

# **Chambal Breweries & Distilleries Limited**

## **Annual Report 2010 - 11**

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**DIRECTORS' REPORT**

*Dear Members,*

Your Directors take pleasure in presenting the Annual Report together with audited statement of accounts of the Company for the year ended on 31st March 2011.

**FINANCIAL HIGHLIGHTS**

*Rs. In lacs*

Particulars	Current Year	Previous Year
Total Income	22.59	13.35
Less : Expenditure	24.93	17.13
Profit Before Tax	(2.34)	(3.77)
Profit After Tax	(2.51)	(3.86)
Profit / (Loss) Brought Forward	(9.99)	(6.13)
Balance Carried to Balance Sheet	(12.50)	(9.99)

**DIVIDEND**

In view of the losses during the current year, your directors are unable to recommend any dividend for the year.

**PUBLIC DEPOSITS**

During the year the company has not accepted any deposit u/s. 58A of the Companies Act, 1956 and rules framed there under.

**AUDITORS**

M/s. Bipin Zavar & Associates, Chartered Accountants, Mumbai, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received confirmation that their appointment, if made, would be within the prescribed limit specified under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

Your Directors recommend re-appointment of M/s. Bipin Zavar & Associates as the Statutory Auditors of the Company for the current financial year and fixation of their remuneration.

**AUDITORS' REPORT**

The Auditors' Report on the financial statement for the current year is self-explanatory, therefore does not require any further explanation.

**DIRECTORS**

In accordance with the Companies Act, 1956, Mr. Gajraj Singh, who is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. A motion for the re-appointment of Mr. Gajraj Singh, as Director of the Company will be placed before the Members in the ensuing AGM.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company has no activities relating to conservation of energy and technology absorption

There are no foreign exchange transactions during the year.

**PARTICULARS OF EMPLOYEES**

The Company does not have any employee who is in receipt of remuneration aggregating to the sum prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended till date.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements u/s. 217(2AA) of the Companies Act, 1956, your Directors hereby state and confirm that:

- (i) in preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- (ii) they have selected the accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review and for the loss of the Company for the same period;
- (iii) they have taken proper and sufficient care 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 preventing and detecting fraud and other irregularities;
- (iv) they have prepared the Annual Accounts on a going concern basis.

**CORPORATE GOVERNANCE**

The Company has complied with the mandatory statutory requirement of corporate Governance specified by the SEBI through Clause 49 of the Listing Agreement. As required by the said clause, a separate report on the Corporate Governance together with the Management Discussion and Analysis Report forms part of this Annual Report.

A certificate from the Auditor of the company regarding compliance of conditions of Corporate Governance has been obtained and enclosed to this report.

**LISTING OF SECURITIES**

The Equity shares of the company are listed with the Bombay Stock Exchange limited and Jaipur Stock Exchange Limited. The trading in Equity shares of the company is currently suspended at both the exchanges. The management of the Company is taking steps for revocation of suspension in trading of Equity Shares.

**ACKNOWLEDGEMENTS**

Your Directors thank the Company's Bankers and other statutory authorities for their continued support to the Company. The Directors express their gratitude for the support and guidance received from its shareholders. The Directors also express their sincere thanks and appreciation to all the employees for their commendable teamwork and contribution during the year.

By order of the board  
For Chambal Breweries & Distilleries Limited

PLACE: MUMBAI

DATE : August 29, 2011

CHAIRMAN

**MANAGEMENT DISCUSSION AND ANALYSIS**

As management of the company offer readers of financial statements this narrative overview and analysis of the financial activities of the company for the financial year ended 31<sup>st</sup> March, 2011. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the financial statements, which follow this narrative.

**A. INDUSTRY STRUCTURE AND DEVELOPMENTS**

The global economy weakened as growth moderated in both advanced economies and emerging market economies (EMEs) under the impact of high oil and other commodity prices, spillover from the Japanese natural disasters and monetary tightening in EMEs to contain inflationary pressures. The Indian economy however continued to outperform most emerging markets during 2010-11 retaining its position as the second fastest growing economy, after China, amongst the G-20 countries. China and India contributed nearly a quarter of the incremental world output. GDP growth decelerated to 7.8 per cent in Q4 of 2010-11 from 8.3 per cent in the previous quarter and 9.4 per cent in the corresponding quarter a year ago. For the year as a whole, GDP growth in 2010-11 was 8.5 per cent. The growth during 2010- 11 reflects a rebound in agriculture and sustained levels of activity in industry and services. However, high energy and commodity prices may impact output and investment climate, and pose a threat to maintaining high growth at a time when the investment momentum may be slowing down. Certain factors do provide support to the growth process.

**B. OUTLOOK**

The Company is striving hard to improve cost efficiency, widen its reach to new consumer segments and consolidate further on its image. Barring unforeseen circumstances, the Company expects to improve its march towards improved profitability. Given the numerous initiatives that are being implemented combined with strong operational foundation of our business we remain confident about our growth prospects going forward.

**C. RISKS & CONCERNS**

The nature of our business is such that it is subject to certain risks at different points of time. Some of these include escalation in the cost of raw materials and other inputs, increasing competitive intensity from other players, changes in regulation from central and state governments, changes in supplier-distributor relationship, labor shortage. Your company has a proactive approach when it comes to risk management where it periodically reviews the risks and strives to develop appropriate risk mitigation measures for the same.

**D. INTERNAL CONTROL SYSTEMS**

The system of internal control is being improved to ensure that all assets are safe and protected against loss from unauthorized use or disposition, and that all transactions are authorized, recorded and reported correctly. The Company regularly conducts internal check, using external and internal resources to monitor the effectiveness of internal control in the organization. It strictly adheres to corporate policy with respect to financial reporting and budgeting functions. The Audit Committee of the Board of Directors deals with significant control issues and instructs further areas to be covered.

**E. FINANCIAL CONTROLS**

The Company's management is committed to evolve strategy to achieve enhancement in the shareholders value through the adoption of strong fiscal discipline, improvement in operating efficiencies and resource utilization.

**F. HUMAN RESOURCES**

Human capital continues to be a vital resource for the Company. The Company has a continuous process to monitor individual performance. The Company continued to have cordial and harmonious relations with its employees.

**G. CAUTIONARY STATEMENT**

Statements in the Management Discussions and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied.

## CORPORATE GOVERNANCE REPORT

## 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your company has always believed in the concept of good Corporate Governance involving transparency, empowerment, accountability and integrity with a view to enhance the Stock Holders' Value. The Company has professionals on its Board of Directors who are actively involved in the deliberations of the Board on all Important Policy matters.

## 2. BOARD OF DIRECTORS

Name	Category*	No. of Meetings held during the Financial Year	No. of Board Meetings attended during the FY	Whether attended at last AGM	No. of Directorship in other Listed Companies	No. of Committee Positions held in other Listed Companies
						Chairman / Member
Mr. Parasram Jhamnani	CMD	6	6	Yes	Nil	Nil
Mr. Raj Kumar Jain	NEID	6	6	Yes	Nil	Nil
Mr. Gajraj Singh	NEID	6	6	Yes	Nil	Nil
Mr. Anupam Garg	NEID	6	6	Yes	Nil	Nil

CMD : Chairman and Managing Director, NEID : Non Executive Independent Director

During the accounting year 6 board meetings were held. The Annual General Meeting of the company was held on September 30, 2010 during the Financial Year.

## 3. AUDIT COMMITTEE

The terms of reference of the Audit committee include the matters specified under Clause 49(II) (D) and (E) of the Listing Agreement as well as in Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee, inter alia, include the following:

- a. Overseeing of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Reviewing with the management the financial statements at the end of the quarter, half year and the annual statements before submission to the Board for approval with reference to :
  - i. Matters required being included in the Director's responsibility statement which form part of the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
  - ii. Changes, if any, in the accounting policies and practices and reason for the same.
  - iii. Major accounting policies and practices and reason for the same.
  - iv. Significant adjustments made in the financial statements arising out of audit findings.
  - v. Compliance with the listing and other legal requirements relating to financial statements.
  - vi. Disclosure of any related party transactions.
  - vii. Qualifications, in the draft audit report.
- c. Recommending the appointment and removal of external auditors, fixation of audit fees and also approval for payment of any other expenses.

An Audit Committee of the Company in terms of section 292A of the Companies Act, 1956 as introduced by the Companies (Amendment) Act, 2000 and as per requirement of clause 49 of the Listing Agreement, was duly constituted and comprises of four Directors viz. Mr. Parasram Jhamnani, Mr. Raj Kumar Jain, Mr. Gajraj Singh and Mr. Anupam Garg.

Mr. Raj Kumar Jain is the chairman of the Committee. The terms of reference of the Audit Committee are contained in Section 292A of the Companies Act, 1956 and also as contained in the Corporate Governance Clause of the listing Agreement.

The Audit Committee met 6 times during the financial Year.

#### ATTENDANCE OF THE AUDIT COMMITTEE MEETING:

Name of the Director	Number of Meeting Held	Number of Meeting Attended
Mr. Parasram Jhamnani	6	6
Mr. Raj Kumar Jain	6	6
Mr. Gajraj Singh	6	6
Mr. Anupam Garg	6	6

Necessary quorum was present at the meeting. Representative of Statutory Auditors were invited to the Meeting, as and when required.

#### 4. SHARE HOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

The Company has an independent Shareholders' Grievance Committee to look into the redressal of Investors' complaints like transfer of shares, non-receipt of balance sheet etc., besides complaints from SEBI, Stock Exchange etc.

The committee comprises of:

Name of the Director	Number of Meeting Held	Number of Meeting Attended
Mr. Parasram Jhamnani	3	3
Mr. Raj Kumar Jain	3	3
Mr. Gajraj Singh	3	3
Mr. Anupam Garg	3	3

Mr. Gajraj Singh acts as the Chairman of the committee.

Mr. Parasram Jhamnani is the Compliance officer of the company.

The committee is prompt in attending to requests received for transfer, split, consolidation as well as issue of duplicate certificates well within the stipulated time. The number of complaints received was very few and the same were dealt suitably.

#### 5. GENERAL BODY MEETINGS

Details of last 3 Annual General Meetings are as under:

Year	Day, Date & Time	Location	Whether any Special Resolution Passed
2007-08	Tuesday, 30 <sup>th</sup> September, 2008 at 11 a.m.	Registered Office	No
2008-09	Wednesday, 30 <sup>th</sup> September, 2009 at 11 a.m.	Registered Office	No
2009-10	Thursday, 30 <sup>th</sup> September, 2010 at 11 a.m.	Registered Office	No

No resolution was passed by Postal Ballot during the financial year.