

Spirit Soaring High

SDBL ANNUAL REPORT 2012-2013



20th Annual Report

2012-13



SOM DISTILLERIES AND BREWERIES LIMITED

DIRECTORS

Shri Surjeet Lal	- Chairman & Managing Director
Shri Shailendra Singh Sengar	- Director
Shri Deenanath Singh	- Director
Shri Guru Darshan Arora	- Director

BANKERS

Punjab National Bank Limited
State Bank of India

AUDITORS

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

REGISTERED OFFICE

1-A Zee Plaza, Arjun Nagar, Safdarjang 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
Phiroze Jeejeebhoy Towers, Dalal Street Mumbai – 400 001

Notice To Members

Notice is hereby given that the 20th Annual General Meeting of Som Distilleries & Breweries Limited will be held on Monday the 30th September 2013 at 11.30 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 31st March, 2013 and the Balance Sheet as at that date and the Reports of Directors' and Auditors' thereon.

2. APPOINTMENT OF SHRI GURU DARSHAN ARORA AS DIRECTOR

To appoint a director in place of Shri Guru Darshan Arora who retires by rotation and being eligible, offers himself for re-appointment.

3. To declare a dividend on equity shares of the company for 2012-13.

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 20th Annual General Meeting till the conclusion of 21st Annual General Meeting at a remuneration to be decided by the Chairman cum Managing Director with the consent of the auditors”.

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 23.09.2013 to 30.09.2013 (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 seven days in advance.
- e. Shareholders are requested to furnish their e-mail addresses to RTA so that annual report can be sent by e-mail in future.

By Order of Board of Directors

Place: Bhopal
Dated: 8th August 2013

Surjeet Lal
Chairman and Managing Director

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 2013.

1. Working Results

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

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
	₹ Crores	₹ Crores
Sales & Other Income	205.12	195.21
EBIDTA	32.05	29.08
Profit Before Tax	27.42	25.48
Provision for Tax	9.63	10.24
Profit after Tax	17.79	15.24

Total Income of the Company for the year 2012-13 increased by 5.1% to Rs. 205.12 Crores during the year. The Company is now laying greater emphasis on own brand building with less reliance on contract manufacturing. This has resulted in contract manufacturing share in total sales falling from 17% in 2011-12 to 5% in 2012-13.

Other operating income increased by 13.65%. This includes income from selling malt, a component used in manufacturing of Beer. Other expenses increased by 12.65% in 2012-13 primarily due to cost incurred on technological up gradation of equipments. ENA prices are experiencing upward pressure due to decline in sugar production and competing ethanol demand. SOM is consistently maintaining average EBITDA margins of about 15%. The Profit after Tax increased by 16.73% in 2012-13.

We are pleased to state that your company does not have any long term secured debt outstanding on its books. The Company has been managing its cycle of debtors and creditors very well with minimal requirement of working capital

2. DIRECTORS:

There was no change in the constitution of the Board of Directors during the year 2012-13.

3. DIVIDEND

Directors recommend for the year 2012-13, dividend of Re.1.50 (i.e.15%) on each share of Rs.10 on 27522400 equity shares payable to shareholders as on the date of Annual General Meeting.

4. AUDITORS

M/s K.C. Khanna & Co., Chartered Accountants, Bhopal retire at the ensuing 20th Annual General Meeting. They are eligible for reappointment. The Board recommends their reappointment.

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 as follows:

Name of Employee	Designation	Gross Salary (Per month)	Nature of Employment	Nature of Duties	Qualification	Date of Appointment	Age	Details of past Employment
Ajay Dewan	President (Sales)	584983	Regular	Looking after sales Marketing (Pan India)	Graduate in Psychology	01.03.2013	56	Devan's modern Breweries Ltd as CEO

(b) In terms of Section 217(1) (e) of the Companies Act, 1956 and the rules made there under, 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.2,21,07,529

Outgo: Rs.3,00,14,343

(d) Directors Responsibility Statement

The Directors hereby certify:-

- that in the preparation of the accounts for 2012-2013, the applicable accounting standards have been followed.
- that accounting policies have been stated in Schedule 2 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 31.03.2013 and of the Profit of the Company for 2012-2013.
- 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.
- that the directors prepared the annual accounts on a going concern basis.

6. 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.

7. ACKNOWLEDGEMENTS

Directors are grateful for the co-operation received from business associates, bankers 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.

Place: Bhopal

For and on behalf of the Board of Directors

Date: 08.08.2013

SURJEET LAL

Chairman and Managing Director

Annexure - I To Director's Report

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED ON 31st MARCH, 2013

(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 2012-13, the Board of Directors met 15 times on 25.04.2012, 15.05.2012, 26.06.2012, 28.06.2012, 18.07.2012, 04.08.2012, 14.08.2012, 31.08.2012, 03.09.2012, 26.10.2012, 09.11.2012, 24.12.2012, 12.02.2013, 01.03.2013 and 30.03.2013. 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 28.09.12 was attended by Shri Surjeet Lal the chairman and managing director and Shri Deenanath Singh Chairman of the Audit Committee.

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

Shri Guru Darshan Arora, director has been a Director on the Board of Directors of the company since 21.03.2009. He is a B.Sc. He is a member of the audit committee. He is a member of the shareholders/Investors Grievances and Transfer Committee. He is not paid any remuneration from this company. He gets his remuneration from Som Distilleries Private Limited which a company under same management.

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 wide experience of industry and has passed Intermediate (Group I) of ICWA. At the last AGM held on 28.09.2012, the Chairman of the Audit Committee Shri D.N. Singh attended the annual general meeting. During 2012-13 the audit committee met five times. The gap between any two meetings was not more than four months. The quorum was complied with. All the members of the committee attended all the meetings. The Committee has been given the powers and assigned the role as per clause 49 and as per section 292A of the Companies Act, 1956.

4. Remuneration Committee

No remuneration committee has been constituted since no remuneration was paid to any Director, except sitting fees, if claimed.

5. Subsidiaries

The company is not having any subsidiary.

6. Disclosures

- (a) The Company has whistle blower policy under which all employees are having direct access to the management in case of any complaint about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics. No person was denied access to the audit committee.
- (b) No director is paid any remuneration by the company except sitting fees of Rs. 1000/- for attending each Board Meeting, if claimed.
- (c) There were no instances of non-compliance or penalty imposed on the company by Mumbai Stock Exchange or SEBI or any other statutory authority on any matter related to capital market, during the last three years.
- (d) At the time of appointment/reappointment of Directors, requisite information about directors was given in the notice of general meetings.
- (e) The Company is complying with all mandatory requirements of Clause 49 of the listing agreement.

7. Whistle Blower Policy

It has been notified through a circular that whistle blowers can approach the audit committee members. During the year, no such approach was denied to anybody.

8. General Meetings

Particulars of Annual General Meetings and Extra Ordinary General Meetings held during the last three years

During Year	Date	Time	Venue	Meeting
2010-11	h Sept., 2010 29t	10.00 A.M.	Executive Club, Dolly Farms and Resorts Pvt. Ltd., 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-30	17th AGM
2011-12	30th Sept. 2011	10.00 A.M.	Executive Club, Dolly Farms and Resorts Pvt. Ltd., 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-30.	18th AGM
2012-13	28th Sept. 2012	11.00 A.M	Executive Club, Dolly Farms and Resorts Pvt. Ltd., 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-30.	19th AGM

No Special Resolution was put through postal ballot last year.

9. Means of Communication

The quarterly, half-yearly and yearly financial results of the company are sent to the stock exchange immediately after they are approved by the Board. These are also published in the prescribed pro-forma as per the listing agreement in two newspapers of Delhi from time to time. No presentations were made to any institutional investors or analysts. The Company also has exclusive e-mail ID i.e. somditilleries@rediffmail.com for investors to contact the company in case of any information and grievances.

10. 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/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 Fax No. 011- 26387384

11. Management Discussion and Analysis

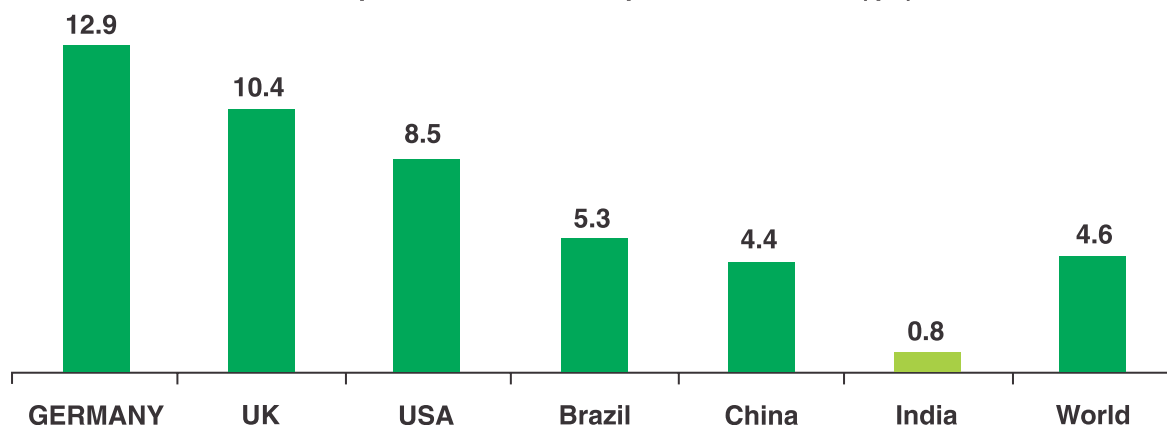
Indian Economy

India is one of the fastest growing economies although GDP growth for the financial year 2013 was only around 5%. There has been a significant deterioration in the economic environment as compared to the past year due to a combination of domestic and global uncertainties. These factors continue to impact the key economic growth drivers including the manufacturing, agriculture and services sectors. Inflation continued to remain relatively high with the average WPI for 2012 at 7.8%, although there has been a significant decline as compared to 8.9% in 2011. As a result of this, overall interest rates have remained high during the financial year 2013. Furthermore, the recent rupee depreciation against the dollar continues to add to the economic pressures and complexities for the policy makers. The Indian economy is expected to grow at a rate of 6.7% in financial year 2014 as consumer confidence continues to strengthen. (Source: Analyst reports)

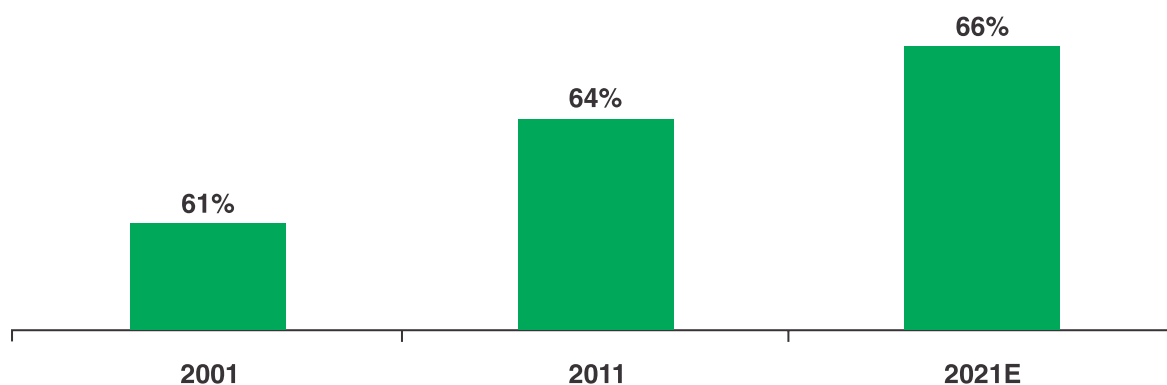
Indian Alcobeve Industry

The per capita consumption of alcohol in India is 0.8 litres per annum (lpa) which is significantly below the global average of 4.6 lpa and compared to other emerging markets such as China 4.4 lpa and Brazil 5.3 lpa. In India, it is estimated that around 1.4 million urban consumers enter the legal drinking age every year. Relatively low alcohol consumption in India coupled with increasing per capita income and lifestyle aspirations provides significant opportunities of growth for the alcohol industry. India is gaining pace in terms of volume growth in the alcohol industry and is expected to grow at 7.6% compounded annual growth rate (CAGR) over FY09-15, estimated. (Source : Analyst Reports)

Per Capita Alcohol Consumption in the World (lpa)



Young Population Composition in India (between 15-64)





Hunter

SUPER STRONG
PREMIUM BEER

Josh Ka Jashan

