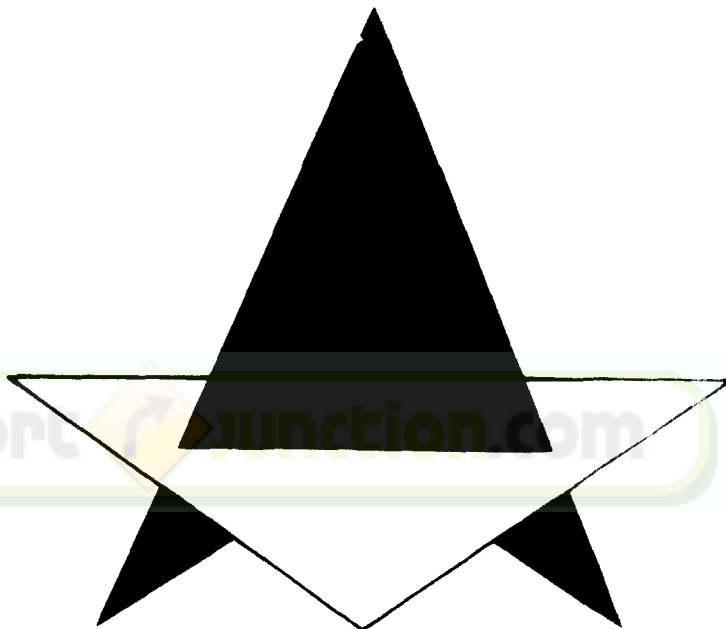


**16TH ANNUAL REPORT 2004-2005**

**ASSOCIATED ALCOHOLS  
&  
BREWERIES LTD.**



**ASSOCIATED  
KEDIA GROUP**  
Dreams, Determination, Dexterity

**16<sup>TH</sup>  
ANNUAL REPORT  
2004-2005**



## 16TH ANNUAL REPORT 2004-2005

### NOTICE

Notice is hereby given that the 16<sup>th</sup> 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 Wednesday, the 28<sup>th</sup> day of September 2005 at 10.30 a.m. for following business:

#### **ORDINARY BUSINESS**

1. To Consider and adopt the Audited Balance Sheet of the Company as at 31st March 2005 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 a Director in place of Shri Sandeep Kumar Tulsyan, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

#### **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 needs to 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 Friday the 23<sup>rd</sup> day of September, 2005 to Wednesday the 28<sup>th</sup> September, 2005, both days inclusive.

#### **REGISTERED OFFICE**

Queen Court  
8C, Queens Park,  
Ballygunge, Kolkata-700 019  
Dated: 29th August 2005

By order of the Board

(V.N.DUBEY)  
COMPANY SECRETARY

### **ANNEXURE TO NOTICE**

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

#### **1. Shri Harshan Kumar Bhandari:**

Shri Harshan Kumar Bhandari (aged about 56 years) is an Engineering Graduate having over decades of experience in multi-functional areas in various industries. He is associated with the Company since its inception and is one of the promoter directors of the Company.

Other Directorship: M/s. Jaipur Distilleries Ltd.

#### **2. Sandeep Kumar Tulsyan**

Shri Sandeep Kumar Tulsyan (aged about 28 years) is a Commerce Graduate. He is a young, dynamic and having considerable experience multi-functional areas.

Other Directorship: Nil.

#### **REGISTERED OFFICE**

Queen Court  
8C, Queens Park,  
Ballygunge, Kolkata-700 019  
Dated: 29th August 2005

By order of the Board

(V.N.DUBEY)  
COMPANY SECRETARY

**ASSOCIATED ALCOHOLS & BREWERIES LTD.**

**16TH ANNUAL REPORT 2004-2005****DIRECTORS REPORT**

To the Members,

Your Directors have pleasure in presenting their 16<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended on 31st March 2005.

**FINANCIAL RESULTS****( Rupees In Lacs )**

<b>PARTICULARS</b>	<b>2004-2005</b>	<b>2003-2004</b>
Sales & Other Income	5817.66	6462.88
Profit/(Loss) before Depreciation & Tax	(294.90)	309.03
Profit/(Loss) before Tax	(558.71)	51.16
Provision for Taxation	(18.44)	(3.93)
Deferred Taxation	109.60	33.20
Net Profit/(Loss) for the year	(467.55)	80.43
Add: Balance brought forward from previous Year	1358.58	1378.15
Profit available for appropriation	<b>891.03</b>	<b>1458.58</b>
<b>APPROPRIATIONS</b>		
General Reserve	-	100.00
Amount carried to next year	<b>891.03</b>	<b>1358.58</b>

**DIVIDEND**

In view of losses for the year and looking to 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.58.18 Crores in comparison to Rs. 64.63 Crores in the previous year. The business was badly affected due to abnormal hike in raw material prices apart from non-availability thereof. However with the better control and efficient management of the resources, the company was able to restrict its losses at a minimum level. In view of the scenario of the Industry, your Directors consider overall performance of the Company reasonable. In view of continuous losses of the Rajasthan Unit since its inception, the Company has chalked out Hive off/Demerger plan of the unit in its newly formed 100% subsidiary M/s. Jaipur Distilleries Ltd. The same shall be placed before the shareholders for necessary approval in due course. Copy of the Annual Report and Accounts of the subsidiary are annexed to the Accounts as required under section 212 of the Companies Act, 1956.

**DIRECTORS**

Shri Harshan Kumar Bhandari and Shri Sandeep Kumar Tulsyan, Directors retire by rotation and being eligible, offer themselves for reappointment.

**16TH ANNUAL REPORT 2004-2005****MANAGEMENT DISCUSSION AND ANALYSIS****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 units in Madhya Pradesh are operating at optimum level. Efforts are being made to operate the Rajasthan unit at its full capacity level. The Company is further concentrating for the value added products, IMFL to increase its margins in the coming years.

**a. 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 improved profitability.

**c. Risks and 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.

**d. Internal Control Systems:**

The Company has proper and adequate system of internal control 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 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 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. 53.81 Crores at the year-end 2004-2005 in comparison to Rs.65.27 Crores at the end of previous year. The working capital and interest costs have been managed more efficiently. The bank borrowing to sustain the business was Rs.18.30 Crores at the close of 2004-2005 as against Rs. 17.64 Crores at the end of the previous year.

The interest outflow was Rs. 2.35 Crores in 2004-2005 as against Rs. 2.33 Crores in 2003-2004, out of which working capital interest and bank charges accounted for Rs. 1.53 Crores as against Rs.1.44 Crores 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 resource 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:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed.
- (b) appropriate accounting policies have been selected and applied consistently and that judgements

**16TH ANNUAL REPORT 2004-2005**

- 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 31<sup>st</sup> March 2005 and of its profit for the year ended on that date.
- (c) 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.
- (d) The annual accounts have been prepared on a going concern basis.

**CORPORATE GOVERNANCE**

The Company has complied with the mandatory provisions of Corporate Governance as prescribed in the clause 49 the listing agreement with the Stock Exchanges. A separate report on Corporate Government and Auditors Report there as one included as part of the Annual Report.

**AUDITOR'S REPORT**

While the auditors report to note No.8 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 the Audits in Para (i) (a), (vii), (ix) (a), (xi), your Directors have already taken steps to ensure regularities and/or deposit of dues to the concerned authorities.

**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

**SANTOSH KUMAR KEDIA**  
DIRECTOR

**HARSHAN KUMAR BHANDARI**  
DIRECTOR

Dated: 29<sup>th</sup> August 2005

Place: KOLKATA

**ASSOCIATED ALCOHOLS & BREWERIES LTD.**

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**16TH ANNUAL REPORT 2004-2005****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 good Corporate Governance. 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.

**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 2005 was 6 members comprising of 3 Executive Directors and 3 Non-Executive Directors. The composition includes 4 independent Directors out of which 3 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 20<sup>th</sup> April 2004, 5<sup>th</sup> June 2004, 21<sup>st</sup> June 2004, 20<sup>th</sup> July 2004, 5<sup>th</sup> August 2004, 14<sup>th</sup> August 2004, 20<sup>th</sup> August 2004, 30<sup>th</sup> August 2004, 20<sup>th</sup> September 2004, 20<sup>th</sup> October 2004, 5<sup>th</sup> November 2004, 20<sup>th</sup> November 2004, 5<sup>th</sup> December 2004, 20<sup>th</sup> December 2004, 5<sup>th</sup> January 2005, 20<sup>th</sup> January 05, 20<sup>th</sup> February 2005, 21<sup>st</sup> February 2005, 2<sup>nd</sup> March 2005, 5<sup>th</sup> March 2005, 21<sup>st</sup> March 2005 & 25<sup>th</sup> March 2005.

Sr. No.	Name of Director	Category	Designation	Board Meeting Attended	Attendance at Last AGM	Total Number of Other Directorship as on date #	No. of Other Committee membership on date Member/Chairman
1.	Shri Sanotsh Kumar Kedia	ED	Director	22	No	1	- -
2.	Shri Harshan Kumar Bhandari	ED	Director	20	No	1	- -
3.	Shri Ashish Gadia	ED	Director	18	No	-	- -
4.	Shri Surendra Kumar Khetawat	NED	Director	15	No	4	2 -
5.	Shri Manish Kumar Tibrewal	NED	Director	16	No	-	2 -
6.	Shri Sandeep Kumar Tulsyan	NED	Director	14	Yes	-	2 2

**3. Board Committees:**

To enable better and more focussed attention on the affairs of the Company, the Board has delegated specific matters to Committee of the Board set up for the respective purpose. The requirement that



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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 constituted as per the requirements of the provisions of Section 292A and in compliance of the requirements of Clause 49 of the Listing Agreement held its meeting on 20th April 2004, 20th July 2004, 20<sup>th</sup> October 2004 and 20<sup>th</sup> January 2005.

**Terms of Reference**

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

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 & Independent	Member

The Managing Director, 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 four times during the year under review. The said meetings were held on 20<sup>th</sup> April 2004, 20<sup>th</sup> July 2004, 20<sup>th</sup> October 2004 and 20<sup>th</sup> January 2005.

S.No	Name of Directors	Category	Nos. of meeting attended
1.	Shri Sandeep Kumar Tulsyan	Chairman	4
2.	Shri Manish Kumar Tibrewal	Member	4
3.	Shri Surendra Kumar Khetawat	Member	4

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

The Committee constituted to attend to and address the Shareholders' and Investors' grievances consists of three members namely Shri Sandeep Kumar Tulsyan, Manish Kumar Tibrewal and Shri Surendra Kumar Khetawat. This Committee meets periodically to approve transfer of shares and resolve investor's grievances, if any. The Committee oversees the performance of Registrars and Transfer Agents and recommends measures for overall improvement of the quantity of investor services.

S.No	Name of Directors	Category	Total Metings 2004-2005	Nos. of meetings attended
1.	Shri Sandeep Kumar Tulsyan	Chairman	6	6
2.	Shri Manish Kumar Tibrewal	Member	6	6
3.	Shri Surendra Kumar Khetawat	Member	6	6

**Name and Designation of the Compliance Officer:**

Mr. V. N. Dubey, Company Secretary

**16TH ANNUAL REPORT 2004-2005****Details of Shareholders complaints received:**

Number of Complaints	-	26
Number of Complaints unsolved	-	Nil
Pending Complaints	-	Nil

**4. Annual General Meeting**

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

AGM No.	Place	Date	Time
13 <sup>th</sup>	Registered Office at 8-C Queens Park, Ballyganj, Kolkata	26-09-2002	10.30 a.m.
14 <sup>th</sup>	Registered Office at 8-C Queens Park, Ballyganj, Kolkata	30-09-2003	10.30 a.m.
15 <sup>th</sup>	Registered Office at 8-C Queens Park, Ballyganj, Kolkata	28-09-2004	10.30 a.m.

The shareholders passed all the resolutions set out in the respective notices.

There were no resolutions put through postal ballot last year. There is no business at the ensuing AGM requiring implementation of the postal ballot under the applicable rules.

**5. Disclosures:**

Details of materially significant related party transactions:

The Company does not have any related party transaction that may have a potential conflict with interests of the Company.

The Company has complied with all the requirements of regulatory authorities on capital market and no penalties or strictures have been imposed against it by Stock Exchanges or SEBI or any Statutory Authority during last three years except that trading in Company's shares have been kept under suspension by some of the Stock Exchanges.

**6. Means of communication:**

- Quarterly results are taken on record by the Board of Directors, and submitted the same to the Stock Exchange in terms of requirements of Clause 41 of the Listing Agreement.
- Publication of Quarterly results in newspapers, these were not published in the last year.
- Quarterly results are not displayed on Company's website. The Company did not have website of its own.
- Half-yearly results are not sent to each household of shareholders.
- No presentations have been made to institutional investors or to the analysts.
- The Management Discussion and Analysis Report forms part of Directors Report.

**7. General Shareholder Information.****Annual General Meeting**

Date	: 28th September 2005
Venue	: 8-C, Queens Park, Ballyganj, Kolkata.
Time	: 10.30 a.m.

Board meeting to approve quarterly

Results	: Proposed Board Meetings dates to be results for the quarter ending as on
30th June 2005	: mid July 2005
30th September 2005	: mid October 2005
31st December 2005	: mid January 2006
31st March 2006	: mid April 2006
Book Closure Date	: 23 <sup>rd</sup> September 2005 to 28 <sup>th</sup> September, 2005
Dividend payment date	: Not Applicable
Listing on Stock Exchange	: Mumbai,

**ASSOCIATED ALCOHOLS & BREWERIES LTD.**

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## 16TH ANNUAL REPORT 2004-2005



Market Price data: H/L of each month in the last financial year:

SHARE PRICE - HIGH & LOW (Rs.) - YEAR 2004-2005

Month Apr-04 May-04 Jun-04 Jul-04 Aug-04 Sep-04 Oct-04 Nov-04 Dec-04 Jan-05 Feb-05 Mar-05

NOT AVAILABLE

**Registrar & Transfer Agents:**

Ankit Consultancy Pvt. Ltd., Alankar Point, Geeta Bhawan Chauraha, Indore - 452 001.

**Share Transfer System:**

The Share transfer work and dematerialization/re-materialization work was assigned to M/s. Ankit Consultancy Pvt. Ltd., the Registrars and Share transfer Agent. Shares in physical form sent for transfer are normally registered and returned within a month from the date of receipt, if the documents are in order in all respects. The Company has already executed agreement with CDSL and is in process of execution of the same with NSDL.

**Distribution of Shareholding as on 31st March 2005**

Range in Rs.	Number of Holders	% to Total Holders	Shareholding (Rs. in Lacs)	% to total Capital
000001 - 1000	5095	74.00	50.95	7.79
001001 - 5000	1235	17.98	36.38	5.56
005001 - 10000	323	4.67	26.63	4.07
010001 - 100000	198	2.86	51.91	7.94
100001 - above	34	0.49	488.09	74.64
<b>Total</b>	<b>6885</b>	<b>100</b>	<b>653.96</b>	<b>100</b>

Sr.No.	Particulars	No. of Shares	% to the total Paid up Share Capital
1.	Promoters/Directors & Relatives	30,85,300	47.18
2.	Financial Institutions, Banks & M.F.	1,700	0.02
3.	Private Bodies Corporate	15,49,300	23.69
4.	Indian Public	19,03,300	29.11
	<b>TOTAL</b>	<b>65,39,600</b>	<b>100</b>

**Dematerialization of Shares:**

The Company has already executed the agreement with CDSL and is in process of execution of the same with NSDL. The ISIN Number in CDSL is "ISIN-INE073G01016".

**Liquidity:**

The Company's shares at present not have liquidity due to their non-trading/suspension of trading inspite of being listed on Mumbai Stock Exchange. The revocation and suspension expected from Mumbai Stock Exchange shortly.

**Non-Mandatory Requirement:**

The Company is in the process of implementation of non-mandatory requirements of Corporate Governance.

ASSOCIATED ALCOHOLS & BREWERIES LTD.

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**16TH ANNUAL REPORT 2004-2005**

**AUDITORS' REPORT ON CORPORATE GOVERNANCE TO THE MEMBERS OF  
ASSOCIATED ALCOHOLS & BREWERIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by Associated Alcohols & Breweries Limited for the year ended March 31, 2005 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the 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, and the representations made by the directors and the management, we certify that subject to our following remarks the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

- i) The Company does not have its own website. The information of quarterly results sent to the Stock Exchanges were not put on its websites.
- ii) The Company has been not regular in compliance of requirements publication of its quarterly results in the newspapers as required under Clauses 41 of the listing agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, and to the best of our information and belief, there were no investor's grievance remaining unattended/pending for more than 30 days as at March 31, 2005.

We further 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 B.K.AGRAWAL & CO.**  
Chartered Accountants

**(B. K. Agrawal)**  
Partner

Place : Kolkata  
Date : 29<sup>th</sup> August 2005

**FOR M.D.AGRAWAL & CO.**  
Chartered Accountants

**(M. P. Agrawal)**  
Partner

**ASSOCIATED ALCOHOLS & BREWERIES LTD.**