place: Bhopal  
Dated: 28.07.2017



By Order of Board of Directors

**Jagdish Kumar Arora**  
Chairman and Managing Director

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013 TO THE NOTICE OF THE ANNUAL GENERAL MEETING TO BE HELD ON FRIDAY THE 29TH SEPTEMBER, 2017 AT 10.00 HOURS AT EXECUTIVE CLUB, DOLLY FARMS AND RESORTS PVT. LTD, 349, VILLAGE SHAHOORPUR, P.O. FATEHPUR BERI, NEW DELHI – 110030

## APPOINTMENT OF SHRI JAGDISH KUMAR ARORA AS MANAGING DIRECTOR

Shri Jagdish Kumar Arora is a founder promoter of the company holding 6.61% of the equity capital of the company. He was appointed as additional Director and Managing Director of the company from 04.02.2017 under section 161 of the Companies Act 2013 holds office up to the date of this Annual General meeting. The Board has received a notice from a shareholder proposing his candidature as Director and Managing Director of this company. His consent to act as Director has been received in form DIR-2. He is a science graduate. He has successfully developed the business of Som Group of Companies for last more than 30 years in fields such as Liquor, real estate, information technology etc. The Board has recommended his appointment as a Director and as Managing Director as proposed in the draft resolution.

None of the directors, Key Managerial Personnel or their relatives is interested in the resolution.

By Order of Board of Directors

Place: Bhopal  
Dated: 28.07.2017

**Jagdish Kumar Arora**  
Chairman and Managing Director

# The Strategy of Leading Growth

## OPERATIONS

- The total income of INR 2478 million, up from 11.9% from last year.
- Sales volume up by 7.6% to 5.39 million cases
- EBDITA of INR 381 mn, an increase of nearly 12% from last year.
- Our main premium brand Hunter achieved the volume in excess of 2 million cases.
- Setting up a brewery in Karnataka through the subsidiary company Woodpecker Distilleries & Breweries Private Ltd.
- Invested close to INR 400 mn in the subsidiary. We expect commissioning of the plant by FY 17-18.
- Altogether 5 brands of the company approved by CSD for supply on a PAN India basis.

## MARKET POSITION

- Hunter, Black fort and Power Cool beers maintained their premium status of millionaire brand in respect of completion in the industry.
- The company has reinforced its position of being a dominant player in the market of Central India.
- The company's 82% top line is derived from beer portfolio.
- One of the strongest second run players.
- The company is looking at organic and inorganic growth.
- Also looking to increase our market shares in the respective markets, where we are present including CSD.

## INDUSTRY DYNAMICS

- The per capita consumption of Alcohol is currently one of the lowest in India.
- The industry is characterized by high incidences of taxes and regulations.
- The beer industry is mainly concentrated in southern states of India and the market share of these states is 50% of the current consumption.
- The industry is strongly skewed towards strong beers.
- The beer market in India was Rs. 448 billion in CY 2016. In value terms the beer industry is projected to grow at CAGR of 8.6% for the next 5 years to reach 676 billion by CY 2021.
- The IMFL market is valued at 2040 billion in CY 2016, which is expected to grow at a CAGR of 8.2% and reach Rs. 3032 billion by CY 2021.

# THE MANAGEMENT STALWARTS

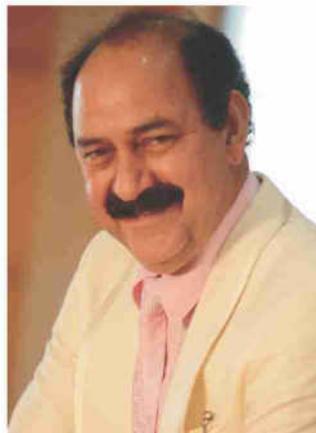
## THE MASTERS OF THE GOLDEN LIQUID



### J.K. ARORA

CMD,  
SOM Group of Companies

- He is the visionary of the group and has single mindedly steered the group in becoming an institution in itself.
- He is strong believes in the ethos of focusing on the customer. This approach is the very fabric of the group.
- He strongly advocates in participative management, continuous improvement, empowerment in the group.
- He leads the critical functions of strategy, marketing and finance.



### A.K. ARORA

DMD,  
SOM Group of Companies

- He is the technical brain behind the group.
- He has extensive experience in execution of large and complex projects.
- He also lays special emphasis on the quality of products and adopting the latest technology; for caring for the environment.
- He always strives to get the best out of each team member.



### ALOK ARORA

Director,  
SOM Group of Companies

- Previously worked for Rolls Royce, Barclays Bank in London. he is also a CEO of Aryawrat Housing & Construction Pvt. Ltd. (AHCPL)
- He has experience in layout planning, startup formalities and execution and planning & is a graduate from the Imperial College London.



### 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



### NAKUL SETHI

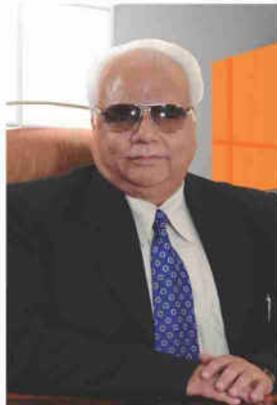
Head, Finance & Strategy,  
SOM Group of Companies

- Responsible for finance, accounts and strategic initiatives of the SOM Group
- Has over 18 years of experience in India, Middle East and Asia Pacific and associated with reputed firms like Alfordan Group, Yes Bank, Kotak Bank and Knights Insolvency

### SURJEET LAL

Director,  
SOM Distilleries  
& Breweries Ltd.

- 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



### B.K. GOEL

Vice President, Commercial  
The Operating Team

- Has over 36 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



### RAJU VAZIRANEY

President- Sales & Marketing,  
SOM Distilleries & Breweries Ltd.

- Over 31 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.

## SOM DISTILLERIES & BREWERIES LIMITED

# 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 31st March 2017.

### I. WORKING RESULTS

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

Particulars	2016-17 ₹ (in crores)	2015-16 ₹ (in crores)
Sales & Other Income	247.78	221.36
EBIDTA	38.32	34.08
Depreciation	3.57	3.86
Profit for the year	23.43	20.93
Provision of Tax	9.50	7.55
Profit after Tax	13.93	13.38

There has been an increase in the turnover during 2016-17 over the previous year. However, the net profit has increased only marginally due to higher interest burden and provision for tax. During the year the company has made substantial investment of ₹ 39.3 crores in Woodpecker Distilleries and Breweries Private Limited, a subsidiary of the company which is setting up a brewery and a bottling plant for IMFL at Hassan in Karnataka. The new plant has made good progress on the ground and is likely to be operational by the third quarter of the current financial year.

### 2. EXTRACT OF ANNUAL RETURN

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

### 3. MEETINGS OF BOARD OF DIRECTORS

During the financial year 2016-17, the Board of Directors met 12 times on 15.04.2016, 18.05.2016, 27.06.2016, 13.08.2016, 25.10.2016, 12.11.2016, 19.12.2016, 21.01.2017, 03.02.2017, 09.02.2017, 02.03.2017 and 07.03.2017

#### 4. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors hereby certify:-

- (i) that in the preparation of the accounts for 2016-17, 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. DECLARATIONS 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. COMMITTEES OF THE BOARD

Details of the Committees of the Board of Directors are given in the Corporate Governance Report attached as **Annexure IV**.

#### 7. RESERVATION AND QUALIFICATION ON STATUTORY AUDIT REPORT AND SECRETARIAL AUDIT REPORT.

There is no qualification, reservation or adverse remark or disclaimer of the statutory auditors and secretarial auditor to which a reply is needed from the Board.

The suggestions given by Auditors regarding codification of internal financial controls, documentation of operations and effectively monitoring controls and more effectively segregating of duties, have been noted and will be acted upon. Also undisputed statutory dues of income tax and dividend tax will be paid shortly.

#### 8. PARTICULARS OF LOAN, INVESTMENTS AND GUARANTEES.

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

#### 9. PARTICULARS OF CONTRACTS AND ARRANGEMENTS UNDER SECTION 188

Contracts or arrangements with related parties during the year 2016-17 were either within the limits as stated in rule 15 (3)(a) of Companies (Meetings of Board and its Powers) Rules, 2014 or were arms length transactions, undertaken with due compliances.

#### 10. DIVIDEND

Directors have recommended for the year 2016-17, a dividend of ₹ 1.5 on each share of ₹10 (i.e. 15%) on all the 27522400 equity shares payable to shareholders as on the date of Annual General Meeting i.e 29.09.2017.

## 11. 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:

* Earnings	:	₹ 67,82,262/-
------------	---	---------------

* Outgo	:	₹ 5,51,54,361/-
---------	---	-----------------

## 12. 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. The CSR activities of the company are conducted through Asha Mohan Foundation which is a registered society engaged in the education of children for the last more than ten years and has been established by the promoters of this company. The CSR Committee monitors the CSR expenditure of the company through Asha Mohan Foundation and has to 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. In respect of the year, 2016-17, a report under Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached in **Annexure II**.

## 13. 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 2016-17 in terms of section 204 of the Companies Act, 2013. The secretarial audit report issued by them is attached herewith as **Annexure III**.

## 14. DIRECTORS/CFO/INTERNAL AUDITOR

Shri Jagdish Kumar Arora, a promoter of the Company was appointed as Chairman and Managing Director of the Company with effect from 04.02.2017 without any remuneration. Shri Rajesh Dubey is the Chief Financial Officer and Shri Sourabh Tandon is the Internal Auditor. The Board now consists of Shri Jagdish Kumar Arora, CMD, Shri Surjeet Lal, Shri S.S.Sengar, Shri Deenanath Singh and Ms Nishi Arora

## 15. SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

During the year Woodpecker Distilleries and Breweries Private Limited became a subsidiary of the company by acquiring 3,93,00,000 (Three crore ninety three lakh only) equity shares of ₹ 10 each constituting 99.97% of the equity capital of the subsidiary. The consolidated financial statement is also being attached to this report.

## 16. AUDITORS

M/s K.C. Khanna & Co., Chartered Accountants, Bhopal retire at the ensuing 24th Annual General Meeting on completion of more than ten years of audit before coming into force of The Companies Act, 2013 and on completion of three years thereafter in terms of Section 139(2) of the Act. The Board has recommended the appointment of M/s R.N.Gupta and Associates, Bhopal as auditors of the Company for a period of five years in terms of Section 139 of the Act. R.N.Gupta and Associates have given a written consent and certificate that the appointment, if made, shall be in accordance with conditions as prescribed in the Rules made under that Section.

## 17. CORPORATE GOVERNANCE

Pursuant to Regulation 34 and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 VI**.

## 18. 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. Details of risk management policy are yet to be framed. The information/ratios as required under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2016 are attached as **Annexure V**.

## 19. 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

Place: Bhopal  
Dated: 28.07.2017

**Jagdish Kumar Arora**  
Chairman and Managing Director



# ANNEXURE- I TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED ON 31.03.2017

[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. Corporate Identification Number	:	L74899DLI993PLC052787
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	:	
Registered Office and Contact Details	:	I-A, Zee Plaza, Arjun Nagar, Safdarjung Enclave, Kamal Cinema Road, New Delhi. I 10029, Tele. No. 01 1-26169909
Corporate Office and Contact Details	:	23, Zone II, M.P. Nagar, Bhopal 46201 I, Madhya Pradesh, Telephone 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 I 10020. Tele Nos. 01 126387281-83, e-mail: info@masserv.com.

## 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 product/ service	NIC Code of the products/ services	% to total turnover of the company
I.	BEER MADE FROM MALT plus WHISKIES	2203.00 PLUS 2208.30	100%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

S. No.	Name and Address of The Company	CIN/GLN	Holding/ Subsidiary/associate	% of Shares held	Applicable section
I.	Woodpecker Distilleries & Breweries Pvt. Ltd. Suit No. 601, Sivkaran Apartments, Off Yari Road, Panchtantra Nagar, Andheri (W) Mumbai, Maharashtra 400061	U15400MH2010PTC211663	Subsidiary	99.97%	Section 2(46) And 2(87) of Companies Act, 2013

#### 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>									
<b>(1) Indian</b>									
a) Individual/ HUF	2733919	NIL	2733919	9.933	2741114	NIL	2741114	9.96	0.027
b) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt (s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corp.	3580932	NIL	3580932	13.011	3581280	NIL	3581280	13.01	-0.001
e) Bank/ FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total (A) (1):-</b>	<b>6314851</b>	<b>NIL</b>	<b>6314851</b>	<b>22.944</b>	<b>6322394</b>	<b>NIL</b>	<b>6322394</b>	<b>22.97</b>	<b>0.026</b>
<b>(2) Foreign</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) NRIs – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub -total (A) (2): -</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Total shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>6314851</b>	<b>NIL</b>	<b>6314851</b>	<b>22.944</b>	<b>6322394</b>	<b>NIL</b>	<b>6322394</b>	<b>22.97</b>	<b>0.026</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Banks / FI	1600	NIL	1600	.006	1600	NIL	1600	0.01	.004
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt (s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total (B)( 1):-</b>	<b>1600</b>	<b>NIL</b>	<b>1600</b>	<b>0.006</b>	<b>1600</b>	<b>NIL</b>	<b>1600</b>	<b>0.01</b>	<b>0.004</b>
<b>2. Non Institutions</b>									
<b>a) Bodies Corp</b>									
i) Indian	46929	93300	140229	0.51	92861	93300	186161	0.68	0.17
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	442427	916659	1359086	4.938	728040	1046559	1774599	6.45	1.512

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	
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	19524452	147700	19672152	71.477	19179811	NIL	19179811	69.69	-1.787
c) Others (specify) non-resident Indian/obc	29914	NIL	29914	0.109	34627	NIL	34627	0.13	0.021
d) others Clearing Member	4568	NIL	4568	0.017	23208	NIL	23208	0.08	0.063
<b>Sub-total (B)(2):-</b>	<b>20048290</b>	<b>1157659</b>	<b>21205949</b>	<b>77.051</b>	<b>20058547</b>	<b>1139859</b>	<b>21198406</b>	<b>77.03</b>	<b>-0.021</b>
<b>Total Public Shareholding (B)= (B)(1)+ (B)(2)</b>	<b>20049890</b>	<b>1157659</b>	<b>21207549</b>	<b>77.057</b>	<b>20060147</b>	<b>1139859</b>	<b>21200006</b>	<b>77.04</b>	<b>-0.017</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Grand Total (A+B+C)</b>	<b>26364741</b>	<b>1157651</b>	<b>27522400</b>	<b>100</b>	<b>26382541</b>	<b>1139859</b>	<b>27522400</b>	<b>100</b>	<b>NIL</b>

## ii) Shareholding of Promoters

Sl 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	.002	0	566	.002	0	0
2	AALOK DEEP FINANCE PVT. LTD.	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	0.002	0	500	0.002	0	0
6	JAGDISH K. ARORA	1812472	6.585	0	1819667	6.611	0	0.03
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	SOM DISTILLERIES PVT. LTD.	3029832	11.01	0	3030180	11.01	0	0
	<b>Total</b>	<b>6314851</b>	<b>22.94</b>	<b>0</b>	<b>6322394</b>	<b>22.97</b>	<b>0</b>	<b>0.03</b>

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

Sl No.		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	6314851		22.94	6314851	22.94
	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	Purchased	% of total shares of the company	No. of Shares	% of total shares of the company
		30.06.2016	7195	} .03	6322046	22.97
		30.09.2016	300		6322346	22.96
		31.12.2016	NIL		6322346	22.96
	31.03.2017	48	6322394		22.97	
	<b>At the End of the year</b>	<b>6322394</b>		<b>22.97</b>	<b>6322394</b>	<b>22.97</b>

iv) Shareholding Pattern of top ten Shareholders

(other than Directors, Promoters and Holders of GDRs and ADRs) :

Sl 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	12114451	44.017	12114451	44.017	
	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	Change	Change (%)	No. of Shares	% of total shares of the company
2.		30.06.2016	-8	0	12114443	44.017
		30.09.2016	0	0	12114443	44.017
		31.12.2016	0	0	12114443	44.017
		31.03.2017	0	0	12114443	44.017
3.	At the End of the year (or on the date of separation, if separated during the year)	12114443	44.017	12114443	44.017	

v) Shareholding of Directors and Key Managerial Personnel:

Sl No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year
I.	For Each of the Directors and KMP	Shri Surjeet Lal	Shri Jagdish Kumar Arora	
	At the beginning of the year	566	1812472	1813038
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	7195	7195
	At the end of the year	566	1819667	1820233

vi.) **INDEBTEDNESS**

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

Indebtedness at the beginning of the financial year		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i)	Principal Amount	74,41,72,055	16,50,00,000	NIL	90,91,72,055
ii)	Interest due but not paid	1,03,00,167	18,47,366	NIL	1,21,47,533
iii)	Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>		<b>75,44,72,222</b>	<b>16,68,47,366</b>	<b>NIL</b>	<b>92,13,19,588</b>

Change in Indebtedness during the financial year

Addition	NIL	9,55,00,000	NIL	9,55,00,000
Reduction	23,15,67,264	4,57,03,789	NIL	27,72,71,053
<b>Net Change</b>	<b>23,15,67,264</b>	<b>4,97,96,211</b>	<b>NIL</b>	<b>18,17,71,053</b>

Indebtedness at the end of the financial year

iv)	Principal Amount	51,81,94,926	21,30,00,000	NIL	73,11,94,926
v)	Interest due but not paid	47,10,032	36,43,577	NIL	83,53,609
vi)	Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>		<b>52,29,04,958</b>	<b>21,66,43,577</b>	<b>NIL</b>	<b>73,95,48,535</b>

## Vii.) Remuneration of Directors And Key Managerial Personnel

- A) Remuneration to Managing Director : Nil  
Whole-time directors and/or manager
- B) Remuneration to other directors : Nil
- C) Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sl No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
I.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	4,40,196	4,93,308	9,33,504
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
	Stock Option	NIL	NIL	NIL	NIL
	Sweat Equity	NIL	NIL	NIL	NIL
	Commission				
	- as % of profit	NIL	NIL	NIL	NIL
	- others, specify...				
	Others, please specify	NIL	NIL	NIL	NIL
	<b>Total</b>	<b>NIL</b>	<b>4,40,196</b>	<b>4,93,308</b>	<b>9,33,504</b>

(viii) Penalties / Punishment/ Compounding of Offences : NIL

BY ORDER OF BOARD OF DIRECTORS

Place: Bhopal  
Dated: 28.07.2017

**Jagdish Kumar Arora**  
Chairman and Managing Director

# ANNEXURE II TO THE DIRECTOR'S REPORT

## ANNUAL REPORT ON CSR ACTIVITIES

### 1. BRIEF OUTLINE OF THE COMPANY'S CSR POLICY ETC.:-

At present the CSR activities of the company are 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 monitors the CSR expenditure of the company through Asha Mohan Foundation and has to 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)
2013-14	25.48
2014-15	25.45
2015-16	20.93
TOTAL	71.86
AVERAGE	23.95

### 4. PRESCRIBED CSR EXPENDITURE

(two per cent. of the amount as per the average in item 3 above) : ₹ 47.91 lakhs.

### 5. DETAILS OF CSR AMOUNT SPENT DURING THE FINANCIAL YEAR.

- A) Total amount spent during the financial year 2016-17 : ₹ 26.61 lakh
- B) Amount un-spent, if any : ₹ 21.30 lakh



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 Project 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 program 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	None	₹ 26.61 Lakh	₹ 26.61 Lakh

D) In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount :

Some of the expenses of Asha Mohan Foundation did not materialize due to inadequate response from the local area.

E) Responsibility Statement:

It is hereby stated on behalf of the CSR Committee that the implementation and the monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company.

BY CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Place: Bhopal  
Dated: 28.07.2017

Surjeet Lal  
Director

Deenanath Singh  
Chairman

# ANNEXURE III TO THE DIRECTORS REPORT

## FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2017

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

To,  
The Members,  
Som Distilleries & Breweries Ltd.

Sirs,

1. I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Som Distilleries and 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 verification of the Som Distilleries and 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 hereby report that subject to what is stated in the Financial Statement for 2016-17 read with the Auditors and Directors reports, the company has, during the audit period covering the financial year ended on 31.03.2017 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.
3. I have examined the books, papers, minute books, forms and returns filed, report of Company Secretary to the Board of Directors and other records maintained by Som Distilleries and Breweries Limited for the financial year ended on 31.03.2017 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 ('SEBI Act') :-
    - (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, 2015.

(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

(h) The Securities & Exchange Board of India (Buyback of Securities) Regulations, 1998.

(i) Secretarial Standard as issued by The Institute of Company Secretaries of India, and

(j) 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, Standards etc. mentioned above.

4. Departmental Heads of the company have reported compliance with following laws applicable to the company during the financial year 2016-17. These reports were duly taken on record by the Board of Directors.

➤ Income tax Act, 1961.

➤ Sales tax Act, 1956.

➤ Central Excise Act, 1944.

➤ Finance Act, 1994 (Service Tax).

➤ The M.P.Excise Act, 1915.

➤ Factories Act, 1948.

➤ Industrial Disputes Act, 1947

➤ The Payment of Wages Act, 1936

➤ The Minimum Wages Act, 1948

➤ Employees' State Insurance Act, 1948

➤ The Employees' Provident Funds and Miscellaneous Provisions Act, 1952

➤ The Payment of Bonus Act, 1965.

➤ The Payment of Gratuity Act, 1972

➤ The Contract Labour (Regulation & Abolition) Act, 1970

➤ The Maternity Benefit Act, 1961

➤ The Child Labour (Prohibition & Regulation) Act, 1986

➤ The Industrial Employment (Standing Order) Act, 1946

➤ Workmen Compensation Act, 1923.

➤ Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

➤ Water (Prevention and Control of Pollution) Act, 1974.

➤ Water (Prevention and Control of Pollution) Cess Act, 1977

➤ Air (Prevention and Control of Pollution) Act, 1981

➤ Environment (Protection) Act, 1986.

➤ Hazardous Wastes (Management, Handling and Trans boundary Movement) Rules, 2008.

### I 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 not gone through any major event which may be mentioned for special attention except that the company has acquired shares the face value of ₹ 39.30 crores in Woodpecker Distilleries and (WDBPL) of which the total ₹ 39.31 crores. WDBPL is thus having its registered office at Brewery and Bottling Plant for

Breweries Private Limited paid up capital is a subsidiary of the company, Mumbai and is setting up a IMFL at Karnataka.



For **M.M. CHAWLA AND ASSOCIATES**

Place: Bhopal  
Dated: 28.07.2017

**M.M.CHAWLA**  
FCS 67, C P 716

# ANNEXURE- IV TO THE DIRECTORS REPORT

## REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED ON 31st MARCH, 2017

(as required under Regulations 34 (3) and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

### A. RELATED PARTY TRANSACTIONS

Contracts or arrangements with related parties during the year 2016-17 were within the limits as stated in rule 15 (3) (a) of Companies (Meetings of Board and its Powers) Rules, 2014 which have been undertaken after due compliances. The related party transactions were arms length transactions.

### B. MANAGEMENT DISCUSSION AND ANALYSIS

FY2017 Annual Report: Management Discussion and Analysis

#### 1. Indian Economy and Outlook

The Indian economy has grown at a strong pace in recent years, outperforming most of the emerging markets to become the fastest growing major economy in the world. Indian GDP growth rate is estimated to be around 7.1% in FY2017. As per IMF's World Economic Outlook April 2017, India's GDP is expected to grow at 7.2% in CY2017 and then expand by 7.7% in CY2018. The fiscal year was marked by major global events which had an impact across industries domestically and globally. The elections in the USA and the uncertainty in Europe due to Brexit were some of the major events that increased volatility in the markets. In India, the demonetisation initiative impacted consumer spending, which was picking up due to favourable monsoons in the year. Although, the same is projected to be only a temporary disruption and the Indian economy is expected to recover to

its expected high single digit growth trajectory. The Indian economy is expected to grow in the next fiscal year on the back of reforms and pickup in demand across sectors due to consumption revival and higher infrastructure spending. With the successful approval of the GST bill, reforms such as the insolvency code and measures to deal with bad loans of public sector banks are expected to provide impetus to the growth.

According to ICRA, improved monsoon forecast, the expectation of a moderate hike in Minimum Selling Prices (MSPs), stable global commodity prices and a modest weakening of the rupee, the CPI inflation in FY18 is expected to be 4.0-4.3%.

#### 2. Recent Consumer Trends and Outlook

India is the fastest growing economy globally and the consumption expenditure is expected to rise substantially in the medium to long term. Rising affluence is the biggest driver of increasing consumption. Additionally, consumer behaviour and spending patterns are shifting as disposable incomes rise and Indian society evolves.

The Indian consumers are gradually gravitating towards higher value products in line with Western culture, as can be seen from rising acceptance of fine dining and declining social stigma on alcohol consumption. These shifts have big implications for how companies position themselves now.

The demographic profile and large population of India, particularly the youth, indicates that market maturity is a distant prospect. As Indian consumer market continues to grow, the companies will need to adapt their business models to meet changing consumer needs and behaviour. The structural shift in consumer trends is evident from continuing urbanization, removal of social taboos related to alcohol, increase in nuclear families and preference for eating out. Immediate gratification is becoming more important for the youth and they are becoming more brand conscious. The consumers in big cities are buying more premium products, which is leading to higher spending. This represents an opportunity for companies that make more premium products and also boost growth by encouraging consumers in small cities to trade up.

### 3. Indian Alcobev Industry Overview

Indian alcohol industry is broadly segmented as spirits, beer and wine. The per capita consumption of alcohol in India is currently the lowest in the world. Therefore, the theme around favourable demographics, changing spending preferences and increasing disposable incomes continue to be the key drivers and are expected to drive the industry growth in the medium to long term. The per capita consumption of alcohol has been low due to taboos associated with liquor and low affordability. However, in recent times, the liquor industry is witnessing a transition owing to shift in structural demand for alcohol and change in consumer spending patterns. The desire of the Indian consumer to have an increasingly better lifestyle has further fuelled this demand.

India is the third largest market for liquor in terms of volume. Region wise, the four southern states of Andhra Pradesh, Tamil Nadu, Karnataka and Kerala represent over half of the total IMFL and Beer consumption.

### Beer Industry in India

The beer industry is currently mainly concentrated in the Southern states of India where the market share is 50%. The Indian beer market is inclined towards strong beer (alcohol content more than 5%). The current per capita consumption of beer in India is one of the lowest in the world providing significant room for growth. In terms of volumes, the beer market stood at 2,553 million litres in 2016 (a growth of 2.1% over CY2015). The beer volumes are projected to grow at a CAGR of 5.8% for the five years to reach 3,377 million litres in CY2021. (Source: Euro monitor International)

The beer market in India was Rs. 448 billion in CY2016 (representing a growth 5.8% over CY2015). In value terms, the Beer industry is projected to grow at a CAGR of 8.6% over the next five years to reach Rs. 676 billion by CY2021.



India is unique in terms of having IMFL industry larger than the beer industry. In developed countries, the market size of beer is much larger than that of spirits. Also, in India, the preference is for strong beer as it is considered to be more value for money. Globally, the share of strong beer is much lower and most premium brands offer light beer. Higher VAT, service taxes and excise duty leads to beer being priced at par with IMFL making the latter deliver more value for the money, considering the alcohol content in both. Thus, beer is expensive on a per unit alcohol basis. Also, the lack of adequate refrigeration in rural areas leads to beer being primarily consumed in urban areas.

However, the outlook for the beer industry over the medium to long term is promising as the Indian market is highly under penetrated. Currently, the premium and super-premium segments are growing the fastest. Increasing consumer affluence is likely to encourage a growing number of consumers to trade up to SOM's premium category brands. Beer is also gradually shedding its seasonality and coming to be accepted as an all-year drink. A high capex is required for the setup of breweries and therefore there are considerable barriers to entry.

#### **IMFL industry in India**

Brown spirits (whiskey, brandy and rum) dominate the IMFL segment in India, as compared to white spirits (gin and vodka). The brown spirits account for over 95% of market share, both by value and volume. The international trends on the contrary have prominent white spirits market share. During CY2016, whisky volumes increased by 2.9%, whereas value growth was at 2.6% compared to the same period last year. The volumes of vodka decreased by (2.6)% while in value terms, it increased by 1.3%. The Rum segment increased by 0.2% in both value and volume terms.(Source: Euromonitor International)

The IMFL volume increased by 2.7% during CY2016 to 2,636 million litres and the sales value increased by 2.6%. The IMFL volumes are expected to increase at a CAGR of 4.4% over the next 5 years to reach 3,268

million litres in CY2021. In value terms the IMFL industry is expected to increase at a CAGR of 8.2% over CY2016-2021.(Source: Euromonitor International)

#### **4. Demand Drivers for the Alcobev Industry**

India offers tremendous long-term potential for the consumer industry, driven by favourable demographics, rapid urbanisation and the emergence of a sizeable middle class.

Key demand drivers for the alcohol industry, especially beer are:

- **Increase in Disposable Income and Spending:**

Rising income levels, both urban and rural, coupled with aspirational consumption are expected to fuel the discretionary spending. Forecasts of favourable monsoons, along with a declining inflation are also expected to result in a rise in overall consumption. The pace of growth of consumption in Tier 2 and Tier 3 cities as well as rural areas could exceed that of urban cities and this would prove to be beneficial for the liquor industry.



Also, with the rise in disposable incomes and discretionary spending, consumers tend to upgrade their preferences, leading to higher demand for premium products.

- **Underpenetrated Markets and Increase in Working Population:**

India remains one of the least penetrated markets in terms of alcohol consumption and therefore the market dynamics are highly attractive. Indians are joining the workforce sooner than in the past and their discretionary spending is increasing towards procuring better lifestyle products including the branded alcohol products.

- **Lucrative Demographics and Shifting Preferences:**

An increasing portion of the population is entering the legal drinking age bracket every year. India is witnessing a demographic shift wherein the population (including both male & female) in this working age group of 25–59 is becoming the largest segment. This would increase the traditional consumer base. Also, the favourable economic and demographic factors, coupled with changing attitudes and preferences, are expected to support sustainable long-term increase in consumer spending, which in turn will benefit the liquor industry. The cultural and social attitudes are changing and the consumers are seeking luxury experiences and therefore are willing to pay more for branded premium products.

- **Entry of Women in Workforce:**

Unlike in the past, the social stigma attached to alcohol consumption by woman is on a decline. Consumption among women, primarily in cities, is on the rise, adding a new class of consumers. Primary reason behind this trend is increasing personal freedom enjoyed by women due to improved access to education and employment. Further, more exposure to lifestyle in advanced economies have changed the consumption patterns among women.

## 5. **Threats and Concerns**

Regulatory hurdles and high operating costs continue to limit the Company's ability to exploit the opportunities that Indian consumerism offers. Any delay in pickup of macro-economic indicators, regulatory changes, emergence of inflationary conditions, volatility in currency and unfavourable weather patterns are some of the additional threats to the Company's prospects. Other key challenges include:

- **Low Penetration and Ban on Direct Advertisements for Promotions:**

Both advertising and retail of liquor are restricted and regulated. In India, alcohol is sold through a meagre 86,000 outlets, which is extremely low when compared to the rest of the world. Direct advertising is banned for liquor products. The promotions are restricted to POS or surrogate advertising (like glasses, mineral water, music items having identical brand names). These restrictions create hurdles for new brand building process as well as improving visibility of existing brands.

- **Stringent Regulations Subject to Different State Policies:**

In India, every state has its set of regulations which govern the value chain of industry players including manufacturing, retailing, pricing and levies thereby, hindering the economies of scale. State wise the markets are classified as three types - **1)** Controlled by the Government –the state governments control either distribution or retailing of alcohol (partial control) or complete control. **2)** Open markets – These are the markets in which both distribution and retail channels are open for participation of private players. **3)** Auction markets – in these markets, private players participate in auction of distribution and retail licenses. For the movement of liquor from one state to another, both export and import licenses are required.

Export fees are levied in the state where the liquor is manufactured and import fees are levied on the state in which it is sold. In some states, liquor manufactured within the state only can be sold. Thus, fragmented manufacturing in different states prevent the economies of scale. The different regulation in different states makes it difficult for companies to have a national pricing policy and marketing strategy. This adversely impacts the cost and complexity of operations. Also, differential pricing leads to cross border sales between different states.

- **Price Restrictions**

There is limited pricing power, given the high government regulation of the industry. In many states, where the government is also the biggest distributor, it fixes the prices at which it buys from the alcoholic beverage companies and the prices at which they will sell to the end consumers. The state governments decide the end consumer price, leaving manufactures with no say in determining the price of the alcoholic beverage. On the other hand, the recent increases in duties and taxes has led to increase in the end consumer price which has adversely impacted the purchasing power.

- **Unfavourable Court Rulings**

The recent court rulings have adversely impacted the industry's profitability. The impact of ban on the sale of alcohol within 500 metres of the state and national highways, which accounts for ~40% of industry volumes, has been severe. The peculiar drawback with unfavourable court rulings is that, unlike the change in prohibitive regulations by the change of governments in a state, the imposed restrictions by the courts are unlikely to reverse, especially the rulings by the highest court of the country. Although the mitigating steps have begun to be implemented, location is expected to create near term disruption. Therefore, the impact will not lead to an adverse structural shift in demand and the consumption is expected to shift to other outlets in the medium term.

- **Prohibition Concerns**

The contribution of alcohol to state exchequer has been significant and considering the high level of revenue and fiscal deficits burdening the states, the prohibitions have not been sustainable in the past. Irrespective of this, the prohibition by various state governments is a key concern. Sale of liquor is also prohibited in the states of Gujarat, Manipur, Mizoram and Nagaland, and more recently in Bihar, which further creates limits on the scope for expansion and growth. In the near term, some demand may be affected but the prohibition may not be sustainable or the demand may shift to neighbouring states.

- **Irregular and High Taxation**

The alcohol industry has been kept outside the purview of GST. However, the industry would be liable to pay GST rates on the input materials, which may impact the gross margins. The taxation by volume continues to adversely impact the beer segment. The tax structure for alcoholic drinks does not adjust for the level of alcohol in a particular drink. Considering the ratio of excise duty adjusted to alcohol content, IMFL appears to be more affordable than beer because it has a higher alcohol/price ratio. This makes beer an expensive drink compared with other spirits in terms of price per unit of alcohol. The excise and other taxes put together comprise almost 50% of the final retail price. There is a complex multi-layer taxation structure and this makes the alcohol industry less affordable and also restricts the pricing power.

- **Low Affordability:**

One of the reasons for a low per capita consumption of liquor in India is the low affordability levels, which is a direct fallout of high taxation. This has led to country liquor being a sizeable part of the overall market, capturing the share of IMFL and Beer. In addition to low affordability, the price hikes have proven to be a hindrance for the growth of the industry.

## 6. Business Overview

SOM Distilleries & Breweries Limited (SOM) was established in 1993 and is the flagship company of the SOM Group of Companies. SOM is primarily engaged in the production of beer and blending and bottling of IMFL. The company has a strong sales and distribution network spread over 13 states in India. The Company has a strong marketing and distribution network in Arunachal Pradesh, Chandigarh, Chhattisgarh, Delhi, Gujarat, HP, Haryana, Jharkhand, Orissa, Pondicherry, Karnataka, Uttarakhand and West Bengal with 60+ distributors across India. The Company has an installed capacity of 59,200 KL of Beer and 5,400 KL of IMFL. The company's ~ 82% top line is derived from beer portfolio ; one of the strongest second rung players with key millionaire brands Hunter, Black Fort, Power Cool (sales > 1mn cases per annum); strengthening portfolio through innovative products & brand extensions-same point of sale for beer & IMFL

### • Brand Portfolio Review

Within each segment, SOM has a broad line of products, offering a range of choices to consumers. The Company continuously strives to modernise the products to improve customer connect and drive profitability. A diverse product and brand portfolio allows SOM to target both the lower income mass market and the emerging premium segment. The product portfolio 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, as well as Milestone 100 whisky and White Fox vodka in the IMFL segment. Other popular brands include Legend, Genius, Sunny and Woodpecker Beer. The Hunter and Woodpecker brands are also supplied as draught beer to all major hotels in Madhya Pradesh and Chhattisgarh.

## 7. Financial Performance

During FY2017, the total income of the Company increased by 11.9% to Rs. 2,478 million. The increase was due to improved price realizations and

increased sales volumes in the Beer segment and increase in realisations in the IMFL segment.

The EBITDA for FY2017 was at 15.4% which was higher than the 15.3% achieved in the FY 2016.



The Profit after Tax (PAT) increased by 4.1% to Rs. 139 million, compared to the same period last year. PAT margin for the year was 5.6%. The PAT increased in the year despite the financial cost increasing to Rs. 113 million from Rs. 93 million last year. There was a significant turnaround in the balance sheet with improved parameters like reduction in debtor days and reduction in loans and advances , resulting in a positive cash flow from operations. During the year, the Company generated cash flow from operations of Rs. 873 million and incurred capex / and investments in subsidiary of Rs. 491.3 million leading to a free cash flow of Rs. 294.5 million.

We shall continue with our endeavour of improving our collection cycle and reducing the debt on the books.

### 8. Liquidity

SOM maintains a conservative leverage profile and a robust balance sheet. As of March 31, 2017, SOM had total debt of Rs. 740 million, cash & cash equivalents of Rs. 294 million, resulting in net debt of Rs. 445 million (723 million in the previous year). Total shareholders' equity at the end of FY2017 was Rs. 1,355 million. The Net Debt/Equity ratio improved significantly to 0.33x from 0.57x last year.

### 9. Operational Performance

We are committed to bring good growth and the lives of more people in more places, through brands and experiences that bring people together. We are dedicated to producing the best beer using quality local ingredients which in turn helps the local community of farmers, retailers, entrepreneurs and communities to grow further.

We are committed to build great brands which have

great recall value in the minds of consumers and that is one of our core philosophies of doing away with contract manufacturing for other Alcobev companies.

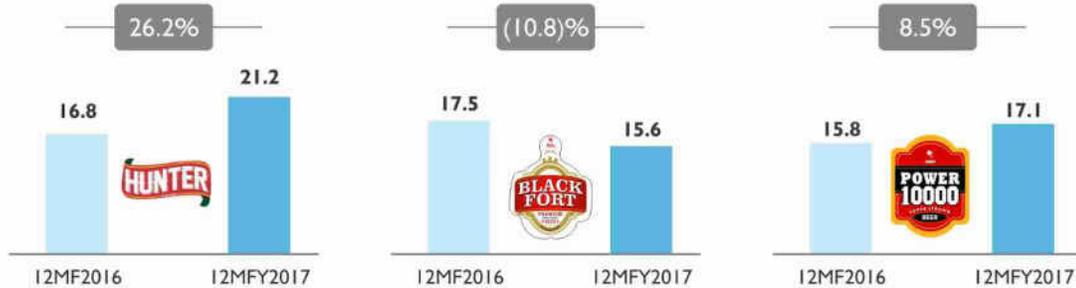
We always believed in value creation and new opportunities and ways to grow and that has been the core reason for us to look at sustainable businesses in new territories like Karnataka. We are also committed to grow our business and building up brands, increasing our shareholder value which helps our communities to grow. Our drive to have strict financial discipline keeps us on course towards our goals and also distinguishes us from others.

We want to give the maximum value to our consumers and which produces quality Indian beers.

Understanding of consumer preferences and product innovation remains at the core of SOM's strategy. The Company continues to invest in improving its distribution footprint across urban and rural markets.

The total Beer sales increased by 10.4% and IMFL sales increased by 0.9% in the FY 2017. The Beer volumes for the fiscal year increased by 7.6% while IMFL volumes declined by (10.6)%.

### BEER BRAND PORTFOLIO REVIEW (Million Cases Sold)



### IMFL BRAND PORTFOLIO REVIEW (Revenue in ₹ Million)



\*All figures in ₹ million

## 10. Major Corporate Developments

**a. Greenfield Expansion:** The Company has made significant investment of Rs. 393 million in its subsidiary; Woodpecker Distilleries and Breweries Private Limited at Hassan, Karnataka. The state of Karnataka has a market size of 30 million cases of Beer and 60 million cases of IMFL which presents a very good potential for the company to tap into. The Brewery is expected to be operational by the third quarter of the current financial year.

The brewery will have a capacity of producing 3.4 Million cases of Beer per annum and 2.8 Million cases of IMFL per annum, once it is fully operational and will significantly expand the scale of operations. After the launch of the second line beer brand 'Black Fort' in Karnataka, the Company achieved a width of distribution (WOD) of 30% across the outlet universe. The placement levels are further expected to increase in the short term. In the current fiscal the company has rolled out the Hunter beer and the White Fox RTD to tap the consumer's tastes. The team for Karnataka has already been hired and office at Bengaluru has also been established.

### Advantage Karnataka

- ↗ ~10% of total Alcobev consumption of India; one of the biggest draught beer markets; serves as a gateway to rest of South India
- ↗ ~8X bigger market than MP with few breweries (mainly United Breweries); fetches better realizations
- ↗ Fast payment terms with KSBCL (Karnataka State Beverage Corporation Limited); one of the fastest in the industry; fully secured & routed through the Government

**b. Canteen Stores Department:** Altogether five reputed brands of the company have been approved by CSD for supply on a pan India basis. In May 2017, the Company's beer brand – Woodpecker was approved in the Canteen Store Department (CSD). The supply to CSD remains one of the core focus areas for future growth and expansion. We expect this line of business to

contribute to around 15-20% of the top line in the short term.

**c. Bottling arrangement with Jagatjit Industries and Oakland Bottlers:** The Company entered into a contract bottling arrangements for the manufacture of the Company's brands with Jagatjit Industries Limited and Oakland Bottlers Private Limited. This would help enhance the Company's supplies to the Canteen Store Departments as well as to some of the key markets in North India.

### d. New Launches

White Fox Refresh (RTD): The Company launched White Fox RTD Drink in new Cranberry flavour – Cosmo Cranberry. This is the third flavour launched by the Company after the widespread acceptance of two earlier flavours – Lemon and Orange.

## 11. Business Strategy

### Premiumisation of Portfolio

With a strategic focus on changing consumer preferences for premium products, SOM is endeavouring to alter its product portfolio to capitalise on the opportunities. With shift in focus from volume to value, SOM has been offering its flagship products in the premium segment. During the year, mainline premium brand 'Hunter' achieved a volume of more than two million cases.

### New Launches and Strengthening of the Core Brands

SOM ensures that the Company's product offerings and brands are contemporary and in consonance with evolving consumer tastes and preferences. SOM continued to innovate and upgrade the offerings to consumers. The recent new launches by SOM along with the existing strong portfolio, is not only expected to help the Company to cater to a wider consumer base but also profitably optimize the product mix for the Company. We shall roll-out some exciting new products in the current financial year to cater to changing consumer preferences.

### Capacity Expansion

Given SOM's portfolio diversification ambitions, expansion in product capacities will remain central to the near and long-term growth strategy as well. The Company is setting up a brewery in Karnataka and has also successfully launched the flagship Beer brands in the state. SOM is also evaluating green-field or brown field expansion opportunities in select states.

### Expand Reach

The Company has a well-defined business strategy to also expand its customer base and reach. SOM's bottling agreement with two of the leading liquor manufacturers is aimed at enhancing the Company's supplies to the Canteen Store Departments as well as to some of the key markets in North India.

The strong balance sheet supports the Company's aims for both organic and inorganic acquisitions and expansions. Over the long term, the Company envisions itself as one of India's top 3 brewing companies. To achieve this vision, SOM's strategy is to enhance presence in current markets and enter key markets of Karnataka, Andhra Pradesh and Orissa.

## 12. Human Resources

The SOM family of employees across the country is one of our most valuable assets and the foundation of the company's success. The employees are both an important stakeholder group and key players in our business. We are committed to creating a transparent organisation that helps our employees hone their skills and enable them to deliver superior performance. During their tenure at the Company, SOM further adds value to its employee engagement initiatives through result-driven training and career development initiatives. During the period gone by, SOM remained 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 employees was cordial and there was no loss of production across any of the

Company's manufacturing facilities due to any industrial unrest. As on 31st March 2017, 106 employees are on SOM's payroll and the current workforce structure has a good mix of employees at all levels.

## 13. Internal Control Systems & Their Adequacy

SOM has elaborate internal control system which monitors compliance to internal processes. It ensures that all transactions are authorised, recorded and reported correctly. The system helps mitigate and reduce risks that may prevent SOM from achieving its business objectives and to provide reasonable assurance that all material misstatements, frauds or violations of laws and regulations will be prevented. These systems are managed by qualified and experienced professionals. SOM 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. 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 on corrective policies, if required, and on controls to be adopted by the Company, consistent with the organizational requirements.

## 14. Corporate Social Responsibility

Through sustainable measures, SOM actively contributes to the social, economic and environmental development of the community in which it operates ensuring participation from the community and thereby create value for the nation. The Company's CSR policy outlines its strategy to bring about a positive impact on the society through various initiatives relating to poverty, education, environment protection and healthcare. Building community trust through responsible and sustainable management of the business is an indispensable part of the Company's philosophy and vision. SOM is committed to continuing to increase its CSR impact with an aim of playing a bigger role in the sustainable development of 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, a CSR committee is in place. During the year, SOM spent Rs. 2.66 millions on CSR activities as per the CSR policy of the Board.

#### 15. [Information Technology](#)

SOM embraced technology in a big way to service its customers better and establish more efficient channels of communication not only within the Company but also with the distributors and channel partners. The IT platform encompasses all core business processes and provides comprehensive data and analytics that help in better and speedier decisions. SOM continuously invests in upgrading to the latest technology enhancements to deliver business efficiencies. We are also in the process of implementing ERP system across the manufacturing units and the depots.

#### 16. [Supply Chain Management](#)

The Company's business depends on purchasing materials, efficient manufacturing and the timely distribution of products to our customers. Having a robust supply chain is a pre-requisite for a business of our scale and hence a core focus for SOM. The steady growth achieved by SOM has been enabled by sustained investments in supply chain management. SOM has set up centers of excellence, are engaging in strategic sourcing and improving cost efficiencies. This will significantly benefit the Company, given the ongoing volatility in the macro economic environment. The effective supply chain management has led to mutually beneficial relationships with our suppliers and dealers.

#### 17. [Caring for the Environment](#)

##### Packaging

Packaging plays a very critical role of contain, protect, preserve and transport our products from

our production units to our customers.

It has always been our endeavor to communicate to all the stake holders about the advantages of reduction in the amount of packing materials used in terms of costs as well as the environment. We are committed to use more of re-used packing material especially bottles wherever possible and lay emphasis on collection and recycling of the same.

##### Waste Reduction

It has always been our endeavour that we minimize the waste that we generate from our brewery, depots and work place so as to maximise value for all concerned. We also lay lot of emphasis on minimizing the usage of natural resources we use and our MIS reports and Quality Department play a very pivotal role in this task.

##### Conservation of Water

Quality of beer is directly linked to the quality of water we use to produce it and sustainability of our business depends upon the secured supply of water. We use rain water harvesting effectively for complementing the water table.

##### Energy

We are committed to reducing our energy foot print and carbon emissions to minimize our contribution towards climate change. This is very much important as we grow across the country and have multiple units in the times to come.

#### 18. [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.

## C. CORPORATE GOVERNANCE REPORT

### (1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Company's Corporate Governance policy consists of transparency and ethical practices in professional working conducive to optimal performance and achieving shareholder's long term value growth through commitment to quality and customer satisfaction.

### (2) BOARD OF DIRECTORS

a) The Board consists of five directors including Chairman-cum-Managing Director. Three of the Directors on the Board are independent directors. The details of composition and categories of Directors are as under:

Sr. No.	Name of Director	Category
1.	Shri Jagdish Kumar Arora, Chairman and Managing Director.	Non independent and Executive
2.	Shri Surjeet Lal	Non independent and Non Executive
3.	Shri Deenanath Singh	Independent and Non Executive
4.	Shri Shailendra Singh Sengar	Independent and Non Executive
5.	Ms. Nishi Arora	Independent and Non Executive

b) Each of the directors attended all the Board meetings except Shri Jagdish Kumar Arora he is appointed as a (promoter) Executive Director on the Board of Directors of the Company with effect i.e from 04.02.2017 and also appointed as Chairman cum Managing Director of the Company for a period of 5 years from 04.02.2017 and the last Annual General Meeting held on 30.09.2016 was attended by the Chairman of the Audit Committee Shri Deenanath Singh.

c) Details of the committees of the Board are given below:-

S.No.	Name of Committee	Name of Committee members/ directors	Category (Chairperson/ Executive/ Non-Executive/ independent/Nominee) \$
1.	Audit Committee	Shri D.N.Singh Shri S.S. Sengar Shri Surjeet Lal	Chairman/ Independent Director Independent Director Non-Executive
2.	Stakeholders Relationship Committee'	Shri S.S. Sengar Shri Surjeet Lal	Chairman/independent/non-executive Non-Executive
3.	Nomination & Remuneration Committee	Shri D.N.Singh Shri S.S. Sengar Ms. Nishi Arora	Independent/ Non-executive Chairman/ Independent/Non-Executive Independent/ Non-executive
4.	Risk Management Committee	Shri Surjeet Lal Ms. Nishi Arora	Chairman/Executive Independent/ Non-executive
5.	Corporate Social Responsibility Committee	Shri D.N.Singh Shri S.S. Sengar Ms. Nishi Arora	Chairman, Independent Director Independent/ Non-executive Independent/ Non-executive

The Directors of the company are not on any Board Committee of any other company. Directors and senior management personnel have confirmed compliance with the code of conduct of the Board of Directors and senior management.

d) During the financial year 2016-17, the Board of Directors met 12 times on 15.04.2016, 18.05.2016, 27.06.2016, 13.08.2016, 25.10.2016, 12.11.2016, 19.12.2016, 21.01.2017, 03.02.2017, 09.02.2017, 02.03.2017 and 07.03.2017.

e) There is no inter se relationship between all five directors of the company.

f) No shares and convertible instruments are held by three non executive directors of the company. Shri Surjeet Lal hold 566 equity share and Shri Jagdish Kumar Arora hold 1819667 equity shares.

g) No familiarization programmes were arranged for independent directors.

### (3) AUDIT COMMITTEE

The Term of Reference of the Committee include the powers and the role assigned as per Regulation 18(2) (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per section 177 of the Companies Act, 2013. During the financial year 2016-17, the audit committee met four times. All the members of the committee attended all the meetings.

### (4) NOMINATION & REMUNERATION COMMITTEE

The Term of Reference of the Committee include the role of committee as stipulated in Regulation

19(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also conform to the requirements of Section 178 of the companies Act 2013. The Committee has not held any meeting so far.

### (5) REMUNERATION OF DIRECTORS

All Directors are non-executive except Shri Jagdish Kumar Arora. No remuneration is paid to any director, except sitting fees, if claimed. No stock options were given to any director.

### (6) STAKEHOLDERS RELATIONSHIP COMMITTEE

Stakeholders Relationship Committee comprises of Chairman Shri S.S.Sengar (non-executive) and Shri Surjeet Lal .

Shri Surjeet Lal, Director is the Compliance Officer. The committee is duly authorized to effect transfers, transmission, issue of duplicate shares, dematerialization etc. The registrar and transfer agent, Mas Services 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 authorised the RTA to give action taken report on shareholders complaints.

During 2016-17 only 11 complaints were received from shareholders etc. which were resolved.. There was only one complaint is pending as on 31.03.2016 which was resolved subsequently. There was no transfer pending for more than 21 days as at the end of the year.

## (7) GENERAL BODY MEETINGS

Particulars of Annual General Meetings held during the last three year:

During Year	Date	Time	Venue	Meeting
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.	20 <sup>th</sup> 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.	21 <sup>th</sup> AGM
2015-16	30 <sup>th</sup> Sept. 2015	10.00 A.M.	Executive Club, Dolly Farms and Resorts Pvt. Ltd. 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-30.	22 <sup>nd</sup> AGM
2015-16	3 <sup>rd</sup> March 2016	11.00 A.M.	Executive Club, Dolly Farms and Resorts Pvt. Ltd., 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-30.	Court convened Extra Ordinary General Meeting
2016-17	30 <sup>th</sup> Sept. 2016	11.00 A.M.	Executive Club, Dolly Farms and Resorts Pvt. Ltd. 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-30.	23 <sup>rd</sup> AGM

At 21<sup>st</sup> 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 21<sup>st</sup> AGM held on 30.09.2014, the resolution relating to "Authority to charge assets of the Company" was passed through postal ballot as special resolutions where total votes cast were 24683514, all of which were in favor of the resolution. Postal Ballot was supervised by CS M. M. Chawla.

## (8) 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 regulation 47 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in two newspapers of Delhi from time to time. The Company also has exclusive e-mail ID i.e. [somdistilleries@rediffmail.com](mailto:somdistilleries@rediffmail.com) for investors to contact the company in case any information is needed by any investor and website of company is [www.somindia.in](http://www.somindia.in).

## (9) GENERAL SHARE HOLDER INFORMATION:

### (a) Annual General Meeting

Date & Time	:	29th Day of September 2017 at 10.00 a.m.
Venue	:	Executive Club, Dolly Farms and Resorts Pvt. Ltd, 349, Village Shahoorpur, P.O.Fatehpur Beri, New Delhi – 110030

(b) Financial Year is from 01.04.2016 to 31.03.2017.

(c) Dividend for 2016-17 will be paid to shareholders as on the date of the AGM i.e. 29.09.2017 immediately after that date.

(d) Listing on Stock Exchanges : Bombay Stock Exchange Ltd.  
Phiroze Jeejeebhoy Towers Dalal Street Mumbai-400001  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex, Bandra (E),  
Mumbai-400051

The Company has already paid the Listing fees of both the Stock Exchanges for the year 2016-17.

(e) Equity Stock Code : BSE: SDBL 507514, NSE: SDBLDIST/EQ  
ISIN No. : INE480C01012

### (f) Market Price Data:

The monthly high and low market prices of the shares with volume at Bombay Stock Exchange Limited during the financial year 2016-17 are as under:

Period (2016-17)	High Price	Low Price	Volume of Shares Traded
Apr-16	189.80	173	388151
May-16	181	160.10	440083
Jun-16	175.80	155	342101
Jul-16	185	155.1	509317
Aug-16	173.5	151	553854
Sep-16	208.4	151.55	557105
Oct-16	187.7	155	500307
Nov-16	190	110.2	666412
Dec-16	145.5	109	635177
Jan-17	137	121	654093
Feb-17	135.9	120	816891
Mar-17	151.5	114	734474

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 2016-17 are as under:

Period (2016-17)	High Price	Low Price	Volume of Shares Traded
Apr-16	187	175.05	390516
May-16	180.50	155.30	427559
Jun-16	175.70	154.70	325872
Jul-16	173.05	155.30	423072
Aug-16	167	151.05	475984
Sep-16	210.90	150.05	834239
Oct-16	186.20	153	643295
Nov-16	191.75	110.30	1014470
Dec-16	145.80	116.20	566803
Jan-17	139.80	122	519509
Feb-17	138.30	120.50	445338
Mar-17	151.70	117	872432

Source :- NSE Website

(g) Performance of the price of the company's shares on BSE/NSE vis -a-vis BSE Sensex/NSE Nifty during the period under review, is given below:

Month	Sensex/Nifty (close)		Share price (close)		No. of shares traded	
	BSE	NSE	BSE	NSE	BSE	NSE
April 2016	25606.62	7849.80	177.90	180.95	388151	390516
May 2016	26667.96	8160.10	162.10	161.65	440083	427559
June 2016	26999.72	8287.75	163	163.10	342101	325872
July 2016	28051.86	8638.50	160.55	160.55	509317	423072
August 2016	28452.17	8786.20	159.10	159.55	553854	475984
September 2016	27865.96	8611.15	170.70	171.35	557105	834239
October 2016	27930.21	8625.70	167	168	500307	643295
November 2016	26652.81	8224.50	142.65	141.85	666412	1014470
December 2016	26626.46	8185.80	126	126.25	635177	566803
January 2017	27655.96	8561.30	129.35	128.80	654093	519509
February 2017	28743.32	8879.60	122	123	816891	445338
March 2017	29620.50	9173.75	129.25	130.85	734474	872432

(h) No shares/securities of the company are suspended from trading during year 2016-17.

(i) **Registrar and Transfer Agents:**

M/s MASSERVICES LIMITED

T-34, Okhla Industrial Area, Phase II, Delhi – 110020

(j) **Share Transfer System:**

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.

No. of Share Holders	% to Total	Share holding of Nominal Value of ₹	No of share	Amount in ₹	% to Total
6868	94.614	1 TO 5000	961605	9616050	3.494
165	2.273	5001 TO 10000	134410	1344100	0.488
71	0.978	10001 TO 20000	100821	1008210	0.366
38	0.523	20001 TO 30000	94856	948560	0.345
11	0.152	30001 TO 40000	38759	387590	0.141
18	0.248	40001 TO 50000	87060	870600	0.316
20	0.276	50001 TO 100000	172349	1723490	0.626
68	0.937	100001 AND ABOVE	25932540	259325400	94.223
<b>7259</b>	<b>100</b>	<b>TOTAL</b>	<b>27522400</b>	<b>275224000</b>	<b>100</b>

(l) **Dematerialization of Shares**

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

Form	No. of Shares As on 31.03.2017
De-mat	26382541
Physical	1139859

(m) The company has not issued any ADR/GDR.

(n) There is no hedging activities, commodity price risk or foreign exchange risk.

(o) The company's Plant is located at village Rojra Chak, District Raisen, M.P

(p) Address for correspondence: 23, Zone- II, Maharana Pratap Nagar, Bhopal - 462011

(q) **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

By Order of Board of Directors

Place: Bhopal  
Dated: 28.07.2017

**Jagdish Kumar Arora**  
Chairman and Managing Director

# ANNEXURE- V TO THE DIRECTORS' REPORT

## RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2016

1	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year.	Remuneration given to Directors is NIL.
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 – 12% Chief Financial Officer – 12 % Managing Director -0% (No Salary)
3	The percentage increase in the median remuneration of employees in the financial year	7.9 %
4	The number of permanent employees on the rolls of company.	106 Employees
5	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. 8.2% average increase in the salaries of the employees. The comparison cannot be done since no remuneration is being paid to any Director.
6	Affirmation that the remuneration is as per remuneration policy of the company	No remuneration policy has been framed so the far.



**RULE 5(2) AND 5(3) INFORMATION OF TOP TEN EMPLOYEES INCLUDING ALL THOSE DRAWING RS 8.5 LAKHS PER MONTH OR RS 102 LAKH PER ANNUM**

S. no.	Name of Employee	Designation of the employee	Remuneration received	Nature of employment	Qualifications and experience	Date of commencement of employment	Age (Years)	Last employment held by him before joining the company
1	Mr. RAJU VAZIRANEY	President	8213335.00	Permanent	MA Eco., Advance Marketing Programme IIM, Strategic MGMT-IIT Delhi, 36 Years	04.04.2015	56	Jagatjit Industries
2	Mr. NAKUL SETHI	Head Finance & Strategy	5285400.00	Permanent	MBA, B.Com, 20 years	23.11.2011	42	Alfardan Group Holding Co LLC
3	Mr. MAHESH BATRA	Head Operations	4005000.00	Permanent	Graduate, 23 years	Since Inception	58	Self employed
4	Mr. SITA RAM DUBEY	VP Sales	1770210.00	Permanent	Graduate, 30 years	01.10.2016	54	United Spirits Limited
5	Mr. RAJAT BATRA	GM Operations	1537620.00	Permanent	MBA, 12 years	28.01.2010	31	Muskan Malt
6	MR. SHIV KUMAR GUPTA	AGM	1044600.00	Permanent	Dip Mech Engg, 29 years	12.11.2013	50	ABInBev
7	Mr. SANJEEV TYAGI	Sr. DGM	1038228.00	Permanent	MBA, B.Sc., 13 years	16.08.05	45	Camlin Limited
8	Mr. RAJ BUNDELA	Head Marketing	972000.00	Permanent	MBA, 19 years	21.03.2015	42	Dainik Bhaskar
9	Mr. AJAY GUPTA	Legal Manager	882004.00	Permanent	LLB, 35 Years	09.10.2015	56	United Spirits Limited
10	Mr. RAMESH WANCHOO	DGM Accounts	872360.00	Permanent	B.Sc., MBA, 40 Years	16.02.2011	61	Gwalior Polypipes

1. None of the above employees is related to any Director or Manager of the Company

By Order of Board of Directors

Place: Bhopal  
Dated: 28.07.2017

**Jagdish Kumar Arora**  
Chairman and Managing Director

# ANNEXURE- VI TO THE DIRECTORS' REPORT

## CERTIFICATE OF COMPLIANCE OF THE CONDITIONS OF CORPORATE GOVERNANCE

To,  
The Members  
Som Distilleries & Breweries Ltd.  
Sirs,

We have examined the compliance of the conditions of Corporate Governance by Som Distilleries and Breweries Limited for the year ended on 31.03.2017 as stipulated in para E of schedule V read with regulation no. 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 2016-17 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 Regulations.

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.

For **M. M. Chawla & Associates**

Place: Bhopal  
Dated: 28.07.2017

**M. M. CHAWLA**  
FCS67 CP716

# 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, 2017, 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 thereunder.

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, 2017, 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, 2016, issued by the Central Government of India in terms of subsection 11 of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to information and explanations given to us, we give in the Annexure A 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, 2017 taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March, 2017 from being appointed as a Director in terms of subsection 2 of Section 164 of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 35 to the financial statements;
    - 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.
    - iii. As at 31st March, 2017, as per its records, there were no amounts required to be transferred by the Company to the Investor Education and Protection Fund, and
    - iv. The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company, Refer Note 33 to the standalone financial statements.

12, Zone II, M.P Nagar,  
BHOPAL 462 011  
Dated: 28.07.2017

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

**Harsha Chandra**  
Partner  
Membership No. 080489

# Annexure A to the Independent Auditors' Report

Year ended 31.03.2017

- (Referred to in para I under 'Report on other Legal and Regulatory Requirements' section of our Report of even date)
- i. (a) As per the information given to us, the Company is repeated to have maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (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.
- (c) As per the records and information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.
- ii. As per the information given to us the inventory has been physically verified, at reasonable intervals, during the year, by the Management and no material discrepancy are stated to have been noticed.
- iii. As per the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of paragraph 3(iii) are not applicable.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of the loans and guarantees and security provided by it, to the extent applicable.
- v. According to the information given to us, the Company has not, accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. As per the explanations given to us, the Central Government has not specified maintenance of cost records in respect of the Company's products.
- vii. (a) According to the records of the Company, Provident Fund, Sales Tax, Custom duty, State Excise duty, Value Added Tax, cess 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.
- The undisputed statutory dues outstanding as at 31.03.2017 for a period of more than six months from the date they became payable are as follows:

Statutory Dues	Amount (₹)
Income Tax	6,38,63,471
Dividend Tax	1,72,29,708

- (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
MP Entry Tax Act, 1976	Entry Tax	48.94	2007-08	MP Commercial Tax Appeal Board, Bhopal
MPVAT Tax Act, 2002	Entry Tax	13.95	2012-13	Additional Commissioner Commercial Tax, Bhopal
Income Tax Act, 1961	Tax After Assessment	5.67	2010-11	Additional Commissioner Commercial Tax, Bhopal
Income Tax Act, 1961	Tax After Assessment	217.5	2011-12	Commissioner of Income Tax Appeals
Income Tax Act, 1961	Tax After Assessment	70.28	2012-13	Commissioner of Income Tax Appeals
Income Tax Act, 1961	Tax After Assessment	460.18	2013-14	Commissioner of Income Tax Appeals

- viii. As per the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayments of loans or borrowings to any financial institutions or bank or Government or dues to debenture holders, as applicable, as at balance sheet date.
- ix. According to the information and explanations given to us the moneys raised by way of term loans have been applied, on an overall basis, for the purpose for which they were obtained. The Company has not raised any moneys by way of initial public offer or any other further public offer (including debt instruments).
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted accounting practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. As per its records this Company has not, during the year paid any managerial remuneration.
- xii. As it is not a Nidhi company and the Nidhi Rules 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of section 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the order are not applicable to the Company.
- xv. As per the information given to us, the Company has not entered into any non cash transactions with its Directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the order are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the order are not applicable to the Company.

12, Zone II, M.P. Nagar,  
BHOPAL 462 011  
Dated: 28.07.2017

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

**Harsha Chandra**  
Partner  
Membership No. 080489

# Annexure B

## to Independent Auditors' Report

Year ended 31.03.2017

(Referred to in para 2 (f) under 'Report on other Legal and Regulatory Requirements' section of our Report of even date)

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act.**

We have audited the internal financial controls over financial reporting of **SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI** ("the Company"), as of 31st March, 2017, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **MANAGEMENT RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **AUDITORS' RESPONSIBILITY**

1. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our

audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under subsection 10 of section 143 of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

2. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
3. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statement in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial

controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## OPINION

In our opinion, the Company has an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

However, despite it being a less complex Company, for more effective financial controls it needs to:

- a) formally codify the system of internal financial controls,
- b) document operations and effectively monitor controls, and
- c) more effectively segregate duties.

We have considered the matters identified and reported above and they do not affect our opinion on the financial statements of the Company.

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

12, Zone II, M.P. Nagar,  
BHOPAL 462 011  
Dated: 28.07.2017

**Harsha Chandra**  
Partner  
Membership No. 080489

SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI

Balance Sheet as at 31.03.2017

S. No.	Particulars	Note No.	As at 31-03-2017 (₹)	As at 31-03-2016 (₹)
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
(1)	<b>Shareholder's Funds</b>			
	(a) Share capital	3	275,224,000	275,224,000
	(b) Reserves and Surplus	4	1,080,275,184	990,649,809
(2)	<b>Non current liabilities</b>			
	(a) Long term borrowings	5	408,764,003	412,162,782
	(b) Deferred tax liabilities (Net)	6	110,589,443	113,171,963
	(c) Other Long term liabilities	7	41,488,276	52,328,276
(3)	<b>Current Liabilities</b>			
	(a) Short term borrowings	8	202,012,547	378,196,030
	(b) Trade payables		217,966,642	189,052,696
	(c) Other current liabilities	9	462,584,583	349,145,871
	(d) Short term provision	10	218,884,234	131,686,755
		<b>Total</b>	<b>3,017,788,913</b>	<b>2,891,618,182</b>
<b>II.</b>	<b>ASSETS</b>			
(1)	<b>Non current assets</b>			
	(a) Fixed Assets			
	(i) Tangible assets	11	595,397,418	606,003,947
	(ii) Capital work in progress		57,563,282	42,048,507
	(b) Non Current Investments	12	393,000,000	-
	(b) Long term loans and advances	13	56,236,147	54,073,595
(2)	<b>Current assets</b>			
	(a) Inventories	14	235,618,927	287,207,852
	(b) Trade Receivables	15	494,632,401	659,258,932
	(c) Cash and Cash equivalents	16	294,594,104	197,724,987
	(d) Short term loans and advances	17	890,746,634	1,045,300,361
		<b>Total</b>	<b>3,017,788,913</b>	<b>2,891,618,182</b>

Significant Accounting Policies

[2]

For and on Behalf of the Board

**Rajesh Dubey**  
(Chief Financial Officer)

**Mayank Bhadauria**  
(Company Secretary)

**S.Lal**  
(Director)

**J.K.Arora**  
(Chairman & Managing Director)

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

Bhopal  
Dated: 28.07.2017

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

**Harsha Chandra**  
Partner  
Membership No. 080489

SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI

Profit and Loss Statement for The Year Ended 31<sup>st</sup> March, 2017

S. No.	Particulars	Note No.	Year Ended 31 March, 2017 (₹)	Year Ended 31 March, 2016 (₹)
I.	Revenue from operations	18	2,447,156,088	2,198,944,020
II.	Other Income	19	30,681,649	14,694,592
<b>III.</b>	<b>Total Revenue</b>	<b>(I + II)</b>	<b>2,477,837,737</b>	<b>2,213,638,612</b>
	Expenses:			
	Cost of materials consumed	20	1,272,386,979	1,047,523,108
	Changes in inventories of finished goods, Work in progress and Stock in trade		(16,969,526)	34,775,171
	Employee benefit expenses	21	71,441,917	69,190,434
	Financial costs	22	113,236,496	92,871,947
	Depreciation		35,728,863	38,598,106
	Other expenses	23	767,678,837	721,385,213
<b>IV.</b>	<b>Total Expenses</b>		<b>2,243,503,567</b>	<b>2,004,343,979</b>
V.	Profit before exceptional and extraordinary items and tax	(III - IV)	234,334,170	209,294,633
VI.	Exceptional items		-	-
VII.	Profit before extraordinary items and tax	(V - VI)	234,334,170	209,294,633
VIII.	Extraordinary Items		-	-
IX.	Profit before tax	(VII - VIII)	234,334,170	209,294,633
X.	Tax expenses:			
	(1) Current tax		97,603,345	75,113,586
	(2) Deferred tax		(2,582,520)	390,878
<b>XI.</b>	<b>Profit/(Loss) for the period</b>	<b>(IX - X)</b>	<b>139,313,345</b>	<b>133,790,169</b>
XII.	Earning per equity share:			
	(1) Basic		5.06	4.86
	(2) Diluted		5.06	4.86

Significant Accounting Policies

[2]

For and on Behalf of the Board

**Rajesh Dubey**  
(Chief Financial Officer)

**Mayank Bhadauria**  
(Company Secretary)

**S.Lal**  
(Director)

**J.K.Arora**  
(Chairman & Managing Director)

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

Bhopal  
Dated: 28.07.2017

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

**Harsha Chandra**  
Partner  
Membership No. 080489

SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI

Cash flow statement for the year ended 31.03.2017

Particulars	Year Ended 31-03-2017	Year Ended As at 31-03-2016
<b>Cash flow from operating activities</b>		
Profit before Tax	234,334,170	209,294,633
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation on continuing operations	35,728,863	38,598,106
Interest Expense	113,236,496	92,871,947
Dividend Income		
<b>Operating profit before working capital changes</b>	<b>383,299,529</b>	<b>340,764,686</b>
<b>Movements in working capital:</b>		
Increase/(decrease) in trade payables	28,913,946	(5,518,662)
Increase/(decrease) in short term provisions	4,396,066	(4,177,111)
Increase/(decrease) in other current liabilities	113,438,711	(46,085,637)
Increase/(decrease) in other long term liabilities	(10,840,000)	40,000,000
Decrease/(increase) in trade receivables	164,626,531	(66,127,465)
Decrease/(increase) in inventories	51,588,925	(25,453,350)
Decrease/(increase) in long term loan & advances	(2,162,552)	(12,370,304)
Decrease/(increase) in Short loan & advances	154,553,727	(499,996,922)
<b>Cash generated from/(used in) operations</b>	<b>887,814,883</b>	<b>(278,964,764)</b>
Direct Taxes Paid (net of refunds)	(14,801,932)	(75,113,586)
<b>Net Cash flow from/ (used in) operating activities (A)</b>	<b>873,012,951</b>	<b>(354,078,350)</b>
<b>Cash flow from Investing activities</b>		
Purchase of fixed assets, CWIP and capital advances	(49,135,181)	(25,169,374)
Proceeds from sale of fixed assets	8,498,073	934,439
Proceeds from sale/maturity of current investment	(393,000,000)	
Dividend Received	-	-
<b>Net Cash flow from/ (used in) Investing activities (B)</b>	<b>(433,637,108)</b>	<b>(24,234,935)</b>
<b>Cash flow from Financing activities</b>		
Bank borrowings	(179,582,261)	316,299,778
Interest paid	(113,236,496)	(92,871,947)
Dividend paid	(41,283,600)	(41,283,600)
Dividend distribution tax	(8,404,370)	(8,404,370)
<b>Net Cash flow from/ (used in) Financing activities (C)</b>	<b>(342,506,727)</b>	<b>173,739,861</b>
Net increase/(decrease) in cash and cash equivalents	96,869,116	(204,573,425)
Cash and cash equivalents at the beginning of the year	197,724,987	402,298,411
<b>Cash and cash equivalents at the end of the year</b>	<b>294,594,104</b>	<b>197,724,987</b>
<b>Compenents of cash and cash equivalents</b>		
Cash on hand	11,104,370	139,533,513
With Banks - on current account	249,464,794	34,478,440
With Banks - on deposit account	34,024,940	23,713,034
<b>Total Cash and cash equivalents</b>	<b>294,594,104</b>	<b>197,724,987</b>

For and on Behalf of the Board

**Rajesh Dubey**  
(Chief Financial Officer)

**Mayank Bhadauria**  
(Company Secretary)

**S.Lal**  
(Director)

**J.K.Arora**  
(Chairman & Managing Director)

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

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

Chartered Accountants

Firm Registration No: 000481N

**Harsha Chandra**

Partner

Membership No. 080489

Bhopal  
Dated: 28.07.2017

# NOTES TO THE FINANCIAL STATEMENTS

## Year ended 31.03.2017

### (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 the National Stock Exchange and Bombay Stock Exchange. The Company is engaged in the manufacture and sale of Beer and Indian made foreign Liquor (IMFL). The Company is a market leader in Beer in the state of Madhya Pradesh. The company caters to both domestic and international markets.

### (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 Assets

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:

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

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

### 2.7 Foreign Currency Transactions

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 31.03.2017	As At 31.03.2016
[3]	<b>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 31.03.2017		As at 31.03.2016	
	No. of Shares	%	No. of Shares	%
Som Distilleries Private Limited	3,030,180	11.01%	3,029,832	11.01%
Shri. Jagdish Kumar Arora	1,819,667	6.61%	1,812,472	6.59%

		As At 31.03.2017	As At 31.03.2016
[4]	<b>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	864,608,769	780,506,570
	Add: Profit for the year	139,313,345	133,790,169
	Amount available for appropriation	<b>1,003,922,114</b>	<b>914,296,739</b>
	<b>Less:</b>		
	Proposed Dividend	41,283,600	41,283,600
	Dividend Distribution Tax	8,404,370	8,404,370
	<b>Balance at the end of the year</b>	954,234,144	864,608,769
	<b>Total Reserves &amp; Surplus</b>	<b>1,080,275,184</b>	<b>990,649,809</b>

## Notes to The Financial Statements (Contd.)

	Non Current		Current	
	As At 31.03.2017	As At 31.03.2016	As At 31.03.2017	As At 31.03.2016
<b>[5] Long Term Borrowings</b>				
<b>Loans &amp; Deposits</b>				
(i) IFCI Venture Capital Funds Ltd. (Unsecured)	163,588,021	111,847,366	53,055,556	55,000,000
(i) IFCI Ltd. (secured)	241,960,032	294,104,138	73,000,000	73,000,000
(iii) Vehicle Loans (Secured) (Secured by hypothecation of respective vehicles)				
From Banks	3,215,950	6,211,278	2,716,429	2,960,778
<b>Grand Total</b>	<b>408,764,003</b>	<b>412,162,782</b>	<b>128,771,985</b>	<b>130,960,778</b>

### Notes:

- Loan from IFCI Venture Capital Funds Ltd. is secured by personal guarantees of promoters and collaterals given by related party.
- Loan from IFCI Ltd. is secured by mortgage of land and hypothecation of the factory plant & machinery.
- Interest on vehicle loans varies from 10.25% to 10.75% per annum. 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 31.03.2017	As At 31.03.2016
<b>[6] <u>Deferred Tax Liability (Net)</u></b>		
Difference between depreciation as per books of account and the Income Tax Act 1961.	127,826,949	130,237,591
<b>Gross Deferred Tax Liability</b>	<b>127,826,949</b>	<b>130,237,591</b>
<b><u>Deferred Tax Assets</u></b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	916,545	744,667
MAT Credit difference	16,320,961	16,320,961
<b>Gross Deferred Tax Assets</b>	<b>17,237,506</b>	<b>17,065,628</b>
<b>Deferred Tax Liability (Net)</b>	<b>110,589,443</b>	<b>113,171,963</b>

### Notes:

- 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.
- 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 31.03.2017	As At 31.03.2016
[7]	<b><u>Other Long Term Liabilities</u></b>		
	Security Deposits (Unsecured)	41,488,276	52,328,276
	<b>Total</b>	<b>41,488,276</b>	<b>52,328,276</b>
[8]	<b><u>Short Term Borrowings</u></b>		
	Cash Credit from Bank	202,012,547	378,196,030
	<b>Total</b>	<b>202,012,547</b>	<b>378,196,031</b>
[9]	<b><u>Other Current Liabilities</u></b>		
	Current maturities of long-term borrowing	128,771,985	130,960,778
	Bank Overdrafts (Book)	58,165,449	35,427,945
	Advances from customers	18,392,652	8,862,878
	Expenses Payable	131,983,940	86,192,465
	Statutory dues payable	53,936,105	36,754,740
	Un paid Dividend	6,302,019	5,125,177
	Other Payables	65,032,433	45,821,889
	<b>Total</b>	<b>462,584,583</b>	<b>349,145,871</b>
[10]	<b><u>Short Term Provisions</u></b>		
	Employee Benefits	7,450,782	4,442,938
	Proposed Dividend	41,283,600	41,283,600
	Dividend tax	25,634,078	24,245,856
	Income tax	144,515,774	61,714,361
	<b>Total</b>	<b>218,884,234</b>	<b>131,686,755</b>

## Notes to The Financial Statements (contd.)

### [11] Tangible Fixed Assets

PARTICULARS	GROSS BLOCK		DEPRECIATION			NET BLOCK	
	As At 01/04/2016	Addition/ (disposal)	As At 31/03/2017	Upto 31/03/2016	For The Year	As At 31/03/2017	As At 31/03/2016
LAND (FREEHOLD) & SITE DEVELOPMENT	10,451,783	-	10,451,783	-	-	10,451,783	10,451,782
BUILDINGS & CIVIL WORKS	162,127,668	1,233,708	163,361,376	63,625,453	6,539,497	93,196,426	98,502,215
PLANT & MACHINERY	795,564,353	23,511,394 (9,125,000)	809,950,747	321,275,487	24,371,497	472,972,513	474,288,866
FURNITURE & FIXTURES	1,975,771	2,185,810	4,161,581	1,876,505	22,980	2,262,095	99,266
OFFICE EQUIPMENTS	7,041,050	566,349	7,607,399	5,879,573	345,616	1,382,210	1,161,477
VEHICLES	62,194,884	(13,624,310)	48,570,574	40,694,543	4,449,272	15,132,391	21,500,341
<b>TOTAL</b>	<b>1,039,355,510</b>	<b>4,747,951</b>	<b>1,044,103,461</b>	<b>433,351,560</b>	<b>35,728,863</b>	<b>595,397,418</b>	<b>606,003,946</b>
PREVIOUS YEAR	1,037,330,123	2,525,387	1,039,855,510	391,492,571	38,598,106	430,090,678	
Capital work in Progress	42,048,507	15,514,775	57,563,282			57,563,282	42,048,507
<b>GRAND TOTAL</b>						<b>652,960,700</b>	<b>648,052,453</b>

**Note :** Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II, except in respect of labour quarters as disclosed in Accounting Policy on Fixed Assets and Depreciation. Accordingly the carrying value is being depreciated over the revised remaining useful lives.

## Notes to The Financial Statements (Contd.)

		As At 31.03.2017	As At 31.03.2016
[12]	<b>Non Current Investment</b>		
	<b>Investment in Subsidiary - (Unquoted)</b>		
	3,93,00,000 Equity Shares of Rs. 10 each in Woodpecker Distilleries & Breweries Private Ltd.	393,000,000	-
	<b>Total</b>	<b>393,000,000</b>	<b>-</b>
[13]	<b>Long Term Loans &amp; Advances</b>		
	<b>Security Deposits</b>		
	Security Deposit	48,265,697	46,517,595
	Earnest Money	7,970,450	7,556,000
	<b>Total</b>	<b>56,236,147</b>	<b>54,073,595</b>
<b>Note:</b> All the above amounts are unsecured and considered good.			
[14]	<b>Inventory</b>		
	(as taken, valued and certified by the Management)		
	Raw Materials	27,726,565	38,888,327
	Stores, Consumables & Packing Materials	65,058,339	122,455,028
	Stock In Process	35,363,730	33,430,537
	Finished Goods	107,470,293	92,433,960
	<b>Total</b>	<b>235,618,927</b>	<b>287,207,852</b>
[15]	<b>Trade Receivables</b>		
	(Unsecured, considered good)		
	Outstanding for a period exceeding six months	10,387,280	13,844,438
	Other Debts	484,245,121	645,414,494
	<b>Total</b>	<b>494,632,401</b>	<b>659,258,932</b>
[16]	<b>Cash and cash equivalents</b>		
	Cash in hand	11,104,370	139,533,513
	Balance With Scheduled Banks		
	Current Accounts	243,162,775	34,478,440
	Deposit Accounts	34,024,940	18,587,857
	Unpaid Dividend accounts	6,302,019	5,125,177
	<b>Total</b>	<b>294,594,104</b>	<b>197,724,987</b>
[17]	<b>Short Term Loans &amp; Advances</b>		
	Trade Advances to Related Parties	368,774,529	394,228,513
	Capital Advances	117,708,552	86,651,125
	<b>Others</b>		
	Staff Advances	12,658,693	2,962,111
	Prepaid Expenses	52,392,448	45,468,063
	Advances to suppliers	118,742,566	109,677,560
	Advances to Retailers	220,469,846	406,312,988
	<b>Total</b>	<b>404,263,553</b>	<b>564,420,722</b>
	<b>Grand Total</b>	<b>890,746,634</b>	<b>1,045,300,361</b>

**Note:** All the above amounts are unsecured and considered good.

## Notes to The Financial Statements (Contd.)

		Year Ended 31.03.2017	Year Ended 31.03.2016
[18]	<b>Revenue from Operations</b>		
	Sale of Products	3,018,054,450	2,637,982,664
	Less: Production Duties (Including State Excise)	(570,898,362)	(439,038,643)
	<b>Revenue from Operations (Net)</b>	<b>2,447,156,088</b>	<b>2,198,944,020</b>
[19]	<b>Other Income</b>		
	Interest	2,403,863	2,322,534
	Profit on Sale of Fixed Assets	8,498,073	-
	Other Revenues	19,779,713	12,372,058
	<b>Total</b>	<b>30,681,649</b>	<b>14,694,592</b>
[20]	<b>Cost of Materials Consumed</b>		
	Opening Stocks	161,343,355	101,114,834
	Add : Purchases (Raw Materials & Chemicals)	482,568,971	418,225,886
	Add : Purchases ( Packing Material)	719,698,120	689,525,744
	Less : Closing Stocks	91,223,467	161,343,355
	<b>Total</b>	<b>1,272,386,979</b>	<b>1,047,523,108</b>



## Notes to The Financial Statements (Contd.)

		Year Ended 31.03.2017	Year Ended 31.03.2016
[21]	<b>Employee Benefits Expense</b>		
	Salaries, allowances & bonus	66,427,078	64,194,115
	Employer's contribution to Provident Fund & Gratuity	2,803,622	2,944,820
	Staff welfare expenses	2,211,217	2,051,499
	<b>Total</b>	<b>71,441,917</b>	<b>69,190,434</b>
[22]	<b>Financial Costs</b>		
	Bank Interest	110,808,852	92,856,685
	Other Interest & Charges	2,427,644	15,263
	<b>Total</b>	<b>113,236,496</b>	<b>92,871,947</b>
[23]	<b>Other Expenses</b>		
	Consumables	11,615,848	11,065,306
	Power and fuel	72,641,827	75,417,995
	Labour	26,543,782	23,444,678
	Rent	3,090,100	3,778,813
	<u>Repairs</u>		
	Buildings	2,488,640	3,014,654
	Machinery	44,869,328	42,454,837
	Others	1,773,908	1,848,648
	Insurance	1,567,921	1,322,343
	Rates and taxes (Other than on income)	70,202,793	90,819,658
	Miscellaneous expenses	9,346,495	5,169,611
	<b>Auditors Remuneration</b>		
	(a) Audit fees	189,750	188,925
	(b) Other Services	52,864	54,655
	Donations & CSR	5,223,824	3,175,686
	Travelling & Conveyance	11,129,339	12,758,216
	Legal & Professional	13,951,936	21,998,345
	Sales promotion	293,315,754	243,676,008
	Advertisement & Publicity	13,885,952	14,879,970
	Freight outward	141,271,467	121,859,948
	Other selling expenses	12,299,815	17,845,139
	General expenses	13,991,676	10,248,936
	Postage, Telegrams & Telephones	9,081,977	7,910,847
	Vehicle Running & Maintenance	9,143,841	8,451,994
	<b>Total</b>	<b>767,678,837</b>	<b>721,385,213</b>

## Other Notes

### Year Ended 31.03.2017

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 31st March, 2017 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 31.3.2017	2016-17	2015-16
	Present Value of defined obligation as on 01.04.2016	30,08,323	23,35,039
	Interest Cost	2,25,624	1,86,803
	Current Service Cost	2,76,586	2,63,781
	Benefits paid (if any)	(2,76,922)	(2,63,769)
	Actuarial (gain)/loss	2,05,420	4,86,469
	Present value of the obligation at the end of the period	34,39,031	30,08,323
(B)	Expenses recognized during the year ended 31.03.2017		
	Current Service Cost	2,76,586	2,63,781
	Interest Cost	2,25,624	1,86,803
	Expected return on plan asset	(2,25,089)	(2,11,773)
	Net Actuarial Gains/losses	1,17,211	4,65,063
	Current Service Cost & Actuarial losses in respect of separated employees	3,94,332	7,03,874
(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	8.75% per annum
	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)	2016-17	2015-16
	i) Raw & Packing Materials	2,23,00,553	96,26,026
	ii) Components and Spare Parts	96,67,745	71,21,400
	iii) Capital Goods	2,29,51,761	-
(b)	Expenditure in Foreign Currency		
	Bank Charges	2,34,302	1,55,593

### [27] Consumption of raw material, packing materials, stores, spares consumed. (As certified by the Management)

Particulars	Raw Materials & Packing Materials		Stores & Spares	
	2016-17	2015-16	2016-17	2015-16
<b>Imported</b>				
Percentage	1.13%	0.92%	21.61%	16.77%
Value (₹)	1,43,78,441	96,26,026	96,97,745	71,21,400
<b>Indigenous</b>				
Percentage	98.87%	99.08%	78.39%	83.23%
Value (₹)	1,25,80,08,538	10,37,897,082	3,51,71,538	3,53,48,091
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Total</b>	<b>1,27,23,86,979</b>	<b>10,47,523,108</b>	<b>4,48,69,328</b>	<b>42,469,491</b>

### [28] Earnings in Foreign Exchange

	2016-17	2015-16
Exports of Goods calculated on FOB Basis	67,82,262	2,47,58,652

## Other Notes (contd.)

### 29) Contingent Liabilities

		2016-17	2015-16
i)	Claims against the Company not acknowledged as debts/ Disputed		
	- Commercial Tax Department	62,89,585	17,02,82,685
	- Income Tax Department	7,53,66,210	2,87,79,460
ii)	Guarantees given by Bankers on behalf of the company not provided for	9,49,79,384	5,53,00,000
	Corporate guarantee given to a bank on behalf of another company	4,75,00,000	7,25,00,000
iii)	Estimated amount of contracts remaining to be executed on capital account and not provided for.	85,00,000	85,00,000

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) Disclosure Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 186 of the Companies act, 2013

		2016-17	2015-16
Loans and advances in the nature of loans to subsidiary; Woodpecker Distilleries & Breweries Private Limited, Mumbai			
Balances as at the year end		74,71,500	-
Maximum amount outstanding at any time during the year		74,71,500	-

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

a) **Related Party**

Subsidiary	Others
Woodpecker Distilleries & Breweries Private Limited, Mumbai	Som Distilleries Private Limited

b) **Transactions with Related Parties**

(In Rupees)

Nature of Transactions	Woodpecker Distilleries & Breweries Private Limited, Mumbai	Som Distilleries Private Limited.
Purchase of Goods/Services	--	2,37,01,950
Other transactions	Dr. 3,59,118	Dr. 6,51,45,380 Cr. 17,59,47,698
Sale of assets (In the nature of loan)	74,71,500	--
Closing Balance	Dr. 78,30,618	Dr. 36,09,43,911

\* On February 4, 2017, Mr. J K Arora was appointed Chairman and Managing Director of the Company. Prior to this, on January 27, 2017 he was also appointed Managing Director of Som Distilleries Private Limited (SDPL). Therefore with effect from February 4, 2017, SDPL became a related party as per AS-18. Accordingly transactions entered into between the two companies between February 4, 2017 and March 31, 2017 are given above.

33) During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification G.S.R 308(E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBN's and other notes as per the notification are as follows:

Particulars	SBN's*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	5,09,79,000	5,66,38,368	10,76,17,368
Add: Permitted receipts	--	50,16,323	50,16,323
Less: Permitted payments	--	89,67,208	89,67,208
Less: Amount deposited in Banks	5,09,79,000	--	5,09,79,000
Closing cash in hand as on December 30, 2016	--	5,26,87,483	5,26,87,483

\* For the purposes of this clause the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India in the Ministry of Finance Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.

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

S. No.	Particulars	31.03.2017	31.03.2016
a)	Numerator Profit/(Loss) after tax Rs.	13,93,13,345	13,37,90,169
b)	Weighted average number of equity shares Nos.	2,75,22,400	2,75,22,400
c)	Basic & Diluted earnings per shares (Rs.)	5.06	4.86
d)	Nominal value of shares (Rs.)	10.00	10.00

- [35) 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.
- 36) During the financial year 2016-17, the company has spent an amount of Rs. 26.61 lakhs (previous year Rs. 27.21 lakhs) on Corporate Social Responsibility for the purpose of children education and medical aid.
- 37) Balances standing at the debit or credit in the accounts of various parties are subject to confirmation a reconciliation.
- 38) Previous year's figures have been regrouped/ restated wherever considered necessary to make them comparable to those of the current year.
- 39) All figures in the Balance Sheet, Profit & Loss Account and Schedules have been rounded off to the nearest rupee.

Signatures to Schedules I to 39

**Rajesh Dubey**  
(Chief Financial Officer)

**Mayank Bhadauria**  
(Company Secretary)

**S.Lal**  
(Director)

**J.K.Arora**  
(Chairman & Managing Director)

Bhopal  
Dated: 28.07.2017

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

**Harsha Chandra**  
Partner  
Membership No. 080489

# CONSOLIDATED AUDITORS REPORT

## TO THE MEMBERS OF SOM DISTILLERIES & BREWERIES LIMITED

### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI (hereinafter referred to as "the Holding Company") and its subsidiary "Woodpecker Distilleries & Breweries Private Limited" (the Holding Company and its subsidiary together referred to as "the Group"), comprising the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Holding 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing

and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated 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 thereunder.

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the

Holding Company's preparation of the consolidated 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 Holding 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 Holding Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statement.

#### OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2017, and its consolidated profit and its consolidated cash flows for the year ended on that date.

#### OTHER MATTERS

We did not audit the financial statements/financial information of the subsidiary, whose financial statements/financial information reflect total assets of Rs. 43.05 crores as at March 31, 2017. There being no share of revenue since the subsidiary has not commenced operations for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by another auditor whose report have been furnished to us by the management and our opinion on the consolidated financial statements, in so

far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirement below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the financial statements/financial information certified by the Management.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

##### 1. 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 Group Company so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of the subsidiary, none of the Directors of the Group companies is disqualified as on 31st March, 2017 from being appointed as a Director in terms of subsection 2 of

Section 164 of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditor on the separate financial statements of the subsidiary, as noted in other matter paragraph above:

i. The Company has disclosed the impact of pending litigations on the consolidated financial position in its consolidated financial statements – Refer Note 34 to the consolidated financial statements.

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

iii. As at 31st March, 2017, as per its records, there were no amounts required to be transferred by the Group to the Investor Education and Protection Fund.

iv. The Som Distilleries and Breweries Limited (SDBL) has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Holding Company, Refer Note 32 to the consolidated financial statements.

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

Chartered Accountants  
Firm Registration No. 000481N

12, Zone II, M.P. Nagar,  
BHOPAL 462 011  
Dated: 28.07.2017

**Harsha Chandra**

Partner  
Membership No. 080489



# Annexure A

## to Consolidate Auditors' Report

### Year ended 31.03.2017

(Referred to in para 2 (f) under 'Report on other Legal and Regulatory Requirements' section of our Report of even date)

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act.

We have audited the internal financial controls over financial reporting of SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI ("the Holding Company") and its subsidiary company, as of 31st March, 2017, in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

#### MANAGEMENT RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Boards of Directors of the Holding company and its subsidiary company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### AUDITORS' RESPONSIBILITY

1. Our responsibility is to express an opinion on the Group's internal financial controls over financial

reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under subsection 10 of section 143 of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

2. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
3. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the subsidiary company, in terms of the reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

## MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statement in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may

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

Dated: 28.07.2017

become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## OPINION

In our opinion, the Holding Company and its subsidiary company, has an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

However, despite it being a less complex Company, for more effective financial controls it needs to:

- a) formally codify the system of internal financial controls,
- b) document operations and effectively monitor controls, and
- c) more effectively segregate duties.

We have considered the matters identified and reported above and they do not affect our opinion on the financial statements of the Company.

## OTHER MATTERS

Our aforesaid report under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial over financial reporting insofar as it relates to its subsidiary company, is based on the corresponding reports of the auditor of such company.

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

**Harsha Chandra**  
Partner  
Membership No. 080489

SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI

Consolidated Balance Sheet As at 31.03.2017

S. No.	Particulars	Note No.	As at 31-03-2017 (₹)
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>		
(1)	<b>Shareholder's Funds</b>		
	(a) Share capital	3	275,224,000
	(b) Reserves and Surplus	4	1,080,275,184
(2)	<b>Non current liabilities</b>		
	(a) Long term borrowings	5	409,690,925
	(b) Deferred tax liabilities (Net)	6	110,589,443
	(c) Other Long term liabilities	7	41,488,276
(3)	<b>Current Liabilities</b>		
	(a) Short term borrowings	8	202,012,547
	(b) Trade payables		217,966,642
	(c) Other current liabilities	9	491,272,950
	(d) Short term provision	10	218,884,234
(4)	<b>Minority Interest</b>		1,00,000
	<b>Total</b>		<b>3,047,504,201</b>
<b>II.</b>	<b>ASSETS</b>		
(1)	<b>Non current assets</b>		
	(a) Fixed Assets		
	(i) Tangible assets	11	677,498,616
	(ii) Capital work in progress		207,162,532
	(b) Long term loans and advances	12	56,692,707
	(c) Other Non Current Assets	13	9,001,491
(2)	<b>Current assets</b>		
	(a) Inventories	14	235,618,927
	(b) Trade Receivables	15	494,632,401
	(c) Cash and Cash equivalents	16	314,842,371
	(d) Short term loans and advances	17	1,052,055,157
	<b>Total</b>		<b>3,047,504,201</b>

Significant Accounting Policies

[2]

For and on Behalf of the Board

**Rajesh Dubey**  
(Chief Financial Officer)

**Mayank Bhadauria**  
(Company Secretary)

**S.Lal**  
(Director)

**J.K.Arora**  
(Chairman & Managing Director)

Bhopal  
Dated: 28.07.2017

This is the Balance sheet referred to in our Report of even date  
For **K.C.KHANNA & CO.**  
Chartered Accountants  
Firm Registration No: 000481N

**Harsha Chandra**  
Partner  
Membership No. 080489

SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI

Consolidated Profit and Loss Statement For The Year Ended 31.03.2017

S. No.	Particulars	Note No.	Year Ended 31 March, 2017 (in Rs.)
I.	Revenue from operations	18	2,447,156,088
II.	Other Income	19	30,681,649
<b>III.</b>	<b>Total Revenue</b>	<b>( I+ II )</b>	<b>2,477,837,737</b>
	Expenses:		
	Cost of materials consumed	20	1,272,386,979
	Changes in inventories of finished goods, Work in progress and Stock in trade		(16,969,526)
	Employee benefit expenses	21	71,441,917
	Financial costs	22	113,236,496
	Depreciation		35,728,863
	Other expenses	23	767,678,837
<b>IV.</b>	<b>Total Expenses</b>		<b>2,243,503,566</b>
V.	Profit before exceptional and extraordinary items and tax	(III - IV)	234,334,170
VI.	Exceptional items	-	-
VII.	Profit before extraordinary items and tax	(V - VI )	234,334,170
VIII.	Extraordinary Items		-
IX.	Profit before tax	(VII- VIII)	234,334,170
X.	Tax expenses:		
	(1) Current tax		97,603,345
	(2) Deferred tax		(2,582,520)
XI.	Profit/(Loss) for the period	(IX - X)	139,313,345
XII.	Earning per equity share:		
	(1) Basic		5.06
	(2) Diluted		5.06

Significant Accounting Policies

[2]

For and on Behalf of the Board

**Rajesh Dubey**  
(Chief Financial Officer)

**Mayank Bhaduria**  
(Company Secretary)

**S.Lal**  
(Director)

**J.K.Arora**  
(Chairman & Managing Director)

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

Bhopal  
Dated: 28.07.2017

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

**Harsha Chandra**  
Partner  
Membership No. 080489

SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI

Consolidated Cash flow statement for the year ended 31.03.2017

Particulars	Year Ended 31-03-2017 (in Rs.)
<b>Cash flow from operating activities</b>	
Profit before Tax	234,334,170
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>	
Depreciation on continuing operations	35,728,863
Interest Expense	113,236,496
<b>Operating profit before working capital changes</b>	<b>383,299,529</b>
<b>Movements in working capital:</b>	
Increase/(decrease) in trade payables	28,913,946
Increase/(decrease) in short term provisions	4,396,066
Increase/(decrease) in other current liabilities	128,258,598
Increase/(decrease) in other long term liabilities	(13,000,000)
Decrease/(increase) in trade receivables	164,626,531
Decrease/(increase) in inventories	51,588,925
Decrease/(increase) in long term loan & advances	(2,484,112)
Decrease/(increase) in Short loan & advances	154,527,811
Decrease/(increase) in non current assets	(8,355,093)
<b>Cash generated from/(used in) operations</b>	<b>891,772,200</b>
Direct Taxes Paid (net of refunds)	(14,801,932)
<b>Net Cash flow from/ (used in) operating activities (A)</b>	<b>876,970,268</b>
<b>Cash flow from Investing activities</b>	
Purchase of fixed assets, CWIP and capital advances	(427,732,273)
Proceeds from sale of fixed assets	8,498,073
Proceeds from sale/maturity of current investment	(393,000,000)
<b>Net Cash flow from/ (used in) Investing activities (B)</b>	<b>(812,234,200)</b>
<b>Cash flow from Financing activities</b>	
Proceeds from Equity Share Capital	393,000,000
long term borrowings	(178,655,339)
Interest paid	(113,236,496)
Dividend paid	(41,283,600)
Dividend distribution tax	(8,404,370)
<b>Net Cash flow from/ (used in) Financing activities (C)</b>	<b>51,420,195</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	116,156,263
Cash and cash equivalents at the beginning of the year	198,686,109
<b>Cash and cash equivalents at the end of the year</b>	<b>314,842,373</b>
<b>Compenents of cash and cash equivalents</b>	
Cash on hand	11,420,208
With Banks - on current account	263,095,206
With Banks - on deposit account	40,326,959
<b>Total Cash and cash equivalents</b>	<b>314,842,373</b>

For and on Behalf of the Board

**Rajesh Dubey**  
(Chief Financial Officer)

**Mayank Bhadauria**  
(Company Secretary)

**S.Lal**  
(Director)

**J.K.Arora**  
(Chairman & Managing Director)

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

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

Chartered Accountants

Firm Registration No: 000481N

**Harsha Chandra**

Partner

Membership No. 080489

Bhopal

Dated: 28.07.2017

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Year ended 31.03.2017

### (1) GROUP INFORMATION

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

The Company's subsidiary Woodpecker Distilleries & Breweries Private Limited, Mumbai is setting up its brewery in the state of Karnataka which is in an advanced stage of construction. This subsidiary will also manufacture and sell beer and IMFL.

The Company and its Subsidiary Woodpecker Distilleries & Breweries Private Limited, Mumbai have been considered in these consolidated financial statements.

### (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 Basis of consolidation

In respect of subsidiary company, the financial statements have been consolidated on line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intragroup balances and unrealized profits/losses on intra-group transaction as per Accounting Standard AS-21 "Consolidated Financial statement".

The consolidated financial statement have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

#### 2.3 Revenue recognition

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

#### 2.4 Expenditure

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

#### 2.5 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.

## 2.6 Impairment of Assets

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.

## 2.7 Inventories

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

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

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

## 2.8 Foreign Currency Transactions

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.

## 2.9 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.

## 2.10 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 consolidated financial statements (Contd.)

		As At 31.03.2017
[3]	<b>Share Capital</b>	
	<b>Authorized</b>	
	3,50,00,000 Equity Shares of Rs. 10 each	350,000,000
	<b>Issued, Subscribed and Fully Paid</b>	
	2,75,22,400 Equity Shares of Rs. 10 each	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 31.03.2017	
	No. of Shares	%
Som Distilleries Private Limited	3,030,180	11.01%
Sh. Jagdish Kumar Arora	1,819,667	6.61%

		As At 31.03.2017
[4]	<b>Reserves &amp; Surplus</b>	
	<b>Capital Reserve</b>	3,930,000
	(Amount forfeited against share warrants)	
	<b>Securities Premium Reserve</b>	122,111,040
	<b>Surplus - In Statement of Profit &amp; Loss</b>	
	Balance as per last Financial Statement	864,608,769
	Add: Profit for the year	139,313,345
	Amount available for appropriation	<b>1,003,922,114</b>
	<b>Less:</b>	
	Proposed Dividend	41,283,600
	Dividend Distribution Tax	8,404,370
	<b>Balance at the end of the year</b>	954,234,144
	<b>Total Reserves &amp; Surplus</b>	<b>1,080,275,184</b>

## Notes to the financial statements (Contd.)

	Non Current As At 31.03.2017	Current As At 31.03.2017
<b>[5] Long Term Borrowings</b>		
<b>Loans &amp; Deposits</b>		
(I) IFCI Venture Capital Funds Ltd. (Unsecured)	163,588,021	53,055,556
(ii) IFCI Ltd. (secured)	241,960,032	73,000,000
(iii) Vehicle Loans (Secured) (Secured by hypothecation of respective vehicles)		
From Banks	4,142,872	2,716,429
<b>Grand Total</b>	<b>409,690,925</b>	<b>128,771,985</b>

### Notes:

- Loan from IFCI Venture Capital Funds Ltd. is secured by personal guarantees of promoters and collaterals given by associates.
- Loan from IFCI Ltd. is secured by mortgage of land and hypothecation of the factory plant & machinery.
- Interest on vehicle loans varies from 10.25% to 10.75% per annum. 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 31.03.2017
<b>[6] <u>Deferred Tax Liability (Net)</u></b>	
Difference between depreciation as per books of account and the Income Tax Act 1961.	127,826,949
<b>Gross Deferred Tax Liability</b>	<b>127,826,949</b>
<b><u>Deferred Tax Assets</u></b>	
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	916,545
MAT Credit difference	16,320,961
<b>Gross Deferred Tax Assets</b>	<b>17,237,506</b>
<b>Deferred Tax Liability (Net)</b>	<b>110,589,443</b>

### Notes:

- 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.
- Deferred tax assets and Deferred tax liabilities relate to income taxes levied by the same taxation authority.

## Notes to the consolidated financial statements (contd.)

		As At 31.03.2017
[7]	<b><u>Other Long Term Liabilities</u></b>	
	Security Deposits (Unsecured)	41,488,276
	<b>Total</b>	<b>41,488,276</b>
[8]	<b><u>Short Term Borrowings</u></b>	
	Cash Credit from Bank	202,012,547
	<b>Total</b>	<b>202,012,547</b>
[9]	<b><u>Other Current Liabilities</u></b>	
	Current maturities of long-term borrowing	128,771,985
	Bank Overdrafts (Book)	58,165,449
	Advances from customers	18,392,653
	Expenses Payable	132,447,007
	Statutory dues payable	55,985,159
	Un paid Dividend	6,302,019
	Other Payables	91,208,679
	<b>Total</b>	<b>491,272,951</b>
[10]	<b><u>Short Term Provisions</u></b>	
	Employee Benefits	7,450,782
	Proposed Dividend	41,283,600
	Dividend tax	25,634,078
	Income tax	144,515,774
	<b>Total</b>	<b>218,884,234</b>

## Notes to the consolidated financial statements (Contd.)

### [11] Tangible Fixed Assets

PARTICULARS	GROSS BLOCK		DEPRECIATION			NET BLOCK	
	As At 01/04/2016	Addition/ (disposal)	As At 31/03/2017	Upto 31/03/2016	For The Year	As At 31/03/2017	As At 31/03/2016
LAND (FREEHOLD) & SITE DEVELOPMENT	10,451,783	80,495,978	90,947,761	-	-	90,947,761	10,451,782
BUILDINGS & CIVIL WORKS	162,127,668	1,233,708	163,361,376	63,625,453	6,539,498	93,196,425	98,502,215
PLANT & MACHINERY	795,564,353	14,386,394	809,950,747	321,275,487	24,371,497	472,972,513	474,288,866
FURNITURE & FIXTURES	1,975,771	2,272,260	4,248,031	1,876,505	22,980	2,348,545	99,266
OFFICE EQUIPMENTS	7,041,050	631,849	7,672,899	5,879,573	345,616	1,447,710	1,161,477
VEHICLES	62,194,884	(12,171,039)	50,023,845	40,694,543	4,449,272	16,585,662	21,500,341
<b>TOTAL</b>	<b>1,039,355,510</b>	<b>86,849,150</b>	<b>1,126,204,660</b>	<b>433,351,560</b>	<b>35,728,863</b>	<b>677,498,616</b>	<b>606,003,946</b>
PREVIOUS YEAR	1,037,330,123	2,525,387	1,039,855,510	391,492,571		606,003,948	642,076,666
Capital work in Progress	42,048,507	165,114,025	207,162,532			207,162,532	42,048,507
<b>GRAND TOTAL</b>						<b>884,661,148</b>	<b>648,052,453</b>

**Note :** Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II, except in respect of labour quarters as disclosed in Accounting Policy on Fixed Assets and Depreciation. Accordingly the carrying value is being depreciated over the revised remaining useful lives.

## Notes to the consolidated financial statements (Contd.)

		As At 31.03.2017
[12]	<b><u>Long Term Loans &amp; Advances</u></b>	
	<b><u>Security Deposits</u></b>	
	Security Deposit	48,722,257
	Earnest Money	7,970,450
	<b>Total</b>	<b>56,692,707</b>
<b>Note:</b> All the above amounts are unsecured and considered good.		
[13]	<b><u>Other Non Current Assets</u></b>	
	Preoperative Expenses	9,001,491
	<b>Total</b>	<b>9,001,491</b>
[14]	<b><u>Inventory</u></b>	
	(as taken, valued and certified by the Management)	
	Raw Materials	27,726,565
	Stores, Consumables & Packing Materials	65,058,339
	Stock In Process	35,363,730
	Finished Goods	107,470,293
	<b>Total</b>	<b>235,618,927</b>
[15]	<b><u>Trade Receivables</u></b>	
	(Unsecured, considered good)	
	Outstanding for a period exceeding six months	10,387,280
	Other Debts	484,245,120
	<b>Total</b>	<b>494,632,400</b>
[16]	<b><u>Cash and cash equivalents</u></b>	
	Cash in hand	11,420,208
	Balance With Scheduled Banks	
	Current Accounts	263,095,204
	Deposit Accounts	34,024,940
	Unpaid Dividend accounts	6,302,019
	<b>Total</b>	<b>314,842,371</b>

## Notes to the consolidated financial statements (Contd.)

		As At 31.03.2017
<b>[[17]</b>	<b><u>Short Term Loans &amp; Advances</u></b>	
	Trade Advances to Related Parties	360,943,911
	Capital Advances	286,821,777
	<b><u>Others</u></b>	
	Staff Advances	12,684,609
	Prepaid Expenses	52,392,448
	Advances to suppliers	118,742,566
	Advances to Retailers	220,469,846
	<b>Total</b>	<b>404,289,469</b>
	<b>Grand Total</b>	<b>1,052,055,157</b>

**Note:** All the above amounts are unsecured and considered good.

		Year Ended 31.03.2017
<b>[18]</b>	<b><u>Revenue from Operations</u></b>	
	Sale of Products	3,018,054,450
	Less: Production Duties (Including State Excise)	(570,898,362)
	Revenue from Operations (Net)	<b>2,447,156,088</b>
<b>[19]</b>	<b><u>Other Income</u></b>	
	Interest	2,403,863
	Profit on Sale of Fixed Assets	8,498,073
	Other Revenues	19,779,713
	<b>Total</b>	<b>30,681,649</b>
<b>[20]</b>	<b><u>Cost of Materials Consumed</u></b>	
	Opening Stocks	161,343,355
	Add : Purchases (Raw Materials & Chemicals)	482,568,971
	Add : Purchases ( Packing Material)	719,698,120
	Less : Closing Stocks	91,223,467
	<b>Total</b>	<b>1,272,386,979</b>

## Notes to the consolidated financial statements (Contd.)

		Year Ended 31.03.2017
[21]	<b>Employee Benefits Expense</b>	
	Salaries, allowances & bonus	66,427,078
	Employer's contribution to Provident Fund & Gratuity	2,803,622
	Staff welfare expenses	2,211,217
	<b>Total</b>	<b>71,441,917</b>
[22]	<b>Financial Costs</b>	
	Bank Interest	110,808,852
	Other Interest & Charges	2,427,644
	<b>Total</b>	<b>113,236,496</b>
[23]	<b>Other Expenses</b>	
	Consumables	11,615,848
	Power and fuel	72,641,827
	Labour	26,543,782
	Rent	3,090,100
	<b>Repairs</b>	
	Buildings	2,488,640
	Machinery	44,869,328
	Others	1,773,908
	Insurance	1,567,921
	Rates and taxes (Other than on income)	70,202,793
	Miscellaneous expenses	9,346,495
	<b>Auditors Remuneration</b>	
	(a) Audit fees	189,750
	(b) Other Services	52,864
	Donations & CSR	5,223,824
	Travelling & Conveyance	11,129,339
	Legal & Professional	13,951,936
	Sales promotion	293,315,754
	Advertisement & Publicity	13,885,952
	Freight outward	141,271,467
	Other selling expenses	12,299,815
	General expenses	13,991,676
	Postage, Telegrams & Telephones	9,081,978
	Vehicle Running & Maintenance	9,143,841
	<b>Total</b>	<b>767,678,837</b>

## Other Notes

### Year Ended 31.03.2017

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 31st March, 2017 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 31.3.2017	2016-17
	Present Value of defined obligation as on 01.04.2016	30,08,323
	Interest Cost	2,25,624
	Current Service Cost	2,76,586
	Benefits paid (if any)	(2,76,922)
	Actuarial (gain)/loss	2,05,420
	Present value of the obligation at the end of the period	34,39,031
(B)	Expenses recognized during the year ended 31.03.2017	
	Current Service Cost	2,76,586
	Interest Cost	2,25,624
	Expected return on plan asset	(2,25,089)
	Net Actuarial Gains/losses	1,17,211
	Current Service Cost & Actuarial losses in respect of separated employees	3,94,332
(C)	Principal Actuarial Assumptions	
	Discount Rate	8.00% per annum
	Salary Growth Rate	5.00% per annum
	Mortality	IALM 2006-08 Ultimate
	Expected Rate of Return	8.75% per annum
	Withdrawal Rate (Per Annum)	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)	<b>Value of Imports Calculated on CIF Basis</b> (As certified by the Management)	<b>2016-17</b>
	i) Raw & Packing Materials	2,23,00,553
	ii) Components and Spare Parts	96,67,745
	iii) Capital Goods	2,29,51,761
(b)	<b>Expenditure in Foreign Currency</b>	
	Bank Charges	2,34,302

### [27] Consumption of raw material, packing materials, stores, spares consumed. (As certified by the Management)

Particulars	Raw Materials & Packing Materials	Stores & Spares
	2016-17	2016-17
<b>Imported</b>		
Percentage	1.13%	21.61%
Value (₹)	1,43,78,441	96,97,745
<b>Indigenous</b>		
Percentage	98.87%	78.39%
Value (₹)	1,25,80,08,538	3,51,71,538
<b>Total</b>	<b>100%</b>	<b>100%</b>
<b>Total</b>	<b>1,27,23,86,979</b>	<b>4,48,69,328</b>

### [28] Earnings in Foreign Exchange

	<b>2016-17</b>
Exports of Goods calculated on FOB Basis	67,82,262

## Other Notes (Contd.)

### [29] Contingent Liabilities

		2016-17
i)	Claims against the Company not acknowledged as debts/ Disputed	
	- Commercial Tax Department	62,89,585
	- Income Tax Department	7,53,66,210
ii)	Guarantees given by Bankers on behalf of the company not provided for	9,49,79,384
	Corporate guarantee given to a bank on behalf of another company	4,75,00,000
iii)	Estimated amount of contracts remaining to be executed on capital account and not provided for:	85,00,000

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

**Som Distilleries Private Limited**

#### b) Transactions with Related Parties

(In Rupees)

Nature of Transactions	Som Distilleries Private Limited*
Purchase of Goods/Services	2,37,01,950
Other transactions	Dr. 6,51,45,380 Cr. 17,59,47,698
Closing Balance	Dr. 36,09,43,911

\* On February 4, 2017, Mr. J K Arora was appointed Chairman and Managing Director of the Company. Prior to this, on January 27, 2017 he was also appointed Managing Director of Som Distilleries Private Limited (SDPL). Therefore with effect from February 4, 2017, SDPL became a related party as per AS-18. Accordingly transactions entered into between the two companies between February 4, 2017 and March 31, 2017 are given above.

[32] During the year, the Som Distilleries and Breweries Limited (SDBL) had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification G.S.R 308(E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBN's and other notes as per the notification are as follows:

Particulars	SBN's*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	5,09,79,000	5,66,38,368	10,76,17,368
Add: Permitted receipts	--	50,16,323	50,16,323
Less: Permitted payments	--	89,67,208	89,67,208
Less: Amount deposited in Banks	5,09,79,000	--	5,09,79,000
Closing cash in hand as on December 30, 2016	--	5,26,87,483	5,26,87,483

\* For the purposes of this clause the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economics Affairs number S.O. 3407(E), dated November 8, 2016.

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

S. No.	Particulars	31.03.2017
a)	Numerator Profit/(Loss) after tax Rs.	13,93,13,345
b)	Weighted average number of equity shares Nos.	2,75,22,400
c)	Basic & Diluted earnings per shares (Rs.)	5.06
d)	Nominal value of shares (Rs.)	10.00

[34] 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.

[35] During the financial year 2016-17, the company has spent an amount of Rs.26.61 lakhs (previous year 27.21 lakhs) on Corporate Social Responsibility for the purpose of children education and medical aid.

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

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

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

Signatures to Schedules I to 38

For and on Behalf of the Board

**Rajesh Dubey**  
(Chief Financial Officer)

**Mayank Bhaduria**  
(Company Secretary)

**S.Lal**  
(Director)

**J.K.Arora**  
(Chairman & Managing Director)

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

Chartered Accountants  
Firm Registration No: 000481N

**Harsha Chandra**

Partner  
Membership No. 080489

Bhopal  
Dated: 28.07.2017





# SOM DISTILLERIES & BREWERIES LIMITED

**Registered Office:** I A, Zee Plaza, Arjun Nagar, Safdarganj Enclave,  
Kamal Cinema Road, New Delhi - 110029

## ATTENDANCE SLIP

I/We hereby record my/our presence at the 24<sup>th</sup> Annual General Meeting of the above named Company held on Friday, the 29th September 2017 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.

**Date:** \_\_\_\_\_

**Place:** \_\_\_\_\_

## POLLING PAPER

# SOM DISTILLERIES & BREWERIES LIMITED

CIN NO. L74899DLI993PLC052787

**Registered Office:** I-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 : \_\_\_\_\_

5. I / We hereby exercise my / our vote in respect of the following resolutions to be passed for the business stated in the Notice dated 28th July, 2017 of the 24th Annual General Meeting held at Delhi on 29.09.2017, 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)
1	Ordinary Business/Resolution proposed "Resolved that report of the Board of Directors dated 28.07.2017 and audited Balance sheet as at 31.03.2017 and Profit & Loss Account for the year 2016-2017 be and are hereby adopted."	<input type="checkbox"/>	<input type="checkbox"/>
2.	"Resolved that Shri Surjeeet Lal, who retires by rotation at this meeting and has offered himself for reappointment, be and is hereby reappointed as a Director."	<input type="checkbox"/>	<input type="checkbox"/>
3	"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 2016-17 which dividend may be paid to the holders of shares on the date of this annual general meeting."	<input type="checkbox"/>	<input type="checkbox"/>
4	"Resolved that consequent to the retirement of M/s K.C. Khanna & Co., Chartered Accountants, Bhopal as auditors at the ensuing 24th Annual General Meeting on completion of more than ten years of audit before coming into force of The Companies Act, 2013 and on completion of three years audit thereafter in terms of Section 139(2) of the Act, and pursuant to the provisions of that Section and the Companies (Audit and Auditors) Rules, 2014 and the recommendation of the Board of Directors, M/s R.N.Gupta and Associates, Chartered Accountants, Bhopal, be and are hereby appointed as Auditors of the Company for five years from 2017-18 to 2021-22 from the conclusion of this 24th Annual General Meeting till the conclusion of Annual General Meeting to be held in 2022 at a remuneration to be decided by the Chairman cum Managing Director with the consent of the auditors from year to year and subject to ratification at every annual general meeting for the particular year."	<input type="checkbox"/>	<input type="checkbox"/>
5	Special Business/Resolution Proposed <b><u>APPOINTMENT OF SHRI JAGDISH KUMAR ARORA AS MANAGING DIRECTOR.</u></b> "Resolved that pursuant to the provision of sections 149, 152, 160 and 161 read with schedule V of the Companies Act 2013, Shri Jagdish Kumar Arora (DIN: 00224633) who was appointed as an additional Director,( and also Chairman cum Managing Director) from 04.02.2017 and who holds the office of Director 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 his candidature for the office of Director, be and is hereby appointed as Director liable to retire by rotation and also as Managing Director from 04.02.2017 for a period of five years without any remuneration, it being put on record in term of third proviso to section 203(3) of the Act that he will draw his remuneration as Managing Director of Som Distilleries Private Limited, another company in same group."	<input type="checkbox"/>	<input type="checkbox"/>

Place : New Delhi  
Date : 29.09.2017

Signature of the Member/  
Authorized Representative

**Notes:**

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

# INSTRUCTIONS

## 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, 2017 along with the notice of the 24th 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 are being sent by other permissible means.

Members may also note that the Notice of 24th Annual General Meeting and the Annual Report for period ended 31st March, 2017 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.

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

a. 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 Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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.

b. 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.

c. 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.

d. 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, 25th September, 2017, 10:00 a.m. end of E-voting, 28th September, 2017, 5:00 p.m.

e. The cut-off date for the purpose of E-voting is 22<sup>nd</sup> September 2017. 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.

f. 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:

- (i) The voting period begins on 25.09.2017 at 10:00 a.m. and ends on 28.09.2017 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 22.09.2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) 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.
- (viii) 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 (v).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(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 24th AGM of the Company and shall also be communicated to BSE Limited and NSE Limited where the shares of the Company are listed.





# 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** : L74899DL1993PLC052787  
**Name of the company** : SOM DISTILLERIES & BREWERIES LIMITED  
**Registered office** : 1A, ZEE PLAZA, ARJUN NAGAR, SAFDARJUNG  
ENCLAVE, KAMAL CINEMA ROAD, NEW DELHI 110029.

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

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 24th Annual general meeting of the company, to be held on Friday the 29TH day of September, 2017 at 10.00 a.m. at Executive Club, Dolly Farms and Resorts Pvt. Ltd, 349, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 110030 and at any adjournment thereof in respect of such resolutions as are indicated below:

1. "Resolved that report of the Board of Directors dated 28.07.2017 and audited Balance sheet as at 31.03.2017 and Profit & Loss Account for the year 2016-2017 be and are hereby adopted."
2. Resolved that Shri Surjeeet Lal, who retires by rotation at this meeting and has 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. Rs. 1.50 per share of Rs. 10 on all the 2,75,22,400 equity shares of the company for the year 2016-17 which dividend may be paid to the holders of shares on the date of this annual general meeting."
4. "Resolved that consequent to the retirement of M/s K.C. Khanna & Co., Chartered Accountants, Bhopal as auditors at the ensuing 24th Annual General Meeting on completion of more than ten years of audit before coming into force of The Companies Act, 2013 and on completion of three years audit thereafter in terms of Section 139(2) of the Act, and pursuant to the provisions of that Section and the Companies (Audit and Auditors) Rules, 2014 and the recommendation of the Board of Directors, M/s R.N.Gupta and Associates, Chartered Accountants, Bhopal, be and are hereby appointed as Auditors of the Company for five years from 2017-18 to 2021-22 from the conclusion of this 24th Annual General Meeting till the conclusion of Annual General Meeting to be held in 2022 at a remuneration to be decided by the Chairman cum Managing Director with the consent of the auditors from year to year and subject to ratification at every annual general meeting for the particular year."

**SPECIAL BUSINESS**

5. APPOINTMENT OF SHRI JAGDISH KUMAR ARORA AS MANAGING DIRECTOR.

"Resolved that pursuant to the provision of sections 149, 152, 160 and 161 read with schedule V of the Companies Act 2013, Shri Jagdish Kumar Arora (DIN: 00224633) who was appointed as an additional Director,( and also Chairman cum Managing Director) from 04.02.2017 and who holds the office of Director 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 his candidature for the office of Director, be and is hereby appointed as Director liable to retire by rotation and also as Managing Director from 04.02.2017 for a period of five years without any remuneration, it being put on record in term of third proviso to section 203(3) of the Act that he will draw his remuneration as Managing Director of Som Distilleries Private Limited, another company in same group."

Signed this .....day of .....2017

Signature of shareholder

<p>Signature of proxy holder(s)</p> <p><b>Note:</b> This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the company, not less than 48 hours before the commencement of the meeting.</p>	<p>Affix Revenue stamp</p>
--	----------------------------

शुद्ध  
TWO  
OD  
P E C  
K E R

REFRESHING LAGER  
NATURAL WHEAT  
BEER

330ml.



**Corporate Office:**

Som House, 23, Zone-II,  
Maharana Pratap Nagar,  
Bhopal - 462 011 (M.P.)  
Tel: +91 755 4271271, 4278827  
Fax: +91 755 2557470

**Delhi Office:**

I-A, Zee Plaza, Arjun Nagar,  
Safdarjung Enclave,  
Kamal Cinema Road,  
New Delhi- 110 029, INDIA  
Tel: +91 11 26169909, 26169712  
Fax: +91 11 26195897

**Mumbai:**

203, Landmark Building,  
Opp. Adlab City mall, Link Road,  
Andheri West, Mumbai-400061

[www.somindia.in](http://www.somindia.in)