



SOM DISTILLERIES AND BREWERIES LIMITED  
25<sup>th</sup> ANNUAL REPORT 2017-18

# CORPORATE INFORMATION

## DIRECTORS

**Shri J.K.Arora**  
Chairman and Managing  
Director

**Shri Surjeet Lal**  
Director

**Shri Nakul Kam Sethi**  
Whole Time Director

**Shri Deenanath Singh**  
Independent Director

**Ms. Nishi Arora**  
Independent Director

## AUDITORS

**R.N.Gupta & Associates**  
Chartered Accountants  
6, New Market, 1st Floor,  
T. T. Nagar, Bhopal - 462003

## REGISTERED OFFICE

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

## BANKERS

Punjab National Bank Limited  
IFCI Ltd.  
Lakshmi Vilas Bank Ltd.  
IFCI Venture Capital Funds Ltd.

## STOCK EXCHANGE

**Bombay Stock Exchange Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400001

**National Stock Exchange of India**  
C1 Block G, Bandra Kurla Complex,  
Bandra (E), Mumbai - 400051

## CORPORATE OFFICE

23, Zone-II, M.P. Nagar,  
Bhopal-462 011  
Tel.: 0755 4271271, 4278827

# From The Chairman's Desk.....

Dear friends and fellow shareholders,

It is my pleasure to address you all and update about the exciting phase of growth that the Company has embarked upon during the last fiscal year. Globally, the economic activity continued to further strengthen driven by investment recovery in advanced economies, continued strong growth in emerging Asia and better than anticipated growth in emerging Europe. Indian economy experienced structural reforms directed at ensuring long term sustainable growth of the country. India expected to continue to build on the strong momentum and achieve growth rates in line with pre-reform period driven by higher private consumption and the implementation of recent structural changes.

During FY2018, beer volumes increased by 38.9% to reach 7.49 million cases compared to last year. IMFL volumes stood at 0.75 million cases, indicating a growth of 10.3% in the same period. This robust growth in volumes during the year was achieved due to a combination of increased acceptance of our products in existing markets coupled with expansion in the states of Karnataka, Kerala, Chhattisgarh and Delhi. Our robust volume expansion led to a strong growth in total income of 43.3% to reach Rs. 3,525 million compared to FY2017. EBITDA for the year was Rs.605 million up around 57% from the previous year. EBITDA margins for the year were 17.2%, an improvement of 159 basis points compared to FY2017. The consistent enhancement in EBITDA margin is a testament to our relentless focus on premiumization, cost optimisation and financial discipline.

We undertook various strategic initiatives during the year including completion of the construction of the Karnataka plant where we commenced operations from April 2018. We launched White Fox RTD in Karnataka, further market share gains in the existing markets and entry into new states such as Kerala and West Bengal. In July 2018, we also acquired a brewery in Orissa with a capacity 42 lakh cases per annum. This acquisition will enable us to further strengthen our presence in eastern states of India. In July 2018, we also successfully completed a preferential allotment of Rs. 1,000 million. This preferential allotment clearly demonstrates investors' confidence in our business and future prospects. It further strengthens our balance sheet which will enable us to capitalize on the growth opportunities arising in the near future.

I am pleased to report that our beer brands were approved by the FDA for supplying to the United States. The first trial order and subsequent repeat orders have already been dispatched and we anticipate the export business to grow and contribute meaningfully in the medium to long term.

We remain focused on our long-term strategy of enhancing our brands outreach to pan India level. The initiatives undertaken during the year were in-line with our long term strategy and we believe that it will provide us the impetus to achieve our growth objectives. In our view, we are currently at an inflection point of growth for the Company. We are confident of continuing the profitable growth momentum and enhancing shareholder value. In addition, macroeconomic factors such as higher proportion of young population, increasing social acceptability and preference for quality products will also contribute towards our growth endeavours.

Before concluding, I would like to thank the Board for their wise counsel and guidance. I am also very thankful to our customers, without whose feedback and appreciation we would not have created products which offer value and quality.

I also wish to thank the executive management of the company for their hard work in steering the company during these exciting times and all the employees for their unstinted support. Finally, thanks to all the shareholders for their support and encouragement as always and look forward to the same in the years ahead as we work towards transforming the company into a PAN India integrated alcobev player.

Best Wishes  
J.K. Arora  
(Chairman & Managing Director)

## **NOTICE TO MEMBERS**

Notice is hereby given that the 25th Annual General Meeting of Som Distilleries & Breweries Limited will be held on Friday the 28th September, 2018 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 consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution:

**"Resolved that** Audited Financial Statement as at 31.03.2018 and Reports of the Auditors and Directors' thereon for the year 2017-18 be and are hereby adopted."

#### **2. RETIREMENT OF DIRECTOR BY ROTATION**

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

**"Resolved that** Shri Jagdish Kumar Arora, who retires by rotation at this meeting and has offered himself for reappointment, be and is hereby reappointed as a Director."

#### **3. DECLARATION OF DIVIDEND FOR 2017-18**

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

**"Resolved that** as recommended by the Board of Directors, the company do hereby declare a dividend of 15% i.e. Rs.1.50 per share of Rs.10 on all the 2, 75, 22,400 equity shares as on 31.3.2018 of the company for the year 2017-18, which dividend may be paid to holders of such shares as on the date of this annual general meeting, not including holders of shares which might be issued hereafter."

### **SPECIAL BUSINESS**

#### **4. APPOINTMENT OF SHRI NAKUL KAM SETHI AS WHOLE TIME DIRECTOR**

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

**"Resolved that** pursuant to the provision of sections 149, 152, 160 and 161 read with schedule V of the Companies Act 2013, Shri Nakul Kam Sethi (DIN: 06512548) who was appointed as an additional Director, (Finance and Strategy) from 01.06.2018 and who holds the office of Director up to the date of this Annual General meeting, and in respect of whom the company has received a notice in writing under section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director (Finance and Strategy), liable to retire by rotation from 01.06.2018 for a period of five years on the following terms and condition:-

- i. Salary: Rs 500000(Rupees five lakh only) per month inclusive of all allowances with annual increments as may be approved by Managing Director.
- ii. Gratuity at the rate of half a month's salary for each completed year of service.
- iii. Leave encashment as per company norms.
- iv. His appointment shall be for 5 years from 01.06.2018 to 31.05.2023.

**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 21.09.2018 to 28.09.2018 (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 ten days in advance.
- e. Shareholders are requested to furnish their e-mail addresses to RTA so that annual report etc. can be sent by e-mail in future.
- f. Electronic voting is allowed from 24.09.2018 10.00 a.m. to 27.09.2017 at 5.00 p.m. in respect of each of the items of business mentioned above. Notes/procedure on electronic voting may be seen at pages 92 to 94.
- g. Explanatory statement under section 102 of the Companies Act, 2013 is attached

**BY ORDER OF BOARD OF DIRECTORS**

Place: Bhopal  
Dated: 06.07.2018

Jagdish Kumar Arora  
Chairman And Managing Director

**EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013 TO THE NOTICE OF THE ANNUAL GENERAL MEETING TO BE HELD ON FRIDAY THE 28<sup>TH</sup> SEPTEMBER, 2018 AT 10.00 HOURS AT EXECUTIVE CLUB, DOLLY FARMS AND RESORTS PVT. LTD, 349, VILLAGE SHAHOORPUR, P.O. FATEHPUR BERI, NEW DELHI -110030**

**APPOINTMENT OF SHRI NAKUL KAM SETHI AS WHOLE TIME DIRECTOR**

Shri Nakul Kam Sethi was appointed in the company on 23.11.2011 and looks after the functions of finance, accounts and strategy of the company. His current designation is Head-Finance & Strategy. He has been with the company for about 6 and a half years and has a total work experience of close to 19 years. His previous organizations include, Alfardan Group, Yes Bank, Kotak Mahindra Bank and Knights Insolvency among others. He has a bachelor's in commerce and MBA. He holds only 6538(.024%) shares in the company. He is not related to any Director of the company nor does he have any business relations with any of the other Directors. He was appointed as additional Director (Finance and Strategy) of the company for 5 years from 01.06.2018 to 31.05.2023 under section 161 of the companies Act 2013 and holds office up to the date of this Annual General meeting. The Board has received a notice from a shareholder proposing his candidature as Director of this company. His consent to act as Director has been received in form DIR-2. The Board has recommended his appointment as Director (Finance and Strategy) as proposed in the draft resolution.

None of the directors, Key Managerial Personnel or their relatives is interested in the resolution.

**BY ORDER OF BOARD OF DIRECTORS**

Place: Bhopal  
Dated: 06.07.2018

Jagdish Kumar Arora  
Chairman And Managing Director

**SOM DISTILLERIES & BREWERIES LIMITED**  
**REPORT OF DIRECTORS**

**To**  
**The Shareholders**  
**Som Distilleries and Breweries Ltd.**

Sirs,

Your Directors have pleasure in presenting the Annual Report of your Company for the year ended on 31<sup>st</sup> March 2018.

**1. WORKING RESULTS**

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

Particulars	2017-18 Rs.(in crores)	2016-17 Rs.(in crores)
Gross Sales & Other Income	430.41	304.87
EBIDTA	60.47	38.58
Depreciation	4.26	3.57
Profit for the year	47.43	23.71
Provision of Tax	22.20	9.56
Profit after Tax	25.23	14.15

There has been an increase in the turnover and net profit during 2017-18 over the previous year.

**2. EXTRACT OF ANNUAL RETURN**

The extract of annual return in Form MGT 9 is attached herewith as **Annexure I**.

**3. MEETINGS OF BOARD OF DIRECTORS**

During the financial year 2017-18, the Board of Directors met 17 times on 01.04.2017, 02.05.2017, 30.05.2017, 8.07.2017, 08.08.2017, 17.10.2017, 01.11.2017, 05.12.2017, 21.12.2017, 04.01.2018, 19.01.2018, 24.01.2018, 1.01.2018, 12.02.2018, 14.02.2018, 14.03.2018 and 22.03.2018

**4. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors hereby certify:-

- (i) that in the preparation of the accounts for 2017-18, the applicable accounting standards have been followed.
- (ii) that the Directors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit of the Company for the year.
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities.
- (iv) that the directors prepared the annual accounts on a going concern basis.
- (v) that the directors had laid down internal financial controls to be followed by the company, which are adequate and were operating effectively.
- (vi) that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

**5. DECLARATIONS BY INDEPENDENT DIRECTORS**

Independent directors i.e. Shri S.S.Sengar, Ms Nishi Arora and Shri D.N.Singh have given the requisite declarations under Section 149(7) of the Companies Act, 2013 to the effect that they meet the criteria of independence as provided under section 149(6).

## **6. COMMITTEES OF THE BOARD**

Details of the Committees of the Board of Directors are given in the Corporate Governance Report attached as **Annexure IV**.

## **7. RESERVATION AND QUALIFICATION ON STATUTORY AUDIT REPORT AND SECRETARIAL AUDIT REPORT.**

There is no qualification, reservation or adverse remark or disclaimer of the statutory auditors and secretarial auditor to which a reply is needed from the Board.

As per suggestions given by auditors in its Audit Report for the year 2016-17 regarding codification of internal financial controls, documentation of operations and effectively monitoring controls and more effectively segregating of duties, were operating effectively as at 31st March, 2018.

## **8. PARTICULARS OF LOAN, INVESTMENTS AND GUARANTEES.**

The company has complied with the provisions of Section 186 of the Companies Act, 2013 in relation to loans, investments and guarantees given by the Company during the year.

## **9. PARTICULARS OF CONTRACTS AND ARRANGEMENTS UNDER SECTION 188**

Contracts or arrangements with related parties during the year 2017-18 were either within the limits as stated in rule 15 (3)(a) of Companies (Meetings of Board and its Powers) Rules, 2014 or were arms length transactions or were in the nature of current accounts.

## **10. DIVIDEND**

Directors have recommended for the year 2017-18, a dividend of Rs. 1.5 on each share of Rs.10 (i.e. 15%) on all the 27522400 equity shares payable to shareholders as on the date of Annual General Meeting i.e 28.09.2018.

## **11. CONSERVATION, TECHNOLOGY, FOREIGN EXCHANGE**

In terms of Rule 8(3) of Companies (Accounts) Rules, 2014, information about energy conservation and technology absorption is nil in regard to each of the respective items.

Information regarding foreign exchange is as follows: -

- Earnings: Rs 2,20,24,071/-
- Outgo: Rs. 5,60,00,578/-

## **12. CORPORATE SOCIAL RESPONSIBILITY**

The Board constituted a corporate social responsibility committee in terms of section 135 of the Companies Act, 2013 consisting of Shri Deena Nath Singh (Chairman), Shri S.S.Sengar and Smt. Nishi Arora. The CSR activities of the company are conducted through Asha Mohan Foundation which is a registered society engaged in the education of children for the last more than ten years and has been established by the promoters of this company. The CSR Committee monitors the CSR expenditure of the company through Asha Mohan Foundation and has to ensure that at least 2% of the average net profit of the company made during the immediately preceding three years is incurred and well utilized for the education and other welfare activities. In respect of the year, 2017-18, a report under Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached in **Annexure II**.

## **13. SECRETARIAL AUDIT**

M.M.Chawla and Associates, Company Secretaries in Practice, Bhopal were appointed as Secretarial Auditor of the company to perform Secretarial Audit of the company for the year 2017-18 in terms of section 204 of the Companies Act, 2013. The secretarial audit report issued by them is attached herewith as **Annexure III**.

## **14. DIRECTORS/CFO/INTERNAL AUDITOR.**

Shri Nakul Kam Sethi was appointed as Director (Finance and Strategy) of the Company with effect from 01.06.2018. Shri Rajesh Dubey is the Chief Financial Officer and Shri Sourabh Tandon is the Internal Auditor. The Board now consists of Shri Jagdish Kumar Arora, CMD, Shri Surjeet Lal, Shri S.S.Sengar, Shri Deenanath Singh, Shri Nakul Kam Sethi and Ms Nishi Arora

## **15. SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES**

Woodpecker Distilleries and Breweries Private Limited is a wholly owned subsidiary of Som Distilleries and Breweries Limited. Som Distilleries and Breweries Limited holds 5,09,95,000 equity shares of Rs. 10 each out of a



total paid up capital of Rs. 5,10,00,000 shares of Rs. 10 each constituting 99.99% of the equity capital of the subsidiary. The consolidated financial statement is also being attached to this report.

#### **16. AUDITORS**

Appointment of M/s R.N.Gupta and Associates. Chartered Accountants, Bhopal as auditors has already been made for 2018-19 and does not now require ratification since first proviso to section 139(1) of Companies Act, 2013 has been deleted with effect from 07.05.2018.

#### **17. CORPORATE GOVERNANCE**

Pursuant to Regulation 34 and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 as **Annexures IV and V**.

#### **18. OTHER STATUTORY INFORMATION**

In respect of other various matters listed in section 134(3) and other sections of the companies Act, 2013 and rules made there under, there is no further information to be furnished in this report. There are adequate internal financial controls keeping in view the size and nature of transactions of the Company. A system of evaluation of the performance of Directors is yet to be evolved. Details of risk management policy are yet to be framed. The information/ratios as required under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2016 are attached as **Annexure VI**.

#### **19. 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.

**BY ORDER OF BOARD OF DIRECTORS**

Place: Bhopal  
Dated: 06.07.2018

Jagdish Kumar Arora  
Chairman And Managing Director

**ANNEXURE I TO THE DIRECTOR'S REPORT**

**FORM NO. MGT-9**

**EXTRACT OF ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED ON 31.03.2018**

**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]**

**I. REGISTRATION AND OTHER DETAILS:**

- i. Corporate Identification Number : L74899DL1993PLC052787
- ii. Registration Date : 26.03.1993
- iii. Name of the Company : Som Distilleries And Breweries Limited
- iv. Category / Sub-Category of the company : Company Limited By Shares/Indian Non-Government Company
- v. Address: :  
Registered Office and Contact Details: 1-A, Zee Plaza, Arjun Nagar, Safdarjung Enclave, Kamal Cinema Road, New Delhi - 110029  
Telephone No. 011-26169909
- Corporate Office and Contact Details: 23, Zone II, M.P.Nagar, Bhopal, Madhya Pradesh - 462011  
Telephone No. 0755-4271271
- vi. Whether listed company : Yes
- vii. Name, Address and Contact details of Registrar and Transfer Agents, if any : MAS Services Ltd T-34, Okhla Industrial, Area, Phase-II, Delhi - 110020  
Telephone No. 01126387281-83  
E-mail: [info@masserv.com](mailto:info@masserv.com)

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	BEER MADE FROM MALT PLUS WHISKIES	2203.00 PLUS 2208.30	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

S. NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of Shares held	Applicable section
1.	Woodpecker Distilleries & Breweries Pvt. Ltd. Suit No.601, Shivkaran Apartments, Off Yari Road, Panchtantra Nagar, Andheri (W) Mumbai, Maharashtra 400061	U15400MH2010PTC211663	Wholly owned Subsidiary	99.99 %	Section 2(46) And 2(87) of Companies Act, 2013

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.Promoters (1)Indian</b>									
a) Individual/HUF	2741114	NIL	2741114	9.96	28102974	200	2810474	10.21	0.25
b) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt (s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corp.	3581280	NIL	3581280	13.01	3583817	NIL	3583817	13.02	0.01
e) Bank/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total (A) (1):-</b>	<b>6322394</b>	<b>NIL</b>	<b>6322394</b>	<b>22.97</b>	<b>6394091</b>	<b>200</b>	<b>6394291</b>	<b>23.23</b>	<b>0.26</b>
<b>(2) Foreign</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
a) NRIs – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub -total (A) (2):-</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Total shareholding of Promoter (A) = (A)(1)+( A)(2)</b>	<b>6322394</b>	<b>NIL</b>	<b>6322394</b>	<b>22.97</b>	<b>6394091</b>	<b>200</b>	<b>6394291</b>	<b>23.23</b>	<b>0.26</b>
<b>B. Public Shareholding</b>									
<b>1.Institutions</b>									
a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Banks / FI	1600	NIL	1600	0.01	21058	NIL	21058	0.08	0.07
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) ) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f)Alternate Investment Funds EQ INDIA FUND	NIL	NIL	NIL	NIL	500000	Nil	500000	1.82	1.82
(g) Foreign Portfolio Investors	Nil	Nil	Nil	Nil	403465	Nil	403465	1.47	1.47
h) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) FIIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
j) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
k) Others(specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total) (B) ( 1):-</b>	<b>1600</b>	<b>NIL</b>	<b>1600</b>	<b>0.01</b>	<b>924523</b>	<b>NIL</b>	<b>924523</b>	<b>3.37</b>	<b>3.36</b>
<b>2. Non Institutions</b>									
<b>a) Bodies Corp</b>									
i) Indian	92861	93300	186161	0.68	1156304	93300	1249604	4.54	3.86
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals									
i) Individual shareholders	728040	1046559	1774599	6.45	3337094	1027259	4364353	15.86	9.41

holding nominal share capital upto Rs. 2 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	19179811	NIL	19179811	69.69	14065853	NIL	14065853	51.11	-18.58
(c) NBFCs registered with RBI	NIL	NIL	NIL	NIL	9500	NIL	9500	0.03	0.03
d) Others (spec ify)	34627	NIL	34627	0.13	336926	NIL	336926	1.23	1.1
non-resident Indian/obc									
e) others Clearing Member	23208	NIL	23208	0.08	157350	NIL	157350	0.57	0.49
f) Any Other (specify) Trust	NIL	NIL	NIL	NIL	20000	NIL	20000	0.07	0.07
<b>Sub-total (B)(2):-</b>	20058547	1139859	21198406	77.03	19083027	1120559	20203586	73.41	-3.62
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	20060147	1139859	21200006	77.04	20007550	1120559	21128109	76.77	-0.26
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Grand Total (A+B+C)</b>	26382541	1139859	27522400	100	26401641	1120759	27522400	100	Nil

(ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	SURJEET LAL	566	0.002	0	766	0.002	0	0
2	AALOK DEEP FINANCE PVT. LTD.	551100	2.002	0	551100	2.002	0	0
3	DEEPAK ARORA	12400	0.045	0	12900	0.047	0	0.002
4	SWEENA ARORA	41	0	0	41	0	0	0
5	ASHA RANI ARORA	500	0.002	0	NIL	NIL	NIL	NIL
6	JAGDISH A KUMAR ARORA	1819667	6.611	0	1888827	6.863	0	0.251
7	NATASHA ARORA	124730	0.453	0	124730	0.453	0	0
8	SUNITA ARORA	135110	0.491	0	135110	0.491	0	0
9	AJAY KUMAR ARORA	648100	2.355	0	648100	2.355	0	0
10	SOM DISTILLERIES PRIVATE LIMITED	3030180	11.01	0	3032717	11.019	0	0.009
	<b>Total</b>	<b>6322394</b>	<b>22.97</b>	<b>0</b>	<b>6394291</b>	<b>23.23</b>	<b>0</b>	<b>0.262</b>

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

S. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	6322394	22.97	6322394	22.97
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Quarter Ended	Purchased	No. of shares	% of total shares of the company
		30.06.2017	4160	6326554	22.99
		30.09.2017	NIL	6326554	22.99
		31.12.2017	50200	6376754	23.17
		31.03.2018	17537	6394291	23.23
	At the End of the year	6394291		6394291	23.23

## (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) :

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year				
	Name	Date	change on subsequent dates		Cumulative Shareholding During the year	% of total shares of the company
			Sold	Buy		
1	PRADEEP CHATURVEDI	31.03.2017			1206000	4.382%
		20.10.2017	136573	NIL	1069427	
		31.10.2017	8000	NIL	1061427	
		24.11.2017	20000	NIL	1041427	
		12.01.2018	121750	NIL	919677	
		31.03.2018			919677	3.342%
2	RADHEY SHYAM SEN	31.03.2017			1206000	4.38%
		29.12.2017	8500	NIL	1197500	
		05.01.2018	9856	NIL	1187644	
		12.01.2018	161020	NIL	1026624	
		31.03.2018			1026624	3.730%
3	BANA SINGH	31.03.2017			1206000	4.381%
		20.10.2017	154600	NIL	1051400	
		27.10.2017	42485	NIL	1008915	
		31.10.2017	8000	NIL	1000915	
		31.03.2018			1000915	3.636%
4	GANGADEEN PATEL	31.03.2017			2399988	8.720%
		19.05.2017	NIL	NIL	2399988	
		26.05.2017	1199992	NIL	1199996	
		26.05.2017	NIL	NIL	1199996	
		20.10.2017	166724	NIL	1033272	
		27.10.2017	2000	NIL	1031272	
		24.11.2017	50059	NIL	981213	
		01.12.2017	40260	NIL	940953	
		12.01.2018	104700	NIL	836253	
		31.03.2018			836253	3.038%
5	AVINASH KUMAR	31.03.2017			2450940	8.905%
		19.05.2017	NIL	NIL	2450940	
		26.05.2017	1225468	NIL	1225472	
		20.10.2017	98000	NIL	1127472	
		24.11.2017	50100	NIL	1077372	
		01.12.2017	25000	NIL	1052372	

		12.01.2018	71000	NIL	981372	
		31.03.2018			981372	3.565%
6	SHIV CHARAN SINGH	31.03.2017	NIL	NIL	960000	3.488%
		31.03.2018	NIL	NIL	960000	3.488%
7	PREM CHAND PAL	31.03.2017			1200000	4.360%
		20.10.2017	136200	NIL	1063800	
		01.12.2017	20000	NIL	1043800	
		08.12.2017	15000	NIL	1028800	
		12.01.2018	100000	NIL	928800	
		31.03.2018			928800	3.374%
8	SANTOSH BHADORIYA	31.03.2017			1258983	4.574%
		13.10.2017	395841	NIL	863142	
		20.10.2017	70352	NIL	792790	
		10.11.2017	4900	NIL	787890	
		01.12.2017	20000	NIL	767890	
		08.12.2017	15000	NIL	752890	
		12.01.2018	100000	NIL	652890	
		31.03.2018			652890	2.372%
9	VINOD SINGH	31.03.2018			1206000	4.381%
		20.10.2017	101200	NIL	1104800	
		01.12.2017	20000	NIL	1084800	
		08.12.2017	15000	NIL	1069800	
		12.01.2018	100000	NIL	969800	
		31.03.2018			969800	3.523%
10	ANIL ARORA	31.03.2017			1200000	4.360%
		20.10.2017	144759	NIL	1055241	
		01.12.2017	20621	NIL	1034620	
		08.12.2017	10434	NIL	1024186	
		31.03.2018			1024186	3.721%
11	RAVINDRA CHAUHAN	31.03.2017			1206000	4.381%
		01.12.2017	20000	NIL	1186000	
		12.01.2018	10000	NIL	1176000	
		31.03.2018			1176000	4.272%

(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholding of Directors and key Managerial Personnel	Shareholding at the beginning of the year				
	Name	Date	Change on subsequent dates		Cumulative Shareholding during the year	% of total shares of the company
			reason	No. of Shares		
1	JAGDISH KUMAR ARORA	31.03.2017	-	-	1819667	6.61%
		30.06.2017	Purchase	3960	1823627	
		30.09.2017	-	-	1823627	
		31.12.2017	Purchase	50200	1873827	
		31.03.2018	Purchase	15000	1888827	6.86%
2	SURJEET LAL	31.03.2017	-	-	566	
		30.06.2017	Merger of an old folio.	200	766	
		30.09.2017	-	-	766	
		31.12.2017	-	-	766	
		31.03.2018	-	-	766	

(vi) **INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	51,81,94,926	21,30,00,000		73,11,94,926
ii) Interest due but not paid	47,10,032	36,43,577		83,53,609
Interest accrued but not due				
<b>Total (i+ii+iii)</b>	52,29,04,958	21,66,43,577		73,95,48,535
<b>Change in Indebtedness during the financial year</b>				
Addition	4,40,00,000			4,40,00,000
Reduction	(28,74,31,427)	(5,30,55,556)		(34,04,86,983)
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>				
iv) Principal Amount	30,47,63,499	15,99,44,503		46,47,08,002
v) Interest due but not paid	-	9,13,939		9,13,939
Interest accrued but not due				
<b>Total (i+ii+iii)</b>	30,47,63,499	16,08,58,442		46,56,21,941

(vii) **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

- A) REMUNERATION TO MANAGING DIRECTOR** : NIL  
**WHOLE-TIME DIRECTORS AND/OR MANAGER**
- B) REMUNERATION TO OTHER DIRECTORS** : NIL
- C) REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

S. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	<b>Gross salary</b>		528204	624404	1152608
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL			
	Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
	Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
	Stock Option	NIL	NIL	NIL	NIL
	Sweat Equity	NIL	NIL	NIL	NIL
	Commission	NIL	NIL	NIL	NIL
	- as % of profit				
	- Others, specify...				
	Others, please specify	NIL	NIL	NIL	NIL
	<b>Total</b>	<b>NIL</b>	<b>528204</b>	<b>624404</b>	<b>1152608</b>

(viii) **PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES** : NIL

**BY ORDER OF BOARD OF DIRECTORS**

Place: Bhopal  
Dated: 06.07.2018

Jagdish Kumar Arora  
Chairman And Managing Director

## **ANNEXURE II TO THE DIRECTOR'S REPORT**

### **ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT 2017-18**

#### **1. Brief outline of the company's CSR policy etc.:-**

At present the CSR activities of the company are through Asha Mohan Foundation which is a registered society engaged in the education of children at Sehatganj for the last more than ten years and has been established by the promoters of this company. The CSR Committee monitors the CSR expenditure of the company through Asha Mohan Foundation and has to ensure that the at least 2% of the average net profit of the company made during the immediately preceding three years is incurred and well utilized for the education and other welfare activities of the society.

#### **2. The Composition of the CSR Committee:-**

Corporate Social Responsibility Committee in terms of section 135 of the Companies Act 2013 consists of Shri Deena Nath Singh(Chairman), Shri S.S.Sengar and Smt. Nishi Arora.

#### **3. Average net profit of the company for last three financial years**

YEAR	NET PROFIT (Rs. Crore)
2014-15	25.45
2015-16	20.93
2016-17	23.43
TOTAL	69.81
AVERAGE	23.27

#### **4. Prescribed CSR Expenditure (two per cent. of the amount as per the average in item 3 above): Rs.46.54 lakhs.**

#### **5. Details of CSR amount spent during the financial year.**

**A) Total amount spent during the financial year 2017-18: Rs. 111.16 lakh**

**B) Amount un-spent, if any: NIL**

**C) Manner in which the amount spent during the financial year is detailed below.**

S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs Local area or other State and district where projects or program was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs:- 1. Direct expenditure on projects or programs 2. overheads	Cumulative expenditure upto the reporting period	Amount spent direct or through implementing agency
i)	Children education and medical Aid	Children education and medical Aid	Local area Village: Sehatganj, Dist Raisen M.P	Rs 100 Lakh	The amount spent as above includes overheads also.	Cumulation is not relevant.	Rs.105.86 lakh through Asha Mohan Foundation and balance through other NGOs and hospitals



**D) In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount: N.A.**

**E) Responsibility Statement :-**

It is hereby stated on behalf of the CSR Committee that the implementation and the monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company.

**FOR CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Place: Bhopal  
Dated: 06.07.2018

S.S.Sengar  
Director

Nishi Arora  
Director

Deenanath Singh  
Chairman

**ANNEXURE III TO THE DIRECTORS REPORT**

**FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2018**

**[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,  
The Members,  
Som Distilleries and Breweries Limited  
Bhopal

Sirs,

1. I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Som Distilleries and Breweries Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my/our opinion thereon.
2. Based on my verification of the Som Distilleries and Breweries Ltd.'s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that subject to what is stated in the Financial Statement for 2017-18 read with the Auditors and Directors reports, the company has, during the audit period covering the financial year ended on 31.03.2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.
3. I have examined the books, papers, minute books, forms and returns filed, report of Company Secretary to the Board of Directors and other records maintained by Som Distilleries and Breweries Limited for the financial year ended on 31.03.2018 according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made there under.
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
  - (v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act') :-
    - (a) The Securities & Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 2011.
    - (b) The Securities & Exchange Board of India (Prohibition Of Insider Trading) Regulations, 2015.
    - (c) The Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
    - (d) The Securities & Exchange Board of India (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999.
    - (e) The Securities & Exchange Board of India (Issue & Listing of Debt Securities) Regulations, 2008.
    - (f) The Securities & Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the Clients.
    - (g) The Securities & Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
    - (h) The Securities & Exchange Board of India (Buyback of Securities) Regulations, 1998.
    - (i) Secretarial Standard as issued by The Institute of Company Secretaries of India.
    - (j) Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange Ltd.

During the period under review the company has complied with the provisions of the Acts, Rules, Regulations, guidelines, Standards etc. mentioned above.

4. Departmental Heads of the company have reported compliance with following laws applicable to the company during the financial year 2017-18. These reports were duly taken on record by the Board of Directors.
- Income tax Act, 1961.
  - Goods and Services Tax.
  - Foreign Exchange Management Act, 1999
  - The M.P.Excise Act, 1915
  - Factories Act, 1948
  - Industrial Disputes Act, 1947
  - The Payment of Wages Act, 1936.
  - The Minimum Wages Act, 1948.
  - Employees' State Insurance Act, 1948.
  - The Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
  - The Payment of Bonus Act, 1965.
  - The Payment of Gratuity Act, 1972.
  - The Contract Labour (Regulation & Abolition) Act, 1970.
  - The Maternity Benefit Act, 1961.
  - The Child Labour (Prohibition & Regulation) Act, 1986.
  - The Industrial Employment (Standing Order) Act, 1946.
  - Workmen Compensation Act, 1923.
  - Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
  - Water (Prevention and Control of Pollution) Act, 1974.
  - Water (Prevention and Control of Pollution) Cess Act, 1977.
  - Air (Prevention and Control of Pollution) Act, 1981.
  - Environment (Protection) Act, 1986.
  - Hazardous Wastes (Management, Handling and Trans boundary Movement) Rules, 2008.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. There are adequate systems and processes in the Company commensurate with the size and operations in the Company to monitor and ensure compliance with applicable laws , rules, regulations and guidelines.

The following major event may be noted:

The company has acquired on 14.03.2018 shares of the face value of Rs. **11.69** crores in Woodpecker Distilleries and Breweries Private Limited (WDBPL) of which the total paid up capital is Rs. 51.00 crores. WDBPL is now a wholly owned subsidiary of the company, having its registered office at Mumbai.

**FOR M.M.CHAWLA AND ASSOCIATES**

Place: Bhopal  
Dated: 06.07.2018

M.M.Chawla  
FCS 67, C P 716

## **ANNEXURE- IV TO THE DIRECTORS REPORT**

### **REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2018**

**[As required under Regulations 34(3) and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

#### **A. RELATED PARTY TRANSACTIONS.**

Contracts or arrangements with related parties during the year 2017-18 as detailed in note n, 37 of Financial Statement, were either within the limits as stated in rule 15 (3) (a) of Companies (Meetings of Board and its Powers) Rules, 2014 or were arms length transactions or were in the nature of current account.

#### **B. MANAGEMENT DISCUSSION AND ANALYSIS**

##### **1. Economy and Outlook**

###### **Overview**

CY2017 was an encouraging year for the global economy. The growth of the global economy that started around mid-2016 became more resilient in 2017 and expanded to more countries. During CY2017, global economy recorded highest growth rate since 2011 with an increase of 3.8% compared to the last year. The year experienced investment recovery in advanced economies, continued strong growth in emerging Asia and better than anticipated growth in emerging Europe. A combined effect of all these factors drove the growth for CY2017.

For India, 2017 was a year of structural reforms directed at ensuring long term sustainable growth of the country. The landmark tax reform, GST was implemented with the objective of unifying various indirect taxes prevailing in the country and enhance transparency. The Indian economy experienced some softness during the initial half of the year due to the challenges associated with the transition to GST coupled with post demonetization impact. However, the economy recovered sharply during the latter part of the year resulting in a growth of 6.7% in 2017. Though the investment activity remained muted during the year, strong private investment provided impetus to the economy.

###### **Outlook**

It is anticipated that the global economy will continue its momentum on the back of faster growth of advanced economies coupled with further strengthening of economic activities in the emerging and developing countries. As per the International Monetary Fund (IMF), global economy expected to register an increase of 3.9% in 2018 and 2019.

Indian economy is expected to achieve growth rates in line with the pre-reform period. Higher private consumption and structural changes undertaken recently would be the primary growth drivers. Implementation of GST is also anticipated to bring more transparency and create a single market which will further encourage corporate investment and productivity. Additionally, various measures were undertaken to strengthen the banking sector which is expected to support the investment activity. India is expected to remain the fastest growing economy in 2018 and 2019 with growth rates of 7.4% and 7.8%, respectively.

##### **2. Recent Consumer Trends and Outlook**

India is the 6<sup>th</sup> largest economy globally and is expected to be the fastest growing in the coming years. India has the second highest population of 1.34 billion in the world. This significant consumer base along with a strong economy makes it one of the best consumption stories in the world. A combination of factors such as favourable demographics, rise in disposable incomes, easier access to products and services due to technology advancement and changing lifestyles are the major contributors to the India's consumption story.

In recent years, millennials have become the primary growth drivers of the consumer sector across globe accounting for over 25% of the world population. Indian millennials account for over one-third of the India's population and are an important part of the working population of the country. The size and age are the prime reasons which has made global consumer / retail companies to target Indian consumer market.

India's total rural income is expected to grow to \$1.8 trillion by FY2021 from current level of \$572 billion. Rural per capita income is anticipated to grow at a CAGR of 4.4% to \$631 by FY2020. The Indian government has undertaken various initiatives to drive farmers' income such as direct benefit transfer and agriculture sector reforms which are expected to drive rural consumption in the medium to long term. Furthermore, forecasts of a normal monsoon will also drive rural consumption.

### **3. The Indian Alcobeve Industry**

In terms of volume, India is the 3<sup>rd</sup> largest consumer of alcoholic beverages (alcobeve) with states such as Andhra Pradesh, Tamil Nadu, Karnataka and Kerala accounting for over 50% of the total IMFL and beer consumption. The Indian alcoholic beverages market is broadly segmented as Spirits (IMFL and country liquor), beer and wine. IMFL market has been further bifurcated into whisky, rum, brandy, vodka and gin. The beer market is broadly classified based on the alcohol content into strong (6-8%) and lager (4-6%). The Indian alcobeve industry is dominated by IMFL which account for around 80% of the industry value. Despite the smaller market share beer is the preferred drink among the youngsters. This preference by young adults is a clear indicator that beer has a promising prospect in the near to medium term as India's demographic profile is skewed towards younger population.

#### **Beer Industry in India**

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 inclined towards the southern states which accounts for more than half of the volumes consumed in India. India has one of the lowest per capita alcohol consumption globally which is an indicator of the prevailing opportunity. The rising disposable income, changing preferences and favourable demographics coupled with increasing social acceptance would be the drivers for growth of the industry in the medium term. India adds over 19 million people to the legal age for drinking every year and only one in eight women consume beer, compared to one in two in more mature markets. These factors provide an immense opportunity for the industry players. Furthermore, the increasing pub and discotheque culture in the country is also anticipated to contribute to the growth of the industry.

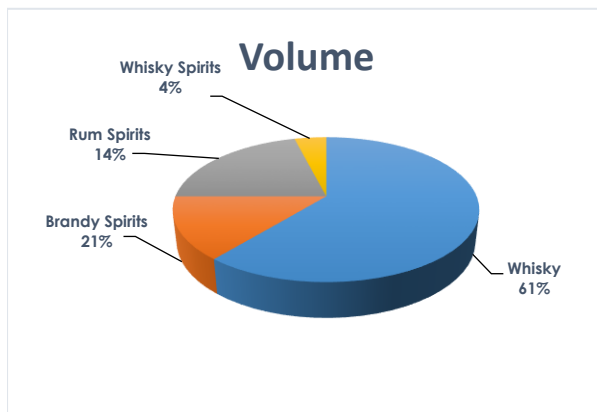
In volume terms, Indian accounted for a consumption of 3,133 million litres or 402 million cases (9 bottles of 650 ml each) in CY2017, indicating a growth of 4.8% over same period last year. Beer volume is expected to grow at a CY2017-22 CAGR of 4.1% to reach 3,823 million litres or 490 million cases in CY2022. In value terms, beer industry stood at Rs. 562 billion in CY2017, indicating an increase of 7.0% compared to CY2016. Beer volume is projected to grow at CY2017-22 CAGR of 7.4% to reach Rs. 803 billion in CY2022. Higher growth rate of value compared to the volume growth is an indicator of shifting preference towards premium products.

(Source: Euromonitor International)

#### **IMFL Industry in India**

IMFL comprises of brown spirits which includes whiskey, brandy and rum and white spirits comprising of gin and vodka. Indian IMFL segment is dominated by brown spirits which accounted for 96% and 94% of the market share in volume and value terms, respectively in CY2017. In IMFL, whisky was the major contributor with 61% of the volumes followed by brandy and rum with 21% and 14% of the total volume, respectively. White spirits accounted for 4% of the total volume. In value terms, whisky accounted for 73% followed by brandy and rum with 11% and 10% of the total volumes, respectively. White spirits accounted for 6% of the total value consumption in CY2017. The increasing preference towards premiumization is evident from higher contribution by whisky and vodka in value terms compared to volume consumption. (Source: Euromonitor International)

**Sales of Spirits by Category (Volume):2017**



**Sales of Spirits by Category (Value): 2017**



IMFL volume stood at 2,688 million litres or 299 million cases in CY2017, a growth of 2.3% compared to the same period last year. The IMFL volume is projected to grow at a CY2017-22 CAGR of 2.6% to reach 3,051 million litres or 339 million cases. In CY2017 IMFL sales increased by 5.8% compared to the previous year to Rs. 2,186 billion. In value terms, IMFL industry is expected to grow at CY2017-22 CAGR of 6.0% to reach Rs. 2,920 billion. (Source: Euromonitor International)

#### 4. Demand Drivers for the Alcobeve Industry

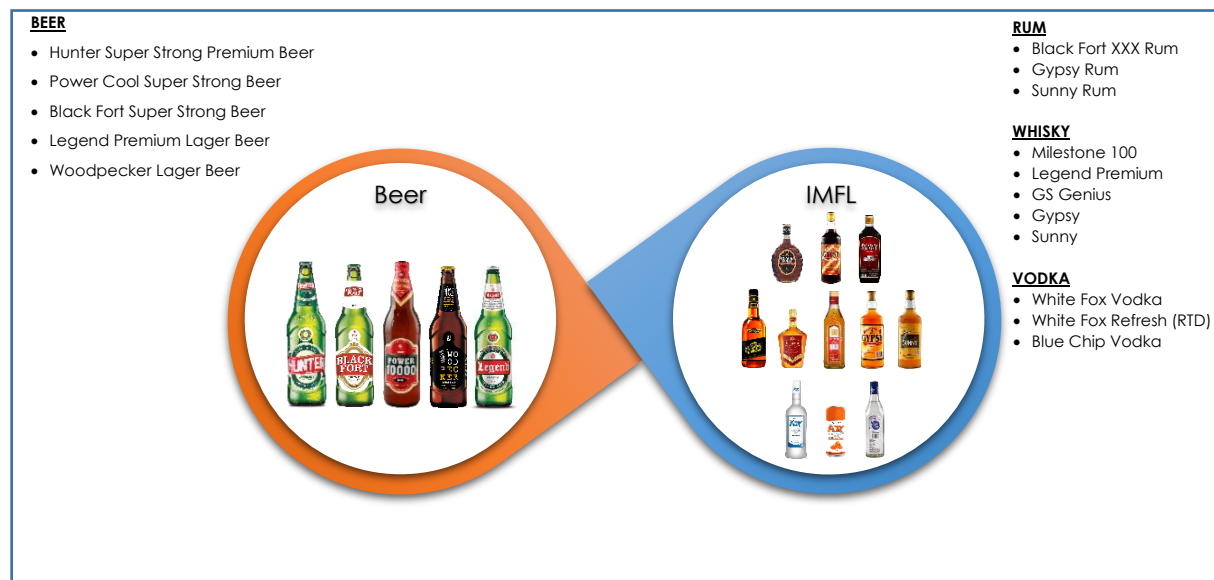
India offers tremendous long-term potential for the consumer industry, driven by favourable demographics, rapid urbanisation and the emergence of a sizeable middle class.

- Disposable Income:** The middle-class population in India has evolved with higher disposable income which coupled with a younger demographic profile is playing a critical role in driving consumer demand. In addition, the growing purchasing power and rising influence of the social media have enabled Indian consumers shift their demand pattern towards more premium and lifestyle products. Various government initiatives undertaken over last few years such as direct benefit transfer and various agricultural reforms is also anticipated to increase purchasing power of rural India and drive consumption further. The Indian middle class is moving to an upper income group with changing lifestyles, luxury preferences and ability to pay more for premium products.
- Young Population:** India's demographic mix is skewed towards younger generation and with inclusion of over 19 million people to the legal age for drinking every year, it provides a significant opportunity for the alcobeve sector in India.
- Social Acceptance:** Improvement in standard of living coupled with rising awareness has resulted in increased social acceptance of alcohol consumption. Drinking has now become part of social meetings and entertainment. Furthermore, a shift towards pubs and discotheques has also resulted in higher liquor consumption. Consumption of alcoholic drinks has also increased among women which is an encouraging sign for the industry.
- Family Structure:** Indian families are shifting towards more nuclear structure as compared to traditional joint family structure. As a result, the decision makers in houses are younger generation who are more inclined towards affluent lifestyle.
- Alcohol Availability:** Focus on premiumization coupled with entrance of international players in India has resulted in availability of a wide variety of choices for aspirational Indian population. Wider choice will enable to cater to a broader target audience resulting in increased demand for the industry.

## 5. Business Overview

SOM Distilleries & Breweries Limited (SOM or the Company) was established in 1993 and is the flagship company of the SOM Group of Companies. The Company is based in Bhopal and is one of the leading alcoholic beverage manufacturers in India. The company is primarily engaged in the production of beer and blending and bottling of IMFL. The Company has a strong sales and distribution network of distributors across India in states such as Andhra Pradesh, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Orissa, Karnataka, Kerala and West Bengal. The Company's distribution network is also strong in union territories such as Chandigarh, Delhi and Pondicherry. The company and its subsidiary have two manufacturing plants in Bhopal, Madhya Pradesh and Hassan, Karnataka. The Bhopal facility has a manufacturing capacity of 7.6 million cases of beer and 0.6 million cases of IMFL per year. The Karnataka facility was commissioned in April 2018 and has a manufacturing capacity of 3.4 million cases of beer and 2.7 million cases of IMFL.

SOM is the only listed company in India with capabilities across both beer and IMFL segments. Even within each segment, the Company has a broad line of products, offering a range of choices to consumers. The product portfolio consists of Beer, Rum, Brandy, Vodka and Whisky. The Company's flagship brands include Hunter, Black Fort and Power Cool in the Beer segment and, Milestone 100 whisky and White Fox vodka in the IMFL segment. Other popular IMFL brands of SOM include Legend, Genius, Sunny, Gypsy, Blue Chip and Woodpecker in the beer segment. The Hunter and Woodpecker brands are also supplied as draught beer across all major hotels in Madhya Pradesh and Chhattisgarh. Currently, the Company has three millionaire beer brands in its portfolio:



## 6. Threats and Concerns

The alcobev industry in India is highly regulated. The industry also falls under the purview of national laws and regulatory bodies, such as the Food Safety and Standards Authority of India (FSSAI). Compliance with relevant regulations results in higher operating costs and also limits the Company's ability to exploit the opportunities that Indian consumerism offers. Some of the challenges faced by the industry include:

- **Restriction on direct promotion:** Direct advertising of alcoholic products is restricted in India. As a result, the companies have to restrict promotion activity to point of sale or surrogate advertising (like glasses, mineral water, music items having identical brand names). This not only increases the cost but also adversely impacts the capability and time for new brand building.
- **Stringent Regulations:** In India, every state has its set of regulations which govern the value chain of industry players including manufacturing, retailing, pricing and levies thereby, hindering the economies of scale. Furthermore, regulations pertaining to licensing, setting up or expansion of new facilities, existing brewing or distilling and bottling capacities, manufacturing processes, marketing, sales & advertising and distribution poses additional challenge for the industry.

- **Low Penetration:** Beer market in India is segmented into strong beer and mild beer on the basis of their alcohol content. Strong beer, which has alcohol content more than 5%, dominates the Indian market. The current per capita consumption of beer in India is one of the lowest in the world. Also, alcohol is sold through a meagre 86,000 outlets, which is extremely low when compared to the rest of the world. One of the reasons for a low per capita consumption of liquor in India is the low affordability levels, which is a direct fallout of high taxation.
- **Limited Pricing Power:** In many states, where the government is also the biggest distributor, it fixes the prices at which it buys products from the alcoholic beverage companies and the prices at which they will sell to the end consumers. The state governments decide the end consumer price, leaving manufactures with no say in determining their selling price. On the other hand, the recent increases in duties and taxes has led to increase in the end consumer price which has adversely impacted the purchasing power. Furthermore, the regulatory barriers also pose challenges for offsetting cost inflation. Companies in the sector has to represent their case to state governments to get price increase, which is a time-consuming process.
- **Alcohol Ban:** Some of the states have banned alcohol with the objective of improving public health and responsibility. In past, such bans have not been very successful and even the social objective is also defeated as it gives rise to illegal trading of liquor in states where it is banned. Such bans impact the volume in short term but in medium to long term the decline in volume is compensated by higher volumes in the neighbouring states.
- **Irregular and High Taxation:** The alcohol industry has been kept outside the purview of GST. However, the industry would be liable to pay GST on the input raw materials, which may impact the gross margins. Taxation by volume continues to adversely impact the beer segment. The tax structure for alcoholic drinks does not adjust for the level of alcohol in a particular drink. Considering the ratio of excise duty adjusted to alcohol content, IMFL appears to be more affordable than beer because it has a higher alcohol/price ratio. This makes beer an expensive drink compared with other spirits in terms of price per unit of alcohol. The excise and other taxes put together comprise over 50% of the final retail price. There is a complex multi-layer taxation structure and this makes the alcohol industry less affordable and also restricts the pricing power.
- **Barriers to Scale:** Every state government has its own rules and regulations in addition to the regulations by central government. As a result, tax and duties are imposed on inter-state movement of alcohol which restricts consolidated operation and resulting synergy benefits.
- **Volatility in Prices of Key Raw Material:** The beer and IMFL industry can be adversely impacted due to volatility in key input raw material prices. Since the pricing power is limited, companies would not be able to fully pass on the higher costs to consumers.
- **Competition:** Over last few years many international companies have entered the Indian market due to the immense potential prevailing in the country. These players could impact volumes primarily in the metros as their products are well known among affluent or lifestyle seeking consumers. Furthermore, increasing trend of craft beer among urban population also increases the competition as beers can be manufactured with very limited investment in a smaller size brewery as compared to significant investment required in traditional breweries.

## 7. Performance Review

During FY2018, beer volumes recorded a growth of 38.9% to reach 7.49 million cases compared last year. IMFL volumes stood at 0.75 million cases, indicating a growth of 10.3% in FY2017. This robust growth in volumes during the year was achieved due to combination of increased acceptance of our products in existing markets coupled with expansion in the states of Karnataka, Kerala, Chhattisgarh, Delhi and Maharashtra. In FY2018, beer accounted for 91% (vs. 89% in FY2017) and IMFL 9% (vs. 11% in FY2017) of the total volumes sold during the year.

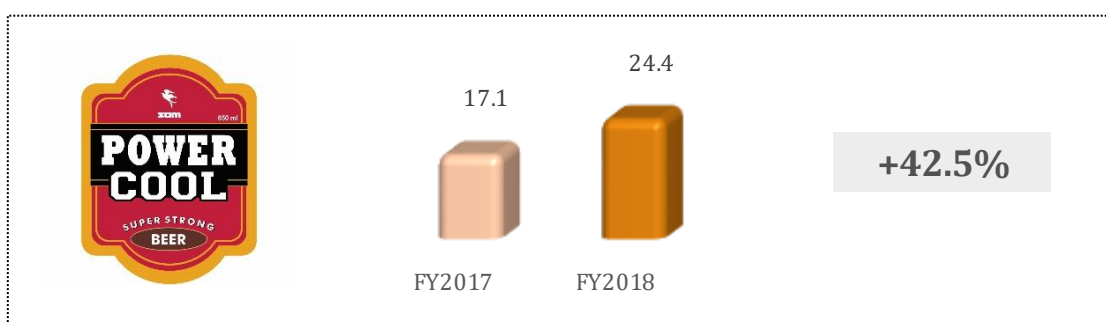
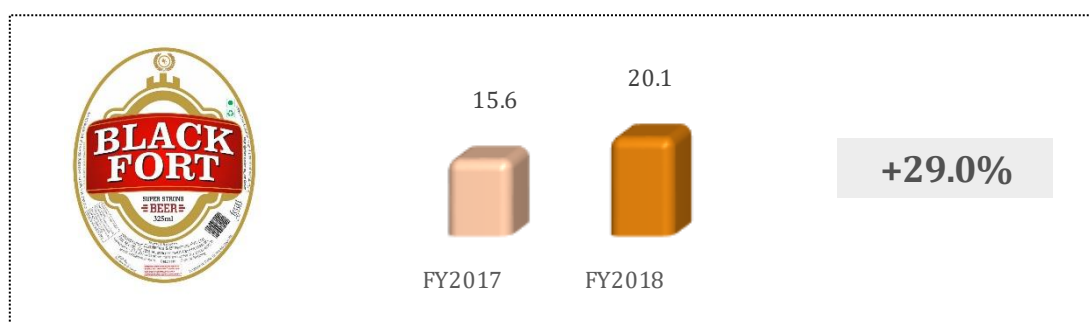
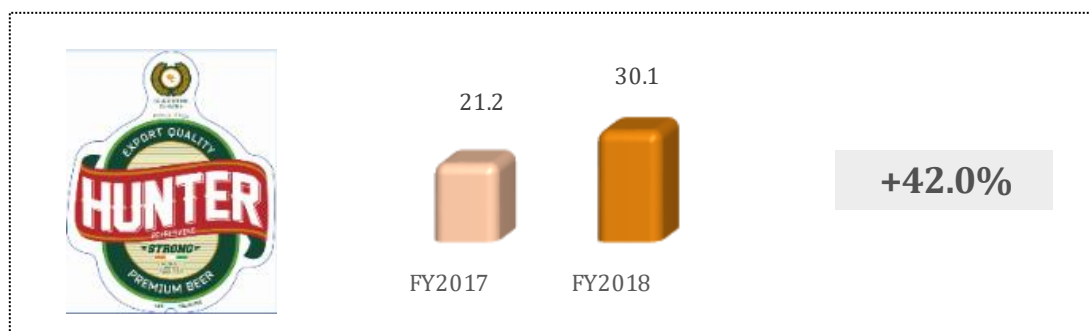
Driven by the strong volume growth, total income for the year stood at Rs. 3,525 million, recording a growth of 43.3% compared to FY2017. Revenue from beer increased by 50.7% to Rs. 3,024 million and revenue from IMFL



increased by 9.5% to 482 million. Of the total revenue 86% (FY2017: 82%) was contributed by beer and remaining 14% (FY2017: 18%) was contributed by IMFL.

EBITDA for the year was Rs.605 million up around 57% from the previous year. EBITDA margins for the year were 17.2%, an improvement of 159 basis points compared to FY2017. FY2018 PAT stood at Rs. 252 million, a growth of 79 % compared to the last year. PAT margin for the FY 2018 stood at 7.14%.

### ***Beer Brand Portfolio Review (Lakh cases sold)***



### ***IMFL Brand Portfolio Review (Revenue in Rs. Million)***



## 8. Liquidity

As of 31<sup>st</sup> March 2018, total debt stood at Rs. 896 million which included Rs. 545 million of secured borrowings and Rs. 351 million of unsecured borrowings. Cash and cash equivalents stood at Rs. 256 million resulting in a net debt position of Rs. 640 million. The net worth of the Company was Rs. 1,611 million at the end of the year. As of 31<sup>st</sup> March 2018, SOM had a conservative leverage profile with total debt to equity ratio of 0.5x and gross debt to EBITDA of 1.5x.

## 9. Major Corporate Developments

- a. Karnataka Expansion:** In FY2018, the Company completed the Greenfield expansion to set-up a fully owned subsidiary, Woodpecker Distilleries and Breweries private limited at Hassan, Karnataka. The total investment for this facility was Rs. 1,290 million for a capacity of 3.4 million cases of beer and 2.7 million cases of IMFL. This facility started commercial production from April 2018. SOM had launched its flagship beer brands, 'Black Fort' and 'Hunter' in Karnataka during March 2017 and June 2017, respectively. The initial response has been very encouraging and the Company expects these brands to continue to capture market share. Woodpecker also plans to start IMFL manufacturing from this plant during the first half of FY2019.

Based on the market feedback and encouraged by response of beer launches, the Company also introduced all three variants of White Fox Ready to Drink (RTD) in Karnataka in September 2017. The taste and look of the drink has been customized in line with customer expectations. Initial response from consumers has been encouraging and SOM anticipates sales to further pickup in FY2019.

- b. Orissa Acquisition:** In July 2018, the Company announced acquisition of brewery assets in Odisha through its proposed subsidiary, SOM Distilleries & Breweries Odisha Private Ltd. for a total consideration of Rs. 460 million. The capacity of this newly acquired unit is 42 Lakh cases of beer per annum. SOM plans to invest additional Rs. 250-300 million in the Odisha plant for its modernisation and upgradation. The plant would be operational by Q4 FY2019 and the Company expects meaningful contribution from this plant from FY2020. Furthermore, this will also enable to further strengthen the presence in eastern states of India like West Bengal and Jharkhand.
- c. Footprint Expansion:** During the year Company started its sale operations in new states such as Maharashtra (Feb 2018), Kerala and West Bengal (May 2018). SOM brands have already gained good traction with the consumers in all these states and based on the initial response, the Company is anticipating further market share gains in the near future.
- d. Speciality Beers:** The Company has signed an MOU with White Owl Brewery, India's foremost craft beer company for the manufacture of all their speciality beers. This collaboration with White Owl is a testament to Company's technical capabilities on producing the finest craft beer in the country.
- e. Export Order:** In October 2017, SOM's beer brands were approved by FDA for supply to the United States of America. The first trial order has already been dispatched. The Company expects its export business to grow and contribute meaningfully in medium to long term.
- f. Preferential Allotment:** In July 2018, the Company successfully raised Rs. 1,000 million through preferential allotment of shares. The key shareholders who participated in the fund raise were Karst Peak Asia Master Fund (Shares: 2.5 million, Value: Rs. 667 million) and Vermilion Peak Master Fund (Shares: 1.2 million, Value: Rs. 333 million). The shares of the company were allotted at a price of Rs.271.55. This successful fund raise clearly demonstrates investors' confidence in the Company's business and prospects.

The promoters of the company also have subscribed to 12, 88,906 warrants amounting to 12, 88,906 shares at a price of Rs.271.55. The company has received 25% of the total amount due from the promoters.

**g. New Appointment:**

The company appointed Mr. Nilojit Guha as President, Sales and Marketing in November 2017. Mr. Guha has been an exemplary professional and a stalwart in the alcoholic beverages space. His last assignment was as Director, Sales at SAB Miller India where he was responsible for all India sales. His responsibilities at SOM will be leading the sales and marketing function on a pan India basis. Mr. Guha will be particularly focused on leading the Company's growth initiatives in the southern and eastern markets. He will be based out of Mumbai. The senior level appointments further strengthen Company sales and marketing efforts. SOM anticipates these appointments to further enhance its brand visibility and increased product acceptability in near to medium term.

Mr. Nakul Sethi has been appointed on the Board of the Company with effect from 1<sup>st</sup> June 2018. He will look after the functions of accounts, finance and strategy of the company.

## **10. Business Strategy**

### **Premiumisation of Portfolio**

With a strategic focus on changing consumer preferences for premium products, SOM is endeavouring to alter its product portfolio to capitalise on the opportunities. With shift in focus from volume to value, SOM has been offering its flagship products in the premium segment. During the year, mainline premium brands 'Hunter' and 'Black Fort' achieved a volume of more than three million cases and two million cases, respectively.

### **New Launches and Strengthening of the Core Brands**

SOM ensures that the Company's product offerings and brands are contemporary and in consonance with evolving consumer tastes and preferences. SOM continued to innovate and upgrade the offerings to consumers. The recent new launches by SOM, along with the existing strong portfolio, is not only expected to help the Company to cater to a wider consumer base but also profitably optimize the product mix for the Company.

### **Pan India Expansion**

The Company has a well-defined business strategy to also expand its customer base and reach. SOM's bottling agreement with two of the leading liquor manufacturers is aimed at enhancing the Company's supplies to the Canteen Store Departments as well as to some of the key markets in North India. Recently, our subsidiary commissioned its new plant in Karnataka and we acquired brewery assets in Orissa. These acquisitions will help the Company to further strengthen its footprint in the respective states as well as neighbouring states. This is in line with SOM's strategy to enhance its footprint in existing markets and enter new states. The Company's has a vision of becoming one of the top brewing companies in India and its strong balance sheet provides ample scope for inorganic growth as and when the opportunity arises.

## **11. Human Resources**

We believe that employees are the backbone for growth of the Company and they have played a vital role in transformation of the Company since inception. The talent pool of the Company has enabled it to achieve new milestones and will be instrumental for future growth as well. SOM understands the importance of attracting, retaining and rewarding the right people to deliver business objectives. The key is to create a balanced work environment across operations by continuously improving to make it more modern, enjoyable and professional.

The Company has derived learnings from recognized best practices globally to come up with various initiatives to create and sustain high performing individuals and teams. SOM enhances its talent pool through employee engagement initiatives and career development initiatives. During the year, SOM remained focused on various strategic learning programmes, employee engagement and health management initiatives to enable overall professional and personal development of its employees. As we grow and expand it will be our endeavour to give opportunities to our employees to take on more responsibilities so that they have fulfilling careers with us. During the year, the relationship with employees was cordial and there was no loss of production across any of the Company's manufacturing facilities due to any industrial unrest. As on 31<sup>st</sup> March 2018, 184 employees are on payroll on a consolidated level and the current workforce structure has a good mix of employees at all levels.

## **12. Internal Control Systems & Their Adequacy**

SOM has ensured that adequate systems for internal control commensurate with its size and complexity are in place. These ensure that its assets and interests are carefully protected; checks and balances are in place to determine the accuracy and reliability of relevant data. The system helps mitigate and reduce risks that may prevent SOM from achieving its business objectives and to provide reasonable assurance that all material misstatements, frauds or violations of laws and regulations will be prevented. Internal audits are conducted regularly to cover functions such as operations, finance, legal, human resource, technology, administration etc. The findings of the internal audit studies are placed before the audit committee every quarter. The management regularly reports to the audit committee the remedial action taken or proposed to be taken arising out of the internal audit studies as well as suggestions of the audit committee and board members. The internal controls are tested for effectiveness, across all our locations and functions by the Corporate Audit team, which is reviewed by the management periodically for corrective action.

## **13. Corporate Social Responsibility**

Corporate social responsibility forms an integral part of your Company's business activities. Your Company is a responsible corporate citizen, supporting activities which benefit the society as a whole. SOM actively contributes to the social, economic and environmental development of the community in which it operates ensuring participation from the community and thereby create value for the nation. The Company's CSR policy outlines its strategy to bring about a positive impact on the society through various initiatives relating to poverty, education, environment protection and healthcare. SOM endeavours to serve the society and achieve excellence. The Company continues to remain focused on improving the quality of life and engaging communities through ensuring environment sustainability, promoting healthcare, promoting education and many more activities.

The annual report on Corporate Social Responsibility activities as required under Sections 134 and 135 of the Companies Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014 is provided in the Annexure forming part of this Report. As per the section 135 of the Companies Act, 2013, a CSR committee is in place. During the year, the company spent Rs. 111 lakhs on CSR activities as per the CSR policy of the Board.

## **14. Information Technology (IT)**

The industry views IT as a necessary business enabler embracing digitisation to create engaging customers experiences. IT has been one of the key factors driving the robust growth of the Company and facilitating it to effectively manage its network of distribution channels. SOM embraced technology in a big way to service its customers better and establish more efficient channels of communication not only within the Company but also with the distributors and channel partners. The IT platform encompasses all core business processes and provides comprehensive data and analytics that help in better and speedier decisions. SOM continuously invests in upgrading to the latest technology enhancements to deliver business efficiencies. The Company is also in the process of implementing ERP system across the manufacturing units and depots. Once implemented this will enable in further strengthening of the supply chain efficiencies, with increased qualitative control. Processes have been standardised across the Company to ensure streamlining of the systems across the operational value chain.

## **15. Supply Chain Management**

An effective supply chain system is a critical ingredient for ensuring smooth operation and enhancing profitability. Strong supply chain network enables products to reach pan-India retailers on time. Having a robust supply chain is a pre-requisite for a business of our scale and hence a core focus for SOM. The steady growth achieved by SOM has been enabled by sustained investments in supply chain management. SOM has set up centres of excellence, are engaging in strategic sourcing and improving cost efficiencies. This will significantly benefit the Company, given the ongoing volatility in the macro economic environment. The effective supply chain management has led to mutually beneficial relationships with our suppliers and dealers. SOM has also implemented a mechanism to ensure that best practices are followed throughout its supply chain. We also encourage the small and medium enterprises to partner with the company to cater to our supply requirements.

## 16. Caring for the Environment

Our endeavour is to have the smallest footprint possible on the environment. We do this by understanding, managing and minimising our environmental footprint across the value chain, including our operations, suppliers and customers. This is equally important as we look at growth with more responsibility. As a step in this direction we strive to use maximum amount of recyclable bottles to minimize the energy footprint. We also have taken adequate measures to use rain harvesting to restore the ground water level.

## 17. Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations, predictions and assumptions may be 'forward looking' within the meaning of applicable Securities Laws and Regulations. Actual results may differ materially from those expressed herein, due to uncertainties related to the business model. Important factors that could influence the Company's operations include global and domestic economic conditions affecting demand, supply, price conditions, change in Government's regulations, tax regimes, other statutes and other factors such as litigation and industrial relations. The risk related information provided is not exhaustive and is for information purposes only. Readers are advised to refer to related disclosures in the Company's regulatory filings and exercise individual judgement in assessing risks associated with the Company.

## **C. CORPORATE GOVERNANCE REPORT**

### 1. Company's Philosophy On Corporate Governance

Company's Corporate Governance policy consists of transparency and ethical practices in professional working conducive to optimal performance and achieving shareholder's long term value growth through commitment to quality and customer satisfaction.

### 2. Board Of Directors

- a) The Board consists of six directors including Chairman-cum-Managing Director. Three of the Directors on the Board are independent directors. The details of composition and categories of Directors are as under:

Sr. No.	Name of Director	Category
1.	Shri Jagdish Kumar Arora, Chairman and Managing Director.	Non-independent and Executive
2.	Shri Suejeet Lal,	Non-independent and Non-Executive
3.	Shri Deenanath Singh	Independent and Non-Executive
4.	Shri Shailendra Singh Sengar	Independent and Non-Executive
5	Ms. Nishi Arora	Independent and Non-Executive
6.	Shri Nakul kam Sethi	Non-Independent and Executive

- b) Each of the directors attended all the Board meetings except Shri Nakul Kam Sethi who was appointed as a (Professional) Whole Time Director (Executive) on the Board of Directors of the Company with effect from 01.06.2018 for a period of 5 years i.e. after end of the financial year under consideration. Last Annual General Meeting held on 29.09.2017 was attended by the Chairman of the Audit Committee, Shri Deenanath Singh.

c) Details of the committees of the Board are given below:-

S.No.	Name Of Committee	Name Of Committee Members / Directors	Category (Chairperson/Executive / Nonexecutive / Independent / Nominee) \$
1.	Audit Committee	Shri D.N.Singh Shri S.S. Sengar Shri Surjeet Lal	Chairman/ Independent Director Independent Director Non-Executive
2.	Stakeholders Relationship Committee	Shri S.S. Sengar Shri Surjeet Lal	Chairman/Independent/Nonexecutive Non-Executive
3.	Nomination & Remuneration Committee	Shri D.N.Singh Shri S.S. Sengar Ms. Nishi Arora	Independent/Non-Executive Chairman/Independent/Nonexecutive Independent/ Non-Executive
4.	Risk Management Committee	Shri Surjeet Lal Ms. Nishi Arora	Chairman/Executive Independent/ Non-Executive
5.	Corporate Social Responsibility Committee	Shri D.N.Singh Shri S.S. Sengar Ms. Nishi Arora	Chairman, Independent Director Independent/ Non-Executive Independent/ Non-Executive

The Directors of the company are not on any Board Committee of any other company or on the Board of Directors of any other listed company. Directors and senior management personnel have confirmed compliance with the code of conduct of the Board of Directors and senior management.

d) During the financial year 2017-18, the Board of Directors met 17 times on 01.04.2017, 02.05.2017, 30.05.2017, 28.07.2017, 08.08.2017, 17.10.2017, 01.11.2017, 05.12.2017, 21.12.2017, 04.01.2018, 19.01.2018, 24.01.2018, 31.01.2018, 12.02.2018, 14.02.2018, 14.03.2018 and 22.03.2018.

e) There is no inter se relationship between all six directors of the company.

f) Shri Surjeet Lal holds 766 equity shares, Shri Nakul Kam Sethi hold 6538 equity shares and Shri Jagdish Kumar Arora holds 1888827 equity shares. None of the other three directors holds any equity shares or any convertible instruments.

g) No familiarization programmes were arranged for independent directors since there was no such need.

### (3) Audit Committee

The Term of Reference of the Committee include the powers and the role assigned as per Regulation 18(2) (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per section 177 of the Companies Act, 2013. During the financial year 2017-18, the audit committee met four times. All the members of the committee attended all the meetings.

### (4) Nomination & Remuneration Committee

The Term of Reference of the Committee include the role of committee as stipulated in Regulation 19(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also conform to the requirements of Section 178 of the companies Act 2013. The Committee has not held any meeting so far.

### (5) Remuneration of Directors

All Directors are non-executive except Shri Jagdish Kumar Arora and Shri Nakul Kam Sethi. No remuneration was paid to any director during 2017-18, except sitting fees, if claimed. No stock options were given to any director.

## **(6) Stakeholders Relationship Committee**

Stakeholders Relationship Committee comprises of Chairman Shri S.S.Sengar (non-executive) and Shri Surjeet Lal.

Shri Surjeet Lal, Director is the Compliance Officer. The Committee is duly authorized to effect transfers, transmission, issue of duplicate shares, dematerialization etc. The registrar and transfer agent, Mas Services Pvt. Ltd. has been authorized to effect transfers etc. The committee generally meets once in a month. The Committee has also been authorized to look into shareholders grievances. Under the SEBI Complaints Redress System, the company has authorised the RTA to give 'action taken report' on shareholders complaints. During 2017-18 only 12 complaints were received from shareholders etc. which were resolved. There was no complaint pending as on 31.03.2018. There was no transfer pending for more than 21 days as at the end of the year.

## **(7) General Body Meetings**

Particulars of Annual General Meetings held during the last three year.

<b>During Year</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>	<b>Meeting</b>
2014-15	30 <sup>th</sup> Sept. 2015	10.00 A.M	Executive Club, Dolly Farms and Resorts Pvt. Ltd., 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-30.	22 <sup>nd</sup> AGM
2015-16	30 <sup>th</sup> Sept. 2016	11.00A.M	Executive Club, Dolly Farms and Resorts Pvt. Ltd., 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-30.	23 <sup>rd</sup> AGM
2015-16	3 <sup>rd</sup> March 2016	11.00 A.M.	Executive Club, Dolly Farms and Resorts Pvt. Ltd., 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-30.	Court convened Extra Ordinary General Meeting
2016-17	29 <sup>th</sup> Sept. 2017	10.00A.M	Executive Club, Dolly Farms and Resorts Pvt. Ltd., 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-30.	24 <sup>th</sup> AGM

## **(8) Means of Communication**

The quarterly, half-yearly and yearly financial results of the company are sent to the stock exchanges immediately after they are approved by the Board. These are also published in the prescribed pro-forma as per the regulation 47 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in two newspapers of Delhi from time to time.

The Company also has exclusive E-mail ID i.e. [somdistilleries@rediffmail.com](mailto:somdistilleries@rediffmail.com) for investors to contact the company in case any information is needed by any investor and website of company is [www.somindia.in](http://www.somindia.in).

## **(9) General Share Holder Information:**

### **(a) Annual General Meeting**

- Date & Time** : 28<sup>th</sup> Day of September 2018 at 10.00 a.m.  
**Venue** : Executive Club, Dolly Farms and Resorts Pvt. Ltd, 349, Village Shahoorpur, P.O.Fatehpur Beri, New Delhi – 110030

**(b) Financial Year is from 01.04.2017 to 31.03.2018.**

**(c) Dividend for 2017-18 will be paid on 2, 75, 22,400 shares (being the number of issued/paid up shares as on 31.3.2018) to shareholders as on the date of the AGM i.e. 28.09.2018, immediately after that date.**

**(d) Listing on Stock Exchanges:** Bombay Stock Exchange Ltd.  
Phiroze Jeejeebhoy Towers Dalal Street Mumbai-400001

National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex, Bandra(E), Mumbai-400051

The Company has already paid the Listing fees of both the Stock Exchanges for the year 2017-18.

**(e) Equity Stock Code** : BSE: SDBL 507514, NSE: SDBLDIST/EQ

**(f) ISIN No.** : INE480C01012

**(g) Market Price Data:**

The monthly high and low market prices of the shares with volume at Bombay Stock Exchange Limited during the financial year 2017-18 are as under:

Period (2017-18)	High Price	Low Price	Volume of Shares Traded
APRIL2017	142.95	117.5	681505
MAY2017	163.05	115.5	852120
JUNE2017	160.1	125.1	594709
JULY2017	154.95	127.2	577181
AUG2017	154.95	130.15	519581
SEP2017	166.9	134.45	591491
OCT2017	189.4	146	3423504
NOV2017	186	151.95	2506612
DEC2017	200.65	164.45	1459344
JAN2018	299	174.65	4607733
FEB2018	265	219.35	957246
MAR2018	263	217	260876

Source: BSE Website

The monthly high and low market prices of the shares with volume at National Stock Exchange during the financial year 2017-18 are as under:

Period (2017-18)	High Price	Low Price	Volume of Shares Traded
Apr-17	142.95	117.50	8,56,096
May-17	163.90	120.00	1417904
Jun-17	154.00	126.10	673882
Jul-17	153.40	128.00	753991
Aug-17	154	130	885228
Sep-17	167	134.60	1003826
Oct-17	189.50	147.50	11981330
Nov-17	187	152.55	8579716
Dec-17	200.70	164.05	5428129
Jan-18	298.80	174.95	20742926
Feb-18	266	218.50	3227537
Mar-18	264.30	204.70	1483124

Source: NSE Website



- (h) Performance of the price of the company's shares on BSE/NSE vis -a-vis BSE Sensex /NSE Nifty during the period under review, is given below:

Month	Sensex/Nifty(close)		Share price(close) SDBL		No. of shares traded SDBL	
	BSE	NSE	BSE	NSE	BSE	NSE
April 2017	15372.51	8214.30	123.75	123.05	681505	8,56,096
May 2017	15080.21	8328.95	145.15	146.75	852120	1417904
June 2017	15410.52	8331.60	132.15	131.25	594709	673882
July 2017	16093.56	8793.30	139.25	138.15	577181	753991
August 2017	15991.63	8663.15	143.15	143.85	519581	885228
September 2017	16113.68	8557.10	149.95	148.30	591491	1003826
October 2017	17600.49	9165.10	174.95	174.85	3423504	11981330
November 2017	18228.87	9154.50	179.55	179.60	2506612	8579716
December 2017	19230.72	9490.65	180.75	181.20	1459344	5428129
January 2018	18716.77	9743.05	247.95	248.15	4607733	20742926
February 2018	18127.93	9261.90	247.2	245.75	957246	3227537
March 2018	16994.36	8912.10	224.6	225.85	260876	1483124

- (i) No shares/securities of the company were suspended from trading during year 2017-18.

**(j) Registrar and Transfer Agents:**

M/s MAS SERVICES LIMITED T-34, Okhla Industrial Area, Phase II, Delhi – 110 020

**(k) Share Transfer System:**

Share Transfers are registered and returned in the normal course within an average period of 15 days from the date of receipt, if the documents are in order in all respects.

**(l) Distribution of Shareholdings as on 31.03.2018**

No. of Share Holders	% to Total	Shareholding of Nominal Value of Rs.	No of shares	Amount in Rs.	% to Total
14321	90.382	1 TO 5000	1858600	18586000	6.753
703	4.437	5001 TO 10000	573632	5736320	2.084
370	2.335	10001 TO 20000	568781	5687810	2.067
150	0.947	20001 TO 30000	387182	3871820	1.407
49	0.309	30001 TO 40000	183866	1838660	0.668
53	0.334	40001 TO 50000	252318	2523180	0.917
66	0.417	50001 TO 100000	517227	5172270	1.879
133	0.839	100001 AND ABOVE	23180794	231807940	84.225
<b>15845</b>	<b>100</b>	<b>TOTAL</b>	<b>27522400</b>	<b>275224000</b>	<b>100</b>

**(m) Dematerialization of Shares**

The shares of the Company have been dematerialized. The position of dematerialization is given below:

Form	No. of Shares (As on 31.03.2018)
De-mat	26401641
Physical	1120759

- (n) The company has not issued any ADR/GDR.

- (o) There was no hedging activities, commodity price risk or foreign exchange risk.

**(p)** The company's Plant is located at village Rojra Chak, District Raisen, M.P

**(q)** Address for correspondence: 23, Zone- II, Maharana Pratap Nagar, Bhopal – 462011

**(r) 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/ and/or 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**

**BY ORDER OF BOARD OF DIRECTORS**

Place: Bhopal  
Dated: 06.07.2018

Jagdish Kumar Arora  
Chairman And Managing Director

**ANNEXURE V TO THE DIRECTORS REPORT**

**CERTIFICATE OF COMPLIANCE OF THE CONDITIONS OF CORPORATE GOVERNANCE**

To,

The Members  
Som Distilleries & Breweries Ltd

Sirs,

We have examined the compliance of the conditions of Corporate Governance by Som Distilleries and Breweries Limited for the year ended on 31.03.2018 as stipulated in para E of schedule V read with regulation no. 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring compliance of the conditions of Corporate Governance.

In our opinion and to the best of our information and according to the explanations given to us and subject to what is stated in the Financial Statement for 2017-18 read with the Auditors and Directors reports thereon, the company has generally complied with the conditions of corporate governance as stipulated in the above mentioned Regulations.

We further state that such compliance is neither an assurance as to the future viability of the company nor efficiency or effectiveness with which the Management has conducted the affairs of the company.

**FOR M. M. CHAWLA & ASSOCIATES**

Place: Bhopal  
Dated: 06.07.2018

M. M. CHAWLA  
**FCS67 CP71**

**ANNEXURE VI TO THE DIRECTORS REPORT**

**Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016**

1.	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year.	Remuneration given to Directors is NIL.
2.	The percentage increase in remuneration of each director, C.F.O, C.E.O, Company secretary or manager, if any, in the financial year.	Company Secretary – NIL % Chief Financial Officer – 12 % Managing Director – N.A. (No Salary)
3.	The percentage increase in the medium remuneration of employees in the financial year.	8.1 %
4.	The number of permanent employees on the rolls of company.	106 Employees
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	There has been approx. 8.1 % average increase in the salaries of the employees. The comparison cannot be done since no remuneration was being paid to any Director.
6.	Affirmation that the remuneration is as per the remuneration policy of the company	No remuneration policy has been framed so far.

**RULE 5(2) AND 5(3) INFORMATION OF TOP TEN EMPLOYEES INCLUDING ALL THOSE DRAWING  
RS 8.5 LAKHS PER MONTH OR RS 102 LAKH PER ANNUM: NIL**

1. None of the above employees holds any shares in the Company.
2. None of the above employees is related to any Director or Manager of the Company.

**BY ORDER OF BOARD OF DIRECTORS**

Place: Bhopal  
Dated: 06.07.2018

Jagdish Kumar Arora  
Chairman And Managing Director

**INDEPENDENT AUDITORS REPORT  
TO THE MEMBERS OF SOM DISTILLERIES & BREWERIES LIMITED**

**Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of **SOM DISTILLERIES & BREWERIES LIMITED** ('the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit and Loss, (including Other Comprehensive Income), the Statement of Changes in Equity, and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in sub section 5 of Section 134 of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in the equity of the Company in accordance with Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under sub section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the

Ind AS, of the financial position of the Company as at 31<sup>st</sup> March, 2018, and its financial performance including the Other Comprehensive Income, its cash flows and the Changes in Equity for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016, issued by the Government of India in terms of subsection 11 of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to information and explanations given to us, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by subsection 3 of Section 143 of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e. On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2018 taken on record by the Board of Directors, none of the Directors are disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a Director in terms of subsection 2 of Section 164 of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note **39** to the standalone Ind AS financial statements;
    - ii. As per the information given to us, the Company does not foresee any losses on any long term contracts and has therefore not made any provision. We have been informed that the Company has not entered into any derivative contracts;
    - iii. The amount of unpaid dividend required to be transferred to the Investor Education and Protection Fund during the year ended 31<sup>st</sup> March, 2018 has been so transferred on 19<sup>th</sup> April, 2018.

**For R. N. GUPTA & ASSOCIATES**  
Chartered Accountants  
Firm Registration No. 001419C

6, New Market (1<sup>st</sup> Floor),  
T.T. Nagar,  
BHOPAL 462 003  
Dated: 06.06.2018

R.N. Gupta  
Proprietor  
Membership No. 070590

**SOM DISTILLERIES & BREWERIES LIMITED**  
**Year ended 31.03.2018**

**Annexure A to the Independent Auditors' Report**

(Referred to in para 1 under 'Report on other Legal and Regulatory Requirements' section of our Report of even date)

- i. (a) As per the information given to us, the Company is reported to have maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.  
  
(b) We have been informed that the fixed assets have been physically verified by the Management at the close of the financial year and no discrepancies are reported have been noticed on such verification.  
  
(c) As per the records and information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.
- ii. As per the information given to us the inventory has been physically verified, at reasonable intervals, during the year, by the Management and no material discrepancies are stated to have been noticed.
- iii. As per the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act other than to a wholly owned subsidiary. Accordingly, the provisions of paragraph 3(iii) are not applicable.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of the loans and guarantees and security provided by it, to the extent applicable.
- v. According to the information given to us, the Company has not, accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. As per the explanations given to us, the Central Government has not specified maintenance of cost records in respect of the Company's products.
- vii. (a) According to the records of the Company, Provident Fund, Sales Tax, State Excise duty, Value Added Tax, cess and other statutory dues have been regularly deposited with the appropriate authorities.  
  
(b) As per the information and explanations given to us, the statutory dues which have not been deposited on account of disputes are as follows:

Name of Statute	Nature of dues	Amount (Rupees in lacs)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
M P Entry Tax Act, 1976	Entry Tax	48.94	2007-08	M.P. Commercial Tax Appeal Board, Bhopal vide order dated 20.02.2018 partly set aside the order of Commercial Tax Authority. The matter is presently pending for readjudication before the said authority.
M P Entry Tax Act, 1976	Entry Tax	13.95	2012-13	Appeal Board Commercial Tax, Bhopal
Income Tax Act, 1961	Tax after assessment	5.67	2010-11	Commissioner of Income Tax Appeals
Income Tax Act, 1961	Tax after assessment	70.28	2012-13	Commissioner of Income Tax Appeals
Income Tax Act, 1961	Tax after assessment	425.18	2013-14	Commissioner of Income Tax Appeals

- viii. As per the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayments of loans or borrowings to any financial institutions or bank or Government or dues to debenture holders, as applicable, as at balance sheet date.
- ix. According to the information and explanations given to us the moneys raised by way of term loans have been applied, on an overall basis, for the purpose for which they were obtained. The Company has not raised any moneys by way of initial public offer or any other further public offer (including debt instruments).
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted accounting practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. As per its records this Company has not, during the year paid any managerial remuneration.
- xii. As it is not a Nidhi company and the Nidhi Rules 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of section 177 and 188 of the Act where applicable. The details of related party transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- xiv. Based on our examination of its records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us by the Management, the Company has not entered into any non-cash transactions with its Directors or persons connected with them. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

**For R. N. GUPTA & ASSOCIATES**  
Chartered Accountants  
Firm Registration No. 001419C

6, New Market (1<sup>st</sup> Floor),  
T.T. Nagar,  
BHOPAL 462 003  
Dated: 06.06.2018

R.N. Gupta  
Proprietor  
Membership No. 070590



## **SOM DISTILLERIES & BREWERIES LIMITED**

**Year ended 31.03.2018**

### **Annexure B to Independent Auditors' Report**

(Referred to in para 2 (f) under 'Report on other Legal and Regulatory Requirements' section of our Report of even date)

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI** ("the Company"), as of 31<sup>st</sup> March, 2018, in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### **Management Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

1. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under subsection 10 of section 143 of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
2. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.
3. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of

the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statement in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

However, despite it being a less complex Company, for more effective financial controls it needs to:

- a) formally codify the system of internal financial controls,
- b) document operations and effectively monitor controls, and
- c) more effectively segregate duties.

We have considered the matters identified and reported above and they do not affect our opinion on the financial statements of the Company.

6, New Market (1<sup>st</sup> Floor),  
T.T. Nagar,  
BHOPAL 462 003  
Dated: 06.06.2018

**For R. N. GUPTA & ASSOCIATES**

Chartered Accountants  
Firm Registration No. 001419C

R.N. Gupta  
Proprietor  
Membership No. 070590

**SOM DISTILLERIES & BREWERIES LIMITED**  
**BALANCE SHEET AS AT 31.03.2018**

PARTICULARS	Note	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>ASSETS</b>				
<b>(1) Non-current Assets</b>				
(a) Property, Plant and Equipment	4	68,31,86,031	59,53,97,417	60,60,03,947
(b) Capital Work-in-progress		-	5,02,92,654	4,20,48,507
(c) Other Intangible Assets	5	1,12,87,228	-	-
(d) Intangible Assets under development		-	72,70,628	-
(e) Financial Assets				
(i) Investments	6	51,00,00,000	39,30,00,000	-
(ii) Other Financial Assets	7	13,50,18,797	5,62,36,147	5,40,73,595
<b>(2) Current Assets</b>				
(a) Inventories	8	25,76,50,903	23,56,18,927	28,72,07,852
(b) Financial Assets				
(i) Trade Receivables	9	69,85,42,938	49,46,32,401	65,92,58,932
(ii) Cash and cash equivalents	10	24,47,55,834	29,45,94,105	19,77,24,987
(iii) Loans	11	34,06,23,030	22,83,00,464	40,63,12,988
(c) Other Current Assets	12	29,93,56,263	66,33,46,115	63,89,87,373
<b>TOTAL ASSETS</b>		<b>3,18,04,21,025</b>	<b>3,01,86,88,858</b>	<b>2,89,16,18,181</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital	13	27,52,24,000	27,52,24,000	27,52,24,000
(b) Other Equity	14	1,33,52,90,873	1,13,28,51,445	1,04,10,44,959
<b>Liabilities</b>				
<b>(1) Non-current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	15	26,08,82,255	40,66,25,506	41,03,73,733
(ii) Other	16	2,38,68,276	4,14,88,276	5,23,28,276
(b) Deferred Tax Liabilities	17	12,20,12,766	11,21,80,065	11,42,53,831
<b>(2) Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	18	4,63,54,879	20,20,12,547	37,81,96,030
(ii) Trade Payables		29,01,97,177	21,79,66,642	18,90,52,696
(iii) Other Financial Liabilities	19	57,21,13,765	39,02,55,826	30,35,28,253
(b) Other Current Liabilities	20	11,38,91,816	8,95,58,464	6,14,59,104
(c) Provisions	21	55,08,484	60,10,312	44,42,938
(d) Current Tax Liabilities (Net)		13,50,76,734	14,45,15,774	6,17,14,361
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,18,04,21,025</b>	<b>3,01,86,88,858</b>	<b>2,89,16,18,181</b>

As per our Report of even date

**For R. N. Gupta & Associates**

Chartered Accountants

Firm Registration No: 001419C

For and on Behalf of the Board

R.N. Gupta

(Proprietor)

Membership No. 070590

S. Lal

(Director)

J.K. Arora

(Chairman & Managing Director)

Bhopal

Dated: 06.06.2018

Rajesh Dubey

(Chief Financial Officer)

Mayank Bhadauria

(Company Secretary)

**SOM DISTILLERIES & BREWERIES LIMITED**  
**YEAR ENDED 31.03.2018**  
**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**

Particulars	Note	Year Ended 31.03.2018 (Rs.)	Year Ended 31.03.2017 (Rs.)
Revenue from operations		4,28,51,11,779	3,01,80,54,450
Other Income	22	1,90,05,017	3,06,81,649
<b>Total Revenue</b>		<b>4,30,41,16,796</b>	<b>3,04,87,36,099</b>
<b>Expenses:</b>			
Cost of Materials Consumed	23	1,65,90,01,485	1,27,23,86,979
Changes in Inventories of Finished Goods and Work in Progress		2,72,52,043	(1,69,69,526)
Excise Duties		77,89,41,702	57,08,98,362
Employees Remuneration & Benefits	24	7,10,55,943	6,89,84,291
Finance Costs	25	8,78,02,834	11,28,87,048
Depreciation		4,25,77,473	3,57,28,863
Other Expenses	26	1,16,31,32,711	76,76,78,837
<b>Total Expenses</b>		<b>3,82,97,64,191</b>	<b>2,81,15,94,854</b>
<b>Profit Before Tax</b>		<b>47,43,52,605</b>	<b>23,71,41,245</b>
<b>Tax Expenses:</b>			
Current tax	27	16,28,03,155	8,33,06,329
Previous Year Taxes		4,92,84,416	1,42,97,016
Deferred Tax		99,38,233	(20,33,202)
<b>Profit/(Loss) for the year</b>		<b>25,23,26,801</b>	<b>14,15,71,103</b>
<b>Other Comprehensive Income (OCI)</b>			
Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement of defined benefit plans		(3,04,935)	(1,17,211)
Income Tax effect on above		1,05,532	40,564
<b>Total Comprehensive Income for the year</b>		<b>25,21,27,398</b>	<b>14,14,94,456</b>
Earning Per Equity Share:			
(1) Basic		9.17	5.14
(2) Diluted		9.17	5.14
<b>Significant Accounting Policies</b>	[2]		

As per our Report of even date

**For R. N. Gupta & Associates**  
Chartered Accountants  
Firm Registration No: 001419C

For and on Behalf of the Board

R.N. Gupta  
(Proprietor)  
Membership No. 070590

S. Lal  
(Director)

J.K. Arora  
(Chairman & Managing Director)

Bhopal  
Dated: 06.06.2018

Rajesh Dubey  
(Chief Financial Officer)

Mayank Bhadauria  
(Company Secretary)

**SOM DISTILLERIES & BREWERIES LIMITED**  
**YEAR ENDED 31.03.2018**  
**Cash Flow Statement**

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
<b>Cash flow from operating activities</b>		
Profit before Tax	47,43,52,605	23,71,41,245
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation on continuing operations	4,25,77,473	3,57,28,863
Interest Expense	8,78,02,834	11,28,87,048
Profit on sale of Fixed Assets	(42,86,619)	(84,98,073)
<b>Operating profit before working capital changes</b>	<b>60,04,46,293</b>	<b>37,72,59,083</b>
<b>Movements in working capital:</b>		
Increase/(decrease) in trade payables	7,22,30,535	2,89,13,946
Increase/(decrease) in short term provisions	(5,01,828)	15,67,374
Increase/(decrease) in other current financial liabilities	18,18,57,939	8,67,27,573
Increase/(decrease) in other current liabilities	1,84,90,741	2,67,11,139
Increase/(decrease) in other long term liabilities	(1,76,20,000)	(1,08,40,000)
Decrease/(increase) in trade receivables	(20,39,10,537)	16,46,26,531
Decrease/(increase) in inventories	(2,20,31,976)	5,15,88,925
Decrease/(increase) in long term loans	(7,87,82,650)	(21,62,552)
Decrease/(increase) in short term loans	(11,23,22,566)	17,80,12,523
Decrease/(increase) in other current assets	36,36,84,916	(2,44,75,953)
<b>Cash generated from/(used in) operations</b>	<b>80,15,40,867</b>	<b>87,79,28,588</b>
Direct Taxes Paid (net of refunds)	(21,56,84,001)	(1,34,13,710)
<b>Net Cash flow from/ (used in) operating activities (A)</b>	<b>58,58,56,866</b>	<b>86,45,14,879</b>
<b>Cash flow from Investing activities</b>		
Purchase of fixed assets, CWIP and capital advances	(8,43,71,888)	(4,30,12,036)
Proceeds from sale of fixed assets	45,68,475	1,08,73,002
Investment in Subsidiary	(11,70,00,000)	(39,30,00,000)
<b>Net Cash flow from/ (used in) Investing activities (B)</b>	<b>(19,68,03,413)</b>	<b>(42,51,39,034)</b>
<b>Cash flow from Financing activities</b>		
Bank borrowings	(30,14,00,919)	(17,99,31,709)
Interest paid	(8,78,02,834)	(11,28,87,048)
Dividend paid	(4,12,83,600)	(4,12,83,600)
Dividend distribution tax	(84,04,370)	(84,04,370)
<b>Net Cash flow from/ (used in) Financing activities (C)</b>	<b>(43,88,91,723)</b>	<b>(34,25,06,727)</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	<b>(4,98,38,270)</b>	<b>9,68,69,118</b>
Cash and cash equivalents at the beginning of the year	29,45,94,105	19,77,24,987
<b>Cash and cash equivalents at the end of the year</b>	<b>24,47,55,835</b>	<b>29,45,94,105</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	59,48,956	1,11,04,371
With Banks - in current account	19,19,79,502	24,31,62,775
With Banks - in deposit account	4,68,27,376	4,03,26,959
<b>Total Cash and cash equivalents</b>	<b>24,47,55,834</b>	<b>29,45,94,105</b>

As per our Report of even date  
**For R. N. Gupta & Associates**  
Chartered Accountants  
Firm Registration No: 001419C

For and on Behalf of the Board

R.N. Gupta  
(Proprietor)  
Membership No. 070590

S. Lal  
(Director)

J.K. Arora  
(Chairman & Managing Director)

Bhopal  
Dated: 06.06.2018

Rajesh Dubey  
(Chief Financial Officer)

Mayank Bhadauria  
(Company Secretary)

**SOM DISTILLERIES & BREWERIES LIMITED**  
**Year ended 31.03.2018**

**Statement of Changes in Equity**

**A. Equity Share Capital**

Balance as at 01.04.2016	27,52,24,000
Changes in Equity Share Capital during the year	-
Balance as at 01.04.2017	27,52,24,000
Changes in Equity Share Capital during the year	-
Balance as at 31.03.2018	27,52,24,000

**B. Other Equity**

	Reserves and Surplus			Total
	Capital Reserve	Securities Premium Reserve	Retained Earnings	
<b>Balance as at April 01, 2016</b>	<b>39,30,000</b>	<b>12,21,11,040</b>	<b>86,46,08,769</b>	<b>99,06,49,809</b>
Changes due to adoption of IND AS	-	-	5,03,95,150	5,03,95,150
Restated balance at the beginning of the year	39,30,000	12,21,11,040	91,50,03,919	1,04,10,44,959
Total Comprehensive Income for the year			14,14,94,456	14,14,94,456
Dividends			(4,12,83,600)	(4,12,83,600)
Dividend Distribution Tax			(84,04,370)	(84,04,370)
<b>Balance as at March 31, 2017</b>	<b>39,30,000</b>	<b>12,21,11,040</b>	<b>1,00,68,10,405</b>	<b>1,13,28,51,445</b>
Total Comprehensive Income for the year			25,21,27,398	25,21,27,398
Final Dividends Paid			(4,12,83,600)	(4,12,83,600)
Dividend Distribution Tax			(84,04,370)	(84,04,370)
<b>Balance as at March 31, 2018</b>	<b>39,30,000</b>	<b>12,21,11,040</b>	<b>1,20,92,49,834</b>	<b>1,33,52,90,873</b>

As per our Report of even date

**For R. N. Gupta & Associates**

Chartered Accountants

Firm Registration No: 001419C

For and on Behalf of the Board

R.N. Gupta

(Proprietor)

Membership No. 070590

S. Lal

(Director)

J.K. Arora

(Chairman & Managing Director)

Bhopal

Dated: 06.06.2018

Rajesh Dubey

(Chief Financial Officer)

Mayank Bhaduria

(Company Secretary)

**SOM DISTILLEREIS & BREWERIES LIMITED**  
**YEAR ENDED 31.03.2018**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. COMPANY INFORMATION**

Som Distilleries & Breweries Limited is a public company domiciled in India and incorporated under the provisions of Companies Act, 1956. Its shares are listed on the National Stock Exchange and Bombay Stock Exchange. The Company is engaged in the manufacture and sale of Beer and Indian Made Foreign Liquor (IMFL). The Company is a market leader in Beer in the State of Madhya Pradesh. The Company caters to both domestic and international markets.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis for preparation**

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis, and the provisions of the Companies Act, 2013 ('Act') to the extent notified. The Ind AS are prescribed under section 133 of the Act read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereof.

For all periods up to and including the year ended March 31, 2017, the Company had prepared its financial statements in accordance accounting standards notified under the section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the (year ended March 31, 2018) are the first Ind AS financial statements that the Company has prepared in accordance with Ind AS. The adoption of Ind AS was carried out in accordance with Ind AS 101, *First Time Adoption of Indian Accounting Standards*.

Refer to note 3 for information on how the Company adopted Ind AS.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 70 days for the purpose of current/ non-current classification of assets and liabilities.

**2.2 Revenue recognition**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the Institute of Chartered Accountants of India ('ICAI'), the Company has assumed that recovery of State excise duty flows to the Company on its own account and hence is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty. However, sales tax/ value added tax (VAT) is not received by the Company on its own account and is tax collected on value added to the commodity by the seller on behalf of the Government. Accordingly, it is excluded from revenue.

**2.3 Expenditure**

Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.

## 2.4 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management.

The Company depreciates property, plant and equipment over their estimated useful lives using the straight line method. The estimated useful lives of assets are as follows:

Asset class	Useful Life (in years)
<b>Building and civil work</b>	
Roads	10
Labour Quarters*	15
Factory Buildings	30
Computer Hardware	3
Electrical Installation*	25
Furniture and Fixtures	10
Office Equipment	5
Plant & Machinery*	25
Tubwell	5
Vehicles	8

\* Based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence, the useful lives for the assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

The residual values, useful lives and methods of depreciation and amortization of property, plant and equipment and intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

## 2.5 Inventories

Inventories are stated at lower of cost and net realizable value. Costs are arrived at as follows:

- (i) Raw materials, components, packing material, stores and spares on first in first out basis.
- (ii) Stock in process and finished goods taking into account the annual average cost of materials consumed, direct production expenses, interest, depreciation and related Government duties.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## 2.6 Foreign Currency Transactions

The functional currency of the Company is the Indian rupee (INR). These standalone Ind AS financial statements are presented in INR.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised as income or expenses in the period in which they arise.

## 2.7 Retirement and other employee benefits Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period when the employees render the services. These benefits include performance incentives and compensated absences.



## **Post-Employment Benefits**

### **Defined Contribution Plans**

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund. The Company has no obligation other than the contribution payable to the Provident Fund.

The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

### **Defined Benefit Plans**

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation done as per projected unit credit method, carried out by an independent actuary at the end of the year.

The Company makes contributions to a trust administered and managed by an insurance company to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Company, although insurance Company administers the scheme.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss - Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

## **2.8 Taxes on Income Current income tax**

Current income tax liabilities are measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is also recognized outside profit or loss (either in OCI or in equity in correlation to the underlying transaction). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## **2.9 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

### **Financial assets at amortized cost**

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of financial asset gave rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

### **Financial asset at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on principal amount outstanding and selling financial assets.

### **Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless it measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss immediately recognized in statement of profit and loss.

### **Financial liabilities**

Financial liabilities which carry a floating rate of interest are measured at amortized cost using the effective interest method.

## **Equity Instruments**

An equity instrument is a contract that evidences residual interest in the asset of the company after deducting all its liabilities. Equity instrument by the company are recognized at the proceeds received net of direct issue cost.

## **2.10 Impairment**

### **i) Financial assets (other than at fair value)**

The companies assesses at each date of Balance sheet whether a financial asset or a company of financial assets is impaired. Ind AS 109 required expected credit losses to be measured through a loss allowance. The company recognizes lifetime expected losses for all contract assets and/or all trade receivables that do not constitute of financial transaction. For all other financial asset, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

### **ii) Non-financial assets**

#### **Tangible and Intangible assets**

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flow that are largely independent of those from

other assets. In such, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount of the asset (or CGU) is reduced to its recoverable amount. An important loss is recognized in the statement of profit and loss.

#### **2.11 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement, if any.

#### **2.12 Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

#### **2.13 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. These exchange difference are presented in finance cost to the extent which the exchange loss does not exceed the difference between the costs of borrowing in functional currency when compared to the cost of borrowing in a foreign currency.

#### **2.14 Earnings per equity share ('EPS')**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

#### **2.15 Cash and cash equivalents**

Cash and cash equivalent in the balance sheet and cash flow statement comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### **3. First time adoption of Ind AS**

These financial statements, for the year ended March 31, 2018, are the first financial statements that the Company has prepared in accordance with Ind AS together with the comparative period data as at and for the year ended March 31, 2017. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2016, the Company's date of transition to Ind AS. This note explains the adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2016 and the financial statements as at and for the year ended March 31, 2017.

## **Reconciliation between previous GAAP and Ind AS**

### **i) Equity Reconciliation**

Particulars	As at March 31, 2017	As at April 01, 2016
<b>Equity as per IGAAP</b>	<b>1,35,54,99,184</b>	<b>1,26,58,73,809</b>
Adjustments:		
Re-measurement of Borrowings	21,38,496	17,89,049
Re-measurements of Defined Benefit Plans	23,40,415	-
Tax Adjustments	(15,90,620)	(10,81,869)
Proposed Dividend and Tax thereon	4,96,87,970	4,96,87,970
<b>Equity under Ind AS</b>	<b>1,40,80,75,445</b>	<b>1,31,62,68,959</b>

#### **a) Measurement of borrowings**

Under Ind AS the upfront fees for loans is amortized over the period of the loan. Under previous GAAP the upfront fees is transferred to profit and loss in the year in which the loan is disbursed. This has resulted in increase in equity of Rs. 17 lacs as at April 1, 2016 and decrease in equity of Rs. 21 lacs as at March 3, 2017.

#### **b) Gratuity**

Under Previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gain/losses form part of re-measurement of net defined benefit liability/asset which is recognised in other comprehensive income in the respective years. This difference has resulted in increase in net profit of Rs. 23, 40,415 for the year ended March 31, 2017. However the same does not result in difference in other comprehensive income.

#### **c) Tax adjustments**

Tax adjustments include deferred tax impact on account of differences between previous GAAP and Ind AS. These adjustments have resulted in a decrease in equity under Ind AS by Rs. 15,90,620 and Rs.10,81,869 as at March 31, 2017 and April 1, 2016 respectively.

#### **d) Recognition of Dividend**

Under Ind AS, dividend to holders of equity instruments is recognized as a liability in the year in which the obligation to pay is established. Under previous GAAP, dividend payable was recorded as a liability in the year to which it relates. This has resulted in an increase in equity by Rs. 4,96,87,970 (including proposed dividend tax) as at March, 2017 and April 1, 2016.

### **ii) Profit Reconciliation**

Reconciliation of Net Profit with reported figures for the previous year ended 31.03.2017

Particulars	Amount
<b>Net Profit as per AS</b>	<b>13,93,13,345</b>
<b>Adjustments as per Ind AS</b>	
Re-measurement of Borrowings	3,49,447
Re-measurements of Defined Benefit Plans	10,03,400
Actuarial Gain/Loss taken to OCI	1,17,211
Deferred Tax Impact	(5,49,315)
<b>Net Profit as per Ind AS</b>	<b>14,02,34,088</b>

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK		
	AS AT 01.04.2016	ADDITION/ (DISPOSAL) DURING 2016-17	AS AT 31.03.2017	ADDITION/ (DISPOSAL) DURING 2017-18	AS AT 31.03.2018	UPTO 31.03.2016	FOR THE YEAR /(DISPOSAL)	Upto 31.03.2017	FOR THE YEAR 2017-18	Upto 31.03.2018	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 01.04.2016
LAND (FREEHOLD) & SITE DEVELOPMENT	1,04,51,783	-	1,04,51,783	29,60,900	1,34,12,683	-	-	-	-	-	1,34,12,683	1,04,51,783	1,04,51,783
BUILDINGS & CIVIL WORKS	16,21,27,668	12,33,708	16,33,61,376	78,44,237	17,12,05,613	6,36,25,453	65,39,497	7,01,64,950	69,03,131	7,70,68,081	9,41,37,532	9,31,96,426	9,85,02,215
PLANT & MACHINERY	79,55,64,353	2,35,11,394 (91,25,000)	80,99,50,747	5,95,25,733 (75,76,367)	86,19,00,113	32,12,75,487	2,43,71,497 (86,68,750)	34,56,46,984 (86,68,750)	2,44,43,587 (73,35,498)	36,14,21,821 (73,35,498)	50,78,13,790	47,29,72,513	47,42,88,866
FURNITURE & FIXTURES	19,75,771	21,85,810	41,61,581	9,06,604	50,68,185	18,76,505	22,980	18,99,485	2,59,162	21,58,647	29,09,538	22,62,096	99,266
OFFICE EQUIPMENTS	70,41,050	5,66,349	76,07,399	22,53,354	98,60,753	58,79,573	3,45,616	62,25,189	4,07,700	66,32,889	32,27,863	13,82,210	11,61,477
VEHICLES	6,21,94,884	- (1,36,24,310)	4,85,70,574	5,71,57,114 (8,19,750)	10,49,07,938	4,06,94,543	44,49,272 (1,17,05,631)	4,51,43,815 (1,17,05,631)	1,05,63,892 (7,78,763)	4,40,02,076 (7,78,763)	6,16,84,625	1,51,32,390	2,15,00,341
TOTAL	1,03,93,55,510	47,47,952	1,04,41,03,461	12,22,51,825	1,16,63,55,285	43,33,51,560	3,57,28,863 (2,03,74,381)	44,87,06,042	4,25,77,473 (81,14,261)	48,31,69,254	68,31,86,031	59,53,97,418	60,60,03,948
Capital work in Progress	4,20,48,507	82,44,147	5,02,92,654	(5,02,92,654)	-						-	5,02,92,654	4,20,48,507
GRAND TOTAL											68,31,86,031	64,56,90,072	64,80,52,455

[illegible]

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

	<b>As At 31.03.2018</b>	<b>As At 31.03.2017</b>	<b>As At 01.04.2016</b>
<b>[6] <u>Investment</u></b>			
<b>Investment in Subsidiary - (Unquoted)</b>			
5,10,00,000 (Previous Year 3,93,00,000) Equity Shares of Rs.10 each in Woodpecker Distilleries & Breweries Private Ltd.	51,00,00,000	39,30,00,000	-
<b>Total</b>	<b>51,00,00,000</b>	<b>39,30,00,000</b>	<b>-</b>
<b>[7] <u>Other Financial Assets</u></b>			
<b><u>Security Deposits</u></b>			
Security Deposit	12,37,84,628	4,82,65,697	4,65,17,595
Earnest Money	1,12,34,169	79,70,450	75,56,000
<b>Total</b>	<b>13,50,18,797</b>	<b>5,62,36,147</b>	<b>5,40,73,595</b>
<b>Note:</b> All the above amounts are unsecured and considered good.			
<b>[8] <u>Inventories</u></b>			
(as taken, valued and certified by the Management)			
Raw Materials	4,53,73,512	2,77,26,565	3,88,88,327
Stores, Consumables & Packing Materials	9,66,95,411	6,50,58,339	12,24,55,028
Stock In Process	3,58,10,670	3,53,63,730	3,34,30,537
Finished Goods	7,97,71,310	10,74,70,293	9,24,33,960
<b>Total</b>	<b>25,76,50,903</b>	<b>23,56,18,927</b>	<b>28,72,07,852</b>
<b>[9] <u>Trade Receivables</u></b>			
(Unsecured, Considered good)			
Outstanding for a period exceeding six months	1,46,69,402	1,03,87,280	1,38,44,438
Other Debts	68,38,73,537	48,42,45,121	64,54,14,494
<b>Total</b>	<b>69,85,42,938</b>	<b>49,46,32,401</b>	<b>65,92,58,932</b>
<b>[10] <u>Cash and Cash Equivalents</u></b>			
Cash in hand	59,48,956	1,11,04,371	13,95,33,513
<u>Balance With Scheduled Banks</u>			
Current Accounts	19,19,79,502	24,31,62,775	3,44,78,440
Deposit Accounts	3,92,57,475	3,40,24,940	1,85,87,857
<u>Other Bank Balances</u>			
Unpaid Dividend Accounts	75,69,901	63,02,019	51,25,177
<b>Total</b>	<b>24,47,55,834</b>	<b>29,45,94,105</b>	<b>19,77,24,987</b>
<b>[11] <u>Current Loans</u></b>			
Advances to Related Parties	34,06,23,030	78,30,618	-
Advances to Retailers	-	22,04,69,846	40,63,12,988
<b>Total</b>	<b>34,06,23,030</b>	<b>22,83,00,464</b>	<b>40,63,12,988</b>
<b>Note:</b> All the above amounts are unsecured and considered good.			
<b>[12] <u>Other Current Assets</u></b>			
Capital Advances	1,72,04,325	11,77,08,552	8,66,51,125
Staff Advances	1,32,31,110	1,26,58,693	29,62,111
Prepaid Expenses	6,61,16,643	5,23,92,448	4,54,68,063
Advances to Suppliers	15,85,64,725	11,87,42,566	10,96,77,560
Trade Advances to Related Parties	4,25,10,667	36,09,43,911	39,42,28,513
Other Assets	17,28,793	8,99,945	-
<b>Total</b>	<b>29,93,56,263</b>	<b>66,33,46,115</b>	<b>63,89,87,373</b>

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

	<b>As At 31.03.2018</b>	<b>As At 31.03.2017</b>	<b>As At 01.04.2016</b>
<b>[13] Equity Share Capital</b>			
<b>Authorized</b>			
3,50,00,000 Equity Shares of Rs. 10 each	35,00,00,000	35,00,00,000	35,00,00,000
<b>Issued, Subscribed and Fully Paid</b>			
2,75,22,400 Equity Shares of Rs. 10 each	27,52,24,000	27,52,24,000	27,52,24,000

**Terms/Rights attached to the shares**

(a) The Company has only one class of Equity Shares having par value of Rs.10 per share. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the company after the distribution of all preferential amounts, in proportion to their shareholding.

**(b) Details of Shareholders holding more than 5% Shares in the Company.**

NAME OF SHARE HOLDERS	<b>As at 31.03.2018</b>		<b>As at 31.03.2017</b>		<b>As at 01.04.2016</b>	
	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
Som Distilleries Private Limited	30,32,717	11.02%	30,30,180	11.01%	30,29,832	11.01%
Sh. Jagdish Kumar Arora	18,88,827	6.86%	18,19,667	6.61%	18,12,472	6.59%

	<b>As At 31.03.2018</b>	<b>As At 31.03.2017</b>	<b>As At 01.04.2016</b>
<b>[14] Other Equity</b>			
<b>Capital Reserve</b>	39,30,000	39,30,000	39,30,000
(Amount forfeited against share warrants)			
<b>Securities Premium Reserve</b>	12,21,11,040	12,21,11,040	12,21,11,040
<b>Surplus - In Statement of Profit &amp; Loss</b>			
Balance as per last Financial Statement	1,00,68,10,405	91,50,03,919	83,01,94,539
Add: Comprehensive Income during the year	25,21,27,398	14,14,94,456	13,44,97,350
Amount available for appropriation	<b>1,25,89,37,803</b>	<b>1,05,64,98,375</b>	<b>96,46,91,889</b>
<b>Less:</b>			
Final Dividend Paid	4,12,83,600	4,12,83,600	4,12,83,600
Dividend Distribution Tax	84,04,370	84,04,370	84,04,370
<b>Balance at the end of the year</b>	<b>1,20,92,49,833</b>	<b>1,00,68,10,405</b>	<b>91,50,03,919</b>
<b>Total Reserves &amp; Surplus</b>	<b>1,33,52,90,873</b>	<b>1,13,28,51,445</b>	<b>1,04,10,44,959</b>

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

	Non-Current			Current Maturities		
	As At	As At	As At	As At	As At	As At
	31.03.2018	31.03.2017	01.04.2016	31.03.2018	31.03.2017	01.04.2016
<b>[15] Borrowings</b>						
<b><u>Long Term Borrowings</u></b>						
(i) IFCI Venture Capital Funds Ltd. (Unsecured)	8,64,97,387	16,20,87,052	11,09,09,329	7,33,33,336	5,30,55,556	5,50,00,000
(ii) IFCI Ltd. (Secured)	14,55,75,955	24,13,22,504	29,32,53,126	7,30,00,000	7,30,00,000	7,30,00,000
(iii) Vehicle Loans (Secured)						
(Secured by hypothecation of respective vehicles)						
From Banks	3,66,009	32,15,950	62,11,278	26,14,441	27,16,429	29,60,778
From Others	2,84,42,904	-		79,85,266	-	
<b>Grand Total</b>	<b>26,08,82,255</b>	<b>40,66,25,506</b>	<b>41,03,73,733</b>	<b>15,69,33,043</b>	<b>12,87,71,985</b>	<b>13,09,60,778</b>

**Notes:**

- (a) Loan from IFCI Venture Capital Funds Ltd. is secured by personal guarantees of promoters and collaterals given by related party.
- (b) Loan from IFCI Ltd. is secured by mortgage of land and hypothecation of the factory plant & machinery.
- (c) Interest on vehicle loans varies from 10.25% to 10.75% per annum. Tenor of these loans ranges from 3 to 5 years. Respective vehicles have been hypothecated to the lending institutions to secure their loans. Repayment of these loans is regular as per the fixed equated monthly instalments.

	As At	As At	As At
	31.03.2018	31.03.2017	01.04.2016
<b>[16] <u>Other Long Term Financial Liabilities</u></b>			
Security Deposits (Unsecured)	2,38,68,276	4,14,88,276	5,23,28,276
<b>Total</b>	<b>2,38,68,276</b>	<b>4,14,88,276</b>	<b>5,23,28,276</b>

	As At	As At	As At
	31.03.2018	31.03.2017	01.04.2016
<b>[17] <u>Deferred Tax Liability (Net)</u></b>			
Difference between depreciation as per books of account and the Income Tax Act 1961.	13,96,20,383	12,78,26,949	13,02,37,591
Others	18,35,155	15,90,622	10,81,868
<b>Gross Deferred Tax Liability</b>	<b>14,14,55,538</b>	<b>12,94,17,571</b>	<b>13,13,19,459</b>
<b><u>Deferred Tax Assets</u></b>			
Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis	31,21,811	9,16,545	7,44,667
MAT Credit difference	1,63,20,961	1,63,20,961	1,63,20,961
<b>Gross Deferred Tax Assets</b>	<b>1,94,42,772</b>	<b>1,72,37,506</b>	<b>1,70,65,628</b>
<b>Deferred Tax Liability (Net)</b>	<b>12,20,12,766</b>	<b>11,21,80,065</b>	<b>11,42,53,831</b>

**Notes:**

- (a) Deferred tax assets and Deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities.
- (b) Deferred tax assets and Deferred tax liabilities relate to income taxes levied by the same taxation authority.



**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

	<b>As At</b>	<b>As At</b>	<b>As At</b>
	<b>31.03.2018</b>	<b>31.03.2017</b>	<b>01.04.2016</b>
<b>[18] Borrowings</b>			
<b><u>Short Term Borrowings</u></b>			
Cash Credit from Bank	4,63,54,879	20,20,12,547	37,81,96,030
(Secured by way of hypothecation of entire current assets of the company)			
<b>Total</b>	<b>4,63,54,879</b>	<b>20,20,12,547</b>	<b>37,81,96,030</b>
<b>[19] Other Financial Liabilities</b>			
Current maturities of long-term borrowing	15,69,33,043	12,87,71,985	13,09,60,778
Bank Overdrafts (Book)	5,94,27,533	5,81,65,449	3,54,27,945
Un paid Dividend	75,69,901	63,02,019	51,25,177
Expenses Payable	11,41,44,172	13,19,83,940	8,61,92,465
Other Payables	23,40,39,116	6,50,32,433	4,58,21,889
<b>Total</b>	<b>57,21,13,765</b>	<b>39,02,55,826</b>	<b>30,35,28,253</b>
<b>[20] Other Current Liabilities</b>			
Advances from Customers	2,63,69,612	1,83,92,652	88,62,878
Statutory Dues Payable	6,44,49,886	5,39,36,104	3,67,54,740
Dividend Tax	2,30,72,318	1,72,29,708	1,58,41,486
<b>Total</b>	<b>11,38,91,816</b>	<b>8,95,58,464</b>	<b>6,14,59,104</b>
<b>[21] Short Term Provisions</b>			
Employee Benefits	55,08,484	60,10,312	44,42,938
<b>Total</b>	<b>55,08,484</b>	<b>60,10,312</b>	<b>44,42,938</b>
	<b><u>Year Ended</u></b>	<b><u>Year Ended</u></b>	
	<b><u>31.03.2018</u></b>	<b><u>31.03.2017</u></b>	
<b>[22] Other Income</b>			
Interest	34,55,905	24,03,863	
Profit on Sale of Fixed Assets	42,86,619	84,98,073	
Other Revenues	1,12,62,494	1,97,79,713	
<b>Total</b>	<b>1,90,05,017</b>	<b>3,06,81,649</b>	
<b>[23] Cost of Materials Consumed</b>			
Opening Stocks	9,12,23,467	16,13,43,355	
Add: <u>Purchases</u>			
Raw Materials & Chemicals	70,53,53,039	48,25,68,971	
Packing Material	1,00,44,93,902	71,96,98,120	
Less: Closing Stocks	14,20,68,923	9,12,23,467	
<b>Total</b>	<b>1,65,90,01,485</b>	<b>1,27,23,86,979</b>	
<b>[24] Employee Remuneration &amp; Benefits</b>			
Salaries, Allowances & Bonus	6,65,10,798	6,65,98,494	
Employer's contribution to Provident & Gratuity Fund	18,20,494	1,74,580	
Staff Welfare Expenses	27,24,651	22,11,217	
<b>Total</b>	<b>7,10,55,943</b>	<b>6,89,84,291</b>	
<b>[25] Financial Costs</b>			
Interest to Bank & FIs	8,04,58,513	11,08,08,852	
Interest to Others	73,44,321	20,78,196	
<b>Total</b>	<b>8,78,02,834</b>	<b>11,28,87,048</b>	

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

	<b>Year Ended 31.03.2018</b>	<b>Year Ended 31.03.2017</b>
<b>[26] Other Expenses</b>		
Consumables	1,51,82,113	1,16,15,848
Power and Fuel	9,29,63,441	7,26,41,827
Labour	3,44,65,620	2,65,43,782
Rent	41,44,508	30,90,100
<b>Repairs</b>		
Buildings	31,77,054	24,88,640
Machinery	5,33,63,743	4,48,69,328
Others	11,78,041	17,73,908
Insurance	17,99,579	15,67,921
Rates and Taxes (Other than on Income)	18,06,96,734	7,02,02,793
Miscellaneous Expenses	89,90,568	93,46,495
Auditors Remuneration		
(a) Audit Fees	2,53,700	1,89,750
(b) Other Services	3,18,600	52,864
Donations & CSR	1,11,16,404	52,23,824
Travelling & Conveyance	1,36,94,616	1,11,29,339
Legal & Professional	2,15,03,642	1,39,51,936
Sales Promotion	44,22,29,609	29,33,15,754
Advertisement & Publicity	1,84,27,518	1,38,85,952
Freight Outward	21,59,67,735	14,12,71,467
Other Selling Expenses	1,32,31,611	1,22,99,815
General Expenses	1,06,20,954	1,39,91,676
Postage, Telegrams & Telephones	1,15,58,336	90,81,977
Vehicle Running & Maintenance	82,48,585	91,43,841
<b>Total</b>	<b><u>1,16,31,32,711</u></b>	<b><u>76,76,78,837</u></b>
<b>[27] Taxation</b>		
<b>Components of Income Tax Expense</b>		
Current Tax	16,28,03,155	8,33,06,329
Deferred Tax	99,38,233	(20,33,202)
<b>Total</b>	<b><u>17,27,41,388</u></b>	<b><u>8,12,73,127</u></b>
<b>Reconciliation of Income Tax with Accounting Profits</b>		
Profit Before Tax	47,43,52,605	23,71,41,245
Applicable Tax Rate	34.608%	34.608%
Computed Tax Expense	16,41,63,950	8,20,69,842
Tax Effect of:		
Expenses of Prev. year allowed	(13,60,795)	12,36,487
Current Tax Provision (A)	<b>16,28,03,155</b>	<b>8,33,06,329</b>
Increase in Deferred Tax Liability on account of Tangible and Intangible Assets	1,17,93,434	(24,10,642)
Decrease in Deferred Tax Liability on account of Other Assets	(19,60,733)	3,36,876
<b>Deferred Tax Provision (B)</b>	<b><u>99,38,233</u></b>	<b><u>(20,33,202)</u></b>
<b>Total (A+B)</b>	<b><u>17,27,41,388</u></b>	<b><u>8,12,73,127</u></b>
Effective Tax Rate	36.42%	34.27%

## **Other Notes**

**28)** The Company had sought but has not received information from any of the suppliers of their being a Micro, Small or Medium Enterprise Unit under the Micro, Small and Medium Enterprises Development Act, 2006. Hence, amounts due to Micro and Small Scale Enterprises outstanding as on 31<sup>st</sup> March, 2018 are not ascertainable.

## **29) Employees Benefits:**

The required disclosures of employees benefits as per Ind AS – 19 are given hereunder:-

### **(i) In respect of Short Term Employee Benefits:**

The Company has at present only the scheme of cumulative benefit of leave encashment payable at the end of each calendar year and the same have been provided for on accrual basis.

### **(ii) In respect of Defined Benefit Scheme ( Based on Actuarial Valuation ) of Gratuity:**

#### **Table Showing Changes in Present Value of Obligations:**

<b>Period</b>	<b>From 01.04.17 To 31.03.18</b>	<b>From 01.04.16 To 31.03.17</b>
Present value of the obligation at the beginning of the period	34,39,031	30,08,323
Interest cost	2,66,525	2,25,624
Current service cost	3,74,625	2,76,586
Past Service Cost	0	
Benefits paid (if any)	(1,78,616)	(2,76,922)
Actuarial (gain)/loss	2,62,725	2,05,420
Present value of the obligation at the end of the period	41,64,290	34,39,031

#### **Key results:**

<b>Period</b>	<b>As on 31.03.18</b>	<b>As on 31.03.17</b>
Present value of the obligation at the end of the period	41,64,290	34,39,031
Fair value of plan assets at end of period	58,93,083	43,38,976
Net liability/(asset) recognized in Balance Sheet and related analysis	(17,28,793)	(8,99,945)
Funded Status	17,28,793	8,99,945

#### **Expense recognized in the statement of Profit and Loss:**

<b>Period</b>	<b>From 01.04.17 To 31.03.18</b>	<b>From 01.04.16 To 31.03.17</b>
Interest cost	2,66,525	2,25,624
Current service cost	3,74,625	2,76,586
Past Service Cost	0	0
Expected return on plan asset	(3,36,271)	(2,25,089)
Expenses to be recognized in P&L	3,04,879	2,77,121

#### **Other comprehensive (income) / expenses (Remeasurement)**

<b>Period</b>	<b>From 01.04.17 To 31.03.18</b>	<b>From 01.04.16 To 31.03.17</b>
Actuarial (gain)/loss – obligation	2,62,725	2,05,420
Actuarial (gain)/loss - plan assets	42,210	(88,209)
Total Actuarial (gain)/loss	3,04,935	1,17,211

**Table showing changes in the Fair Value of Planned Assets:**

Period	From 01.04.17 To 31.03.18	From 01.04.16 To 31.03.17
Fair value of plan assets at the beginning of the period	43,38,976	30,01,182
Expected return on plan assets	3,36,271	2,25,089
Contributions	14,38,662	13,01,418
Benefits paid	(1,78,616)	(2,76,922)
Actuarial gain/(loss) on plan assets	(42,210)	88,209
Fair Value of Plan Asset at the end of the Period	58,93,083	43,38,976

**Table showing Fair Value of Planned Assets:**

Period	From 01.04.17 To 31.03.18	From 01.04.16 To 31.03.17
Fair value of plan assets at the beginning of the period	43,38,976	30,01,182
Actual return on plan assets	2,94,061	3,13,298
Contributions	14,38,662	13,01,418
Benefits paid	(1,78,616)	(2,76,922)
Fair value of plan assets at the end of the period	58,93,083	43,38,976

**Actuarial (Gain)/Loss on Planned Assets:**

Period	From 01.04.17 To 31.03.18	From 01.04.16 To 31.03.17
Actual return on plan assets	2,94,061	3,13,298
Expected return on plan assets	3,36,271	2,25,089
Actuarial gain/ (Loss)	(42,210)	88,209

**The assumptions employed for the calculations are tabulated:**

Discount rate	7.75 % per annum	7.50 % per annum
Salary Growth Rate	5.00 % per annum	5.00 % per annum
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
Expected rate of return	7.75% per annum	7.50% per annum
Withdrawal rate (Per Annum)	2.00% p.a.	2.00% p.a.

The estimates of rate of escalation in salary considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant facts.

**Funding arrangements and funding policy**

The company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the company. Any deficit in the assets arising as results of such valuation is funded by the company

**Expected contribution during the next annual reporting period**

Period	From 01.04.17 To 31.03.18	From 01.04.16 To 31.03.17
The Company's best estimate of Contribution during the next year.	4,68,269	3,44,062

**Sensitivity Analysis:**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below:

Period	As on 31.03.18
Defined Benefit Obligation (Base)	41,64,290 @ Salary Increase Rate : 5%, and discount rate :7.75%
Liability with x%	
- increase in Discount Rate	38,49,745; x=1.00% [Change (8)% ]
- decrease in Discount Rate	45,22,225; x=1.00% [Change 9% ]
- increase in Salary Growth Rate	45,28,545; x=1.00% [Change 9% ]
- decrease in Salary Growth Rate	38,39,147; x=1.00% [Change (8)% ]
- increase in Withdrawal Rate	42,21,865; x=1.00% [Change 1% ]
- decrease in Withdrawal Rate	41,00,168; x=1.00% [Change (2)% ]

### 30) Imports

a) Value of Imports Calculated on CIF Basis (As certified by the Management)	2017-18	2016-17
i) Raw & Packing Materials	2,77,97,834	2,23,00,553
ii) Components and Spare Parts	1,00,48,987	96,67,745
iii) Capital Goods	1,80,68,566	2,29,51,761
b) Expenditure in Foreign Currency		
Bank Charges	85,191	2,34,302

### 30) Consumption of raw material, packing materials, stores, spares consumed. (As certified by the Management)

Particulars	Raw Materials & Packing Materials		Stores & Spares	
	2017-18	2016-17	2017-18	2016-17
<b>Imported</b>				
Percentage	1.46%	1.13%	18.83%	21.61%
Value (Rs)	2,42,21,173	1,43,78,441	1,00,48,987	96,97,745
<b>Indigenous</b>				
Percentage	98.54%	98.87%	81.17%	78.39%
Value (Rs)	1,63,47,80,311	1,25,80,08,538	4,33,14,756	3,51,71,538
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Total</b>	<b>1,65,90,01,484</b>	<b>1,27,23,86,979</b>	<b>5,33,63,743</b>	<b>4,48,69,328</b>

### 32) Earnings in Foreign Exchange

Exports of Goods calculated on FOB Basis	2017-18	2016-17
	2,20,24,071	67,82,262

### 33) Contingent Liabilities

	2017-18	2016-17
Claims against the Company not acknowledged as debts/ disputed	62,89,585	62,89,585
- Commercial Tax Department	5,01,12,550	7,53,66,210
- Income Tax Department		
Guarantees given by Bankers on behalf of the company not provided for	8,29,99,756	9,49,79,384
Corporate guarantee given to a bank on behalf of another company	50,00,00,000	4,75,00,000
Estimated amount of contracts remaining to be executed on capital account and not provided for.	-	85,00,000

### 34) **Financial Instruments**

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instruments are disclosed.

#### **(a) Financial assets and liabilities**

The break-up of financial assets and liabilities carried at amortized cost are as follows:

	March 31, 2018	March 31, 2017	April 01, 2016
<b>Financial Assets:</b>			
Cash and cash equivalents	24,47,55,834	29,45,94,105	19,77,24,987
Trade receivables	69,85,42,938	49,46,32,401	65,92,58,932
Loans	34,06,23,030	22,83,00,464	40,63,12,988
Investments	51,00,00,000	39,30,00,000	-
Other Financial Assets	13,50,18,797	5,62,36,147	5,40,73,595
<b>Total</b>	<b>1,92,89,40,600</b>	<b>1,46,67,63,117</b>	<b>1,31,73,70,502</b>
<b>Financial Liabilities:</b>			
Trade and other payables	29,01,97,177	21,79,66,642	18,90,52,696
Borrowings	30,72,37,134	60,86,38,053	78,85,69,763
Other financial liabilities	59,59,82,041	43,17,44,102	35,58,56,529
<b>Total</b>	<b>1,19,34,16,352</b>	<b>1,25,83,48,797</b>	<b>1,33,34,78,988</b>

#### **(b) Financial risk management objectives and policies**

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds unquoted investments in a wholly owned subsidiary.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The senior management reviews and agrees policies for managing each of these risks, which are summarised below.

##### **a. Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include deposits, investments and borrowings.

##### **(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's borrowings with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on borrowings affected, with all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	As at 31.03.2018		As at 31.03.2017	
	1% increase	1% decrease	1% increase	1% decrease
Impact on profit before tax	(318857)	318857	(454344)	454344

##### **(ii) Commodity price risk**

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of Beer and therefore require a continuous supply of Barley. The Company's Board of Directors has developed and enacted a risk management strategy

regarding commodity price risk and its mitigation. The following table shows the effect of price changes in Barley:

	As at 31.03.2018		As at 31.03.2017	
	1% increase	1% decrease	1% increase	1% decrease
Impact on profit before tax	(2601317)	2601317	(1962243)	1962243

**b. Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and credit worthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled revenue, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the other financial instruments of the company result in material concentration of audit risk.

**c. Liquidity risk**

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The table below summarises the maturity profile of the Company's financial liabilities:

As At March 31, 2018	Maturities			Total Carrying value
	Upto 1 year	1-2 years	> 2 Years	
<b>Financial Liabilities:</b>				
Non-Current Borrowings	-	14,54,19,699	11,54,62,556	26,08,82,255
Current Borrowings	4,63,54,879	-	-	4,63,54,879
Trade and other payables	29,01,97,177	-	-	29,01,97,177
Other financial liabilities	57,21,13,765	-	2,38,68,276	59,59,82,041
<b>Total</b>	<b>90,86,65,821</b>	<b>14,54,19,699</b>	<b>13,93,30,832</b>	<b>1,19,34,16,352</b>

As At March 31, 2017	Maturities			Total Carrying value
	Upto 1 year	1-2 years	> 2 Years	
<b>Financial Liabilities:</b>				
Non-Current Borrowings	-	14,89,57,429	25,76,68,076	40,66,25,506
Current Borrowings	20,20,12,547	-	-	20,20,12,547
Trade and other payables	21,79,66,642	-	-	21,79,66,642
Other financial liabilities	39,02,55,826	-	4,14,88,276	43,17,44,102
<b>Total</b>	<b>81,02,35,015</b>	<b>14,89,57,429</b>	<b>29,91,56,352</b>	<b>1,25,83,48,797</b>

35) The company is engaged in the business of manufacture and sale of Alcoholic beverages (Beer and IMFL) which constitutes a single business segment. The company's exports outside India did not exceed the threshold limits for disclosure as envisaged in Ind AS 108 on "Operating Segments" issued by the Institute of Chartered Accountants of India. In view of the above, primary and secondary reporting disclosures for business/ geographical segment as envisaged in Ind AS – 108 are not applicable to the Company.

36) Disclosure Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 186 of the Companies act, 2013

	2017-18	2016-17
Loans and advances in the nature of loans to subsidiary: Woodpecker Distilleries & Breweries Private Limited, Mumbai		
- Balances as at the year end	34,05,65,780	78,30,618
- Maximum amount outstanding at any time during the year	44,76,01,055	78,30,618

37) Information as per Ind AS 24: "Related Party Disclosures" is:

a) **Related Party**

Subsidiary	Key Management Personnel	Others
Woodpecker Distilleries & Breweries Private Limited, Mumbai	J.K. Arora	Som Distilleries Private Limited
	S. Lal	

b) **Transactions with Related Parties**

(In Rupees)

Nature of Transactions	Woodpecker Distilleries & Breweries Private Limited, Mumbai	Som Distilleries Private Limited
Purchase of Goods/Services	-	14,50,83,000
Other transactions	(Dr) 83,95,67,749 (Cr) 51,07,18,787	(Dr) 21,45,61,237 (Cr) 38,79,11,481
Sale of assets (In the nature of loan)	38,86,200	-
Closing Balance	34,05,65,780	4,25,10,667

38) Earnings per share in accordance with Ind AS 33 on "Earnings per Share" are given below:

S. No.	Particulars	31.03.2018	31.03.2017
a)	Numerator Profit/(Loss) after tax Rs.	25,21,23,369	14,10,31,740
b)	Weighted average number of equity shares Nos.	2,75,22,400	2,75,22,400
c)	Basic & Diluted earnings per shares (Rs.)	9.17	5.13
d)	Nominal value of shares (Rs.)	10.00	10.00

- 39) The company's pending litigations pertain to claims and cases occurring in the normal course of business. The company has reviewed its pending litigations and expects that the outcome of the proceedings will not have any material effect on its financial position.
- 40) During the financial year 2017-18, the company has spent an amount of Rs.111.16 lakhs (previous year Rs. 27.21 lakhs) on Corporate Social Responsibility for the purpose of children education and medical aid.
- 41) Balances standing at the debit or credit in the accounts of various parties are subject to confirmation and reconciliation.
- 42) Previous year's figures have been regrouped/ restated wherever considered necessary to make them comparable to those of the current year.
- 43) All figures in the Balance Sheet, Profit & Loss Account and Schedules have been rounded off to the nearest rupee.

As per our Report of even date

**For R. N. Gupta & Associates**

Chartered Accountants

Firm Registration No: 001419C

For and on Behalf of the Board

R.N. Gupta  
(Proprietor)  
Membership No. 070590

S. Lal  
(Director)

J.K. Arora  
(Chairman & Managing Director)

Bhopal  
Dated: 06.06.2018

Rajesh Dubey  
(Chief Financial Officer)

Mayank Bhadauria  
(Company Secretary)



## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF SOM DISTILLERIES & BREWERIES LIMITED**

#### **Report on the Consolidated Ind AS Financial Statements**

We have audited the accompanying consolidated Ind AS financial statements of **SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI** (hereinafter referred to as 'the Holding Company') and its subsidiary **"WOODPECKER DISTILLERIES & BREWERIES PRIVATE LIMITED"** (the Holding Company and its subsidiary together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the Consolidated Ind AS Financial Statements').

#### **Management's Responsibility for the Consolidated Ind AS Financial Statements**

The Holding Company's Board of Directors is responsible for the matters stated in sub section 5 of Section 134 of the Companies Act, 2013 ('the Act') with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Ind AS Financial Statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated financial position of the Group, as at 31<sup>st</sup> March, 2018, and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year then ended.

## **Report on Other Legal and Regulatory Requirements**

As required by subsection 3 of Section 143 of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of aforesaid consolidated Ind AS financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept by the Group Company so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of presentation of consolidated Ind AS financial statements.
- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the Directors of the Holding Company as on 31<sup>st</sup> March, 2018 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of the subsidiary, none of the Directors of the Group companies is disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a Director in terms of subsection 2 of Section 164 of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on the consolidated financial position in its consolidated Ind AS financial statements – Refer Note 39 to the consolidated Ind AS financial statements.
  - ii. The Group does not foresee any losses on any long-term contracts and has therefore not made any provision. We have been informed that the Group has not entered into any derivative contracts.
  - iii. The amount of unpaid dividend required to be transferred to the Investor Education and Protection Fund during the year ended 31<sup>st</sup> March, 2018 has been so transferred on 19<sup>th</sup> April, 2018.

6, New Market (1<sup>st</sup> Floor),  
T.T. Nagar,  
BHOPAL 462 003  
Dated: 06.06.2018

**For R. N. GUPTA & ASSOCIATES**  
Chartered Accountants  
Firm Registration No. 001419C  
  
R.N. Gupta  
Proprietor  
Membership No. 070590

**SOM DISTILLERIES & BREWERIES LIMITED**

**Year ended 31.03.2018**

**Annexure A to Independent Auditors' Report**

(Referred to in para 2 (f) under 'Report on other Legal and Regulatory Requirements' section of our Report of even date)

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

We have audited the internal financial controls over financial reporting of **SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI** ("the Holding Company") and its subsidiary company which is a company incorporated in India, as of 31<sup>st</sup> March, 2018, in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

**Management Responsibility for Internal Financial Controls**

The respective Boards of Directors of the Holding company and its subsidiary company, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

1. Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under subsection 10 of section 143 of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
2. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.
3. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as

necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Holding Company and its subsidiary company, has an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

However, despite it being a less complex Company, for more effective financial controls it needs to:

- a) formally codify the system of internal financial controls,
- b) document operations and effectively monitor controls, and
- c) more effectively segregate duties.

We have considered the matters identified and reported above and they do not affect our opinion on the financial statements of the Company.

6, New Market (1<sup>st</sup> Floor),  
T.T. Nagar,  
BHOPAL 462 003  
Dated: 06.06.2018

**For R. N. GUPTA & ASSOCIATES**  
Chartered Accountants  
Firm Registration No. 001419C

R.N. Gupta  
Proprietor  
Membership No. 070590

**SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI**  
**CONSOLIDATED BALANCE SHEET AS AT 31.03.2018**

PARTICULARS	Note	As at 31.03.2018	As at 31.03.2017
<b>ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Property, Plant and Equipment	4	76,85,67,233	67,74,98,616
(b) Capital Work-in-progress		94,06,68,423	19,98,91,903
(c) Other Intangible Assets	5	1,12,87,228	-
(d) Intangible Assets under development		-	72,70,628
(e) Financial Assets			
Others	6	13,50,18,797	5,62,36,147
<b>(2) Current Assets</b>			
(a) Inventories	7	28,63,54,552	23,56,18,927
(b) Financial Assets			
(i) Trade Receivables	8	69,85,42,938	49,46,32,401
(ii) Cash and cash equivalents	9	25,57,91,158	31,48,42,373
(iii) Loans	10	44,46,167	22,09,26,406
(c) Other Current Assets	11	56,35,96,888	84,14,86,747
<b>TOTAL ASSETS</b>		<b>3,66,42,73,384</b>	<b>3,04,84,04,147</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	12	27,52,24,000	27,52,24,000
(b) Other Equity	13	1,33,52,90,873	1,13,28,51,445
(c) Non-Controlling Interest		-	1,00,000
<b>Liabilities</b>			
<b>(1) Non-current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14	70,31,11,225	40,75,52,428
(ii) Others	15	2,38,68,276	4,14,88,276
(b) Deferred Tax Liabilities	16	12,20,12,766	11,21,80,065
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	17	4,63,54,879	20,20,12,547
(ii) Trade Payables		29,01,97,177	21,79,66,642
(iii) Other Financial Liabilities	18	61,33,36,828	41,68,95,139
(b) Other Current Liabilities	19	11,42,92,141	9,16,07,518
(c) Provisions	20	55,08,484	60,10,312
(d) Current Tax Liabilities (Net)		13,50,76,734	14,45,15,774
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,66,42,73,384</b>	<b>3,04,84,04,147</b>

As per our Report of even date

**For R. N. Gupta & Associates**

Chartered Accountants

Firm Registration No: 001419C

For and on Behalf of the Board

R.N. Gupta

(Proprietor)

Membership No. 070590

S. Lal

(Director)

J.K. Arora

(Chairman & Managing Director)

Bhopal

Dated: 06.06.2018

Rajesh Dubey

(Chief Financial Officer)

Mayank Bhadauria

(Company Secretary)

**SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI**  
**YEAR ENDED 31.03.2018**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**

Particulars	Note	Year Ended 31.03.2018 (Rs.)	Year Ended 31.03.2017 (Rs.)
Revenue from operations		4,28,51,11,779	3,01,80,54,450
Other Income	21	1,90,05,017	3,06,81,649
<b>Total Revenue</b>		<b>4,30,41,16,796</b>	<b>3,04,87,36,099</b>
<b>Expenses:</b>			
Cost of Materials Consumed	22	1,65,90,01,485	1,27,23,86,979
Changes in Inventories of Finished Goods and Work in Progress		2,72,52,043	(1,69,69,526)
Excise Duties		77,89,41,702	57,08,98,362
Employees Remuneration & Benefits	23	7,10,55,943	6,89,84,291
Finance Costs	24	8,78,02,834	11,28,87,048
Depreciation		4,25,77,473	3,57,28,863
Other Expenses	25	1,16,31,32,711	76,76,78,837
<b>Total Expenses</b>		<b>3,82,97,64,191</b>	<b>2,81,15,94,854</b>
<b>Profit Before Tax</b>		<b>47,43,52,605</b>	<b>23,71,41,245</b>
<b>Tax Expenses:</b>			
Current tax	26	16,28,03,155	8,33,06,329
Previous Year Taxes		4,92,84,416	1,42,97,016
Deferred Tax		99,38,233	(20,33,202)
<b>Profit/(Loss) for the year</b>		<b>25,23,26,801</b>	<b>14,15,71,103</b>
<b>Other Comprehensive Income (OCI)</b>			
Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement of defined benefit plans		(3,04,935)	(1,17,211)
Income Tax effect on above		1,05,532	40,564
<b>Total Comprehensive Income for the year</b>		<b>25,21,27,398</b>	<b>14,14,94,456</b>
Earning Per Equity Share:			
(1) Basic		9.17	5.14
(2) Diluted		9.17	5.14

**Significant Accounting Policies** [2]

As per our Report of even date

**For R. N. Gupta & Associates**

Chartered Accountants

Firm Registration No: 001419C

For and on Behalf of the Board

R.N. Gupta  
(Proprietor)  
Membership No. 070590

S. Lal  
(Director)

J.K. Arora  
(Chairman & Managing Director)

Bhopal  
Dated: 06.06.2018

Rajesh Dubey  
(Chief Financial Officer)

Mayank Bhadauria  
(Company Secretary)

**Consolidated Cash Flow Statement**

<b>Particulars</b>	<b>Amount</b>
<b>Cash flow from operating activities</b>	
Profit before Tax	47,43,52,605
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>	
Depreciation on continuing operations	4,25,77,473
Interest Expense	8,78,02,834
Profit on sale of Fixed Assets	(42,86,619)
<b>Operating profit before working capital changes</b>	<b>60,04,46,293</b>
<b>Movements in working capital:</b>	
Increase/(decrease) in trade payables	7,22,30,535
Increase/(decrease) in short term provisions	(5,01,828)
Increase/(decrease) in other current financial liabilities	19,64,41,688
Increase/(decrease) in other current liabilities	1,68,42,012
Increase/(decrease) in other long term liabilities	(1,76,20,000)
Decrease/(increase) in trade receivables	(20,39,10,537)
Decrease/(increase) in inventories	(5,07,35,625)
Decrease/(increase) in long term loans	(7,87,82,650)
Decrease/(increase) in short term loans	21,64,80,239
Decrease/(increase) in other current assets	27,75,84,923
<b>Cash generated from/(used in) operations</b>	<b>1,02,84,75,050</b>
Direct Taxes Paid (net of refunds)	(21,56,84,001)
<b>Net Cash flow from/ (used in) operating activities (A)</b>	<b>81,27,91,049</b>
<b>Cash flow from Investing activities</b>	
Purchase of fixed assets, CWIP and capital advances	(87,87,21,064)
Proceeds from sale of fixed assets	45,68,475
Purchase of Minority Interest	(1,00,000)
<b>Net Cash flow from/ (used in) Investing activities (B)</b>	<b>(87,42,52,589)</b>
<b>Cash flow from Financing activities</b>	
Bank borrowings	13,99,01,130
Interest paid	(8,78,02,834)
Dividend paid	(4,12,83,600)
Dividend distribution tax	(84,04,370)
<b>Net Cash flow from/ (used in) Financing activities (C)</b>	<b>24,10,326</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	<b>(5,90,51,215)</b>
Cash and cash equivalents at the beginning of the year	31,48,42,373
<b>Cash and cash equivalents at the end of the year</b>	<b>25,57,91,158</b>
<b>Components of cash and cash equivalents</b>	
Cash in hand	1,44,23,047
With Banks - in current account	19,44,40,735
With Banks - in deposit account	4,69,27,376
<b>Total Cash and cash equivalents</b>	<b>25,57,91,158</b>

As per our Report of even date

**For R. N. Gupta & Associates**

Chartered Accountants

Firm Registration No: 001419C

For and on Behalf of the Board

R.N. Gupta  
(Proprietor)  
Membership No. 070590

S. Lal  
(Director)

J.K. Arora  
(Chairman & Managing Director)

Bhopal  
Dated: 06.06.2018

Rajesh Dubey  
(Chief Financial Officer)

Mayank Bhadauria  
(Company Secretary)

**Consolidated Statement of Changes in Equity**

**A. Equity Share Capital**

Balance as at 01.04.2016	27,52,24,000
Changes in Equity Share Capital during the year	-
Balance as at 01.04.2017	27,52,24,000
Changes in Equity Share Capital during the year	-
Balance as at 31.03.2018	27,52,24,000

**B. Other Equity**

	Reserves and Surplus			Total
	Capital Reserve	Securities Premium Reserve	Retained Earnings	
<b>Balance as at April 01, 2016</b>	<b>39,30,000</b>	<b>12,21,11,040</b>	<b>86,46,08,769</b>	<b>99,06,49,809</b>
Changes due to adoption of IND AS	-	-	5,03,95,150	5,03,95,150
Restated balance at the beginning of the year	39,30,000	12,21,11,040	91,50,03,919	1,04,10,44,959
Total Comprehensive Income for the year			14,14,94,456	14,14,94,456
Dividends			(4,12,83,600)	(4,12,83,600)
Dividend Distribution Tax			(84,04,370)	(84,04,370)
<b>Balance as at March 31, 2017</b>	<b>39,30,000</b>	<b>12,21,11,040</b>	<b>1,00,68,10,405</b>	<b>1,13,28,51,445</b>
Total Comprehensive Income for the year			25,21,27,398	25,21,27,398
Final Dividends Paid			(4,12,83,600)	(4,12,83,600)
Dividend Distribution Tax			(84,04,370)	(84,04,370)
<b>Balance as at March 31, 2018</b>	<b>39,30,000</b>	<b>12,21,11,040</b>	<b>1,20,92,49,834</b>	<b>1,33,52,90,873</b>

As per our Report of even date

**For R. N. Gupta & Associates**

Chartered Accountants

Firm Registration No: 001419C

R.N. Gupta  
(Proprietor)  
Membership No. 070590

Bhopal  
Dated: 06.06.2018

For and on Behalf of the Board

S. Lal  
(Director)

Rajesh Dubey  
(Chief Financial Officer)

J.K. Arora  
(Chairman & Managing Director)

Mayank Bhadauria  
(Company Secretary)



**SOM DISTILLEREIS & BREWERIES LIMITED, NEW DELHI**  
**YEAR ENDED 31.03.2018**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**1. GROUP INFORMATION**

Som Distilleries & Breweries Ltd. (the "Company") is a Public company domiciled in India and incorporated under the provisions of Companies Act, 1956. Its shares are listed on the National Stock Exchange and Bombay Stock Exchange. The Company is engaged in the manufacture and sale of Beer and Indian Made Foreign Liquor (IMFL). The Company is a market leader in Beer in the state of Madhya Pradesh. The company caters to both domestic and international markets.

The Company's subsidiary Woodpecker Distilleries & Breweries Private Limited, Mumbai is setting up its brewery in the state of Karnataka which is in an advanced stage of construction. This subsidiary will also manufacture and sell beer and IMFL.

The Company and its Subsidiary Woodpecker Distilleries & Breweries Private Limited, Mumbai have been considered in these consolidated financial statements

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1.1 Basis for preparation**

The Group's Consolidated Financial Statements (CFS) have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 under the provision of the Companies Act, 2013( the 'Act') and subsequent amendments thereof.

For all periods up to and including the year ended March 31, 2017, the Group prepared its CFS in accordance accounting standards notified under the section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP' or 'Previous GAAP'). These financial statements for the year ended March 31, 2018 are the first Ind AS Financial Statements that the Group has prepared in accordance with Ind AS.

Refer to note 3 for information on how the Group adopted Ind AS.

The CFS are prepared on a going concern basis are presented in INR and all values are rounded off to the nearest rupee `(0,00,000) except when otherwise indicated. The CFS have been prepared under the historical cost basis except certain financial assets and liabilities that have been measured at fair value.

All the companies in the Group follow uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of the subsidiary used for the purpose of consolidation is drawn up to the same reporting date as that of the parent company, i.e., year ended on March 31.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as 70 days for the purpose of current/ non-current classification of assets and liabilities.

**2.1.2 Basis of consolidation**

The CFS comprise the financial statements of the Company and its subsidiary as at March 31, 2018. Control is achieved when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the investor controls an investee if and only if the investor has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The Investor re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Holding

Company obtains control over the subsidiary and ceases when the Holding Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the CFS from the date the Holding Company gains control until the date the it ceases to control the subsidiary.

### 2.3 **Revenue recognition**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the Institute of Chartered Accountants of India ('ICAI'), the Group has assumed that recovery of State excise duty flows to the Group on its own account and hence is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty. However, sales tax/ value added tax (VAT) is not received by the Group on its own account and is tax collected on value added to the commodity by the seller on behalf of the Government. Accordingly, it is excluded from revenue.

### 2.4 **Expenditure**

Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.

### 2.5 **Property, plant and equipment**

Freehold land is carried at historical cost. Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management.

Capital work in progress is stated at cost. Capital work-in-progress comprises of plant and machinery, office equipment, electrical installation which are not ready to use and expenditure incurred for construction of building.

The Group depreciates property, plant and equipment over their estimated useful lives using the straight line method. The estimated useful lives of assets are as follows:

Asset class	Useful Life (in years)
<b><u>Building and civil work</u></b>	
Roads	10
Labour Quarters*	15
Factory Buildings	30
<b>Computer Hardware</b>	3
<b>Electrical Installation*</b>	25
<b>Furniture and Fixtures</b>	10
<b>Office Equipment</b>	5
<b>Plant &amp; Machinery*</b>	25
<b>Tube well</b>	5
<b>Vehicles</b>	8

\* Based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence, the useful lives for the assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

The residual values, useful lives and methods of depreciation and amortization of property, plant and equipment and intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

## 2.6 **Inventories**

Inventories are stated at lower of cost and net realizable value. Costs are arrived at as follows:

- (i) Raw materials, components, packing material, stores and spares on first in first out basis.
- (ii) Stock in process and finished goods taking into account the annual average cost of materials consumed, direct production expenses, interest, depreciation and related Government duties.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## 2.7 **Foreign Currency Transactions**

The functional currency of the Group is the Indian rupee (INR). These consolidated Ind AS financial statements are presented in INR.

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised as income or expenses in the period in which they arise.

## 2.8 **Retirement and other employee benefits**

### **Short Term Employee Benefits**

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

These benefits include performance incentives and compensated absences.

### **Post-Employment Benefits**

#### **Defined Contribution Plans**

A defined contribution plan is a post-employment benefit plan under which the Group pays specified contributions to a separate entity. The Group makes specified monthly contributions towards Provident Fund. The Group has no obligation other than the contribution payable to the Provident Fund.

The Group's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

#### **Defined Benefit Plans**

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation done as per projected unit credit method, carried out by an independent actuary at the end of the year.

The Group makes contributions to a trust administered and managed by an insurance Group to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Group, although insurance Group administers the scheme.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss - Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

## 2.9 **Taxes on Income**

### **Current income tax**

Current income tax liabilities are measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is also recognised outside profit or loss (either in OCI or in equity in correlation to the underlying transaction). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 2.10 **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

### **Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of financial asset gave rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

### **Financial asset at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on principal amount outstanding and selling financial assets.

### **Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless it measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to

the acquisition of financial assets and liabilities at fair value through profit and loss immediately recognized in statement of profit and loss.

### **Financial liabilities**

Financial liabilities which carry a floating rate of interest are measured at amortised cost using the effective interest method.

### **Equity Instruments**

An equity instrument is a contract that evidences residual interest in the asset of the Group after deducting all its liabilities. Equity instrument by the Group are recognised at the proceeds received net of direct issue cost.

#### **2.11 Impairment**

##### **(i) Financial assets (other than at fair value)**

The Group assesses at each date of Balance sheet whether a financial asset or a Group of financial assets is impaired. Ind AS 109 required expected credit losses to be measured through a loss allowance. The Group recognizes lifetime expected losses for all contract assets and/or all trade receivables that do not constitute of financial transaction. For all other financial asset, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

##### **(ii) Non-financial assets**

#### **Tangible and Intangible assets**

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flow that are largely independent of those from other assets. In such, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount of the asset (or CGU) is reduced to its recoverable amount. An important loss is recognised in the statement of profit and loss.

#### **2.12 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement, if any.

#### **2.13 Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

#### **2.14 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. These exchange difference are presented in finance cost to the extent which the exchange loss does not exceed the difference between the cost of borrowing in functional currency when compared to the cost of borrowing in a foreign currency.

### 2.15 Earnings per equity share ('EPS')

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

### 2.16 Cash and cash equivalents

Cash and cash equivalent in the balance sheet and cash flow statement comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

## 3. First time adoption of Ind AS

These financial statements, for the year ended March 31, 2018, are the first financial statements that the Group has prepared in accordance with Ind AS together with the comparative period data as at and for the year ended March 31, 2017. In preparing these financial statements, the Group's opening balance sheet was prepared as at April 01, 2016, the Group's date of transition to Ind AS. This note explains the adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2016 and the financial statements as at and for the year ended March 31, 2017.

### Reconciliation between previous GAAP and Ind AS

#### i) Equity Reconciliation

Particulars	As at March 31, 2017	As at April 01, 2016
Equity as per IGAAP	1,35,54,99,184	1,26,58,73,809
Adjustments:		
Remeasurement of Borrowings	21,38,496	17,89,049
Remeasurements of Defined Benefit Plans	23,40,415	-
Tax Adjustments	(15,90,620)	(10,81,869)
Proposed Dividend and Tax thereon	4,96,87,970	4,96,87,970
Equity under Ind AS	1,40,80,75,445	1,31,62,68,959

#### a) Measurement of borrowings

Under Ind AS the upfront fees for loans is amortized over the period of the loan. Under previous GAAP the upfront fees is transferred to profit and loss in the year in which the loan is disbursed. This has resulted in increase in equity of Rs. 17 lacs as at April 1, 2016 and decrease in equity of Rs. Rs. 21 lacs March 31, 2017.

#### b) Gratuity

Under Previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gain losses form part of re-measurement of net defined benefit liability/asset which is recognised in other comprehensive income in the respective years. This difference has resulted in increase in net profit of Rs. 23,40,415 for the year ended March 31, 2017. However the same does not result in difference in other comprehensive income.

**c) Tax adjustments**

Tax adjustments include deferred tax impact on account of differences between previous GAAP and Ind AS. These adjustments have resulted in a decrease in equity under Ind AS by Rs. 15,90,620 and Rs.10,81,869 as at March 31, 2017 and April 1, 2016 respectively.

**d) Recognition of Dividend**

Under Ind AS, dividend to holders of equity instruments is recognised as a liability in the year in which the obligation to pay is established. Under previous GAAP, dividend payable was recorded as a liability in the year to which it relates. This has resulted in an increase in equity by Rs. 4,96,87,970 (including proposed dividend tax) as at March, 2017 and April 1, 2016.

**ii) Profit Reconciliation**

Reconciliation of Net Profit with reported figures for the previous year ended 31.03.2017

<b>Particulars</b>	<b>Amount</b>
<b>Net Profit as per AS</b>	<b>13,93,13,345</b>
<b>Adjustments as per Ind AS</b>	
Remeasurement of Borrowings	3,49,447
Remeasurements of Defined Benefit Plans	10,03,400
Actuarial Gain/loss taken to OCI	1,17,211
Deferred Tax Impact	(5,49,315)
<b>Net Profit as per Ind AS</b>	<b>14,02,34,088</b>

**SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI**  
**YEAR ENDED 31.03.2018**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**[4] Property, Plant and Equipment**

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK		
	AS AT 01.04.2016	ADDITION/ (DISPOSAL) DURING 2016-17	AS AT 31.03.2017	ADDITION/ (DISPOSAL) DURING 2017-18	AS AT 31.03.2018	UPTO 31.03.2016	FOR THE YEAR /(DISPOSAL)	Upto 31.03.2017	FOR THE YEAR 2017-18	Upto 31.03.2018	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 01.04.2016
LAND (FREEHOLD) & SITE DEVELOPMENT	1,04,51,783	8,04,95,978	9,09,47,761	32,61,560	9,42,09,321	-	-	-	-	-	9,42,09,321	9,09,47,761	1,04,51,783
BUILDINGS & CIVIL WORKS	16,21,27,668	12,33,708	16,33,61,376	78,44,237	17,12,05,613	6,36,25,453	65,39,497	7,01,64,950	69,03,131	7,70,68,081	9,41,37,532	9,31,96,426	9,85,02,215
PLANT & MACHINERY	79,55,64,353	2,35,11,394 (91,25,000)	80,99,50,747	5,95,25,733 (75,76,367)	86,19,00,113 -	32,12,75,487	2,43,71,497 (86,68,750)	34,56,46,984 (86,68,750)	2,44,43,587 (73,35,498)	36,14,21,821 (73,35,498)	50,78,13,790	47,29,72,513	47,42,88,866
FURNITURE & FIXTURES	19,75,771	22,72,260	42,48,031	36,23,702	78,71,733	18,76,505	22,980	18,99,485	2,59,162	21,58,647	57,13,086	23,48,546	99,266
OFFICE EQUIPMENTS	70,41,050	6,31,849	76,72,899	24,73,099	1,01,45,998	58,79,573	3,45,616	62,25,189	4,07,700	66,32,889	35,13,108	14,47,710	11,61,477
VEHICLES	6,21,94,884	14,53,271 (1,36,24,310)	5,00,23,845	5,71,99,614 (8,19,750)	10,64,03,709 -	4,06,94,543	44,49,272 (1,17,05,631)	4,51,43,815 (1,17,05,631)	1,05,63,892 (7,78,763)	4,40,02,076 (7,78,763)	6,31,80,396	1,65,85,661	2,15,00,341
<b>TOTAL</b>	<b>1,03,93,55,510</b>	<b>8,68,49,151</b>	<b>1,12,62,04,660</b>	<b>12,55,31,828</b>	<b>1,25,17,36,487</b>	<b>43,33,51,560</b>	<b>3,57,28,863 (2,03,74,381)</b>	<b>44,87,06,042</b>	<b>4,25,77,473 (81,14,261)</b>	<b>48,31,69,254</b>	<b>76,85,67,233</b>	<b>67,74,98,616</b>	<b>60,60,03,948</b>
Capital work in Progress	4,20,48,507	15,78,43,396	19,98,91,903	74,07,76,520	94,06,68,423						94,06,68,423	19,98,91,903	4,20,48,507
<b>GRAND TOTAL</b>											<b>1,70,92,35,656</b>	<b>87,73,90,519</b>	<b>64,80,52,455</b>

**[5] Intangible Assets**

PARTICULARS	GROSS BLOCK					AMORTISATION					NET BLOCK		
	AS AT 01.04.2016	ADDITION/ DURING 2016-17	AS AT 31.03.2017	ADDITION/ DURING 2017-18	AS AT 31.03.2018	UPTO 31.03.2016	FOR THE YEAR 2016-17	Upto 31.03.2017	FOR THE YEAR 2017-18	Upto 31.03.2018	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 01.04.2016
ERP-Computer Softwares	-	-	-	1,12,87,228	1,12,87,228	-	-	-	-	-	1,12,87,228	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,12,87,228</b>	<b>1,12,87,228</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,12,87,228</b>	<b>-</b>	<b>-</b>
Capital work in Progress	-	72,70,628	72,70,628	(72,70,628)	-						-	72,70,628	-



**SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI**  
**YEAR ENDED 31.03.2018**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

	<u>As At 31.03.2018</u>	<u>As At 31.03.2017</u>
<b>[6] <u>Other Financial Assets</u></b>		
<b><u>Security Deposits</u></b>		
Security Deposit	12,37,84,628	4,82,65,697
Earnest Money	1,12,34,169	79,70,450
<b>Total</b>	<b><u>13,50,18,797</u></b>	<b><u>5,62,36,147</u></b>

**Note:** All the above amounts are unsecured and considered good.

<b>[7] <u>Inventories</u></b>		
(as taken, valued and certified by the Management)		
Raw Materials	6,60,44,816	2,77,26,565
Stores, Consumables & Packing Materials	10,47,27,756	6,50,58,339
Stock In Process	3,58,10,670	3,53,63,730
Finished Goods	7,97,71,310	10,74,70,293
<b>Total</b>	<b><u>28,63,54,552</u></b>	<b><u>23,56,18,927</u></b>

<b>[8] <u>Trade Receivables</u></b>		
(Unsecured, considered good)		
Outstanding for a period exceeding six months	1,46,69,402	1,03,87,280
Other Debts	68,38,73,537	48,42,45,121
<b>Total</b>	<b><u>69,85,42,938</u></b>	<b><u>49,46,32,401</u></b>

<b>[9] <u>Cash and Cash Equivalents</u></b>		
Cash in hand	1,44,23,047	1,14,20,208
<u>Balance With Scheduled Banks</u>		
Current Accounts	19,44,40,735	26,30,95,206
Deposit Accounts	3,93,57,475	3,40,24,940
<u>Other Bank Balances</u>		
Unpaid Dividend Accounts	75,69,901	63,02,019
<b>Total</b>	<b><u>25,57,91,158</u></b>	<b><u>31,48,42,373</u></b>

<b>[10] <u>Current Loans</u></b>		
Advances to Related Parties	57,250	-
Advances to Retailers	-	22,04,69,846
Security Deposits	43,88,917	4,56,560
<b>Total</b>	<b><u>44,46,167</u></b>	<b><u>22,09,26,406</u></b>

**Note:** All the above amounts are unsecured and considered good.

<b>[11] <u>Other Current Assets</u></b>		
Capital Advances	21,18,10,859	28,68,21,777
Staff Advances	1,32,81,506	1,26,84,609
Prepaid Expenses	6,61,16,643	5,23,92,448
Advances to suppliers	15,85,64,725	11,87,42,566
Trade Advances to Related Parties	4,25,10,667	36,09,43,911
Other Assets	17,28,793	8,99,945
Preliminary Expenses	35,510	35,510
Preoperative Expenses	6,95,48,185	89,65,981
<b>Total</b>	<b><u>56,35,96,888</u></b>	<b><u>84,14,86,747</u></b>

**SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI**  
**YEAR ENDED 31.03.2018**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

	<b>As At 31.03.2018</b>	<b>As At 31.03.2017</b>
<b>[12] <u>Equity Share Capital</u></b>		
<b>Authorized</b>		
3,50,00,000 Equity Shares of Rs. 10 each	35,00,00,000	35,00,00,000
<b>Issued, Subscribed and Fully Paid</b>		
2,75,22,400 Equity Shares of Rs. 10 each	27,52,24,000	27,52,24,000

**Terms/Rights attached to the shares**

- (a)** The Company has only one class of Equity Shares having par value of Rs.10 per share. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the company after the distribution of all preferential amounts, in proportion to their shareholding.

**(b) Details of Shareholders holding more than 5% Shares in the Company.**

<b>NAME OF SHARE HOLDERS</b>	<b>As at 31.03.2018</b>		<b>As at 31.03.2017</b>	
	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
Som Distilleries Private Limited	30,32,717	11.02%	30,30,180	11.01%
Sh. Jagdish Kumar Arora	18,88,827	6.86%	18,19,667	6.61%

	<b>As At 31.03.2018</b>	<b>As At 31.03.2017</b>
<b>[13] <u>Other Equity</u></b>		
<b>Capital Reserve</b>	39,30,000	39,30,000
(Amount forfeited against share warrants)		
<b>Securities Premium Reserve</b>	12,21,11,040	12,21,11,040
<b>Surplus - In Statement of Profit &amp; Loss</b>		
Balance as per last Financial Statement	1,00,68,10,405	91,50,03,919
Add: Comprehensive Income during the year	25,21,27,398	14,14,94,456
Amount available for appropriation	<b>1,25,89,37,803</b>	<b>1,05,64,98,375</b>
<b>Less:</b>		
Final Dividend Paid	4,12,83,600	4,12,83,600
Dividend Distribution Tax	84,04,370	84,04,370
<b>Balance at the end of the year</b>	<b>1,20,92,49,833</b>	<b>1,00,68,10,405</b>
<b>Total Reserves &amp; Surplus</b>	<b>1,33,52,90,873</b>	<b>1,13,28,51,445</b>

**SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI**  
**YEAR ENDED 31.03.2018**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

	Non-Current		Current Maturities	
	As At 31.03.2018	As At 31.03.2017	As At 31.03.2018	As At 31.03.2017
<b>[14] Borrowings</b>				
<b>Long Term Borrowings</b>				
(i) IFCI Venture Capital Funds Ltd. (Unsecured)	8,64,97,387	16,20,87,052	7,33,33,336	5,30,55,556
(ii) IFCI Ltd. (Secured)	14,55,75,955	24,13,22,504	7,30,00,000	7,30,00,000
(iii) State Bank of India Term Loan	25,16,85,616	-	-	-
(iv) Vehicle Loans (Secured) (Secured by hypothecation of respective vehicles)				
From Banks	9,09,364	41,42,872	26,14,441	27,16,429
From Others	2,84,42,904	-	79,85,266	-
(iv) Others (Unsecured)	19,00,00,000	-	-	-
<b>Grand Total</b>	<b>70,31,11,225</b>	<b>40,75,52,428</b>	<b>15,69,33,043</b>	<b>12,87,71,985</b>

**Notes:**

- (a) Loan from IFCI Venture Capital Funds Ltd. is secured by personal guarantees of promoters and collaterals given by related party.
- (b) Loan from IFCI Ltd. is secured by mortgage of land and hypothecation of the factory plant & machinery.
- (c) Loan from SBI is secured by way of mortgage of Factory Land and Buildings, personal guarantees of three Directors of the Company.
- (d) Interest on vehicle loans varies from 10.25% to 10.75% per annum. Tenor of these loans ranges from 3 to 5 years. Respective vehicles have been hypothecated to the lending institutions to secure their loans. Repayment of these loans is regular as per the fixed equated monthly instalments.

	As At 31.03.2018	As At 31.03.2017
<b>[15] Other Long Term Financial Liabilities</b>		
Security Deposits (Unsecured)	2,38,68,276	4,14,88,276
<b>Total</b>	<b>2,38,68,276</b>	<b>4,14,88,276</b>

	As At 31.03.2018	As At 31.03.2017
<b>[16] Deferred Tax Liability (Net)</b>		
Difference between depreciation as per books of account and the Income Tax Act 1961.	13,96,20,383	12,78,26,949
Others	18,35,155	15,90,622
<b>Gross Deferred Tax Liability</b>	<b>14,14,55,538</b>	<b>12,94,17,571</b>
<b>Deferred Tax Assets</b>		
Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis	31,21,811	9,16,545
MAT Credit difference	1,63,20,961	1,63,20,961
<b>Gross Deferred Tax Assets</b>	<b>1,94,42,772</b>	<b>1,72,37,506</b>
<b>Deferred Tax Liability (Net)</b>	<b>12,20,12,766</b>	<b>11,21,80,065</b>

**Notes:**

- (a) Deferred tax assets and Deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities.
- (b) Deferred tax assets and Deferred tax liabilities relate to income taxes levied by the same taxation authority.

	As At 31.03.2018	As At 31.03.2017
<b>[17] Borrowings</b>		
<b><u>Short Term Borrowings</u></b>		
Cash Credit from Bank	4,63,54,879	20,20,12,547
(Secured by way of hypothecation of entire current assets of the company)		
<b>Total</b>	<b>4,63,54,879</b>	<b>20,20,12,547</b>
<b>[18] Other Financial Liabilities</b>		
Current maturities of long-term borrowing	15,69,33,043	12,87,71,985
Bank Overdrafts (Book)	7,00,99,621	5,81,65,449
Un paid Dividend	75,69,901	63,02,019
Expenses Payable	11,52,36,155	13,24,47,007
Other Payables	26,34,98,108	9,12,08,679
<b>Total</b>	<b>61,33,36,828</b>	<b>41,68,95,139</b>
<b>[19] Other Current Liabilities</b>		
Advances from customers	2,63,69,612	1,83,92,652
Statutory dues payable	6,48,50,212	5,59,85,158
Dividend tax	2,30,72,318	1,72,29,708
<b>Total</b>	<b>11,42,92,141</b>	<b>9,16,07,518</b>
<b>[20] Short Term Provisions</b>		
Employee Benefits	55,08,484	60,10,312
<b>Total</b>	<b>55,08,484</b>	<b>60,10,312</b>
	<b>Year Ended</b>	<b>Year Ended</b>
	<b>31.03.2018</b>	<b>31.03.2017</b>
<b>21] Other Income</b>		
Interest	34,55,905	24,03,863
Profit on Sale of Fixed Assets	42,86,619	84,98,073
Other Revenues	1,12,62,494	1,97,79,713
<b>Total</b>	<b>1,90,05,017</b>	<b>3,06,81,649</b>
<b>[22] Cost of Materials consumed</b>		
Opening Stocks	9,12,23,467	16,13,43,355
Add: <u>Purchases</u>		
Raw Materials & Chemicals)	70,53,53,039	48,25,68,971
Packing Material)	1,00,44,93,902	71,96,98,120
Less: Closing Stocks	14,20,68,923	9,12,23,467
<b>Total</b>	<b>1,65,90,01,485</b>	<b>1,27,23,86,979</b>
<b>[23] Employee Remuneration &amp; Benefits</b>		
Salaries, allowances & bonus	6,65,10,798	6,65,98,494
Employer's contribution to Provident & Gratuity Fund	18,20,494	1,74,580
Staff welfare expenses	27,24,651	22,11,217
<b>Total</b>	<b>7,10,55,943</b>	<b>6,89,84,291</b>
<b>[24] Financial Costs</b>		
Interest to Bank & FIIs	8,04,58,513	11,08,08,852
Interest to Others	73,44,321	20,78,196
<b>Total</b>	<b>8,78,02,834</b>	<b>11,28,87,048</b>

**SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI**  
**YEAR ENDED 31.03.2018**

	Year Ended 31.03.2018	Year Ended 31.03.2017
<b>[25] Other Expenses</b>		
Consumables	1,51,82,113	1,16,15,848
Power and fuel	9,29,63,441	7,26,41,827
Labour	3,44,65,620	2,65,43,782
Rent	41,44,508	30,90,100
<u>Repairs</u>		
Buildings	31,77,054	24,88,640
Machinery	5,33,63,743	4,48,69,328
Others	11,78,041	17,73,908
Insurance	17,99,579	15,67,921
Rates and taxes (Other than on income)	18,06,96,734	7,02,02,793
Miscellaneous expenses	89,90,568	93,46,495
Auditors Remuneration		
(a) Audit fees	2,53,700	1,89,750
(b) Other Services	3,18,600	52,864
Donations & CSR	1,11,16,404	52,23,824
Travelling & Conveyance	1,36,94,616	1,11,29,339
Legal & Professional	2,15,03,642	1,39,51,936
Sales promotion	44,22,29,609	29,33,15,754
Advertisement & Publicity	1,84,27,518	1,38,85,952
Freight outward	21,59,67,735	14,12,71,467
Other selling expenses	1,32,31,611	1,22,99,815
General expenses	1,06,20,954	1,39,91,676
Postage, Telegrams & Telephones	1,15,58,336	90,81,977
Vehicle Running & Maintenance	82,48,585	91,43,841
<b>Total</b>	<b><u>1,16,31,32,711</u></b>	<b><u>76,76,78,837</u></b>

**[26] Taxation**

**Components of Income Tax Expense**

Current Tax	16,28,03,155	8,33,06,329
Deferred Tax	99,38,233	(20,33,202)
<b>Total</b>	<b><u>17,27,41,388</u></b>	<b><u>8,12,73,127</u></b>

**Reconciliation of Income Tax with Accounting Profits**

	<b>31.03.2018</b>	<b>31.03.2017</b>
Profit Before Tax	47,43,52,605	23,71,41,245
Applicable Tax Rate	0.34608	0.34608
Computed Tax Expense	16,41,63,950	8,20,69,842
Tax effect of:		
Expenses of Prev year allowed	(13,60,795)	12,36,487
Current Tax Provision (A)	<b>16,28,03,155</b>	<b>8,33,06,329</b>
Increase in Deferred Tax Liability on account of Tangible and Intangible Assets	1,17,93,434	(24,10,642)
Decrease in Deferred Tax Liability on account of Other Assets	(19,60,733)	3,36,876
<b>Deferred Tax Provision (B)</b>	<b><u>99,38,233</u></b>	<b><u>(20,33,202)</u></b>
<b>Total (A+B)</b>	<b><u>17,27,41,388</u></b>	<b><u>8,12,73,127</u></b>
Effective Tax Rate	36.42%	34.27%

### **Other Notes**

- 27) The Group had sought but has not received information from any of the suppliers of their being a Micro, Small or Medium Enterprise Unit under the Micro, Small and Medium Enterprises Development Act, 2006. Hence, amounts due to Micro and Small Scale Enterprises outstanding as on 31<sup>st</sup> March, 2018 are not ascertainable.

28) **Employees Benefits:**

The required disclosures of employees benefits as per Ind AS – 19 are given hereunder:-

(i) **In respect of Short Term Employee Benefits:**

The Group has at present only the scheme of cumulative benefit of leave encashment payable at the end of each calendar year and the same have been provided for on accrual basis.

(ii) **In respect of Defined Benefit Scheme ( Based on Actuarial Valuation ) of Gratuity:**

**Table Showing Changes in Present Value of Obligations:**

Period	From 01.04.17 To 31.03.18	From 01.04.16 To 31.03.17
Present value of the obligation at the beginning of the period	34,39,031	30,08,323
Interest cost	2,66,525	2,25,624
Current service cost	3,74,625	2,76,586
Past Service Cost	0	0
Benefits paid (if any)	(1,78,616)	(2,76,922)
Actuarial (gain)/loss	2,62,725	2,05,420
Present value of the obligation at the end of the period	41,64,290	34,39,031

**Key results:**

Period	As on 31.03.18	As on 31.03.17
Present value of the obligation at the end of the period	41,64,290	34,39,031
Fair value of plan assets at end of period	58,93,083	43,38,976
Net liability/(asset) recognized in Balance Sheet and related analysis	(17,28,793)	(8,99,945)
Funded Status	17,28,793	8,99,945

**Expense recognized in the statement of Profit and Loss:**

Period	From 01.04.17 To 31.03.18	From 01.04.16 To 31.03.17
Interest cost	2,66,525	2,25,624
Current service cost	3,74,625	2,76,586
Past Service Cost	0	0
Expected return on plan asset	(3,36,271)	(2,25,089)
Expenses to be recognized in P&L	3,04,879	2,77,121

**Other comprehensive (income)/expenses (Remeasurement)**

Period	From 01.04.17 To 31.03.18	From 01.04.16 To 31.03.17
Actuarial (gain)/loss – obligation	2,62,725	2,05,420
Actuarial (gain)/loss - plan assets	42,210	(88,209)
Total Actuarial (gain)/loss	3,04,935	1,17,211

**Table showing changes in the Fair Value of Planned Assets:**

Period	From 01.04.17 To 31.03.18	From 01.04.16 To 31.03.17
Fair value of plan assets at the beginning of the period	43,38,976	30,01,182
Expected return on plan assets	3,36,271	2,25,089
Contributions	14,38,662	13,01,418
Benefits paid	(1,78,616)	(2,76,922)
Actuarial gain/(loss) on plan assets	(42,210)	88,209
Fair Value of Plan Asset at the end of the Period	58,93,083	43,38,976

**Table showing Fair Value of Planned Assets:**

Period	From 01.04.17 To 31.03.18	From 01.04.16 To 31.03.17
Fair value of plan assets at the beginning of the period	43,38,976	30,01,182
Actual return on plan assets	2,94,061	3,13,298
Contributions	14,38,662	13,01,418
Benefits paid	(1,78,616)	(2,76,922)
Fair value of plan assets at the end of the period	58,93,083	43,38,976

**Actuarial (Gain)/Loss on Planned Assets:**

Period	From 01.04.17 To 31.03.18	From 01.04.16 To 31.03.17
Actual return on plan assets	2,94,061	3,13,298
Expected return on plan assets	3,36,271	2,25,089
Actuarial gain/ (Loss)	(42,210)	88,209

**The assumptions employed for the calculations are tabulated:**

Discount rate	7.75 % per annum	7.50 % per annum
Salary Growth Rate	5.00 % per annum	5.00 % per annum
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
Expected rate of return	7.75% per annum	7.50% per annum
Withdrawal rate (Per Annum)	2.00% p.a.	2.00% p.a.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant facts.

**Funding arrangements and funding policy**

The Group has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance Group carries out a funding valuation based on the latest employee data provided by the Group. Any deficit in the assets arising as results of such valuation is funded by the Group

**Expected contribution during the next annual reporting period**

Period	From 01.04.17 To 31.03.18	From 01.04.16 To 31.03.17
The Group's best estimate of Contribution during the next year	4,68,269	3,44,062

**Sensitivity Analysis:**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below:

Period	As on 31.03.18
Defined Benefit Obligation (Base)	41,64,290 @ Salary Increase Rate : 5%, and discount rate :7.75%
Liability with x%	
increase in Discount Rate	38,49,745; x=1.00% [Change (8)%]
decrease in Discount Rate	45,22,225; x=1.00% [Change 9%]
increase in Salary Growth Rate	45,28,545; x=1.00% [Change 9%]
decrease in Salary Growth Rate	38,39,147; x=1.00% [Change (8)%]
increase in Withdrawal Rate	42,21,865; x=1.00% [Change 1%]
decrease in Withdrawal Rate	41,00,168; x=1.00% [Change (2)%]

**29) Imports**

a) Value of Imports Calculated on CIF Basis (As certified by the Management)	2017-18	2016-17
i) Raw & Packing Materials	2,77,97,834	2,23,00,553
ii) Components and Spare Parts	1,00,48,987	96,67,745
iii) Capital Goods	1,80,68,566	2,29,51,761
b) Expenditure in Foreign Currency		
Bank Charges	85,191	2,34,302

**30) Consumption of raw material, packing materials, stores, spares consumed. (As certified by the Management)**

Particulars	Raw Materials & Packing Materials		Stores & Spares	
	2017-18	2016-17	2017-18	2016-17
				<b>Imported</b>
Percentage	1.46%	1.13%	18.83%	21.61%
Value (Rs)	2,42,21,173	1,43,78,441	1,00,48,987	96,97,745
				<b>Indigenous</b>
Percentage	98.54%	98.87%	81.17%	78.39%
Value (Rs)	1,63,47,80,311	1,25,80,08,538	4,33,14,756	3,51,71,538
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Total</b>	<b>1,65,90,01,484</b>	<b>1,27,23,86,979</b>	<b>5,33,63,743</b>	<b>4,48,69,328</b>

**31) Earnings in Foreign Exchange**

Exports of Goods calculated on FOB Basis	2017-18	2016-17
	2,20,24,071	67,82,262

**32) Contingent Liabilities**

	2017-18	2016-17
Claims against the Group not acknowledged as debts/ disputed		
- Commercial Tax Department	62,89,585	62,89,585
- Income Tax Department	5,01,12,550	7,53,66,210
Guarantees given by Bankers on behalf of the Group not provided for	8,29,99,756	9,49,79,384
Corporate guarantee given to a bank on behalf of another Group	50,00,00,000	4,75,00,000
Estimated amount of contracts remaining to be executed on capital account and not provided for.	-	85,00,000

**33) Financial Instruments**

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instruments are disclosed.

**i. Financial assets and liabilities**

The break-up of financial assets and liabilities carried at amortized cost are as follows:

	31.03.2018	31.03.2017
<b>Financial Assets:</b>		
Cash and cash equivalents	25,57,91,158	31,48,42,373
Trade receivables	69,85,42,938	49,46,32,401
Loans	34,06,23,030	22,83,00,464
Other Financial Assets	13,50,18,797	5,62,36,147
<b>Total</b>	<b>1,92,89,40,600</b>	<b>1,46,67,63,117</b>
<b>Financial Liabilities:</b>		
Trade and other payables	29,01,97,177	21,79,66,642
Borrowings	30,72,37,134	60,86,38,053
Other financial liabilities	59,59,82,041	43,17,44,102
<b>Total</b>	<b>1,19,34,16,352</b>	<b>1,25,83,48,797</b>

**ii. Financial risk management objectives and policies**

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Group also holds unquoted investments in a wholly owned subsidiary.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The senior management reviews and agrees policies for managing each of these risks, which are summarised below.



## A. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include deposits, investments and borrowings.

### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rate relates primarily to the Group's borrowings with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on borrowings affected, with all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	As at 31.03.2018		As at 31.03.2017	
	1% increase	1% decrease	1% increase	1% decrease
Impact on profit before tax	(318857)	318857	(454344)	454344

### (ii) Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of Beer and therefore require a continuous supply of Barley. The Group's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

The following table shows the effect of price changes in Barley:

	As at 31.03.2018		As at 31.03.2017	
	1% increase	1% decrease	1% increase	1% decrease
Impact on profit before tax	(2601317)	2601317	(1962243)	1962243

## B. Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and credit worthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled revenue, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the other financial instruments of the Group result in material concentration of audit risk.

## C. Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The table below summarises the maturity profile of the Group's financial liabilities:

As At March 31, 2018	Maturities			Total Carrying value
	Upto 1 year	1-2 years	> 2 Years	
<b>Financial Liabilities:</b>				
Non-Current Borrowings	-	14,54,19,699	11,54,62,556	26,08,82,255
Current Borrowings	4,63,54,879	-	-	4,63,54,879
Trade and other payables	29,01,97,177	-	-	29,01,97,177
Other financial liabilities	57,21,13,765	-	2,38,68,276	59,59,82,041
<b>Total</b>	<b>90,86,65,821</b>	<b>14,54,19,699</b>	<b>13,93,30,832</b>	<b>1,19,34,16,352</b>

As At March 31, 2017	Maturities			Total Carrying value
	Upto 1 year	1-2 years	> 2 Years	
<b>Financial Liabilities:</b>				
Non-Current Borrowings		14,89,57,429	25,76,68,076	40,66,25,506
Current Borrowings	20,20,12,547	-	-	20,20,12,547
Trade and other payables	21,79,66,642	-	-	21,79,66,642

Other financial liabilities	39,02,55,826	-	4,14,88,276	43,17,44,102
<b>Total</b>	<b>81,02,35,015</b>	<b>14,89,57,429</b>	<b>29,91,56,352</b>	<b>1,25,83,48,797</b>

34) The Group is engaged in the business of manufacture and sale of Alcoholic beverages (Beer and IMFL) which constitutes a single business segment. The Group's exports outside India did not exceed the threshold limits for disclosure as envisaged in Ind AS 108 on "Operating Segments" issued by the Institute of Chartered Accountants of India. In view of the above, primary and secondary reporting disclosures for business/ geographical segment as envisaged in Ind AS – 108 are not applicable to the Group.

35) Information as per Ind AS 24: "Related Party Disclosures" is:

**a) Related Parties**

KMPs	Others
J.K. Arora	Som Distilleries Private Limited
S. Lal	

**b) Transactions with Related Parties**

(In Rupees)

Nature of Transactions	Som Distilleries Private Limited
Purchase of Goods/Services	14,50,83,000
Purchase of Asset	45,113
Other transactions	(Dr) 21,45,61,237 (Cr) 38,79,11,481
Closing Balance	(Dr) 1,96,21,454

36) Earnings per share in accordance with Ind AS 33 on "Earnings per Share" are given below:

S. No.	Particulars	31.03.2018	31.03.2017
a)	Numerator Profit/(Loss) after tax Rs.	25,21,23,369	14,10,31,740
b)	Weighted average number of equity shares Nos.	2,75,22,400	2,75,22,400
c)	Basic & Diluted earnings per shares (Rs.)	9.17	5.13
d)	Nominal value of shares (Rs.)	10.00	10.00

37) Upto the reporting date March 31, 2018, the Woodpecker Distilleries and Breweries Pvt. Ltd. had not commenced production and therefore its Statement of Profit and Loss has not been prepared.

38) During the financial year 2017-18, the Group has spent an amount of Rs.111.16 lakhs (previous year Rs. 27.21 lakhs) on Corporate Social Responsibility for the purpose of children education and medical aid.

39) The Group's pending litigations pertain to claims and cases occurring in the normal course of business. The Group has reviewed its pending litigations and expects that the outcome of the proceedings will not have any material effect on its financial position.

40) Balances standing at the debit or credit in the accounts of various parties are subject to confirmation and reconciliation.

41) Previous year's figures have been regrouped/ restated wherever considered necessary to make them comparable to those of the current year.

42) All figures in the Balance Sheet, Profit & Loss Account and Schedules have been rounded off to the nearest rupee.

As per our Report of even date

**For R. N. Gupta & Associates**

Chartered Accountants

Firm Registration No: 001419C

For and on Behalf of the Board

R.N. Gupta  
(Proprietor)  
Membership No. 070590

S. Lal  
(Director)

J.K. Arora  
(Chairman & Managing Director)

Bhopal  
Dated: 06.06.2018

Rajesh Dubey  
(Chief Financial Officer)

Mayank Bhaduria  
(Company Secretary)

**SOM DISTILLERIES & BREWERIES LIMITED CIN: L74899DL1993PLC052787**

**Regd office:** 1A, Zee Plaza, Arjun Nagar, Safdarganj Enclave, Kamal Cinema road, New Delhi-110029

**ATTENDANCE SLIP**

I/We hereby record my/our presence at the 25<sup>th</sup> Annual General Meeting of the above named Company held on Friday, the 28<sup>th</sup> September 2018 at 10.00 A.M. at Executive Club, Dolly Farms and Resorts Pvt. Ltd. 349, Village Shaoorpur, P.O. Fatehpur Beri, New Delhi-110030

**Names and Address of Shareholder:**

**Folio No/ DPID CLIENTID No. :**

SIGNATURE OF THE SHAREHOLDERS OR PROXY	NO. OF SHARES HELD

**Note:** Shareholder/Proxy holder must bring this admission slip to the meeting and hand over at the venue duly signed.

**Date:** \_\_\_\_\_

**Place:** \_\_\_\_\_

**Notes for Shareholders:**

The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the RTA.

Electronic copy of the Annual Report for the year/period ended 31st March, 2018 along with the notice of the 25<sup>TH</sup> Annual General Meeting of the Company (including Attendance Slip and Proxy Form) is being sent to all the members whose email IDs are registered with the RTA/Depository Participants. For members who have not registered their email address, physical copies of the Annual Report are being sent by other permissible means.

Members may also note that the Notice of 25<sup>TH</sup> Annual General Meeting and the Annual Report for period ended 31st March, 2018 will also be available on the Company's website [www.somindia.in](http://www.somindia.in) and on the website of CDSL, [www.evotingindia.com](http://www.evotingindia.com) for their download. Even after registering for e-communication, members are entitled to receive such communication in physical mode & free of cost, upon making a specific request for the same by any permissible mode.

Briefcase, Bag(s), Carry Bag(s), Helmets, Eatables, Drinks, etc. will not be allowed inside the Meeting Hall.

Members may kindly note that no 'Gifts' will be distributed at the Annual General Meeting.

Members / Proxy coming to attend the Annual General Meeting are requested to carry their original photo ID (passport/driving license/ voter's card/PAN card) proof with them for the purpose of verification at the venue.

Members wishing to seek further information or clarification on the Financial Statements or operations of the Company at the meeting are requested to send their queries, at least 10 days before the date of meeting, addressed to the Company Secretary at the registered office of the company.

Members must always mention their Folio / DP-ID & Client ID Number in all correspondence with the company or RTA.

**E-voting**

- a. In Compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company is pleased to offer E-voting facility to the Members of the Company to exercise their right to vote by electronic means in respect of the items contained in the notice.
- b. The Company has engaged the services of Central Depository Services (India) Limited as the Authorized Agency to provide E-voting facility. E-voting is optional and a member may physically vote at the Annual General Meeting at his discretion.
- c. The Board of Directors have appointed FCS Mr. Madan Mohan Chawla, Practising Company Secretary, Bhopal as the Scrutinizer for conducting the E-voting process in fair and transparent manner.
- d. The E-voting facility will be available during the following voting period after which the portal will be blocked and shall not be available for E-voting. Once the vote on a resolution is cast by any member, he/she shall not be allowed to change it subsequently.

Commencement of E-voting, 24th September, 2018, 10:00 a.m. end of E-voting , 27<sup>th</sup> September, 2018, 5:00 p.m.

- e. The cut-off date for the purpose of E-voting is 21st September, 2018. The Voting rights of members shall be in proportion to their equity shareholding in the paid up equity share capital of the company as on cut-off date.
- f. The Results of E-voting and Physical Voting at the Annual General Meeting along with the scrutinizers' report shall be placed on the website of the Company viz. [www.somindia.in](http://www.somindia.in) and shall also be communicated to the Stock Exchange.

**The instructions for shareholders voting electronically are as under:**

(i) The voting period begins on 24.09.2018 at 10:00 a.m. and ends on 27.09.2018 at 5:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21.09.2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

(iv) Click on Shareholders.

(v) Now Enter your User ID

- a. For CDSL: 16 digits beneficiary ID,
- b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
<b>PAN</b>	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (as mentioned on the address label of the envelope of this Annual Report) in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
<b>DOB</b>	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/ mm/yyyy format.
<b>Dividend Details Bank</b>	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for the Som Distilleries and Breweries limited.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xviii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Note for Non-Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.somindia.in](http://www.somindia.in) and on the website of CDSL <http://www.evotingindia.com> within three days of the passing of the Resolutions at the 25<sup>th</sup> AGM of the Company and shall also be communicated to BSE Limited and NSE Limited where the shares of the Company are listed.

**Form No. MGT-11 PROXY FORM [Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]**

**CIN** : L74899DL1993PLC052787

**Name of the company** : SOM DISTILLERIES & BREWERIES LIMITED  
**Registered office** : 1A, ZEE PLAZA, ARJUN NAGAR, SAFDARJUNG ENCLAVE,  
KAMAL CINEMA ROAD, NEW DELHI.110029.

Name of the member (s)	:	
Registered address	:	
E-mail Id	:	
Folio No/ Client Id	:	
DP ID	:	

I/We, being the member (s) holding ..... shares of the above named company, hereby appoint:

Name	:	
Address	:	
E-mail Id	:	
Signature	:	or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25<sup>th</sup> Annual general meeting of the company, to be held on Friday the 28<sup>th</sup> day of September, 2018 at 10.00 a.m. at Executive Club, Dolly Farms and Resorts Pvt. Ltd, 349, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 110030 and at any adjournment thereof in respect of such resolutions as are indicated below:

1. **"Resolved that** Audited Financial Statement as at 31.03.2018 and Reports of the Auditors and Directors' thereon for the year 2017-18 be and are hereby adopted."
2. **"Resolved that** Shri Jagdish Kumar Arora, who retires by rotation at this meeting and has offered himself for reappointment, be and is hereby reappointed as a Director."
3. **"Resolved that** as recommended by the Board of Directors, the company do hereby declare a dividend of 15% i.e. Rs.1.50 per share of Rs.10 on all the 2,75,22,400 equity shares as on 31.3.2018 of the company for the year 2017-18, which dividend may be paid to holders of such shares as on the date of this annual general meeting, not including holders of shares which might be issued hereafter."

## **SPECIAL BUSINESS**

### **4. APPOINTMENT OF SHRI NAKUL KAM SETHI AS WHOLE TIME DIRECTOR**

"Resolved that pursuant to the provision of sections 149,152,160 and 161 read with schedule V of the Companies Act 2013, Shri Nakul Kam Sethi (DIN: 06512548) who was appointed as an additional Director, (Finance and Strategy) from 01.06.2018 and who holds the office of Director up to the date of this Annual General meeting, and in respect of whom the company has received a notice in writing under section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Director (Finance and Strategy), liable to retire by rotation from 01.06.2018 for a period of five years on the following terms and condition:-

- i. Salary: Rs 500000(Rupees five lakh only) per month inclusive of all allowances with annual increments as may be approved by Managing Director.
- ii. Gratuity at the rate of half a month's salary for each completed year of service.
- iii. Leave encashment as per company norms.
- iv. His appointment shall be for 5 years from 01.06.2018 to 31.05.2023.

Signed this .....day of .....2018

Signature of shareholder

<p>Signature of proxy holder(s)</p> <p>Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the company, not less than 48 hours before the commencement of the meeting.</p>	<p>Affix Revenue stamp</p>
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**POLLING PAPER**  
**SOM DISTILLERIES AND BREWERIES LIMITED**

**CIN No. L74899DL1993PLC052787**

Registered office: 1-A Zee Plaza, Arjun Nagar, Safdarjung Enclave, Kamal Cinema Road, New Delhi  
Email: [somdistilleries@rediffmail.com](mailto:somdistilleries@rediffmail.com), Web: [www.somindia.net](http://www.somindia.net), Works: Village Rojrachak, Distt.  
Raisen Ph. No. 011-26169909, 26169712

**ASSENT / DISSENT FORM FOR VOTING ON AGM RESOLUTIONS**

1. Name & Registered Address :  
of the sole / first named Member
2. Name(s) of the Joint-Holder(s), :  
if any, in block letters
3. Registered Folio No. :  
  
\*DP ID No. & Client ID No. :  
  
\*Applicable to Members holding shares in dematerialized form
4. Number of Equity Share(s) held :
5. I / We hereby exercise my / our vote in respect of the following resolutions to be passed for the business stated in the Notice dated 06.07.2018 of the 25th Annual General Meeting held at Delhi on 28.09.2018, by conveying my / our assent or dissent to the resolutions by placing tick (✓) mark in the appropriate box below:

Resolution	I / We assent to the resolution (FOR)	I / We dissent to the resolution (AGAINST)
Ordinary Business/Resolution Proposed		
"Resolved that Audited Financial Statement as at 31.03.2018 and Reports of the Auditors and Directors' thereon for the year 2017-18 be and are hereby adopted."		
"Resolved that Shri Jagdish Kumar Arora, who retires by rotation at this meeting and has offered himself for reappointment, be and is hereby reappointed as a Director."		

**SPECIAL BUSINESS****1. APPOINTMENT OF SHRI NAKUL KAM SETHI AS WHOLE TIME DIRECTOR**

**"Resolved that** pursuant to the provision of sections 149,152,160 and 161 read with schedule V of the Companies Act 2013, Shri Nakul Kam Sethi (DIN: 06512548) who was appointed as an additional Director, (Finance and Strategy) from 01.06.2018 and who holds the office of Director up to the date of this Annual General meeting, and in respect of whom the company has received a notice in writing under section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Director (Finance and Strategy), liable to retire by rotation, from 01.06.2018 for a period of five years on the following terms and condition:-

- i. Salary: Rs 500000(Rupees five lakh only) per month inclusive of all allowances with annual increments as may be approved by Managing Director.
- ii. Gratuity at the rate of half a month's salary for each completed year of service.

Leave encashment as per company norms.

His appointment shall be for 5 years from 01.06.2018 to 31.05.2023.

**Place: New Delhi**

**Date: 06.07.2018**

**Signature of the Member/ Authorized Representative**

**Note:**

- (i) If you opt to cast your vote by e-voting, there is no need to fill up and sign this form.
- (ii) Please read the instructions on the next page carefully before exercising your vote



**Corporate Office:**

Som House, 23, Zone-II,  
Maharana Pratap Nagar,  
Bhopal - 462 011 (M.P.)  
Tel: +91 755 4271271, 4278827  
Fax: +91 755 2557470

**Delhi Office:**

I-A, Zee Plaza, Arjun Nagar,  
Safdarjung Enclave,  
Kamal Cinema Road,  
New Delhi- 110 029, INDIA  
Tel: +91 11 26169909, 26169712  
Fax: +91 11 26195897

**Mumbai:**

203, Landmark Building,  
Opp. Adlab City mall, Link Road,  
Andheri West, Mumbai-400061

[www.somindia.in](http://www.somindia.in)