

**13TH ANNUAL REPORT 2001-2002****Board of Directors**

<b>Name</b>	<b>Designation</b>
Shri Anand Kumar Kedia	Chairman & Managing Director
Shri Prasann Kumar Kedia	Whole Time Director
Shri Santosh Kumar Kedia	Whole Time Director
Shri Harshan Kumar Bhandari	Whole Time Director
Shri Surendra Kumar Khetawat	Director
Shri Ashish Gadia	Director
Shri Manish Kumar Tibrewal	Director
Shri Sandeep Kumar Tulsyan	Director

**Company Secretary**

Shri V.N.Dubey

**Registered Office:**

Queens Court, 8-C Queens Park  
Ballygunge,  
Kolkata – 700 019.

**Corporate Office:**

Silver Arc Plaza  
4<sup>th</sup> Floor,  
20/1 New Palasia  
Indore – 452 001.

**Auditors**

B.K.Agrawal & Co.  
Chartered Accountants  
29B, Rabindra Sarani,  
Kolkata

M.D.Agarwal & Co.,  
Chartered Accountants  
41, Jaora Compound,  
Indore

**13TH ANNUAL REPORT 2001-2002****NOTICE**

Notice is hereby given that the 13th Annual General Meeting of the Members of Associated Alcohols & Breweries Ltd. will be held at the Registered Office of the Company at 8C Queens Park, Ballygunge, Kolkata-700 019 on Thursday, the 26th day of September 2002 at 10.30 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 2002 and the Profit and Loss Account for the year ended on that date, together with the report of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Harshan Kumar Bhandari who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS**

4. To Consider and if thought fit to pass with or without modification, the following resolution as ordinary resolution.  
"RESOLVED THAT Shri Surendra Kumar Khetawat who holds 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, 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".
5. To Consider and if thought fit to pass with or without modification, the following resolution as ordinary resolution.  
"RESOLVED THAT Shri Manish Kumar Tibrewal who holds 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, 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".
6. To Consider and if thought fit to pass with or without modification, the following resolution as ordinary resolution.  
"RESOLVED THAT Shri Sandeep Kumar Tulsyan who holds 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, 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".

**NOTES**

1. Explanatory statements pursuant to section 173(2) of the Companies Act, 1956 are annexed hereto.
2. 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 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.
3. The Register of Members and the Shares transfer books of the Company shall remain closed from Monday the 23rd day of September, 2002 to Thursday the 26th September, 2002, both days inclusive.
4. Pursuant to Section 205C of the Companies Act, 1956, and the Investor's Education & Protection Fund (Awareness and Protection of Investors) Rules, 2001, the amounts lying unclaimed/unpaid in the Company's Refund Order Account is liable to be transferred to the Investor Education & Protection fund of the Central Government. Upon such transfer, no claim shall lie against the Company for any such amount as per the provisions of the aforesaid section.

**REGISTERED OFFICE**

Queen Court  
8C, Queens Park,  
Ballygunge, Kolkata-700  
Dated: 26th August 2002

By order of the Board  
(V.N.DUBEY)  
COMPANY SECRETARY

**ASSOCIATED ALCOHOLS & BREWERIES LTD.**

# 13TH ANNUAL REPORT 2001-2002



*Dreams, Determination, Dexterity*

## ANNEXURE TO NOTICE

### I. EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

#### ITEM NO.4

Shri Surendra Kumar Khetawat was appointed as an Additional Director of the Company on 20th October, 2001 pursuant to Section 260 ("the Act"). Shri Surendra Kumar Khetawat holds office upto the date of the ensuing Annual General Meeting of the Company. The Company has received a notice from a Member proposing Shri Surendra Kumar Khetawat as a candidate for the office of director of the Company. The appointment of Shri Surendra Kumar Khetawat shall be in the interest of the Company and therefore the Board recommends the resolution for its adoption. Except Shri Surendra Kumar Khetawat none of the directors of the Company is interested or concerned in the resolution.

#### ITEM NO.5

Shri Manish Kumar Tibrewal was appointed as an Additional Director of the Company on 20th October, 2001 pursuant to Section 260 ("the Act"). Shri Manish Kumar Tibrewal holds office upto the date of the ensuing Annual General Meeting of the Company. The Company has received a notice from a Member proposing Shri Manish Kumar Tibrewal as a candidate for the office of director of the Company. The appointment of Shri Manish Kumar Tibrewal shall be in the interest of the Company and therefore the Board recommends the resolution for its adoption. Except Shri Manish Kumar Tibrewal none of the directors of the Company is interested or concerned in the resolution.

#### ITEM NO.6

Shri Sandeep Kumar Tulsyan was appointed as an Additional Director of the Company on 20th October, 2001 pursuant to Section 260 ("the Act"). Shri Sandeep Kumar Tulsyan holds office upto the date of the ensuing Annual General Meeting of the Company. The Company has received a notice from a Member proposing Shri Sandeep Kumar Tulsyan as a candidate for the office of director of the Company. The appointment of Shri Sandeep Kumar Tulsyan shall be in the interest of the Company and therefore the Board recommends the resolution for its adoption. Except Shri Sandeep Kumar Tulsyan none of the directors of the Company is interested or concerned in the resolution.

### II. AS REQUIRED UNDER CLAUSE 49VI OF THE LISTING AGREEMENT GIVEN BELOW ARE THE DETAILS OF THE DIRECTORS PROPOSED FOR APPOINTMENT:

#### Shri Surendra Kumar Khetawat:

Shri Surendra Kumar Khetawat holds a Bachelor's degree in Commerce from University of Kolkata. He is a seasoned businessman and having over decade of experience in multi-functional areas in various industries.

#### Outside Directorship:

1. M/s. Bharat Roadways Transport Ltd.
2. M/s. Rameshwara Engg. Co. Pvt. Ltd.
3. M/s. Rameshwara Syntex Ltd.
4. M/s. Venkateshwar Investment & Finance Pvt. Ltd.

#### Shri Manish Kumar Tibrewal:

Shri Manish Kumar Tibrewal is a Commerce graduate. He is young and dynamic and having rich experience in multi-functional areas.

Outside Directorship: Nil

#### Shri Sandeep Kumar Tulsyan:

Shri Sandeep Kumar Tulsyan is a Commerce graduate. He is young and dynamic and having rich experience in multi-functional areas.

Outside Directorship: Nil

#### REGISTERED OFFICE

Queen Court  
8C, Queens Park,  
Ballygunge, Kolkata-700 019

Dated : 26th August 2002

By order of the Board  
(V.N.DUBEY)  
COMPANY SECRETARY

ASSOCIATED ALCOHOLS & BREWERIES LTD.

**13TH ANNUAL REPORT 2001-2002****DIRECTORS REPORT**

To the Members,

Your Directors have pleasure in presenting their 13th Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2002.

**FINANCIAL RESULTS****(Rupees in Lacs)**

<b>PARTICULARS</b>	<b>2001-2002</b>	<b>2000-2001</b>
Sales & Other Income	8258.52	7166.44
Profit before Tax	267.88	534.64
Provision for Taxation	50.00	45.31
Deferred Taxation	53.70	—
Net Profit for the year	164.18	489.33
Add: Balance brought forward from previous Year	1485.17	1189.82
Add: Refund of Tax – Earlier years	—	6.02
Profit available for appropriation	1649.35	1685.17

**APPROPRIATIONS**

General Reserve	200.00	200.00
Amount carried to next year	1449.35	1485.17

**DIVIDEND**

In order to meet the long-term funds' requirement for growth of business activities of your Company, your Directors consider it necessary to conserve the resources of the company and as such, are unable to recommend dividend for the year.

**OPERATIONS**

The turnover of the Company during the year was at Rs.81.58 crores in comparison to Rs.71.35 crores in the previous year. The net profit for the year was however reduced to Rs.164.18 Lacs in comparison to Rs.489.33 Lacs in the previous year. The same was affected due to increased level of overheads, reduction in margin in view of competitive scenario of the industry and provision for deferred taxation as required by AS 22 issued by ICAI. In view of sluggish market conditions as prevails, your Directors consider overall performance of the Company satisfactory.

**DIRECTORS**

Shri Harshan Kumar Bhandari, Director retires by rotation and being eligible, offers himself for reappointment. Shri Surendra Kumar Khetawat, Shri Manish Kumar Tibrewal and Shri Sandeep Kumar Tulsyan have been appointed as Additional Directors on 20th October, 2001 in accordance with Section 260 of the Companies Act 1956 (The Act). They hold their respective offices upto the date of ensuing Annual General Meeting. The Company has received separate notices from members for their candidatures for the offices of the director of the Company.

**ASSOCIATED ALCOHOLS & BREWERIES LTD.**

## 13TH ANNUAL REPORT 2001-2002

**MANAGEMENT DISCUSSION AND ANALYSIS****a. Present Industry Scenario and Developments, opportunities, Threats & Performance :**

The Company is mainly operating under the bulk Alcohol segment and supplies to the Government and leading IMFL manufacturers. The liquor consumption is growing by 8-10% CAGR. The Company's both units Madhya Pradesh and Rajasthan are operating at optimum level. The Company is further concentrating for the value added products, IMFL to increase its margins in the coming years.

**b. Outlook**

The Company is striving hard to improve cost efficiencies, widen its reaches to new consumer segments and consolidate further on its image. Barring unforeseen circumstances, the Company expects to improve its march towards profitability.

**c. Risks and Concerns :**

Stiff competition in the market do 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.

**d. Internal Control Systems:**

The Company has proper and adequate system of internal controls 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 audits, using external and internal resources to monitor the effectiveness of internal controls 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 coming out of by internal audit system and/or raised by the external auditors of the Company and instructs further areas to be covered.

**e. Financial Controls**

The total capital employed by the Company was Rs.63.17 Crores at the year-end 2001-2002 in comparison to Rs.63.59 Crores at the end of previous year. The working capital and interest costs have also been managed more efficiently. The bank borrowing to sustain the business was Rs.2099.89 Lacs at the close of 2001-2002 as against Rs.2316.97 Lacs at the end of the previous year. The interest outflow was Rs.394.74 Lacs in 2001-2002 as against Rs.368.37 Lacs in 2000-2001, out of which working capital interest and bank charges accounted for Rs.177.22 Lacs as against Rs. 180.41 Lacs in the previous year. 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 resources utilization.

**f. Human Resources:**

Human capital continues to be a vital resource for the Company. Training and development of our human resources continued to receive focused attention. The Company has a continuous process to monitor individual performance. The Company continued to have cordial and harmonious relations with its employees.

**DIRECTORS' RESPONSIBILITY STATEMENT**

As required Under Section 217 (2AA) of the Act. Your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed.
- appropriate accounting policies have been selected and applied consistently and that judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on March 31st, 2002 and of its profit for the year ended on that date.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records under the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.

**ASSOCIATED ALCOHOLS & BREWERIES LTD.**





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## CORPORATE GOVERNANCE

The Company has complied with Corporate Governance to the extent and in the manner set out in Corporate Governance Report (Annexure I), which is annexed hereto.

## AUDITOR'S REPORT

While the auditors report to Note No.6 is self explanatory and therefore no further explanation is required, regarding note No.9 relating to non confirmation of certain accounts, the same was due to not receipt of timely confirmation from concerned parties. With regard to remark of Auditors ( i ), ( xv ) and ( xvii ), your directors have already taken steps to ensure regularization and / or timely deposit of dues to the concerned authorities. For the remark under ( viii ), trade loans given to two of the associate companies on concessional interest rate are not prejudicial to the Company's interest in view of future trade benefits and value to be available with the companies.

## AUDITORS

The Auditors M/s.B.K.Agrawal & Co., Kolkata and M/s.M.D.Agrawal & Co., Indore retire at the forthcoming Annual General Meeting and are eligible for reappointment for the period from the conclusion of the ensuing Annual General Meeting to the conclusion of the next Annual General Meeting.

## PERSONNEL

The relation between the employees and the management has been cordial throughout the year under review and the Directors place on record their appreciation for the efficient services rendered by the employees at all levels.

There is no employee drawing remuneration in excess of limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

### EARNINGS OUTGO

Information required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 with respect to conservation of energy, technology absorption and foreign exchange earnings/outgo is appended hereto as Annexure -II and forms part of this report.

## ACKNOWLEDGEMENT

Your Directors are thankful to the Banks, Financial Institutions and other Government agencies for their assistance, as also to the suppliers and customers for their support to the Company. Your Directors also take this opportunity to express their sincere thanks to the shareholders for their continued faith in the Company.

**FOR AND ON BEHALF OF THE BOARD**

**ANAND KUMAR KEDIA**  
**CHAIRMAN**

Dated: 26th August 2002

Place: KOLKATA

## **ANNEXURE TO THE DIRECTORS' REPORT**

### **ANNEXURE -I**

#### **REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE**

##### **1. Company's Philosophy on Code of Governance**

The Company is committed to a good Corporate Governance. The Company complied with the regulations relating to Corporate Governance from the financial year 2001-2002. The mandatory requirements pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges relating to "Corporate Governance" (hereinafter referred to as "the said Clause") have been implemented by the Company. The Company has always tried to adopt the good standards of disclosures so as to emphasize transparency, accountability and integrity towards all its stakeholders. The Company will continue to strive hard towards raising of standards so as to enhance the shareholders value. The Company has great pleasure in presenting its first report on Corporate Governance.

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### 2. Board of Directors ('Board'):

#### Composition of the Board of Directors

The Board comprises of Executive and Non-Executive Directors. The strength of the Board as on 31st March 2002 was 8 members comprising of 4 Executive Directors (including a Managing Director) and four Non-Executive Directors. The composition includes 5 independent Directors out of which Three are Non-Executive Directors. The Board's composition meets with the stipulated requirement of at least half of the Board comprising independent directors and non-executive Directors.

#### **Responsibilities:**

The Board has a formal schedule of matters reserved for its consideration and decision which includes reviewing Company's performance, ensuring adequate availability of financial resources and reporting to shareholders. During the year under review the Board met 22 times and there was no gap exceeding two months between any two meetings. Board members ensure that their other responsibilities do not materially have impact on their responsibilities as a Director of the Company.

The Board meetings during the year were held on 5<sup>th</sup> April, 2001, 20<sup>th</sup> April 2001, 5<sup>th</sup> May 2001, 21<sup>st</sup> May 2001, 20<sup>th</sup> June 2001, 5<sup>th</sup> July 2001, 20<sup>th</sup> July 2001, 20<sup>th</sup> August 2001, 27<sup>th</sup> August 2001, 5<sup>th</sup> September 2001, 20<sup>th</sup> September 2001, 28<sup>th</sup> September 2001, 5<sup>th</sup> October 2001, 16<sup>th</sup> October 2001, 20<sup>th</sup> October 2001, 20<sup>th</sup> November 2001, 20<sup>th</sup> December 2001, 20<sup>th</sup> January 2002, 21<sup>st</sup> January 2002, 5<sup>th</sup> March 2002, 8<sup>th</sup> March 2002 and 20<sup>th</sup> March 2002.

S.No.	Name Of Director	Category	Designation	Board Meetings Attended	Attendance at Last AGM	Total Number Of other Director Ship as on dated	No.Of Other Committee membership on date Member/Chairman
1.	Shri Anand Kumar Kedia	ED	Chairman	15	No	8	- -
2.	Shri Prasann Kumar Kedia	ED	Director	12	No	9	- -
3.	Shri Santosh Kumar Kedia	ED	Director	20	Yes	3	- -
4.	Shri Harshan Kumar Bhandari	ED	Director	18	No	2	- -
5.	Shri Surendra Kumar Khetawat	NED	Director	8	No	4	2 -
6.	Shri Manish Kumar Tibrewal	NED	Director	9	No	-	2 -
7.	Shri Ashish Gadia	NED	Director	8	No	-	- -
8.	Shri Sandeep Kumar Tulsyan	NED	Director	10	No	-	2 2

### 3. Board Committees:

To enable better and more focussed attention on the affairs of the Company, the Board has delegated particular matters to Committee of the Board set up for the purpose. The requirement that a Director shall not be a member of more than five Committees and Chairman of more than two Committees has been complied with while constituting the Committee of Directors.

#### **(1) Audit Committee:**

The Audit Committee was constituted by the Board of Directors as its meeting held on 20th October 2001 as per the requirements of the provisions of Section 292A and in compliance of the requirements of Clause 49 of the Listing Agreement.

#### **Terms of Reference**

To consider the scope of audit review, the effectiveness of the system of internal control, risk management and statutory compliances.

## 13TH ANNUAL REPORT 2001-2002



The Committee's powers and role are as stipulated in Clause 49 of the Listing Agreement and under Section 292A of the Companies Act 1956.

S.No	Name	Executive / Non Executive	Category
1.	Shri Sandeep Kumar Tulsyan	Non-Executive & Independent	Chairman
2.	Shri Manish Kumar Tibrewal	Non-Executive & Independent	Member
3.	Shri Surendra Kumar Khetawat	Non-Executive	Member

The Managing Director, Whole time Director Mr. S.K. Kedia, Company Secretary and the Manager-Accounts alongwith the Statutory Auditors are invitees to the meeting. The Company Secretary acts as the Secretary to the Committee.

### Meeting and Attendance:

The Committee met two times during the year under review. The said meetings were held on 20th November 2001 and 20th February 2002.

S.No	Name of Directors	Category	Nos. of meeting attended
1.	Shri Sandeep Kumar Tulsyan	Chairman	2
2.	Shri Manish Kumar Tibrewal	Member	2
3.	Shri Surendra Kumar Khetawat	Member	2

### (2) Shareholders' /Investors Grievances Committee:

The Committee has been constituted with effect from 20th October, 2001 to attend to and address the Shareholders' and Investors' grievances. The Committee consists of three members.

This Committee meets twice a month to approve transfer of shares and resolve investors grievances, if any. The Committee oversees the performance of Registrars and Transfer Agents and recommends measures for overall improvement if the quantity of investor services.

S.No	Name of Directors	Category	Total Meetings 2001-2002	Nos. of meetings attended
1.	Shri Sandeep Kumar Tulsyan	Chairman	7	7
2.	Shri Manish Kumar Tibrewal	Member	7	6
3.	Shri Surendra Kumar Khetawat	Member	7	5

### Name and Designation of the Compliance Officer:

Mr.V.N.Dubey, Company Secretary

### Details of Shareholders complaints received;

Number of Complaints	-	27
Number of Complaints no solved	-	Nil
Pending Complaints	-	Nil

### 4. Annual General Meeting

Location and time where last three Annual General Meetings were held:

ASSOCIATED ALCOHOLS & BREWERIES LTD.

