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ASSOCIATED ALCOHOLS & BREWERIES LIMITED

Annual Report 2007-08

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ASSOCIATED ALCOHOLS & BREWERIES LTD. 19th ANNUAL REPORT 2007-08



NOTICE

Notice is hereby given that the 19th Annual General Meeting of the Members of Associated Alcohols & Breweries Ltd. will be held at "Shripati Singhanian Hall", Rotary Sadan, 94/2, Jawaharlal Nehru Road, (Chowranghee Road), Kolkata 700 020 on Tuesday, 23rd day of September 2008 at 11 A.M. for following business:

ORDINARY BUSINESS

1. To Consider and adopt the Audited Balance Sheet of the Company as at 31st March 2008 and the Profit and Loss Account for the year ended on that date, together with the report of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri Harshan Kumar Bhandari, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Santosh Kumar Kedia, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

NOTES

1. 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.
2. The Register of Members and the Shares transfer books of the Company shall remain closed from Thursday, 18th day of September, 2008 to Tuesday, the 23rd day of September, 2008, both days inclusive.

REGISTERED OFFICE

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

Dated: 20th August, 2008

BY ORDER OF THE BOARD

S.K. KEDIA
Director



ANNEXURE TO NOTICE

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

SHRI HARSHAN KUMAR BHANDARI

Shri Harshan Kumar Bhandari (aged about 59 years) is an Engineering Graduate having over three decades of experience in liquor industry. He is associated with the Company since its inception and is one of the promoter directors of the Company.

OTHER DIRECTORSHIP

1. M/s. Jaipur Distilleries Limited

SHRI SANTOSH KUMAR KEDIA

Shri Santosh Kumar Kedia (aged about 59 years) is a seasoned businessman having over three decades of experience in multi-functional areas in the industry. He is associated with the Company since its inception and is one of the promoter directors of the Company.

OTHER DIRECTORSHIP

1. Jaipur Distilleries Limited
2. Triovent Softech Pvt. Ltd.

REGISTERED OFFICE

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

Dated: 20th August, 2008

BY ORDER OF THE BOARD

S.K. KEDIA
Director

Corporate Information

BOARD OF DIRECTORS

SHRI SANTOSH KUMAR KEDIA
Whole Time Director

SHRI HARSHAN KUMAR BHANDARI
Whole Time Director

SHRI ASHISH GADIA
Whole Time Director

SHRI SURENDRA KUMAR KHETAWAT
Non Executive Director

SHRI MANISH KUMAR KEDIA
Non Executive Director

SHRI MANISH KUMAR TIBREWAL
Non Executive Director

CORPORATE OFFICE

Silver Arc Plaza
4th Floor
20/1, New Palasia
Indore-452 001

REGISTERED OFFICE

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

BANKERS

IDBI Bank Limited
Pipli Bazar
Indore-452 001

REGISTRAR & TRANSFER AGENTS

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

AUDITORS

M.D.Agrawal & Company
41, Jaora Compound
Opp.M.Y.Hospital
Indore-452 001

B.K.Agrawal & Company
29-B, Rabindra Sarani
3rd Floor, Room No.12 W
Kolkata – 700 073.

Directors' Report



To the Members,

Your Directors have pleasure in presenting their 19th Annual Report together with the Audited Accounts of the Company for the year ended on 31st March 2008.

FINANCIAL RESULTS

(Rs. in Lacs)		
Particulars	2007-2008	2006-2007
Sales & Other Income	12252.66	8321.76
Profit/(Loss) before Depreciation & Tax	1142.00	573.61
Profit/(Loss) before Tax	772.28	344.26
Provision for- Income Tax	(87.50)	(38.63)
- Fringe Benefit Tax	(7.84)	(5.26)
Deferred Taxation	(114.18)	(67.11)
Profit for the year	562.76	233.26
Add: Balance brought forward from previous Year	1235.21	1121.08
Profit available for appropriation	1797.97	1354.34
APPROPRIATIONS		
Proposed Dividend	20.52	16.35
Tax on Dividend	3.49	2.78
General Reserve	100.00	100.00
Amount carried to next year	1673.96	1235.21

DIVIDEND

Your directors have recommended Dividend @ 3% (Previous year @ 2.5%) on the equity share capital of Rs.683.96 Lacs for the year ended on 31st March 2008.

OPERATIONS

The turnover of the Company during the year was at Rs.122.53 Crores in comparison to Rs.83.22 Crores in the previous year. The profit for the year was Rs.562.76 Lacs in comparison to Rs.233.26 Lacs in the previous year. In view of the scenario of the Industry, your Directors consider overall performance of the Company satisfactory.

SUBSIDIARY COMPANY

Statement relating to the subsidiary company as registered under section 212 of the Companies Act, 1956 is given in the separate schedule attached to the Balance Sheet. In view of continuous losses of the subsidiary, the Company has finalized the deal for disposal of shares and realization of investment in the interest of the company. The transfer formalities are being completed during the year 2008-2009.

MODERNISATION/ EXPANSION

The company undertook the project of installing Turbine and High Pressure Boiler to increase the operational efficiency alongwith saving of substantial power cost from captive generation.

DIRECTORS

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

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 15% CAGR. The Company's units are operating at optimum 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.

B. 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.

C. 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 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 coming out of by internal audit system and/or raised by the external auditors of the Company and instructs further areas to be covered.

D. FINANCIAL CONTROLS

The total capital employed by the Company was Rs.70.56 Crores at the year-end 2007-2008 in comparison to Rs.68.64 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.14.11 Crores at the close of 2007-2008 as against Rs.15.41 Crores at the end of the previous year.

The interest outflow was Rs.2.09 Crores in 2007-2008 as against Rs.2.10 Crores in 2006-2007, out of which working capital interest and bank charges accounted for Rs.1.90 Crores as against Rs.1.83 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.

E. 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.

F. CAUTIONARY STATEMENT

Statement in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectation of future events. Actual results could however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include demand-supply conditions, finished goods prices, raw materials costs and availability, changes in Government regulations and tax structure and other factors. The Company assumes no responsibility of forward looking statement herein which may undergo changes in future on the basis of subsequent developments, information or events.

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 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 31st March 2008 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 Exchange. A separate report on Corporate Governance and Auditors Report there on are included as part of the Annual Report.

AUDITOR'S REPORT

With regard to remarks of the Auditors in Para (i) (a), (viii), (ix)(a), your Directors have already taken steps to ensure regularities and/or deposit of dues to the concerned authorities, whereas the unsecured loans given to the subsidiary company as observed by the Auditors in para (iii) (b) was acceded by the company on business compulsions for the promotion of the business of the subsidiary company and the directors are of the opinion that the same is not prejudicial to the interest of the company. Further as regards note No.6 for physical verification of investment in the shares of the subsidiary the note is self-explanatory and as such, needs no further explanation. As regards note No.13 regarding non-funding of gratuity liability, the same is provided on the basis of certificate of LIC obtained at the year end and deposited thereafter.

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 has been 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

Dated: 20th August, 2008
Place: Indore

SANTOSH KUMAR KEDIA
Director

HARSHAN KUMAR BHANDARI
Director

Annexure I

Report of the Directors on Corporate Governance

