

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 2010.

FINANCIAL HIGHLIGHTS

Rs. In lacs

| Particulars | Current Year | Previous Year |
|----------------------------------|---------------------|----------------------|
| Total Income | 13.35 | 0.00 |
| Less : Expenditure | 17.13 | 6.60 |
| Profit Before Tax | (3.77) | (6.60) |
| Profit After Tax | (3.86) | (6.60) |
| Profit / (Loss) Brought Forward | (6.13) | 0.47 |
| Balance Carried to Balance Sheet | (9.99) | (6.13) |

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. Raj Kumar Jain, 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. Raj Kumar Jain, 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.

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 27, 2010**

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 31st March, 2010. 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

Alcoholic Beverages have been a part of Indian since ancient times. The industry today is a combination of branded liquors across multiple price points and a commodity space operating at the lowest price point in the market. Locally produced products like Indian Made Foreign Liquor (IMFL), Beer and Wine operate in the branded space, apart from imported Bottled In Origin (BIO) products. The global spirits industry is estimated at over 2 billion cases - with the Indian industry accounting for about 12% at 236 mio cases. The Indian spirits industry is predominantly a 'browns' market with Whisky, Rum and Brandy being the prominent flavours and White Spirits (Gin & Vodka) having only 5% share. This is contrary to International trends, where 'Whites' have a predominant presence. With a large and growing number of youth coming into the legal drinking age category, the outlook for the industry is buoyant. In sharp contrast to countries like the USA and China which have an ageing population, and have passed the 'demographic window', India is still comparatively 'young' with over half the 1.2 billion population under 25 years of age. The increasing trend of urbanization and exposure to global lifestyles will further accelerate growth. The product distribution in most states is managed through the respective State Beverages Corporation.

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. Today, with the acceptance of social drinking, the alcoholic beverages industry is likely to grow with the compounded annual growth rate of 16%. More and more foreign players are expected to come into India, especially in the beer segment and on such foreign players entering the beer market, this segment is expected to grow exponentially.

C. RISKS & CONCERNS

Stiff competition in the market does have an impact on the product pricing policies and put the operating margins under pressure. All the insurable interests of the Company including inventories, buildings, plants and machinery and liabilities under legislative enactments are adequately insured. For alcoholic beverages industry, the significant risk factor is the purchasing power of individuals and non existence of brand loyalty. The company is ensuring that its products are available on the shelf at any point of time.

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. The Company has a well-defined organization structure and authority limits. 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, 2009 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 |
|---------|--|-------------------|---------------------------------------|
| 2006-07 | Saturday, 29 th September, 2007 at 11 a.m. | Registered Office | No |
| 2007-08 | Tuesday, 30 th September, 2008 at 11 a.m. | Registered Office | No |
| 2008-09 | Wednesday, 30 th September, 2009 at 11 a.m. | Registered Office | No |

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

6. DISCLOSURES

RELATED PARTY TRANSACTION

Related party transactions are defined as transactions of the Company of a material nature with its Promoters, Directors or the Management, their subsidiary or relatives, etc. that may have potential conflict with the interest of the Company at large.

Among the related party transactions are, contracts or arrangement made by the Company from time to time with the Companies in which Directors are interested. All those contracts or arrangements are entered in the Register of Contracts under section 301 of the Companies Act, 1956 and the Register is placed before every Board Meeting.

All transaction covered under the Related Party Transactions are regularly ratified and/or approved by the Board.

There has been no transaction of the Company with its promoters, their subsidiary or the management that may have potential conflict with the interest of the Company at large.

STATUTORY COMPLIANCE, PENALTIES AND STRICTURES:

The Company has not complied with the regulations pertaining to Listing Agreement and company law compliances. The trading in Equity shares of the Company is currently suspended in the stock exchanges.

7. MEANS OF COMMUNICATION

The quarterly results are available on BSE website.

Management discussions and analysis form part of the Annual report.

8. GENERAL SHAREHOLDER INFORMATION

| | |
|--|--|
| Compliance Officer | Mr. Parasmal Jhamnani |
| Date and Time of AGM | 30 th September, 2010 at 11 a.m. |
| Venue | Registered Office |
| Financial reporting for quarter Ending | 1 st Quarter : Within one month from end of respective quarter 2 nd Quarter : Within one month from end of respective quarter 3 rd Quarter : Within one month from end of respective quarter 4 th Quarter : Within one month from end of respective quarter |
| Dividend | No Dividend declared for the current year |
| Date of Book Closure | September 28, 2010 to September 30, 2010 (both days inclusive) |
| Listing of Stock Exchanges | 1. The Bombay Stock Exchange Limited, Mumbai. 2. Jaipur Stock Exchange Limited, Jaipur |
| Scrip Code | BSE : 512301 JSE : 786 |

Dematerialisation Information

Company does not have demat connectivity with any of the depositories. Hence entire equity of the Company is held in physical form.

Market Data

The trading in Equity shares of the company is suspended in the stock exchange. Hence no market Data is available.

Share Transfer System

Shareholders/Investors are requested to send share transfer related documents directly to the registered office of the company which has its own share transfer department. If the documents are in order it generally takes 21 days on receipt of documents to process the same.

CATEGORY OF SHAREHOLDERS

| Category | No. of Shares Held | Percentage of shareholding |
|---|--------------------|----------------------------|
| A. PROMOTER'S | 1198500 | 16.00 |
| B. INSTITUTIONAL INVESTORS (FIIs/NRIs/OCBs) | 0 | 0.00 |
| C. INDIAN FINANCIAL INSTITUTIONS/BANKS/MUTUAL FUNDS | 500 | 0.01 |
| D. PRIVATE BODIES CORPORATE | 18550 | 0.25 |
| E. INDIVIDUALS | 6271208 | 83.74 |
| F. OTHERS | 0 | 0.00 |
| Grand Total | 7488758 | 100.00 |

Investor Correspondence:

The Investors can send all correspondence to the Registered office.

9. CODE OF CONDUCT

All the members of the Board and senior management personnel have affirmed compliance with the Company's Code of Conduct.

DECLARATION BY THE DIRECTOR

It is hereby declared that all the Board Members and Senior Management Personnel have affirmed compliance of code of conduct, pursuant to Corporate Governance, for the year ended 31st March 2010.

**For and on behalf of the Board of Directors of
Chambal Breweries & Distilleries Limited**

Director

Place: Mumbai
Date: August 27, 2010

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members,

We have examined the compliance of conditions of Corporate Governance by the Company for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance.

It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Bipin Zavar & Associates**
Chartered Accountants

Place : Mumbai
Dated : August 27, 2010

Bipin Zavar
Proprietor

CHIEF EXECUTIVE OFFICER (CEO) CERTIFICATION

(Issued in accordance with provisions of Clause 49 of the Listing Agreement)

To
The Board of Directors

Dear Sir,

I have reviewed the financial statements of Chambal Breweries & Distilleries Limited for the year ended March 31, 2010 and that to the best of my knowledge and belief, I state that;

- a. i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- ii. These statements present a true and fair view of the Company's affair and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- c. I accept responsibility for establishing and maintaining internal controls for financial reporting. I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- d. I have indicated to the auditors and the Audit committee
 - i. That there are no significant changes in internal control over financial reporting during the year;
 - ii. There are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. There are no instances of fraud during the year.

Place: Mumbai
Date: August 27, 2010

Director

AUDITOR'S REPORT

To,
The Members of

1. We have audited the attached Financial Statements of M/s. **CHAMBAL BREWERIES & DISTILLERIES LIMITED** as at 31st March, 2010. 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:
2. We conducted our audit in accordance with the 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 misstatement. 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 of the financial statement. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order 2003 issued by the Central Government of India 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 in so far as they are applicable to the company.
4. Further to our comments in the Annexure referred to in paragraph in (3) & subject to paragraph (4) above, we state that :
 - (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 accounts are required by the law have been kept by the company, so far as appears from our examination of the books.
 - (c) The Financial Statements dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Financial Statements dealt with the report comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of the written representation received from the Director's and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2010 from being appointed as a directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956.
 - (f) In our opinion and to our best of our information and according to the explanation given to us, the Profit & Loss A/c. and Balance Sheet read together with other notes thereon in Schedule 16 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 case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
- (ii) In the case of the Profit and Loss Account, of the Loss of the company for the year ended 31st March, 2010.
- (iii) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

**For BIPIN ZAVAR & ASSOCIATES
CHARTERED ACCOUNTANTS**

PLACE : MUMBAI

DATE : August 28, 2010

**BIPIN P. ZAVAR
(Proprietor)**

Annexure to the Auditors report of the even date to the members:

- i) A) The company is maintained proper records to show full particulars including quantitative details & situation of its fixed assets.
B) The fixed assets have been physically verified by the management during the year our opinion, the frequency of verification of the fixed assets by the management is reasonable having regard to the size of the company and the nature of the assets. The discrepancies noticed have been properly dealt with in the book of accounts,
C) The assets disposed off during the year are not significant and therefore do not affected the going concern assumption,
- ii) A) The physical verification of inventory has been conducted at reasonable intervals by management.
B) In our opinion and according to the information and explanations given to us, the procedures of physical verifications of inventory followed by the management were found reasonable and adequate in relation to the size of the company and the nature of its business.
C) In our opinion the company has maintained proper records of inventory. The discrepancies between physical stock and the book stock were not material and have been properly dealt with in the book of accounts.
- iii) As informed to us, during the year the company has taken unsecured loan from three parties covered in the Register maintained under section 301 of the Act. The maximum amount outstanding during the year is Rs.596000/-.
- iv) In our opinion according to the information and explanation given to us there are adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods. During the course of our audit, no major weakness has been noticed in the internal control.
- v) A) Based on the audit procedures applied by us and according to the information and explanation provided by the management, we are of the opinion that the transaction that need to be entered into the register maintained under section 301 of the Act have been properly in the said register.
B) In our opinion and according to the information and explanations given to us the transactions entered in the registers maintained under section 301 and exceeding during the year by Rupees five lakh in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The company has not accepted any deposits from public.
- vii) The company doesn't have any internal audit system.
- viii) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the company.
- ix) A) According to the information and explanation given to us the company is generally regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Excise

Duty, Service Tax and any other statutory dues. There are no outstanding statutory dues for a period of more than six month from the date they become payable.

B) According to the information and explanation given to us the company has no disputed dues of sale tax/ income tax/ excise duty/ cess and any other statutory dues.

- x) The company has accumulated losses of Rs. 999010/- at the end of the financial year and has incurred cash loss of Rs. NIL during the year and has incurred cash loss of Rs. 241991/- in the immediately year preceding.
- xi) Based on our audit procedure and on the information and explanations by the management, the company has not defaulted in repayment of dues to any financial institution or bank.
- xii) Based on our examination and according to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debenture and other security.
- xiii) The company is not a chil/nidhi/natural benefit fund/ society and clauses xii of the order is not applicable.
- xiv) The company is dealing or trading in shares, securities, debenture and other investment.
- xv) On the basis of the information and explanation given to us the company has not given any guarantee for loans taken by other from bank or financial institutions.
- xvi) The company has not taken any term loan during the year.
- xvii) On the basis of the information and explanation given to us the company has not used funds raised on short term basis for investment in long term use and vice versa.
- xviii) During the year, the company has not made any preferential allotment of share of parties and companies covered in the Register maintained under section 301 of the Act.
- xix) The company did not have any outstanding debentures during the year.
- xx) The company has not raised any money by public issues during the year.
- xxi) Based on the audit procedures performed and information and explanation given to us by the management, we report that no fraud on or by the company had been noticed or reported during the course or our audit.

**For BIPIN ZAVAR & ASSOCIATES
CHARTERED ACCOUNTANTS**

**PLACE : MUMBAI
DATE : 27/08/2010**

**BIPIN P. ZAVAR
(Proprietor)**

AUDITED BALANCE SHEET AS AT 31ST MARCH, 2010

AMOUNT IN Rs.

| PARTICULARS | Sch No. | CURRENT YEAR | | PREVIOUS YEAR | |
|--|---------|-------------------|---|-------------------|-----------------------|
| <u>SOURCES OF FUND</u> | | | | | |
| <u>SHARE HOLDER FUND</u> | | | | | |
| Share Capital | 1 | | 74,887,580.00 | | 74,887,580.00 |
| Reserve & Surplus | 2 | | 72,184,430.39 | | 72,570,387.09 |
| <u>LOAN FUND</u> | | | | | |
| Secured Loan | | | - | | - |
| Unsecured Loan | 3 | | 596,000.00 | | 596,000.00 |
| TOTAL RUPEES | | | 147,668,010.39 | | 148,053,967.09 |
| <u>APPLICATION OF FUND</u> | | | | | |
| Gross Block | 4 | 7,768,000.00 | | 7,768,000.00 | |
| LESS-Depreciation | | 6,861,079.90 | 906,920.10 | 6,455,819.20 | 1,312,180.80 |
| Net Block | | | | | |
| INVESTMENTS | 5 | | 17,000,000.00 | | 17,000,000.00 |
| <u>CURRENT ASSETS, LOANS & ADVANCES</u> | | | | | |
| Inventories | | - | | - | |
| Sundry Debtors | | - | | - | |
| Cash & Bank Balances | 6 | 10,168,095.29 | | 9,618,098.29 | |
| Loan, Advances & Deposits | 7 | 119,756,048.00 | | 120,256,048.00 | |
| | | | 129,924,143.29 | | 129,874,146.29 |
| LESS : CURRENT LIABILITIES & PROVISION | | | | | |
| Current Liabilities | 8 | 163,053.00 | | 132,360.00 | |
| Provision | | | | | |
| NET CURRENT ASSETS | | | 129,761,090.29 | | 129,741,786.29 |
| TOTAL RUPEES | | | 147,668,010.39 | | 148,053,967.09 |
| NOTES ON ACCOUNT & SIGNIFICANTS ACCOUNTING POLICIES | 10 | | - | | - |
| As per our annexed report of even date | | | For & on behalf of Board of Directors | | |
| BIPIN ZAVAR & ASSOCIATES CHARTERED ACCOUNTANTS | | | CHAMBAL BREWERIES & DISTILLERIES LIMITED | | |
| BIPIN P. ZAVAR (Proprietor) | | | Director | | Director |
| Place : Mumbai Date : August 27, 2010 | | | | | |

| AUDITED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010 | | | |
|--|---------|---|---------------------|
| PARTICULAR | Sch No. | AMOUNT IN Rs. | |
| | | CURRENT YEAR | PREVIOUS YEAR |
| INCOME | | | |
| Sales / Services | | 1,335,350.00 | |
| Other Income | | - | - |
| Increase / (Decrease) in Stock | | - | - |
| TOTAL RUPEES | | 1,335,350.00 | - |
| EXPENDITURE | | | |
| Purchase of Bought Out Items | | 1,065,926.00 | - |
| Direct Expenses | | - | - |
| Administrative, selling & distribution expenses | 9 | 241,487.00 | 241,991.00 |
| Depreciation | | 405,260.70 | 418,136.70 |
| Misc Exp Write off | | - | - |
| | | 1,712,673.70 | 660,127.70 |
| NET PROFIT / (-) LOSS BEFORE TAX | | (377,323.70) | (660,127.70) |
| PROVISION FOR TAXATION | | | |
| Current Year Tax | | 8,633.00 | - |
| PRIOR PERIOD ITEM (INCOME TAX DEMAND) | | - | - |
| NET PROFIT / (-) LOSS AFTER TAX | | (385,956.70) | (660,127.70) |
| Profit & Loss Account Brought Forward | | (613,052.91) | 47,074.79 |
| BALANCE CARRIED FORWARD TO BALANCE SHEET | | (999,009.61) | (613,052.91) |
| NOTES ON ACCOUNT & SIGNIFICANTS ACCOUNTING POLICIES | 10 | | |
| As per our annexed report of even date | | For & on behalf of Board of Directors | |
| BIPIN ZAVAR & ASSOCIATES CHARTERED ACCOUNTANTS | | CHAMBAL BREWERIES & DISTILLERIES LIMITED | |
| | | Director | Director |
| BIPIN P. ZAVAR (Proprietor) | | | |
| Place : Mumbai | | | |
| Date : August 27, 2010 | | | |

**SCHEDULE FORMING PART OF THE AUDITED BALANCE SHEET AS AT 31ST MARCH, 2010 AND
AUDITED PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2010**

| | <i>Amount in Rs.</i> | |
|--|-----------------------|-----------------------|
| PARTICULAR | CURRENT YEAR | PREVIOUS YEAR |
| SCHEDULE NO. 1 | | |
| SHARE CAPITAL | | |
| <u>AUTHORISED SHARE CAPITAL</u> | <u>100,000,000.00</u> | <u>100,000,000.00</u> |
| 10000000 (Previous year 10000000) Equity shares of Rs 10 each | | |
| <u>ISSUED SUBSCRIBED AND PAID UP</u> | | |
| 74,88,758 (Previous year 74,88,758) Equity shares of Rs 10 Each Fully Paid Up In cash | 74,887,580.00 | 74,887,580.00 |
| | <u>74,887,580.00</u> | <u>74,887,580.00</u> |

| | | |
|-------------------------------------|----------------------|----------------------|
| SCHEDULE NO. 2 | | |
| <u>RESERVE & SURPLUS</u> | | |
| 1.Share Premium A/C | 73,183,440.00 | 73,183,440.00 |
| 2.P&L Appropriation A/C | (999,009.61) | (613,052.91) |
| | <u>72,184,430.39</u> | <u>72,570,387.09</u> |

| | | |
|-------------------------------|-------------------|-------------------|
| SCHEDULE NO.3 | | |
| <u>UNSECURED LOANS</u> | | |
| Other Loans | 596,000.00 | 596,000.00 |
| | <u>596,000.00</u> | <u>596,000.00</u> |

SCHEDULE NO. 4 : FIXED ASSETS

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|------------------|---------------------|-----------|------------|---------------------|---------------------|-----------------|-----------------|---------------------|---------------------|---------------------|
| | As at 01.04.2009 | Additions | Deductions | As at 31.03.2010 | Up to 31.03.2009 | For the Year | Written Back | Up to 31.03.2010 | As at 31.03.2010 | As at 31.03.2009 |
| FURNITURE | 1,250,000 | | - | 1,250,000 | 1183750.00 | 66,249 | - | 1,249,999.00 | 1 | 66,250 |
| COMPUTER | 1,303,000 | | | 1,303,000 | 1302999.00 | - | - | 1,302,999.00 | 1 | 1 |
| MOTOR CAR | 2,099,000 | | - | 2,099,000 | 1748430.00 | 199,405 | - | 1,947,835.00 | 151,165 | 350,570 |
| TRUCKS | 609,000 | | | 609,000 | 609000.00 | - | - | 609,000.00 | - | - |
| REFRIGERATOR | 1,208,000 | | - | 1,208,000 | 783280.00 | 57,380 | - | 840,660.00 | 367,340 | 424,720 |
| OFFICE EQUIPMENT | 1,299,000 | | - | 1,299,000 | 828360.20 | 82,227 | - | 910,586.90 | 388,413 | 470,640 |
| Total | 7,768,000 | | - | 7,768,000 | 6455819.20 | 405,261 | - | 6,861,079.90 | 906,920 | 1,312,181 |
| PREVIOUS YEAR | 7,768,000 | - | - | 7,768,000 | 6,037,682.50 | 418,137 | - | 6,455,819.20 | 1,312,180.80 | - |

| SCHEDULE NO. 5 | | |
|---|----------------------|----------------------|
| INVESTMENTS | | |
| (Unquoted Investments) | | |
| 1500000 Equity Shares in Rajasthan Telematics Limited (Pr. Yr. 1500000 shares) | 15,000,000.00 | 15,000,000.00 |
| 20000 Equity Shares in K.K. Distilleries Private Limited (Pr. Yr. 20000 Shares) | 2,000,000.00 | 2,000,000.00 |
| | 17,000,000.00 | 17,000,000.00 |

| SCHEDULE NO. 6 | | |
|---------------------------------|----------------------|---------------------|
| CASH & BANK BALANCES | | |
| Cash in Hand | 10,145,782.17 | 9,595,598.17 |
| Bank Account | 22,313.12 | 22,500.12 |
| | 10,168,095.29 | 9,618,098.29 |

| SCHEDULE NO. 7 | | |
|-------------------------------------|-----------------------|-----------------------|
| LOAN, ADVANCE & DEPOSITS | | |
| Loans & Advances | 115,801,207.00 | 116,301,207.00 |
| Deposits | 3,954,841.00 | 3,954,841.00 |
| | 119,756,048.00 | 120,256,048.00 |

| SCHEDULE NO. 8 | | |
|----------------------------|-------------------|-------------------|
| CURRENT LIABILITIES | | |
| 1.Sundry Creditors | - | - |
| 2.Other Liabilities | - | - |
| 3.Provisions | 163,053.00 | 132,360.00 |
| | 163,053.00 | 132,360.00 |

| SCHEDULE NO. 9 | | |
|--------------------------------|-------------------|-------------------|
| ADMINISTRATIVE EXPENSES | | |
| Bank Charges | 187.00 | 2,991.00 |
| Personal Salary | 175,000.00 | 175,000.00 |
| Conveyence & Travelling Exp | 20,220.00 | 18,670.00 |
| Printing & Stationary | 3,350.00 | 3,550.00 |
| Office & General Exp | 10,850.00 | 11,770.00 |
| Telephone & Electricity | 5,670.00 | 4,550.00 |
| Audit Fee | 20,000.00 | 20,000.00 |
| Repairs & maintainance | 6,210.00 | 5,460.00 |
| | 241,487.00 | 241,991.00 |

**SCHEDULE FORMING PART OF AUDITED BALANCE SHEET AS AT MARCH 31, 2010
AND AUDITED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**
SCHEDULE 10

A. Significant Accounting Policies

1) Accounting convention :

The Financial statements have been prepared in accordance with the applicable accounting standards specified by the institute of chartered accountants of india.

The Financial statements have also been prepared in accordance with the relevant provisions of Companies Act, 1956.

2) Recognition of Income & Expenditure :

All Income and expenditure items having a material bearing on the financial statements are recognised on accrual basis.

Dividend on shares held by the Company is accounted for as and when it is declared and interest on investment is accounted for on accrual basis.

Legal and Allied expenses are provided on accrual / payment basis.

3) Fixed Assets and Depreciation :

Fixed assets are stated at cost of acquisition less accumulated depreciation. Direct Cost are capitalised until the asset are ready to be put to use. These cost includes freight, installation cost. Duties and taxes and other allocated expenses including finance cost relating to specific borrowing incurred during the construction period.

Deprecation on fixed asset is provided on straight line method on pro-rata basis as per schedule XIV of the Companies Act, 1956.

4) Stock

The stock in trade if any have been valued at cost or market price whichever is lower. statutes, shall be accounted for in the year of assessment.

5) Investment

Investments are valued at cost.

6) Gratuity / Retirement Benefits

These are accounted on cash basis.

7) Taxation

Provision for Income Tax is made as per the provisions of the Income Tax Act, 1961. And the provision for Fringe Benefit Tax is made as per the provision of the Income Tax Act, 1961.

B. Notes on Accounts (Additional information pursuant to part II of schedule VI to the Companies Act, 1956.)

| | Current Year | Previous Year |
|---|-----------------|------------------|
| 1) Quantitative details in respect of trading of IMFL, Beer, Country Liquor & Fabrics | | |
| <u>Opening Stock (in B.L.)</u> | | |
| IMFL | Nil | Nil |
| Beer | Nil | Nil |
| Country Liquor | Nil | Nil |
| Fabrics (in mtrs.) | Nil | Nil |
| <u>Purchases (in B.L.)</u> | | |
| IMFL | Nil | Nil |
| Beer | Nil | Nil |
| Country Liquor | Nil | Nil |
| Fabrics (in mtrs.) | 12700 | Nil |
| <u>Sales / Wastages (in B.L.)</u> | | |
| IMFL | Nil | Nil |
| Beer | Nil | Nil |
| Country Liquor | Nil | Nil |
| Fabrics (in mtrs.) | 12700 | Nil |
| <u>Closing Stock (in B.L.)</u> | | |
| IMFL | Nil | Nil |
| Beer | Nil | Nil |
| Country Liquor | Nil | Nil |
| Fabrics (in mtrs.) | Nil | Nil |
| 2) Managerial Remuneration | Nil | Nil |
| 3) Auditors Remuneration (Amount in Rs.) | 20000 | 20000 |
| 4) Expenditure in Foreign currency | Nil | Nil |
| 5) Earnings on Foreign currency | Nil | Nil |
| 6) Provision for Taxation | 8,633 | Nil |
| 7) Related Party Disclosures : NIL | | |
| 8) Prior year figures have been regrouped and recast wherever necessary to confirm the current year's presentation. | | |

**BIPIN ZAVAR & ASSOCIATES
CHARTERED ACCOUNTANTS**

CHAMBAL BREWERIES & DISTILLERIES LIMITED

**BIPIN P. ZAVAR
Proprietor**

Director

Director

**Place : Mumbai
Date : August 27, 2010**

| CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010 | | |
|--|---|--------------------------------------|
| PARTICULARS | 2009/2010 (Amount in Rs.) | 2008/2009 (Amount in Rs.) |
| A <u>Cash Flow from Operating Activities</u> | | |
| Net Profit before Tax | (377,324) | (660,128) |
| <u>Adjustment for :</u> | | |
| Depreciation | 405,261 | 418,137 |
| Preliminary Expenses Writtenoff | - | - |
| Profit/Loss on asset | - | - |
| Dividend Income | - | - |
| Interest Expenses | - | - |
| Operating Profit before Working Capital changes | 27,937 | (241,991) |
| <u>Adjustment for :</u> | | |
| Trade & Other receivables | 500,000 | (596,800) |
| Inventories | - | - |
| Trade Payble | 22,060 | 22,060 |
| Cash generated from Operation | 549,997 | (816,731) |
| Less : | | |
| Taxes Paid | - | - |
| Net Cash from Operating Activities | 549,997 | (816,731) |
| B <u>Cash Flow from Investing Activities</u> | | |
| Purchase of Fixed Assets / Capital Expenditure | - | - |
| Sale of fixed Assets | - | - |
| Purchase/ Sale of Investments | - | - |
| Profit on Sale of Investment | - | - |
| Dividend received | - | - |
| Net Cash from Investing Activities | - | - |
| C <u>Cash Flow from Financing Activities</u> | | |
| Long Term Loan borrowings | - | - |
| Short Term Loan Repayment | - | - |
| Dividend Paid | - | - |
| Interest Expenses | - | - |
| Net Cash from Financing Activities | - | - |
| Net decrease in cash & cash Equivalents (A+B+C) | 549,997 | (816,731) |
| Opening Balance of Cash & Cash Equivalents | 9,618,098 | 10,434,829 |
| Closing Balance of Cash & Cash Equivalents | 10,168,095 | 9,618,098 |
| BIPIN ZAVAR & ASSOCIATES Chartered Accountants | For Chambal Breweries & Distilleries Limited | |
| Bipin Zavar Proprietor | Director | Director |
| Place : Mumbai Date: August 27, 2010 | | |

Balance Sheet Abstract and Company's General Business Profile
(Pursuant to Part IV of the Companies ACT, 1956)

| | | | | | |
|--|------------------|-----------------------|---|---|-----------------------|
| 1 Registration Details | : | | | | |
| Registered No. | : | 035789 | State Code | : | 11 |
| Balance Sheet | : | 31st March, 2010 | | | |
| 2 Capital Raised During The Year | | | | | |
| Public Issue | : | Nil | Right Issue | : | Nil |
| Bonus Issue | : | Nil | Private placement | : | Nil |
| Promoter's Contribution | : | Nil | | | |
| 3 Position of Mobilisation and Deployment Funds | | | | | |
| | | Amounts in Rs. | | | Amounts in Rs. |
| Sources Of Funds | : | 147,668,010.39 | Application of Funds | : | 147,668,010.39 |
| Paid up Capital | : | 74,887,580.00 | Net Fixed Assets | : | 906,920.10 |
| Reserves and Surplus | : | 72,184,430.39 | Investments | : | 17,000,000.00 |
| Secured Loans | : | - | Net Current Assets | : | 129,761,090.29 |
| Unsecured Loans | : | 596,000.00 | Miscellaneous Expense: | : | - |
| Deferred tax Liability | : | - | Deferred tax Assets | : | - |
| 4 Performance of Company | : | | | | |
| Turnover | : | 1,335,350.00 | | | |
| Other Income | : | - | | | |
| Total Expenditure | : | 1,712,673.70 | | | |
| Profit / (Loss) Before Tax | : | (377,323.70) | | | |
| Profit / (Loss) After Tax | : | (385,956.70) | | | |
| Basic Earning per Share in Rs. | : | NIL | | | |
| Diluted Earning per Share | : | NIL | | | |
| Dividend Rate | : | NA | | | |
| 5 Generic name of Principal Products of the Company | | | | | |
| Item Code No. (ITC Code) | : | N.A. | | | |
| Product Description | : | N.A. | | | |
| | | | For and on behalf of the Board of Director | | |
| Date:- | 27th August 2010 | | | | |
| Place:- | Mumbai | | Director | | Director |

