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G. M. BREWERIES LIMITED

24th Annual Report 2006-2007

G. M. BREWERIES LIMITED

BOARD OF DIRECTORS

Smt. Celina William Almeida	- <i>Chairperson</i>
Shri. Jimmy William Almeida	- <i>Managing Director</i>
Shri. John William Almeida	- <i>Whole-time Director</i>
Shri. Mukund Govind Diwan	- <i>Director</i>
Smt. Jyoti Jimmy Almeida	- <i>Director</i>
Shri. Ashwin Pranlal Mehta	- <i>Director</i>

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Auditors

M/s. V. P. Mehta & Company
Chartered Accountants

Bankers

CitizenCredit Co-Op. Bank Ltd.
Dadar, Mumbai 400 028.

The Thane Janata Sahakari Bank Ltd.
Bhiwara Bhavan, Kopri, Thane (East).

Central Bank of India
Prabhadevi, Mumbai - 400 025

IDBI Bank
Prabhadevi, Mumbai - 400 025

Regd. Office

Ganesh Niwas, S. Veer Savarkar Marg,
Prabhadevi, Mumbai - 400 025
Phone : 24331150 / 51 / 24371805 / 41,
24367005 / 24385540 / 41
Telefax : 24331150 / 51

Factory

S. Veer Savarkar Marg, Virar (East),
Dist. Thane - 401303 State : Maharashtra (India)
Phone : 95250 - 2528728, 2528793, 2529127
(STD code 0250)

Share Transfer Agent

Sharex Dynamic (India) Pvt. Ltd.
Unit - 1, Luthra Indl. Premises, Safed Pool, Andheri
Kurla Rd., Andheri (E), Mumbai - 400 072,
Phone : 28515606, 28515644, Fax : 2851 2885.

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24th Annual Report 2006-2007**NOTICE**

Notice is hereby given that, the 24th Annual General Meeting of the Members of **G.M. Breweries Limited** will be held at **Joshi's Kohinoor Hall, 3rd Floor, S. Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025** on **Tuesday, the 8th of May, 2007 at 11.30 a.m.** to transact the following business :

Ordinary Business :

- 1) To receive, consider and adopt the Balance Sheet as at 31st March, 2007 and Profit and Loss Account for the year ended on that date, the Report of Directors and Auditor's thereon.
- 2) To declare dividend on the equity shares.
- 3) To appoint a Director in place of Shri. Mukund Govind Diwan, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business :

- 5) To consider and if thought fit, to pass with or without modification, the following resolution as a **SPECIAL RESOLUTION :**

“**RESOLVED THAT** pursuant to the provisions of sections 314 and other applicable provisions, if any, of the Companies Act, 1956, Consent of the Company be and is hereby accorded to Shri Vipul P. Mehta, Proprietor of M/s. V. P. Mehta & Co., Chartered Accountants, relative of Shri. Ashwin P. Mehta, a Director of the Company, to hold office from the conclusion of this Annual General Meeting as Auditors of the Company and/or for rendering any other professional services on such remuneration and on such terms as may be agreed by the Board of Directors.”

By Order of the Board of Directors

For **G.M. BREWERIES LIMITED**

Mumbai,

Date : 5th April, 2007

Registered Office :

Ganesh Niwas, S. Veer Savarkar Marg,

Prabhadevi, Mumbai - 400 025



(**JIMMY WILLIAM ALMEIDA**)

MANAGING DIRECTOR

NOTES :

- a) The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the Special Business under item 5 as stated above is annexed hereto.
- b) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. The proxies should, however, be deposited at the registered office of the Company not later than 48 hours before the commencement of the meeting.
- c) The Register of Members and Transfer Books of the Company will remain closed from 5th May, 2007 to 8th May, 2007. (Both Days Inclusive).

Shareholders are requested to bring their copies of the Annual Report to the Meeting.

G. M. BREWERIES LIMITED

- d) Shareholders desiring any information as regards to the Accounts are required to write to the Company at least seven days in advance of the meeting so that the information, to the extent practicable, can be made available at the meeting.
- e) Members are requested to notify immediately changes, if any, in their registered addresses to the Company's Registrar and Share Transfer Agents M/S. Sharex Dynamics (India) Pvt. Ltd., Unit - 1, Luthra Indl. Premises, Safeed Pool, Andheri Kurla Rd., Andheri (E), Mumbai - 400 072. Members are also requested to furnish their Bank details to the company's Share Transfer Agents immediately for printing the same on the dividend warrants/Cheques to prevent fraudulent encashment of the instruments.
- f) Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting and number of shares held by them.
- g) Shri. Mukund Govind Diwan, a Director, retires by Rotation and is eligible for re-appointment at the Annual General Meeting. A brief resume of the said director is given below.

Name	Shri. Mukund Govind Diwan
Age	75 years
Qualification	M.Sc., F.I.A., F.A.S.I., F.I.I.I.
Expertise in Specific Area	Former Chairman of L.I.C. Consulting Actuary
Date of first Appointment on the Board of the Company	20/12/1992
Name(s) of the Other Companies in which Directorship held and Committee Membership/ Chairmanship held.	Refer to Report on CORPORATE GOVERNANCE

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.****ITEM NO. 5**

Shri. Vipul P. Mehta, Proprietor of M/s. V. P. Mehta & Co., Chartered Accountants, the retiring Auditors of the Company, is a relative of Shri. Ashwin P. Mehta, a Director of the Company. Pursuant to the provisions of Section 314 of the Companies Act, 1956, the shareholder's approval by special resolution is required at the General Meeting of the Company for his appointment.

M/s. V. P. Mehta & Co., Chartered Accountants have been the Auditors of the Company even prior to the appointment of Shri. Ashwin P. Mehta, as a Director of the Company and it will be in the interest of the Company to re-appoint them as Auditors of the Company.

Shri. Vipul P. Mehta is related to Shri. Ashwin P. Mehta, a Director of the Company and to that extent Shri. Ashwin P. Mehta may be deemed to be concerned or interested in the resolution.

No other Director of the Company is concerned or interested in this resolution.

By Order of the Board of Directors

For **G.M. BREWERIES LIMITED**

Mumbai,

Date : 5th April, 2007

Registered Office :

Ganesh Niwas, S. Veer Savarkar Marg,
Prabhadevi, Mumbai - 400 025.



(JIMMY WILLIAM ALMEIDA)
MANAGING DIRECTOR

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

Year	Share Capital	Reserves & Surplus	Total Own Funds	Bank Secured Borrow.	Current Liabilities	Contingent Liabilities	Total Liabilities	Gross Fixed Assets	Current Assets	State Excise Duty Pd.	Sales Tax Pd.	Total Rev. To State Govt.	Interest & Financial Charges	Gross Sales	Profit Before Tax	Tax Prov.	Profit After Tax	Dividend Paid (%)
2007	936.66	2416.27	3352.93	1432.78	1827.28	NIL	3260.06	7201.61	1486.27	21349.28	6145.37	27494.65	199.87	44796.28	1806.35	619.79	1186.56	18
2006	936.66	1462.22	2398.88	2316.99	2050.55	NIL	4367.54	5921.63	3316.52	16227.00	4743.55	20970.55	261.15	36451.47	2027.47	688.92	1338.55	15
2005	936.66	508.25	1444.91	2041.05	1841.39	NIL	3882.44	4985.29	1761.63	9048.75	3258.33	12307.08	295.48	19481.76	100.71	25.44	75.27	06
2004	936.66	498.96	1435.62	2235.32	1361.40	NIL	3596.72	4710.52	1569.49	8256.63	2745.62	11002.25	331.67	16434.44	118.06	8.75	109.31	06
2003	936.66	462.54	1399.20	2526.09	1522.61	NIL	4048.70	4563.18	1976.74	8014.83	2701.51	10716.34	390.47	16181.97	136.18	23.77	112.41	06
2002	936.66	443.42	1380.08	2537.66	2141.36	NIL	4679.02	4438.58	2442.38	7137.76	2421.23	9558.99	442.79	14510.04	124.47	40.23	84.24	06
2001	936.57	411.41	1347.98	2812.21	2071.89	NIL	4884.10	4330.40	2619.07	6110.16	1972.39	8082.55	556.08	13089.30	70.73	6.00	64.73	05
2000	936.57	399.09	1335.66	3467.89	1931.85	42.75	5442.49	4287.85	2909.46	5817.59	336.34	6153.93	614.53	10487.73	51.03	6.00	45.03	04
1999(18 Months)	936.57	445.72	1382.29	3026.26	1223.84	595.95	4846.05	3359.99	2654.70	8149.59	--	8149.59	1095.21	15110.86	169.95	17.00	152.95	06
1997(18 Months)	936.57	1217.20	2153.77	4490.41	1078.44	674.99	6243.84	3814.31	3316.29	8239.40	--	8239.40	1436.89	15159.43	163.74	20.00	143.74	09
1996	936.57	1267.10	2203.67	2809.07	1521.99	1798.91	6129.97	2887.73	2890.50	5740.47	--	5740.47	512.56	10419.16	450.31	50.00	400.31	12
1995	935.02	988.71	1923.73	2035.80	1036.34	1708.38	4780.52	2176.78	2355.59	4681.55	--	4681.55	222.57	8207.67	595.46	116.50	478.96	20
1994	868.19	664.01	1532.20	311.50	557.53	624.55	1493.58	897.68	1690.23	3886.57	--	3886.57	143.01	6148.76	327.22	23.00	304.22	20
1993	337.25	127.69	464.94	368.22	383.97	NIL	752.19	435.73	841.30	2019.27	--	2019.27	62.62	3243.55	64.18	17.60	46.58	--
1992	91.89	83.13	175.02	201.23	179.53	NIL	308.76	297.44	404.44	1699.63	--	1699.63	48.18	2530.27	21.53	2.02	19.50	--
1991	91.89	16.90	108.79	143.05	65.51	NIL	208.56	263.94	229.53	1079.27	--	1079.27	21.85	1608.22	56.71	--	56.71	--

G. M. BREWERIES LIMITED**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors have pleasure in presenting their 24th Annual Report together with the Audited Accounts of the Company for the Year Ended 31st March, 2007.

Financial Results :

	Audited 31.03.2007 (12 Months)	(Rs. in lacs) Audited 31.03.2006 (12 Months)
Gross Sales	44796.28	36442.39
Other Income	25.66	9.08
	<u>44821.94</u>	<u>36451.47</u>
Profit before depreciation and taxation	2039.57	2224.01
Less : Depreciation	233.22	196.54
Less : Provision for taxation	619.79	688.92
Less : Prior Period adjustments (Income Tax)	35.43	224.52
Profit after taxation	1151.13	1114.03
Add : Balance brought forward from previous year	61.27	107.30
Surplus available for Appropriation	<u>1212.40</u>	<u>1221.33</u>
<u>APPROPRIATIONS</u>		
General Reserve	950.00	1000.00
Proposed Dividend	168.45	140.37
Tax on Dividend	28.63	19.69
Balance carried to Balance Sheet	65.32	61.27
	<u>1212.40</u>	<u>1221.33</u>

DIVIDEND :

Your Directors have pleasure in recommending for approval of the members at the Annual General Meeting a dividend of 18% (previous year 15%). The dividend, if approved, at the Annual General Meeting will result in the out flow of Rs.168.45 lacs to the company in addition to Rs. 28.63 lacs by way of distribution tax.

OPERATIONAL REVIEW :

Gross Sales increased to Rs. 44796.28 Lacs, a growth of around 23% against Rs. 36442.39 Lacs in the previous year. Profit before depreciation and taxation was Rs. 2039.57 lacs against Rs. 2224.01 Lacs in the previous year. After providing for, depreciation and taxation of Rs. 233.22 Lacs and Rs. 619.79 Lacs respectively, the net profit of the Company for the year under review was placed at Rs. 1186.56 Lacs. as against 1338.55 lacs in the previous year.

The Company's performance for the year 2006-07 shows good growth in sales but profits were impaired by severe price erosion in order to comply with the MRP regulations. However, impact of the price erosion has been partially compensated by reduction in the input costs, overheads and increased sales volumes.

DISCLOSURE OF SPECIAL PARTICULARS :

Information as per Clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 for the Year ended 31st March, 2007 is given below :

CONSERVATION OF ENERGY :

- a) Company ensures that the manufacturing operations are conducted in the manner whereby optimum utilisation and maximum possible savings of energy is achieved.
- b) No specific investment has been made in reduction in energy consumption.
- c) As the impact of measures taken for conservation and optimum utilisation of energy are not quantitative, its impact on cost cannot be stated accurately.
- d) Since the Company does not fall under the list of industries which should furnish this information in Form A annexed to the aforesaid Rules, the question of furnishing the same does not arise.

TECHNOLOGY ABSORPTION :

Company's products are manufactured by using inhouse Know how and no outside Technology is being used for manufacturing activities. Therefore no technology absorption is required. The Company constantly strives for maintenance and improvement in quality of its products and entire Research & Development activities are directed to achieve the aforesaid goal.

FOREIGN EXCHANGE EARNINGS AND OUT-GO :

During the period under review there was no in flow or out flow of any foreign exchange.

PARTICULARS OF EMPLOYEES :

The provisions of section 217(2A) of the Companies Act, 1956 are not applicable as no Employee was in receipt of remuneration to the extent laid down therein.

FIXED DEPOSITS :

Your Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

INDUSTRIAL RELATIONS :

During the year under review, your Company enjoyed cordial relationship with workers and employees at all levels.

DIRECTOR'S RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act, 1956, the directors would like to state that :

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) The directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 and of the profit or loss of the Company for the year under review.
- iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records

G. M. BREWERIES LIMITED

in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) The directors have prepared the annual accounts on a going concern basis.

SUBSIDIARY COMPANIES :

The company does not have any subsidiary.

AUDITORS' REPORT :

The observation made in the Auditors' Report read together with relevant notes thereon are self explanatory and hence, do not call for any further comments under Section 217 of the Companies Act, 1956.

DIRECTORS :

Shri. Mukund Govind Diwan retires by rotation and being eligible, offers himself for re-appointment. The Directors recommend Shri. Mukund Govind Diwan's re-appointment.

AUDITORS :

The Auditors M/s. V. P. Mehta & Co., Chartered Accountants, Mumbai, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORTS

The Corporate Governance and Management Discussion and Analysis Report, which form an integral part of this Report, are set out as separate Annexures, together with the certificate from the auditors of the Company confirming compliance with the requirements of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

ACKNOWLEDGEMENTS :

Your Company and its Directors wish to extend their sincerest thanks to the Bankers, State Government, Customers, Suppliers, Executives, Staff and workers at all levels for their continuous co-operation, assistance and support.

**FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS**



**(JIMMY WILLIAM ALMEIDA)
MANAGING DIRECTOR**

Mumbai
5th April, 2007

AUDITORS' REPORT
TO THE MEMBERS OF G.M. BREWERIES LIMITED

We have audited the attached Balance Sheet of **G.M. Breweries Limited** as at 31st March, 2007 and the Profit & Loss Account and Cash Flow statement 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. These 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 accounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) order, 2003 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 such books.
 - (c) The Balance Sheet, Profit and Loss Account and Cash flow statement referred to in this report, are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash flow statement dealt with by this report are in compliance with the Accounting Standards referred to in section 211(3c) of the Companies Act, 1956.
 - (e) On the basis of written representations received from the directors, as on 31st March 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
3. Subject to the foregoing and in our opinion and to the best of our information and according to the explanation given to us, the said Accounts read together with the schedules and the notes thereon 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 :
 - i) in so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31st March, 2007 and :
 - ii) in so far as it relates to the Profit & Loss Account, of the Profits of the Company for the year ended on that date annexed thereto.
 - iii) In case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **V. P. MEHTA & COMPANY**
Chartered Accountants

Mumbai
5th April, 2007

VIPUL P. MEHTA
PROPRIETOR
Membership No. 35722