

Brewed to Rule

SDBL ANNUAL REPORT 2011-12



The
Hunter
effect,
truly
electrifying



19th Annual Report 2011-2012



Som Distilleries and Breweries Limited

DIRECTORS

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

BANKER

Punjab National Bank Limited

AUDITORS

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

REGISTERED OFFICE

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

CORPORATE OFFICE

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

STOCK EXCHANGE

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers, Dalal Street Mumbai – 400 001

Notice To Members

Notice is hereby given that the 19th Annual General Meeting of Som Distilleries & Breweries Limited will be held on Friday the 28th September 2012 at 11.00 A.M. at Executive Club, Dolly Farms and Resorts Pvt. Ltd, 349, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110030 to transact the following business:

ORDINARY BUSINESS

1. Accounts

To approve and adopt the Audited Profit & Loss Account for the year ended 31st March, 2012 and the Balance Sheet as at that date and the Reports of Directors' and Auditors' thereon.

2. Appointment of Shri Surjeet Lal as Director

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

3. To declare a dividend on equity shares of the company for 2011-12.

4. Appointment of Auditors

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

"Resolved that K.C. Khanna & Company, Chartered Accountants, Bhopal be and are hereby appointed as Auditors of the Company from the conclusion of 19th Annual General Meeting till the conclusion of 20th Annual General Meeting at a remuneration to be decided by the Chairman and Managing Director with the consent of the auditors".

NOTES

- a. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend and vote at the meeting instead of himself and such proxy need not be a member of the company. Proxies in order to be effective must be received at the Registered Office of the company at least 48 hours before the commencement of the meeting.
- b. The Register of Members of the company will remain closed from 22.09.2012 to 28.09.2012 (both days inclusive).
- c. All correspondence regarding dematerialization/ transfer of shares, change of address etc. should be addressed to MAS Services Pvt. Ltd, T-34, Okhla Industrial Area, Phase II, Delhi-110020 who are the Registrar and Transfer agents (RTA).
- d. Any queries for being answered at the meeting must reach at least seven days in advance.
- e. Shareholders are requested to furnish their e-mail addresses to RTA so that annual report can be sent by e-mail in future.

By Order of Board of Directors

Place: Bhopal

Surjeet Lal

Dated: 3rd September 2012

Chairman and Managing Director

Report Of Directors

To,

The Shareholders

Som Distilleries & Breweries Ltd.

Sirs,

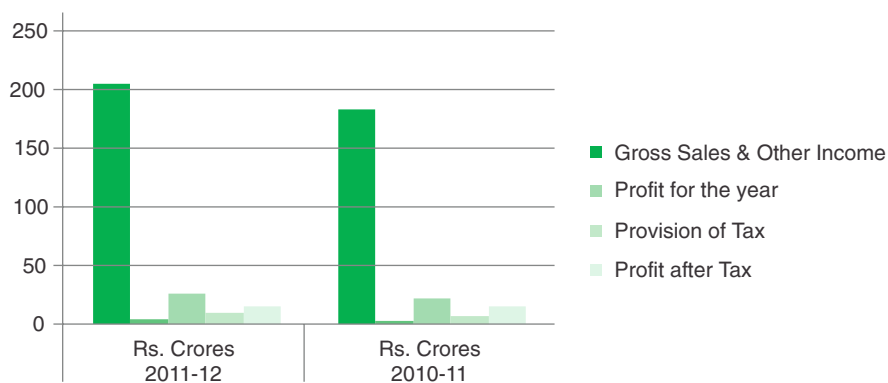
Your Directors have pleasure in presenting the 19th Annual Report of your Company for the year ended on 31st March 2012.

1. Working Results

The summarized working results for the year are as under:

	2011-12 Rs. crores	2010-11 Rs. crores
Gross Sales & Other Income	205.30	182.70
Depreciation	3.60	2.99
Profit for the year	25.48	21.69
Provision of Tax	10.24	6.55
Profit after Tax	15.24	15.14

Thus, the sales and profit were higher compared with the previous years' figures.



2. Directors

There was no change in the constitution of the Board of Directors during the year 2011-12.

3. Dividend

Directors recommend for the year 2011-12, dividend of Re.1.00 (i.e.10%) on each share of Rs.10 on 27522400 equity shares payable to shareholders as on the date of Annual General Meeting.

4. Auditors

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

5. Statutory Information

- (a) The information in respect of employees drawing remuneration above a certain limit as per Section 217 (2A) of the Companies Act, 1956 is NIL.
- (b) In terms of Section 217(1) (e) of the Companies Act, 1956 and the rules made there under, information about energy conservation and technology absorption is nil in regard to each of the respective items. Information in Form-A is not required to be furnished in the case of this industry.
- (c) Information regarding foreign exchange is as follows: -
- | | |
|----------|-------------------|
| Earnings | : Rs. 5,03,10,784 |
| Outgo | : Rs. 1,20,72,881 |
- (d) Directors Responsibility Statement

The Directors hereby certify

- i) that in the preparation of the accounts for 2011-2012, the applicable accounting standards have been followed.
- ii) that accounting policies have been stated in Note No. 2 to the Accounts. The accounting policies have been selected and applied consistently and judgements and estimates have been made which are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31.03.2012 and of the Profit of the Company for 2011-2012.
- iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for prevention and detection of frauds and other irregularities.
- iv) that the directors prepared the annual accounts on a going concern basis

6. Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Mumbai Stock Exchange, Corporate Governance Report including Management Discussion and Analysis and Certificate from Company Secretary in Practice regarding compliance of conditions of Corporate Governance are attached and form part of this report.

7. Acknowledgments

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

For and on behalf of the Board of Directors

Place: Bhopal

Dated: 3rd September 2012

Surjeet Lal

Chairman and Managing Director

Annexure

Annexure to Directors' report on corporate governance for the year ended on 31/03/2012

(As required under clause 49 of the listing agreement)

1. Board of Directors

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

Sr. No.	Name of Director	Category
1.	Shri Surjeet Lal, Chairman and M.D.	Non independent and Non Executive
2.	Shri D N Singh	Independent and Non Executive
3.	Shri Shailendra Singh Sengar	Independent and Non Executive
4.	Shri Guru Darshan Arora	Non independent and Non Executive

- a) Non-executive directors are not paid any remuneration except sitting fees of Rs.1000/- per Board/Committee meeting attended, if claimed. No stock options were given to any directors.
- b) During the financial year 2011-12, the Board of Directors met ten times on 25.04.2011, 30.05.2011, 02.08.2011, 29.08.2011, 03.09.2011, 14.11.2011, 05.01.2012, 07.02.2012, 09.03.2012 and 26.03.2012. Each of the directors attended all the meetings. The minimum gap between any two meetings was less than four months. No director was a member of more than 10 committees and was not Chairman of more than five committees. A code of conduct for all Board members and senior managers has been framed and circulated. The code of conduct has been complied by all the directors and senior managers. Last AGM held on 30.09.11 was attended by Shri Surjeet Lal the chairman and managing director and Shri Deenanath Singh Chairman of the Audit Committee.

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

Shri Surjeet Lal, Chairman and Managing Director has been a Director on the Board of Directors of the company since 19.05.1993. He is the Managing Director of the Company since 21.03.2009. He is a B.Sc. He is not a member of the audit committee. He is a member of the Shareholders / Investors Grievances and Transfer Committee. He has also been elected as Chairman of the Board of Directors. He is not paid any remuneration from this company. He gets his remuneration from Som Distilleries Private Limited which is a company under same management.

3. Audit Committee

The Audit Committee comprises of three non-executive directors viz Shri D. N. Singh (Chairman), Shri G. D. Arora, Director and Shri Shailendra Singh Sengar, Director. Two of them are independent. All the members of the committee are financially literate and the Chairman Shri D. N. Singh, an independent director, is having wide experience of industry and has passed Intermediate (Group I) of ICWA. At the last AGM held on 30.09.2011, the Chairman of the Audit Committee Shri D.N. Singh attended the annual general meeting. During 2011-12 the audit committee met four times. The gap between any two meetings was not more than four months. The quorum was complied with. All the members of the committee attended all the meetings. The Committee has been given the powers and assigned the role as per clause 49 and as per section 292A of the Companies Act, 1956.

4. Remuneration Committee

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

5. Subsidiaries

The company is not having any subsidiary.

6. Disclosures

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

7. Whistle Blower Policy

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

8. General Meetings

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

During Year	Date	Time	Venue	Meeting
2009-10	30th Sept., 2009	10.00 A.M.	Executive Club, Dolly Farms and Resorts Pvt. Ltd., 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-30	16th AGM
2010-11	29th Sept., 2010	10.00 A.M.	Executive Club, Dolly Farms and Resorts Pvt. Ltd., 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-30	17th AGM
2011-12	30th Sept. 2011	10.00 A.M.	Executive Club, Dolly Farms and Resorts Pvt. Ltd., 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-30.	18th AGM

No Special Resolution was put through postal ballot last year.

9. Means of Communication

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

10. Investor Correspondence

Any query relating to shares and request for transactions such as transfer, transmission and nomination facilities, duplicate share certificates, change of address, non-receipt of dividend/Annual Report, and also regarding dematerialization/ rematerialisation of shares may be taken up with:

MAS Services Private Limited, T-34, Okhla Industrial Area Phase II, Delhi-110 020 Tel.: 011-26387281-83 Fax: 011- 26387384

11. Management Discussion and Analysis Report

Industry

India is a large, intriguing and extremely diverse country with big differences in language, religion and local governments, to name a few. Its states operate more like independent countries especially in the case of a product like beer where each state has a peculiar distribution structure as well as different duty structure. India has a relatively low per capita beer consumption (a little over one litre per capita per annum), with spirits being the alcoholic beverage of choice. There have been changes in the structure of the market but these have been slow.

The beer consumption reported modest growth of 3-4% in the just ending fiscal to about 240 million cases (of 7.8 litres each) after a bruising summer in 2011. UB and SABMiller together hold around 80% share of domestic market, but new foreign brands, regional brands and niche beers are looking at consolidating their respective markets.

There is a very high likability around the strong beer with a high alcohol percentage. So, unlike the rest of the world where the mild and lagers are dominating, in India we actually are seeing a trend where strong beer relative to mild beer is growing faster. Strong beers are now above 80% of the total beer market. This has even prompted the new entrants to change their product mix. The reason for this is the high taxation structure on alcohol in India which prompts the consumers to go for high alcoholic content drinks as they are available at nearly the same price as the milder ones.

Current Operations for Som Distilleries & Breweries Limited (SDBL)

SDBL has shown consistent growth in both its products namely Beer and IMFL. The gross sales and other income of the company were of the order of Rs.205.3 crores in FY 2011-2012 as against Rs.182.7 crores in FY 2010-11. A sharp focus on cost management enabled us to continue to invest in our brands and capabilities while delivering stable margins. The inflationary pressures had quite an impact on the company not only on input costs, but also the labour costs in the company. your company implemented many cost efficient programmes in order to bring down be production costs, the resultant being the company has been able to maintain its Earnings before Interest, Depreciation, Tax and Amortisation (EBIDTA) margins for FY 12 as compared to previous year. **The company has the distinction of having one of the highest EBIDTA margins among its peers.**

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

A relentless focus on customers and execution has been our mantra for all these years. There is a continuous innovation by your company to strengthen its position in its markets through brand extension, innovative packaging and reaching out to consumers through new channels. In the face of stiff competition from the existing players as well as the entry of the major beer MNCs, your company still has been successfully able to make inroads into new markets as well as consolidate its position in its natural markets.

The expansion of the company is underway from the existing capacity of 59,200 KL to 99,200 KL due to wide acceptance of our products, the full effect of which will be seen in the financial year 2012-2013. The company is also contemplating increasing its bottling capacity in IMFL due to an increase in demand for its products.

Our Human Capital

As a major employer, our business model is rooted in our people. We have a distinctive set of values and they attract people who bring a sense of purpose to their work. We reward in line with performance and create a climate where people are incentivized to excel. We develop leadership capabilities early and place priority on building tomorrow's leaders today.

- **The Company has the distinction of having one of the highest EBIDTA margins among its peers.**

- **A relentless focus on customers and execution has been our mantra for all these years.**

Our approach to doing business

Strong business performance is driven by our brands, people, and sustainability – which are increasingly giving us a true competitive advantage. We will invest in strengthening our brands so that they drive profitable growth as part of a sustainable business model: the more we sell, the more efficiently we can operate and, at the same time, by reducing the cost of running our business we can invest more in our brands, innovations, and advertising and promotions. This, in turn, enables us to sell more.

From our early years of being ‘output’ or volume-driven, we’re now becoming process- and systems-driven to achieve better performance in a stable and sustainable manner.

Our Strategic Goals

- Creating a balanced and attractive national spread of businesses
- Developing strong, relevant brand portfolios that can be replicated across the country
- Constantly raising the scalability and profitability of businesses.
- Leveraging our skills and experience to stimulate growth across sectors.

How we create value

Having the right brand portfolio

We have built a portfolio of brands that meets the diverse needs of local consumers in each market. In each market, we aim to offer consumers a range of brands with different attributes and tastes at price points from economy to premium – capturing consumers as they move both up and down the pricing scale.

Aligning with the right people

We recognise that our success is dependent upon a broad number of partnerships. **In each of our partnerships, we seek value-creating opportunities which benefit both parties.**

We have mutually beneficial and, in some cases, longstanding relationships, typified by a high degree of trust and respect. For example, we have well established partnerships with our suppliers since the inception of the company. Wherever possible and cost effective, we choose to source our raw materials – barley, rice flakes, sugar from local suppliers and we also work with local farmers to foster economic development.

Innovation

It’s the only sustainable way to grow faster than the markets in which we compete. So whether it’s redesigning of product packaging, new product launches, consumer tastes we are at the forefront. Innovation creates consumer value, stimulates market growth and attracts retail support. We are confident that our focus on creating and expanding innovations will enable us to grow even where underlying market growth rates remain soft.

In each of our partnerships, we seek value-creating opportunities which benefit both parties.

Creating the right structures

Our culture and operating processes encourage learning within and across the businesses. They also ensure continuous improvement in performance. They cover all aspects of our operations from supplier management, manufacturing, marketing and manufacturing to finance.

Our growth strategy

Coverage

We are being exposed to excise duty increases all along. This leads to higher prices for the product, due to which the industry demand declines. There is no doubt that the excise duty increase is offsetting the volume growth potential. We are analyzing opportunities and will try to set up presence where we are not today. We have already identified the key states where want to be and at an opportune time would be making inroads either through acquisitions or through setting up greenfield projects.

Exports

We are targeting exports in a big way. Our exports in FY 2012 have jumped 133% from the corresponding previous year. We see a lot of potential in the African markets. The perfect combination of a young and fast-growing population, developing middle class, strong GDP growth and improving political stability makes Africa an exciting opportunity. A booming population and above-average economic performance, backed by buoyant mining and energy industries, are behind the growth, which is running hotter than in Latin America and Asia.

Analysts estimate African beer volumes rose around 7 percent in 2011, but stripping out the mature South African market, which accounts for over a quarter of the continent's beer, then growth was well over 10 percent. Africa is likely to be one of the key long-term growth drivers for the global beer category and we wish to explore this opportunity in a big way.

12. General Share Holder Information:

Annual General Meeting

Date & Time : 28th Day of September 2012 at 11.00 a.m.

Venue : Executive Club, Dolly Farms and Resorts Pvt. Ltd. 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi - 30

Book Closure : 22.09.2012 to 28.09.2012 (Both days inclusive)

Financial Calendar 2011-12 relating to approval of financial results.

First Quarterly Result	August, 2011
Second Quarterly Result	November, 2011
Third Quarterly Result	February, 2012
Fourth Quarter Result	May, 2012
Annual results for the year	
Ending on 31.03.2012	August, 2012
Listing on Stock Exchanges	Bombay Stock Exchange Limited Mumbai,
Equity Stock Code	507514
ISIN No.	INE480C01012

**We are
targeting
exports in
a big way.**

The Company has already paid the Listing fees of Bombay Stock Exchange Ltd., Mumbai for the year 2012-13.

Shareholders Grievances and Share Transfer Committee comprises of Chairman Shri G.D .Arora (non-executive) and Shri Surjeet Lal. The committee is duly authorized to affect transfers, transmission, and 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 2011-12, only 16 complaints were received from shareholders etc. which were resolved. There was no pending complaint as on 31.3.2012. There was no transfer pending for more than 21 days as at the end of the year. Shri Surjeet Lal, Managing Director is the Compliance Officer.

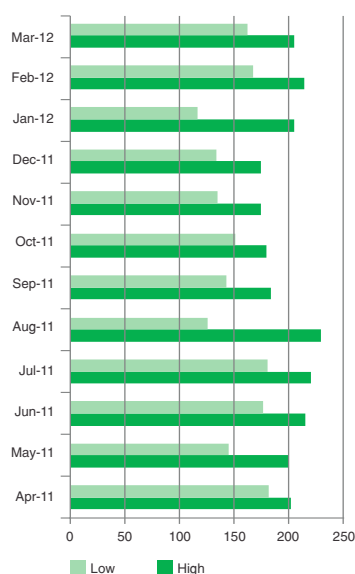
The shares of the Company have been dematerialized. The position of dematerialization is given below:

Form	No. of Shares as on 31.03.2012
De-mat	26051879
Physical	1470521

The promoters along with persons acting in concert held 14.794% of the paid up capital on 31.03.12, private bodies corporate held 2.899% while NRI's/OCBs held 0.014% on that date.

13. Market Price Data:

The monthly high and low market prices of the shares with volume at Mumbai Stock Exchange during the financial year 2011-12 are as under:



High/ Low Chart

Period (2010-11)	High	Low	Volume of Shares Traded
April 2011	202.00	182.00	51,119
May 2011	200.00	145.00	2,53,654
June 2011	215.00	177.00	1,82,672
July 2011	221.00	181.00	1,36,811
August 2011	229.9	126.25	91,594
September 2011	184.00	143.00	45,524
October 2011	179.80	151.00	4,07,218
November 2011	175.00	135.00	3,97,584
December 2011	174.80	134.00	5,64,442
January 2012	205.00	117.20	1,65,141
February 2012	214.90	168.00	1,14,871
March 2012	205.00	163.00	59,914

Source: BSE Website

14. Registrar and Transfer Agents , Share Transfer System

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

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.

15. Category-wise Shareholding as on 31.03.2012

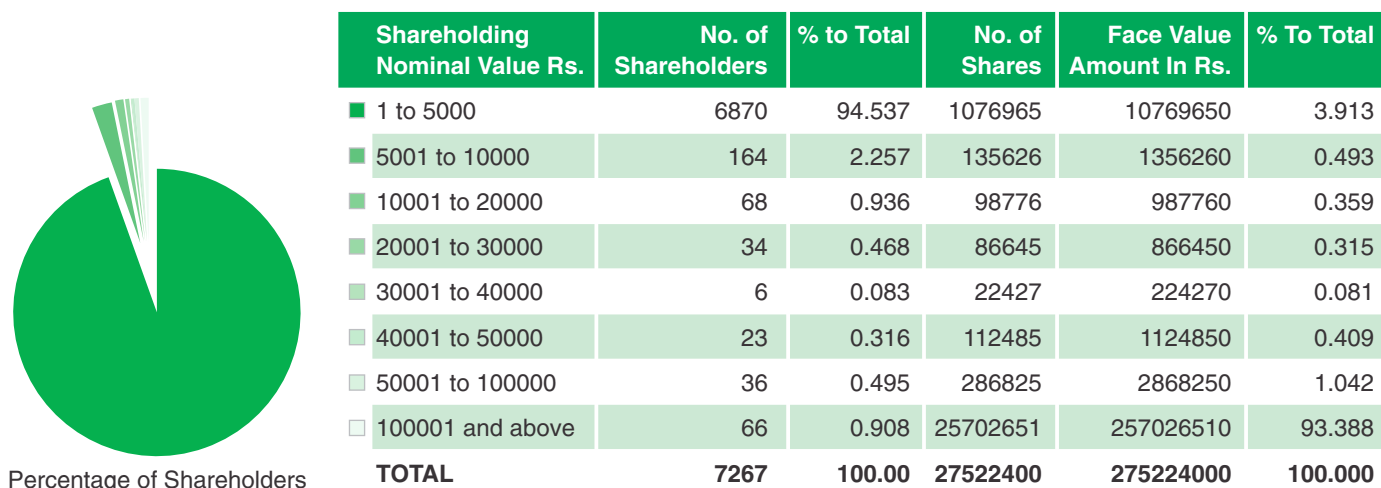


Percentage of Total Shares

Category	Number of shares	% of total shares
Indian Promoters	4071485	14.794%
Private Corporate Bodies	797956	2.899%
Indian Public	22631292	82.229%
Non-resident Indians, OCB's and others	3936	0.014%
Clearing Members	17731	0.064%
Total	27522400	100.00

The company has not issued any ADR/GDR.

16. Distribution of Shareholdings as on 31.03.2012



17. Nomination Facility

Individual shareholders can avail of the facility of nomination. The nominee shall be the person in whom all rights of transfer and /or amount payable in respect of the shares shall vest in the event of the death of shareholder(s). A minor also can be a nominee provided the name of the guardian is given in the nomination form. The facility of nomination is not available to non-individual shareholders such as body corporate, financial institutions, karta of Hindu Undivided Families and holders of power of attorney.

18. Secretarial Audit for reconciliation of Capital

As stipulated by SEBI, a qualified practicing Company Secretary carries out secretarial audit to reconcile the total of the capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and in physical form with the total issued/paid up capital and with total listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchange where the shares are listed.

19. CEO/ CFO Certification

Shri Surjeet Lal, Chairman & Managing Director and Shri Rajesh Dubey, Deputy Manager (Accounts), of Som Distilleries & Breweries Ltd., have certified that:

- They have reviewed financial statements and the cash flow statement for the year ended 31st March 2012 and that to the best of their knowledge and belief:
 - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

-
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
 - (d) They have indicated to the auditors and the Audit committee
 - (i) Significant changes in internal control over financial reporting during the year.
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For and on behalf of the Board of Directors

Rajesh Dubey
Deputy Manager (Accounts)

Surjeet Lal
Chairman and Managing Director

Place: Bhopal

Dated: 3rd September 2012

Certificate

Certificate of Compliance of The Conditions of Corporate Governance

M.M. Chawla & Associates

Company Secretaries
Ajay Tower, Mezzanine Floor, 104, E-5/1,
Arera Colony (Commercial) Bhopal - 462 016 (M.P)
Tel.: 91-755- 2462665

To,
The Members
Som Distilleries & Breweries Ltd

Sirs,

We have examined the compliance of the conditions of Corporate Governance by Som Distilleries & Breweries Limited, for the year ended on 31.03.2012, as stipulated in clauses 49 of the Listing Agreement (hereinafter referred to as the "Agreement") of Som Distilleries & Breweries Ltd with Mumbai Stock Exchange.

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, the company has generally complied with the conditions of corporate governance as stipulated in the above mentioned Agreement.

As per the information given to us and records maintained by the Transfer Committee, no investor grievance was pending as on 31.03.2012.

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: 03.09.2012

M. M. CHAWLA
FCS

Auditors Report To Shareholders

We have audited the attached Balance Sheet of **SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI** ('The Company') as at 31st March, 2012 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Government of India under sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above and on the basis of the audit indicated herein, we report that:

1. We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
2. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
3. The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
4. In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this Report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
5. Based on written representations received from the Directors, as at 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors are, prima facie, as at 31st March, 2012, disqualified from being appointed as Directors of the Company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the financial statement together with the notes thereon and the Note 1 to 38 attached thereto give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India,
 - a) in the case of the Balance Sheet, of the state of the Company's affairs as at 31st March, 2012
 - b) in the case of the Profit and Loss Account of the profit for the year ended on that date;
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For K.C. KHANNA & Co.
Chartered Accountants
Firm Registration No. 000481N

Harsha Chandra
Partner
Membership No. 080489

Annexure to the Auditors' Report

(Referred to in our Report of even date) Year ended 31-03-2012

1. (a) As per the information given to us the Company has maintained records showing full particulars, including quantitative details and situation of its fixed assets.
(b) We have been informed that the fixed assets other than Office Equipments and Furniture and Fixtures are stated to have been physically verified by the Management at the close of the financial year and no discrepancies have been noticed on such verification.
(c) No fixed assets have been disposed off during the year.
2. (a) As per the information given to us the inventory has been physically verified, during the year, by the Management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventories followed by the Management are adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory. No material discrepancies are stated to have been noticed on verification between the physical stocks as compared to book records.
3. (a) As per the information given to us, the Company has not granted any loans, secured or unsecured, to Companies covered in the register maintained under Section 301 of the Companies Act, 1956.

The Company has an account in the nature of a current account with a company under the same management. The maximum amount due to and due from that company at any time during the year was Rs. 12,42,68,528 and Rs. 10,59,79,284 respectively and the year end debit balance was Rs. 36,90,977.

- (b) Not applicable.
 - (c) Not applicable.
 - (d) Not applicable.
 - (e) During the year the Company has not obtained any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act.
 - (f) Not applicable.
 - (g) Not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for the sale of goods and services. Such procedures for purchase of inventory need to be strengthened.
 5. (a) According to information and explanation given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section.
(b) In our opinion and according to information and explanation given to us, the transactions made in pursuance of such contracts or arrangements, exceeding the value of rupees five lacs in respect of any party, during the year, have been made at prices which are reasonable having regard to prevailing market price at that time.
 6. According to the information and explanations given to us, the Company has not, during the year, accepted any deposits from the public.
 7. In our view a regular system of internal audit of all areas of the Company's operations needs to be put in place and implemented.
 8. The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for any of the Company's products.
 9. (a) According to the records of the Company, provident fund dues, State excise and related dues have been regularly deposited with the appropriate authorities.

We have been informed that the Employees State Insurance Scheme is not applicable to the Company.

As per the records of the Company there are no undisputed statutory dues outstanding as at 31.03.2012 for a period exceeding a period of six months from the date they became payable other than Income tax for the assessment year 2011-12 aggregating to Rs. 2,45,62,000. As per the details made available to us, this liability has been cleared before the signing of this report.

(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	Forum where dispute is pending
MP Entry Tax Act, 1976	Entry Tax	48.94	2007-2008	MP Commercial Tax Appeal Board, Bhopal

10. The Company has no accumulated losses. Further, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. The inter corporate deposit obtained from the Madhya Pradesh Industrial Development Corporation Ltd. (MPSIDC), a state level financial institution is outstanding. As per the explanations given to us, there are differences of opinion on certain matters between the Management of the Company and MPSIDC. We are therefore unable to comment on the requirements under this para. (Refer Note No. 5 to the Accounts).
12. As per the information given to us, the Company has not granted, during the year, any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause 4 (xiii) of the Order are not applicable to the Company.
14. As per the information given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
15. The Company has given Corporate guarantees for loans obtained by a company under the same management. As has been explained to us, the terms and conditions thereof are not prejudicial to the interest of the Company.
16. As per the information given to us, the term loans have been applied for purposes for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. During the year, the Company has not made any preferential allotment of shares to anyone.
19. According to the information given to us, during the period covered by our Report the Company did not issue any debentures. Hence, the provisions of Clause 4 (xix) of the Order are not applicable to the Company.
20. The Company has not raised any money by way of public issue during the year. Accordingly, the provisions of Clause 4 (xx) of the Order are not applicable to the Company.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For K.C. KHANNA & Co.
Chartered Accountants
Firm Registration No. 000481N

Harsha Chandra
Partner
Membership No. 080489

12, Zone II, M.P. Nagar, Bhopal - 462 011
Dated: 31.08.2012

Balance Sheet

For the year ended 31-03-2012

S. No.	Particulars	Note No.	Figures at the end of Current reporting period 31-03-2012 (Rs.)	Figures at the end of Previous reporting period 31-03-2011 (Rs.)
I.	EQUITY AND LIABILITIES			
(1)	Shareholder's Funds			
	(a) Share capital	3	275,224,000	275,224,000
	(b) Reserves and surplus	4	513,109,102	392,716,140
(2)	Share application money pending allotment			
(3)	Non current liabilities			
	(a) Long term borrowings	5	109,395,825	193,578,839
	(b) Deferred tax liabilities (Net)	6	82,470,858	45,195,485
	(c) Long term provisions	7	2,878,431	4,032,138
	(d) Other Long term liabilities	8	91,754,315	50,294,640
(4)	Current Liabilities			
	(a) Trade payables		246,348,838	164,964,655
	(b) Other current liabilities	9	244,642,933	117,719,669
	(c) Short term provision	10	88,746,479	69,790,826
	TOTAL		1,654,570,781	1,313,516,392
II.	ASSETS			
(1)	Non current assets			
	(a) Fixed Assets			
	(i) Tangible assets	11	674,941,335	476,557,193
	(ii) Capital work in progress		12,754,644	8,178,360
	(b) Long term loans & advances	12	57,328,714	50,138,042
	(c) Other Non Current Assets	13	68,370,766	34,738,725
(2)	Current assets			
	(a) Current Investment	14		1,000,000
	(a) Inventories	15	362,527,820	247,795,221
	(b) Trade Receivables	16	348,051,763	281,067,869
	(c) Cash and Cash equivalents	17	85,397,752	180,054,501
	(d) Short term loans and advances	18	45,197,987	33,986,481
	TOTAL		1,654,570,781	1,313,516,392

Significant Accounting Policies

[2]

For and on Behalf of the Board

D.N. Singh
(Director)

S. Lal
(Chairman & MD)

This is the Balance Sheet referred to in our report of even date

For K.C. Khanna & Co.
Chartered Accountants
Firm Registration No: 000481 N

Bhopal
Dated: 31st Aug, 2012

Harsha Chandra
Partner
Membership No. 080489

Profit And Loss Statement

For the year ended 31-03-2012

S. No.	Particulars	Note No.	Figures at the end of Current reporting period 31-03-2012 (Rs.)	Figures at the end of Previous reporting period 31-03-2011 (Rs.)
I.	Revenue from operations	19	1,938,282,041	1,745,872,935
II.	Other Income	20	13,852,061	9,212,011
III.	Total Revenue	(I+ II)	1,952,134,103	1,755,084,947
	Expenses:			
	Cost of materials consumed	21	1,054,946,703	822,629,760
	Purchase of Stock -in -Trade			-
	Changes in inventories of finished goods, work in progress and Stock in trade		(71,692,508)	41,921,077
	Employee benefit expenses	22	31,361,075	28,100,333
	Financial costs	23	1,279,726	25,143,099
	Depreciation and amortization expenses		35,952,706	29,886,948
	Other expenses	24	645,389,089	590,827,334
IV.	Total Expenses		1,697,236,791	1,538,508,551
V.	Profit before exceptional and extraordinary items and tax	(III - IV)	254,897,312	216,576,396
VI.	Exceptional items	25	105,117	(329,967)
VII.	Profit before extraordinary items and tax	(V - VI)	254,792,195	216,906,362
VIII.	Extraordinary Items			-
IX.	Profit before tax	(VII- VIII)	254,792,195	216,906,362
X.	Tax expenses:			
	(1) Current tax		65,136,639	42,887,357
	(2) Deferred tax		37,275,373	22,620,732
XI.	Profit/(Loss) for the period	(IX - X)	152,380,183	151,398,273
XII.	Earning per equity share:			
	(1) Basic		5.54	5.50
	(2) Diluted		5.54	5.50

Significant Accounting Policies

[2]

For and on Behalf of the Board

D.N. Singh
(Director)

S. Lal
(Chairman & MD)

This is the profit & loss account referred to in our report of even date

For K.C. Khanna & Co.
Chartered Accountants
Firm Registration No: 000481 N

Bhopal
Dated: 31st Aug, 2012

Harsha Chandra
Partner
Membership No. 080489

Cash Flow Statement

For the year ended 31-03-2012

Particulars	31-03-2012	31-03-2011
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	254,792,195	216,906,362
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation on continuing operations	35,952,706	29,886,948
Interest Expense	1,279,726	25,143,099
Dividend Income	(2,681,665)	(2,357,114)
Operating profit before working capital changes	289,342,962	269,579,295
Movements in working capital:		
Increase/(decrease) in trade payables	81,384,181	(12,621,534)
Increase/(decrease) in Long term provisions	(1,153,707)	
Increase/(decrease) in short term provisions	18,955,654	
Increase/(decrease) in other current liabilities	126,923,264	
Increase/(decrease) in other long term liabilities	41,459,675	
Decrease/(increase) in trade receivables	(66,983,894)	(78,552,506)
Decrease/(increase) in inventories	(114,732,599)	25,696,571
Decrease/(increase) in long term loan & advances	(7,190,673)	66,637,405
Decrease/(increase) in Short loan & advances	(11,211,507)	
Decrease/(increase) in other non current assets	(33,632,041)	
Cash generated from/(used in) operations	323,161,315	270,739,231
Direct Taxes Paid (net of refunds)	(65,136,639)	(9,163,437)
Net Cash flow from/ (used in) operating activities (A)	258,024,676	261,575,794
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, CWIP and capital advances	(238,913,129)	(68,280,329)
Proceeds from sale of fixed assets		-
Proceeds from sale/maturity of current investment	1,000,000	
Dividend Received	2,681,665	2,357,114
Net Cash flow from/ (used in) Investing activities (B)	(235,231,464)	(65,923,215)
Cash flow from Financing activities		
Repayment of long term borrowings	(84,183,014)	(63,894,405)
Interest paid	(1,279,726)	(1,878,098)
Dividend paid	(27,522,400)	(8,666,045)
Dividend distribution tax	(4,464,821)	
Net Cash flow from/ (used in) Financing activities (C)	(117,449,961)	(74,438,548)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(94,656,749)	121,214,031
Cash and cash equivalents at the beginning of the year	180,054,501	58,840,470
Cash and cash equivalents at the end of the year	85,397,752	180,054,501
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on hand	45,815,377	33,701,812
With Banks - on current account	35,466,635	143,278,023
With Banks - on deposit account	4,115,740	3,074,666
Total Cash and cash equivalents	85,397,752	180,054,501

For and on Behalf of the Board

D.N. Singh
(Director)

S. Lal
(Chairman & MD)

For K.C. Khanna & Co.
Chartered Accountants
Firm Registration No: 000481 N

Harsha Chandra
Partner
Membership No. 080489

Bhopal
Dated: 31st Aug, 2012

Notes To The Financial Statements

Year Ended 31-03-2012

[1] COMPANY INFORMATION

Som Distilleries & Breweries Ltd. is a Public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on the Bombay Stock Exchange (BSE). The Company is engaged in the manufacture and sale of Beer and 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 of accounts

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles (GAAP), in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government under section 211(3c) of the Companies Act 1956.

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 Revised Schedule VI to the Companies Act, 1956. 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

All revenues are generally recognized on accrual basis except where there is uncertainty of ultimate realisation.

2.3 Expenditure

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

2.4 Fixed Assets and depreciation

Fixed assets other than land (including site development) are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost (freight, duties, levies etc.) of bringing the asset to its working condition for its intended use and capitalization of interest and other expenses incurred up to the date of commissioning.

Depreciation is provided on fixed assets on the Straight Line Method in accordance with the rates specified under Schedule XIV to the Companies Act, 1956 from the month following the month of acquisition/commissioning.

2.5 Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the assets exceeds the recoverable amount.

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.

Notes To The Financial Statements (Contd.)

- (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 Transaction

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transactions. Current assets and liabilities in foreign currency are converted at the exchange rate prevailing at the year end and exchange differences are recognized in the Profit and Loss Account.

2.8 Retirement and other employee benefits

Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the said fund are due.

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 year. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

2.9 Provision for Current and Deferred Tax

Provision for Current Tax is made after taking into consideration benefits admissible under the Income Tax Act, 1961. Deferred Tax resulting from 'timing difference' between taxable and accounting income is computed using tax rates and laws that are enacted or substantively enacted by the Balance Sheet date.

Notes To The Financial Statements (Contd.)

	As At 31-03-2012	As At 31-03-2011
[3] Share Capital		
Authorized		
3,50,00,000 Equity Shares of Rs. 10 each	350,000,000	350,000,000
Issued, Subscribed and Fully Paid		
2,75,22,400 Equity Shares of Rs. 10 each	275,224,000	275,224,000

Notes:

- (a) The company has one class of equity shares having par value of Rs. 10 per Share. Each shareholder is eligible for 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 eligible to receive the remaining assets of the company after the distribution of all preferential amount in proportion to their shareholding.

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

NAME OF SHARE HOLDERS	As at 31-03-2012		As at 31-03-2011	
	No. of Shares	%	No. of Shares	%
Som Distilleries Private Limited	1,673,500	6.081%	1,673,500	6.081%
Jagdish Kumar Arora	1,472,394	5.350%	1,134,200	4.121%

	As At 31-03-2012	As At 31-03-2011
[4] Reserve & Surplus		
Capital Reserve	3,930,000	3,930,000
Securities Premium Reserve	122,111,040	122,111,040
Surplus - In Statement of Profit & Loss		
Balance as per last Financial Statement	266,675,100	172,637,033
ADD: Profit for the year	152,380,183	151,398,272
Amount available for appropriation	419,055,283	324,035,305
LESS:		
Dividend for the year 2009-10	-	9,179,034
Proposed Dividend	27,522,400	20,641,800
Dividend Distribution Tax	4,464,821	4,964,618
Provision for Deferred Tax	-	22,574,753
Balance at the end of the year	387,068,062	266,675,100
Total Reserve & Surplus	513,109,102	392,716,140

Note: Capital Reserve comprises the amount forfeited against Share Warrants.

Notes To The Financial Statements (Contd.)

	As At 31-03-2012	As At 31-03-2011
[5] Long Term Borrowing		
(A) Term Loan		
From Bank (Secured)	-	74,761,555
(B) Other Loan & Deposit		
(i) Vehicle Loans (Secured)		
(Secured by Hypothecation of respective Vehicles)		
(a) From Banks (Secured)	5,852,756	9,793,515
(b) From Others (Secured)	1,272,740	1,753,440
(ii) Inter Corporate Deposit (Unsecured)	102,270,329	107,270,329
Grand Total	109,395,825	193,578,839

Notes:

- (a) The company has taken vehicle loans where interest rates vary from 8.5% to 12.75% p.a. Tenor of these loans range from 3 to 5 years. Respective vehicles have been hypothecated to the lending institutions for their loans. Repayment of these loans is regular as per the fixed equated monthly instalments.
- (b) Madhya Pradesh State Industrial Development Corporation (MPSIDC) has recently crystallized its final liability at Rs. 791.20 Lakhs against which the company has made cumulative payments in FY 2010-11 and FY 2011-12 aggregating to Rs 75 Lakhs.

	As At 31-03-2012	As At 31-03-2011
[6] Deferred Tax		
Fixed Assets : Impact of difference between tax depreciation and depreciation/ amortization charged for financial reporting.	113,662,674	75,688,344
Gross Deferred Tax Liability	113,662,674	75,688,344
Deferred Tax Assets		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	1,400,212	7,286,579
MAT Credit difference	29,791,604	23,206,280
Gross Deferred Tax Assets	31,191,816	30,492,859
Deferred Tax Liability (Net)	82,470,858	45,195,485

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.)

		As At 31-03-2012	As At 31-03-2011
[7] Long Term Provision			
Employee Benefits		2,878,431	4,032,138
Total		2,878,431	4,032,138
[8] Other Long Term Liabilities			
Security Deposits (Unsecured)		2,139,276	2,139,276
Trade Payable		89,615,039	48,155,364
Total		91,754,315	50,294,640
[9] Other Current Liabilities			
Bank Overdrafts (Book)		97,526,912	1,096,551
Advances from customers		5,556,017	7,960,510
Expenses Payable		91,751,753	94,357,561
Statutory dues payable		37,139,833	9,875,487
Un paid Dividend		1,089,335	512,989
Other Payables		11,579,083	3,916,571
Total		244,642,933	117,719,669
[10] Short Term Provisions			
Employee Benefits		1,389,492	1,500,140
Proposed Dividend		27,522,400	20,641,800
Provision for dividend tax		4,464,821	4,964,618
Provision for Income tax (Current Year)		55,369,766	42,684,268
Total		88,746,479	69,790,826

Notes To The Financial Statements (Contd.)

[11] Tangible Fixed Assets

Particulars	Gross Block		Depreciation			Net Block	
	As At 01/04/11	Addition/ (Disposal)	As At 31/03/12	Upto 31/03/11	For The Year	As At 31/03/12	As At 31/03/11
Land (Freehold) & Site Development	5,065,192	-	5,065,192	-	-	5,065,192	5,065,192
Buildings & Civil Works	123,624,260	8,780,528	132,404,788	26,720,724	3,875,267	101,808,797	96,903,535
Plant & Machinery	518,107,537	225,101,067	743,208,604	167,114,376	29,323,668	546,770,560	350,993,161
Furniture & Fixtures	1,816,636	-	1,816,636	1,592,801	106,739	117,096	223,834
Office Equipments	4,972,495	455,250	5,427,745	3,513,867	587,352	1,326,526	1,458,628
Vehicles	44,569,568	-	44,569,568	22,656,724	2,059,680	19,853,164	21,912,843
Total	698,155,688	234,336,845	932,492,533	221,598,492	35,952,706	674,941,335	476,557,193
Previous Year	386,963,607	311,692,080	698,655,687	192,211,545	29,886,948		
CWIP	8,178,360	4,576,284	12,754,644			12,754,644	8,178,360
Grand Total						687,695,979	484,735,553

Notes To The Financial Statements (Contd.)

	As At 31-03-2012	As At 31-03-2011
[12] Long Term Loans & Advances		
<u>Advances to a Related Party</u>		
Share Application Money -Som Power Ltd.	4,267,000	4,267,000
Total	4,267,000	4,267,000
Capital Advances		
	21,613,610	10,196,425
Total	21,613,610	10,196,425
Security Deposits		
Security Deposit	25,910,829	30,043,513
Earnest Money	4,221,918	4,595,918
Total	30,132,747	34,639,431
<u>Other Loans and Advances</u>		
Legend Distilleries Pvt. Ltd.	-	475,075
Appeal Deposit- Commercial Tax	-	115,970
Appeal Deposits	1,223,480	55,000
TDS Receivable	91,877	389,141
Total	1,315,357	1,035,186
Grand Total	57,328,714	50,138,042

Notes: All the above Long term Loan and advances are unsecured and considered good.

[13] Other Non Current Assets

Trade Receivables	68,370,766	34,738,725
Total	68,370,766	34,738,725

[14] Current Investment

SBI Debt Fund Series 370 Days-3 Growth.	-	1,000,000
Previous Year Maket Value was Rs. 10,61,230		
Total	-	1,000,000

Notes To The Financial Statements (Contd.)

	As At 31-03-2012	As At 31-03-2011
[15] Inventory		
(as taken, valued and certified by the Management)		
Raw Material	93,530,785	60,882,580
Stores, Consumables & Packing Materials	146,303,163	135,911,277
Stock In Process	30,828,218	23,314,220
Finished Goods	91,865,654	27,687,144
Total	362,527,820	247,795,221
[16] Trade Receivables		
(Unsecured, considered good)		
Outstanding for a period exceeding six months	6,977,046	26,841,219
Other Debts	341,074,717	254,226,650
Total	348,051,763	281,067,869
[17] Cash and cash equivalents		
Cash in hand	45,815,377	33,701,812
Balance With Scheduled Banks		
Current Accounts	35,466,635	143,278,023
Deposit Accounts	3,026,405	2,561,637
Unpaid Dividend accounts	1,089,335	513,029
Total	85,397,752	180,054,501
[18] Short Term Loans & Advances		
Advances to a Related Party	3,690,977	-
Others		
Staff Advances	1,675,277	1,441,386
Prepaid Expenses	5,380,040	7,076,337
Advances to suppliers	34,451,693	25,468,758
Total	41,507,010	33,986,481
Grand Total	45,197,987	33,986,481

Note: All the above Short term Loan & advances are unsecured and considered good.

Notes To The Financial Statements (Contd.)

	As At 31-03-2012	As At 31-03-2011
[19] Revenue from Operations		
Sale of Products	2,039,101,912	1,817,743,850
Less: Production Duties (State Excise)	(100,819,871)	(71,870,915)
Revenue From Operations (Net)	1,938,282,041	1,745,872,935
[20] Other Income		
Interest	720,681	434,076
Dividend	2,681,665	2,357,114
Other Revenues	10,449,715	6,420,821
Total	13,852,061	9,212,011
[21] Cost of Material Consumed		
Opening Stock	196,793,857	180,569,351
Add : Purchases (Raw Materials & Chemicals)	458,862,870	323,906,348
Add : Purchases (Packing Material)	639,123,924	514,947,918
	1,294,780,651	1,019,423,617
Less : Closing Stock	239,833,948	196,793,857
Total	1,054,946,703	822,629,760

Note: Material Consumed (As certified by the Management)

	Quantities (MT)		Rupees	
	2011-12	2010-11	2011-12	2010-11
Barley Malt	6,853.42	6,401.47	17,62,84,136	13,42,89,344
Sugar	1,617.01	1,469.33	4,69,86,308	4,52,91,872
Hops	17.99	12.76	89,29,294	85,50,558
Chemicals & Essence		--	1,92,24,916	1,31,39,330

	Quantities (Proof KL)		Rupees	
	2011-12	2010-11	2011-12	2010-11
ENASpirit	4,020.69	2,428.17	9,49,43,181	4,97,84,172
Chemicals & Essence	0	--	9,26,755	6,49,642

Notes To The Financial Statements (Contd.)

	As At 31-03-2012	As At 31-03-2011
[22] Employee Benefits Expense		
Salaries, allowances & Bonus	28,687,709	25,059,429
Employer's contribution to PF & Gratuity	467,780	1,431,282
Staff welfare expenses	2,205,586	1,609,622
Total	31,361,075	28,100,333
[23] Financial Costs		
Bank Interest	958,712	24,237,165
Other Interest	321,014	905,934
Total	1,279,726	25,143,099
[24] Other Expenses		
Consumables	17,580,953	13,661,605
Power and fuel	82,235,976	55,243,806
Rent	361,665	507,200
Repairs to buildings	2,611,256	1,291,196
Repairs to machinery	28,837,809	22,751,511
Insurance	890,475	643,982
Rates and taxes excluding taxes on income	30,092,621	43,637,607
Miscellaneous expenses	1,955,838	1,990,227
Auditors Remuneration	187,961	157,729
Royalty	79,679,206	120,328,844
Travelling & Conveyance	17,367,956	10,587,419
Legal & Professional	9,271,445	3,244,960
Sales promotion	240,436,045	202,728,452
Advertisement & Publicity	15,394,566	9,286,041
Freight outward	82,906,214	83,069,698
Other selling expenses	12,556,400	12,688,452
General expenses	16,768,276	3,736,606
Postage, Telegrams & Telephones	3,028,695	2,798,509
Others Repair & Maintenance	488,323	582,506
Vehicle Running & Maintenance	2,737,409	1,890,986
Total	645,389,089	590,827,334

Notes To The Financial Statements (Contd.)

[25] Exceptional Items

Excess provision written back (Gratuity)	(952,251)	-
Prior period Items (Net)	1,057,368	(329,967)
Total	105,117	(329,967)

OTHER NOTES

[26] The Company has not received any information from any of the suppliers of their being a Micro, Small and Medium Enterprises Unit under Micro, Small and Medium Enterprises Development Act, 2006. Hence, amounts due to Micro and Small Scale Enterprises outstanding as on March 31st 2012 are not ascertainable.

[27] On the basis of actuarial valuation, as per the projected unit credit method by an insurance company, the company has made a suitable provision in the accounts for the payment of gratuity. The information as per "AS-15 Employee Benefits" is not available this year.

[28] (a) Value of Imports calculated on CIF basis

	2011-12	2010-11
(i) Raw & Packing Materials	53,40,254	44,10,955
(ii) Components and spare parts	66,65,604	31,46,449
(b) Expenditure in Foreign Currency		
Bank Charges	67,023	45,052

[29] Composition of raw material, packing materials, stores, spares consumed.

Particulars	Raw Materials & Packing Materials		Stores & Spares	
	2011-12	2010-11	2011-12	2010-11
Imported				
Percentage	7.56%	1.33%	23.12%	17.54
Value(Rs.)	85,38,413	1,09,39,423	66,65,604	39,47,409
Indigenous				
Percentage	92.44%	98.67%	76.88%	82.46
Value(Rs.)	10,44,01,244	81,16,90,337	2,21,57,012	1,85,55,021
Total	100	100	100	100
Total	11,29,39,657	82,26,29,760	2,88,22,616	2,25,02,430

Notes To The Financial Statements (Contd.)

[30] Earning in Foreign Exchange

(i) Exports of Goods calculated on FOB basis

- Direct

- Indirect

(ii) Others

2011-12	2010-11
1,56,97,935	2,08,22,420
3,46,12,849	8,42,940
--	2,40,930

[31] Contingent Liabilities

Claims against the Company not acknowledged as debts.

(i) Disputed Entry Tax demands

(ii) Guarantees given by Bankers on behalf of the Company not provided for

(iii) Estimated amount of contracts remaining to be executed on capital account and not provided for

2011-12	2010-11
48,93,903	4,85,850
8,25,000	7,25,000
65,000,000	9,21,640

[32] The company is engaged in the business of manufacture and sale of Beverage Alcohol (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 AS 17 on 'Segment Reporting' 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 AS – 17 are not applicable to the Company.

[33] Information as per Accounting Standard (AS) 18: "Related Party Disclosures" is:

(a) Related Party

Associates	Nature of Relationship	Relatives of Related Party
Som Distilleries Private Ltd.	Mr. S. Lal (Key Managerial Personnel)	-

(b) Transactions with Related Parties

Nature of Transactions	Som Distilleries Pvt. Ltd. (Associate)	Key Managerial Personnel	Relatives of Key Managerial Personnel
Purchase of Goods	10,26,50,000 (5,03,88,000)	Mr. S. Lal	--
Other transactions	Dr. 1,00,32,02,043 (Dr. 72,54,80,767) Cr. 89,68,61,065 (Cr. 60,02,57,246)		--
Closing Balance	Dr.36,90,977 (Nil)		--

(Previous Year figures are stated in brackets)

Notes To The Financial Statements (Contd.)

[34] Earnings per share in accordance with Accounting Standard (AS) 20 on “Earnings per Share” are given below :

	Particulars	31.03.2012	31.03.2011
(a)	Numerator Profit/(Loss) after tax Rs.	152,380,183	151,398,273
(b)	Weighted average number of equity shares Nos.	2,75,22,400	2,75,22,400
(c)	Basic & Diluted Earning per shares (Rs.)	5.54	5.50
(f)	Nominal value of shares (Rs.)	10.00	10.00

[35] The Secured Loan liability towards Kotak Mahindra Bank has been paid off during the year. However, the interest payable in excess of the amount paid has been retained in the books for the time being out of abundant caution to meet any other possible claim and/or to be appropriated against any other loan liability.

[36] Balances standing at the debit or credit in the accounts of various parties are subject to confirmation and reconciliation.

[37] The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this years' classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

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

Signatures to Notes 1 to 38

D.N. Singh
(Director)

S. Lal
(Chairman & MD)

For K.C. Khanna & Co.

Bhopal
Dated: 31st Aug, 2012

Harsha Chandra
Partner
Membership No. 080489
Firm Registration No. 000481N

Som Distilleries & Breweries Limited

Registered office; 1 A, Zee Plaza, Arjun Nagar, Safdarganj Enclave,
Kamal cinema road, New Delhi - 110029

ATTENDANCE SLIP

I/We hereby record my/our presence at the 19th Annual General meeting on the above named Company held on Friday the 28th September 2012 at 10.00 am at Executive Club, Dolly Farms and Resorts Pvt. Ltd. 349, Village Shaoorpur, P.O. Fatehlpur Beri, New Delhi 11030.

Names and Address of Shareholder:

Folion No/DPIDCLIENTID 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.

.....cut here.....

SOM DISTILLERIES AND BREWERIES LIMITED

Registered office: 1A, Zee Plaza, Arjun Nagar, Safdarganj Enclave,
Kamal cinema road, New Delhi - 110029

PROXY FORM

I/We..... fo being a member/members of
Som Distileries and Breweries Limited hereby appoint of or
failing him/her of or failing
him/her of as my/our proxy to attend and vote
for me/us on my/our behalf at the 19th Annual General Meeting of the Company to be held on Friday the 28th September 2012 at 10.00
am or at any adjournment thereof.

Signature this day of 2012

Folion No./DPID CLIENT ID No.

Affix Revenue
Stamp

Signature

Note: The proxy in order to be effective should be duly stamped. Completed and signed and must be deposited at the registered office of the company of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.



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Maharana Pratap Nagar, Bhopal - 462 011 (M.P.)
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