

(xi) Dematerialisation

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

Form	No. of Shares As on 31.03.2015
De-mat	25434941
Physical	2087459

The promoters along with persons acting in concert held 22.804% of the paid up capital on 31.03.15, private bodies corporate held 0.562% while NRI's/OCBs held 0.115% on that date.

(xii) Subsidiaries

The company is not having any subsidiary.

(xiii) Category-wise Shareholding as on 31.03.2015

Category	Number of shares	% of total shares
Indian Promoters	6276322	22.804
Private Corporate Bodies	154584	0.562
Indian Public	21055227	76.502
Non-resident Indians, OCB's and others	32115	0.117
Clearing Members	4152	0.015
Total	27522400	100.00

The company has not issued any ADR/GDR.

(xiv) 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

TELEPHONE NO.: 011-26387281-83

FAX NO.: 011-26387384

(xv) Management Discussion and Analysis

Indian Economy

FY2015 was a year of recovery for the Indian economy with GDP growth of 7.3% (Source: Ministry of Statistics and Programme Implementation). This growth was primarily driven by improvement in consumer sentiment due to sharp decline in inflation coupled with positive policies by the Central Government. Softening of global crude prices was one of the key factors leading to the decline in inflation and improved consumer sentiment.

The wholesale price index (WPI) has been declining since late 2014 and the consumer price index (CPI) is currently at 5%. The recent measures undertaken by Government to control the food prices are also expected to drive consumption due to improvement in purchasing power.

According to Fitch, an international rating agency, India is expected to record a real GDP growth of 7.8% in FY2016 and 8.1% in FY2017. This growth would be driven by ongoing reforms and initiatives by the Central Government including rapid project clearances and removal of administrative roadblocks. The Government is also expected to initiate a number of reforms which could revive the flagging infrastructure sector. Although the economic recovery is expected to be gradual and not sharp, the improvement in employment levels, rising incomes and changing lifestyles will contribute to an increase in the consumption expenditure.

Consumer Trends

Political stability and improved economic conditions have led to an increase in consumer spending. In addition to a very strong young working population in urban India, rural consumers are also expected to drive

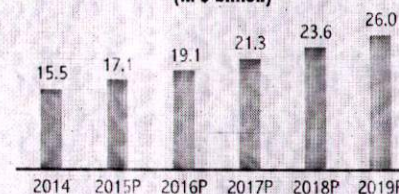
the consumption growth. This demographic profile is leading to an increase in the traditional consumer base. Consumerism has been gaining traction and the middle-class need a feel-good experience today and is gravitating towards premium and quality products, experimenting with fashion and technology. Higher levels of independence along with exposure to lifestyle in advanced economies, preference for better lifestyle and rise in income levels have changed the consumption patterns. What remains clear is that while there is changing behavior amongst Indian consumers, quality and value continue to guide their purchasing decisions. The consumer is increasingly becoming savvy and ensuring that they derive the best value from their purchases.

Indian Alcobev Industry Overview

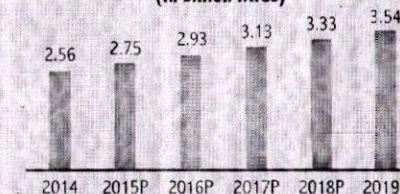
Indian alcohol industry volume has been increasing steadily over the past decade with growth rate of over 10% till 2011. However, after 2011, the growth has moderated significantly due to slowdown in overall consumption, increase in state government taxes and excise duties.

India is the third largest liquor market in the world in terms of volume. The total alcoholic drink sales volume was 2.56 billion litres in CY2014 and is expected to grow at a CAGR of 6.7% to reach 3.54 billion liters by CY2019. During the same period industry sales value is expected to grow at 11.0% CAGR to reach \$26 billion by CY2019. This clearly demonstrates the trend of premiumization prevailing in the industry over the past few years. (Source: BMI Research)

**Indian Alcohol Industry Sales Value
(in \$ billion)**



**Indian Alcohol Industry Sales Volume
(in billion litres)**

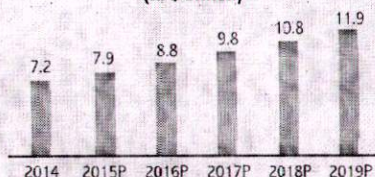


The Indian alcohol industry is broadly segmented as spirits, beer and wine. India is expected to be one of the fastest growing alcohol beverage markets in the world, primarily due to favorable demographic profile, increasing disposable incomes, large consumer base, rapid urbanization and changing lifestyles.

Beer Industry in India

The Indian beer industry is dominated by strong beer which accounts for 85% of total volumes and remaining 15% for mild beer. Generally, the alcohol content in strong and mild beer is 5-8% and 5%, respectively. Indian consumers prefer strong beer with high alcohol content. (Source: Dun & Bradstreet)

**Indian Beer Industry Sales Value
(in \$ billion)**



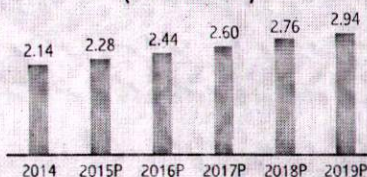
The total beer sales volume in India was 2.14 billion litres in CY2014 and is expected to grow at a CAGR of 6.8% to reach 2.94 billion litres by CY2019. During the same period industry sales value is expected to grow at 10.6% CAGR to reach \$11.9 billion by CY2019. (Source: BMI Research)

High entry barriers in the beer industry due to stringent regulations and investments required to set up distribution network has prevented the entry of smaller players. The major consumer states of beer include Andhra Pradesh, Maharashtra, Karnataka, Tamil Nadu and Delhi.

India has one of the smallest per capita beer consumption rates in the world. Currently, per capita consumption of beer is 1.7 liters per capita which is projected to become 2.2 liters per capita in the year 2019. This is significantly lower as compared to global average of over 27 litres. The average consumption in developed economies is even higher with 80 litres in US, 74 litres in Europe and about 22 litres in China. (Source: Dun & Bradstreet)

India has a favorable demographic profile which includes a growing young and working population which is entering legal drinking age. Furthermore, changing lifestyle, increasing social acceptance and increasing consumption among women has been stimulating the growth of beer industry in India. Moreover, the disposable income is witnessing an increase as growth in service sector has created large number of jobs pushing

**Indian Beer Industry Sales Volume
(in billion litres)**



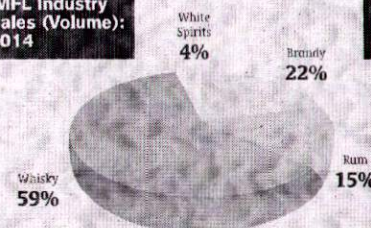
the overall income higher. These factors are expected to continue to drive growth of the Indian beer industry going forward.

IMFL industry in India

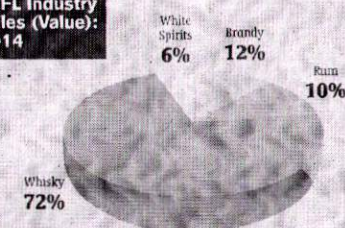
Globally, Asia-Pacific has the largest market for alcoholic products, followed by North America and Europe. Asia-Pacific is expected to maintain its dominance in the global spirit market due to increasing domestic consumption in countries such as China and India. China leads the Asia-Pacific spirit market but India is expected to grow fast in coming years. Indian Made Foreign Liquor (IMFL) account for approximately one third of the total liquor consumption in India and has been growing at a CAGR of more than 10% over the last decade. The spirits industry in India is experiencing the transformation towards premiumization over the past few years. The entry of global majors into Indian market is expected to provide further boost towards this transition. The size of the IMFL market in India was \$ 8.0 billion in CY2014 and is projected to increase to \$ 13.7 billion in CY2019 (CAGR of 11.2%). (Source: Euromonitor International)

IMFL primarily comprises of two broad segments: brown spirits and white spirits. The Indian IMFL industry is predominantly a brown spirits market having a share of 96% in volume terms while remaining 4% is white spirits (including Vodka). (Source: Euromonitor International)

IMFL Industry Sales (Volume): 2014



IMFL Industry Sales (Value): 2014

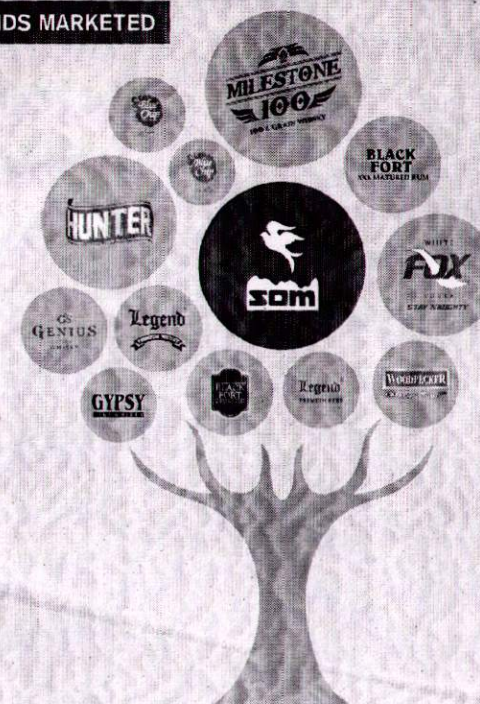


Business Overview

SOM Distilleries & Breweries Limited (SDBL) was established in 1993 and is the flagship company of the SOM Group of Companies. The Group is based in Bhopal and is one of the leading alcoholic beverages manufacturers in India. SDBL is primarily engaged in production of beer and blending and bottling of IMFL. It has a strong sales and distribution network spread over 12 states in India. The Company has a strong marketing and distribution network in Arunachal Pradesh, Chandigarh, Chhattisgarh, Delhi, Gujarat, HP, Haryana,

Jharkhand, Orissa, Pondicherry, Uttarakhand and West Bengal with 60+ distributors across India. SDBL exports its products to Africa, Latin America, Asia and Middle East regions which are in a growth phase. The Company has an installed capacity of 59,200 KL of Beer and 5,400 KL of IMFL. The Company has strived for continuous innovation and premiumization to tap different price points, strengthen position through brand extension, innovative packaging and reaching consumers through new channels.

KEY BRANDS MARKETED



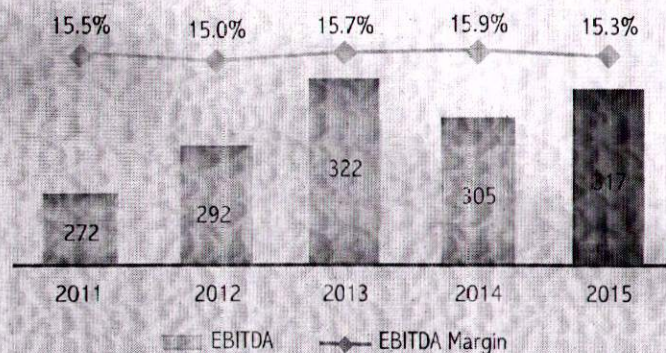
Brand Portfolio Review

SDBL has a diversified product portfolio which consists of Beer, Rum, Brandy, Vodka and Whisky. The major brands of the Company include Hunter, Black Fort and Power Cool in the beer segment; Milestone 100 whisky and White Fox vodka. Other popular brands include whiskeys like Legend, Genius, Sunny and Woodpecker beer. The Hunter and Woodpecker brands are also supplied as draught beer to all the major hotels in Madhya Pradesh and Chhattisgarh. To capitalize on the ongoing shift of the IMFL industry from volume to value based, SDBL had entered the premium IMFL segment through the launch of Milestone 100 whisky and White Fox vodka in the previous year. Currently, the Company has three millionaire beer brands in its portfolio: Hunter, Blackfort and Power family of beer.

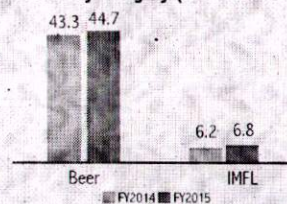
Financial Performance

During the year, the total income of the Company increased by 7.9% to ₹ 2,073 million. The increase was due to improved price realizations and sales volumes. Total Beer sales volumes increased by 3.2% to 44.7 lakh cases. The IMFL volumes also continued its robust growth trajectory and increased by 9.7% to 6.8 lakh cases million demonstrating the success of the Company's newly launched brands as well as increased acceptance of existing brands.

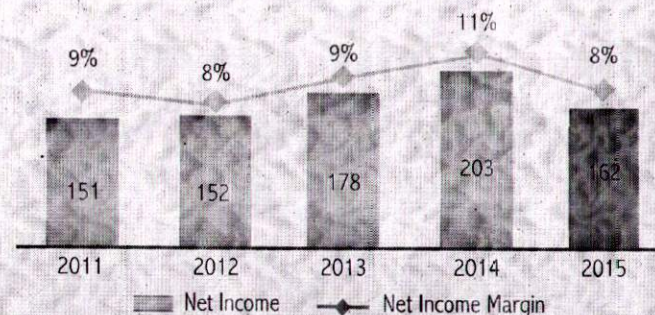
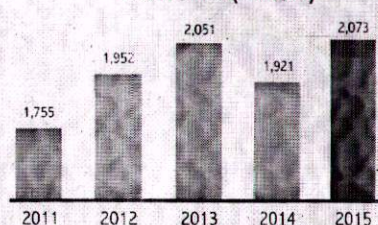
EBITDA for the year was ₹ 317 million, an increase of 4.2% compared to same period last year. The margins remained relatively consistent at 15%. Although the raw material costs as a percentage of sales increased in FY2015, the Company's relentless focus on cost control measures supported the margins.



Revenue by Category (Lakh cases sold)



Total Income (₹ million)



The Profit after Tax (PAT) for FY2015 declined by 20.3% to ₹ 162 million, compared to the same period last year. PAT margin for the year was 7.8%. The decline in PAT was due to the increased finance costs during the year.

Liquidity

As of March 31, 2015, SDBL had total debt of Rs. 605 million, cash & cash equivalents of Rs. 402 million, resulting in net debt of Rs. 203 million. Total shareholders' equity at the end of FY2015 was Rs. 1,183 million. The Debt/Equity ratio stood at 0.51x, despite capital outlay for expansion. SDBL is well position to take advantage of growth opportunities though both organic and inorganic routes.

Operational Performance

The Company continues to invest in improving its distribution footprint across urban and rural markets. SDBL has focused on brand building rather than contract manufacturing. Management is also making consistent efforts for strengthening the manufacturing and distribution capabilities.

Major Corporate Developments

a. Merger of Legend Distilleries Private Limited

In March 2014, a board resolution was passed to merge Legend Distilleries and SDBL. As both the companies are engaged in similar business activity, it is expected that this merger will result in significant synergies in the operations. The objective of the merger is to achieve economies in various aspects of operations and management such as marketing, purchases, accounts, legal services, secretarial, finances and borrowings.

The Company has filed the scheme of arrangement with the Delhi High Court after getting necessary approvals from the stock exchanges. We are hopeful that the merger will be effective soon.

b. New Launches

'Milestone 100' and White Fox Vodka:

Innovation is the core philosophy at SDBL. To capitalize on the opportunity in IMFL segment, SDBL launched two new brands launched in 2013: Milestone 100 in the premium whisky segment and White Fox Vodka in the vodka category. Both these brands continued their robust growth and exceeded expectations.

Refurbished Hunter:

The Company launched its flagship brand in a new theme which demonstrates the management's extensive and continuous efforts to innovate and keep abreast of the changing preferences and demands of the customers. The refurbished brand was launched on a pan India basis and is expected to drive further volumes for the company.

The new Hunter Beer is intended to give customers a drink that is refreshing in taste which adds to the overall experience of the product. We are confident that our new brew will be well received by our customers adding to the fun not just in summer but all year round.



White Fox Refresh, a ready to drink (RTD) product:

RTDs/high-strength premixes witnessed stronger growth rates in 2014-2015 as consumers became more familiar with the concept, thus driving demand in both the off-trade and on-trade. The changed urban attitude towards alcohol consumption is one of the main corresponding reasons for the same.

Keeping in mind the changing consumer preferences and industry trends, SOM is ready to showcase a completely new packaging design in coming months with the launch of new Vodka mixed RTD, White Fox Refresh, an extension of its popular White Fox triple distilled Vodka.

The Company plans to launch the product in Central India and Delhi markets and is targeted towards the younger generation and women.

Milestones, Awards and Accreditations

During the year, the company won the following prestigious awards:

- Monde Selection Gold award for the Milestone 100 whisky
- Monde Selection Silver awards for the White Fox Vodka and Hunter beer
- Spiritz 2014 Best Product debut award for Milestone 100 whisky
- Packaging excellence of the year award – Milestone 100 - Indspirit 2014
- Packaging excellence award unit pack- Black Fort Rum Indspirit 2014
- Fastest emerging company of the year - Indspirit 2014
- Fastest growing company - Indspirit 2014
- Best CSR award - Spiritz 2014
- 'Centre of Excellence for Smart Innovation' award at the 'Inc Innovative 100 Awards'
- Inc India Innovative 100 Awards - 30 Most Innovative CEOs 2014

Business Strategy

Widespread Geographical Presence and Expansion plans

The Company has well-defined business strategy to expand its product portfolio by introducing premium products and growing geographically. Over the long term, the Company envisions itself as one of India's top 3 brewing companies. To achieve this vision, the Company's strategy is to enhance presence in current markets and enter key markets of Karnataka, Andhra Pradesh and Kerala. SDBL is also focused on expanding footprints in select markets internationally. Some of the key export markets added during the year included Sierra Leone and Togo in Africa.

Strong Brand Portfolio

SDBL has established a distinct identity in the Beer and IMFL segments through its strong brand portfolio. The Company's investment in brands, distribution network, new product innovation and consumer connect activities continued to build momentum for future growth. SDBL has made significant progress in its efforts to create well accepted brands and value products. It has undertaken various initiatives through its strategic planning and research to capitalize on the available market opportunities. Most prominent among these is the launch of refurbished Hunter, the Company's flagship product, in a new package with refreshed taste and a

unique combination of smoothness and strength. The launch is expected capitalize on the increasing demand for the Company's products. Furthermore, two new brands Milestone 100 whisky and White Fox vodka have seen increasing sales and acceptance since its launch in 2013. The Company continues to invest judiciously in all the mainstream brands with the aim of creating enhanced brand awareness and visibility.

Human Resources

SDBL believes that over the years, the Company has experienced various situations both achievements and challenges but the commitment of its employees have remained unchanged. The Company believes the human capital has been one of the most critical resources which has played an instrumental role in its growth and sustenance. SDBL lays additional emphasis on providing opportunities for their personal development of skills and capabilities, which ultimately benefits the organization. The Company believes in fostering equal employment opportunities and undertakes continuous efforts to employ and retain professionally qualified, dedicated and committed personnel. This approach has resulted in extremely low attrition and reflects the constructive relationship between the Company and its employees.

During the year, SDBL focused on various strategic learning programmes, employee engagement and health management initiatives to enable overall professional and personal development of the employees. During the year, the relationship with the employees was cordial and there was no loss of production across any of the Company's manufacturing facilities due to any industrial unrest.

Opportunities and Threats

Opportunities

The Indian economy is currently at an inflection point and is anticipated to post robust growth going forward. This strong performance will be supported by implementation of structural reforms and resulting increase in investment activity. The improved consumption expenditure is expected provide growth opportunity to the Indian alcoholic beverage industry. Moreover, the Indian population, whose major share is comprised of the age group 15-55, is more disposed to accept alcohol as a beverage. The increased urbanization, removal of social barriers attached to the alcohol consumption and changing consumer preferences towards western lifestyle will drive future growth. Also, the increase in alcohol consumption by women is a clear indicator of this changing trend. With increasing urbanization, this acceptance is anticipated to increase further.

Threats

Any delay in pickup of macro-economic indicators, emergence of inflationary conditions, volatility in currency and unfavourable weather patterns are some of the threats to the Company's prospects. Any Government enactment aimed at increasing the legal drinking age can also have an adverse impact on the volume growth for the industry. Furthermore, any increase in taxes by state or central government can impact the overall volume for the industry as the higher tax incidence can reduce the purchasing power of the consumer.

Key Market Risks and Concerns

Indian alcohol industry is characterized by stringent regulations and is regulated by the State Governments. It has been highly structured as a result of strict processes for license, distribution and sales. Some of the key industry challenges are as follows:

• Advertisements:

Direct advertising of alcohol is banned in India. This creates a hurdle for of new brand building process as well as improving visibility of existing brands. The

general strategy followed by the companies is to advertise using surrogate products (like glasses, mineral water, music items) having identical brand names.

• Industry regulated by different State Governments:

Since alcoholic beverages are a state subject, each of India's 29 states and 7 union territories has their own rules & regulations and duties & taxes. Thus, the distribution and sale of alcoholic beverage is controlled by state governments and in most of the state governments decide the End Consumer Price (ECP). Additionally, interstate movement is regulated and an export/import license is required. Export fee is imposed in the State where the product is manufactured and import fees in the State where it is sold. In some states, only the alcoholic beverage manufactured in that state can be sold. Independent licenses are required to produce, bottle, store, distribute or retail all liquor products.

• Prohibition Concerns

Prohibition drives undertaken by the government from time to time such as the one taken by the Kerala government this year, could hamper sales.

• Taxation

Alcoholic beverages in India are taxed on ad valorem basis (no consideration of alcohol content) which makes beer an expensive drink compared with other spirits in terms of price per unit.

• Limited Markets

Sale of liquor is also prohibited in the states of Gujarat, Manipur, Mizoram and Nagaland, which further puts hindrance for the growth of the industry.

Internal Control Systems & Their Adequacy

The Company lays emphasis on ensuring that an effective and efficient internal system is maintained across various processes. These systems are managed by qualified and experienced professionals. SDBL follows Standard Operating Procedures (SOPs) that are in line with the best global practices, and have been laid down across the process flows, along with authority controls for each activity.

The Company's internal and statutory auditors review the adequacy of internal controls on a regular basis and thus help mitigate/avoid fraud or any other discrepancies in the daily operational activities of the Company. The Audit Committee of the Board of Directors also meets periodically to review the findings

of internal and statutory auditors' reports and advise the management with corrective policies and controls to be adopted by the Company, consistent with the organizational requirements.

Corporate Social Responsibility

Building community trust through responsible and sustainable management of the business is an indispensable part of SDBL philosophy and vision. The company believes that good governance is critical to sustaining corporate development, increasing productivity and competitiveness and creating shareholder wealth. Corporate Social Responsibility (CSR) is a continuous commitment of the Company for overall economic development and well being of the society. CSR plays an important role in sustainable growth of the Company and ensures that the Company discharges its duties towards development of the society.

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, CSR committee has been formed by the Company. During the year, the Company spent ₹ 23.38 lakhs on CSR activities as per the CSR policy of the Board.

Some of the ongoing CSR activities of the Company are as follows:

Environment

We are committed to protecting the environment and continue to look for ways to minimize waste, increase recycling, and maximize the effective use of natural resources throughout our operations. We routinely conduct assessments of our breweries and other facilities to ensure compliance with applicable environmental regulations and best practices.

- SDBL has established environmental parameters to improve upon against several key indicators by 2015
- The Company has started **PARTNERGREEN** program which enlists employees as

environmental champions and then supports them through awards program.

- The Company is also running projects that help combat water poverty by improving access to clean drinking water and sanitation.

Social Welfare

- In December 1995, **Asha Mohan Foundation** has established a school till the Class X for providing free education to the children in the surrounding rural areas.
- **SOMeshwara Dham Mandir** was built in the year 1994 along the Raisen Road, Madhya Pradesh.
- **Asha Mohan Hospital** is one of the charitable institutions established by SOM Group, which provides free health facilities to its factory workers and to the inhabitants of Sehatganj village and other neighboring areas.
- The Company regularly gives donations to various NGOs.

Other Activities

- Asha Mohan Foundation Society conducts Pulse Polio programs every month for three consecutive days in which they provide free vaccines to infants in Sehatganj and about 12 other villages in the vicinity.
- With an aim to boost up the morale of the youth SDBL sponsors, Merit based Scholarship award which is in the shape of financial support in few reputed schools of Bhopal.

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, 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 and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events.

(xvi) Nomination Facility

Individual shareholders can avail of the facility of nomination by submitting Form SH-14 to the Company. 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.

(xvii) Reconciliation of Capital

As stipulated by SEBI, a qualified practicing Company Secretary carries out reconciliation of 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 is done every quarter and the report thereon is submitted to the Stock Exchanges where the shares are listed.

(xviii) CEO/CFO CERTIFICATION

Shri Surjeet Lal, Chairman & Managing Director and Shri Rajesh Dubey, Chief Financial Officer, of Som Distilleries & Breweries Ltd., have certified that:

- They have reviewed financial statements and the cash flow statement for the year ended 31st March 2015 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.
- 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.
- 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.
- They have indicated to the auditors and the Audit committee:
 - Significant changes in internal control over financial reporting during the year.
 - Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 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

Place: Bhopal
Dated: 27.07.2015

Rajesh Dubey
Chief Financial Officer

Surjeet Lal
Chairman and Managing Director

ANNEXURE- V TO THE DIRECTORS' REPORT

Disclosers in Board's Report

Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year.	Remuneration provided to any Director 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-10% Chief Financial Officer-15% Managing Director-0% (No Salary)
3	The percentage increase in the median remuneration of employees in the financial year	4.5%
4	The number of permanent employees on the rolls of company.	122 Employees
5	The explanation on the relationship between average increase in remuneration and company performance.	There is no such relationship at present.
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company.	The remuneration of KMP is not related to company performance at present.
7	Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer (i.e. Rs. 10 per share in 1994).	Variation in Market capitalization of the company in Comparison to last year is -(ive):20.7% Price Earnings Ratio as at the 1. closing date of the current financial year, i.e. 31st March 2015 : 33.30 2. closing rate of previous financial year i.e. 31st march 2014 : 33.19 The Closing Price of equity shares of the company as on 31st March 2015 on BSE and NSE are 195.80 and 193.95, respectively. Representing a 1858 %/1839.5% increase over IPO price.
8	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. 10% average increase in the salaries of the employees. The comparison cannot be done since no remuneration is being paid to any Director.
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company	Remuneration of KMP is not related to the performance of the company
10	The key parameters for any variable component of remuneration availed by the director.	Not applicable, since no remuneration is being paid to any Directors.
11	The ratio of the remuneration of the highest paid director to that of the employees who are not the directors but receive remuneration in excess of the highest paid director during the year.	Not applicable, since no remuneration is being paid to any Directors.
12	Affirmation that the remuneration is as per the remuneration policy of the company	No remuneration policy has been framed so far.

Place: Bhopal
Dated: 27.07.2015

Surjeet Lal
Managing Director

Certificate of Compliance of The Conditions of Corporate Governance

To,
The Members,
Som Distilleries & Breweries Limited
Bhopal.

Sirs,

We have examined the compliance of the conditions of Corporate Governance by Som Distilleries & Breweries Limited, for the year ended on 31.03.2015, as stipulated in clauses 49 of the Listing Agreement (hereinafter referred to as the "Agreement") of Som Distilleries & Breweries Ltd with Bombay Stock Exchange Limited and National Stock Exchange of India.

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 2014-15 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 Agreement.

As per the information given to us and records maintained by the Stakeholders Relationship Committee, no investor grievance was pending as on 31.03.2015.

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.

Place: Bhopal
Dated: 27.07.2015

M.M.Chawla
For M.M.Chawla and Associates
FCS 67, CP 716



Independent Auditors Report

To the members of Som Distilleries & Breweries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI** ('the Company'), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, 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 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 financial statements based on 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 there under.

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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 Company's Directors, as well as evaluating the overall presentation of the 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Government of India, in exercise of powers conferred upon it under subsection 11 of section 143 of the Act, we give in the Annexure 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, and the Cash Flow Statement dealt with by

this Report are in agreement with the books of account.

d) In our opinion, the aforesaid 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 as on 31st March, 2015 taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March, 2015 from being appointed as a Director in terms of subsection 2 of Section 164 of the Act.

f) 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:

(f-i.) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 33 to the financial statements;

(f-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.

(f-iii.) As at March 31, 2015, as per its records, there were no amounts required to be transferred by the Company to the Investor Education and Protection Fund.

12, Zone II, M.P. Nagar,
BHOPAL 462 011

Dated: 27.07.2015

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

Harsha Chandra
Partner
Membership No. 080489

Annexure to the Independent Auditors' Report

SOM DISTILLERIES & BREWERIES LIMITED

Year ended 31.03.2015

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

1. (a) As per the information given to us, the Company has 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.
2. (a) As per the information given to us the inventory has been physically verified, at reasonable intervals, during the year, by the Management. In our opinion, the frequency of such verification is reasonable.
(b) The procedures for the physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is stated to be maintaining proper records of inventory. No material discrepancies are stated to have been noticed on such verification.
3. As per the information given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the register maintained under Section 189 of the Act. However, the Company has an account in the nature of a current account with a company under the same management. It has been explained to us that the transactions with this company are in the ordinary course of business. The maximum amount due from that company at any time during the year was ₹ 46,24,74,513

(previous year ₹ 3,62,41,381) and the year end debit balance was ₹ 22,72,12,413 (previous year ₹ 7,43,93,832).

(a) Not applicable.

(b) 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 inventory and fixed assets and for the sale of goods and services. However, procedures for purchase of inventory need to be strengthened.

5. According to the information given to us, the Company has not, during the year, accepted any deposits from the public in accordance with the provisions of sections 73 to 76 of the Act and the Rules framed thereunder.

6. As per the explanations given to us, the Central Government has not specified maintenance of cost records in respect of the Company's products.

7. (a) According to the records of the Company, provident fund dues, State excise and related dues and other statutory 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 and the information and explanations given to us, there are no undisputed statutory dues outstanding as at 31.03.2015 for a period of more than six months from the date they became payable.

- (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
M P Entry Tax Act, 1976	Entry Tax	48.94	2007-08	MP Commercial Tax Appeal Board, Bhopal
M P VAT Tax Act, 2002	CST	454.37	2011-12	MP High Court
M P VAT Tax Act, 2002	CST	413.69	2012-13	Additional Commissioner Commercial Tax, Bhopal
M P VAT Tax Act, 2002	Entry Tax	17.45	2012-13	Additional Commissioner Commercial Tax, Bhopal
Income Tax Act, 1961	Tax after assessment	217.5	2012-13	Commissioner of Income Tax Appeals

- (c) As per the records of the company, during the year, no amount was required to be transferred to the Investor Education and Protection Fund.
8. 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.
9. As per the records of the company, and the information given to us, the company has not defaulted in repayment of dues to any financial institutional or bank.
10. According to the information given to us, the Company had given a corporate guarantee to a bank for a loan taken by another company. As per the explanations given to us, the terms and conditions of such guarantee are not prejudicial to the interests of the company.
11. As per the information given to us, the term loans have been applied for purposes for which they were obtained.
12. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

12, Zone II, M.P. Nagar,
BHOPAL 462 011

Dated: 27.07.2015

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

Harsha Chandra
Partner
Membership No. 080489

SOM DISTILLERIES & BREWERIES LIMITED

Balance Sheet As at 31-03-2015

S. No.	Particulars	Note No.	As at 31-03-2015 (Rs.)	As at 31-03-2014 (Rs.)
I. EQUITY AND LIABILITIES				
(1) Shareholder's Funds				
(a) Share capital	3	275,224,000	275,224,000	
(b) Reserves and Surplus	4	906,547,610	798,302,030	
(2) Non current liabilities				
(a) Long term borrowings	5	286,274,185	54,241,165	
(b) Deferred tax liabilities (Net)	6	112,781,085	115,606,335	
(c) Other Long term liabilities	7	12,328,276	2,339,276	
(3) Current Liabilities				
(a) Short term borrowings	8	318,745,628	3,250,953	
(b) Trade payables		194,571,358	174,316,082	
(c) Other current liabilities	9	264,270,729	140,373,553	
(d) Short term provision	10	135,863,866	87,270,357	
Total		2,506,606,737	1,650,923,751	
II. ASSETS				
(1) Non current assets				
(a) Fixed Assets				
(i) Tangible assets	11	642,076,668	672,366,990	
(ii) Capital work in progress		20,338,959	1,875,839	
(b) Long term loans and advances	12	41,703,291	33,211,829	
(2) Current assets				
(a) Inventories	13	261,754,502	153,788,676	
(b) Trade Receivables	14	593,131,467	337,271,920	
(c) Cash and Cash equivalents	15	402,298,411	63,530,345	
(d) Short term loans and advances	16	545,303,439	388,878,152	
Total		2,506,606,737	1,650,923,751	

Significant Accounting Policies

[21]

For and on Behalf of the Board

Rajesh Dubey ■ **Mayank Bhaduria** ■ **D.N.Singh** ■ **S.Lal**
(Chief Financial Officer) (Company Secretary) (Director) (Chairman & Managing Director)

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

Harsha Chandra
Partner
Membership No. 080489

Bhopal
Dated: 27th July, 2015

SOM DISTILLERIES & BREWERIES LIMITED

Profit and Loss Statement for The Year Ended 31st March, 2015

S. No.	Particulars	Note No.	Year Ended 31 March, 2015	Year Ended 31 March, 2014
I.	Revenue from operations	17	2,061,569,445	1,902,725,039
II.	Other Income	18	11,914,749	18,573,995
III. Total Revenue	(I + II)		2,073,484,194	1,921,299,034
	Expenses:			
	Cost of materials consumed	19	1,014,092,938	798,764,338
	Changes in inventories of finished goods, Work in progress and Stock in trade		(78,522,364)	78,385,829
	Employee benefit expenses	20	53,579,957	48,299,344
	Financial costs	21	23,479,534	1,679,049
	Depreciation		39,069,954	48,084,766
	Other expenses	22	767,859,677	691,182,314
IV. Total Expenses			1,819,559,696	1,666,395,640
V.	Profit before exceptional and extraordinary items and tax	(III - IV)	253,924,498	254,903,394
VI.	Exceptional items	23	(585,787)	80,307
VII.	Profit before extraordinary items and tax	(V - VI)	254,510,285	254,823,087
VIII.	Extraordinary Items		-	
IX.	Profit before tax	(VII - VIII)	254,510,285	254,823,087
X.	Tax expenses:			
	(1) Current tax		95,641,102	50,975,726
	(2) Deferred tax		(2,825,250)	836,497
XI. Profit/(Loss) for the period	(IX - X)		161,694,433	203,010,864
XII.	Earning per equity share:			
	(1) Basic		5.88	7.38
	(2) Diluted		5.88	7.38

Significant Accounting Policies

[2]

For and on Behalf of the Board

Rajesh Dubey ■ **Mayank Bhaduria** ■ **D.N.Singh** ■ **S.Lal**
(Chief Financial Officer) (Company Secretary) (Director) (Chairman & Managing Director)

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

Harsha Chandra
Partner
Membership No. 080489

Bhopal
Dated: 27th July, 2015

SOM DISTILLERIES & BREWERIES LIMITED

Cash Flow Statement for The Year Ended 31st March 2015

Particulars	Year Ended 31 March, 2015	Year Ended 31 March, 2014
Cash flow from operating activities		
Profit before Tax	254,510,285	254,823,087
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation on continuing operations	39,069,954	48,084,766
Interest Expense	23,479,534	1,679,049
Dividend Income	(7,334,323)	(1,795,619)
Operating profit before working capital changes	309,725,450	302,791,283
Movements in working capital:		
Increase/(decrease) in trade payables	20,255,276	(44,676,640)
Increase/(decrease) in short term provisions	48,593,509	(23,832,906)
Increase/(decrease) in other current liabilities	123,897,176	(107,995,142)
Increase/(decrease) in other long term liabilities	9,989,000	200,000
Decrease/(increase) in trade receivables	(255,859,547)	152,618,584
Decrease/(increase) in inventories	(107,965,826)	147,519,790
Decrease/(increase) in long term loan & advances	(8,491,462)	(778,815)
Decrease/(increase) in Short loan & advances	(156,425,287)	(333,821,229)
Cash generated from/(used in) operations	(16,281,711)	92,024,925
Direct Taxes Paid (net of refunds)	(95,641,102)	(50,975,726)
Net Cash flow from/(used in) operating activities (A)	(111,922,813)	41,049,199
Cash flow from Investing activities		
Purchase of fixed assets, CWIP and capital advances	(31,003,634)	(16,182,060)
Proceeds from sale of fixed assets		1,684,784
Proceeds from sale/maturity of current investment		
Dividend Received	7,334,323	1,795,619
Net Cash flow from/(used in) Investing activities (B)	(23,669,311)	(12,701,657)
Long term borrowings	547,527,694	(50,940,412)
Interest paid	(23,479,534)	(1,679,049)
Dividend paid	(41,283,600)	(41,283,600)
Dividend distribution tax	(8,404,370)	(7,016,148)
Net Cash flow from/(used in) Financing activities (C)	474,360,191	(100,919,209)
Net increase/(decrease) in cash and cash equivalents	338,768,066	(72,571,667)
Cash and cash equivalents at the beginning of the year	63,530,345	136,102,013
Cash and cash equivalents at the end of the year	402,298,411	63,530,346
Components of cash and cash equivalents		
Cash on hand	20,696,919	35,515,260
With Banks - on current account	363,651,383	20,749,872
With Banks - on deposit account	17,950,109	7,265,213
Total Cash and cash equivalents	402,298,411	63,530,345

For and on Behalf of the Board

Rajesh Dubey
(Chief Financial Officer)

Mayank Bhaduria
(Company Secretary)

D.N. Singh
(Director)

S.Lal
(Chairman & Managing Director)

This is the Cash Flow Account referred to in our Report even date

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

Harsha Chandra
Partner
Membership No. 080489

Bhopal
Dated: 27th July, 2015

NOTES TO THE FINANCIAL STATEMENTS (Year Ended 31.03.2015)

(1) Company Information

Som Distilleries & Breweries Ltd. is a Public company domiciled in India and incorporated under the provisions of Companies Act, 1956. Its shares are listed on NSE and BSE. 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 of accounts

These financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and other accounting principles generally accepted in India, to the extent applicable.

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

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 upto the date of commissioning.

Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except in respect of the labour quarters where useful life is different than those prescribed in Schedule II are used.

2.5 Impairment of Asset

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

2.6 Inventories

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

- Raw materials, components, packing material, stores and spares on first in first out basis.
- 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.