



**SOM DISTILLERIES & BREWERIES LIMITED**

# **COMPANY GROWS BY NUMBERS & BEYOND**

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# **ANNUAL REPORT**

**2008-2009**

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# **16<sup>th</sup> ANNUAL REPORT**

2008 - 2009

**SOM DISTILLERIES & BREWERIES LTD.**

**DIRECTORS**

Shri Surjeet Lal	Chairman & Managing Director
Shri D. N. Singh	Director
Shri S.S. Sengar	Director
Shri G.D. Arora	Director

**BANKER**

Kotak Mahindra Bank Ltd,

**AUDITORS**

K. C Khanna & Co.  
Chartered Accountants  
12, Zone-11, M.P.Nagar  
Bhopal-462011

**REGISTERED OFFICE**

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

**CORPORATE OFFICE**

23, Zone-II, M. P. Nagar, Bhopal-462011  
Tel Nos. 0755-4271271,4271369

**FACTORY**

Rojra Chak, District Raisen, Madhya Pradesh  
Tel Nos. 07480-266244, 266245

**STOCK EXCHANGE**

Bombay Stock Exchange limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai 400001



**SOM DISTILLEREIS & BREWERIES LIMITED**  
**Sixteenth Annual Report**

**NOTICE TO  
MEMBERS**

Notice is hereby given that the 16<sup>th</sup> Annual General Meeting of Som Distilleries & Breweries Limited will be held on Wednesday the 30<sup>th</sup> September 2009 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 approve and adopt the Audited Profit & Loss Account for the year ended 31<sup>st</sup> March, 2009 and the Balance Sheet as at that date and the Reports of Directors and Auditors thereon.

**2. APPOINTMENT OF SHRI SHAILENDRA SINGH SENGAR AS DIRECTOR**

To appoint a director in place of Shri Shailendra Singh Sengar 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 & Company, Chartered Accountants, Bhopal be and are hereby appointed as Auditors of the Company from the conclusion of 16<sup>th</sup> Annual General Meeting till the conclusion of next Annual General Meeting at a remuneration to be decided by the Chairman cum Managing Director with the consent of the auditors".

**SPECIAL BUSINESS**

**4. APPOINTMENT OF SHRI GURU DARSHAN ARORA 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 Guru Darshan Arora, who was appointed as an additional director under section 260 of the companies Act 1956 and in respect of whom the company has received a notice under section 257 of the Act, in writing, proposing his candidature for the office of director, be and is hereby appointed as a director of the company subject to retirement by rotation under Articles of Association of the company."

**5. APPOINTMENT OF SHRI SURJEET LAL 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 in terms of sections 198, 269 and 316 of the Companies Act 1956 and other applicable provisions, if any, Shri Surjeet Lal S/o Shri Hakim Chand who has been a director of the company since 19.05.1993, be and is hereby appointed as Managing Director of Som Distilleries and Breweries Limited from 21.03.2009 for a period of five years without any remuneration, particularly

keeping in view the fact that he is also Managing Director of Som Distilleries Pvt. Ltd."

#### 6. WARRANTS ALLOTTED ON PREFERENTIAL BASIS ON 08.11.2008

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

"Resolved that in the context of 94,22,400 warrants allotted on 08.11.2008 to named promoters/non-promoters, convertible into equal number of equity shares at a price of Rs. 22.10 per share (including premium of Rs. 12.10 per share), for which 50% price was received in advance and balance is payable by 08.05.2011 being the last date of exercise of conversion option and the general meeting approval for which was given at the Annual General Meeting Held on 30.09.2008, it be noted in modification of the explanatory statement to the notice of that AGM, for information that the prior shareholdings of two of the applicants, before that AGM were as follows:

<u>Applicant Name</u>	<u>No. of shares held before that AGM</u>
Shri Mohar Singh	40,000
Shri Vinod Singh	80,000

#### 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 23.09.2009 to 30.09.2009 (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-110021 who are the Registrar and Transfer agents.
- Any queries for being answered at the meeting must reach at least seven days in advance.

By Order of Board of Directors

PLACE: BHOPAL  
DATED: 5<sup>th</sup> September 2009

SURJEET LAL  
CHAIRMAN AND MANAGING DIRECTOR

**EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT 1956 TO THE NOTICE OF THE 16<sup>TH</sup> ANNUAL GENERAL MEETING OF SOM DISTILLERIES & BREWERIES LIMITED TO BE HELD ON WEDNESDAY THE 30<sup>TH</sup> SEPTEMBER, 2009 AT EXECUTIVE CLUB, DOLLY FARMS AND RESORTS PVT. LTD., 349, VILLAGE SHAHOORPUR P.O. FATEHPUR BERI, NEW DELHI AT 10.00 HOURS.**

**Item No.4. APPOINTMENT OF SHRI GURU DARSHAN ARORA AS DIRECTOR**

Shri Guru Darshan Arora is a B.Sc. He has over 15 years experience in production and bottling of IMFL, implementing of excise regulations and supervision. He is 44 years old. He is a member of Audit Committee of the company. He is an employee of Som Distilleries Private Limited, a company under the same management. The Board recommends his appointment as Director. None of the directors is interested in the resolution except Shri G.D. Arora.

**Item No.5. APPOINTMENT OF SHRI SURJEET LAL AS MANAGING DIRECTOR**

Shri Surjeet Lal is a B.Sc. He is 65 years old. He has more than 15 years experiences of Erection, commissioning and operation of plant and machinery for production of beer. He has been associated with the launch of various brands of beer. He is a member of Shareholders Grievances and Share Transfers Committee of the company. He is also Chairman and Managing Director of Som Distilleries Pvt. Ltd from which company he draws his remuneration. He holds 5010 shares of the company. He may be regarded as a person acting in concert with the promoters. But he is not a promoter. The Board recommends his appointment as Managing Director. None of the directors is interested in the resolution except Shri Surjeet Lal.

**Item No.6. WARRANTS ALLOTTED ON PREFERENTIAL BASIS ON 08.11.2008**

At the last Annual general Meeting held on 30.09.2008, the Board of Directors were authorized to allot 94,34,800 warrants convertible into equal number of shares of Rs. 10 each at price of Rs. 22.10 per share (including premium of Rs. 12.10 per share). The Board of Directors allotted only 94,22,400 warrant since one of the applicants could not complete the formalities in time. In the explanatory statement to the notice of the AGM held on 30.09.2008, the present shareholdings of two of the applicants, Shri Mohar Singh and Shri Vinod Singh were shown as Nil. It turned out later on that the present shareholdings of these two applicants were 40,000 and 80,000 shares respectively. This information is now being placed before the shareholders for information as required by Bompay Stock Exchange to satisfy the SEBI guidelines.

**For end on behalf of the Board**

**Place: Bhopal  
Dated: 05.09.2009**

**Surjeet Lal  
Chairman and Managing Director**

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

**REPORT TO  
DIRECTORS**

To,  
The Shareholders  
Som Distilleries & Breweries Ltd.

Sirs,

Your Directors have pleasure in presenting the Sixteenth Annual Report of your Company for the year ended on 31<sup>st</sup> March 2009.

**1. WORKING RESULTS**

During the year 2008-2009 the factory produced 15417 KL of Beer and 1231 KL of IMFL compared with 14869 KL of Beer and 1419 KL of IMFL during the year 2007-2008.

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

	<u>2008-09</u> (Rs. In lacs)	<u>2007-08</u> (Rs. In lacs)
Sales & Other Income	7308.84	5459.76
Depreciation	182.82	162.44
Profit / (Loss) for the year	684.10	583.84
Provision of Tax	32.01	3.59
Profit / (Loss) after Tax	652.09	580.25

The demand for the products of the company and therefore the sales were higher resulting in higher profit.

**2. DIRECTORS:**

Shri Rajesh Mukharya resigned as director w.e.f from 17.12.08. With effect from 21.3.2009, Shri Jagdish Kumar Arora resigned as Chairman / Managing Director, Shri Ajay Kumar Arora resigned as Director and Shri Surjeet Lal who has been a director since 19.5.1993 was appointed as Managing Director. Shri Mahesh Kumar Batra was appointed as director from 21.03.2009 but due to personal reasons resigned with effect from 30.06.2009. With appointment of one new Director as below, the Board of Directors now consists of the following.

S.No	Name	Designation	Date of appointment
01	Shri Surjeet Lal	Chairman/Managing Director	19.05.1993 21.03.2009
02	Shri Shailendra Singh Sengar	Director	30.03.2006
03	Shri Deenanath Singh	Director	30.03.2006
04	Shri Guru Darshan Arora	Director	21.03.2009

The Board records its high appreciation of the services rendered by Shri J.K.Arora and Shri A.K. Arora for a very long period. The Board also appreciates the services rendered by Shri Rajesh Mukharya and Shri Mahesh Kumar Batra. The Board welcomes the new Director Shri G.D.Arora. Shri Surjeet Lal has already rendered

services as Director for a long period. The Board now welcomes him as Managing Director/Chairman and is confident that the company will now progress further.

**3. AUDITORS**

M/s K.C. Khanna & Co., Chartered Accountants, Bhopal retire at the ensuing 16<sup>th</sup> Annual General Meeting. They are eligible for reappointment. The Board recommends their reappointment.

**4. 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 NIL.
- (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. 50,76,960  
Imports: Rs. 2,48,66,258
- (d) Directors Responsibility Statement  
The Directors hereby certify:-
  - i) That in the preparation of the accounts for 2008-2009, the applicable accounting standards have been followed.
  - 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 31.03.2009 and of the Profit of the Company for 2008-2009.
  - 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.

**5. CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with the Mumbai Stock Exchange, 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.

**6. ACKNOWLEDGEMENTS**

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

**For and on behalf of the Board of Directors**

Place: Bhopal  
Dated: 05.09.2009

**SURJEET LAL**  
Chairman and Managing Director

**ANNEXURE-I TO DIRECTORS' REPORT**  
**REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED ON**  
**31<sup>st</sup> MARCH, 2009**  
**(as required under clause 49 of the listing agreement)**

**1. Board of Directors**

The Board consists of four directors including Chairman-cum-Managing Director. Two of the Directors on the Board are independent directors. All Directors are non-executive since no remuneration is paid to any director, except sitting fees, if claimed. The details of composition and categories of Directors are as under:

Sr. No.	Name of Director	Category
1.	SHRI SURJEET LAL, Chairman and M.D.	Non independent and Non Executive
2.	SHRI D N SINGH	Independent and Non Executive
3.	SHRI SHAILENDRA SINGH SENGAR	Independent and Non Executive
4.	SHRI GURU DARSHAN ARORA	Non independent and Non Executive

- a) Non-executive directors are not paid any remuneration except sitting fees of Rs.1000/- per Board/Committee meeting attended, if claimed. No stock options were given to any directors.
- b) During the financial year 2008-09, the Board of Directors met 13 times on 10.04.08, 30.04.08, 04.06.08, 28.07.08, 04.09.08, 06.09.08, 20.10.08, 27.10.08, 08.11.08, 24.11.08, 17.12.08, 31.01.09 and 20.03.09. Each of the directors attended all the meetings. The minimum gap between any two meetings was less than four months. No director was a member of more than 10 committees and was not Chairman of more than five committees. A code of conduct for all Board members and senior managers has been framed and circulated. The code of conduct has been complied by all the directors and senior managers. Last AGM held on 30.09.08 was attended by Shri J.K.Arora, the then chairman and managing director and Shri Deenanath Singh Chairman of the Audit Committee.

**2. Details of Directors seeking Re-appointment/ appointment at the forthcoming Annual General Meeting.**

- a) Shri Guru Darshan Arora is a B.Sc. He has over 15 years experience in production and bottling of IMFL, implementing of excise regulations and supervision. He is 44 years old. He is a member of Audit Committee of the company. He is an employee of Som Distilleries Private Limited, a company under the same management.  
The Board recommendeds his appointment as Director.
- b) Shri Surjeet Lal is a B.Sc. He is 65 years old. He has more that 15 years experience of erection, commissioning and operation of plant and machinery for production of beer. He has been associated with the launch of various brands of beer. He is a member of Shareholders Grievances and Share Transfers Committee of the company. He is also Chairman and Managing Director of Som Distilleries Pvt. Ltd. from which company he draws his remuneration. He holds 5010 shares of the company. He may be regarded as a person acting in concert with the promoters. But he is not a promoter.

**3. Audit Committee**

The Audit Committee comprises of three non-executive directors viz Shri D. N. Singh (Chairman), Shri G. D. Arora, 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 vide experience of industry and has passed