

|     |    |   |     |    |
|-----|----|---|-----|----|
| MD  | ✓  |   | BKC | ✓  |
| CS  | NA |   | DPY | NA |
| RO  | ✓  |   | DIV | NA |
| TRA | ✓  |   | AC  | ✓  |
| AGM | ✓  | ✓ | SHI | ✓  |
| YE  | ✓  | ✓ |     | ✓  |

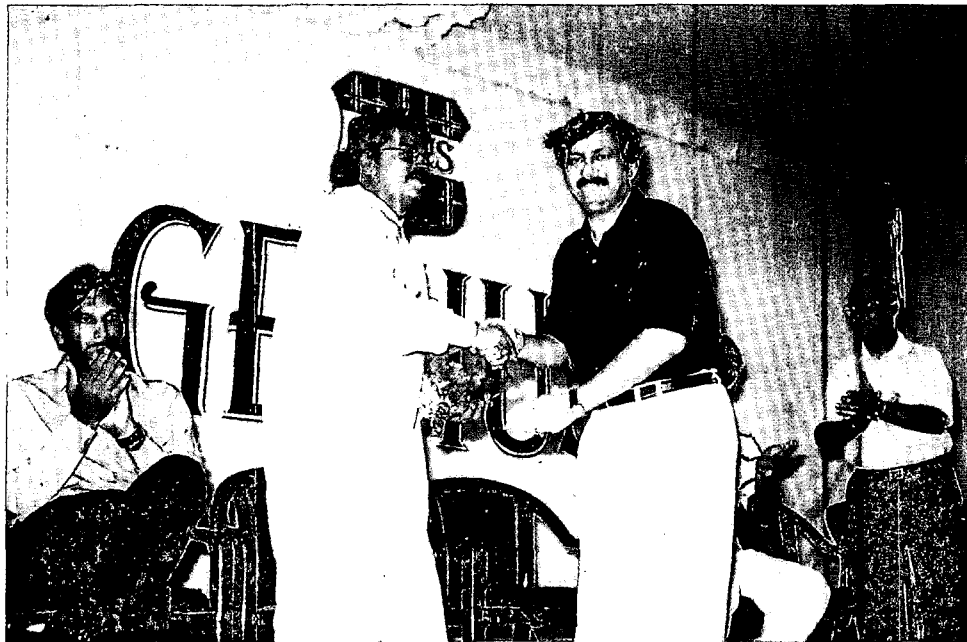
5th  
Annual Report  
1997-98



*Som Distilleries & Breweries Ltd.*



Hunter Car Rally being flagged off by Shri J.K. Arora, Chairman & Managing Director. Shri A.K. Arora, Deputy Managing Director is also seen by his side.



Shri J.K. Arora, Chairman & Managing Director welcoming Shri Hariharan, Play Back & Ghazal Singer at the time of Launch of 'Genius' Whisky at Bhopal on 05.05.98.

**DIRECTORS**

Shri J.K. Arora  
Shri A.K. Arora  
Shri Surjeet Lal  
Shri B.S. Bhatiya

Chairman cum Managing Director  
Director  
Director (Technical)  
Director

**BANKERS**

Bank of Baroda, Habibganj, Bhopal  
Bank of India, Arera Colony, Bhopal

**AUDITORS**

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

**REGISTERED OFFICE**

1A, Zee Plaza  
Arjun Nagar  
Safdarjung Enclave  
Kamal Cinema Road  
New Delhi- 110029

**CORPORATE OFFICE**

23, Zone-II  
M.P. Nagar  
Bhopal-462011  
Tele Nos. (0755)  
552885, 557144, 558002

**FACTORY**

Rojra Chak  
District Raisen  
Madhya Pradesh  
Tele Nos. : (07480)  
66245, 66244, 62218

**STOCK EXCHANGES**

The Delhi Stock Exchange  
Association Ltd.  
West Plaza, Indira Gandhi Stadium  
Indrapastha Estate  
**NEW DELHI - 110 002**

The Stock Exchange  
Phiroze Jeejeebhoy Towers  
Dalal Street  
**MUMBAI - 400 001**

The Madhya Pradesh Stock Exchange  
Rajani Bhawan, 3rd Floor  
569, M.G. Road  
**INDORE - 452 001**

The Stock Exchange  
Kamdhenu Complex  
Opp : Sahajananad College  
**AHMEDABAD - 380 015**

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



**NOTICE TO MEMBERS**

Notice is hereby given that the Fifth Annual General Meeting of Som Distilleries & Breweries Limited will be held on Tuesday the 29th September 1998 at 11.00 hours at Tivoli Gardens, 47-50 Chattarpur Road, New Delhi-110030 to transact the following business :-

**1. Accounts**

To receive and adopt the Directors report and audited statements of accounts for the year 1997-98.

**2. Appointment of Shri Ajay Kumar Arora as Director**

To appoint a Director in place of Shri Ajay Kumar Arora who retires by rotation and being eligible, offers himself for re-appointment.

**3. Appointment of Auditors**

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

"Resolved that K.C. Khanna & Co., Chartered Accountants, Bhopal be and are hereby appointed as Auditors of Som Distilleries & Breweries Limited from the conclusion of the Fifth Annual General Meeting till the conclusion of Sixth Annual General Meeting for auditing accounts for the year 1998-99 at a remuneration of Rs. 50,000/- plus actual travelling and out-of-pocket expenses."

**4. Alteration of Articles— buy-back of shares/securities.**

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

"Resolved that pursuant to Section 31 and other applicable provisions of the Companies Act, 1956 the Articles of Association of the Company be altered so as to insert the following after Article 54.

**'54A Buy-back of Shares/securities.**

Notwithstanding anything contained in these Articles, if and when the law permits a Company to purchase its own shares or securities, the Board of Directors may, if and when thought fit, buy back such of the Company's own shares or securities as it may deem necessary, subject to such terms, conditions, limits and approvals/sanctions as may be prescribed by law."

**5. Buy back of shares.**

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

"Resolved that if and when permitted by law and subject to such terms, conditions, limits and approvals/sanctions as may be prescribed by law and also subject to such terms and conditions as may be considered necessary by the Board of Directors or as may be prescribed or imposed while granting approvals/sanctions as above, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to purchase such number of equity shares from the existing holders, by the use of such funds of the Company as may be permitted by law to be used for this purpose or out of the proceeds of any issue made by the Company.

Resolved further that for the purpose of giving effect of the above resolution, the Board of Directors be and is hereby authorised to do all such acts and things and give such directions as may be necessary or desirable and to settle any questions and difficulties that may arise with regard of the said purchase of equity shares.

Resolved further that nothing here-in-above contained shall confer any right on any shareholder to compel such buy-back of shares or impose any obligation on the Company or the Board to buy back any shares."

**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 25.09.98 to 12.10.98 (both days inclusive).
- c. Members are requested to notify change of address, if any, to the Company at its Bhopal address. Documents relating to transfer of shares should also be sent to the Company at its Bhopal address.
- d. Any queries for being answered at the meeting must reach at least seven days in advance.

By order of the Board of Directors

Dated: August 28, 1998  
 Place: Bhopal

J. K. ARORA  
 CHAIRMAN AND MANAGING DIRECTOR

**Explanatory Statement under Section 173 of Companies Act, 1956 to the Notice of the Fifth Annual General Meeting of Som Distilleries & Breweries Limited to be Held on Tuesday The 29th September 1998 at Tivoli Gardens, 47-50, Chattarpur Road, New Delhi-110030 At 11.00 Hours.**

**ITEM NO. 4**

Presently Section 77 of the Companies Act, 1956 requires that no Company having a shares capital shall have power to buy its own shares unless the consequent reduction of capital is sanctioned in pursuance of Sections 100 to 104 or of 402. However, it is anticipated that the law may permit the Company to buy back its own shares or securities. In anticipation of such modification in the existing law, it is proposed to introduce a new article 54A to enable the Company to purchase its own shares or securities as proposed in the resolution at Item No. 4. The Board of Directors recommends the resolution for acceptance by members.

None of the Directors is interested in the resolution.

A copy of the Memorandum and Articles of Association of the Company is available for inspection of the members of the Company at its Registered office between 11 a.m. to 1 p.m. on any working day of the Company.

**Item No. 5**

As and when the law permits a Company to buy back its own shares, Article 54A as proposed above would become operative. In anticipation of such operability of Article 54A as above, it is proposed to authorise the Board of Directors to buy back the shares of the Company in accordance with the legal provisions and subject to the terms, conditions, limits and permissions/sanctions as per the law. Accordingly the resolution at Item No. 5 is submitted for approval. The Board recommends the resolution.

None of the Directors is interested in the resolution.

J. K. ARORA  
 CHAIRMAN & MANAGING DIRECTOR

**SOM DISTILLERIES & BREWERIES LIMITED**  
**Fifth 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 31st March 1998.

**1. WORKING RESULTS**

During the year 1997-98 the factory produced 11833 KL of Beer and 3569 KL of IMFL compared with 7761 KL of Beer and 4986 KL of IMFL during the year 1996-97. The summarised working results for the year are as under:-

|                            | 1997-98     | 1996-97     |
|----------------------------|-------------|-------------|
|                            | Rs. in lacs | Rs. in lacs |
| Sales and other Income     | 3637.55     | 3239.82     |
| Profit before depreciation | 370.64      | 269.10      |
| Depreciation               | 82.44       | 65.95       |
| Profit before Tax          | 288.20      | 203.15      |
| Provision for Income Tax   | 31.00       | 26.25       |
| Profit after tax           | 257.20      | 176.90      |

It will be noted that there has been good increase in the sales and net profit after tax. Directors have decided not to declare dividend for the year in order to conserve the resources. Directors have decided that company should exploit the expansion opportunities presently available to it. This would ensure higher profitability in future balance sheets. Directors had to decide not to declare dividend this year, because higher working capital is required to meet expansion plans and taking of loans upsets the profitability equation due to high rate of interest. The capacity for production of beer has been expanded from 10,000 KL to 18,900 KL per annum. The company is sure of increasing market-shares of its beers in different segments. Hunter Extra Strong Beer has been positioned as India's first premium beer in fermented beer segment and it is quite heartening that the brand has captured large market share in parts of Maharashtra and Madhya Pradesh. It has been well accepted in other parts of India, where it has recently been launched.

**2. AUDITORS REPORT**

Reference is invited to the Auditors Report on the accounts. As already stated in Policy No. 7, gratuity is accounted for as and when the liability to pay arises. So also liability on encashment of Privilege Leave is met as and when it arises. As a welfare measure, no interest is charged on staff advances and in some cases longer moratorium period is also allowed. Procedures for purchase of stocks, raw materials and consumables are being strengthened. Dues of Provident Fund, and balance TDS are being paid shortly.

**3. DIRECTORS**

Shri P.N. Sapra resigned as Director with effect from 03.04.1998. The Board appreciates the long services rendered by him as a Director. Shri Ajay Kumar Arora retires at the ensuing Fifth Annual General Meeting and being eligible himself for re-appointment.

**4. STATUTORY INFORMATION**

Details as per Section 217 (2A) of the Companies Act 1956 in respect of employees drawing remuneration above a certain limit are given in annexure to this report.

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

|          |               |
|----------|---------------|
| Earnings | Rs. 41,57,641 |
| Out go   | Rs. 6,05,407  |

**5. Exports**

During the year 1997-98 company's exports turnover was Rs. 42 lacs. It is estimated that it would cross Rs. 1 crore mark in the next Financial Year. It is a matter of pride that SOM's BLACK FORT PREMIUM LAGER is the first and only Indian Beer to be listed and sold off the shelves of Makro Chain of departmental stores in the U.K. Another feather in Som's cap has been the launch of Kama Indian Lager Beer at the TESCO's, the major retail chain of departmental stores in the U.K.

**6. AUDITORS**

M/s K.C. Khanna & Co., Chartered Accountants, Bhopal retire as auditors at the ensuing Fifth Annual General Meeting and are eligible for re-appointment.

**7. ACKNOWLEDGEMENTS**

The Directors thank all the officers and employees of the company for the completely smooth employer-employee relations and high level of efficiency maintained in the Company. Directors also thank Bank of Baroda and Bank of India for the continued support and help to the company.

For and on behalf of the Board of Directors

Dated : August 28, 1998  
 Place : Bhopal

J.K. ARORA  
 CHAIRMAN

**ANNEXURE TO DIRECTOR'S REPORT**

Statement of particulars of employees pursuant to provisions of section 217 (2A) of the Companies Act 1956 and forming part of the Directors' Report for the year ended 31st March, 1998

| Sr. No. | Name                | Date of Joining | Age | Designation/<br>Nature of duties | Gross Remune-<br>ration | Qualification                            | Experience | Last Employment & designation.            |
|---------|---------------------|-----------------|-----|----------------------------------|-------------------------|--|------------|---|
| 1.      | Shri P.K. Chatterji | 01.05.97        | 47  | President<br>(Marketing & Sales) | Rs. 275000              | Engg<br>(Chemical)<br>MBA<br>(Marketing) | 22 years   | B.D.A. Ltd.<br>GM (Marketing)<br>(Bombay) |

Note: The above mentioned individual is a regular employee and is not related to any Director.

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



**AUDITORS  
 REPORT TO THE  
 SHAREHOLDERS**

We have audited the attached Balance Sheet of **SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI** as at 31st March, 1998 and also the Profit and Loss Account of the Company for the year ended on that date and annexed thereto and report that :

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
3. The Balance Sheet and the Profit and Loss Account dealt with by this Report are in agreement with the books of account ;
4. In our opinion and to the best of our information and according to the explanations given to us and subject to Accounting Policy No. 7 ( Schedule K) regarding non provision of liability for gratuity payable on death/ retirement of employees, and provision not having been made for liability towards accumulated unencashed privilege leave of employees which for the year and upto the year end have also not been ascertained. Non provision of such liability is not in accordance with Accounting Standard (AS) 15 : "Accounting for Retirement Benefits in the Financial Statements of Employers" issued by the Institute of Chartered Accountants of India.

the accounts read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view :

- (a) in the case of the Balance Sheet, of the state of the Company's affairs as at 31st March, 1998, and
- (b) in the case of the Profit and Loss Account of the profit for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Central Government and in terms of the information and explanations given to us, and on the basis of such checks as we considered appropriate we further state that :

1. The Company is stated to have maintained proper records to show full particulars, including quantitative details and situation of its fixed assets. The fixed assets are stated to have been physically verified by the Management at the close of the financial year and no discrepancies were stated to have been noticed on such verification. Evidence in respect thereof has, however, not been produced for our examination.
2. No fixed assets have been revalued during the year.
3. The stocks of finished goods, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. No material discrepancies have been noticed on physical verification of stocks as compared to book records.
6. In our opinion, the valuation of stocks is fair and proper, in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. As per the information and explanations given to us, the Company has not obtained any loans, secured or unsecured, from firms or other parties listed in the register maintained under Section 301.
8. As per the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, or to companies under the same management.
9. The Company has not granted any loans or advances in the nature of loans to any party except advances to staff. As per the records of the Company, there are no stipulations for recovery of interest on staff advances. In certain cases of staff advances, there appear to be no stipulations as to the recovery of principal amounts as no recoveries have been affected during the year.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business with regard to purchase of plant and machinery, equipment and other assets, and for the sale of goods. Such procedures for purchase of stocks, raw materials and consumables need to be strengthened.
11. In our opinion and according to the information and explanations given to us, the transactions of