



ASSOCIATED ALCOHOLS & BREWERIES LTD.

20th ANNUAL REPORT 2008-09

NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Members of Associated Alcohols & Breweries Ltd. will be held at Hotel Himalaya, 134/1, Mahatma Gandhi Road, Kolkata - 700 007 on Wednesday, the 30th September 2009 at 11:00 A.M. for following business:

ORDINARY BUSINESS

1. To Consider and adopt the Audited Balance Sheet of the Company as at 31st March 2009 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 Ashish Gadia, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri, Surendra Khetawat who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modifications, the following resolution as ordinary resolution :

"RESOLVED that Shri Ranjan Tibrewal, who holds office up to 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 Proposing his candidature for the office of Director 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 modifications, the following resolution as ordinary resolution :

"RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions if any, of the Companies Act, 1956 read with Schedule XIII there to and subject to such approvals, if any, as may be necessary, appointment of Shri Santosh Kumar Kedia as Whole – time Director for a period of five years w.e.f. 1st April, 2009 on the terms and conditions as set out in the explanatory statement attached to this notice and hereby approved, with liberty to the Board of Directors to revise the terms as to remuneration, from time to time, within the limits provided for in the said Schedule XIII or any amendment thereof for the time being in force."

"RESOLVED FURTHER that the Board of Director of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

7. To consider and if thought fit to pass with or without modifications, the following resolution as special resolution.

"RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions if any, of the Companies Act, 1956 read with Schedule XIII there to and subject to such approvals, if any, as may

be necessary, consent of the company be and is hereby accorded to the appointment of Shri Harshan Kumar Bhandari as Whole – time Director for a period of five years w.e.f. 1st April, 2009 on the terms and conditions as set out in the explanatory statement attached to this notice and hereby approved, with liberty to the Board of Directors to revise the terms as to remuneration, from time to time, within the limits provided for in the said Schedule XIII or any amendment thereof for the time being in force."

"RESOLVED FURTHER that the Board of Director of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

8. To consider and if thought fit to pass with or without modifications, the following resolution as special resolution.

"RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions if any, of the Companies Act, 1956 read with Schedule XIII there to and subject to such approvals, if any, as may be necessary, consent of the company be and is hereby accorded to the appointment of Shri Ashish Gadia as Whole – time Director for a period of five years w.e.f. 1st April, 2009 on the terms and conditions as set out in the explanatory statement attached to this notice and hereby approved, with liberty to the Board of Directors to revise the terms as to remuneration, from time to time, within the limits provided for in the said Schedule XIII or any amendment thereof for the time being in force."

"RESOLVED FURTHER that the Board of Director of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

NOTES :

1. Explanatory statement 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 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 25th day of September, 2009 to Wednesday, the 30th day of September, 2009, both days inclusive.

REGISTERED OFFICE

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

Dated: 24th August, 2009

By order of the Board

S. K. KEDIA
DIRECTOR

ANNEXURE TO NOTICE

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

ITEM NO. 5

Shri Ranjan Tibrewal was appointed as an Additional Director of the Company on 5th March, 2009 pursuant to Section 260 ("the Act"). Shri Ranjan Tibrewal holds office up to the date of the ensuing Annual General Meeting of the Company. The company has received a notice proposing Shri Ranjan Tibrewal as a candidate for the office of the director of the company. The appointment of Shri Ranjan Tibrewal shall be in the interest of the Company and therefore the Board recommends the resolution for its adoption. Except Shri Ranjan Tibrewal none of the directors of the Company is interested or concerned in the resolution.

ITEM NO. 6

Mr. Santosh Kumar Kedia's tenure as a Whole-time Director of the Company ended on 31st March, 2009. The Board of Directors considering Mr. Kedia's rich experience in the industry, reappointed as the Whole-time Director w.e.f. 01.04.2009 on the revised terms subject to your approval. Such terms and conditions are as under:-

1. Salary Rs.25000/- per month subject to review by the Board from time to time as it deems fit.
2. In addition to above salary, following perquisites shall be provided to him.
 - a). Housing : Rent free accommodation.
 - b). Reimbursement of medical expenses for self and family subject to ceiling of one month's salary in a year or three months salary over a period of 3 years.
 - c). Leave Travel Concession : for the appointee and his family once in a year incurred.
 - d). Club fees : Fees of clubs subject to maximum two clubs.
 - e). Personal Accident Insurance : Premium not to exceed Rs.5,000/- per annum.
3. The following perquisites shall also be provided which shall not be included in the computation of the ceiling on remuneration as stated above.
 - a). Contribution to provident fund as per the rules of the company upto the extent these are not taxable under the Income-Tax Act, 1961.
 - b). Gratuity payable as per rules of the Company.
 - c). Encashment of Leave at the end of the tenure.
 - d). Car with driver to be used solely for business purpose.
 - e). Reimbursement of entertainment, travelling and all other expenses incurred for the business of the company. Where in any financial year, the Company has no profit or has inadequate profit, the remuneration payable to Mr. Santosh Kumar Kedia shall be as mentioned above. During the tenure of Directorship, Mr. Santosh Kumar Kedia shall not be entitled for any fee for attending meetings of the Board of Directors or any committee thereof. The above may be treated as an abstract of the terms of the contract in relation to his appointment between the Company and Mr. Santosh Kumar Kedia pursuant to Section 302 of the Companies Act, 1956. The Board of Directors consider the appointment of Mr. Santosh Kumar Kedia as the Whole-time Director in the overall interest of the Company and therefore, recommends the resolution for your approval. Besides Mr. Santosh Kumar Kedia himself and Mr. Manish Kedia, who is related to Mr. Santosh Kedia no other Directors is interested or concerned in the resolution.

ITEM NO. 7

Mr. Harshan Kumar Bhandari's tenure as a whole time Director of the Company ended on 31st March, 2009. The Board of Directors considering Mr. Bhandari's rich experience in the industry, reappointed as the Whole-time Director w.e.f. 01.04.2009 on the terms and conditions mentioned herein, subject to your approval. Such terms and conditions are as under:

1. Salary Rs.25000/- per month subject to review by the Board from time to time as it deems fit.

2. In addition to above salary, following perquisites shall be provided to him.
 - a). Housing : Rent free accommodation.
 - b). Reimbursement of medical expenses for self and family subject to ceiling of one month's salary in a year or three months salary over a period of 3 years.
 - c). Leave Travel Concession: for the appointee and his family once in a year incurred.
 - d). Club frees : Fees of clubs subject to maximum two clubs.
 - e). Personal Accident Insurance: Premium not to exceed Rs.5,000/- per annum.
3. The following perquisites shall also be provided which shall not be included in the computation of the ceiling on remuneration as stated above.
 - a). Contribution to provident fund as per the rules of the company upto the extent these are not taxable under the Income-Tax Act, 1961.
 - b). Gratuity payable as per rules of the Company.
 - c). Encashment of Leave at the end of the tenure.
 - d). Car with driver to be used solely for business purpose.
 - e). Reimbursement of entertainment, travelling and all other expenses incurred for the business of the company. Where in any financial year, the Company has no profit or has inadequate profit, the remuneration payable to Mr. Harshan Kumar Bhandari shall be as mentioned above.

During the tenure of Directorship, Mr. Harshan Kumar Bhandari shall not be entitled for any fee for attending meetings of the Board of Directors or any committee thereof.

The above may be treated as an abstract of the terms of the contract in relation to his appointment between the Company and Mr. Harshan Kumar Bhandari pursuant to Section 302 of the Companies Act, 1956. The Board of Directors consider the appointment of Mr. Harshan Kumar Bhandari as the Whole-time Director in the overall interest of the Company and therefore, recommends the resolution for your approval. Besides Mr. Harshan Kumar Bhandari himself and no other Director is interested or concerned in the resolution.

ITEM NO.8

Mr. Ashish Gadia's tenure as a whole time Director of the Company ended on 31st March, 2009. The Board of Directors considering Mr. Gadia's rich experience in the industry, reappointed as the Whole-time Director w.e.f. 01.04.2009 on the terms and conditions mentioned herein, subject to your approval. Such terms and conditions are as under:

1. Salary Rs.15000/- per month subject to review by the Board from time to time as it deems fit.
2. In addition to above salary, following perquisites shall be provided to him.
 - a). Housing : Rent free accommodation.
 - b). Reimbursement of medical expenses for self and family subject to ceiling of one month's salary in a year or three months salary over a period of 3 years.
 - c). Leave Travel Concession: for the appointee and his family once in a year incurred.
 - d). Club frees : Fees of clubs subject to maximum two clubs.
 - e). Personal Accident Insurance: Premium not to exceed Rs.5,000/- per annum.
3. The following perquisites shall also be provided which shall not be included in the computation of the ceiling on remuneration as stated above.
 - a). Contribution to provident fund as per the rules of the company upto the extent these are not taxable under the Income-Tax Act, 1961.
 - b). Gratuity payable as per rules of the Company.
 - c). Encashment of Leave at the end of the tenure.
 - d). Car with driver to be used solely for business purpose.
 - e). Reimbursement of entertainment, travelling and all other expenses incurred for the business of the company. Where in any financial year, the Company has no profit or has inadequate profit, the remuneration payable to Mr. Ashish Gadia shall be as mentioned above. During the tenure of Directorship, Mr. Ashish Gadia shall not be entitled for any fee for attending meetings of the Board of Directors or any committee thereof.

The above may be treated as an abstract of the terms of the contract in relation to his appointment between the Company and Mr. Ashish Gadia pursuant to Section 302 of the Companies Act, 1956. The Board of Directors consider the appointment of Mr. Ashish Gadia as the Whole-time Director in the overall interest of the Company and therefore, recommends the resolution for your approval. Besides Mr. Ashish Gadia himself no other director 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:

1. **Shri Ashish Gadia :**

Shri Ashish Gadia (aged about 33 years) is a seasoned businessman. He is young and energetic having rich experience in multi-functional areas.

Outside Directorship : Nil.

2. **Shri Surendra Khetawat :**

Shri Surendra Khetawat holds a Bachelor's degree from University of Kolkata. He is a seasoned businessman and having over decade of experience in multi-functional area 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. Aapee Trading & Holding (P) Ltd.,
5. M/s. Rameshwara Projects Ltd.

3. **Shri Ranjan Tibrewal :**

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

Other Directorship: Nil.

4. **Shri Santosh Kumar Kedia :**

Shri Santosh Kumar Kedia (aged about 60 years) is a seasoned businessman having decades of experience in multi-functional areas. He is associated with the Company since its inception and is one of the promoter directors of the Company.

Outside Directorship : M/s. Triovent & Softech Pvt. Ltd.

5. **Shri Harshan Kumar Bhandari :**

Shri Harshan Kumar Bhandari (aged about 60 years) is an Engineering Graduate having over three decades of experience in multi-functional areas. He is associated with the Company since its inception and is one of the promoter directors of the Company.

Other Directorship: Nil.

REGISTERED OFFICE

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

By order of the Board

S.K. KEDIA
DIRECTOR

Dated: 24th August, 2009

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 KHETAWAT
Non Executive Director

SHRI RANJAN TIBREWAL
Non Executive Director

SHRI MANISH 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
SME Branch
Indore.

REGISTRAR & TRANSFER AGENTS

Ankit Consultancy Pvt. Ltd
Alankar Point,
Geeta Bhavan 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 20th Annual Report together with the Audited Accounts of the Company for the year ended on 31st March 2009.

(Rupees In Lacs)

FINANCIAL RESULTS PARTICULARS	2008-2009	2007-2008
Sales & Other Income	9891.14	12252.66
Profit/(Loss) before Depreciation & Tax	527.40	1142.00
Profit/(Loss) before Tax	246.85	772.28
Provision for		
- Income Tax	(27.97)	(87.50)
- Fringe Benefit Tax	(7.24)	(7.84)
Deferred Taxation	(94.83)	(114.18)
Profit for the year	116.81	562.76
Add: Balance brought forward from previous Year	1673.96	1235.21
Profit available for appropriation	1790.77	1797.97

APPROPRIATIONS

Proposed Dividend	--	20.52
Tax on Dividend	--	3.49
General Reserve	50.00	100.00
Amount carried to next year	1740.77	1673.96

DIVIDEND

In order to meet the long term funds, requirement for growth of business of your company, your directors consider if 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.98.91 Crores in comparison to Rs.122.53 Crores in the previous year. The operation profit for the year was Rs.5.27 Crores in comparison to Rs.11.42 Crores in the previous year. In view of the present scenario of the Industry, your Directors consider overall performance of the Company satisfactory.

SUBSIDIARY COMPANY

As stated last year M/s. Jaipur Distilleries Limited, ceased to be a subsidiary of the company, consequent upon disposal of shares in the Company.

MODERNISATION/EXPANSION

The project of Turbine and High Pressure Boiler undertaken by the company is fully operational and the same is resulted into increase of operational efficiency alongwith saving of substantial power cost from captive generation.

DIRECTORS

Shri Surendra Khetawat and Shri Ashish Gadia, Directors retire by rotation and being eligible, offer themselves for reappointment. Shri Manish Kedia associated with the company since long time. He is retiring by rotation at the ensuing Annual General Meeting. The company acknowledge its highest appreciation to Mr. Manish Kedia for service rendered by him over the years. The tenure of Whole-time Director Shri Santosh Kumar Kedia, Shri Harshan Kumar Bhandari and Shri Ashish Gadia was completed on 31st March 2009 and they were reappointed subject to members approval for another terms of five years w.e.f. 1st April 2009.

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 14% 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 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.

D. FINANCIAL CONTROLS:

The total capital employed by the Company was Rs.72.13 Crores at the year-end 2008-2009 in comparison to Rs.70.56 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.14.02 Crores at the close of 2008-2009 as against Rs.14.11 Crores at the end of the previous year.

The interest outflow was Rs.2.20 Crores in 2008-2009 as against Rs.2.09 Crores in 2007-2008, out of which working capital interest and bank charges accounted for Rs.2.12 Crores as against Rs.1.90 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.

G. 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 2009 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.

H. 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.

I. AUDITOR'S REPORT :

With regard to remarks of the Auditors in Para (i) (a), (iv), (vi), (vii), (ix)(a), your Directors have already taken steps to ensure regularities and/or deposit of dues to the concerned authorities.

J. 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.

K. 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.

L. 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.

M. ACKNOWLEDGMENT :

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: 24th August, 2009

Place: Indore