



SOM DISTILLERIES & BREWERIES LIMITED

**COMPANY GROWS
BY
NUMBERS & BEYOND**



**ANNUAL
REPORT
2008-2009**

BLACK-FORT

XXX-MATURED RUM

The desire of
Real!
MEN!

The World belongs to me



Hunter
EXTRA STRONG
PREMIUM BEER

JOSH KA JASHAN
EXTRA STRONG PREMIUM BEER



16th **ANNUAL**
REPORT
2008-2009

SOM DISTILLERIES & BREWERIES LTD.



DIRECTORS

Shri Surjeet Lal	Chairman & Managing Director
Shri D. N, Singh	Director
Shri S.S. Sengar	Director
Shri G.D. Arora	Director

BANKER

Kotak Mahindra Bank Ltd,

AUDITORS

K. C Khanna & Co.
Chartered Accountants
12, Zone-11, M.P.Nagar
Bhopal-462011

REGISTERED OFFICE

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

CORPORATE OFFICE

23, Zone-II, M. P. Nagar, Bhopal-462011
Tel Nos. 0755-4271271,4271369

FACTORY

Rojra Chak, District Raisen, Madhya Pradesh
Tel Nos. 07480-266244, 266245

STOCK EXCHANGE

Bombay Stock Exchange limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400001



SOM DISTILLEREIS & BREWERIES LIMITED
Sixteenth Annual Report

**NOTICE TO
MEMBERS**

Notice is hereby given that the 16th Annual General Meeting of Som Distilleries & Breweries Limited will be held on Wednesday the 30th September 2009 at 10.00 A.M. at Executive Club, Dolly Farms and Resorts Pvt. Ltd, 349, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi 110030 to transact the following business: -

ORDINARY BUSINESS

1. ACCOUNTS

To approve and adopt the Audited Profit & Loss Account for the year ended 31st March, 2009 and the Balance Sheet as at that date and the Reports of Directors and Auditors thereon.

2. APPOINTMENT OF SHRI SHAILENDRA SINGH SENGAR AS DIRECTOR

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

3. 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 16th Annual General Meeting till the conclusion of next Annual General Meeting at a remuneration to be decided by the Chairman cum Managing Director with the consent of the auditors".

SPECIAL BUSINESS

4. APPOINTMENT OF SHRI GURU DARSHAN ARORA AS DIRECTOR

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

"Resolved that Shri Guru Darshan Arora, who was appointed as an additional director under section 260 of the companies Act 1956 and in respect of whom the company has received a notice under section 257 of the Act, in writing, proposing his candidature for the office of director, be and is hereby appointed as a director of the company subject to retirement by rotation under Articles of Association of the company."

5. APPOINTMENT OF SHRI SURJEET LAL AS MANAGING DIRECTOR

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

"Resolved that in terms of sections 198, 269 and 316 of the Companies Act 1956 and other applicable provisions, if any, Shri Surjeet Lal S/o Shri Hakim Chand who has been a director of the company since 19.05.1993, be and is hereby appointed as Managing Director of Som Distilleries and Breweries Limited from 21.03.2009 for a period of five years without any remuneration, particularly

keeping in view the fact that he is also Managing Director of Som Distilleries Pvt. Ltd.”

6. WARRANTS ALLOTTED ON PREFERENTIAL BASIS ON 08.11.2008

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

“Resolved that in the context of 94,22,400 warrants allotted on 08.11.2008 to named promoters/non-promoters, convertible into equal number of equity shares at a price of Rs. 22.10 per share (including premium of Rs. 12.10 per share), for which 50% price was received in advance and balance is payable by 08.05.2011 being the last date of exercise of conversion option and the general meeting approval for which was given at the Annual General Meeting Held on 30.09.2008, it be noted in modification of the explanatory statement to the notice of that AGM, for information that the prior shareholdings of two of the applicants, before that AGM were as follows:

<u>Applicant Name</u>	<u>No. of shares held before that AGM</u>
Shri Mohar Singh	40,000
Shri Vinod Singh	80,000

Notes :-

- 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.
- The Register of Members of the company will remain closed from 23.09.2009 to 30.09.2009 (both days inclusive).
- 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-110021 who are the Registrar and Transfer agents.
- Any queries for being answered at the meeting must reach at least seven days in advance.

By Order of Board of Directors

PLACE: BHOPAL
DATED: 5th September 2009

SURJEET LAL
CHAIRMAN AND MANAGING DIRECTOR



EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT 1956 TO THE NOTICE OF THE 16TH ANNUAL GENERAL MEETING OF SOM DISTILLERIES & BREWERIES LIMITED TO BE HELD ON WEDNESDAY THE 30TH SEPTEMBER, 2009 AT EXECUTIVE CLUB, DOLLY FARMS AND RESORTS PVT. LTD., 349, VILLAGE SHAHOORPUR P.O. FATEHPUR BERI, NEW DELHI AT 10.00 HOURS.

Item No.4. APPOINTMENT OF SHRI GURU DARSHAN ARORA AS DIRECTOR

Shri Guru Darshan Arora is a B.Sc. He has over 15 years experience in production and bottling of IMFL, implementing of excise regulations and supervision. He is 44 years old. He is a member of Audit Committee of the company. He is an employee of Som Distilleries Private Limited, a company under the same management. The Board recommends his appointment as Director. None of the directors is interested in the resolution except Shri G.D. Arora.

Item No.5. APPOINTMENT OF SHRI SURJEET LAL AS MANAGING DIRECTOR

Shri Surjeet Lal is a B.Sc. He is 65 years old. He has more than 15 years experiences of Erection, commissioning and operation of plant and machinery for production of beer. He has been associated with the launch of various brands of beer. He is a member of Shareholders Grievances and Share Transfers Committee of the company. He is also Chairman and Managing Director of Som Distilleries Pvt. Ltd from which company he draws his remuneration. He holds 5010 shares of the company. He may be regarded as a person acting in concert with the promoters. But he is not a promoter. The Board recommends his appointment as Managing Director. None of the directors is interested in the resolution except Shri Surjeet Lal.

Item No.6. WARRANTS ALLOTTED ON PREFERENTIAL BASIS ON 08.11.2008

At the last Annual general Meeting held on 30.09.2008, the Board of Directors were authorized to allot 94,34,800 warrants convertible into equal number of shares of Rs. 10 each at price of Rs. 22.10 per share (including premium of Rs. 12.10 per share). The Board of Directors allotted only 94,22,400 warrant since one of the applicants could not complete the formalities in time. In the explanatory statement to the notice of the AGM held on 30.09.2008, the present shareholdings of two of the applicants, Shri Mohar Singh and Shri Vinod Singh were shown as Nil. It turned out later on that the present shareholdings of these two applicants were 40,000 and 80,000 shares respectively. This information is now being placed before the shareholders for information as required by Bompay Stock Exchange to satisfy the SEBI guidelines.

For end on behalf of the Board

**Place: Bhopal
Dated: 05.09.2009**

**Surjeet Lal
Chairman and Managing Director**



SOM DISTILLERIES & BREWERIES LIMITED
Sixteenth Annual Report

**REPORT TO
DIRECTORS**

To,
The Shareholders
Som Distilleries & Breweries Ltd.

Sirs,

Your Directors have pleasure in presenting the Sixteenth Annual Report of your Company for the year ended on 31st March 2009.

1. WORKING RESULTS

During the year 2008-2009 the factory produced 15417 KL of Beer and 1231 KL of IMFL compared with 14869 KL of Beer and 1419 KL of IMFL during the year 2007-2008.

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

	<u>2008-09</u> (Rs. In lacs)	<u>2007-08</u> (Rs. In lacs)
Sales & Other Income	7308.84	5459.76
Depreciation	182.82	162.44
Profit / (Loss) for the year	684.10	583.84
Provision of Tax	32.01	3.59
Profit / (Loss) after Tax	652.09	580.25

The demand for the products of the company and therefore the sales were higher resulting in higher profit.

2. DIRECTORS:

Shri Rajesh Mukharya resigned as director w.e.f from 17.12.08. With effect from 21.3.2009, Shri Jagdish Kumar Arora resigned as Chairman / Managing Director, Shri Ajay Kumar Arora resigned as Director and Shri Surjeet Lal who has been a director since 19.5.1993 was appointed as Managing Director. Shri Mahesh Kumar Batra was appointed as director from 21.03.2009 but due to personal reasons resigned with effect from 30.06.2009. With appointment of one new Director as below, the Board of Directors now consists of the following.

S.No	Name	Designation	Date of appointment
01	Shri Surjeet Lal	Chairman/Managing Director	<u>19.05.1993</u> 21.03.2009
02	Shri Shailendra Singh Sengar	Director	30.03.2006
03	Shri Deenanath Singh	Director	30.03.2006
04	Shri Guru Darshan Arora	Director	21.03.2009

The Board records its high appreciation of the services rendered by Shri J.K.Arora and Shri A.K. Arora for a very long period. The Board also appreciates the services rendered by Shri Rajesh Mukharya and Shri Mahesh Kumar Batra. The Board welcomes the new Director Shri G.D.Arora. Shri Surjeet Lal has already rendered



services as Director for a long period. The Board now welcomes him as Managing Director/Chairman and is confident that the company will now progress further.

3. AUDITORS

M/s K.C. Khanna & Co., Chartered Accountants, Bhopal retire at the ensuing 16th Annual General Meeting. They are eligible for reappointment. The Board recommends their reappointment.

4. 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 thereunder, 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.50,76,960
Imports: Rs. 2,48,66,258
- (d) Directors Responsibility Statement
The Directors hereby certify:-
 - i) That in the preparation of the accounts for 2008-2009, the applicable accounting standards have been followed.
 - ii) That accounting policies have been stated in Schedule K 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 31.03.2009 and of the Profit of the Company for 2008-2009.
 - 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.

5. 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.

6. ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Place: Bhopal
Dated: 05.09.2009

SURJEET LAL
Chairman and Managing Director



ANNEXURE-I TO DIRECTORS' REPORT
REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED ON
31st MARCH, 2009

(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 2008-09, the Board of Directors met 13 times on 10.04.08, 30.04.08, 04.06.08, 28.07.08, 04.09.08, 06.09.08, 20.10.08, 27.10.08, 08.11.08, 24.11.08, 17.12.08, 31.01.09 and 20.03.09. 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 30.09.08 was attended by Shri J.K.Arora, the then chairman and managing director and Shri Deenanath Singh Chairman of the Audit Committee.

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

- a) Shri Guru Darshan Arora is a B.Sc. He has over 15 years experience in production and bottling of IMFL, implementing of excise regulations and supervision. He is 44 years old. He is a member of Audit Committee of the company. He is an employee of Som Distilleries Private Limited, a company under the same management.
The Board recommends his appointment as Director.
- b) Shri Surjeet Lal is a B.Sc. He is 65 years old. He has more that 15 years experience of erection, commissioning and operation of plant and machinery for production of beer. He has been associated with the launch of various brands of beer. He is a member of Shareholders Grievances and Share Transfers Committee of the company. He is also Chairman and Managing Director of Som Distilleries Pvt. Ltd. from which company he draws his remuneration. He holds 5010 shares of the company. He may be regarded as a person acting in concert with the promoters. But he is not a promoter.

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 30.09.2008, the Chairman of the Audit Committee Shri D.N. Singh attended the annual general meeting. During 2008-09 the audit committee met five times. The gap between any two meetings was not more than four months. The quorum was complied with. All the members of the committee attended all the meetings. The Committee has been given the powers and assigned the role as per clause 49 and as per section 292A of the Companies Act, 1956.

4. Remuneration Committee

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

5. Subsidiaries

The company is not having any subsidiary.

6. Disclosures

- (a) Material Contingent liabilities have been duly disclosed in the notes to the accounts for 2008-09. During the year there were no transactions with related parties except the following:

M/s K. K. Packers	-	Rs. 52,99,595 of corrugated boxes were purchased
M/s Som Distilleries Pvt. Ltd	-	Rs.1,31,00,000 of spirit for manufacturing IMFL was purchased. Other transactions: Dr.Rs. 24,49,15,362 Cr. Rs. 25,26,34,247

- (b) The Company has whistle blower policy under which all employees are having direct access to the management in case of any complaint about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics. No personnel was denied access to the audit committee.
- (c) No director is paid any remuneration by the company except sitting fees of Rs. 1000/- for attending each Board Meeting, if claimed.
- (d) There were no instances of non-compliance or penalty imposed on the company by Stock Exchange or SEBI or any other statutory authority on any matter related to capital market, during the last three years.
- (e) At the time of appointment/reappointment of Directors, requisite information about directors was given in the notice of general meetings.
- (f) The Company is complying with all mandatory requirements of Clause 49 of the listing agreement.
- (g) The company has issued 94,22,400 warrants to named promoters/non-promoters on 08.11.2008 convertible into equal number of shares of Rs. 10 each at a price of Rs. 22.10 per share (including premium of Rs. 12.10 per share). 50% of the price has been received in advance and balance is payable before conversion. The option to convert can be exercised upto 08.05.2011.

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
2006-07	30 th September 2006	10.00 A.M.	Executive Club, Dolly Farms and Resorts Pvt. Ltd, 439, Village Shahoorpur P.O. Fatehpur Beri, New Delhi 30	13 th AGM
2007-08	23 rd April, 2007	4.00 P.M.	Company's factory at village Rojrachak, Dist. Raisen, M.P.	EGM
2007-08	29 th September, 2007	10.00 A.M.	Executive Club, Dolly Farms and Resorts Pvt. Ltd., 439, Village, Shahoorpur P.O. Fatehpur Beri, New Delhi-30	14 th AGM
2008-09	30 th September, 2008	10.00A.M.	Executive Club, Dolly Farms and Resorts Pvt. Ltd., 439, Village, Shahoorpur P.O. Fatehpur Beri, New Delhi-30	15 th 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. sombreweries@gmail.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-110020
TELEPHONE NO. 011-26387281-83
FAX NO. 011- 26387384**

11. Management Discussion and Analysis Report

Beer industry in India is in highly progressive phase and is expanding at an annualized rate of 13-13.5%. At present, the total market size is estimated at 70 million cases of 12 bottles of 650ml. in India. India being the second most populous country in the world, potential in absolute number is huge. The per capita consumption of beer is only about 2 litres as against over 100 litres in the developed countries.

The product of the company is one of the best qualities produced in India and the company has got an excellent plant with rarely available canning facility in the country. Company is also the sole player of Draught Beer in the MP market.

The brands of the company are well accepted in the market, like Hunter Premium Extra Strong Beer, Can Beer, and Draught Beer. In M.P. the present market share of the company in strong beer segment is around 27%. With adequate working capital support it is expected that in coming

years the market share in beer segment will be 36% in M.P.

Due to encouraging response and demand for company's product, company has recently expanded its plant capacity from 3 lacs hecto litres to 6 lacs hecto litres by spending Rs. 32 crores for its CAPEX. All the major plant and machinery have been imported from world leaders like Alfa Laval of Sweden, and Kronas and KHS of Germany.

With this capex project, the company has upgraded the plant by adding PC/PLC Control process section from Alfa Laval & Kronas and KHS Bottling line of 21000 bottles per hour. Similarly, Quality Control laboratory has been upgraded with imported equipments to make the brewery latest and ultra modern.

With the enhancement of plant capacity and the fact that all the product brands are well accepted by the people in India & abroad, the company is poised to take a quantum leap in sales growth. The company is currently operating in premium lager and Super Strong beer segments.

The Company is associated with United Breweries (UB) as franchisee partner and recently added Cobra Beer Limited, London as franchisee partner and started bottling their products in brewery.

The Company is already having extensive marketing and distribution network through its own depots in the state of Maharashtra, Madhya Pradesh, Delhi and Bihar. In other States, it has tie-ups with local distributors and marketing agents. Company has recently started in Haryana, Tamil Nadu, Pondicherry, Andhra Pradesh and Daman & Diu. Company is also exporting its products to USA, South Korea and Africa etc. and its Export turnover is also increasing.

The company is confident that it will be able to utilize its increased brewing capacity and in coming time its highly developed distribution system will benefit the company in spanning its products and brands in every nook & corner of the country.

12. General Share Holder Information:

Annual General Meeting

Date & Time	: 30 th Day of September 2009 at 10.00 a.m.
Venue	: At Executive Club, Dolly Farms and Resorts Pvt. Ltd, 439, Village Shahoorpur, P.O.Fatehpur Beri, New Delhi 30
Book Closure	: 23.09.2009 to 30.09.2009 (Both days inclusive)

Financial Calendar 2008 -09 relating to approval of financial results.

First Quarterly Result	: July 2008
Second Quarterly Result	: October 2008
Third Quarterly Result	: January 2009
Fourth Quarter Result	: April 2009
Annual results for the year	
Ending on 31.03.2009	: June, 2009
Listing on Stock Exchanges	: Bombay Stock Exchange Limited, Mumbai
Equity Stock Code	: 507514
ISIN No.	: INE480C01012

The Company has already paid the Listing fees of Bombay Stock Exchange Ltd., Mumbai for the year 2009-10.

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 effect transfers, transmission, issue of duplicate shares, dematerialization etc. The registrar and transfer agent, Mas Services Pvt. Ltd. has been authorized to effect transfers etc. The committee generally meets once in a month. The Committee has also been authorized to look into shareholders grievances. During 2008-09, only five complaints were received from shareholders etc. which were resolved. There was no pending complaint as on 31.3.2009. There was no pending transfer as at the end of the year. Shri Surjeet Lal, Managing Director is the Compliance Officer.

The shares of the Company have been dematerialized.

Form	No. of Shares As on 31.03.2009
De-mat	16065981
Physical	2034019

The promoters along with persons acting in concert held 14.04% of the paid up capital on 31.03.09, private bodies corporate held 08.58% while NRI's/OCBs held 0.20% 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 2008-09 are as under:

Period (2008-09)	High	Low	Volume of Shares Traded
April 2008	18.80	16.00	173066
May 2008	36.05	16.95	1154905
June 2008	29.25	18.70	437343
July 2008	22.85	17.15	214632
August 2008	27.00	20.70	410633
September 2008	23.95	16.00	132761
October 2008	19.60	12.25	203433
November 2008	15.40	9.71	95734
December 2008	16.04	11.16	138694
January 2009	16.39	11.58	95434
February 2009	13.75	10.21	158923
March 2009	13.95	8.45	105584

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 31.03.2009

Category	Number of shares	% of total shares
Indian Promoters	2540793	14.04%
Private Corporate Bodies	1553667	8.58%
Indian Public	13705721	75.72%
Non-resident Indians, OCB's and others	35640	0.20%
Clearing Members	264179	1.46%
Total	18100000	100.00

The company has not issued any ADR/GDR.

16. Distribution of Shareholdings as on 31.03.2009

SH. HOLDING NOMINAL VALUE RS.	NO. OF SH. HOLDERS	% TO TOTAL	NO. OF SHARES	AMT. IN RS.	% TO TOTAL
1 TO 5000	9409	88.58	1671157	16711570	9.23
5001 TO 10000	584	5.50	510740	5107400	2.82
10001 TO 20000	237	2.23	380423	3804230	2.10
20001 TO 30000	95	0.89	246309	2463090	1.36
30001 TO 40000	49	0.46	176913	1769130	0.98
40001 TO 50000	49	0.46	235547	2355470	1.30
50001 TO 100000	93	0.88	717766	7177660	3.97
100001 & ABOVE	106	1.00	14161145	141611450	78.24
TOTAL	10622	100.00	18100000	181000000	100.00

17. Nomination Facility :

Individual shareholders can now 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 Avaneesh Dvivedi, Sr. Dy. General Manager (Finance and Accounts), of Som Distilleries & Breweries Ltd., have certified that

- (a) They have reviewed financial statements and the cash flow statement for the year ended 31st March 2009 and that to the best of their knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) 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 on the Board of Directors

Avaneesh Dvivedi
Sr. Dy. General Manager (Finance & Accounts)

Surjeet Lal
Chairman and Managing Director

Place: Bhopal
Dated: 05.09.2009



SOM DISTILLEREIS & BREWERIES LIMITED
Sixteenth Annual Report

**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

We have examined the compliance of the conditions of Corporate Governance by Som Distilleries & Breweries Limited, for the year ended on 31.03.2009, 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 31.3.2009.

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 : 05.09.2009**

**M.M. CHAWLA
FCS**



SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI

AUDITORS REPORT TO SHAREHOLDERS

We have audited the attached Balance Sheet of **SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI** as at 31st March, 2009 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 except Accounting Standards (AS) 15: " Employees benefits " and (AS) 22: "Accounting for Taxes on Income".
5. Based on written representations received from the Directors, as at 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors are, prima facie, as at 31st March, 2009, 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, subject to



- i) Note no. B11 of Schedule K regarding non adjustment of contractual obligations by way of interest payable to the Madhya Pradesh State Industrial Development Corporation Ltd. (MPSIDC) as stated in the said Note pending settlement/final decision of the lender;
- ii) Note no. B24 of Schedule K regarding balances at debit/credit in the accounts of various parties being subject to confirmation and reconciliation; in the context of debit balances, particularly old outstanding amounts, we are unable comment as to whether and the extent to which provision is required upto the year end;
the financial statement together with the notes thereon and the Schedules A to K 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, 2009
 - 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.

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

Dated: 30th June, 2009

For K.C. KHANNA & Co.
Chartered Accountants

Harsha Chandra
Partner
Membership No. 500-80489

SOM DISTILLERIES & BREWERIES LIMITED

YEAR ENDED 31.03.2009

Annexure to the Auditors' Report (Referred to in our Report of even date)

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 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) The Company has given advances to Companies covered in the register maintained under Section 301 of the Companies Act, 1956. As at 31.03.2009, the aggregate outstanding from these companies are Rs. 49,00,060. The maximum amount involved, at any time year during the year was Rs. 49,00,060.
(b) There are no stipulations for levy of interest. In our view, non-charging of interest is not prejudicial to the interest of the Company.
(c) There are no laid down stipulations as to the repayment of these amounts.
(d) Since there are no stipulations as to repayments, it is not possible to quantify over dues.
(e) During the year the Company has obtained unsecured loans aggregating to Rs. 10,00,73,000 from a company covered in the register maintained under section 301 of the Act. In addition thereto, the Company has an account in the nature of a current account with the same Company. The maximum amount due at any time during the year was Rs. 11,96,71,759 and the year end balance was Rs. 3,49,36,802.
(f) As per the information given to us, there are no stipulations as to the rate of interest and there are no other terms and conditions attached thereto. In our view, this is not prima facie, prejudicial to the interest of the Company.
(g) As per the information given to us, there are no stipulations as to the repayment of the principal amount and interest.
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.

The undisputed statutory dues outstanding as at 31.03.2009 for a period exceeding a period of six months from the date they became payable are as follows:

(Rupees in lacs)

Tax Collected at Source	1.63
Income Tax deducted at source	2.69
Entry Tax	82.58
Sales Tax	10.07
Professional Tax	3.91
Service Tax	5.23

- (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	4.85	1999-2000	AC, Commercial Tax, 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. As per the information given to us, the Company has defaulted in repayment of dues to a Financial institution as follows:

Bank/Institution	Nature	Amount (Rs. In lacs)	Period
MPSIDC	ICD	1097.70	Since October, 2002



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. As per the information given to us the Company has not made any preferential allotment of shares during the year to any party covered in the register maintained under section 301 of the Companies Act, 1956.
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.

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

Dated: 30th June, 2009

For K.C. KHANNA & Co.
Chartered Accountants

Harsha Chandra
Partner
Membership No. 500-80489

SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI
BALANCE SHEET AS AT 31ST MARCH, 2009

	SCHE DULE	As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
<u>SOURCES OF FUNDS</u>			
Shareholders Funds			
Share Capital	A	181,000,000	181,000,000
Share Application Money		<u>131,457,800</u>	<u>55,430,000</u>
		312,457,800	236,430,000
Reserves & Surplus			
Reserves & Surplus	B	101,214,607	32,075,863
Loan Funds			
Secured Loans	C	100,707,155	94,321,551
Unsecured Loans	D	<u>209,843,329</u>	<u>109,770,329</u>
		310,550,484	204,091,880
Total		<u>724,222,891</u>	<u>472,597,743</u>
<u>APPLICATION OF FUNDS</u>			
Fixed Assets			
Gross Block	E	374,264,347	368,061,472
Less : Depreciation		<u>173,521,857</u>	<u>155,239,725</u>
Net Block		200,742,490	212,821,747
Capital work-in-progress		<u>234,620,167</u>	<u>99,146,537</u>
		435,362,657	311,968,284
Current Assets Loans & Advances	F	622,452,298	631,975,600
Less - Current Liabilities & Provisions	G	<u>333,592,064</u>	<u>471,346,141</u>
Net Current Assets		288,860,234	160,629,459
Total		<u>724,222,891</u>	<u>472,597,743</u>
Significant Accounting Policies & Other Notes	K		

For and an Behalf of the Board

D N SINGH
Director

S LAL
Managing Director
This is the Balance Sheet referred
to in our Report of even date

For K.C. KHANNA & Co.
Chartered Accountants

Harsha Chandra
Partner
Membership No. 500-80489

Place: Bhopal
Dated: 30th June 2009

SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009

	SCHE DULE	As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
INCOME			
Sales		729,355,376	543,225,047
Other Income		1,529,098	2,750,942
Bank Loan Settlement		-	88,492,008
Increase/Decrease in Stock		<u>(22,768,968)</u>	<u>40,075,992</u>
		708,115,506	674,543,989
EXPENDITURE			
Materials Consumed	H	281,961,592	336,201,106
Manufacturing	I	149,117,968	132,633,732
Duties & Taxes		23,643,212	15,634,101
Administrative	J	40,494,091	36,577,163
Selling		112,306,011	60,912,909
Interest & Bank Charges		13,768,307	17,818,747
Depreciation		<u>18,282,132</u>	<u>16,243,842</u>
		639,573,313	616,021,600
Profit/ (Loss) Before Tax		68,542,193	58,522,389
Prior Period Income/ (Expenses)		<u>(132,321)</u>	<u>(138,085)</u>
Profit/ (Loss) for the year		68,409,872	58,384,304
Provision for Income Tax		2,564,410	
Provision for Fringe Benefit Tax		<u>636,718</u>	<u>359,563</u>
Profit (Loss) After Tax		65,208,744	58,024,741
Balance Brought Forward		23,975,863	(34,048,878)
Balance Carried forward		<u>89,184,607</u>	<u>23,975,863</u>
Earning Per Share (Basic and Diluted)		3.60	3.21
<u>Significant Accounting Policies</u>			
<u>& Other Notes</u>			

For and on Behalf of the Board

D N SINGH
Director

S LAL
Managing Director
This is the Balance Sheet referred
to in our Report of even date

For K.C. KHANNA & Co.
Chartered Accountants

Harsha Chandra
Partner
Membership No. 500-80489

Place: Bhopal
Dated: 30th June 2009

SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI
BALANCE SHEET SCHEDULE FOR THE YEAR ENDED 31.03.2009

	As At 31.03.2008 (Rs.)	As At 31.03.2008 (Rs.)
<u>SCHEDULE "A" SHARE CAPITAL</u>		
AUTHORIZED		
3,50,00,000 Equity Shares (Previous Year 2,30,00,000) of Rs. 10 each	<u>350,000,000</u>	<u>230,000,000</u>
ISSUED, SUBSCRIBED AND FULLY PAID		
1,81,00,000 Equity Shares of Rs. 10 each	<u>181,000,000</u>	<u>181,000,000</u>

SCHEDULE "B" RESERVES & SURPLUS

A) Capital Reserve		
Share Warrants Forfeited (Refer Note 11 of Schedule 'K')	3,930,000	-
B) Profit & Loss Accounts		
	89,184,607	23,975,863
C) Share Premium		
	<u>8,100,000</u>	<u>8,100,000</u>
	<u>101,214,607</u>	<u>32,075,863</u>

SCHEDULE "C" SECURED LOANS

FROM BANKS

Term Loans

Secured by way of mortgage of company's immovable property and Hypothecation of Plant & Machinery (both present & future)	97,164,025	92,555,140
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Vehicle Loans (Secured by way of Hypothecation of vehicle)	3,543,130	1,766,411
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Total	<u>100,707,155</u>	<u>94,321,551</u>
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SCHEDULE "D" UNSECURED LOAN

Madhya Pradesh State Industrial Development Corporation Limited	109,770,329	109,770,329
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OTHERS

(A Company under the same management)	<u>100,073,000</u>	-
	<u>209,843,329</u>	<u>109,770,329</u>

SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI
SCHEDULE E : FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS AT	ADDITIONS	AS AT	UPTO	FOR THE	AS AT	AS AT	AS AT
	01.04.2008	(Disposals)	31.03.2009	31.03.2008	YEAR	31.03.2009	31.03.2009	31.03.2008
<u>A - TANGIBLE ASSETS</u>								
Land (Freehold)	5,065,192	0	5,065,192	-	-	-	5,065,192	5,065,192
Buildings & Civil Works	67,194,225	451,403	67,645,628	19,688,769	2,006,677	21,695,446	45,950,182	47,505,456
Plant & Machinery	268,509,294	1,571,022	270,080,316	117,181,709	13,506,934	130,688,643	139,391,673	151,327,585
Furniture & Fixtures	1,724,057	43,561	1,767,618	1,264,226	110,972	1,375,198	392,420	459,831
Office Equipments	4,057,867	224,488	4,282,355	2,651,154	189,841	2,840,995	1,441,360	1,406,713
Vehicles	21,010,837	3,912,401	24,923,238	14,153,867	2,367,708	16,521,575	8,401,663	6,856,970
TOTAL (A)	367,561,472	6,202,875	373,764,347	154,939,725	18,182,132	173,121,857	200,642,490	212,621,747
<u>B - INTANGIBLE ASSETS</u>	500,000		500,000	300,000	100,000	400,000	100,000	200,000
TOTAL	368,061,472	6,202,875	374,264,347	155,239,725	18,282,132	173,521,857	200,742,490	212,821,747
Previous Year Rs.	319,868,125	48,193,347	368,061,472	138,995,883	16,243,842	155,239,725		
CAPITAL WORK IN PROCESS	99146537	135,473,630					234,620,167	99,146,537
							435,362,657	311,968,284.00



SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI
BALANCE SHEET SCHEDULE FOR THE YEAR ENDED 31.03.2009

	As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
SCHEDULE "F" CURRENT ASSETS LOANS & ADVANCES		
CURRENT ASSETS		
Inventories		
(as taken, valued and certified by the Management)		
Raw Material	73,276,152	68,126,618
Stores Consumeables & Packing Materials	108,992,239	62,523,904
Stock In Process	24,935,021	18,483,021
Finished Goods	<u>28,182,888</u>	<u>57,403,856</u>
	235,386,300	206,537,399
Sundry Debtors		
(Unsecured, considered good)		
Outstanding for a period exceeding six months	65,074,352	85,878,524
Other Debts	<u>135,015,266</u>	<u>128,198,207</u>
	200,089,618	214,076,731
Less : Provision for Bad Debts	<u>-</u>	<u>944,076</u>
	200,089,618	213,132,655
Cash in hand	37,466,759	22,376,651
Balances with Scheduled Banks		
Current Accounts	3,911,685	7,046,912
Deposit Accounts	<u>12,621,280</u>	<u>21,193,836</u>
	16,532,965	28,240,748
LOANS & ADVANCES		
Advances & other amounts recoverable in cash or kind or for value to be received	132,976,656	161,688,147
Total	<u>622,452,298</u>	<u>631,975,600</u>

SCHEDULE "G" CURRENT LIABILITIES & PROVISIONS

CURRENT LIABILITIES

Dealership & Other Deposits	38,199,495	34,224,495
Sundry Creditors	256,854,411	412,620,396
Other Liabilities	32,487,191	21,637,373

PROVISIONS

Fringe Benefit Tax	636,717	359,563
Income Tax	2,564,410	-
Leave Encashment	1,824,509	1,508,937
Gratuity	1,025,331	995,377

Total	<u>333,592,064</u>	<u>471,346,141</u>
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SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI
BALANCE SHEET SCHEDULE FOR THE YEAR ENDED 31.03.2009

	As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
SCHEDULE "H" MATERIALS CONSUMED		
Opening Stock	130,650,522	124,464,709
Add : Purchases (Raw Materials & Chemicals)	122,782,886	146,234,765
Add : Purchases (Stores))	210,796,575	196,152,154
	<u>464,229,983</u>	<u>466,851,628</u>
Less : Closing Stock	182,268,391	130,650,522
Total	<u>281,961,592</u>	<u>336,201,106</u>

SCHEDULE "I" MANUFACTURING EXPENSES

Power & Fuel	28,162,663	36,151,566
Production Duties	38,400,092	21,052,262
Machinery Maintenance	8,093,818	9,003,483
Factory Insurance	162,799	186,966
Consumables	2,703,904	3,704,354
Miscellaneous	230,346	216,762
Royalty	71,364,346	62,318,339
Total	<u>149,117,968</u>	<u>132,633,732</u>

SCHEDULE "J" ADMINISTRATIVE EXPENSES

Salaries & Allowances	17,682,537	14,338,506
Travelling	5,576,046	3,753,012
Printing & Stationery	786,148	608,644
Conveyance	2,763,639	1,734,987
Rent	209,960	51,724
Insurance	399,679	261,734
Repairs & Maintenance	1,152,491	732,736
Postage, Telegrams & Telephones	2,198,637	1,869,121
Auditors Remuneration	113,936	112,351
Legal & Professional	1,873,981	7,776,397
General Charges	3,554,704	2,288,689
Vehicle Maintenance	3,171,189	2,957,972
Rate & Taxes	1,011,144	91,290
Total	<u>40,494,091</u>	<u>36,577,163</u>

SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI
SCHEDULE "K": SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting

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 as notified under section 211(3C) of the Companies (Accounting Standards) Rules, 2006 prescribed by the Central Government.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and disclosures of contingent liabilities on the date of the financial statements. Examples of such estimates include provision for doubtful debts/advances, future obligations in respect of retirement benefits etc. Difference if any between the actual results and estimates is recognized in the period in which the amounts are crystallized.

2. Fixed Assets and depreciation

Tangible Assets

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 on fixed assets on the Straight Line Method at the rates prescribed under Schedule XIV to the Companies Act, 1956 from the month following the month of acquisition/commissioning.

Intangible Assets

Trade Marks/Copyrights and Brands are accounted at cost which is amortized over a period of five years.

3. Inventories

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

- (i) Raw materials, components, Packing material, stores and spares on first in first out basis.
 - (ii) Stock-in-process and finished goods taking into account the annual average cost of materials consumed, direct production expenses, interest, depreciation and related Government duties.
- Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

4. Foreign Currency Translation

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.

5. Revenue recognition

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

Sales are shown net of trade discounts and inclusive of Excise and other levies.

6. Retirement and other employee benefits

Provision for gratuity (unfunded) and leave encashment are determined and accrued on estimated basis.

7. Income taxes

Income Tax expense comprises of current income tax and fringe benefit tax. Current income tax and fringe benefit tax are computed in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognized subject to the consideration of prudence, on timing difference being the differences between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods. Deferred tax asset is not recognized unless there are timing differences, the reversal of which will result in sufficient income or there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

8. Impairment

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.

B. OTHER NOTES

1. In the opinion of the Board the current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amounts at which they are stated.
2. Term Loans due within one year Rs. 2,94,60,000 (Previous year Rs. 3,46,17,864). Vehicle loans due within one year Rs. 20,66,268 (Previous Year Rs. 11,72,886).
3. Advances include Rs. 4,75,075 (previous year Rs. 4,75,075) due from Legend Distilleries Pvt. Ltd.; Rs. 1,57,985 (previous year Rs. 1,57,985) due from Som Power Limited and Rs. 42,67,000 (previous year Rs. 42,67,000) given to Som Power Limited towards share application money, for which shares are yet to be allotted; Rs. 13,50,09,802 (including unsecured loan of Rs. 10,00,73,000) due to Som Distilleries Private Ltd., (previous year Rs. 11,41,90,917) towards trading and current account. All these companies are under the same management.
4. Amount due from Directors Nil (previous year Nil). Maximum amount due from directors at any time during the year Nil (previous year Nil).
5. Other income includes interest on bank fixed deposits and security deposits (gross) Rs. 8,93,949 (previous year Rs. 6,29,046); Income tax deducted at source thereon Rs. 1,50,070 (previous year Rs. 1,21,842).
6. Included in Administrative Expenses under Schedule "J":
Salaries and Allowances Employer's Contribution to Provident Fund Rs. 3,71,706 (previous year Rs. 4,88,100); General Charges Staff welfare Rs. 7,74,902 (previous year Rs. 1,50,085).



7. Directors' remuneration Rs. Nil (previous year Rs. Nil).
8. Selling Expenses include commission to selling agents Rs. 26,53,001 (previous year Rs. 10,37,617).
9. Interest & Bank charges include interest on term loans Rs 1,24,67,438 (previous year Rs. 1,66,04,405); Vehicle Loan Rs. 3,79,518 (previous year Rs. 2,33,423).
10. Upto 25th November,2008 Kotak Mahindra Bank Ltd., (KMBL) did not exercise the option to convert at the price of Rs.18.35, the 21,41,689 share warrants issued to them on preferential basis by the company. Consequently, the upfront money received against share warrants amounting to Rs. 39,30,000 has been forfeited and taken to "Reserves and Surplus."
11. The Company is taking up the matter afresh for settlement of its outstandings with the Madhya Pradesh State Industrial Corporation Ltd. (MPSIDC) as per the policy of MPSIDC in this regard. In accordance with the said policy, the management is confident of arriving at a mutually acceptable settlement and is of the considered opinion that the final liability there against will not exceed the balance outstanding reflected in the books of the Company as at 31.03.2009. Consequently no provision towards interest for the year has been made in the accounts. The unprovided interest at the contracted rate (compounded annually) amounts to Rs. 7,56,27,382 upto 31.03.2009 (previous year Rs. 5,28,59,242). The Company may be deemed to be contingently liable to that extent.
12. Original title deeds in respect of part of freehold land belonging to the Company have been lodged with the Company's bankers for the purposes of mortgage to secure the credit facilities granted to the Company.
13. 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 2009 are not ascertainable.
14. **CAPACITIES ETC. (in KL)** (As certified by the Management)

		2008-09	2007-08
Licensed Capacity	Beer	30,000	30,000
	IMFL	6,700	6,700
Installed Capacity	Beer	29,200	29,200
	IMFL	5,400	5,400
Actual Production	Beer	15,417	14,869
	IMFL	1,231	1,419

15. **MATERIALS CONSUMED** (As certified by the Management)

	Quantities (MT)		Rupees	
	2008-09	2007-08	2008-09	2007-08
BEER				
Barley Malt	2294.78	2163.36	4,55,70,474	3,95,80,113
Sugar	651.52	566.675	1,05,90,888	94,56,734
Hops	10.155	5.454	1,52,74,400	98,78,518
Chemicals & Essence	--	--	51,34,581	35,04,529

IMFL	Quantities (Proof KL)			
Malt Spirit	--	Nil	--	Nil
ENA Spirit	935.27	1064.54	1,39,28,719	1,58,46,055
Chemicals & Essence		--	4,67,000	5,00,000

16. Particulars in respect of opening and closing stocks and sales of finished goods (As certified by the Management)

	Cases		Rupees	
	2008-09	2007-08	2008-09	2007-08
BEER*				
Opening stocks	2,95,817	1,05,471	4,62,17,753	1,45,18,166
Sales	21,23,741	16,86,715	67,59,07,486	50,03,46,183
Closing Stock	1,19,494	2,95,817	2,15,32,454	4,62,17,753
IMFL**				
Opening stocks	41,008	25,210	1,11,86,102	63,84,543
Sales	1,56,780	1,45,262	5,16,34,289	4,28,78,863
Closing Stock	23,901	41,008	66,50,432	1,11,86,102

* Cases of 7.80 liters each

** Cases of 9.00 liters each

17. Remuneration to Auditors

(Including service tax)	2008-09	2008-09
As Auditor	84,931	80,900
Certification	29,005	31,451

18. a) Value of Imports calculated on CIF basis

i) Raw & Packing Materials	1,21,84,609	1,24,04,696
ii) Components and spare parts	5,48,420	--
iii) Capital Goods	1,21,33,229	3,49,73,296

b) Expenditure in Foreign currency

i) Professional Charges	19,830	--
ii) Bank Charges	43,797	--

c) Composition of raw material, packing material stores, spares consumed.

	Raw Materials & Packing Materials		Stores & Spares	
	2008-09	2007-08	2008-09	2007-08
Imported				
Percentage	4.67	2.30	9.76	--
Value(Rs.)	1,31,67,818	77,41,527	7,12,186	--
Indigenous				
Percentage	95.33	97.70	90.24	100
Value(Rs.)	26,87,93,776	32,84,85,663	65,82,646	79,23,823
Total	100	100	100	100
Total	28,19,61,594	33,62,27,190	72,94,832	79,23,823

19. Earnings in Foreign Exchange			
i) Export of Goods calculated on FOB basi			
- Direct	15,89,134		--
- Indirect	33,59,080	3,56,000	
ii) Others	1,28,746		--

20. Contingent Liabilities			
Claims against the Company not acknowledged as debts			
i) Disputed Income Tax demands	83,70,487	25,45,506	
ii) Disputed Entry Tax demands	4,85,850	2,23,867	
iii) Guarantees given by Bankers on behalf of the Company not provided for	48,15,312	53,90,312	
iv) Estimated amount of contracts remaining to be executed on capital account and not provided for	2,03,32,415	12,17,57,000	
v) Unprovided interest towards MPSIDC (refer Note no K-12)	7,56,27,382	5,28,59,242	

21. 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.

22. Information as per Accounting Standard (AS) 18: "Related Party Disclosures" is:

I Related Parties

Associates	Key Managerial Personnel	Relatives of Key Managerial Personnel
Som Distilleries Private Limited Som Power Limited Legend Capital Private Limited Legend Distilleries Private Limited Asha Mohan Foundation	Mr. J.K. Arora Mr. A.K. Arora	K.K. Packers

II Transactions with Related Parties

(In Rupees)

Nature of Transactions	Som Distilleries P. Ltd. (Associate)	Key Managerial Personnel	Relatives of Key Managerial Personnel
Purchase of Goods	1,31,00,000 (1,69,00,000)	--	52,99,595 (61,48,865)
Other transactions	Dr. 24,49,15,362 Cr. 25,26,34,247	--	
Trade Receivables	3,49,36,802	--	Dr. 42,18,144
Unsecured Loan	10,00,73,000 Cr. (11,41,90,917)		Dr. (82,52,514)

(Previous years figures are stated in brackets)

23. Earning per share in accordance with Accounting Standard (AS) 20 on "Earning per Share" are given below :

Particulars	31.03.2009	31.03.2008
a) Numerator Profit/(Loss) after tax Rs.	6,52,08,744	5,80,24,741
b) Denominator Weighted average number of equity shares Nos.	1,81,00,000	1,81,00,000
c) Earnings per Share (Basic & diluted) Numerator/Denominator	3.60	3.21

24. Balances standing at the debit or credit in the accounts of various parties are subject to confirmation and reconciliation.
25. Previous year's figures have been regrouped/ restated wherever considered necessary to make them comparable to those of the current year.
26. All figures in the Balance Sheet, Profit & Loss Account and Schedules have been rounded off to the nearest rupee.

For and on behalf of the Board

D N SINGH
Director

S LAL
Managing Director

For K.C. KHANNA & Co.
Chartered Accountants

Place: Bhopal
Dated: 30th June 2009

Harsha Chandra
Partner
Membership No. 500-80489



SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI
Cash Flow Statement for the Year Ended 31st March, 2009

	Year Ended 31.03.2009	Year Ended 31.03.2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	65,208,744	58,024,741
Adjustment for:		
Depreciation	18,282,132	16,243,842
Deferred Revenue Expenses written off	-	-
Interest	13,768,307	17,818,747
Inventory write / off	-	87,500,000
Operating Profit before Working Capital Changes	<u>97,259,183</u>	<u>179,587,330</u>
Adjustment for:		
Trade and other Receivables	13,043,037	(45,130,524)
Inventories	(28,848,901)	(46,261,806)
Trade Payable	(137,754,077)	150,451,326
Loan & Advances	28,711,491	11,184,086
Cash Generated from Operations	<u>(27,589,267)</u>	<u>249,830,411</u>
Direct Taxes Paid	-	-
CASH FLOW BEFORE EXTRAORDINARY ITEMS	<u>(27,589,267)</u>	<u>249,830,411</u>
Extraordinary Items	-	992,008
NET CASH FROM OPERATING ACTIVITIES (A)	<u>(27,589,267)</u>	<u>92,087,330</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(141,676,505)	(147,339,885)
Sale of Fixed Assets	-	-
Net Cash used in Investing Activities (B)	<u>(141,676,505)</u>	<u>(147,339,885)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital & Application Money	79,957,800	55,430,000
Borrowings (Net)	106,458,604	(118,355,052)
Interest Paid	(13,768,307)	(17,818,747)
Net Cash from Financing Activities (C)	<u>172,648,097</u>	<u>(80,743,799)</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents	3,382,325	22,738,736
Cash and Cash Equivalents : Opening Balance	50,617,399	27,878,663
Cash and Cash Equivalents : Closing Balance	<u>53,999,724</u>	<u>50,617,399</u>

Notes to the Cash Flow Statement for the Year ended 31st March, 2009

	Year Ended 31.03.2009	Year Ended 31.03.2008
1. Cash and cash equivalents include :		
Cash in Hand	37,466,759	22,376,651
Balances with Scheduled Banks		
On current account	3,911,685	7,046,912
On deposit account	12,621,280	21,193,836
	<u>53,999,724</u>	<u>50,617,399</u>
Less: Unrealised translation gain on foreign currency cash and cash equivalents	-	-
	<u>53,999,724</u>	<u>50,617,399</u>

2. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard on 'Cash Flow Statements (AS3)'

3. Previous year's figures have been regrouped/ restated wherever necessary.

For and on behalf of the Board

D N SINGH
Director

S LAL
Managing Director

For **K.C. KHANNA & Co.**
Chartered Accountants

This is the cash flow statement to in our report of even date.

Place: Bhopal
Dated: 30th June 2009

Harsha Chandra
Partner
Membership No. 500-80489



SOM DISTILLERIES & BREWERIES LIMITED, NEW DELHI
SIXTEENH ANNUAL REPORT
Balance Sheet Abstract and Company's General Business Profile

I. Registration Details:

Registration No. State Code
 (Refer Code List 1)

Balance Sheet Date
 Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>	Rights Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>
Bonus Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>	Private Placement	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="3"/>	Total Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="3"/>
Sources of Funds			
Paid-Up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Reserves & Surplus	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="5"/>
Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="7"/>	Unsecured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="3"/>
Application of Funds			
Net Fixed Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="2"/>	Investments	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>
Net Current Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="0"/>	Miscellaneous Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>
Accumulated Losses	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>	Capital Expenses in Progress	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="0"/>

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="4"/>	Total Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="4"/>
+ - Profit / Loss Before Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="0"/>	+ - Profit / Loss After Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="8"/>
Earning Per Share in Rs.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="0"/>	Dividend Rate %	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="0"/> <input type="text" value="0"/>

V. Generic names of Three Principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC Code)

Products BEER MADE FROM MALT

Description

Item Code No. (ITC Code)

Products WHISKIES

Description

Item Code No. (ITC Code)

Products RUM

Description

SOM DISTILLERIES & BREWERIES LIMITED

Registered Office ; 1 A, Zee Plaza, Arjun Nagar, Safdarjang Enclave,
Kamal Cinema Road, New Delhi - 110029

ATTENDANCE SLIP

I/we hereby record my/our presence at the 16th Annual General Meeting of the above named Company held on Wednesday the 30th September 2009 at 10.00 A.M. at Executive Club, Dolly Farms And Resorts Pvt. Ltd. 349, Village Shoorpur, P.O. Fatehpur Beri, New Delhi 110030.

Name and Address of shareholder :
Follo No. DP ID CILENT ID No. :

SIGNATURE OF THE SHAREHOLDER 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 & BREWERIES LIMITED

Registered office: 1 A, Zee Plaza, Arjun Nagar, Safadarjang Enclave,
Kamal Cinema Road, New Delhi- 110029

PROXY FORM

I/Weofbeing a member/members of Som Distilleries & Breweries Limited hereby appoint..... of..... or failing him/herofor failing her.....of..... as my/our proxy to attend and vote for me/us on my/our behalf at the 16th Annual General Meeting of the Company to be held on on Wednesday the 30th September 2009 at 10.00A.M. or at any adjournment thereof.

Signature this..... day of2009

Folio No./DP ID 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 not less then 48 hours before the time For holding the aforesaid meeting. The Proxy need not be a member of the Company.

REFRESHING LAGER BEER

REFRESHING LAGER BEER

WOODPECKER

EXTRA MILD

WOODPECKER
Lager
No artificial flavours

A black and white advertisement for Woodpecker beer. The central focus is a condensation-covered beer can. On top of the can, a woodpecker is perched on a branch. The background is a dark, textured surface with numerous water droplets. The text 'WOODPECKER' is prominently displayed in a large, white, serif font within a dark rectangular box. Below it, the words 'EXTRA MILD' are written in a stylized, white, outlined font. The can's label features the brand name 'WOODPECKER' and the word 'Lager' in a cursive font, along with the phrase 'No artificial flavours'.

POWER
5000
SUPER STRONG
BEER

BORN WILD

A black and white advertisement for Power 5000 beer. The background shows a group of people in a dark, cave-like setting with large, glowing, circular patterns on the walls. In the foreground, a large, condensation-covered beer can is visible. The text 'POWER 5000' is written in a large, white, outlined font. Below it, the words 'SUPER STRONG BEER' are written in a smaller, white, outlined font. At the bottom, the phrase 'BORN WILD' is written in a large, white, outlined font.

