



28TH ANNUAL REPORT 2020-21

SOM DISTILLERIES AND BREWERIES LIMITED



HIGH ON MALT | IMPORTED HOPS

STRONG...
BUT REALLY SMOOTH

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Jagdish Kumar Arora
Chairman and Managing Director

Mr. Nakul Kam Sethi
Whole Time Director

Ms. Nishi Arora
Woman Director (Non-Executive & Independent)

Mr. Deena Nath Singh
Director (Non-Executive & Independent)

Mr. Satpal Kumar Arora
Director (Non-Executive & Independent)

Mr. Uma Kant Samal
Director (Non-Executive & Independent)

CHIEF FINANCIAL OFFICER

Mr. Rajesh Kumar Dubey

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Om Prakash

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Deena Nath Singh, Chairperson
Mr. Nakul Kam Sethi
Ms. Nishi Arora

NOMINATION AND REMUNERATION COMMITTEE

Mr. Deena Nath Singh, Chairperson
Ms. Nishi Arora
Mr. Satpal Kumar Arora

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Deena Nath Singh, Chairperson
Mr. Nakul Kam Sethi
Ms. Nishi Arora
Mr. Uma Kant Samal

INVESTOR GRIEVANCES CUM STAKEHOLDER RELATIONSHIP COMMITTEE

Mr. Deena Nath Singh, Chairperson
Mr. Nakul Kam Sethi
Ms. Nishi Arora

RISK MANAGEMENT COMMITTEE

Mr. Nakul Kam Sethi, Chairperson
Mr. Deena Nath Singh
Ms. Nishi Arora

EXECUTIVE, LEGAL AND BORROWING COMMITTEE

Mr. Nakul Kam Sethi, Chairperson
Mr. Deena Nath Singh
Mr. Rajesh Kumar Dubey

STATUTORY AUDITORS

M/s R.N. Gupta & Associates
Chartered Accountants
6, New Market, 1st Floor,
T. T. Nagar, Bhopal 462003

SECRETARIAL AUDITORS

M/s N.K. Jain & Associates
Company Secretaries
208, Akansha, Press Complex,
Zone I, M.P. Nagar, Bhopal 462011

REGISTRAR & SHARE TRANSFER AGENT

MAS Services Limited
T-34, Okhla Industrial Area,
Phase-II, Delhi 110020

BANKERS

State Bank of India
Punjab National Bank
DBS Bank
Bandhan Bank

REGISTERED OFFICE

CIN: L74899DL1993PLC052787
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

BSE Limited
BSE Security ID: 507514
National Stock Exchange of India
NSE Security ID: SDBL



FROM THE DESK OF CHAIRMAN & MANAGING DIRECTOR

Dear Friends and Fellow Shareholders,

As I look back at financial year 2020-21, it has been a year of lockdowns and lots of uncertainty all around us. As the pandemic raged across the world, it brought in disruption for each one of us, for our families, our communities, for organizations and even for countries. The year under review was a difficult period and tested our resilience.

We are proud to have managed a satisfactory performance during the year, despite loss of our peak season due to the pandemic induced nationwide lockdowns and various other restrictions that severely impacted our operations in the initial part of the year. The operations during the initial months even after the gradual opening of the economy was difficult for our business given limited opening of trade channels and various other state-wise restrictions.

Given the challenges, we adapted quickly to the situations and decided to primarily focus on profitable markets and not on relatively newer markets. In addition, we also undertook various other measures to ensure operational efficiencies across our operations. During the later part of the year, when the economic activity started to pick up and relaxations were being eased, our focus was on enhancing our volume sales. This is evident from the sequential improvement in sales volumes each quarter. Our key brands continued to gain market share in their respective markets.

During the year, our topline stood at Rs. 2,901 million compared to 4,635 million in FY2020. Due to the pandemic related challenges, we reported an EBITDA loss of Rs. 70 million during the year. However, the encouraging part during the year was our return to profitability in the last quarter of the year, which enabled us to partially offset the losses incurred especially during the first half of the year.

I am proud of our workforce for their relentless focus and commitment even in the most challenging times and as a result of which we returned to profitability. We expect to continue the growth momentum going forward. Due to the second wave of the pandemic, our operations were again impacted in first quarter of FY2022. However, unlike last year it was not completely shut, and we were better prepared to manage the situation. Also, with the gradual lifting of lockdowns by states we anticipate quicker recovery going forward. The second wave has led to short term uncertainties, but we are confident of strong recovery in the later part of the year barring any external challenges.

We remain fully committed to achieve near-term goals and our long term growth story remains intact. Strong brand recall coupled with quality of our brands will drive profitable growth going forward. We are confident that our products will continue to gain market share and delight our customers.

Before I conclude, I would also like to thank the members of the Board for their vision, and the experience and creative perspectives they bring to us.

I would like to place on record my great sense of appreciation to our employees, distributors, suppliers and bankers for the continued perseverance and commitment that they demonstrate.

And last, but not least, I would like to thank you, our shareholders, for continuing to support us, in good times, and in difficult ones. Let us hope that the pandemic will be behind us soon.

My best wishes to you all!

J.K. Arora

Chairman & Managing Director



Wheat from **Argentina** and **Chile** Hops from **Germany**



HAND CRAFTED IN **INDIA**
TRULY INTERNATIONALLY INDIAN

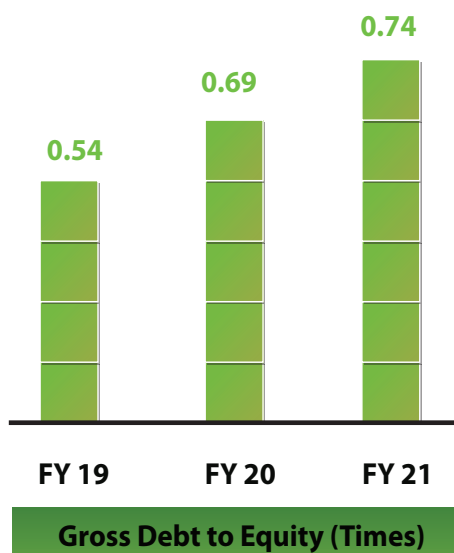
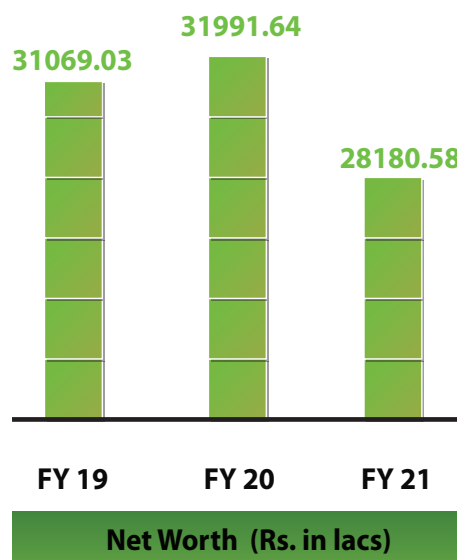
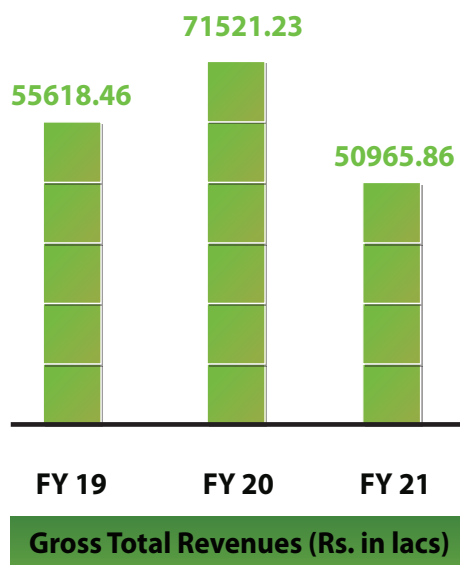
ENJOY THE FINESSE OF
SCOTTISH BLEND



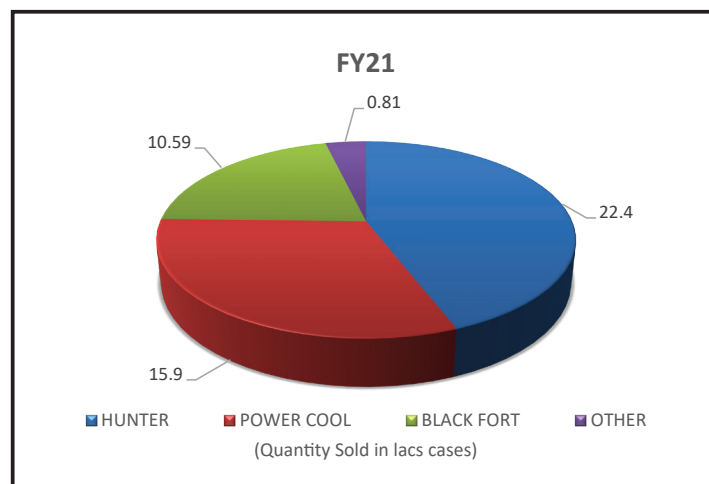
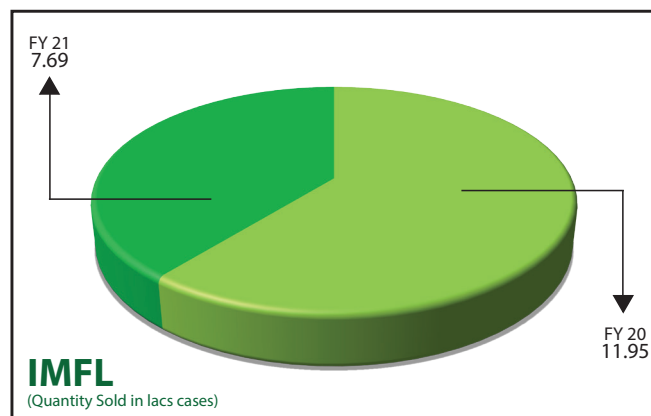
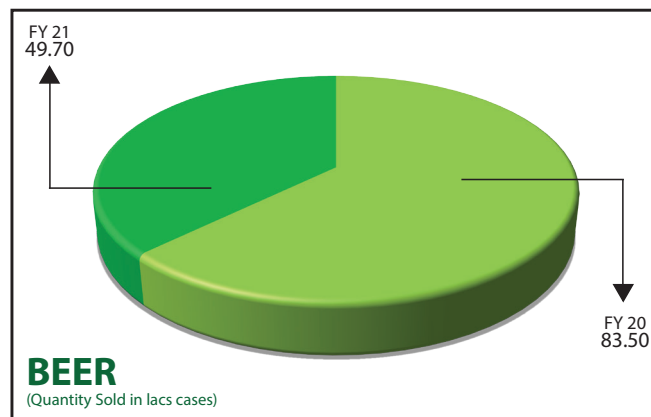
SAVOUR THE MOMENT

DRINK RESPONSIBLY | DON'T DRINK & DRIVE FOR LEGAL DRINKING AGE+

FINANCIAL HIGHLIGHTS



OPERATIONAL HIGHLIGHTS



MANAGEMENT DISCUSSION & ANALYSIS

1. Economy and Outlook

The year was dominated by impact of the pandemic and related lockdowns to curtail the impact of the covid-19 virus. This was an unprecedented year globally, and will be remembered primarily for the terrible loss of lives and livelihoods. The continuously increasing death tolls across the globe and millions of jobs lost, resulting unemployment are clear indicators of severity of social and economic strain faced by global economy.

As per data released by the Indian Government, the Indian economy contracted by 7.3% in FY2021. The contraction recorded in the economy was the first full year contraction in the last four decades since 1979-80. The initial part of the fiscal year was severely impacted due to nation-wide lockdown, which resulted in complete halt of all economic activity across the country. However, as the country gradually started opening-up the economic activity started picking up resulting in growth in the later part of the year and helped in minimizing the contraction for the full year. The sectoral performance, particularly in Q4 FY2021 is very encouraging as it reveals there is recovery in manufacturing, construction and finance and real estate sectors.

The start of FY2022 was impacted by the second wave of the pandemic which severely impacted economic activities in majority of Q1 FY2022. However, the situation started improving from June and economy started experiencing some uptick in demand. The Government focus on enhancing the pace of vaccination across the country is anticipated to drive the demand for the year and provide much needed boost to the consumer sentiments.

As per World Bank's latest estimates, India's FY2022 GDP is expected to grow at 8.3%. The growth forecast has been lowered from prior estimates accounting for the impact of second wave of the pandemic during the year. The growth for the following fiscal year has been estimated at 7.5%. The growth forecast will be supported by various initiatives by the Government of India and Reserve Bank of India. The Government's focus on higher spending on infrastructure, rural development, and health, coupled with a stronger-than expected recovery in services and manufacturing will also contribute to the growth momentum.

2. Indian Alcobe Industry

India is the third largest spirits market by volume in the world, just behind China and Russia.

According to a study by the Indian Council for Indian council for Research on International Economic Relations (ICRIER) the global alcoholic beverages market was estimated to be at USD1.58 trillion in 2020 and is projected to grow at a CAGR of around 3.5 per cent between 2020 and 2023. India has an estimated market size of USD52.5 billion in 2020 and the market is expected to grow at a CAGR of 6.8 per cent between 2020 and 2023.

As per the report of ICRIER, production of alcoholic beverages in the country increased by about 23.8 per cent during the period between 2015-16 and 2018-19.

- Contributes to around 1.5 million jobs and generated around USD48.8 billion in sales revenue in 2019.
- The number of people consuming alcohol increased from approximately 219 million in 2005 to 293 million in 2018; it is projected to increase to 386 million in 2030
- By 2030, 50 per cent of consumers are expected to buy

more of the same category of alcoholic beverages that they were consuming, 26 per cent are estimated to move to higher brands, and 24 per cent are expected to spend on newer categories of alcoholic beverages.

- States with high prevalence of alcohol consumption (i.e., percentage of total population who consume alcohol) in 2018 were Chhattisgarh (35.6 per cent), Tripura (34.7 per cent), Punjab (28.5 per cent), and Arunachal Pradesh and Goa (28 per cent each).
- In terms of the absolute number of people who consume alcohol, the top-ranking states are Uttar Pradesh (4.2 crore), West Bengal (1.4 crore), and Madhya Pradesh (1.2 crore).

The Indian alcobe industry can broadly be classified into five categories, namely Indian Made Foreign Liquor (IMFL), India Made Indian Liquor (IMIL), foreign liquor Bottled in Origin (BIO), Beer and Wine. IMFL primarily comprises of brown spirits such as whisky, rum, and brandy whereas white spirits comprise of gin, vodka, and white rum. BIO forms a very small part of alcohol consumption in India. It is usually consumed by the rich and the upper middle class in metropolitan cities. It is also subject to customs duty which makes it much more expensive.

Beer can broadly be classified into two subcategories, strong beer with an alcohol content of around 6-8% and mild or lager beer which has an alcohol content of 4-6%. The recent trends in the alcoholic beverages segments includes launch of flavoured alcoholic drinks and ready to drink (RTD).

The alcobe segment was one of the most impacted sectors due to pandemic. Restaurants and hotels were shut or operated at very limited capacity which severely impacted sales of alcohol. Even if the restaurants were open customers were skeptical to visit restaurants / hotels and limited their outings, rather preferring home delivery.

As a result of the lockdown in India last year, total alcohol volume plummeted 30%, but the market is expected to rebound to more than 8% volume (CAGR 2021-2025). Spirits are predicted to rise by nearly 5% over the four-year period, while beer will increase by 13%. (IWSR Report)

Sales of Indian made foreign liquor (IMFL) declined by 12% year-on-year during FY2021 due to the pandemic-induced lockdown and increase in taxes, according to the Confederation of Indian Alcoholic Beverage Companies (CIABC). Recovery in demand for alcohol is some time away as consumers may not visit bars and pubs, affecting the out-of-home liquor consumption. This implies that out-of-home alcohol consumption, which contributes 15% to spirits and 25% to beer sales volumes, will take a big hit. Furthermore, permission for online sales in some of the states has resulted in shrinkage of retail outlets to the tune of 40-50% of the total strength due to lack of technology and delivery capabilities particularly in tier 2 and tier 3 cities. On the other hand, the current lockdown situation presents an opportunity for the alcobe industry to get authorization for online ordering and home delivery distribution route. If the new model of delivery is adopted, it can bring a positive structural change in the alcobe industry.

Beer Industry

Indian beer industry is primarily dominated by strong beer which accounts for over 85% of the total beer volumes sold in India. The beer consumption in the country is driven by the demand from the southern states which accounts for more