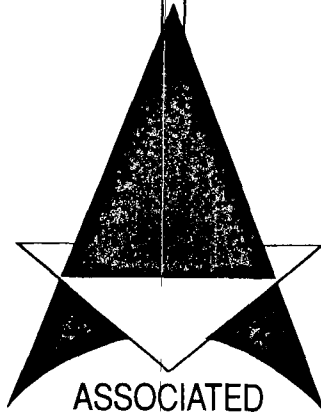


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1997-98**



**ASSOCIATED
KEDIA GROUP**

Dreams. Determination. Dexterity

**Associated
Alcohols & Breweries Ltd.**

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Board of Directors

Bhagwati Prasad Kedia

Anand Kumar Kedia

Prasann Kumar Kedia

Santosh Kumar Kedia

Harshan Kumar Bhandari

Pranab Kumar Adhikary

Sushil Kumar Kedia

Chairman Emeritus

Chairman Cum-Managing Director

Vice Chairman

Director-Finance

Director-Production

Director-Operations

Director

Company Secretary

V. N. Dubey

Auditors

B. K. Agrawal & Co.

Chartered Accountants

29B, Rabindra Sarani, Calcutta

M. D. Agrawal & Co.

Chartered Accountants

41, Jaora Compound, Indore

Bankers

State Bank of India

Registrar & Share Transfer Agents

Ankit Consultancy Pvt. Ltd.

Alanker Point, 2nd Floor, A.B. Road, Indore.

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NOTICE

Notice is hereby given that the Ninth Annual General Meeting of the members of the Company will be held at the Hotel Airport Ashok Calcutta-700 052 on Saturday, the 26th day of September 1998 at 11.30 a.m. for the transaction of the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet of the Company as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date, together with the reports of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri Bhagwati Prasad Kedia who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Harshan Kumar Bhandari who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

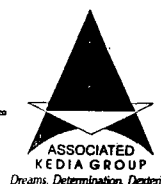
6. To consider and if thought fit to pass with or without modification, the following resolution as ordinary resolution.
 - i) "RESOLVED THAT Mr. Sushil Kumar Kedia who hold office upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and who is eligible for appointment and in respect of whom the Company has received notice in writing together with requisite deposit, pursuant to Section 257 of the Act proposing his candidature for the office of Director be and is hereby appointed a Director of the Company, liable to retire by rotation".
7. To consider and if thought fit to pass with or without modifications, the following resolution as Special resolution.

"RESOLVED THAT Pursuant to section 81 (IA) and other applicable provisions of the Companies Act 1956, and the guidelines as issued and has been in force of the Securities and Exchange Board of India (SEBI) and subject to such approval, consent or permissions from such authorities as may be required, thirty lacs equity Shares of Rupees 10/- each out of the unissued share capital of the Company, be issued for cash at par to such person or persons whether existing members or not or in such manner and at such time as the Board of Directors may deem fit.

"RESOLVED further that the aforesaid issue of new equity shares be subject to the following Principal terms and conditions:-

 - i) The said 30 lacs new equity shares shall rank pari-passu in all respects with the existing fully paid equity shares of the Company.
 - ii) The new equity shares shall be subject to the provisions of Memorandum and Articles of Association of the Company.

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- iii) The application for listing of such further equity shares be made to the Stock Exchanges at Calcutta, Mumbai, Ahmedabad and Indore in due course.
"RESOLVED further that the Board of Director of the Company be and is hereby authorised at its discretion to accept such conditions and modifications if any as may be stipulated by SEBI, Stock Exchange or other authorities and to do such incidental acts/things as may be necessary in relation thereto."
8. To Consider and if thought fit to pass with or without modification, the following resolution as Special Resolution :-
"RESOLVED that pursuant to the provisions of Section 370 and other applicable provisions of Companies Act 1956, the Board of Directors of the Company be and is hereby authorised to make any loan or give any guarantee or provide any security in connection with a loan made by any other person by any body corporate but that under any circumstances the aggregate loan or guarantee or security as the case may be, shall exceed 30% of the subscribed Capital and free reserves but shall not exceed the following limits :-
- Thirty percent of the aggregate of the subscribed Capital and free reserves of the lending Company and its free reserves where all such other bodies corporate are not under the same management as of this Company.
 - Thirty percent of the aggregate of the subscribed capital and free reserves of lending Company and its free reserves where all such other bodies corporate are under the same management as of this Company."

NOTES:

- Explanatory statements pursuant to section 173(2) of the Companies Act, 1956 are annexed hereto.
- A notice has been received from a member proposing non re-appointment of the existing Auditors. However Board does not recommend such proposal in the overall interest of the Company.
- A copy of the Memorandum and Articles of Association of the Company is available on any working day till the date of the meeting between 11.00 a.m. and 1.00 p.m. for the inspection of members.
- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. Such proxy need not be a member of the Company. Proxies in order to be valid and effective, must be delivered at the Registered Office of the Company not later than forty eight hours before the Commencement of the meeting.
- The register of members and the Register of shares transfer books of the company shall remain closed from Wednesday the 23rd day of September, 1998 to Saturday 26th Sept, 1998, both days inclusive.

REGISTERED OFFICE

Queens Court
8C, Queens Park
Ballygunge
Calcutta- 700 019.

Dated: 25th August, 1998.

By order of the Board

(V.N. DUBEY)
COMPANY SECRETARY

9TH ANNUAL REPORT 1997-98**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF
THE COMPANIES ACT, 1956.****Item No. 6**

Mr. Sushil Kedia was appointed as an Additional Director of the Company on 20th March, 1998 pursuant to Section 260 of the Companies Act, 1956 ("the Act"). Mr Sushil Kedia holds office upto the date of the ensuing Annual General Meeting of the Company. The Company has received a notice together with requisite deposit from him, Proposing himself as a candidate for the office of Director of the Company. The appointment of Mr. Sushil Kedia shall be in the interest of the Company and therefore the Board recommends the Resolution for its adoption. Except Mr. Sushil Kedia none of the Directors of the Company is interested or concerned in the resolution.

Item No. 7

Members may be aware that the Company is in the process of setting of an integrated Distillery Complex in the state of Rajasthan. The cost of project is estimated at Rs. 2012 lacs and proposed to be financed by way of debt funding, promoters contribution towards equity and/or fresh issue of shares and /or internal accruals. Accordingly it is proposed to issue 30 lacs equity shares of Rs. 10/- each for cash at par. In view of sluggish market situation it may not be prudent to offer shares to members on right basis. Keeping in view of above facts and prior market price of your Company's shares, your Directors have considered it desirable to issue such shares to promoting Directors, relatives and Associates on placement basis. Promoters already consented to the lenders for bringing of said interest free fund for the Company. The Board recommends the Resolution for its adoptions.

All the Directors of the Company may be deemed to be concerned or interested in the said Resolution to the extent they may be allotted shares in the proposed issue.

Item No. 8

The Associated Alcohols & Breweries Ltd. (AABL) is flagship Company of the Group and promoting other incidental ventures to consolidate its position in the Industry. AABL Kedia Breweries Ltd. (AKBL) promoted by AABL engaged in bottling of IMFL Brands of AABL at its plant located at Satna, Madhya Pradesh. The such ventures are helpful for the establishment of the Company's brands in the region. The Company requires to Advance, Loans or give guarantee/provide security in connection with loans, in relation to such ventures.

The Purpose of the Proposed Resolution is to provide the Director a maximum ceiling of 30% of aggregate of subscribed capital of this Company and its free reserves on the basis of the question whether the bodies corporate to whom loan /guarantee /security given are not or are in the same management as case may be.

All the Directors of the Company may be concerned or interested in the said resolution to the extent of their interest in other ventures.

REGISTERED OFFICE

Queens court
8/C Queens Park
BALLYGUNGE
Calcutta-700 019

Dated: 25th August, 1998.

By order of the Board

(V.N. DUBEY)
COMPANY SECRETARY.

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DIRECTORS' REPORT

To

the members,

Your Directors have pleasure in presenting their NINTH Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 1998.

FINANCIAL RESULTS

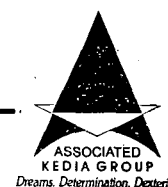
Rupees in Lacs

	<u>1997-98</u>	<u>1996-97</u>
Sales & Other Income	4279.42	3985.21
Profit before depreciation and tax	486.84	412.61
Less: Depreciation	137.69	108.17
Prior Years Adjustments	98.62	
Provision for taxation	26.31	39.27
Net Profit for the year	224.22	265.17
ADD: Balance brought forward from previous year	808.04	700.29
LESS: Adjustment for Tax of Earlier years.	7.44	41.45
Profit available for appropriation	1024.82	924.01
APPROPRIATIONS		
i) General Reserve	80.00	80.00
ii) Proposed dividend	32.70	32.70
iii) Tax on Proposed dividend	3.27	3.27
iv) Amount carried to next year	908.85	808.04
	1024.82	924.01

DIVIDEND

Your Directors recommend Dividend for the year ended on 31st March, 1998 at the rate of 5% of the paid up share capital absorbing an amount of Rs. 32.70 lacs.

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OPERATIONS

The performance of the Company for the year under review is satisfactory considering the overall market scenario of the industry. The operating profit for the year increased to Rs.486.84 lacs in comparison to Rs. 412.61 lacs in the previous year. However the net profit was mainly affected due to prior years adjustments of Rs 98.62 lacs on account of write off of receivables against supply of country liquor from M.P. Government. This is keeping in view of the present scenario in the Industry, your Directors consider the performance of the Company satisfactory. The exports were affected due to difficult international market conditions.

Projection Vs. Performance for the year 1997-98 as per clause 43 of the listing agreement are furnished hereunder.

	Projection as per Prospectus dt. 17-11-94 for the year 1997-98	(Rs. in lakhs) Actuals
Gross Sales	4595.42	4279.42
Profit Before Depreciation	933.51	486.84
Profit Before Tax	824.66	250.53
Profit After Tax	505.08	224.22
Equity Share Capital	653.49	653.96
Reserves & Surplus	2203.31	1983.24
Book Value per Share (Rs.)	43.72	40.33
E.P.S. (Rs.)	7.73	3.43
Dividend	25%	5%

MODERNISATION AND EXPANSION

The Company is setting up an integrated distillery Complex in the state of Rajasthan. The cost of Project is estimated at Rs. 2012 lakhs and proposed to be financed by way of debt funding, fresh issue of shares and internal accruals. Requisite approvals wherever necessary are being sought from members at the ensuing Annual General Meeting.

DIRECTORS

Mr. Sushil Kedia was appointed as an Additional Director of the Company on 20th March, 1998 pursuant to section 260 of the Companies Act, 1956 and holds office upto the date of the ensuing Annual General Meeting of the Company. The Company has received a notice together with requisite deposit for him, proposing himself as a candidate for the office of Director of the Company. Shri Bhagwati Prasad Kedia and Shri Harshan Kumar Bhandari, Directors retire by rotation and being eligible, offer themselves for re-appointment.