

ASSOCIATED ALCOHOLS & BREWERIES LTD.
21st ANNUAL REPORT 2009-10

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Members of Associated Alcohols & Breweries Ltd. will be held at "Shripati Singhania Hall", Rotary Sadan, 94/2, J.L. Nehru Road, (Chouranghee Road), Kolkata - 700020, on Thursday, 30th September 2010 at 3:00 P.M. for following business:

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet of the Company as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date, together with the reports 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 Manish Tibrewal who retires by rotation and being eligible offers himself for re-appointment.
4. 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 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.
2. The Register of Members and the Shares transfer books of the Company shall remain closed from Monday, the 27th September, 2010 to Thursday 30th September, 2010 both days inclusive.

REGISTERED OFFICE

Queens Court
8C, Queens Park,
Ballygunge, Kolkata-700019

By order of the Board

Dated: 27th August, 2010

S.K. KEDIA
DIRECTOR

ANNEXURE TO NOTICE

1. **Shri Harshan Kumar Bhandari :**
Shri Harshan Kumar Bhandari (aged about 61 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.
2. **Shri Manish Tibrewal :**
Shri Manish Tibrewal (aged about 34 years) is a Commerce graduate. He is young and dynamic and having rich experience in multi-functional areas.
Other Directorship: Nil.

REGISTERED OFFICE

Queens Court
8C, Queens Park,
Ballygunge, Kolkata-700019

By order of the Board

Dated: 27th August, 2010

S.K. KEDIA
DIRECTOR

DIRECTORS REPORT

To the Members,

Your Directors have pleasure in presenting their 21st Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2010.

FINANCIAL RESULTS PARTICULARS	Rupees in Lacs	
	2009-2010	2008-2009
Sales & Other Income	11000.84	9891.14
Profit/(Loss) before Depreciation & Tax	481.82	527.40
Profit/(Loss) before Tax	183.88	246.85
Provision for Current Tax	(31.94)	(35.21)
Deferred Taxation	(32.18)	(94.83)
Profit for the year	118.54	116.81
Add: Balance brought forward from previous Year	1740.77	1673.96
Profit available for appropriation	1860.31	1790.77

APPROPRIATIONS

General Reserve	50.00	50.00
Amount carried to next year	1810.31	1740.77

DIVIDEND

In order to meet the long term funds requirement for growth of the business of your Company, your directors consider it necessary to conserve the resources of the Company and as such, have decided not to recommend dividend for the year.

OPERATIONS

The turnover of the Company during the year was at Rs. 110.00 Crores in comparison to Rs.98.91 Crores in the previous year. The operation profit for the year was Rs. 4.81 Crores in comparison to Rs.5.27 Crores in the previous year. In view of the present scenario of the Industry, your Directors consider overall performance of the Company satisfactory.

MODERNISATION OF DISTILLERY UNIT

The Company has undertaken modernization programme in its Distillery Unit. The Project is in progress and expected to be completed shortly.

DIRECTORS

Shri Harshan Kumar Bhandari and Shri Manish Tibrewal, 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 margin 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 75.57 Crores at the year-end 2009-2010 in comparison to Rs 72.13 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. 15.63 Crores at the close of 2009-2010 as against Rs. 14.02 Crores at the end of the previous year.

The interest outflow was Rs. 2.58 Crores in 2009-2010 as against Rs. 2.20 Crores in 2008-2009, out of which working capital interest and bank charges accounted for Rs. 2.38 Crores as against Rs. 2.12 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

- 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 31st March 2010 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.

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 thereon are included as part of the Annual Report.

I. AUDITOR'S REPORT

With regard to remarks of the Auditors in Para (i) (a), (ii) (b), (iii) (c), (iv), (vi), (vii), (ix)(a) your Directors have already taken steps to ensure regularities and/or appropriate compliances in respect of the same.

J. AUDITORS

The Auditors Mrs. 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.

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: 27th August, 2010
Place: Indore

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 2009 was 6 members comprising of 3 Executive Directors and 3 Non-Executive Directors. The composition includes 3 independent Directors out of which 2 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 29 times and there was no gap exceeding one month between any two meetings. Board members ensure that their other responsibilities do not have material impact on their responsibilities as a Director of the Company.

The Board meetings during the year were held on 5th April, 2009, 29th April, 2009, 5th May, 2009, 20th May, 2009, 5th June, 2009, 20th June, 2009, 6th July, 2009, 20th July, 2009, 30th July, 2009, 5th August, 2009, 20th August, 2009, 5th September, 2009, 20th September, 2009, 5th October, 2009, 20th October, 2009, 30th October, 2009, 5th November, 2009, 20th November, 2009, 5th December, 2009, 20th December, 2009, 4th January, 2010, 20th January, 2010, 30th January, 2010, 5th February, 2010, 16th February, 2010, 20th February, 2010, 5th March, 2010, 15th March, 2010 and 20th March, 2010.

Sr No.	Name of Director	Category	Designation	Board Meetings 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	28	Yes	1	-
2.	Shri Harshan Kumar Bhandari	ED	Director	25	No	-	-
3.	Shri Ashish Gadia	ED	Director	20	Yes	-	-
4.	Shri Surendra Kumar Khetawat	NED	Director	18	Yes	5	2
5.	Shri Manish Kumar Tibrewal	NED	Director	22	Yes	-	2
6.	Shri Ranjan Tibrewal	NEO	Director	24	No	-	-

Details of shares held by the Non-Executive Directors as on 31st March 2010 are as follows:

- Shri Surendra Kumar Khetawat Nil
- Shri Manish Kumar Tibrewal 200

3. Board Committees

To enable better and more focused 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 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 29th April 2009, 30th July 2009, 30th October 2009 and 30th January 2010.

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 Manish Kumar Tibrewal	Non-Executive & Independent	Chairman
2.	Shri Ranjan Tibrewal	Non-Executive	Member
3.	Shri Surendra Kumar Khetawat	Non-Executive & Independent	Member

Shri S.K. Kedla, Director along with the Statutory Auditors are invitees to the meeting

MEETING AND ATTENDANCE:

The Committee met four times during the year under review. The said meetings were held on 29th April, 2009, 30th July, 2009, 30th October, 2009 and 30th January, 2010

S. No.	Name of Directors	Category	Nos. of Meeting attended
1.	Shri Manish Kumar Tibrewal	Chairman	4
2.	Shri Ranjan 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 consist three members namely Shri Manish Kumar Tibrewal, Shri Ranjan Tibrewal and Shri Surendra Kumar Khetawat. This Committee meets periodically to approve transfer of shares and resolve investor's grievance if any. The Committee oversees the performance of Registrars and Transfer Agents and recommends measures for overall improvement of the quality of investor services.

S. No.	Name of Directors	Category	Nos. of Meetings 2009-2010	Nos. of Meeting attended
1.	Shri Surendra Kumar Khetawat	Chairman	10	10
2.	Shri Manish Kumar Tibrewal	Member	10	8
3.	Shri Ranjan Tibrewal	Member	10	9

NAME AND DESIGNATION OF THE COMPLIANCE OFFICER:

Mr. S.K. Kedla, Director

DETAILS OF SHAREHOLDERS COMPLAINTS RECEIVED:

Number of Complaints	-	23
Number of Complaints unsolved	-	Nil
Pending Complaints	-	Nil

(3) ANNUAL GENERAL MEETING

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

AGM No.	Place	Date	Time
18th	Rotary Sadan, 19/2 J.L. Nehru Road, Kolkata - 700 020	28-09-2007	4.00 P.M.
19th	Rotary Sadan, 19/2 J.L. Nehru Road, Kolkata - 700 020	25-09-2008	11.00 A.M.
20th	Hotel Himalaya, 134/1, Mahatma Gandhi Road, Kolkata - 700 007	30-09-2009	11 00 A.M

The shareholders passed all the resolutions set out in the respective notices. There were no resolutions were passed through postal ballots under the applicable rules.

(4) 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 Exchange or SEBI or other Statutory Authorities during last three years.

(5) 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 alongwith Publication of Quarterly results in newspapers.
- ◇ The Management Discussion and Analysis Report forms part of Directors Report.

(6) GENERAL SHAREHOLDER INFORMATION**Annual General Meeting**

Date	: 30 th September 2010
Venue	: "Shripati Singhania Hall", Rotary Sadan, 94/2, J.L. Road, (Chouranghee Road) Kolkata-700020
Time	: 03.00 P.M.
Book Closure Date	: 27 th September 2010 to 30 th September, 2010
Dividend payment date	: N.A.
Listing on Stock Exchange	: Mumbai, Annual listing fee for the Year 2010-11 has been paid.
Custodial Fees to Depositories	: Fee for the year 2010-11 to NSDL and CDSL has been paid.

MARKET PRICE DATA: H/L OF EACH MONTH IN THE LAST FINANCIAL YEAR**SHARE PRICE - HIGH & LOW (Rs.) - year 2009-2010**

Month	Apr 09	May 09	June 09	July 09	Aug 09	Sept 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10
Low	14.00	17.40	21.15	19.85	18.50	23.25	19.10	20.00	30.15	34.00	29.45	26.65
High	19.50	24.80	29.00	24.95	23.85	25.00	24.75	31.70	42.70	44.75	35.80	38.50

REGISTRAR & TRANSFER AGENTS:

Ankit Consultancy Pvt. Ltd., Alankar Point, Geeta Bhawan Chauraha, Indore - 452 001. Phone No. 0731-2491298/ 2495229, Fax No. 0731-4065798, e-mail: ankitind@sanchamet.in.

SHARE TRANSFER SYSTEM:

The Share transfer work and dematerialization/re-materialization work is 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 found in order in all respects. The Company has entered into agreement with CDSL and NSDL to facilitate holding of shares of the Company in dematerialized form.

Distribution of Shareholding as on 31st March 2010

Range in Rs.	Number of Holders	% to Total Holders	Shareholding (Rs. in Lacs)	% to total Capital
000001-001000	4467	73.53	43.00	4.76
001001-005000	1122	18.47	32.03	3.54
005001-010000	255	4.20	21.19	2.34
010001-100000	188	3.09	53.50	5.92
100001-above	43	0.71	754.24	83.44
Total	6075	100.00	903.96	100

Sr. No.	Particulars	No. of Shares	% to the total Paid up Share Capital
1.	Promoters/Directors & Relatives	43,36,700	47.97
2.	Financial Institutions, Banks & M.F.	2,200	0.02
3.	Private Bodies Corporate	31,24,553	34.57
4.	Indian Public	15,76,147	17.44
	Total	90,39,600	100

DEMATERIALIZATION OF SHARES AND LIQUIDIZING:

88.96% of the Company's share capital is held in dematerialized form as on 31st March, 2010. The Company's shares are being regularly traded on the Bombay Stock Exchange Ltd., ISIN in CDSL and NSDL for Company's equity shares INE 073G 01015. The code for the Share on Bombay Stock Exchange is 507528.

DECLARATION CODE OF CONDUCT AND ETHICS

The Board of Directors of the company has laid down code of conduct and ethics for the company, its directors and senior employees. All the directors and the senior employees covered by the code affirmed compliance with code on an annual basis.

NON-MANDATORY REQUIREMENT:

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