



**MR. AYUB KHAN, A RENOWNED SINGER ENTERTAINING THE DISTRIBUTORS
AT THE TIME OF LAUNCHING OF WOODPECKER BEER
AT HOTEL JEHANUMA PALACE, BHOPAL.**



**MR. J. K. ARORA, CMD WITH MR. ROBIN SINGH,
WELL KNOWN CRICKETER AND MR. SHAKTI KAPOOR (CINE STAR)
DURING THE LAUNCH OF HUNTER & LEGEND BEERS IN CANS AT BHOPAL.**

SOM DISTILLERIES & BREWERIES LIMITED
Ninth Annual Report

**DIRECTORS**

Shri J.K. Arora
Shri A.K. Arora
Shri Surjeet Lal
Shri A.S. Vijan
Shri A.H. Shahani

Chairman & Managing Director
Director
Director
Director
Director (whole-time)

BANKERS

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

AUDITORS

K.C. Khanna & Co.
Chartered Accounts
12, Zone-II, M.P. Nagar
Bhopal - 462 011.

REGISTERED OFFICE

1-A Zee Plaza,
Arjun Nagar,
Safdarjang Enclave,
Kamal Cinema Road,
New Delhi.

Tel. Nos.
6169909, 6169712

CORPORATE OFFICE

23, Zone-II
M.P. Nagar,
Bhopal - 462 011

Tel. No.
278827, 278503

FACTORY

Rojra Chak,
District Raisen
Madhya Pradesh

Tel. No.
66244, 66245

STOCK EXCHANGES

The Delhi Stock Exchange Association Ltd.
3/1, Asaf Ali Road,
New Delhi - 110 002

The Madhya Pradesh Stock Exchange
201, Palika Plaza-II,
M.T.H. Compound
Indore - 452 001

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Tower,
Dalal Street,
Mumbai - 400 001

The Stock Exchange - Ahmedabad
Kamdheni Complex,
Opp. Sahajanand Complex,
Panjarapole, Ahmedabad - 380 015


NOTICE TO MEMBERS

Notice is hereby given that the Ninth Annual General Meeting of Som Distilleries & Breweries Limited will be held on Friday the 27th December, 2002 at 10.30 hours at Executive Club, Dolly Farms and Resorts Pvt. Ltd. 439, Village Shahoorpur, P.O. Fatehpur Ben, New Delhi - 110 030 to transact the following business :-

1. ACCOUNTS

To receive and adopt the Directors Report and audited statements of account for the year 2001-2002.

2. APPOINTMENT OF SHRI A.K. ARORA AS DIRECTOR

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

3. APPOINTMENT OF SHRI SURJEET LAL AS DIRECTOR

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

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 K.C. Khanna & Company., Chartered Accountants, Bhopal be and are hereby appointed as Auditors of the company from the conclusion of Ninth Annual General Meeting till the conclusion of Tenth Annual General Meeting at a remuneration of Rs.60,000/- plus service Tax and actual travelling and out-of-pocket expenses."

5. INCREASE OF AUTHORISED CAPITAL

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

"Resolved that the authorised capital of the company be and is hereby increased by Rs. Two Crores raising it from Rs.13,00,00,000 (Rupees Thirteen Crores) to Rs.15,00,00,000 (Rupees Fifteen Crores only) by adding in the authorised capital 20,00,000 (Twenty Lakh only) equity shares of Rs.10/- each."

Resolved further that in Clause V of the Memorandum of Association the words, figures and brackets,

"Rs. 13,00,00,000 (Rupees Thirteen Crores only) divided into 1,30,00,000 (One Crore and Thirty Lacs) equity shares of Rs.10/- (Rupees Ten only) each."

be and are hereby replaced by the following words, figures and brackets,

"Rs.15,00,00,000 (Rupees Fifteen Crores only) divided into 1,50,00,000 (One Crore Fifty lakhs only) equity shares of Rs.10/- (Rupees Ten only) each."

6. ISSUE OF FURTHER EQUITY SHARES ON PREFERENTIAL BASIS

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

"Resolved that in terms of Section 81 of the Companies Act, 1956, the Board of Directors of the company be and are hereby authorised to offer and issue 50,00,000 (Fifty lakhs only) equity shares of Rs.10/- each for cash at par or at a higher price to the following persons :-

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S. No.	Name	No. of shares to be Offered
1.	Shri J.K. Arora	7,00,000
2.	Smt. Natasha Arora	5,00,000
3.	Shri M.L. Arora	4,00,000
4.	Smt. Sunita Arora	4,00,000
5.	Shri Raghvendra Mishra	5,00,000
6.	Shri Mahesh Lowanshi	5,00,000
7.	Shri Gurmukhdas Saluja	5,00,000
8.	Shri Sanjay Chawla	5,00,000
9.	Shri Ravi Dang	5,00,000
10.	Shri Mahesh Batra	5,00,000
Total :		<u>50,00,000</u>

Provided however that the Board shall comply with the requirements of all the related laws and also the guidelines and clarifications issued by the Securities and Exchange Board of India."

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 24th December 2002 to 5th January 2003 (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/dematerialisation 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.
- e. An explanatory statement as required under section 173 of the Companies Act, 1956 is attached.

For and on behalf of the Board of Directors

J.K. ARORA
CHAIRMAN

PLACE : BHOPAL
DATED : 27.11.2002

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EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956 TO THE NOTICE OF THE 9TH ANNUAL GENERAL MEETING OF SOM DISTILLERIES & BREWERIES LIMITED TO BE HELD ON FRIDAY THE 27TH DECEMBER, 2002 AT 10.30 HOURS AT New Delhi.

1. INCREASE OF AUTHORISED CAPITAL

It is proposed to increase the authorised capital from Rs. Thirteen crores to Rs. Fifteen Crores to meet the working capital requirements of the company. Equity shares are proposed to be issued on preferential basis up to the face value of Rs. Five Crores. Accordingly, Memorandum of Association is also proposed to be amended.

None of the Directors is interested in the resolution.

2. ISSUE OF FURTHER EQUITY SHARES ON PRFERENTIAL BASIS

The shares of the company are at present being quoted below par. Therefore at present, it is not possible to make a public issue or rights issue successfully. It is proposed that in order to meet the working capital requirements, we may issue equity shares upto the face value of Rs. Five crores on preferential basis. The Board is being authorised to issue the shares to the persons named in the resolution for cash at par or at higher price if so required by SEBI guidelines on such terms as may be thought fit in the interest of the company and keeping in view the various laws and SEBI guidelines. The relevant date for the purpose of SEBI (Disclosure and Investor Protection) guidelines 2000 is 27.11.2002.

The Preferential Issue of shares is being made to meet the working capital requirements of the company.

Sr. No.	Name and Address	No of shares		Maximum percentage of paid up capital		Remarks, whether promoter/director or relative
		Held at present	Proposed to be taken up	Pre-issue	Post issue	
1	Sh. J.K. Arora E-7/HIG-492, Arera Colony, Bhopal	4,99,010	7,00,000	4.99	7.99	Promoter/Director
2	Smt. Natasha Arora E-7/HIG-492, Arera Colony, Bhopal	70,530	5,00,000	0.705	3.80	Relative
3	Sh. M.L. Arora E-7/HIG-492, Arera Colony, Bhopal	10	4,00,000	-	2.67	Relative
4	Smt Sunita Arora E-7/HIG-492, Arera Colony, Bhopal	1,89,910	4,00,000	1.90	3.93	Relative
5	Sh.Raghvendra Mishra H. No. 41, Yadav Mohalla, Silavatpura, Jinsi Choraha, Jehangirabad, Bhopal	-	5,00,000	-	3.33	-
6	Sh.Mahesh Lowanshi32, Shanti Nagar, Berkheda, Bhopal.	-	5,00,000	-	3.33	-

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Sr. No.	Name and Address	No of shares		Maximum percentage of paid up capital		Remarks, whether promoter/director or relative
		Held at present	Proposed to be taken up	Pre-issue	Post issue	
7	Shri Gurmukhdas Saluja E-3/349 Arera Colony, Bhopal	-	5,00,000	-	3.33	-
8	Shri Sanjay Chawla E-3/58, Arera Colony, Bhopal	-	5,00,000	-	3.33	-
9	Shri Ravi Dang E-1/152, Arera Colony Bhopal	-	5,00,000	-	3.33	-
10	Shri Mahesh Batra Mahesh Trunk Bhandar Jinsi Nala No.1, Gwalior	-	5,00,000	-	3.33	-

Total : 50,00,000

The shareholding pattern before and after the issue will be as follows :-

Sr. No.	Particulars	Shareholding		Percentage holding of issued capital	
		Before Issue	After Issue	Before Issue	After Issue
1.	Indian Promoters	31,13,470	51,13,470	31.14	34.09
2.	Persons acting in concert	7,210	7,210	0.07	0.05
3.	Non-resident Indians/OCBs	3,34,300	3,34,300	3.34	2.23
4.	Private Bodies Corporate	8,27,414	8,27,414	8.27	5.51
5.	Proposed applicants mentioned above	(7,59,460)	(57,59,460)	(7.59)	(38.39)
6.	Indian public	57,17,606	87,17,606	57.18	58.12
	TOTAL	1,00,00,000	1,50,00,000	100.00	100.00

Figures in brackets are included in other Sr. Nos.

The shareholder pattern as shown above may change if the above named persons fail to apply to the extent proposed above.

The allotment shall be completed within three months of the approval of shareholders. There will be no change in control or management of the Company after the above allotment on preferential basis.

Auditor's Certificate regarding permissible price of the shares as per SEBI guidelines will be placed before the members at the meeting.

Shri J.K. Arora, Director and Shri A.K. Arora, Director are interested in the allotment of shares to the promoter/Director and relatives as proposed above. None of the other Directors are interested in the resolution.

For and on behalf of the Board of Directors

PLACE : BHOPAL
 DATED : 27.11.2002

J.K. ARORA
 CHAIRMAN

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**REPORT OF
DIRECTORS**

To,
The Shareholders
Som Distilleries & Breweries Ltd.

Sirs,

Your Directors have pleasure in presenting the Ninth Annual Report of your Company for the year ended on 31st March, 2002.

2. WORKING RESULTS

During the year 2001-2002, the factory produced 6563 KL of Beer and 2895 KL of IMFL compared with 11937 KL of Beer and 5044 KL of IMFL during the year 2000-2001.

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

	<u>2001-2002</u> (Rs. in lacs)	<u>2000-2001</u> (Rs. in lacs)
Sales and Other Income	3991.93	5616.20
Profit before Depreciation	225.40	298.50
Depreciation	136.94	121.77
Profit before Tax	88.46	176.73
Provision for Income Tax	7.53	15.93
Profit after Tax	80.93	160.80

3. DIVIDEND

The Board of Directors do not recommend dividend for 2001-2002.

4. AUDITORS

M/s K.C. Khanna & Co., Chartered Accountants, Bhopal retire at the ensuing 9th Annual General Meeting, and being eligible, the Board recommends their re-appointment.

5. STATUTORY INFORMATION

- (a) The information in respect of employees drawing remuneration above a certain limit as per Section 217 (2A) of the Companies Act, 1956 is enclosed as Annexure-I.
- (b) 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.
- (c) Information regarding foreign exchange is as follows :-
 Earnings : Rs. 40,01,286
 Out go : Rs. 54,18,195
- (d) **Directors Responsibility Statement**

The Directors hereby certify :-

- i) that in the preparation of the accounts for 2001-2002 the applicable accounting standards have been followed, except Accounting Standard (AS) 22 : "Accounting for taxes on income" due to delay in finalisation of accounts, tax audit and income tax returns for the years 2000-2001 and 2001-2002 consequent to the income tax search proceedings conducted in January 2001.
 - ii) that accounting policies have been stated in Schedule K to the Accounts. The accounting policies have been selected and applied consistently and judgements and estimates have been made which are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31.03.2002 and of the Profit & Loss Account of the Company for the year 2001-2002.
 - iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for prevention and detection of frauds and other irregularities.
 - iv) that the directors prepared the annual accounts on a going concern basis.
- (e) Audit Report**
- (i) Reference para 6 of the Auditors Report. The write off of product launch/promotion expenses over sixty months and brand building expenses over three financial years has been correctly done as per the judgement of the Board. In respect of debit balances, particularly old outstandings, there is at present no need to make further provisions or to write off.
 - (ii) As a welfare measure no interest is charged on staff advances.
 - (iii) One product sold to a company under same management as mentioned is para 11, was sold for cash at a reasonable profit. The product does not have any market price since it is not normally sold in the market.
 - (iv) Provident fund dues mentioned in para 17 have since been paid. Payment of statutory dues mentioned in para 18 were delayed due to incomplete information available in absence of records which were seized by Income Tax Department. Tax dues could not be deposited consequent to delay in finalisation of

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**REPORT OF
DIRECTORS**

accounts and determination of exact liability towards these dues. The same will be deposited before completion of Tax Audit and filing of returns.

6. **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, Management Discussion and Analysis and Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are given in Annexure which is a part of this report.

7. **ACKNOWLEDGEMENTS**

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

For and on behalf of the Board of Directors

Place : Bhopal
Dated : 27.11.2002

J.K. ARORA

ANNEXURE-I TO DIRECTORS' 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 2002.

S. No.	Name	Date of Joining	Age	Designation /Name of duties	Gross Remuneration	Qualification	Experience	Last employment and designation
1	Mr. Ved Berry	18.12.00	51	Director (Sales & Mktg)	Rs.1539996	DBM	31 years	Director (Sales & Mktg) GTC Industries Ltd.

Notes :

- The above employee is not a relative of any director. He is a regular employee and not a contractual one.
- The employee is no longer in the service of the company.

**ANNEXURE TO
DIRECTORS'
REPORT**

Place : Bhopal
Dated : 27.11.2002

**J.K. ARORA
CHAIRMAN**