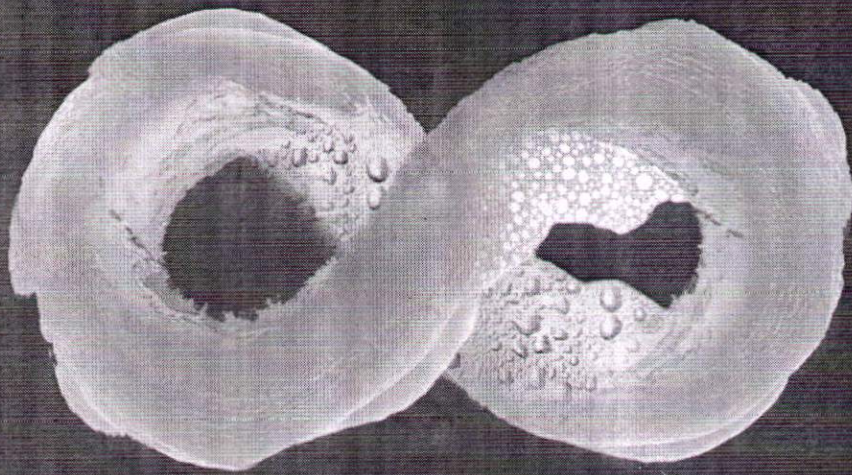
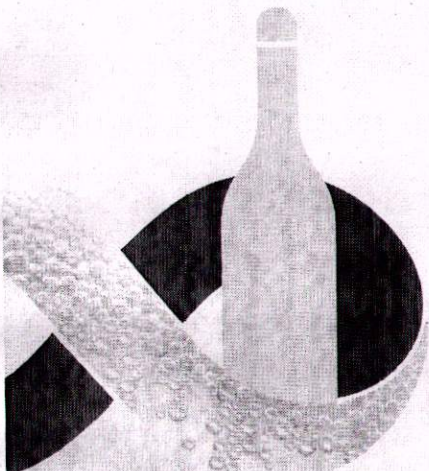


Exploring  
Infinite Possibilities



SDBL ANNUAL REPORT 2014-15

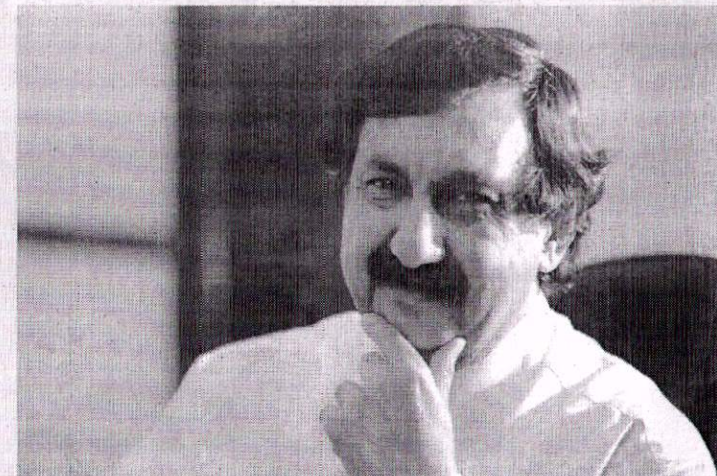




## 22<sup>nd</sup> Annual Report 2014-15



SOM DISTILLERIES AND BREWERIES LIMITED



### Few Words of Cheers from The CHAIRMAN

Dear Friends,

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

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

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

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

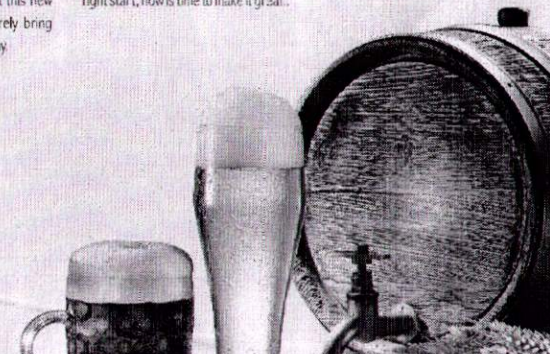
I would like to close my note with a humble thank you to all the stakeholders for their support and confidence reposed in us as we all work together towards creating the brand SOM. As it is rightly said, "You don't have to be great to start, but you have to start to be great". We have made the right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

Best Wishes

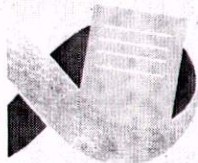
**J.K. Arora**

(Chairman & Managing Director)

Som Group of Companies







# NOTICE TO MEMBERS

## SOM DISTILLERIES & BREWERIES LIMITED

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

Notice is hereby given that the 22<sup>nd</sup> Annual General Meeting of Som Distilleries & Breweries Limited will be held on Wednesday the 30<sup>th</sup> September, 2015 at 10.00 A.M. at Executive Club, Dolly Farms and Resorts Pvt. Ltd. 349, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110030 to transact the following business:-

#### ORDINARY BUSINESS

##### 1. Accounts

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

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

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

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

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

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

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

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

##### 4. Appointment of Auditors

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

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

#### SPECIAL BUSINESS

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

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

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

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

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

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

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

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

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

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

#### Notes

- A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend and vote at the meeting instead of himself and such proxy need not be a member of the company. Proxies in order to be effective must be received at the Registered Office of the company at least 48 hours before the commencement of the meeting.
- The Register of Members of the company will remain closed from 21.09.2015 to 30.09.2015 (both days inclusive).
- All correspondence regarding dematerialization/transfer of shares, change of address etc. should be addressed to MAS Services Pvt. Ltd, T-34, Okhla Industrial Area, Phase II, Delhi-110020 who are the Registrar and Transfer Agents (RTA).
- Any queries for being answered at the meeting must reach at least seven days in advance.
- Shareholders are requested to furnish their e-mail addresses to RTA so that annual report and postal ballot papers etc. can be sent by e-mail in future.
- Electronic voting is allowed in respect of each of the items of business mentioned above. Notes/procedure on electronic voting may be seen at page number 65 & 66.

BY ORDER OF BOARD OF DIRECTORS

Place: Bhopal  
Dated: 27.07.2015

**SURJEET LAL**  
CHAIRMAN AND MANAGING DIRECTOR





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

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

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

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

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

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

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

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

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

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

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

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

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

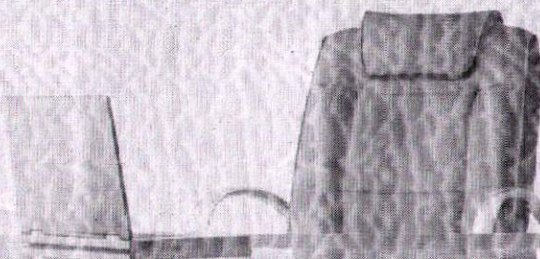
Ms. Nishi Arora was appointed as an Additional Director from 14.11.2014 pursuant to the provisions of Section 161 and as per second proviso of section 149(1) of the Companies Act, 2013, and holds office up to the date of this Annual General Meeting. The Board of Directors have received a notice from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

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

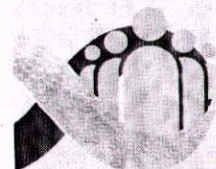
BY ORDER OF BOARD OF DIRECTORS

Place: Bhopal  
Dated: 27.07.2015

**SURJEET LAL**  
CHAIRMAN AND MANAGING DIRECTOR







## Corporate Information

### DIRECTORS

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

### BANKERS

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

### AUDITORS

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

### REGISTERED OFFICE

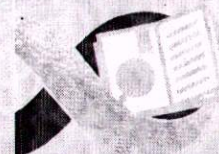
1-A Zee Plaza, Arjun Nagar, Safdarjung Enclave,  
Kamal Cinema Road, New Delhi-110029  
Tel.: 011 26169909, 26169712

### CORPORATE OFFICE

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

### STOCK EXCHANGE

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



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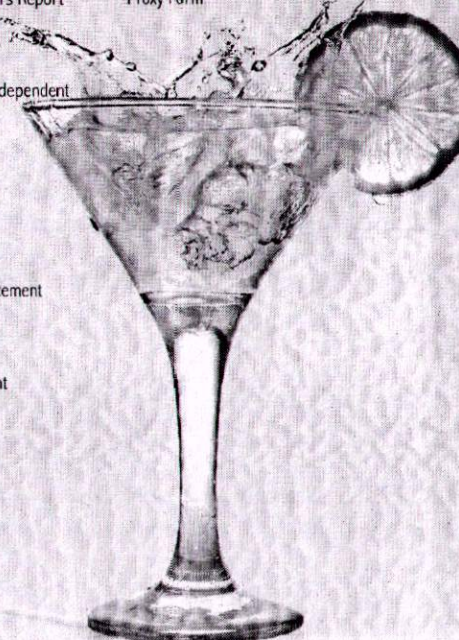
Attendance Slip

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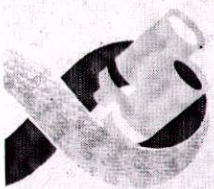
Polling Paper

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Proxy Form







## The Strategy of Finding Infinity

### Market Position



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

### Operations



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

### Industry Dynamics




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

### Financials



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



## Capturing Infinity of Taste in a Bottle

### Beer

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

### Whisky

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

### Vodka

- White Fox Vodka
- Blue Chip Vodka

### Brandy

- Doctors Brandy

### Gin

- 21st Century Gin
- Blue Chip Extra Dry Gin

### Rum

- Black Fort XXX Rum



# The Management Players Who Tame The Brew Of Infinity



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

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



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

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



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

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



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

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



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

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



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

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



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

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



**B K Goel**  
Vice President,  
Commercial

## The Operating Team

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





# SOM DISTILLERIES & BREWERIES LIMITED

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

### REPORT OF DIRECTORS

To,  
The Shareholders  
Som Distilleries & Breweries Ltd.

Sirs,

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

#### 1. Working Results

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

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

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

#### 2. Extract of Annual Return

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

#### 3. Meetings of Board of Directors

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

#### 4. Directors' Responsibility Statement

The Directors hereby certify:-

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

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

#### 5. Declaration by Independent Directors

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

#### 6. Audit Committee

The Audit Committee comprises of Shri D. N. Singh (Chairman), Shri Surjeet Lal, Managing Director and Shri Shailendra Singh Sengar, Director. Two of them are independent. All the members of the committee are financially literate and the Chairman Shri D. N. Singh, an independent director, is having wide experience of industry and has passed Intermediate (Group I) of ICWA.

#### 7. Vigil Mechanism

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

#### 8. Nomination and Remuneration Committee

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

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

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

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

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

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

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

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

#### 12. Reserves

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

#### 13. Dividend

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

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

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

Information regarding foreign exchange is as follows:-

Earnings	: ₹ 2,41,23,029
Outgo	: ₹ 1,69,53,767

#### 15. Risk Management

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