

CORPORATE INFORMATION

BOARD OF DIRECTORS

- ❑ Shri Ashish Gadia - Whole Time Director
- ❑ Shri Manish Tibrewal - Non Executive Director
- ❑ Shri Nitin Tibrewal - Non Executive Director

STATUTORY AUDITORS

- ❑ B. K. Agrawal & Company
29-B, Rabindra Sarani
3rd Floor, Room No.12 W
Kolkata – 700 073
- ❑ M.D. Agrawal & Company
41, Jaora Compound
Opp : M.Y. Hospital
Indore – 452 001

REGISTRAR AND SHARE TRANSFER AGENT (RTA)

- ❑ Ankit Consultancy Pvt. Ltd,
60, Electronics Complex, Pardeshipura,
Indore – 452010
e-mail:ankit_4321@yahoo.com
Phone (0731) 2551745, 2551746 Fax: 0731-4065798

BANKERS

- ❑ IDBI Bank Limited
- ❑ Canara Bank

REGISTERED OFFICE

- ❑ 106 A, Shyam Bazar Street,
Kolkata-700 005
Email : gen@associatedalcohols.com
Phone : (033) 32511422
Fax : (033) 25339732

CORPORATE OFFICE

- ❑ BPK Star Tower,
4th Floor, Above Shoppers Stop,
A. B. Road, Indore- 452 008
Email : vndubey@associatedalcohols.com
Phone : (0731) 6662400, 500
Fax : (0731) 6662410

COMPANY'S WEB SITE

- ❑ www.associatedalcohols.com

CORPORATE IDENTITY NUMBER (CIN)

- ❑ **L15520WB1989PLC047211**

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Venue of Annual General Meeting and other details:

Date	: September 28, 2012
Day	: Friday
Time	: 3.30 p.m.
Venue	: "Shripati Singhanian Hall", Rotary Sadan, 94/2, J.L. Nehru Road, Kolkata – 700020
Book Closure Date	: From September 24th, 2012 to September 28th, 2012

NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of Associated Alcohols & Breweries Ltd will be held on Friday, the 28th day of September 2012 at 3.30 P.M. at "Shripati Singhanian Hall" Rotary Sadan, 94/2, J.L. Nehru Road, Kolkata – 700020 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet for the year ended on March 31, 2012 and the Profit and Loss Account as at that date together with the reports of the Directors and the Auditors thereon.
2. To appoint Director in place of Shri Manish Tibrewal, who retires by rotation and is eligible, for re-appointment.
3. To appoint Auditors and to fix their remunerations.

Place : Indore

Date : 21st August, 2012

By order of the Board of Directors

Registered Office

106 A, Shyam Bazar Street,
Kolkata-700 005 (W.B.)

Ashish Gadia
Director

NOTES

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The proxy, in order to be valid must be deposited at the registered office of the company not less than 48 hrs before the time for the meeting.
2. Shareholders are requested to bring their copy of Annual Report to the meeting.
3. Members/ Proxies should fill the Attendance slip for attending the meeting.
4. Corporate Members intending to send their authorized representative to attend the Annual General Meeting are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the meeting.
5. In case of joint holders attending the meeting, only such joint holder who is first in the order of names will be entitled to vote.
6. Members who hold shares in de-materialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
7. Members desirous of obtaining any information / details as regard accounts and operations of the Company are requested to write to the Company at least 7 days before the meeting to enable the Company to keep the required information ready at the time of meeting.
8. Members are requested to notify promptly any change in their addresses to the Registrar and Transfer Agent Ankit Consultancy Pvt. Ltd., (Unit: Associated Alcohols & Breweries Ltd.) 60, Electronics Complex, Pardeshipura, Indore – 452010.
9. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 24th day of September, 2012 to Friday, the 28th day of September, 2012(both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the meeting.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrars and Transfer Agents.
11. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies through electronic mode. The companies can now send various notices / documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, members who hold physical shares are requested to register their e-mail addresses at ankit_4321@yahoo.com in respect of electronic holdings kindly update / register e-mails IDs with the Depository through their concerned Depository Participants.

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 23rd Annual Report together with the Audited Accounts and Auditor's Report of the Company for the year ended on 31st March 2012.

FINANCIAL RESULTS		(Rupees In Lacs)	
PARTICULARS	2011-2012	2010-2011	
Sales & Other Income	14015.80	9211.79	
Profit/(Loss) before Depreciation & Tax	733.70	492.44	
Profit/(Loss) before Tax	342.05	317.01	
Provision for- 1. Current Tax	79.17	76.96	
2. Deferred Taxation	3.52	(5.78)	
Profit for the year	259.70	245.84	
Add: Balance brought forward from previous Year	2006.15	1810.31	
Profit available for appropriation	2265.51	2056.15	

APPROPRIATIONS

General Reserve	50.00	50.00
Amount carried to next year	2215.51	2006.15

RESULTS OF OPERATIONS

Your Company has achieved a turnover of Rs. 14015.80 lacs in the current year against Rs. 9211.70 lacs in the previous year.

Operating Profit (EBIDTA) for the year stood at Rs 1107.30 lacs, an increase of 48.99 % from Rs. 743.20 lacs in comparison to 2010-11. In view of the present scenario of the Industry, your Directors consider overall performance of the Company satisfactory.

MODERNISATION AND EXPANSION

During the year company has gone ahead for backward integration by setting up PET bottle manufacturing unit at the adjacent to it's distillery complex. The company has chalked out an ambitious plan for expansion cum modernization of the distillery unit.

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.

DIRECTORS

Shri Manish Tibrewal, Director retire by rotation and being eligible, offer himself for reappointment. The Board of Directors recommends his re-appointment as Director.

AUDITORS

M/s. B. K. Agrawal & Co., Kolkata and M/s. M. D. Agrawal & Co., Indore, Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under section 224 (1B) of the Companies Act 1956.

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.

FIXED DEPOSITS

During the year your company has not accepted any deposit from public under Section 58A of the Companies Act, 1956 in terms of Rule 4A of Companies (Acceptance of Deposit) Rules, 1975.

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 judgments 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 2012 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 of 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.

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.

ACKNOWLEDGEMENT

Your Directors express their sincere appreciation for the co-operation and support received from shareholders, bankers, financial institutions, regulatory bodies, customers, suppliers, employees and other business constituents during the year under review.

FOR AND ON BEHALF OF THE BOARD

Place: Indore
Dated: 21st August, 2012

ASHISH GADIA
DIRECTOR

NITIN TIBREWAL
DIRECTOR

ANNEXURE - II TO THE DIRECTORS' REPORT

Information as required under the Companies (Disclosure of particulars in the Report to the Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended on 31st March 2012.

A) CONSERVATION OF ENERGY

Your Company continues to give the highest priority to the conservation of the energy. All aspects of generation and usage are regularly reviewed. The Company has been generating the Biogas from the industrial effluents of the Distillery which has resulted in substantial savings in primary fuel.

B) TECHNOLOGY ABSORPTION

The Company has adopted the latest technology in its production process. The Company has an inbuilt system of research and development and has not imported any technology.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rs. in Lacs)	
	2011-2012	2010-2011
Foreign Exchange Earned (Export Sales)	17.66	32.25
Foreign Exchange Outgo/Expenditure in foreign currency (Professional Development Expenses)	12.54	NIL
(Travelling Expenses)	4.35	NIL

FOR AND ON BEHALF OF THE BOARD

Place: Indore

Dated: 21st August, 2012

ASHISH GADIA

DIRECTOR

NITIN TIBREWAL

DIRECTOR

MANAGEMENT DISCUSSION AND ANALYSIS

FORWARD-LOOKING STATEMENTS

Your Company has been reporting financial results taking into account. This discussion, therefore, covers the financial results and other developments during April, 2011 to March, 2012 in respect of the Company Statements. Some statements in this discussion describing the projections, estimates, expectations or outlook may be forward looking. Actual results may, however, differ materially from those stated on account of various factors such as changes in government regulations, tax regimes, economic developments within India and the countries within which your Company conducts its business, exchange rates and interest rates fluctuations, impact of competition, demand and supply constraints.

INDUSTRY AND COMPANY OVERVIEW

A. OUTLOOK :

Alcohol is the world's most consumed alcoholic beverage and third most popular drink after water and tea. However, the consumption pattern in India is distinctly different from other countries, as alcohol consumption is skewed towards spirits. The per capita consumption of alcohol in India is very low – at about 1.5 liter per capita it is 5% of the global average.

We believe that the primary reasons for the extremely low consumption of alcohol are the tax structure, which does not differentiate between the alcohol content of various classes of beverages, and the low penetration of outlets for the sale and consumption of alcohol in India.

In India, spirits and beer are treated as similar alcoholic beverages and therefore, taxed on a similar basis without taking into account the fact that beer contains about 5-7% of alcohol by volume, whereas spirits contain over 40% of alcohol by volume. The result of this policy is that the consumer price of beer is 2 to 3 times higher than that of spirits on an equivalent alcohol basis.

In the context of availability, spirits and beer are viewed alike by the Excise Authorities, and the number of Points of Sale for beer is very low in the country. This too results in the suppression of beer consumption.

In many parts of the country, the wholesale, and at times the retail distribution points, are controlled by the State Government. Moreover, in about 60% of India, the State dictates the price at which alcohol can be sold by the brewers.

Notwithstanding the constraints mentioned above, we believe the future of the industry is very bright. As the economy develops, disposable incomes will keep rising and this in combination with the young demography of the country, will spur growth in the alcohol industry.

Associated Alcohols & Breweries Limited has not only successfully overcome the challenges of the industry, but also outpaced several global spirit brands that have entered India in the recent past. In the process, your Company has increased its market share and widened the gap with its competitors.

The Central and State Governments have been considering a harmonized Goods and Services Tax ('GST') regime for a number of years, but have not been able to conclude on the terms of this regime. Most notably, there is a likelihood that the alcoholic beverages industry is excluded from GST altogether. Exclusion of an industry is against the foundation of GST and would not achieve the stated objective of creating a uniform market with uniform taxes.

B. RISKS AND CONCERNS:

Your company has evolved a framework for management of business risks. Towards this end, the company performs a risk assessment in which strategic risks, operative risks, information technology risks and financial risks are considered and mitigating actions are identified. This is reviewed regularly by the internal team and the Board.

Continuity and sustainability of the business is as important to stakeholders as growing and operating the business. Managing risks and protecting the business from the effects of material adverse events are focal points on the management's agenda.

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 internal control system evaluates adequacy of segregation of duties and reliability of management information systems, including controls in the area of authorization procedures and steps for safeguarding assets. Planned periodic reviews are carried out for identification of control deficiencies and opportunities for bridging gaps with best practices along with formalization of action plans to minimize risks.

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.

Your Company believes that the overall internal control system is dynamic, and reflects the current requirements at all times, hence ensuring that appropriate procedures and controls, in operating and monitoring practices are in place.

D. FINANCIAL CONTROLS

The total capital employed by the Company was Rs. 8305.15 Lacs at the year-end 2011-12 in comparison to Rs. 7648.79 Lacs 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. 2750.83 Lacs at the close of 2011-12 as against Rs.2444.30 Lacs at the end of the previous year.

The loan interest and bank charges accounted for Rs. 373.65 Lacs as against Rs. 250.83 Lacs in the previous year out of which interest outflow was Rs. 351.70 Lacs in 2011-12 as against Rs. 230.63 Lacs in 2010-11. 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:

People continue to be the focal point of the organization's development. Your Company believes in building a stimulating, conducive and transparent culture that drives high level of performance. For good performance organization, it is imperative that it has right people in the right job equipped with the right set of skills.

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.

We continued to significantly improve our performance in the areas of productivity and safety by means of focused initiatives. Your Company maintained harmonious employee relations during the year.

Your Directors place on record their sincere appreciation to all employees for their contribution towards the continuous success of the organization.

REPORT ON CORPORATE GOVERNANCE

MANDATORY REQUIREMENTS :

1. COMPANY'S PHILOSOPHY

Corporate Governance is a set of systems and practices to ensure that the affairs of the company are being managed in a way which ensures accountability, fairness, equity, transparency in all its transactions in the widest sense and meet its stakeholders aspirations and societal expectations.

Associated Alcohols & Breweries Limited (AABL) believes that good Corporate Governance is essential to achieve long term corporate goals and enhance stakeholders' value. Thus, AABL philosophy on Corporate Governance is aimed at the attainment of highest level of transparency, accountability and compliance of laws in all facets of operations, leading to best standards of Corporate Governance. This has enabled your Company to earn the trust and goodwill of its investors, business partners, employees and the communities in which it operates. It is AABL belief that good ethics make good business sense and our business practices are in keeping with this spirit of maintaining the highest level of ethical standards. The Board of Directors has also institutionalized best management practices to bring about an atmosphere of accountability. Systems have been put into place to ensure effective strategic planning, optimum risk management, financial plans, budgets, integrity controls, reporting, communication policy with emphasis on transparency and full disclosure on the various facts of the Company's operations, its functioning, financial and total compliance with all statutory/regulatory requirements not only in the letter of the law but also in its spirit.

Corporate governance is a journey for constantly improving sustainable value creation and is an upward moving target. The Company has complied with the provisions of Clause 49 of the Listing Agreement with Stock Exchanges, which deals with the compliance of Corporate Governance requirements as detailed below:

2. BOARD OF DIRECTORS

In terms of the Company's Corporate Governance policy, all statutory and other significant and material information are being placed before the Board to enable the Board discharge its responsibilities of strategic supervision of the Company.

The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic supervision. The Board ensures that the Company has clear goals relating to shareholder value and its growth. The Board, as part and parcel of its functioning, also periodically reviews its role.

Composition of the Board

The Company Board is a balanced Board, comprising Executive and Non-Executive Directors. As on 31st March 2012, the Board consisted of three (3) Directors, out of which one (1) Executive and two (2) Non- executive and Independent Directors, who are having expertise in their respective functional areas and capable of bringing in a wide range of managerial skills and business and professional acumen.

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 twelfth (12) times and there was no gap exceeding 3 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.

During the year, Twelfth (12) Board Meetings were held on 5th April, 2011, 30th April, 2011, 5th May, 2011, 30th July, 2011, 29th August, 2011, 5th September, 2011, 20th September, 2011, 29th October, 2011, 30th November, 2011, 20th December, 2011, 13th February, 2012 and 15th February, 2012.

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 Ashish Gadia	ED	Director	11	Yes	-	-
2.	Shri Manish Kumar Tibrewal	NED	Director	6	Yes	-	-
3.	Shri Nitin Tibrewal	NED	Director	10	Yes	5	-

Details of shares held by the Non-Executive Directors as on 31st March, 2012 are as follows :

- | | | |
|----|----------------------------|-----|
| 1. | Shri Manish Kumar Tibrewal | Nil |
| 2. | Shri Nitin Tibrewal | 100 |

2. COMMITTEES OF THE BOARD

To enable better and more focused attention on the affairs of the Company, the Board has delegated specific matters to Committees 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.

TERMS OF REFERENCE

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

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.

Sr. No.	Name	Executive / Non Executive	Category
1.	Shri Manish Kumar Tibrewal	Non-Executive & Independent	Chairman
2.	Shri Nitin Tibrewal	Non-Executive & Independent	Member
3.	Shri Ashish Gadia	Executive	Member

Meetings and Attendance :

The Committee met five times during the year under review. The said meetings were held on 30th April, 2011, 30th July, 2011, 29th August, 2011, 29th October, 2011 and 13th February, 2012.

S.No	Name	Executive / Non Executive	No. of meeting attended
1.	Shri Manish Kumar Tibrewal	Non-Executive & Independent	4
2.	Shri Nitin Tibrewal	Non-Executive & Independent	5
3.	Shri Ashish Gadia	Executive	5