

Rewriting our **DNA**

Associated Alcohols & Breweries Limited

Annual Report **2016-17**



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Associated Alcohols & Breweries Limited is at an inflection point in its existence.

The company reported profitable growth in 2016-17.

The company is making the largest investment in its existence.

The company is graduating from the mid-end to the value-added.

The company is evolving from the commoditised to the branded.

*Transforming its **DNA**.*



OUR VISION

An energetic organization on a long haul charting a distinct course for customer admiration, led by a disciplined team of vibrant people thus creating a value for the stake holders

OUR MISSION

AABL undertakes to dedicate itself and all its resources to achieving global excellence in the present sectors of operations and seeking growth via diversification.

OUR BRANDS

Central Province Whiskey.

Competing with McDowell No. 1 Whiskey and Imperial Blue Whiskey

Titanium Triple Distilled Vodka.

Competing with magic Moment Vodka.

Jamaican White Rum.

ABOUT US

Associated Alcohols & Breweries Limited (AABL) is one of the leading and largest liquor manufacturers in central India and the flagship company of the Associated Kedia Group a ₹5000 million liquor conglomerate with interests in liquor & beer manufacturing and bottling.

The Company was incorporated in 1989, and set up by the Founder Chairman, the Late Shri Bhagwati Prasad Kedia, whose vision envisaged the formation of the Group. The legacy carried forward by Mr. Anand Kumar Kedia and Mr. Prasann Kumar Kedia, the promoters of the Group today.

PROMOTER BACKGROUND

Mr. Anand Kumar Kedia and Mr. Prasann Kumar Kedia are Founders and key promoters of the Group

Mr. Anand Kumar Kedia is the Chairman - Business Promotion & Development with a rich experience of the business and industry extending across 28+ years.

Mr. Anand Kumar Kedia is a dynamic self-motivated entrepreneur spearheading the strategic initiatives of Associated Alcohols & Breweries Ltd.

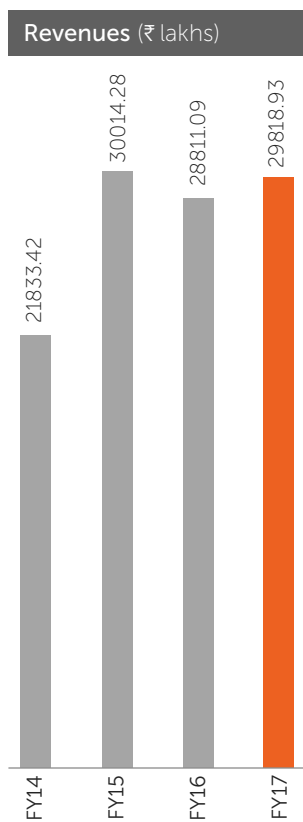
Mr. Prasann Kumar Kedia is the Vice Chairman – Operation & Business Development, engaged and involved with 22+ years of experience.

Mr. Prasann Kumar Kedia is leading the day-to-day responsibilities and operations of the company.

OUR MANUFACTURING FACILITIES

We have a fully operational modern distillery at Khodigram, Tehsil Barwaha, District Khargone, in Madhya Pradesh, about 50 kms from Indore, the commercial capital of the State.

HOW WE ENHANCED VALUE IN THE LAST FEW YEARS



Definition

Sales growth.

Why we measure

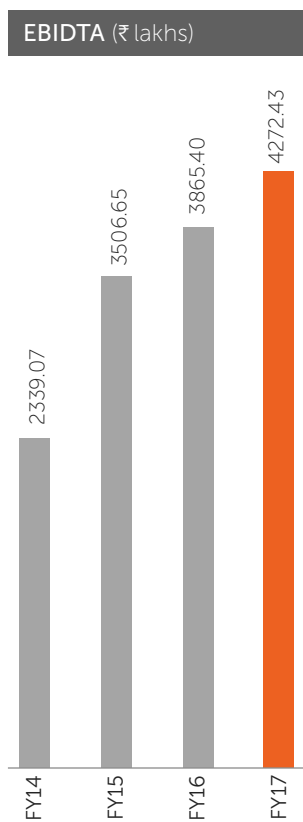
This measure reflects the result of our ability to understand market trends and service customers with corresponding products, superior technologies and competent supply chain management.

Performance

Our aggregate sales increased in FY 17, which compared favourably with the growth of the country's liquor sector.

Value impact

Creates a robust growth engine on which to build profits.



Definition

Earning before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax).

Why we measure

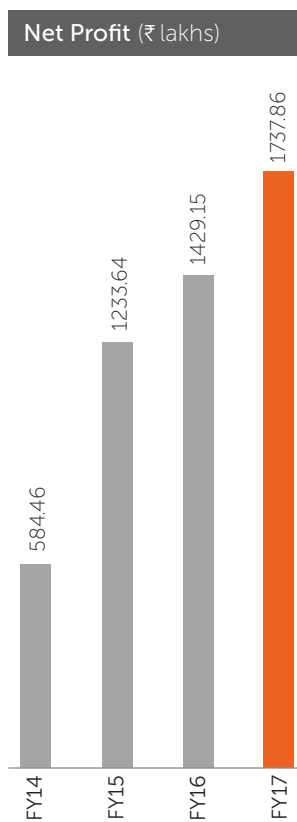
It is an index that showcases the company's ability to optimize operating costs despite inflationary pressures.

Performance

The company's EBIDTA grew every single year in the last year. The company reported a 10.53 per cent increase in its EBIDTA in FY 17 – an outcome of painstaking efforts of its team in improving operational efficiency.

Value impact

Adequate surplus available to grow the Company.



Definition

Profit earned during the year after deducting all expenses and provisions.

Why we measure

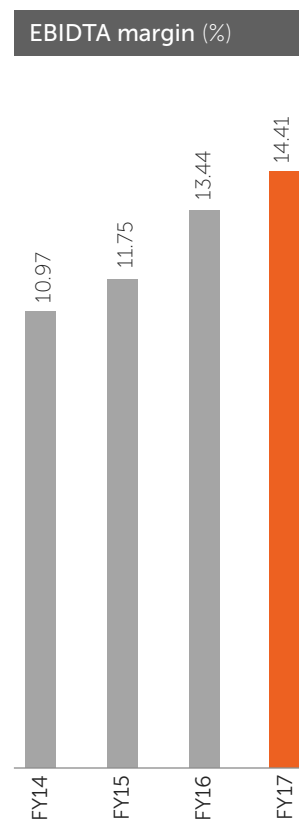
It highlights the strength of the business model in generating value for its shareholders.

Performance

The company's net profit grew every single year in the last year. The company reported a 21.6 per cent increase in its net profit in FY17 – reflecting the robustness and resilience of the business model in growing shareholder value despite external vagaries.

Value impact

Adequate cash pool available for reinvestment, accelerating the growth engine



Definition

EBIDTA margin is a profitability ratio used to measure a company's pricing strategy and operating efficiency. Higher the operating margin, the better for the company.

Why we measure

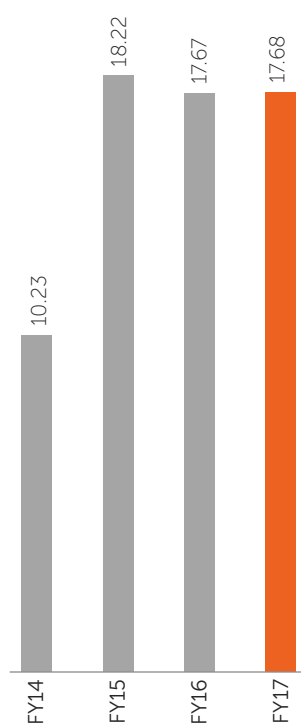
The EBIDTA margin gives an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sale.

Performance

The company reported a 97 bps increase in EBIDTA margin in FY 17 while enriching its product basket with superior products and improved operating efficiency.

Value impact

Demonstrates adequate buffer in the business, which, when multiplied by scale, enhances supluses

ROCE (%)**Definition**

It is a financial ratio that measures a company's profitability and the efficiency with which its capital is employed in the business.

Why we measure

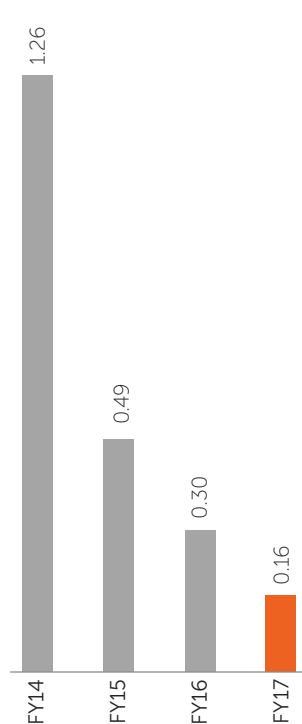
ROCE is a useful metric for comparing profitability across companies based on the amount of capital they use - especially in capital-intensive sectors.

Performance

A showcase of prudently investing every rupee in profitable spaces that generate higher returns for shareholders.

Value impact

Enhanced ROCE can potentially drive valuations and perception (on listing)

Debt-equity ratio (x)**Definition**

This is derived through the ratio of debt to net worth (less revaluation reserves).

Why we measure

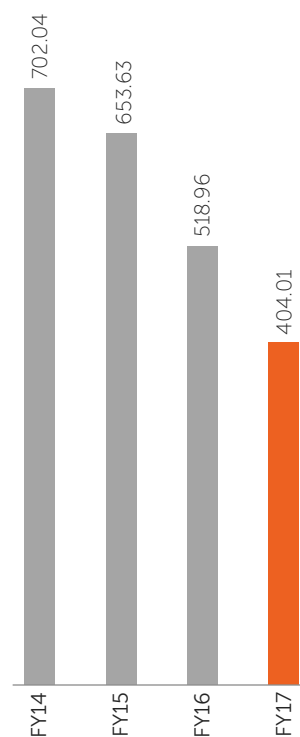
A measure of a company's financial health, indicating the ability of the company to remunerate shareholders over debt providers.

Performance

The company's gearing moderated from 1.26 in FY14 to 0.16 in FY17. We recommend that this ratio be read in conjunction with net debt/operating profit (declining, indicating a growing ability to service debt).

Value impact

Enhanced shareholder value by keeping the equity side constant; enhanced flexibility in progressively moderating debt cost

Finance cost (₹ lakhs)**Definition**

Derived through calculating average cost of the consolidated debt.

Why we measure

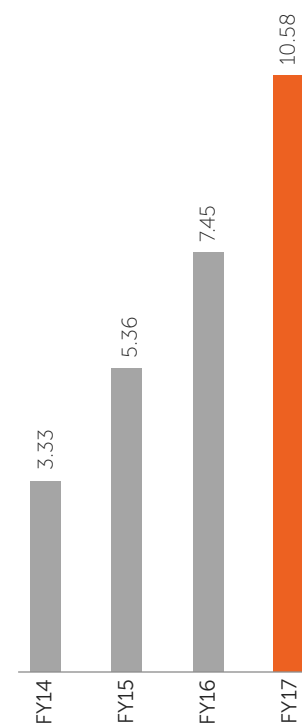
This indicates our ability in convincing bankers and other debt providers of the robustness of our business model.

Performance

The company's interest outflow has progressively declined from a ₹7.02 cr (3.3% of sales) in FY14 to ₹4.04 cr (1.36% of sales) in FY17. We recommend that this be read in conjunction with our rising interest cover (rising, indicating higher liquidity).

Value impact

Enhanced cash flows; strengthened credit rating for successive declines in debt cost

Interest cover (x)**Definition**

This is derived through the division of EBIDTA by interest outflow.

Why we measure

Interest cover indicates the company's comfort in servicing interest, the highest the better.

Performance

The company strengthened its interest cover from 3.33 in FY14 to 10.58 in FY17.

Value impact

Enhanced cash flows

Letter to Shareholders

"We have brought a new passion – speed, scale and sophistication – to our multi-decade sectoral presence."

TUSHAR BHANDARI, DIRECTOR, EXPLAINS THAT OUR EXCITING TRANSFORMATION IS UNDERWAY AT ASSOCIATED ALCOHOLS & BREWERIES LIMITED

India is the second most populous country at a significant transformation in incomes, mindsets and lifestyles.

It is our experience that countries at inflection points present the biggest sectoral opportunities.

In India, lifestyle transformation is possibly emerging as one of the biggest opportunities; the spirits industry is at the apex of this lifestyle-derived transformation.

India represents one of the most compelling large spirit markets in the world for some good reasons.

India's per capita alcohol consumption is a fraction of the global average. India's per capita income has continuously risen through the last few years of the economic slowdown. It grew significantly in the three years leading

to 2016-17 on the hand coupled with a gradual replacement of social taboos related to the consumption of spirits.

The consumption of alcohol has increased among India's youth. There is a growing incidence of family consumption and it is now considered socially acceptable for women to drink, something that would have been inconceivable as recent as even a couple of decades ago. This is reflected in the numbers: per capita alcohol consumption in India has increased from 1.6 liters in 2003-2005 to 4.3 liters today.

The result is that the Indian alcohol industry, under-performing global consumption across the decades, has begun outperforming the global spirits consumption growth especially in the premium categories.



AT ASSOCIATED ALCOHOLS, WE CAN CONTINUE TO PLAY THE GAME THE WAY IT WAS PLAYED OR WE CAN TRANSFORM WITH SPEED TO CAPITALISE.



OUR OPTIMISM

Some of the largest multinational brands in the country have already responded to the projected growth in size and sophistication of consumption: the largest player has consolidated, the largest players have stated their intention to vacate the mid-end and low-end spaces; they intend to premiumise their offerings instead.

The result of these three opportunities – consolidation, market expansion and the vacation of specific market spaces by some of the largest players – is creating an unprecedented sectoral opportunity.

At Associated Alcohols, we can continue to play the game the way it was played or we can transform with speed to capitalise.

I am pleased to state that we have selected the latter.

We believe that as the industry space becomes increasingly challenging, attrition will transpire. This will create an unprecedented opportunity. We already enjoy some enduring advantages: access to superior technology reflected in an unmatched ENA integrity, a locational advantage that makes it possible for us to deliver with speed and economy anywhere in the country, and the ability to access diverse raw materials cheaper and quicker.

We intend to double our ENA capacity in the coming years. The expansion will not be cosmetically linear; a mere 50 per cent investment in assets will double manufacturing capacity, strengthening our capital cost efficiency and validating the conviction that the larger we get, the more competitive we will become.

We also intend to create truly Indian brands, we intend to premiumise our offerings, we intend to provide a bouquet across the prominent liquor categories and we intend to increase our brand spend. We believe that this combination should evolve the personality of our company, translating into quicker growth than ever.

SECTORAL CHALLENGES AND COUNTER-STRATEGY

It would be naïve to assume that the mere vacation of specific market spaces will result in market share accretion for the existing players.

The reality is that the Indian liquor industry is one of the most challenging in the country for a number of reasons. Consumer preferences change every few hundred kms; what works in one market may not work in another. In this business, throwing money at a problem and expecting that brands would start generating revenues is more likely to create a hole in the Balance Sheet faster than enhance

market share. Building markets for specific brands is more grassroots-driven, requiring a patient working with trade channels to build a promotional momentum.

At Associated Alcohols, we are addressing the need to transform from a regional to a national player through a prudent strategy. The extensive challenges notwithstanding, there is a solution leading to sustainable growth. We believe that this solution lies in the ability to think long-term and plan for slow sustainable growth. I cannot over-emphasise this point; India's liquor industry is marked by a number of brands that intended to grow fast, faltered along the way and eventually return to the starting point considerably poorer and having expended precious years.

We are convinced that sustainable growth in the brand-driven end of India's liquor industry needs to begin with a secure Balance Sheet. We believe that companies that are considerably under-borrowed stand a better chance of succeeding; even when they falter in specific markets or product categories, the very fact that they would not have a large interest obligation would make it possible to live and fight another day.

At Associated Alcohols, we are attractively placed. Our debt-equity ratio (based on long-term debt) was 0.16 as on 31 March 2017. We spread our risks across two businesses – conversion arrangement for a large client that enhanced our revenue predictability and generated a sizable cash flow on the one hand coupled with a growing basket of proprietary brands on the other. Whereas most people would have considered it fit to launch one brand across a number of markets, we believe that one brand for one market would be a slower but surer way of growing in a sustainable manner. Besides, we would rather launch one brand per product category than be tempted into adding a number of products in the hope that a larger basket would translate into larger market share accretion.

The result of this ultra-cautious approach is that perhaps Associated Alcohols would generate modest, but sustainable growth, over aggressive, but completely erratic and even volatile earnings.

DREAM

At Associated Alcohols, our dream is to create truly Indian brands for a truly Indian audience. All that I can assure is that we will take our time to get there, will draw from the lessons that the marketplace has taught us over the last decade – and in doing so, enhance value in a sustainable way for all those associated with our company.

Sincerely

Tushar Bhandari
Director



OUR FIVE-PRONGED STRATEGY

Double ENA capacity. Accelerate launch of proprietary brands. Extend from the regional to a pan-Indian entity. Increase pipeline of ENA supply to existing clients. Become completely self-sufficient in power availability.





**JO DIL SE
SAATH
NIBHAYE
WOH HAI**

**DIL SE
CROREPATI**



**JO DIL
KHOLKAR
HASAAYE
WOH HAI**

**DIL SE
CROREPATI**



**JO DIL KI
BAAT
SAMAJH
JAAYE
WOH HAI**

**DIL SE
CROREPATI**





Our *DNA*

Ethical compliance

IN A BUSINESS MARKED BY A HIGH EXCISE TAX INCIDENCE, THE TEMPTATION WAS TO SELL IN CASH AND OFF THE BOOKS.

At Associated Alcohols, this is one temptation that we resisted. Even as our industry was largely unorganised, we conducted our business in an organized manner. More than just this basic difference, we went one step ahead. We selected to be completely ethical; we make and receive payments through appropriate banking channels; every initiative was documented; every compliance followed to its logical conclusion.

When we embarked on this journey, the sceptics were many. We would slow the business down, they warned. We would be incompatible with the trade flow, indicated many.

At Associated Alcohols, we resolved to conduct the business the right way. The result was that we attracted marquee and international clients; they said our value system matched theirs.

The result was that we not only engaged these brands as clients; we retained them. We didn't just transact sizable business with them; we grew that business as well.

Ethics endured.

Our *DNA*

Resource flexibility

IN A BUSINESS WHERE THE PRINCIPAL RAW MATERIAL ACCOUNTS FOR 70 PER CENT OF THE RESOURCE COSTS AND 40 PER CENT OF REVENUES, ANY ADVERSE MOVEMENT CAN ALTER OPERATING VIABILITY.

During the year under review, the company was faced with precisely such a challenge. Average grain costs increased from ₹13900 per tonne to ₹15500 per tonne. Based on the company's appetite, this sharp movement (without a corresponding room to pass this increase on to customers) would have notionally affected the company's bottom line.

This contrarian performance was derived from the company's foresight in having invested in multi-feedstock flexibility to accommodate swings in agricultural production. During 2016-17, the company moved with proactive readiness from its usual feedstock to alternative varieties without increasing costs and without comprising efficiency.

The result is that even though the year under review was a challenging one for a number of liquor manufacturers, it was a record year at Associated Alcohols.

Foresight helped.



Our *DNA*

Working capital efficiency

IN A BUSINESS WITH AN EXTENDED WORKING CAPITAL CYCLE COMPRISING THE PURCHASE OF GRAIN, PROCESSING OF RAW MATERIALS, MARKETING TO CUSTOMERS AND RECOVERING PROCEEDS, SUCCESS IS DERIVED FROM THE ABILITY TO EFFICIENTLY MANAGE WORKING CAPITAL.

In our business of manufacture and marketing of extra neutral alcohol (B2B) coupled with the launch of proprietary liquor brands (B2C), working capital accounted for 44% per cent of the total employed capital.

Over the last few years, the company resolved to moderate the intensity of working capital impact. Instead of the conventional approach of working closely with bankers and customers, the company did something lateral: it engaged closely with quality professionals instead. The objective: simply manufacture a superior ENA quality.

When the word began to go around that the company's ENA integrity was matchless, customers increased. The company strengthened terms of trade; the proportion of cash-and-carry increased.

Quality prevailed.

Our *DNA*

Measured growth

IN A BUSINESS WITH AN UNPRECEDENTED MARKET OPPORTUNITY, THE OBVIOUS RESPONSE WOULD BE TO GROW AS FAST AS POSSIBLE.

At Associated Alcohols, we intend to make haste ...slowly. Even as we are generally focused on completing everything we embark upon as fast as possible, when it comes to strategic direction, we believe that steadiness works best.

We believe that one can work only as fast as one's Balance Sheet (read debt-equity ratio) permits. This indicates that the company will never exceed its desired risk appetite; it will grow as much through net worth (accruals and related streams) as possible; it will assume modest debt at low cost; it will maintain a high interest cover even during the most challenging sectoral trough; it will possess adequate cash resources for at least five years to invest in brand building.

Besides, the company will horizontally extend product diversification but moderate vertical penetration in each, moderating its risk spread. This will also provide the company a room to explore product categories and only gradually build scale in each. The company will match receivables with liabilities.

The result of this approach is already evident; the company progressively strengthened gearing up from 1.26 in the last four years, building its net worth from ₹ 57.12 cr to ₹ 98.28 cr during the period.

Caution protected.

ENA MANUFACTURE

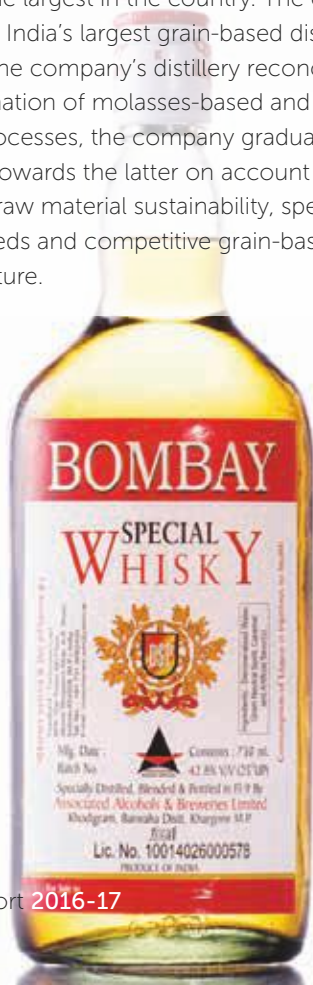
Our competitive advantage

ENGAGED IN DOUBLING
INSTALLED CAPACITY TO 7 CR
LITRES A YEAR IN THE COMING
YEARS

INCREASED PRODUCTION AFTER
HAVING ALREADY MARKETED THE
OUTPUT BASED ON EXISTING
ALLIANCE

PROPOSED PAYBACK OF LESS
THAN THREE YEARS

Associated Alcohols' grain-based distillery (installed capacity of more than 3 cr litres a year) is the largest in the country. The company is among India's largest grain-based distilleries. Even as the company's distillery reconciled a combination of molasses-based and grain-based processes, the company gradually evolved towards the latter on account of superior raw material sustainability, specific client needs and competitive grain-based manufacture.



OUR COMPETITIVE EDGE

The competitiveness of grain-based distillery was showcased through the following realities.

Enhanced quality: The grain-based process provides a robust foundation to make downstream products of superior quality

Increased flexibility: The grain-based process makes it possible to consume diverse feed (jowar, bajra, rich, maize and what), which generates a higher yield on account of superior starch content

Cleaner process: The plant can be run across all seasons; it generates zero discharge and is hence environmentally cleaner

Wealth from waste: The residue derived from the manufacturing process can be monetised and marketed as a byproduct

Productive: In general, a tonne of grain-based raw material generates about 400 litres of alcohol; a tonne of molasses generates 200 to 250 litres of alcohol

Resource-efficient: The grain-based process consumes a lower quantity of water, power and steam on account of a higher recycling potential

THE COMPANY'S EDGE

The company invested extensively in grain-based distillery operations, strengthening its competitive edge.

■ The grain-based distillery process stabilized product quality and helped the company service the growing needs of its largest multi-national customer for nearly two decades, the company evolving into a major-source supplier based on its quality edge

■ The company proactively invested in research-led efficiency, working with enzymes and cutting-edge global developments

■ The company extended from atmospheric distillation to a multi-pressure ENA plant in 2013, which moderated manufacturing cycle time, energy and steam consumption

■ The company exceeded nameplate throughput assurance by 7 per cent; capacity utilisation achieved 100 percent in the last three years; prudent equipment modification eliminated the use of jet cooker, moderating steam consumption

RESULT

The company has emerged as one of the most competitive grain-based ENA manufacturers in India today. The company is also one of the most attractively-located in terms of grain sourcing and end product supply; 90 per cent of the raw material consumed is sourced from the state; 60 per cent of the end product is marketed within the state; the Company is increasing its presence out of the state on a national level.

EXPANSION

The company is increasing its distillery capacity from 3 cr litres per annum to 7 cr litres per annum in the coming years. The company will consume 10 acres for this ₹ 80 cr expansion out of its available land parcel of 125 acres. The project is expected to be fully on stream starting 2020-21.

The capacity expansion will make it possible to double our ENA capacity with a 50 per cent increase in asset investment, strengthening our overall competitiveness.

The company intends to consume 60 per cent of the expanded ENA production in the manufacture of country liquor (captive value-addition), 20 per cent of the output in the manufacture of IMFL and the rest in merchant sales to a large customer. In view of this proposed material allocation, the incremental production is virtually pre-sold.

Following the expansion, the company expects to emerge as one of the largest ENA manufacturers in India with one of the lowest manufacturing costs, an effective volume-value play that will accelerate the company's competitiveness and profitability.

IN A NUTSHELL

- ESTABLISHED COMPETITIVENESS
- DOUBLING CAPACITY AT A NEGLIGIBLE CAPITAL COST PER LITRE
- INCREMENTAL OUTPUT VIRTUALLY PRE-SOLD
- PROMISES TO BE A CORPORATE GAME-CHANGER







OUR FORESEEABLE AGENDA

2016

Launch brands. Extend beyond Madhya Pradesh. Enhance production efficiency. Implement SAP. Integrate SOPs.

2017

Consolidate presence in new States. Increase branded liquor revenues. Enhance process efficiency. Grow business with less cash.

2018

Implement ENA expansion. Widen national presence. Accelerate branded product launch. Financially close expansion.

2019

Commission expansion of doubled ENA capacity.

2020-21

The first full year of the commissioning of the company's manufacturing facility

How we have transformed our personality over the last few years

- FROM A REGIONAL TO A NATIONAL PLAYER
- FROM MID-PRICING TO PREMIUMISATION
- FROM A CONVERTOR INTO A BRAND CREATOR
- FROM A PRODUCT INSOURCING COMPANY TO AN INSOURCING CUM OUTSOURCING COMPANY
- FROM DISTILLERIES AT DIFFERENT LOCATIONS TO AN INTEGRATED DISTILLERY LOCATION
- FROM A COMPLETE INDIA REVENUE FOCUS TO A COMPANY FOCUSING ON INDIA CUM EXPORTS
- FROM A BACK-END VENDOR OF A LARGE BRAND TO VENDOR CUM MARKET-FRONTING BRAND
- FROM RESOURCE OUTSOURCING TO COMPLETE INSOURCING

Transformation


From a regional to a national player

In 2016-17, the company was present in three states (Delhi, Madhya Pradesh and Rajasthan). In 2017-18, the company intends to be present in five additional states (Pondicherry, Kerala, Goa, Maharashtra and Chattisgarh).

The company derived only 7 per cent of its revenues from non-Madhya Pradesh states in 2015-16; this increased to 10 per cent in 2016-17 on larger revenues; this is likely to increase to 15 per cent in 2017-18 and even larger by 2020 with the objective to consume all ENA within (maximizing value-addition).







THE COMPANY EXPECTS THAT THE LAUNCH OF THE COMPETITIVELY-PRICED CENTRAL PROVINCE WHISKEY AND TITANIUM TRIPLE DISTILLED VODKA WILL PROGRESSIVELY CARVE OUT MARKET SHARE AND ENHANCED REALIZATIONS.

Transformation

From low-pricing to premiumisation

In 2016-17, 20 per cent of the company's revenues were derived from IMFL; only 3 per cent of IMFL revenues were premium. By 2020, the company expects to increase the proportion of IMFL revenues to 50 per cent; 50 per cent of the company's IMFL revenues are expected to be derived from premium varieties.

Going ahead, the company expects that the launch of the competitively-priced Central Province Whiskey and Titanium Triple Distilled Vodka will progressively carve out market share and enhanced realizations.

Transformation

From a convertor into a brand creator

The company is transforming from an efficient convertor for large and prominent global brands to a brand creator in its own right. The proportion of revenues from proprietary brands is expected to increase from 8 per cent in 2016-17 to 20 per cent by 2020.

The company expects to leverage a longstanding culture of high manufacturing competence benchmarked with global standards, established relationships with distributors and store owners, widening bouquet of brewery and liquor products (rum whiskey, gin and vodka) that enhances store visibility, and a strategy of extending progressively to non-Madhya Pradesh revenues.



Transformation

From vendor to vendor cum brand-driven company

The company intends to graduate from responsible vendorship to a combination of vendorship and brand-driven revenues. Concurrent with this transformation, the proportion of revenues derived from brands is likely to increase.

We believe that this progressive transition will de-risk the company at one and enhance competitiveness at the other. For one, ongoing vendorship will enhance revenues, margins and profit visibility in addition to exposing the company to world-class manufacturing standards; a gradual slant in branding will enhance value-addition while exposing the company to a desired risk appetite.

Transformation

From resource outsourcing to complete insourcing

In 2016-17, the company derived 60 per cent of its electricity needs from within through an investment in a high pressure turbine and generating power from exhaust (cogeneration). The remaining power needs were derived from a combination of solar energy and the state electricity grid.


The company intends to be more than self-sufficient for its electricity needs following its next expansion. This will moderate the cost of electricity on the hand and make it possible to manufacture cattle feed that consumes a large electricity quantum.

Transformation

From an ENA competence to a doubled ENA capacity

The company's production of about 3 cr litres of ENA per annum is one of the largest in the country. In the space of 3 years from end 2016-17, the company intends to double its ENA capacity.

This increased capacity will provide the company with a larger foundation to service the growing needs of its prominent customers who need resource security; besides, this broad-based capacity will provide the company the opportunity to manufacture of number of branded products. The doubled capacity will translate into attractive economies that reinforce the company's position as one of the most competitive ENA manufacturers in India.



Our business model

How we have selected to do business

THE CONTEXT

Transforming social mores

The social response to drinking has transformed dramatically in the last three decades than in the previous few centuries combined. It is more acceptable to drink today; it is more acceptable for family members to drink together; it is more acceptable for women to drink; there is a growing movement around responsible drinking.

Under-consumed

India is at the intersection of change in the area of liquor consumption. Even as the country is vastly under-consumed as far as liquor consumption is concerned, prevailing growth rate is higher than the rest of the world, indication positive traction towards the global average. This makes the country's liquor consuming market one of the most attractive in the world.

Demographic dividend

The force of driving change in India is its youth – the young earners. They are open to experimentation. A large population of the country is under the age of 35, the largest such cluster in the world. Besides, India is likely to retain its position as the world's largest pool of young earners across the decades, catalyzing its consumption-driven economy.

High-mortality business

The Indian liquor sector is a high-mortality business. Even as India may appear as one homogenous market, the reality is that India is an aggregation of a number of markets marked by diverse consumption preferences. The result is that in this business the usual strategy of large scale and mass marketing needs to be replaced with niche marketing around customized preferences.

Environmentally-sensitive

The Indian liquor manufacturing sector is marked by growing regulatory compliance. This makes it necessary to invest in cutting-edge technologies that eliminate effluents discharge and enhance business responsibility.

HOW WE RESPONDED

Strategic

Focus

The AABL management has selected to grow in contiguous spaces. Even as it will invest in proprietary branded products, it will do so while strengthening backward integration that continues to predictably provide volume-based revenues and margins to sustain a value-led play – while ensuring that the Balance Sheet remains largely under-borrowed.

Impeccable vendorship

The AABL management focused on strengthening its vendorship through adequate capacity, globally-benchmarked manufacturing facilities, credible practices and superior product quality. The company has been a multi-decade single-source vendor to one of the largest branded liquor multinationals operating in India, validating its credentials.

Multi-level integration

The AABL management selected to enhance competitiveness through the manufacture of ENA and downstream products as well as power cogeneration (60 per cent self-sufficiency to rise to 100 per cent following ENA capacity expansion). The company's portfolio also comprises a range of products – ENA, IMIL and IMFL – representing

a progression in value-addition and product diversity

Multi-feed security

The AABL management selected to invest in equipment that would accommodate multi-grain feedstock as opposed to relying on molasses. This decision widened the company's flexibility in being able to draw on diverse grain sources and moderate the impact of unforeseen cost increases by shifting from one grain source to another, particularly relevant in a business marked by a high raw material cost

Low carbon footprint

The company invested proactively to eliminate effluents discharge, winning the support of large marquee multinational customers at one end (in exchange for assured supply capability) and the support of its other stakeholders (bankers and neighbouring community), emerging as a model in a challenging business

Logistically-attractive Madhya Pradesh location

The company selected to locate its state-of-art-distillery complex about 50 kms from Indore. The state is equidistant from the largest ENA and liquor consuming markets of the country, strengthening logistical competitiveness.

Knowledge-led yield improvement

The company has progressively invested in its team to enhance ENA process efficiency to among the highest standards in the country in addition deriving more from less and enhancing product purity. This commitment made it possible for the company to be respected as a thought-leader in the country's distiller sector.

Footprint

The company has selected to grow its branded liquor footprint state-by-state as opposed to carpet bombing its presence.



OUR STRENGTHS

Our rich experience of four decades in the business. Our reputation of being an ethical company. Our rich pool of knowledge capital. Our enduring relationships with large distributors and retailers. Our impeccable environment compliance record. Our reputation as credible paymasters. Our high ENA quality, making us a trusted single-source vendor. Our enduring relationship with large marquee and demanding customers



INFRASTRUCTURE

Land bank

The company selected to invest in a large land bank (350 acres), representing a high operating leverage and economies of scale following the decision to expand out of the same location. The ₹ 80 cr ENA expansion (10 acres) is likely to be implemented at a considerably lower cost and time than if the location had been different and the project greenfield

Global technologies

The company selected to invest in cutting-edge manufacturing technologies with the dual objective of enhancing operating competitiveness (reflected in superior input-out ratios and declining manufacturing costs) and aligning environment compliance in line with established global benchmarks.

Network

Our branded products are available in MP, Delhi and Karnataka through a strong network of distributors and dealers catering to the growing needs of nearly retailers. The Company's sales and marketing team engage frequently with the retail trade to enhance product visibility, availability and offtake.

Human capital

Our team comprises about 300 experienced shopfloor workers, technologists and management professionals; over 70% of our employees have been with Company for ten years or more.

PRODUCT

Category range

The Company's offerings span the range of the alcohol-beverage spirits marked by multiple offerings in various categories catering to different price points. The Company has a balanced portfolio across the categories of whisky, rum, gin and vodka, among others.

Proactive process and product research

The company has invested extensively in product and process research. The result is that even as some manufacturing technologies were drawn from dedicated external specialists, the company worked on those to enhance efficiencies, making it possible for the plants to generate more than nameplate throughput (capacity utilization about 100 per cent, 2016-17, for instance).

Building block

The company selected to increase investments in grain-based ENA (over the molasses equivalent), deriving a superior product in line with the material requirements of marquee branded liquor customers, lower effluents discharge and lower material consumption (among other benefits).

OUTCOMES

Dispersed revenues streams

The company derived the largest proportion of revenues from IMIL sale (55%) even as we expect the proportion of revenues from ENA will increase (from 25% to 40%) as could the proportion of revenues from IMFL (from 8% to 20%).

Attractive debt-equity ratio

The company's gearing moderated from 2014 to 2017 even as interest cover strengthened from 3.33 to 10.58, a validation of its commitment to grow securely and sustainably.



How we market our products

STRENGTHS

The company is attractively and equidistantly located in India; the company can market products to all parts of the country with logistical economies; four large contiguous states have enhanced transportation efficiency.

The company is one of the few liquor companies to have evolved from the regional to the national across the last decade in a complex sector where each state is marked by regulatory challenges

The company is not just a responsible manufacturer marked by extensive regulatory and ethical compliances; the company is also an effective marketing company – a unique combination

The company has been a vendor to Diageo from the late Nineties, including consistent Smirnoff vendorship from 2002 onwards

Due to this longstanding association, we enjoy the reputation for marketing products in line with global benchmarks

The enduring Diageo vendorship has helped validate the company's spirit quality; the triple-distilled Smirnoff quality is a benchmark; the company is the single-source supplier (achievement) of this prestigious brand to Diageo for more than a decade.



THE COMPANY IS NOT JUST A RESPONSIBLE MANUFACTURER MARKED BY EXTENSIVE REGULATORY AND ETHICAL COMPLIANCES; THE COMPANY IS ALSO AN EFFECTIVE MARKETING COMPANY – A UNIQUE COMBINATION





THE UNIVERSE OF PURE





ASSOCIATED ALCOHOLS & BREWERIES LTD.

Registered office:

106A, Shyam Bazar, Street Kolkata – 700 005

CIN: L15520WB1989PLC047211

Notice

NOTICE IS HEREBY GIVEN that the 28th Annual General Meeting of the members of Associated Alcohols & Breweries Limited will be held on **Saturday, August 05, 2017 at 10:00 AM** at Shripati Singhania Hall, 'Rotary Sadan, 94/2, Chowranghee Road, Kolkata-700020 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements together with Directors Report as also the Auditors Report thereon for the year ended March 31, 2017.
2. To declare dividend on Equity Shares for the financial year ending 31st March, 2017
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provision of section 139, 142 and other applicable provisions of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, and pursuant to recommendation of the Audit Committee of the Board of Directors M/s. Singhi & Co, Chartered Accountants registered with Institute of Chartered Accountants of India (ICAI) vide registration number FRN302049E, be and are hereby appointed as Statutory Auditors of the Company (in place of M/s B.K. Agrawal & Company & M/s M.D. Agrawal & Company, the retiring Auditors) for a term of five years commencing from the financial year ending March 31, 2018 to hold office from the conclusion of the 28th Annual General Meeting until the conclusion of 33rd Annual General Meeting (subject to ratification of their appointment by the members at every intervening Annual General Meeting held after this Annual General Meeting) on such remuneration plus applicable taxes, out of pocket expenses if any, and that such remuneration

may be paid on a progressive billing basis as may be agreed upon between the auditors and the Board of Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors of the company (including its Committee thereof) and / or Mr. Sumit Jaitely, Company Secretary be and are hereby severally authorised to do all such acts and take all such steps as may be considered necessary, proper or expedient to give effect to this resolution."

SPECIAL BUSINESS

4. Appointment of Mr. Tushar Bhandari (DIN:03583114) as Whole Time Director of the Company for a period of 5 years

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded for the appointment of Mr. Tushar Bhandari (DIN: 03583114) as a Whole-time Director, of the Company, for a period of 5 (Five) years with effect from 05th January, 2017 on the terms and conditions including remuneration as set out in the Statement

annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration as it may deemed and as may be acceptable to Mr. Tushar Bhandari, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof; the company has received a notice in writing from a member proposing his candidature for the office of director.

RESOLVED FURTHER THAT the Board be and is hereby authorised, to do all acts, and take all such steps as may be necessary for the purpose of giving effect to the aforesaid resolution along with filing of necessary forms and return of appointment with the Registrar of Companies."

5. Appointment of Mrs. Abhijit Nagee (DIN: 07724108) as Independent Director of the company.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of sections

149,152,169 and other applicable provisions if any, of the Companies Act, 2013 read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 and as per SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 Mrs. Abhijit Nagee (DIN:07724108), who was appointed as an Additional Director of the company and in respect of whom the company has received a notice in writing from a member proposing her candidature for the office of director, and who has submitted a declaration that she meets the criteria for independence as provided in section 149(6) of the act and who is eligible for appointment, be and is hereby appointed as an Independent Director not liable to retire by rotation of the company to hold office for a term of 3 (three) consecutive years.

By Order of the Board of Directors

Place: Indore

Date: 26th May, 2017

Sumit Jaitely

Company Secretary

FCS 9194

Registered office

106A, Shyam Bazar, Street, Kolkata – 700 005

CIN: L15520WB1989PLC047211

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out the material facts and reasons for the proposed resolutions at Item Nos. 4 to 5 above, are appended herein for your consideration.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF/ HERSELF. AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

A person can act as a proxy on behalf of a member not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person/ shareholder.

3. The instrument of proxy in order to be effective must

be received by the company not less than 48 hours before the commencement of the meeting. A proxy so appointed shall not have any right to speak at the meeting. A Proxy Form is attached here to.

4. Corporate members intended to send their authorised representative to attend the meeting are requested to send to the company a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. The relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 11 a.m. to 1 p.m. on all working days except Saturdays, Sundays and public holidays, up to the date of the Annual General Meeting.
6. Members/Proxies/Authorised Representatives are requested to bring the Attendance Slip duly filled in for attending the meeting and also their copy of the Annual Report.
7. The Register of Directors and Key Managerial Personnel

and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM

8. The Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
9. The Register of Members and Share Transfer Books will remain closed from 31st July, 2017 to 05th August, 2017 for the purpose of payment of the dividend for the financial year ended March 31, 2017 and the AGM
10. Subject to the provisions of the companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the AGM, will be paid within a period of 30 days from the date of declaration, to those members whose names appear on the Register of Members as on 05th August, 2017.
11. Members whose shareholding is in electronic mode are requested to direct change of address notifications and updates of saving bank account details to their respective Depository Participant (s). Members are encouraged to utilize the Electronic Clearing System(ECS) for receiving dividends. A ECS Mandate Form is attached here to.
12. Members are requested to address all correspondence, including dividend-related correspondence, to the Registrar and Transfer Agent, M/s Ankit Consultancy Private Limited, Unit; Associated Alcohols & Breweries Ltd. 60, Electronic Complex, Pardeshipura, Indore – 452010.
13. With a view to using natural resource responsibly, we request shareholders to update their email address with their Depository Participant to enable the company to send communication electronically.
14. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) amendment Rules 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by the Central Depository Securities Limited. The facilities to voting through ballot paper will also be made available at the AGM and members attending the AGM, who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to AGM may attend the AGM but shall not be entitled to cast their votes again. The instructions for e-voting are annexed to the Notice.
15. The Annual Report 2016-17, the Notice of the 28th AGM and instruction for e-voting, along with the attendance slip and proxy form, are being sent by electronic mode to all members whose email address are registered with the company / Depository Participant(s), unless a member has requested for a physical copy of the documents. For members who have not registered their e-mail address, physical copies of the documents are being sent by the permitted mode.
16. Members may also note that the Notice of the 28th AGM and the Annual Report 2016-17 will be available on the Company's website, www.associatedalcohols.com. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at investorrelations@aabl.in.
17. Additional information, pursuant to regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of the directors seeking appointment/re-appointment at the AGM, is furnished as annexure to the Notice. The directors have furnished consent/declaration for their appointment/re-appointment as required under the Companies Act, 2013 and the rules made thereunder.
18. The Security Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding share in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Member holding share in physical form are required to submit their PAN details to the Company's Registrar and Transfer Agent viz. Ankit Consultancy Pvt. Limited, 60, Electronic Complex, Pardeshipura, Indore – 452010.
19. E-voting: The e-voting instructions for members receiving an e-mail or a physical copy of this notice of Annual General Meeting are as under:

Instructions for E-Voting

- (i) The voting period begins on Tuesday 01st August, 2017 at 09:00 AM (IST) and ends on Friday 04th August, 2017 at 05:00 PM (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 29th July,

2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders.

(iv) Now Enter your User ID

- For CDSL: 16 digits beneficiary ID,
- For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.
	<ul style="list-style-type: none"> In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
	<ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

NOTE: Please Keep the sequence number in safe custody.

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for Associated Alcohols & Breweries Limited on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the

instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Other Instructions

- (1) The Chairman shall, at the AGM at the end of discussion on the resolution on which voting is to be held, allow voting with the assistance of the scrutinizer, by use of "poling Paper" for all those member who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- (2) Mr. Arun Kumar Khandelia, Practicing Company Secretary (CP No. 2270), has been appointed as the Scrutinizer to scrutinize the e-voting process as well as the voting by way of poll, to be conducted at the Annual General Meeting, in a fair and transparent manner.
- (3) The results declared along with the Scrutinizer's report shall be communicated to BSE Limited and made available on the Company's website viz.: www.associatedalcohols.com and website of CDSN: www.evotingindia.com within two days of passing of the resolutions at the Annual General Meeting of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.

Item No. 4

On 05th January, 2017 Mr. Ashish Kumar Gadia has resigned and the Board on the recommendation of the Nomination & Remuneration Committee has shouldered the responsibilities to Mr. Tushar Bhandari who was acting as CFO till date

Mr. Tushar Bhandari who was appointed as additional director in the mid of the year was designated as Whole Time Director upto the ensuing General Meeting whose tenure will further be confirmed subject to approval of shareholders in the meeting.

Mr. Tushar Bhandari is an MBA with specialization in finance having 7+ years of experience. He was working as Investment Banker prior joining the core team of Associated Alcohols & Breweries Ltd.

The terms and condition of appointment of Mr. Tushar Bhandari and detail of remuneration as specified in the agreement entered into with him are as follows.

- (a) Salary: ₹1,31,000/- (Rupees One Lakhs thirty one thousand only) per month with the annual increment.
- (b) Perquisites & Allowance: The perquisites and allowances shall include House Rent Allowances, Medical Allowances and Leave Travel concession
- (c) For the purpose of calculating the above ceiling, the perquisites shall be evaluated as per the Income-Tax Rules, 1962, wherever applicable.

Reimbursement and other facilities not considered as perquisites

- (i) Reimbursement of expenses incurred for travelling, boarding and lodging during business trips, expenses of telephone at residence and cell phone.
- (ii) Provision of car with driver.
- (iii) The Whole-time Director shall be entitled to Company's contribution to Provident Fund, Superannuation Fund, benefits of Gratuity and Pension Scheme for Senior Management Staff, earned leave and encashment of earned leave at the end of the tenure and long service awards, as per the rules of the Company. These shall not be included in the computation of perquisites.
- (d) No sitting fees shall be payable for attending the Board meeting or committee meeting thereof.

The company has received notice in writing from member along with the deposit of requisite amount under section

160 of the Companies Act, 2013 proposing the candidature of Mr. Tushar Bhandari

None of the Directors / Key Managerial Personnel of the company and their relatives is in any way concerned or interested, financial or otherwise, in the resolution set out in item no. 4.

The Board recommends the ordinary resolution as set out in Item No. 4 of the Notice for approval.

Item No. 5

In terms of section 161 of the Companies Act, 2013 and on the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the company at its meeting held on 04th February, 2017 appointed Mrs. Abhijit Nagee (DIN:07724108) as an Additional Director (Non-Executive Independent) and she hold office up to the date of ensuing Annual General Meeting.

Mrs. Abhijit Nagee has given a declaration that she met the criteria for Independence and is not disqualified from being appointed as Director and given her consent to act as Director.

In the opinion of the Board Mrs. Abhijit Nagee fulfills the condition specified in the Companies Act, 2013 and the Rules framed thereunder and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and she is Independent to the management.

The company has received notice in writing from member along with the deposit of requisite amount under section 160 of the Companies Act, 2013 proposing the candidature of Mrs. Abhijit Nagee.

Mrs. Abhijit Nagee is an Associate Member of the Institute of Company Secretaries of India and she holds master degree in Commerce. Mrs. Nagee has rich experience in the legal compliance relating to ROC, RD, NCLT, RBI, Stock Exchange, SEBI and other regulatory /government authorities.

None of the Directors / Key Managerial Personnel of the company and their relatives is in any way concerned or interested, financial or otherwise, in the resolution set out in item no. 5, except to the extent of sitting fee for attending the Board and other meetings from time to time payable to him.

The Board recommends the ordinary resolution as set out in Item No. 5 of the Notice for approval.

DETAIL IN PURSUANCE OF REGULATION 36 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 OF DIRECTORS/PERSONS SEEKING APPOINTMENT/ RE-APPOINTMENT AT THIS ANNUAL GENERAL MEETING.

Name of the Director	Mr. Tushar Bhandari	Mrs. Abhijit Nagee
Date of Birth	12.07.1981	13.09.1989
DIN	03583114	07724108
Date of Appointment on the Board	05.01.2017	04.02.2017
Qualifications	MBA	Master Degree in Commerce & Company Secretary
Experience and Expertise	7+ years of experience as an Investment Banker prior joining the core team of Associated Alcohols & Breweries Ltd. and having specialization in finance.	She has rich experience in the legal compliance relating to ROC, RD, NCLT, RBI, Stock Exchange, SEBI and other regulatory /government authorities.
No. of meetings of Board attended during the year.	2	1
List of Directorship/Membership/ Chairmanship of Committees of other Board.	Nil	Nil
Shareholding in AABL (Equity)	4868	Nil
Relationship with other directors, managers, and other Key Managerial Personnel of the company.	N.A.	N.A.
Terms & conditions of appointment or re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person.	As per Nomination and Remuneration Policy of the Company and terms of agreement with Whole Time Director, are displayed on the company's website viz. www.associatedalcohols.com	As per Nomination and Remuneration Policy of the Company for Independent Director as displayed on the company's website viz. www.associatedalcohols.com

By Order of the Board of Directors

Place: Indore
Date: 26th May, 2017

Sumit Jaitely
Company Secretary
FCS 9194

Registered office

106A, Shyam Bazar, Street, Kolkata – 700 005
CIN: L15520WB1989PLC047211

The route map for the venue of AGM



Statutory Section

Directors' Report

Dear members

Your Directors have pleasure in presenting their 28th Annual Report together with the Audited Accounts and Auditor's Report of the Company for the year ended on 31st March, 2017.

FINANCIAL RESULTS

(₹ in Lakhs)		
Particulars	2016-2017	2015-2016
Turnover	29646.53	28752.40
Profit/(Loss) before Interest, Depreciation & Tax	4272.43	3865.40
Less: Interest	404.01	518.96
Profit before Depreciation	3868.42	3346.44
Less: Depreciation	1094.77	1034.16
Profit / (Loss) before Tax	2773.63	2312.28
Provision of Tax	1035.78	883.13
Net Profit/Loss	1737.86	1429.15
APPROPRIATIONS		
General Reserve	100.00	100.00
Proposed Dividend	180.79	90.40
Tax on Dividend	36.80	18.40
Amount carried to next year	6967.62	5329.76

FINANCIAL PERFORMANCE

Your Company reported a top line growth of 3.11% over the previous year and has achieved a turnover of ₹29646.53 lakhs in the current year against ₹28752.40 lakhs in the previous year, inspite of adverse market scenario of the industry.

Earnings Before Interest Depreciation & Tax (EBIDTA) for the year stood at ₹4272.43 lakhs, an increase of 10.53% from ₹3865.40 lakhs in the previous year. Operating Profit before tax (PBT) stood at ₹2773.63 lakhs an increase on 19.95% from ₹2312.28 lakhs in the previous year & the net profit for the year was ₹1737.86 lakhs as against ₹1429.15 lakhs in the previous year.

The company continues to retain and reinforce its market leadership in the allocated segments in which it operates.

There are no material changes or commitments affecting the financial position of the company, which have occurred between the end of the financial year and the date of this report.

SHARE CAPITAL

The paid-up equity share capital of the company as at March 31, 2017 stood at ₹1807.92 lakhs divided into 18079200 equity shares of ₹10/- each. During the previous year 2015-16 the company has allotted 9039600 Bonus shares as fully

paid up equity share of face value ₹10/- in the proportion of 1:1 pursuant to approval by the shareholders.

DIVIDEND

Your directors have pleasure in recommending dividend for approval of the members at the Annual General Meeting a dividend of 10% i.e ₹1.00/- each (previous year 5% i.e. ₹0.50/- each) on 18079200 Equity Shares of face value of ₹10/- each the aggregate amount being ₹180.79 Lakhs

DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 134(5) of the Companies Act, 2013 the Directors confirm that:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed.
- that 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, 2017 and of its profit for the year ended on that date.
- that 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.
- that the annual financial statements have been prepared on a going concern basis.
- that the directors had laid down internal financial control to be followed by the company and that such internal financial control is adequate and were operating effectively.
- that the director had devised proper system to ensure compliance with the provision of all applicable laws and that such system were adequate and operating effectively.

COMPOSITION OF BOARD

The Board of Directors has elevated Mr. Tushar Bhandari (DIN: 03583114) who was acting as CFO till date and appointed him as additional director designated as whole-time director w.e.f. 05th January, 2017 for period of 5 years subject to approval of members in the ensuing general meeting. In terms of section 161 of the Companies Act, 2013 Mr. Tushar Bhandari holds office upto the date of ensuing AGM. The company has received a notice in writing from a member proposing his candidature

The Board of Directors has also appointed Mrs. Abhijit Nagee (DIN: 07724108) as an additional director designated as Independent Director w.e.f. 04th February, 2017 for a period of 3 years. In terms of section 161 of the Companies Act, 2013 Mrs. Abhijit Nagee holds office upto the date of ensuing AGM. The company has received a notice in writing from a member proposing her candidature

Mr. Ashish Kumar Gadia (DIN: 00736991) resigned as Whole Time Director of the company w.e.f. 05th January, 2017. The Board has placed on record its sincere appreciation and gratitude for contribution made by him during his tenure as Whole Time Director

The Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its fiduciary responsibilities thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure. The Board has constituted Audit Committee, Stakeholder Relationship Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee.

DECLARATION BY INDEPENDENT DIRECTORS

Necessary declarations have been obtained from all the Independent Directors under sub section (7) of section 149 of the Companies Act, 2013.

KEY MANAGERIAL PERSONNEL

During the period under review Mr. Ashish Kumar Gadia (DIN: 00736991) has resigned on 05th January, 2017 and the Board on the recommendation of the Nomination & Remuneration Committee has shouldered the responsibilities to Mr. Tushar Bhandari (DIN: 03583114) as whole time director from 05th January, 2017 who was acting as CFO till date and he resigned from post of CFO. The Board at its meeting held on 26th May, 2017 appointed Mr. Sanjay Kumar Tibrewal as Chief Financial Officer (CFO) of the company.

MEETING

During the year Eight Board Meetings, Four Audit Committee, Eleven Stakeholders Relationship committee, Three Nomination & Remuneration Committee and Two CSR Committee Meeting were convened and held.

PERFORMANCE EVALUATION OF BOARD, COMMITTEES & DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and the Regulation 25 SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015, the Board of Directors adopted a formal mechanism for evaluating its performance and as well as that of its committees and individual Directors.

The Directors were satisfied with the evaluation results, which reflected overall engagement of the Board and its Committees with the Company.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

As part of its initiatives under "Corporate Social Responsibility" (CSR), the company has constituted Corporate Social Responsibility Committee. The CSR Committee has framed the CSR policy of the company. As the Committee was unable to get user / activities identified, hence the company has not spent any amount for CSR activities during the year.

Annual Report on CSR activities is annexed herewith as: "Annexure B"

CORPORATE GOVERNANCE

The Company has complied with the mandatory provisions of Corporate Governance as prescribed in the Regulation 27 of the SEBI (LODR) Regulations, 2015 as applicable to the Company. A separate report on Corporate Governance and Auditors Report there on are included as part of the Annual Report.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered during the financial year were on an arm's length basis and were in the ordinary course of business and that the provision of section 188 of the Companies Act, 2013 and the Rules made thereunder are not attracted. Thus, disclosure in form AOC-2 in terms of section 134 of the Companies Act, 2013 is not required. Further there is no material related party transaction during the year under review with the Promoter, Directors or Key Managerial Personnel

All related party transactions are places before the Audit Committee as also the Board of Directors for approval. Omnibus approval was obtained on a yearly basis for transactions which are repetitive in nature.

RISK MANAGEMENT AND ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company's system of financial and compliance controls with reference to the financial statements and risk management is embedded in the business process by which the Company pursues its objectives.

Management is responsible for establishing and maintaining adequate disclosure controls and procedures and adequate internal controls over financial reporting with respect to financial statements besides its effectiveness in the context of applicable regulations. However, the Company as evident from the nature of its business has deposited cash amounting to ₹1360.21 Lakhs, mainly consisting of cash sales collections and other receipts, in its bank accounts during 9th November 2016 to 30th December 2016. During the course of enquiry of such deposits by Income-tax authorities, the company was unable to furnish confirmations to the satisfaction of the Income-tax authorities for a sum of ₹100 Lakhs. Therefore, in the month of March 2017, in order to avoid harsher tax consequences and unwarranted future litigation, the company has declared a sum of ₹100 Lakhs, received in part payment of 'Other Receivables' and deposited in bank account, as undisclosed income under the Pradhan Mantri Garib Kalyan Yojana, 2016 (PMGKY 2016) and paid applicable tax thereon.

The Internal Auditor, the Audit Committee as well as the Board of Directors conduct from time to time an evaluation of the adequacy and effectiveness of the system of internal controls for financial reporting with respect to financial statements.

AUDITORS

The term of office of M/s B.K. Agrawal & Company & M/s M.D. Agrawal & Company as Statutory Auditors of the company will expire with the conclusion of forthcoming Annual General Meeting of the company. M/s B.K. Agrawal & Company & M/s M.D. Agrawal & Company has been Statutory Auditors of your company from last several years.

The Board of Directors of the company have, subject to approval of the members, decided to make change in the Statutory Auditors. This Change in order to remain at the forefront of good governance and in recognition of regulatory changes.

A resolution proposing appointment of M/s Singhi & Co. Chartered Accountants, Kolkata (FRN302049E) as the Statutory Auditors of the company pursuant to section 139 of the Companies Act, 2013 forms part of the Notice.

M/s B.K. Agrawal & Company & M/s M.D. Agrawal & Company, over many years, have successfully met the challenge that the size and scale of the company's operations pose for auditor's and have maintained the highest level of governance, rigour and quality in their audit. The Board places on record its appreciation for the services rendered by them as the statutory auditors of the company.

SECRETARIAL AUDIT

As required under section 204(1) of the companies Act, 2013 and the Companies (Appointment and Remuneration of management Personnel) Rules, 2014 the Company has appointed M/s K. Arun & Co. (Company Secretaries) Kolkata, as Secretarial Auditor of the company. Secretarial Audit report is annexed herewith as "Annexure C"

EXTRACT OF ANNUAL RETURN

The detail forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure D"

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO

Information required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Account) Rules, 2014 with respect to conservation of energy, technology absorption and foreign exchange earnings/outgo is appended hereto as "Annexure E" and forms part of this report.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The particulars of Loans, Guarantees and Investment in pursuance to Section 186 of the Companies Act, 2013 are given in the Notes to the financial statements.

FIXED DEPOSITS

During the year your company has not accepted any deposit from public under Section 73 of the Companies Act, 2013 and Companies (Acceptance of Deposit) Rules, 2014.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from its subsidiary.

- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- During the year under review, there were no cases filed or reported pursuant to the sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURE

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.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed hereto as 'Annexure - A' and forms part of this report

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The company has a Vigil Mechanism/Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The details of the policy is explained in the corporate Governance Report and also posted on the website of the company.

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

Tushar Bhandari

Director

DIN: 03583114

Place: Indore

Dated: 26th May, 2017

Nitin Tibrewal

Director

DIN: 01892892

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULES 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

I. The remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17 are as under:

(₹ in Lakhs)

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for Financial Year 2016-17	% increase in Remuneration in the Financial Year 2016-17
1	Mr. Ashish Kumar Gadia*, Whole Time Director	3.68	NA
2	Mr. Manish Kumar Tibrewal, Non Executive Director	Nil	Nil
3	Mr. Nitin Tibrewal, Non Executive Director	Nil	Nil
4	Mrs. Dishita Tibrewal, Non Executive Director	Nil	Nil
5	Mrs. Abhijit Nagee, Non Executive Director	Nil	Nil
6	Mr. Tushar Bhandari**, CFO/WTB	10.21	Nil
7	Mr. Sumit Jaitely, Company Secretary	7.56	10%

* Mr. Ashish Kumar Gadia Stepped down on 05.01.2017 from post of Whole Time Director

** Mr. Tushar Bhandari appointed as additional director designated as whole time director and stepped down from post of chief financial officer on 05.01.2017.

II. There were 270 permanent employees on the roll of the company as on 31st March, 2017

III. Median Remuneration of the employee of the Company during the financial year was ₹1.50 Lakh.

IV. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2016-17 was 8%.

V. The parameters for the variable component of remuneration availed by the directors are considered by the board of directors based on the recommendation of Nomination and Remuneration Committee as per the Remuneration Policy of the Directors, Key managerial personnel and other employees.

VI. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for the Directors, key managerial Personnel and other employees.

STATEMENT OF PARTICULARS OF EMPLOYEE PURSUANT TO PROVISIONS OF SECTION 197(12) OF

THE COMPANIES ACT, 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 EMPLOYED THROUGHOUT THE FINANCIAL YEAR 2016-17

Name Age Qualification Designation Date of Commencement of the employment Experience (Years) Gross Remuneration Previous Employment Previous Designation

Mr. Anand Kumar Kedia, 52, Post Graduate in Commerce, Chairman – Business Promotion & Development, 01/04/1990, 27 years, ₹353.70 Lakh, Mr. Prasann Kumar Kedia, 45, MBA, Vice Chairman – Operation & Business Development, 01/04/1994, 23 years, ₹348.90 Lakh.

Tushar Bhandari

Director

DIN: 03583114

Place: Indore

Dated: 26th May, 2017

Nitin Tibrewal

Director

DIN: 01892892

ANNUAL REPORT DETAILS ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. CSR Policy & Philosophy

AABL is committed to operate and grow its business in a socially responsible way with a vision to be an environmental friendly corporate citizen. The Company is committed to Social service, ecological balance and environmental protection, AABL has taken up various Corporate Social Responsibility (CSR) initiatives earlier and will continue to do so in future.

CSR activities at AABL reflect its commitment to make things happen at every project we undertake.

Our passion in these activities make us more responsible year after year. As a responsible corporate citizen, we try to contribute for possible social, educational and environmental causes on a regular basis. We firmly believe that to succeed, an organization must maintain highest standards of corporate behavior towards its investors, stakeholders, employees and societies in which it operates.

Constitution of a Corporate Social Responsibility Committee of the Board and formulation of a Corporate Social Responsibility Policy has become mandatory under the Companies Act, 2013. Accordingly, our Company has formulated this CSR Policy which encompasses its philosophy and guides its sustained efforts for undertaking and supporting socially useful programs.

2. CSR Vision

Improve quality of life for all our communities through integrated and sustainable development in every possible way.

3. Constitution of CSR Committee

In terms of section 135 of the Companies Act, 2013 and the Rules made thereunder, Board of Directors of the Company at its meeting held on 04th April, 2014 has constituted a CSR

Committee and the following are its members;

Sr. No.	Name	Status	Designation
1	Mr. Tushar Bhandari	Executive Director	Chairman
2	Mr. Nitin Tibrewal	Independent Director	Member
3	Mr. Manish Kumar Tibrewal	Independent Director	Member

- Average Net Profit of the Company for last three financial years: ₹1749.00 Lakh
- Prescribed CSR Expenditure (Two percent of amount as in item no. 4 above): ₹34.98 Lakh
- Detail of CSR spends for the financial year:
 - Total Amount Spent for the Financial Year: NIL
 - Amount Unspent if any: ₹34.98 Lakh
 - Manner in which the amount spent during the financial year: NA
- Reason for amount unspent: The company is at verge of finalization of Projects in the identifiable areas and hopeful for execution of the same in the coming year.

Tushar Bhandari

Director

DIN: 03583114

Place: Indore

Dated: 26th May, 2017

Nitin Tibrewal

Director

DIN: 01892892

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st Day of March, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2015]

To,
The Members,

Associated Alcohols & Breweries Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Associated Alcohols & Breweries Limited (hereinafter called "the Company"). The Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion the Company has, during the audit period covering the financial year ended 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2017 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. The following Regulations (as amended from time to time) and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

V. The following Industry Specific law(s):

- a. Madhya Pradesh Excise Act, 1915 and Madhya Distillery Rules, 1995.

We have also examined the compliance by the company of the following statutory provisions/standards/regulations:

- a. The uniform Listing Agreements entered into by the Company, with BSE Limited;
- b. The Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- c. The Secretarial Standards (SS - 1 and SS - 2) issued by the Institute of Company Secretaries of India.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors, Independent Directors and a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Adequate Notice is given to all Directors to schedule the Board/Committee meetings. Information and circulation of the agenda with detailed information thereof, convening of meetings was done in compliance with the applicable laws, rules, regulations and guidelines, etc. A system exists for seeking and obtaining further information and clarifications

on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines as also represented by the management.

We further report that during the period under review Mr. Tushar Bhandari resigned from the post of Chief Financial Officer of the company w.e.f 05.01.2017. Further, the

company is in a process to appoint a Chief Financial Officer in due course.

For K. Arun & Co
Company Secretaries

Minu Tulsian

Partner

C.P. No.: 16669

Place: Kolkata
Date: 26.05.2017

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
AS ON FINANCIAL YEAR ENDED ON 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1)
of the Company (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

I	CIN	L15520WB1989PLC047211
II	Registration Date	07.07.1989
III	Name of the Company	Associated Alcohols & Breweries Limited
IV	Category/Sub-category of the Company	Limited by Shares
V	Address of the Registered office & contact details	106A, Shyam Bazar Street, 1st Floor, Kolkata - 700005 (W.B) E-mail – cs@aabl.in Ph. No. +91 81000 11422,
VI	Whether listed company	Yes
VII	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Ankit Consultancy Pvt. Ltd. 60, Electronic Complex, Pardeshipura, Indore - 452010 Ph. (0731) 2551745,2551746 E-mail: ankit_4321@yahoo.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Liquor	11012	100

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl No	Name & Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% Of shares Held	Applicable Section
NA	NA	NA	NA	NA	

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

I Category wise Shareholders

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	10566440	Nil	10566440	58.45	10566440	Nil	10566440	58.45	Nil
b) Central Govt.or State Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Bodies Corporates	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bank/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL:(A) (1)	10566440	Nil	10566440	58.45	10566440	Nil	10566440	58.45	Nil
(2) Foreign									
a) NRI- Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other...	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL (A) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	10566440	Nil	10566440	58.45	10566440	Nil	10566440	58.45	Nil
B. PUBLIC SHAREHOLDING									
(1). Institution									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks/FI	Nil	2400	2400	0.01	Nil	2400	2400	0.01	Nil
c) Central govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Fund	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIIS	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds/Foreign Portfolio investor	Nil	Nil	Nil	Nil	125127	Nil	125127	0.69	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL (B)(1):	Nil	2400	2400	0.01	125127	2400	127527	0.70	0.69
(2) Non Institutions									
a) Bodies corporates	3727833	89400	3817233	21.11	3429559	82400	3511959	19.43	1.68
i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakhs	1657515	1080000	2737515	15.14	1587232	971800	2559034	14.15	-0.99
ii) Individuals shareholders holding nominal share capital in excess of ₹1 lakhs	697143	84800	781943	4.33	1034235	84800	1119035	6.19	1.86
c) Others (NRI/OCB)	37500	124200	161700	0.89	51885	122000	173885	0.96	-0.07
d) Any other (clearing member)	11969	Nil	11969	0.07	21320	Nil	21320	0.12	-0.05

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
SUB TOTAL (B)(2):	6131960	1378400	7510360	41.54	6124233	1261000	7385233	40.85	0.69
Total Public Shareholding (B)= (B)(1)+(B)(2)	6131960	1380800	7512760	41.55	6249360	1263400	7512760	41.55	Nil
C. Shares held by Custodian for									
GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	16698400	1380800	18079200	100	16815800	1263400	18079200	100	Nil

II. Promoters Shareholding

Sl. No.	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Chang in share-holding during the year
		No. of Shares	% of total shares of the company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total shares of the company	% of Shares pledged/ encumbered to total shares	
1	Ram Dulari Kedia	1971600	10.91	Nil	1971600	10.91	Nil	Nil
2	Shweta Kedia	1542000	8.53	Nil	1542000	8.53	Nil	Nil
3	Sangita Kedia	1486400	8.22	Nil	1486400	8.22	Nil	Nil
4	Prasann Kumar Kedia	956200	5.29	Nil	956200	5.29	Nil	Nil
5	Anshuman Kedia	903800	5.00	Nil	903800	5.00	Nil	Nil
6	Prasann Kumar Kedia HUF	896600	4.96	Nil	896600	4.96	Nil	Nil
7	Bhagwati Prasad Prasann kumar HUF	789640	4.37	Nil	789640	4.37	Nil	Nil
8	Anand Kumar Kedia	727400	4.02	Nil	727400	4.02	Nil	Nil
9	Bhagwati Prasad kedia HUF	492400	2.72	Nil	492400	2.72	Nil	Nil
10	Ram Dulari Anand Kumar HUF	480000	2.66	Nil	480000	2.66	Nil	Nil
11	Anand kumar Kedia HUF	320400	1.77	Nil	320400	1.77	Nil	Nil
	Total	10566440	58.45	Nil	10566440	58.45	Nil	Nil

(III) Change in promoters' shareholding (please Specify, if there is no change)

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
At the beginning of the year	10566440	58.45	10566440	58.45
Date wise increase/Decrease in Promoters share holding during the year specifying the reasons for increase/ Decrease(e.g. allotment/transfer /bonus/ Sweat equity shares etc.				
At the end of the year	10566440	58.45	10566440	58.45

(IV) Shareholding pattern of top ten shareholders (other than Directors, promoters and Holders of GDRs and ADRs)

Sl. No	For each of the top 10 Shareholders of the year	Shareholding at the beginning of the year		Shareholding at the End of the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Garnet Tradelink Private Limited	1800000	9.96	1665000	9.21
2	Attic Dealcom Private Limited	1372366	7.59	1316890	7.28
3	Suniket Developers Private Limited	109975	0.61	0	0.00
4	Pritty Devi Sarawagi	81210	0.45	80160	0.44
5	Manoj Kumar Bhura (Huf)	67400	0.37	70900	0.39
6	Rashmi Tibrewal	67390	0.37	43350	0.23
7	Gayatri Devi Tibrewal	53902	0.30	53852	0.30
8	Suresh Kumar Poddar	50028	0.28	48628	0.27
9	Upendra Amin	46000	0.25	46000	0.25
10	Jyotshna Amin	46000	0.25	46000	0.25
11	Manoj Kumar Bhura	45932	0.25	45932	0.25
12	Arihant Capital Mkt. Ltd	39625	0.22	0	0.00
13	Jay Bharat Holding Pvt.ltd.	22600	0.13	22600	0.13
14	Ajit B. Jain	19400	0.11	19400	0.11

(V) Shareholding of Directors & KMP

Sl. No	For Each of the Directors & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Ashish Kumar Gadia				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise increase/decrease in Share holding during the year.	–	–	–	–
	At the end of the year	Nil	Nil	Nil	Nil
2	Nitin Tibrewal				
	At the beginning of the year	200	0.00	200	0.00
	Date wise increase/decrease in Share holding during the year.	–	–	–	–
	At the end of the year	200	0.00	200	0.00
3	Manish Kumar Tibrewal				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise increase/decrease in Share holding during the year.	–	–	–	–
	At the end of the year	Nil	Nil	Nil	Nil
4	Tushar Bhandari				
	At the beginning of the year	4368	0.024	4368	0.024
	Date wise increase/decrease in Share holding during the year.	–	–	–	–
	At the end of the year	4368	0.024	4368	0.024
5	Dishita Tibrewal				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise increase/decrease in Share holding during the year.	–	–	–	–
	At the end of the year	Nil	Nil	Nil	Nil
6	Abhijit Nagee				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise increase/decrease in Share holding during the year.	–	–	–	–
	At the end of the year	Nil	Nil	Nil	Nil
7	Sumit Jaitely				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise increase/decrease in Share holding during the year.	–	–	–	–
	At the end of the year	Nil	Nil	Nil	Nil

V INDEBTEDNESS

₹ in Lakh

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3591.85	278.63	–	3870.48
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	3591.85	278.63		3870.48
Change in Indebtedness during the financial year				
Additions	180.87	0.00	–	180.87
Reduction	(603.57)	(278.63)	–	(882.20)
Net Change	(422.70)	(278.63)	–	(701.33)
Indebtedness at the end of the financial year				
i) Principal Amount	3169.15	0.00	–	3169.15
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	3169.15	0.00	–	3169.15

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

₹ in Lakh

Sl. No	Particulars of Remuneration	Tushar Bhandari WTD** (From January, 2017 Onwards)	Ashish Kumar Gadia (WTD)*	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	2.55	3.68	6.23
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil
2	Stock option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	as % of profit	Nil	Nil	Nil
	others (specify)	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total (A)	2.55	3.68	6.23

* Mr. Ashish Kumar Gadia Stepped down on 05.01.2017.

** Mr. Tushar Bhandari appointed as additional director designated as whole time director on 05.01.2017.

B. Remuneration to other directors:

₹ in Lakh

Sl. No	Particulars of Remuneration	Name of the Directors				Total Amount
1	Independent Directors	Nitin Tibrewal	Manish Kumar Tibrewal	Dishita Tibrewal	Abhijit Nagee	-
	(a) Fee for attending board committee meetings	0.09	0.09	0.05	0.01	0.24
	(b) Commission	Nil				Nil
	(c) Others, please specify	Nil				Nil
	Total (1)	0.24				0.24
2	Other Non Executive Directors	Nil				Nil
	(a) Fee for attending board committee meetings	Nil				Nil
	(b) Commission	Nil				Nil
	(c) Others, please specify.	Nil				Nil
	Total (2)	Nil				Nil
	Total (B)=(1+2)	0.24				0.24

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

₹ in Lakh

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Tushar Bhandari (CFO) (Upto December,2016)	Sumit Jaitely (Company Secretary)	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	7.66	7.56	15.22
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	as % of profit	Nil	Nil	Nil
	others, specify	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total	7.66	7.56	15.22

* Mr. Tushar Bhandari elevated as Whole Time Director from 05.01.2017.

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made if any (give details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of The Board

Place: Indore
Dated: 26th May, 2017

Tushar Bhandari
Director
DIN: 03583114

Nitin Tibrewal
Director
DIN: 01892892

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information required under Section 134(3) (m) of the Companies Act, 2013
read with Rule 8(3) of the Companies (Account) Rules, 2014

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 and the company is committed towards conservation of energy and aimed at improving efficiency through innovative measures.

Steps taken or impact on conservation of energy.

- I. Installation of energy efficient lighting fixtures.
- II. Reducing power consumption in cooling towers.
- III. Replacement of inefficient motors.

B) TECHNOLOGY ABSORPTION

Your company continues to invest in research and development and as a result 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

(₹ in Lakh)		
Particular	2016-17	2015-16
Foreign Exchange Earned (Export Sales)	0.00	0.00
Purchase of stores & Spares	7.63	0.00
Foreign Exchange Outgo/ Expenditure in foreign currency (Professional Development Expenses)	44.75	2.67
(Travelling Expenses)	35.69	8.37
(Salary)	0.00	0.00

For and on behalf of The Board

Place: Indore
Dated: 26th May, 2017

Tushar Bhandari
Director
DIN: 03583114

Nitin Tibrewal
Director
DIN: 01892892

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Associated Alcohols & Breweries Limited (AABL) is committed to the adoption of best governance practices. The company's vision document spells out a direction for the policies and procedures which ensure long term sustainability. Value creation for stakeholders is thus a continuous endeavor at AABL.

On the same lines the company has always followed fair business and corporate practices while dealing with the shareholders, employees, customers, creditors, lenders and the society at large. In harmony with this philosophy, the company relentlessly strives for excellence by benchmarking itself with esteemed companies with good corporate governance.

Your company is compliant with Regulation 27 of the SEBI (LODR) Regulations, 2015 as applicable to the Company

The details of which are as follows:

1. THE GOVERNANCE STRUCTURE

AABL's governance structure is based on the principles of freedom to the executive management within a given framework to ensure that the powers vested in the executive management are exercised with due care and responsibility so as to meet the expectation of all the stakeholders. In line with these principles, the Company has formed three tiers of Corporate Governance structure, viz.:

- (i) The Board of Directors - The primary role of the Board is to protect the interest and enhance value for all the stakeholders. It conducts overall strategic supervision and control by setting the goals & targets, policies, governance standards, reporting mechanism & accountability and decision making process to be followed.
- (ii) Committees of Directors - such as Audit Committee, Nomination & Remuneration Committee, CSR Committee, Stakeholder Relationship Committee are focused on financial reporting, audit & internal controls, compliance issues, appointment and remuneration of directors and senior management employees, implementation and monitoring of CSR activities and the risk management framework.
- (iii) Executive Management – The entire business including the support services are managed with demarcated responsibilities and authorities at different levels.

2. BOARD OF DIRECTORS

A. Composition of the Board

The Board of directors of the company consists of an optimum combination of executive, non-executive and independent directors, to ensure the independent functioning of the Board. The composition of the Board also complies with the provisions of the Companies Act, 2013 and the Listing Regulations. As at the end of corporate financial year 2016-17, the total Board consists of Five (5) directors, out of which four (4) are non-executive independent directors who are having expertise in their respective functional areas and capable of bringing in a wide range of managerial skills, business and professional acumen.

The composition of the Board of directors and the number of Board Committee in which they are chairman/ member as on 31st March, 2017 are as under:

Name of Director	Category	Total Number of other Public Ltd/Private Ltd. Directorship as on date	No. of Committee position held in other public Companies	
			Chairman	Member
Mr. Tushar Bhandari	WTD & Executive Director	Nil	Nil	Nil
Mr. Manish Kumar Tibrewal	Non Executive & Independent Director	Nil	Nil	Nil
Mr. Nitin Tibrewal	Non Executive & Independent Director	1	Nil	Nil
Mrs. Dishita Tibrewal	Non Executive & Independent Director	Nil	Nil	Nil
Mrs. Abhijit Nagee	Non Executive & Independent Director	Nil	Nil	Nil

B. Selection and Appointment/Reappointment of Director:

The Nomination & Remuneration Committee have approved a policy for the selection, appointment and remuneration of directors. In line with the said policy, the committee facilitates the Board in identification and selection of the directors who shall be of high integrity with relevant expertise and experience so as to have well diverse Board. The abstract of the said policy forms part of the Directors' Report. Directors are appointed or re-appointed with the approval of the shareholders and shall remain in office in accordance with the provisions of the law and the retirement policy laid down by the Board from time-to-time.

C. Meetings, agenda and proceedings etc. of the Board Meeting:

Meetings and attendance during the year:

During the financial year 2016-17 the Board of Directors met eight times on- 04th April, 2016, 30th May, 2016, 13th August, 2016, 22nd September, 2016, 05th November, 2016, 05th January, 2017, 04th February, 2017, and 10th March, 2017. The details of Board attendance are as under:

Name of Director	No. of Board Meeting held during the year (after appointment/before resignation)	No. of Board Meeting Attended	Attendance at the last AGM
Mr. Ashish Kumar Gadia*	06	06	No
Mr. Tushar Bhandari	02	02	NA
Mr. Nitin Tibrewal	08	08	Yes
Mr. Manish Kumar Tibrewal	08	08	No
Mrs. Dishita Tibrewal	08	08	No
Mrs. Abhijit Nagee**	01	01	NA

Note: *Stepped down on 05th January, 2017

** Appointed 04th February, 2017

D. Separate Meeting of Independent Directors:

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the Listing Regulations, a separate meeting of the Independent Directors of the Company was held on 04th February, 2017 to review the performance of Executive Directors (including the Chairman) and the entire Board. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its' Committees which is necessary to effectively and reasonably perform and discharge their duties.

E. Agenda:

All the meetings are conducted as per well designed and structured agenda. All the agenda items are backed by necessary supporting information and documents (except for the critical price sensitive information, which is circulated separately or

placed at the meeting) to enable the Board to take informed decisions. Agenda also includes minutes of the meetings of all the Board, Committees for the information of the Board.

F. Support and Role of Company Secretary:

The Company Secretary is responsible for convening the Board and Committee meetings preparation and distribution of Agenda and other documents and recording of the Minutes of the meetings. He acts as interface between the Board and the Management and provides required assistance and assurance to the Board and the Management on compliance and governance aspects.

G. Board Evaluation:

During the year, the Board adopted a formal mechanism for evaluating its performance and effectiveness as well as that of its Committees and individual directors, including the Chairman of the Board. For Board and its Committees, the exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc. In case of evaluation of the individual directors, one to one meeting of each director with the Chairman of the Board and the Chairman of the Nomination & Remuneration Committee was held.

The directors were satisfied with the evaluation results, which reflected the overall engagement and effectiveness of the Board and its Committees.

H. Code of Conduct:

All the Board members and senior management personnel have confirmed compliance with the code. A declaration to that effect signed by the WTD & CFO is attached and forms part of the Annual Report of the Company.

I. Prevention of Insider Trading Code:

As per SEBI (Prohibition of Insider Trading) Regulation, 2015, the Company has adopted a Code of Conduct for Prevention of Insider Trading. All the directors, employees and third parties such as auditors, consultants etc. who could have access to the unpublished price sensitive information of the company are governed by this code. The trading window is closed during the time of declaration of results and occurrence of any material events as per the code. The company has appointed Company Secretary as Compliance Officer, who is responsible for setting forth procedures and implementation of the code for trading in Company's securities. During the year under review there has been due compliance with the said code.

J. Disclosure of Relationship between Directors inter-se:

None of the directors are related inter se.

K. No. of Shares held By Non- Executive Director

Name of Director	No. of Shares Held
Mr. Nitin Tibrewal	200
Mr. Manish Kumar Tibrewal	Nil
Mrs. Dishita Tibrewal	Nil
Mrs. Abhijit Nagee	Nil

L. Web link where detail of familiarization programme is disclosed:

www.associatedalcohols.com

3. AUDIT COMMITTEE

(a) Terms of reference:

The Board has constituted a well-qualified Audit Committee. All the members of the Committee are Non-Executive Directors (except Mr. Tushar Bhandari) with majority of them are Independent Directors including Chairman. They possess sound knowledge on accounts, audit, finance, taxation, internal controls etc.

The Company Secretary acts as secretary to the committee.

The Audit Committee has adequate powers and detailed terms of reference to play effective role as required under the provisions of section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 the Audit Committee reviews reports of the internal auditor, meets statutory auditors as and when required and discuss their findings, suggestions, observations, and other related matters.

(b) Composition, Meeting and Attendance during the year:

The Audit Committee of the Company as on 31st March, 2017 comprises of the following Directors of the Company. The Committee met four times during the year under review. The said meetings were held on 30th May, 2016, 13th August, 2016, 05th November, 2016 and 04th February, 2017.

Name	Designation	No. of meeting attended
Mr. Nitin Tibrewal	Chairman	4
Mr. Manish Kumar Tibrewal	Member	4
Mr. Tushar Bhandari	Member	1

Two out of three members of the audit committee are non-executive independent directors.

Note: Mr. Ashish Kumar Gadia member of the Committee has stepped down on 05th January, 2017. He attended 3 Meetings of the Committee during the year.

4. NOMINATION & REMUNERATION COMMITTEE

(a) Terms of reference:

The Remuneration Committee recommends remuneration, promotions, increments etc. for the whole time directors to the Board for approval.

(b) Composition, Meeting and attendance during the year:

The Remuneration Committee of the Company as on 31st March, 2017 comprises of the following Directors of the Company.

Name of Directors	Designation	Total Meetings 2016 -2017	Nos. of meetings attended
Mr. Nitin Tibrewal	Chairman	3	3
Mr. Manish Kumar Tibrewal	Member	3	3
Mrs. Dishita Tibrewal	Member	3	3

(c) Performance Evaluation for Independent Directors:

Pursuant to the Provisions of the Companies Act, 2013 and as stipulated under regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Board of Directors adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors. A structured evaluation process covering various aspects of the Boards functioning such as Composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc.

(d) Remuneration Policy:

The Company follows a policy on remuneration of Directors and Senior Management Employees.

Details of Remuneration to Whole Time Director & Non- Executive Director:

The terms of remuneration of Mr. Tushar Bhandari, Whole Time director was approved by the Board of Director subject to approval of shareholders in the ensuing general meeting of the company.

During the financial year 2016-17, the particulars of remuneration paid to Whole-time Director is as under: -

Name of the Director	Salary (₹ in Lacs)	Perquisites	Commission	Stock option Details	Period of Contract
Mr. Ashish Kumar Gadia	3.68	–	–	–	Stepped Down on 05.01.2017
Mr. Tushar Bhandari	2.55 as WTD	–	–	–	5 years from 05.01.2017

Remuneration/Sitting fee to Other Non Executive Directors:

The details of sitting fee paid to each of the other non executive/Independent Directors during the year 2016-17 ended on 31st March, 2017 are given below:

(Amt. in Lacs)

Name	Sitting Fee	Other Payment	Total
Mr. Nitin Tibrewal	0.09	-	0.09
Mr. Manish Kumar Tibrewal	0.09	-	0.09
Mrs. Dishita Tibrewal	0.05	-	0.05
Mr. Abhijit Nagee	0.01	-	0.01

5. STAKEHOLDER RELATIONSHIP COMMITTEE:

The Committee constituted under section 178(5) of the companies Act, 2013 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to attend and address the Shareholders' and Investors' grievances. 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.

Name of Directors	Category	Total Meetings 2016-2017	Nos. of meetings attended
Mr. Nitin Tibrewal	Chairman	11	11
Mr. Manish Kumar Tibrewal	Member	11	11
Mr. Tushar Bhandari	Member	03	03

Note: Mr. Ashish Kumar Gadia member of the Committee has stepped down on 05th January, 2017. He attended 08 Meetings of the Committee during the year.

b) Compliance Officer: CS Sumit Jaitely, Company Secretary of the company is designated as compliance officer.

c) Share holder Compliant Status during the financial year 2016-17:

No. of Shareholder Compliant received	No. of Complaint resolved	No. of Compliant Pending.
70	70	0

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Committee constituted under section 135(1) of the Companies Act, 2013 for consideration and approval of fund to be decided and application thereof.

S.No	Name of Directors	Category	Total Meetings 2016-2017	Nos. of meetings attended
1.	Mr. Tushar Bhandari	Chairman	1	1
2.	Mr. Manish Kumar Tibrewal	Member	2	2
3.	Mr. Nitin Tibrewal	Member	2	2

Note: Mr. Ashish Kumar Gadia member of the Committee has stepped down on 05th January, 2017. He attended 01 Meeting of the Committee during the year.

7. WTD / CFO Certification

The Whole Time Director (WTD)/Chief Financial Officer (CFO) have issued certificate pursuant to the provisions of Regulation 17(8) of the SEBI (LODR) Regulations, 2015 certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

8. INFORMATION ON GENERAL BODY MEETINGS

The details of location and time where last three Annual General Meetings were held:

AGM No.	Place	Date	Time
27th	"Shripati Singhanian Hall" , Rotary Sadan, 94/2, Chowranghee Road, Kolkata – 700 020	13.09.2016	11:00 AM
26th	"Shripati Singhanian Hall" , Rotary Sadan, 94/2, Chowranghee Road, Kolkata – 700 020	28.09.2015	03:00 PM
25th	Dum Dum Municipality Town Hall, Dum Dum municipality, 44, Dr. Sailen Das Sarani, Dum Dum, Kolkata – 700028	30.09.2014	11:30 AM

Last Extraordinary General Meeting (EGM) held on 22.02.2016 at 3:00 pm at "Shripati Singhanian Hall" , Rotary Sadan, 94/2, Chowranghee Road, Kolkata – 700 020

9. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after these are approved by the Board. These are widely published in following newspapers. These results are simultaneously posted on the website of the Company at www.associatedalcohols.com and also uploaded on the website of the BSE Ltd.

Quarterly Results	News papers Publication	Displayed at Website
31.03.2017	Financial Express & Kalantar	www.associatedalcohols.com
31.12.2016	Financial Express & Kalantar	www.associatedalcohols.com
30.09.2016	Financial Express & Kalantar	www.associatedalcohols.com
30.06.2016	Financial Express & Kalantar	www.associatedalcohols.com

10. GENERAL SHAREHOLDER INFORMATION.

a. Annual General Meeting

Date	05th August, 2017
Venue	"Shripati Singhanian Hall" Rotary Sadan, 94/2, Chowranghee, Kolkata – 700 020
Time	10:00 AM

b. Dividend payment date :

Dividend will be paid within 30 days of approval of the same in the Annual General Meeting.

c. Financial Year :

Financial Year 2017-18 from April 01, 2017 to March 31, 2018

The tentative due dates for declaration of quarterly results:

Unaudited Financial Results for the 1st Quarter ended 30th June, 2017	Within 75 days (A special grace period of 1 month on account of IND-AS applicability)
Unaudited Financial Results for the 2nd Quarter ended 30th September, 2017	Within 45 days
Unaudited Financial Results for the 3rd Quarter ended 31st December, 2017	Within 45 days
Audited Financial Results for the 4th Quarter ended 31st March, 2018	Within 60 days

d. Book Closure date :

31st July to 05th August, 2017

e. Listing in Stock Exchange:

Bombay Stock Exchange | Stock Code : 507526 | ISIN : INE073G01016

f. Annual Listing Fee:

Annual listing fee for the Year 2017-18 of the Stock Exchange have been paid.

g. Custodial Fees to Depositories:

Fee for the year 2017-18 to NSDL and CDSL has been paid.

h. Market Price Data: High & Low of each month in the last Financial Year- 2016-17

Month	High	Low
April 2016	91.00	74.10
May 2016	81.90	65.25
June 2016	77.95	58.35
July 2016	84.40	68.00
August 2016	127.90	79.00
September 2016	125.50	110.10
October 2016	138.70	116.10
November 2016	125.50	77.40
December 2016	108.65	90.00
January 2017	117.00	92.65
February 2017	177.95	97.95
March 2017	175.00	142.00

i. Registrar & Transfer Agents:

Ankit Consultancy Pvt. Ltd., 60, Electronics Complex, Pardeshipura, Indore – 452010.

Phone No. 0731-2551745 /2551746, E-mail: ankit_4321@yahoo.com

j. Share Transfer System:

The Share transfer/transmission work and dematerialization/re-materialization work is assigned to M/s. Ankit Consultancy Private Limited, the Registrars and Share transfer Agent. Shares in physical form for transfer/transmission are normally registered and issued within 15 days from lodgment, subject to the documents being in order. The board has delegated the authority for approval of transfer, transmission etc. to stakeholder relationship committee comprising two non-executive directors and one executive director. A summary of transfer/transmission of shares so approved by committee is placed before the Board. The Company has entered into agreement with CDSL and NSDL to facilitate holding of shares of the Company in dematerialized form.

k. Distribution of Shareholding as on 31st March, 2017

Range in No. of Shares	Number of Holders	% to Total Holders	Shares Amount in ₹	% to total Capital
Up to 1000	1468	21.25	712990	0.39
1001 to 2000	3609	52.25	7125990	3.94
2001 to 3000	177	2.56	473570	0.26
3001 to 4000	445	6.44	1757120	0.97
4001 to 5000	115	1.66	563890	0.31
5001 to 10000	522	7.56	4086840	2.26
10001 to 20000	271	3.92	4432010	2.45
20001 to 30000	64	0.93	1616480	0.89
30001 to 40000	58	0.84	2081040	1.15

Range in No. of Shares	Number of Holders	% to Total Holders	Shares Amount in ₹	% to total Capital
40001 to 50000	42	0.61	1994590	1.10
50001 to 100000	60	0.87	4269410	2.36
100000 above	76	1.10	151678070	83.90
Total	6907	100.00	180792000	100.00

I. Categories of Equity Shareholders as on 31st March, 2017:

Sr. No	Particulars	No. of Shares	% to the total Paid up Share Capital
1.	Promoters/Directors & Relatives	105,66,440	58.45
2.	Mutual Funds/ UTI, Fls, Banks	2400	0.01
3.	Bodies Corporate	3511959	19.43
4.	Foreign Portfolio Investors	12527	0.69
5.	Indian Public	3790669	20.34
6.	NRIs/ OCBs	173885	0.96
7.	Any other (clearing member)	21320	0.12
	TOTAL	1,80,79,200	100.00

m. Dematerialization of shares and liquidity:

93.01 % of the Company's share capital is held in dematerialized form as on 31st March, 2017 the Company's shares are being regularly traded on the Bombay Stock Exchange., ISIN in CDSL and NSDL for Company's equity shares is INE073G01016. The code for the Share on Bombay Stock Exchange is 507526.

n. Plant Location:

Khodigram, Tehsil- Barwaha, Distt. Khargone – 451115 (Madhya Pradesh)

o. Correspondence address:

BPK Star Tower, 4th Floor, A. B. Road, Indore – 452008 (Madhya Pradesh)

11. DISCLOSURES:

a. Details of material significant related party transactions:

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

b. 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.

c. Vigil Mechanism/Whistle Blower Policy:

The company has a vigil mechanism named fraud and risk management policy to deal with instance of fraud and mismanagement, if any. In staying true to our values of strength, performance and passion and in line with our vision of being one of the most respected companies in India, the company is committed to high standard of corporate governance and stakeholder responsibility. The fraud risk management policy ensures that strict confidentiality is maintained while dealing with concern and also that no discrimination will be meted out to any person for genuinely raised concern.

d. Web link where, policy for determining material subsidiaries, policy on dealing with related party transactions, is disclosed: www.associatedalcohols.com

For Associated Alcohols & Breweries Limited

Date: 26th May, 2017
Place: Indore

Tushar Bhandari
Whole Time Director
DIN: 03583114

Nitin Tibrewal
Director
DIN: 01892892

CERTIFICATION

[Issued in accordance with the provisions of Regulation 17(8) of SEBI (LODR), 2015]

To the Board of Directors of **Associated Alcohols & Breweries Limited**.

Dear Sirs,

We have reviewed the financial statements and the cash flow statement for the quarter and year ended 31st March, 2017 to the best of our knowledge and belief,

- a). (i). These statements do not contain any material untrue statement or omit any material fact or contain statements that may be misleading;
- (ii). These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting. And that we have evaluated the effectiveness of internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, and steps taken or propose to be taken for rectifying these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
 - (i). Significant changes in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements; and
 - (iii) There have been no instances of fraud.

Yours sincerely,

For Associated Alcohols & Breweries Limited

Tushar Bhandari
Whole Time Director
DIN: 03583114

DECLARATION REGARDING CODE OF CONDUCT

I hereby declare that all the Directors and Senior Management Personnel have confirmed compliance with the Code of Conduct as adopted by the Company.

For Associated Alcohols & Breweries Limited

Tushar Bhandari
Whole Time Director
DIN: 03583114

Date: 26th May, 2017
Place: Indore

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, 2017 as stipulated in Chapter IV of SEBI (Listing Obligation & Disclosure Requirements) regulations, 2015 pursuant to Listing Agreement of the said Company with the stock exchange(s).

The compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note of Corporate Governance, issued by the Institute of Chartered Accountants of India and 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 the opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that Company has complied with all mandatory conditions of Corporate Governance as stipulated in Chapter IV of SEBI (Listing Obligation & Disclosure Requirements) regulations, 2015 pursuant to Listing Agreement of the said Company with the stock exchange(s).

We state that such compliance is neither an assurance as to the future viability of the company nor the efficient or effectiveness with which the management has conducted the affairs of the company.

For B.K. Agrawal & Co.
Chartered Accountants

(CA B.K. Agrawal)
Partner
M.No. 51873
FRN 314202E

Place: Indore
Date: 26th May, 2017

Management Discussion & Analysis

GLOBAL ECONOMY

World growth is expected to rise from 3.1 % in 2016 to 3.5% in 2017 and 3.6 % in 2018. Stronger activity, expectations of more robust global demand, reduced deflationary pressures, and optimistic financial markets are all upside developments. But structural impediments to a stronger recovery and a challenging balance of risks remains tilted to the downside, especially over the medium term.

REVIEW OF THE INDIAN ECONOMY

World Bank estimated India's GDP growth at 7% for FY2016-17, post demonetization.

During FY2016-17, the Government embarked on decisive initiatives in digitisation, GST and FDI to ensure that all major service and industry sectors returned to status quo by Q4 end. Consequently, the Asian Development Bank expects the Indian economy to grow at an accelerated 7.4% in FY2017-18 and 7.6% in FY2018-19, retaining its position as the world's fastest-growing major economy.

GLOBAL BEVERAGE MARKET

The global beverage market looks good with opportunities for alcoholic and non-alcoholic beverages. The global beverage industry is expected to reach an estimated US\$1.9 trillion by 2021 and is forecast to grow at a CAGR of 3.0% from 2016 to 2021. Within global beverage industry, beer is expected to remain the largest segment by value. Acceptance of alcohol consumption by consumers, population base of the younger generation, and increasing per capita income are the major driving forces that spur growth for this segment over the forecast period.

GLOBAL ALCOHOLIC BEVERAGE MARKET

Technavio's market research analysts have estimated the global alcoholic drinks market to grow steadily at a CAGR of above 2% by 2020. The growing demand for premium alcoholic beverages is considered to be one of the primary drivers for this market. Due to the increase in disposable

income of customers, alcohol use is being considered to be more of a status symbol and the association of premium labels with quality as well as taste has led to premium brands being high on demand compared to economical drinks.

Beer dominated the alcoholic drinks market and accounted for approximately 75% of the market share in the same year. Factors such as improvement in the quality, improvised marketing and advertising activities will drive this market segment's growth during the forecast period. Westernisation, increase in the young population, and the demand for craft beer are also expected to drive the growth of this segment in the next four years.

Efforts by alcoholic beverage manufacturers for strengthening distribution channels and extension of purchase channels such as online stores, and convenience stores is also contributing substantially to the growth of the global alcoholic beverages market.

However, a high degree of competition among major players to obtain the maximum market share is one of the major impediments to the growth of this market. This also restricts the entry of new players and their chances of sustenance if any in the highly competitive alcoholic beverages market. Other than this, increasing prices of raw materials, availability of non-alcoholic beverages, and stringent licensing requirements for the manufacture of alcoholic beverages are other factors restraining the growth of this market.

ALCOHOL BEVERAGE MARKET IN INDIA

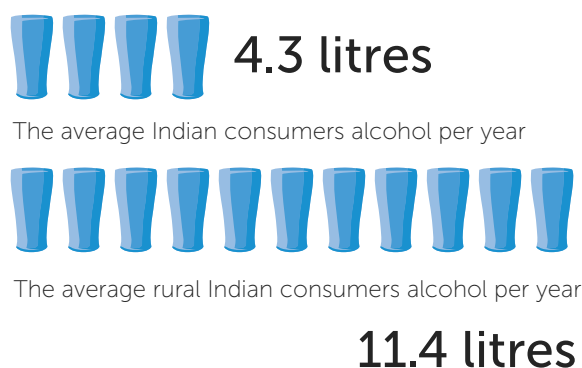
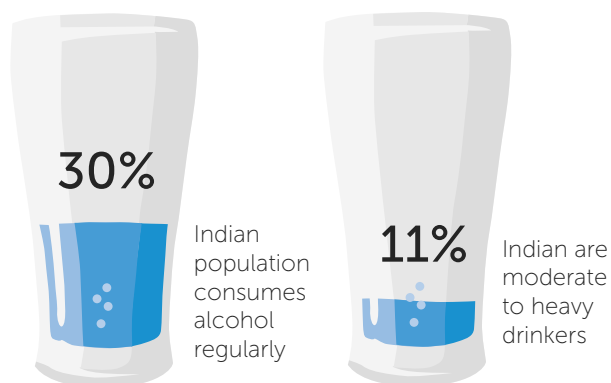
India is the biggest manufacturer of alcoholic beverages in the world. Alcoholic beverages market matured in India over the years but still it is highly confined to limited varieties. There are around 10 million retail outlets and around 500,000 bars and pubs in the country. In past 5 years the alcoholic beverages market witnessed a growth of 18.22% from 2010 to 2017.

India is the third largest liquor market in the world, with an overall retail market size of US\$35 billion per annum.

A global study by Paris-based Organisation for Economic Cooperation and Development (OECD) has found that alcohol consumption in India has risen by 55% over a period of 20 years, from 1992 to 2012.

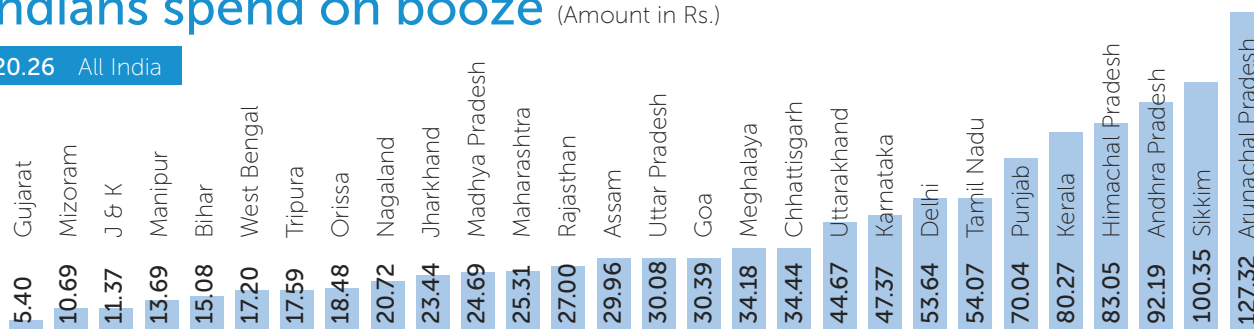
With the minimum drinking age varying from 18 to 25 across states, India had approximately 485 million people of legal drinking age in 2013. This is more than the population of the United States and Mexico combined. Another 150 million are predicted to join this group by 2018.

According to a WHO report, nearly 30% of the Indian population consumes alcohol. The alcohol industry leaders have recognised that women and the young population are the key market segments and hence their marketing campaigns are specially focused on this segment. To attract this segment companies are launching new product categories such as flavored drinks and pre-mixed cocktails. Alcohol is becoming easily accessible thanks to availability of beer and wine at certain shopping malls and supermarkets.



Indians spend on booze (Amount in Rs.)

20.26 All India



INDIAN MADE FOREIGN LIQUOR

The Indian Made Foreign Liquor (IMFL) is the largest segment in the Indian alcoholic beverage industry. This market has been further bifurcated into Whisky, Rum, Brandy, Vodka and Gin. This industry has grown at an overall steady pace triggered by increasing population and disposable income, and also the fact that it is increasingly gaining social acceptance.

The Indian Made Foreign Liquor (IMFL) segment was estimated to reach a market valuation in excess of ₹1,400 billion by FY2016-2017 end. This segment is estimated to be valued at more than ₹3,000 billion by 2026, expanding at a

CAGR of 5.2% over the forecast period

Indians have preference for brown spirits in the IMFL segment (which is 95% by volume) over white spirits (which is 5% by volume). Brown spirits are categorised as whisky, rum, brandy and white spirits include gin, vodka, white rum. Whisky is the most popular drink, accounting for 57% of the IMFL Market.

Whisky consumption is reportedly expected to grow 8-8.5 %annually. The overall IMFL market is increasing at the rate of 9-10% annually. In India's 310 million cases strong spirits market, whisky sales overwhelmingly dominate with 175-million cases, accounting for 57% of the market. While

the whisky market reported 6.7% growth in the last five years. Rum the second largest spirits category with 23 million in sales volume reported only a 1.3% growth in the same period.

IMFL dominates the Indian Liquor Market with a lion's share; this segment is continuously witnessing growth as large consumers are following the premium and better-quality liquor. With the rise in their propensity to spend and increased hygiene risk in the consumption of country liquor other segments such as IMFL and Beer set to gain. The market has undergone several positive changes in the past 5 years and has strongly positioned itself relative to other segments with several economies of scale.

One notable factor in the IMFL segment is the tremendous growth in the vodka market. It is the fastest growing among all types of liquors.

Although it accounts for only about 4 %of the IMFL market, its consumption has been growing at the rate of about 44% over the past few years. The growth drivers for white spirits include increasing consumption of white spirits among women and popularity of white spirits over brown spirits amongst the younger drinking population.

Moreover, the per capita consumption of IMFL in India is 0.82 litres per annum which is very low as compared to the global average of 4.63 litres per annum, but the demand is growing since alcohol consumption is now socially accepted in India and also because of increase in disposable income of the citizens.

INDIAN MADE INDIAN LIQUOR

It is produced in local licensed distilleries and is made of cheap raw material, primarily rectified spirits of grains or molasses. As the production cost for country liquor is low, the excise duties are also lower than they are for other liquor. The idea behind country liquor was to provide cheap alcohol and thus check the illicit trade of alcohol. However, illicit production of country liquor is still fairly common in India. Some alcoholic drinks that are low in alcohol content are also made in homes in some tribal areas.

Indian Made Indian Liquor (IMIL) is an attractive consumer play into India's large and growing bottom of pyramid consumers. Already at a substantial ~230 million cases (US\$4.6billion in 2014), it is expected to reach 352million cases (US\$8.4billion) in next five years driven by positive demographics, improving consumer loyalty with branding and upward shift from illicit liquor with conducive regulations . IMIL has long been the liquor of choice for the price sensitive, lower income group (~40% of India's population

excluding below poverty line). It is being further driven by positive demographics – a young and growing population as well as upward shift from illicit liquor and toddy with increasing affluence.

At the same time, IMIL is losing its hold in the total alcoholic beverages market in India. The segment is continuously witnessing a decline as number of consumers have started switching to premium and better-quality liquor in the IMFL segment with the rise in their propensity to spend and increased hygiene risk in the consumption of country liquor. Country Liquor is estimated to lose its market share in the long run to other segments.

REGULATORY SCENARIO IN INDIAN MARKET

The alcohol industry in India is highly regulated under the legislative power of individual states. Additionally, national laws and regulatory bodies, such as Food Safety and Standards Authority of India (FSSAI), also significantly impact the alcobev industry. A spate of recent regulations has further tightened the regulatory controls on the industry. Some of the recent developments include:

Prohibition of Liquor:

In April 2016, Bihar became the fourth state in India to implement a total liquor ban. This move is estimated to impact the IMFL industry, hotels and the Bihar state government by approximately ₹4000 crores, in the form of the taxes and duties earned from liquor sales. Also on the flip side, banning alcohols encourages bootleggers and increases the sales of poor quality counterfeit products, posing serious health risks to consumers.

Goods and Service Tax (GST):

The GST, projected to be 'the single most important tax reform after 1947', is a single, comprehensive tax that will subsume all the indirect taxes on consumption like excise duty, service tax, VAT etc

However, tax on alcoholic beverages has been carved out as an exception to the definition of GST in the present laws. Non-inclusion of alcobev industry under the GST ambit seems to be the least priority of the government and will impact and hurt the industry sentiments as it will break the chain of seamless credit.

GROWTH DRIVERS

Urbanisation: More and more people are migrating towards bigger cities, where they are exposed to a wider variety of alcoholic products, including IMFL. Between 2001 and 2011

census, India's urbanisation went up from 27.8% to 31.1%.

Favourable demographics: India is a young country, with more than 60 percent of Indians falling in the 15-45 years age group and 45% below 25 years of age. The latest census 2011 data released shows that around 41% of India's are below the age of 20 years. This is the cohort the industry targets as potential customers. About 485 million Indians are currently of drinking age and another 150 million will be added to this group in the next five years.

Changing social norms: Over the years, there has been a change in attitudes, making consumption of alcohol more socially acceptable. This acceptability extends to drinking in family environments, at social events, and by females/youngsters. The increase in consumption of vodka by young people and women is just verifying the change in the mindset (June 4, 2016). The contribution of the nightlife industry also known as PBCLs (Pubs, Bar Cafes, and Lounges) to the nation's GDP and employment has largely gone unrecognised. Currently the licensed bar premises are contributing over ₹11,500 crores to the Indian economy and growing at an astonishing CAGR of 20% making it the fastest growing Industry in the country, outperforming the Indian IT Industry and beating GDP growth rates 3x by employing over 20 lac people.

Consumer spending: Even assuming conservative GDP increases of 6% to 7% a year, consumption expenditures are expected to rise by a factor of three to reach US\$4 trillion by 2025. India's nominal year-over-year expenditure growth of 12% is more than double the anticipated global rate of 5% and will make India the third-largest consumer market by 2025. Rising affluence is the biggest driver of increasing consumption.

Changing lifestyle: The pattern of urbanisation is changing with the growing affluence of the people. The share of elite and affluent households will increase from 8% to 16% of the total, while the share of strugglers will drop from 31% to 18% by 2025. With the rising affluence, the lifestyle also changes.

STRENGTHS

Increased alcohol accessibility and availability: There has been an increase in the variety of alcohol brands and types and all of them are easily available in Government-licensed outlets, Government shops (monopolies), private licensed retail chains (permitted since the past couple of years), restaurants, and bars.

Product Portfolio & Diversity with strong supply chain network: The Company product portfolio extends across

all segments and caters to diverse consumer choice & preferences and the company enjoys long term business relations with leading raw material supplier, ensuring uninterrupted production and supplies.

Rural electrification: Hon'ble Finance Minister, Mr. Arun Jaitley in the Union Budget said that the Government is set to achieve 100% rural electrification by May 1, 2018. Therefore, there are many programmes in implementation due to which the shopkeepers can hold more stocks and the taste is also better. This has resulted in increase of IMIL consumption.

Other factors that have been conducive to the industry include relaxed overseas trade rules, the availability of alternative and innovative means of targeted marketing and promotion. The influence of these factors is visible in the increase in alcohol consumption.

CHALLENGES

Demonetisation: It has taken a hit on the sales with some companies going into deceleration in terms of growth while in the previous year in the same period the growth was 11%.

No shops within 500 meters: Supreme Court ordered all the shops to close down which are within 500 meters of national and state highways. Even after West Bengal Government changing the classification of the highways to artificial maze built to bypass the distance, 30% of the premium hotels are to be affected as per Crisil report. Mint reported that 8-10% declines in sales could be seen as its effect in the first quarter and after that it will normalise.

Counterfeiting: FICCI in a report in 2014 attributed the loss in alcohol industry due to counterfeiting at ₹6309 crore.

THREATS

Banning in state: Bihar has already banned the consumption of liquor in addition to Gujarat, Manipur, Nagaland and some other places. An approximate ₹4,000 crore of losses is estimated, to be faced by Bihar Government.

Increase in taxes: not only banning in states but respective State Governments are increasing duties on liquor to act as a deterrent.

GST IMPACT: Implementation of GST will have a credit loss of VAT input in the form of GST as the final product & industry is outside the purview of GST. The impacted quantum will be an approximate average of 2% of the turnover of the company. However, the players having strong fundamentals and backward integration will only outperform.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The company has engaged the services of independent professional to carry out the internal audit and ensure that recording and reporting are adequate and proper, the internal controls existing in the system and further that sufficient measures are taken to improve, update and strengthen the internal control system.

In addition to statutory audit, the financial controls are also reviewed by the Internal auditors, who report their findings to the Board and the Audit Committee.

The committee ensures the progress of the internal audit initiatives, significant and major audit observations and further planning and implementation of follow up action required.

INFORMATION & TECHNOLOGY

In line with overall growth objectives and strengthening of infrastructure base, the company continues to invest in IT (Information Technology) viz SAP Enterprising Resource Planning System and with the implementation of these software's the company has improved its operational

efficiencies through various functional integration.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The company constantly facilitates and encourages its employees at all levels to enhance their knowledge and skills and also firmly believes that Human Resource Development (HRD) strategies and practices will continue to provide a sustained competitive advantage. The management of your company deeply appreciate the spirit and commitment of its dedicated team of 270 Employees as on 31.03.2017

CAUTIONARY STATEMENT

Estimates and expectations stated in this Management Discussion and Analysis Report may be "forward-looking statements" within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to your company's operations include economic conditions affecting demand / supply and price conditions in the domestic and international markets, changes in the governments regulations, tax laws and other statutes and incidental factors.

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Associated Alcohols & Breweries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Associated Alcohols & Breweries Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Profit and Loss Statement, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

While Conducting the Audit we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made

thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2016 ("the Order") issued by the Central Government

of India in terms of Section 143(11) of the Companies Act, 2013, we give in the Annexure A, a statement on the matter specified in Para 3 and 4 of the order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. the Balance Sheet, the Profit and Loss Statement, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. on the basis of the written representations received from the directors as on March 31, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in

our opinion and to the best of our information and according to the explanations given to us:

- (i) the Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note 27 I (B) to the financial statements.
- (ii) the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long-term contracts.
- (iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.
- (iv) the Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management (Refer Note 17).

For B. K. Agrawal & Co.

Chartered Accountants

Firm's Reg. No. 314202E

(CA B. K. Agrawal)

Partner

M. No. 51873

Place : Indore

Dated : 26th May, 2017

For M.D. Agrawal & Co.

Chartered Accountants

Firm's Reg. No. 001177C

(CA M.P. Agrawal)

Partner

M.No. 016736

ANNEXURE "A" TO THE AUDITOR'S REPORT

The Annexure referred to in Independent Auditor's Report to the members of the company on the financial statements for the year ended 31st March, 2017, we report that:

- (i) In respect of its Fixed Assets:
 - (a) The Company has maintained proper records of fixed assets showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As explained to us these fixed assets have been physically verified by the management at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanation given to us and on the basis of our examination, the title deeds of immovable properties are held in the name of the company.
- (ii) In respect of its inventory:

According to the information and explanation given to us, physical verification of the inventory has been conducted at reasonable interval by the management and discrepancies noticed were corrected on such physical verification during the year.
- (iii) According to the information and explanation given to us, the company has not granted loans, secured or unsecured companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) According to the information and explanation given to us, the company has complied with the provision

of section 185 and 186 of the companies act, 2013, as applicable, in respect of loans, investments, guarantees, and security.

- (v) According to the information and explanation given to us the company has not accepted deposits to which provisions of Section 73 to 76 of the Companies Act, 2013 are applicable.
- (vi) According to the information and explanation given to us, the central government has not prescribed maintenance of cost records under sub-section (1) Section 148 of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of excise, Value Added Tax, cess and other statutory dues to the appropriate authorities and there were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of excise, Value Added Tax, cess and other statutory dues in arrears as at 31st March, 2017 for period of more than six months from the date they became payable.
 - (b) According to the information and explanation given to us, the dues of Income tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added tax, have not been deposited as on 31st March, 2017 on account of dispute are as under.

Sr. No.	Name of the statute	Nature of dues	Amount (₹ in Lacs)	Forum where dispute is pending
1	Income Tax Act, 1961	Income Tax Demand AY 2011-12	7.64	Commissioner of Income Tax (Appeals)
2	Income Tax Act, 1961	Income Tax Demand AY 2012-13	6.28	Commissioner of Income Tax (Appeals)
3	Income Tax Act, 1961	Income Tax Demand AY 2013-14	2.68	Commissioner of Income Tax (Appeals)
4	Entry Tax Act	Entry Tax, FY 2012-13	74.35	MP Commercial Tax, Appeal Board, Bhopal
5	Entry Tax Act	Entry Tax, FY 2007-08	11.38	MP Commercial Tax, Appeal Board, Bhopal
6	Entry Tax Act	Entry Tax, FY 2008-09	9.29	MP Commercial Tax, Appeal Board, Bhopal

Sr. No.	Name of the statute	Nature of dues	Amount (₹ in Lacs)	Forum where dispute is pending
7	Madhya Pradesh VAT Act	M.P. VAT, 2013-14	271.55	Addl. Commissioner, Commercial Tax, Indore
8	Central Sales Tax Act	Central Sales Tax, 2013-14	3.61	Addl. Commissioner, Commercial Tax, Indore
9	Entry Tax Act	Entry Tax, 2013-14	0.77	Addl. Commissioner, Commercial Tax, Indore
10	Madhya Pradesh VAT Act	M.P. VAT , 2014-15	289.25	Addl. Commissioner, Commercial Tax, Indore
11	Central Sales Tax Act	Central Sales Tax, 2014-15	0.59	Addl. Commissioner, Commercial Tax, Indore
12	Madhya Pradesh Excise Act	State Excise Duty	6.63	Board of Revenue
13	Madhya Pradesh Excise Act	State Excise Duty	454.80	M.P. High Court
14	Madhya Pradesh Excise Act	State Excise Duty	118.99	Excise Commissioner, Gwalior

- (viii) The company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture holders.
- (ix) The company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the Company has generally applied the term loans for the purpose for which the loans were obtained.
- (x) We have not noticed or reported any fraud by the company or any fraud on the company by its officers or employees during the year.
- (xi) The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.
- (xii) The company has not been a Nidhi Company and as such, requirement for comments as applicable to Nidhi Company is not applicable.
- (xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where ever applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanation given to us, the company has not entered into any non-cash transactions with directors or persons connected with him and the provisions of section 192 of Companies Act, 2013 are not applicable.
- (xvi) The company has not been registered under section 45-IA of the Reserve Bank of India Act, 1934 and as such, the requirements for comments as applicable to such companies is not required.

For B. K. Agrawal & Co.
Chartered Accountants
Firm's Reg. No. 314202E

For M.D. Agrawal & Co.
Chartered Accountants
Firm's Reg. No. 001177C

(CA B. K. Agrawal)

Partner

M. No. 51873

Place : Indore

Dated : 26th May, 2017

(CA M.P. Agrawal)

Partner

M.No. 016736

ANNEXURE "B" TO THE AUDITOR'S REPORT

The Annexure referred to in paragraph 2(f) under "Report on other Legal and Regulatory Requirements" of our Independent Auditor's Report of even date on the financial statements to the members of Associated Alcohols & Breweries Limited for the year ended 31st March 2017.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Associated Alcohols & Breweries Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and Standards on Auditing, and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated

effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that :

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial

reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Agrawal & Co.

Chartered Accountants

Firm's Reg. No. 314202E

(CA B. K. Agrawal)

Partner

M. No. 51873

Place : Indore

Dated : 26th May, 2017

For M.D. Agrawal & Co.

Chartered Accountants

Firm's Reg. No. 001177C

(CA M.P. Agrawal)

Partner

M.No. 016736

BALANCE SHEET as at 31st March, 2017

Particulars	Note No.	As at 31.03.2017 (₹ in Lakhs)	As at 31.03.2016 (₹ in Lakhs)
I. EQUITY AND LIABILITIES			
1 SHAREHOLDER'S FUNDS			
SHARE CAPITAL	1	1807.92	1807.92
RESERVES & SURPLUS	2	8019.79	6281.94
2 NON CURRENT LIABILITIES			
LONG TERM BORROWINGS	3	822.01	1808.38
DEFERRED TAX LIABILITIES (NET)	4	1017.85	1078.80
3 CURRENT LIABILITIES			
SHORT TERM BORROWINGS	5	1621.45	1463.59
TRADE PAYABLES	6	1823.80	2432.07
OTHER CURRENT LIABILITIES	7	1570.21	1607.34
SHORT TERM PROVISIONS	8	449.94	539.18
TOTAL		17132.97	17019.21
II. ASSETS:			
1 NON CURRENT ASSETS			
FIXED ASSETS			
TANGIBLE ASSETS	9	8573.21	9189.83
INTANGIBLE ASSETS	9	72.00	72.00
CAPITAL WORK-IN-PROGRESS	9	481.83	155.69
NON CURRENT INVESTMENTS	10	200.00	200.01
LONG TERM LOANS & ADVANCES	11	299.29	301.41
2 CURRENT ASSETS			
INVENTORIES	12	2873.73	2881.87
TRADE RECEIVABLES	13	1779.44	1160.55
CASH AND BANK BALANCES	14	544.17	705.90
SHORT TERM LOANS AND ADVANCES	15	2099.93	1649.66
OTHER CURRENT ASSETS	16	209.39	702.29
TOTAL		17132.97	17019.21
SIGNIFICANT ACCOUNTING POLICIES			
NOTES ON FINANCIAL STATEMENT	1 TO 31		

As per our report of even date attached here to

FOR B.K. AGRAWAL & CO.,
Chartered Accountants

(CA B.K. Agrawal)
Partner
M.NO.- 51873
FRN -314202E

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

(CA M.P. Agrawal)
Partner
M.NO.- 16736
FRN -001177C

On behalf of the Board

Tushar Bhandari
Director
DIN: 03583114

Nitin Tibrewal
Director
DIN: 01892892

Place: Indore
Date: 26th May, 2017

Sanjay Kumar Tibrewal
Chief Financial Officer

Sumit Jaitely
Company Secretary

STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2017			
Particulars	Note No.	Year ended 31.03.2017 (₹ in Lakhs)	Year ended 31.03.2016 (₹ in Lakhs)
I INCOME			
REVENUE FROM OPERATIONS	18	29646.53	28752.40
OTHER INCOME	19	172.40	58.69
TOTAL REVENUE		29818.93	28811.09
II EXPENDITURE			
COST OF MATERIALS CONSUMED	20	15486.21	15457.97
PURCHASE OF STOCK-IN-TRADE	21	1080.62	337.49
CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK IN PROCESS	22	50.84	35.38
EMPLOYEE BENEFITS EXPENSE	23	1928.70	1700.36
FINANCE COSTS	24	404.01	518.96
DEPRECIATION AND AMORTISATION EXPENSE		1094.77	1034.16
OTHER EXPENSES	25	7000.15	7414.50
TOTAL EXPENSES		27045.30	26498.82
III PROFIT BEFORE TAX (I - II)		2773.63	2312.27
IV TAX EXPENSE			
1) CURRENT TAX		1088.38	832.42
2) TAX RELATING TO EARLIER YEARS		8.35	33.33
3) DEFERRED TAX		(60.94)	17.38
V PROFIT FOR THE YEAR (III-IV)		1737.86	1429.15
VI EARNING PER EQUITY SHARE OF FACE VALUE OF ₹10/- EACH			
BASIC AND DILUTED		9.61	7.90
SIGNIFICANT ACCOUNTING POLICIES			
NOTES ON FINANCIAL STATEMENT	1 TO 31		

As per our report of even date attached here to

FOR B.K. AGRAWAL & CO.,
Chartered Accountants

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

On behalf of the Board

(CA B.K. Agrawal)
Partner
M.NO.- 51873
FRN -314202E

(CA M.P. Agrawal)
Partner
M.NO.- 16736
FRN -001177C

Tushar Bhandari
Director
DIN: 03583114

Nitin Tibrewal
Director
DIN: 01892892

Place: Indore
Date: 26th May, 2017

Sanjay Kumar Tibrewal
Chief Financial Officer

Sumit Jaitely
Company Secretary

CASH FLOW STATEMENT for the year ended 31st March, 2017

Particulars	2016-17 (₹ in Lakhs)	2015-16 (₹ in Lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	2773.63	2312.27
ADJUSTMENT FOR DEPRECIATION & AMORTISATION EXPENSES	1094.77	1034.16
(PROFIT) / LOSS ON SALE OF CAPITAL ASSETS	91.47	(1.60)
(PROFIT) / LOSS ON SALE OF INVESTMENT	(0.06)	60.06
INTEREST PAID	378.25	488.44
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	4338.06	3893.33
ADJUSTMENT FOR CHANGE IN TRADE AND OTHER RECEIVABLES	(562.85)	(1478.01)
INVENTORIES	8.15	286.76
TRADE PAYABLES AND OTHER PAYABLES	(805.90)	(521.56)
CASH GENERATED FROM OPERATIONS	2977.45	2180.52
INTEREST PAID	(378.25)	(488.44)
DIRECT TAX PAID	(1043.87)	(717.76)
NET CASH FLOW FROM OPERATIONS (A)	1555.33	974.32
B. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	(922.69)	(945.24)
SALES OF FIXED ASSETS	26.94	5.90
(PURCHASE)/ SALE OF INVESTMENTS	0.07	76.34
NET CASH USED IN INVESTMENTS (B)	(895.68)	(863.00)
C. CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM LONG TERM BORROWINGS	(859.21)	(756.10)
PROCEEDS FROM SHORT TERM BORROWINGS	157.87	127.81
DIVIDEND PAID (including Corporate Dividend Distribution Tax)	(104.39)	(54.14)
NET CASH FLOW FROM FINANCE (C)	(805.73)	(682.43)
NET CASH FLOW / OUTFLOW (A+B+C)	(146.08)	(571.11)
CASH AND CASH EQUIVALENTS		
(OPENING BALANCE)	452.52	1023.63
(CLOSING BALANCE)	306.44	452.52
NET INCREASE / DECREASE IN CASH	(146.08)	(571.11)

Notes :

1. The Cash Flow Statement has been prepared under the " Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statement as notified by the Ministry of Corporate Affairs.
2. The following have been considered under financing activities :- Cash credit / Working capital demand loan and other borrowings being source of finance.
3. Proceeds from borrowings are shown net of repayments.
4. Purchase of fixed assets are shown inclusive of movements in capital work - in - progress.
5. Cash and cash equivalents represent cash & bank balances and bank deposits.
6. Previous year's figures have been regrouped wherever necessary.

On behalf of the Board

Tushar Bhandari
Director
DIN: 03583114

Nitin Tibrewal
Director
DIN: 01892892

Place: Indore
Date: 26th May, 2017

Sanjay Kumar Tibrewal
Chief Financial Officer

Sumit Jaitely
Company Secretary

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March, 2017

Notes forming part of the Balance Sheet as at 31st March, 2017 and Profit & Loss Account for the year ended on 31st March, 2017.

PART – A SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Preparation of Financial Statements:**

The company adopts the mercantile system of Accounting and recognizes, Income and expenditure on accrual basis except where stated specifically. The financial statements have been prepared by following a going concern approach and are in conformity with the statutory provisions, accounting standards issued by the Institute of Chartered Accountants of India and referred to Section 129 & 133 of the Companies Act, 2013 and the relevant provisions thereof and generally accepted practices prevailing in India except as otherwise stated.

(b) Fixed Assets :

Fixed assets are stated at cost inclusive of inward freight, duties, taxes, financial cost and other expenses up to putting the assets in use.

(c) Investments:

Current investments are carried at lower of cost and quoted/fair value, computed category wise, Long Term Investments are stated at cost. Provisions for diminution in the value of the long-term investments is made only if such a decline is other than temporary.

(d) Inventories:

Inventories are valued at lower of cost or net realizable value except cost of work in progress, which is determined on absorption costing method.

(e) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Gross turnover includes excise duty on sales but does not include VAT and CST.

Income from Services

Revenue from service contracts are recognized pro-rata over the period of the contract as and when services are rendered and are net of service tax.

Interest

Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend

Dividend is recognized when the shareholders' right to receive payment is established by the Balance Sheet Date.

(f) Depreciation:

Depreciation has been provided on based on life assigned to each asset in accordance with Schedule II of the Companies Act, 2013, except in respect of some assets where useful life is different than those prescribed in Schedule II. Certificate from Chartered Engineer is taken in this respect. Leasehold land is being amortized over the period of lease.

(g) Employee Benefits:

- (i) The company's contribution to Provident Fund and Employees State Insurance Scheme are charged to profit & loss account.
- (ii) Short-term employee benefits are recognized as an expense at the un-discounted amount in the profit and loss account of the year in which the related service is rendered.
- (iii) Post employment and other long-term employee benefits including gratuity are recognized as an expense in the

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March, 2017

profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques.

- (iv) Encashment of leave is recognized and provided on yearly basis. There is accumulation of leave encashment and same are paid upon accumulation at year end of the accumulated leaves in excess of 90 days or upon cessation of employment.

(h) Impairment of Assets:

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior years is reversed if there has been a change in the estimate of recoverable amount.

(i) Earning Per Share:

The earning considered in ascertaining the company's earning per share (EPS) comprise of the net profit after tax. The number of shares used in computing diluted EPS comprise of weighted average shares considered for deriving basic EPS and also the weighted average number of Equity Shares which could have been issued on the conversion of all dilutive potential Equity Shares.

(j) Foreign Currency Transaction:

- (i) Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction.
- (ii) Monetary items denominated in foreign currencies (such as cash, receivables, payables etc.) outstanding at the year end, are translated at exchange rates applicable as on that date.
- (iii) Non-monetary items denominated in foreign currency, (such as fixed assets) are valued at transaction cost.
- (iv) Any gains or losses arising due to exchange differences at the time of translation or settlement are accounted for in the Profit and Loss Account.

(k) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements. .

(l) Lease Assets

Leases where the lessor effectively retain substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a Straight-line basis over the lease term. Lease income is recognized in the Profit and Loss Account on an accrual basis.

(m) Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

(n) Taxation:

- i) Provision for Income Tax is determined in accordance with the provisions of Income Tax Act, 1961.
- ii) Deferred tax for timing differences between tax profits and book profits is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred tax assets are recognized to the extent there is reasonable certainty that these assets can be realized in future.

(o) Export Benefits :

The benefits accrued (if any) under the Duty Draw Back Scheme as per the Export and Import Policy in respect of exports made under the said Scheme are recognized.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March, 2017**PART B : NOTES****Note 1 SHARE CAPITAL**

Particulars	As at 31.03.2017 (₹ in Lakhs)	As at 31.03.2016 (₹ in Lakhs)
A) AUTHORISED:		
2,50,00,000 (31.03.2016 - 2,50,00,000) EQUITY SHARES OF ₹ 10/- EACH	2500.00	2500.00
TOTAL	2500.00	2500.00
B) ISSUED		
1,80,79,200 (31.03.2016 -1,80,79,200) EQUITY SHARES OF ₹ 10/- EACH	1807.92	1807.92
C) SUBSCRIBED AND FULLY PAID UP :		
1,80,79,200 (31.03.2016 -1,80,79,200) EQUITY SHARES OF ₹ 10/- EACH (Refer Note 1.1, 1.2, 1.3)	1807.92	1807.92
TOTAL	1807.92	1807.92

Note 1.1

Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31.03.2017	As at 31.03.2016
	No. of Shares	No. of Shares
Equity shares at the beginning of the year	18079200	9039600
Add: Equity Shares issued during the Year	0	9039600
Equity shares at the end of the year	18079200	18079200

Note 1.2

- The company has only one class of equity shares having par value of ₹ 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- During the Financial Year 2015-16 Company has issued Bonus shares in the ratio of 1:1 to all the existing shareholders.

Note 1.3

Details of shares in the company held by each shareholder holding more than 5% shares

Sr. No	Name of Shareholder	As at 31.03.2017		As at 31.03.2016	
		No. of Equity Shares	% of total subscribed and fully paid up shares	No. of Equity Shares	% of total subscribed and fully paid up shares
1	Smt. Ramdulari Kedia	1971600	10.91	1971600	10.91
2	Garnet Tradelink Pvt. Ltd.	1665000	9.21	1800000	9.96
3	Attic Dealcom Pvt. Ltd.	1316890	7.28	1372366	7.59
4	Smt. Shweta Kedia	1542000	8.53	1542000	8.53
5	Smt. Sangita Kedia	1486400	8.22	1486400	8.22
6	Shri Prasann Kumar Kedia	956200	5.29	956200	5.29

Note 2 RESERVES AND SURPLUS

Particulars	As at 31.03.2017 (₹ in Lakhs)	As at 31.03.2016 (₹ in Lakhs)
A) SECURITIES PREMIUM ACCOUNT		
Opening Balance	163.10	1067.06
Less: Issue of Bonus Shares	0.00	903.96
Closing Balance	163.10	163.10
B) GENERAL RESERVE		
Opening Balance	789.07	689.07
Add: Transferred from Capital Reserve	0.00	0.00
Less: Adjustment related to Fixed Assets	0.00	0.00
Add: Transferred from surplus	100.00	100.00
Closing Balance	889.07	789.07
C) SURPLUS		
Opening Balance	5329.76	4109.41
Add: Profit for the year transferred from Statement of Profit & Loss	1737.86	1429.15
Amount available for appropriation	7067.62	5538.56
Appropriations:		
Amount transferred to General Reserve	100.00	100.00
Proposed Dividend on Equity Shares (Previous Year ₹ 0.50) *	0.00	90.40
Tax on Dividend	0.00	18.40
Closing Balance	6967.62	5329.76
TOTAL	8019.79	6281.94

* The directors have recommended the payment of a final dividend of ₹ 1 per fully paid equity share amounting to ₹ 180.79 Lakhs (31st March, 2016 – ₹ 0.50 amounting to ₹ 90.40 Lakhs). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

Note 3 LONG-TERM BORROWINGS

Particulars	As at 31.03.2017		As at 31.03.2016	
	NON CURRENT	CURRENT	NON CURRENT	CURRENT
	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)
TERM LOANS FROM BANKS (Secured)	822.01	725.68	1529.74	598.52
LOANS FROM RELATED PARTIES (Unsecured)	0.00	0.00	48.37	0.00
LOANS FROM OTHERS (Unsecured)	0.00	0.00	230.27	0.00
(Refer Note 3.1)				
TOTAL	822.01	725.68	1808.38	598.52
The above amount includes				
Secured borrowings	822.01	725.68	1529.74	598.52
Unsecured borrowings	0.00	0.00	278.63	0.00
TOTAL	822.01	725.68	1808.38	598.52

Note 3.1**Details of loans taken from banks**

Particulars	As at 31.03.2017		As at 31.03.2016	
	NON CURRENT	CURRENT	NON CURRENT	CURRENT
	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)
Term Loan from Canara Bank (Repayable in 23 quarterly installments, last installment falling due in December, 2018. Interest rate as at 31.03.2017 - 11.70% p.a.)	703.77	520.00	1223.77	400.00
Term Loan from Canara Bank (Repayable in 23 quarterly installments, last installment falling due in March, 2019. Interest rate as at 31.03.2017 - 11.70% p.a.)	46.97	100.00	146.97	97.98
Term Loan from IDBI Bank (Repayable in 24 quarterly installments, last installment falling due in March, 2018. Interest rate as at 31.03.2017 - 12.50% p.a.)	0.00	37.36	37.36	37.52
Vehicle Loan from ICICI Bank (Repayable in 35 monthly installments, last installment falling due in May, 2016. Interest rate - 9.11% p.a. fixed)	0.00	0.00	0.00	0.78
Vehicle Loan from ICICI Bank (Repayable in 35 monthly installments, last installment falling due in June, 2016. Interest rate - 9.35% p.a. fixed)	0.00	0.00	0.00	1.26
Vehicle Loan from ICICI Bank (Repayable in 35 monthly installments, last installment falling due in December, 2016. Interest rate - 10.74% p.a. fixed)	0.00	0.00	0.00	3.80
Vehicle Loan from ICICI Bank (Repayable in 35 monthly installments, last installment falling due in July, 2017. Interest rate - 10.86% p.a. fixed)	0.00	0.73	0.73	2.13
Vehicle Loan from ICICI Bank (Repayable in 60 monthly installments, last installment falling due in August, 2019. Interest rate - 10.22% p.a. fixed)	13.17	8.37	21.54	7.56
Vehicle Loan from ICICI Bank (Repayable in 36 monthly installments, last installment falling due in April, 2018. Interest rate - 10.80% p.a. fixed)	0.26	3.42	3.67	3.07
Vehicle Loan from ICICI Bank (Repayable in 36 monthly installments, last installment falling due in December, 2019. Interest rate - 9.51% p.a. fixed)	3.07	1.54	0.00	0.00

Note 3.1

Details of loans taken from banks

Particulars	As at 31.03.2017		As at 31.03.2016	
	NON CURRENT	CURRENT	NON CURRENT	CURRENT
	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)
Vehicle Loan from Axis Bank (Repayable in 36 monthly installments, last installment falling due in March, 2019. Interest rate - 9.65% p.a. fixed)	13.18	13.32	26.50	12.26
Vehicle Loan from Axis Bank (Repayable in 36 monthly installments, last installment falling due in March, 2019. Interest rate - 9.65% p.a. fixed)	34.35	34.85	69.20	32.17
Vehicle Loan from Axis Bank (Repayable in 36 monthly installments, last installment falling due in May, 2019. Interest rate - 9.83% p.a. fixed)	7.26	6.09	0.00	0.00
Total	822.01	725.68	1529.74	598.52

Details of Unsecured loans taken from body corporate

Maturity Profile of Unsecured loans taken from body corporates	As at 31.03.2017		As at 31.03.2016	
	NON CURRENT	CURRENT	NON CURRENT	CURRENT
	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)
Loans with residual maturity between 1 and 3 years	0.00	0.00	278.63	0.00
Total	0.00	0.00	278.63	0.00

Note 3.2

- Term loan includes ₹ 139.60 Lakhs (previous year ₹ 184.78 Lakhs) as car loan, secured by hypothecation on assets acquired under the scheme and personal guarantee of a director.
- Financial assistance of ₹ 1408.08 Lakhs (previous year ₹ 1943.59 Lakhs) as term loan, secured by pari passu first charge on entire fixed assets, present & future, of the company through hypothecation for movable assets and mortgage of immovable assets, pledge of FDRs of ₹ 143.68 Lakhs (previous year ₹ 105.80 Lakhs).
- Financial assistance of ₹ 0 (previous year ₹ 278.63 Lakhs) are unsecured loans.

Note 4 DEFERRED TAX LIABILITY

Particulars	As at 31.03.2017 (₹ in Lakhs)	As at 31.03.2016 (₹ in Lakhs)
DEFERRED TAX LIABILITY		
Fixed Assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	1017.85	1078.80
TOTAL	1017.85	1078.80

Note 5 SHORT TERM BORROWINGS

Particulars	As at 31.03.2017 (₹ in Lakhs)	As at 31.03.2016 (₹ in Lakhs)
LOANS REPAYABLE ON DEMAND		
FROM BANKS (Secured) (Refer Note No. 5.1)	1621.45	1463.59
TOTAL	1621.45	1463.59

Note 5.1

Financial assistance of ₹ 1621.45 Lakhs (previous year ₹ 1463.52 Lakhs) as cash credit facility, repayable on demand, secured by first charge by way of hypothecation of inventory and book debts and second charge by way of hypothecation of movable and mortgage of immovable on entire present and future assets.

Note 6 TRADE PAYABLES

Particulars	As at 31.03.2017 (₹ in Lakhs)	As at 31.03.2016 (₹ in Lakhs)
OTHERS (Refer Note 6.1)	1823.80	2432.07
TOTAL	1823.80	2432.07

Note 6.1

The details of amount outstanding to Micro, Small and Medium Enterprises based on available information with the company is as under:

Particulars	As at 31st March 2017 (₹ in Lakhs)	As at 31st March 2016 (₹ in Lakhs)
Principal amount due and remaining unpaid	-	-
Interest due on above and the unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-

Note 7 OTHER CURRENT LIABILITIES

Particulars	As at 31.03.2017 (₹ in Lakhs)	As at 31.03.2016 (₹ in Lakhs)
CURRENT MATURITIES OF LONG TERM DEBT (Refer Note 3)	725.68	598.52
PAYABLE FOR CAPITAL EXPENDITURE	25.90	136.77
UNPAID DIVIDEND (Refer Note 7.1)	7.04	2.63
OTHER PAYABLES (Refer Note 7.2)	811.59	869.42
TOTAL	1570.21	1607.34

Note 7.1

Unpaid dividend has been accounted for with enhanced amount ₹ 7.04 Lakhs (Previous Year ₹ 2.63 Lakhs).

Note 7.2

Other Payables includes expenses payables, statutory liabilities payables and advance from debtors.

Note 8 SHORT TERM PROVISIONS

Particulars	As at 31.03.2017 (₹ in Lakhs)	As at 31.03.2016 (₹ in Lakhs)
PROVISIONS FOR EMPLOYEE BENEFITS (Refer Note 23.1)	57.86	86.78
PROPOSED DIVIDEND	0.00	90.40
TAX ON DIVIDEND	0.00	18.40
PROVISION FOR TAXATION	392.08	343.60
TOTAL	449.94	539.18

Note 9 FIXED ASSETS

(₹ in Lakhs)

NAME OF ASSETS	GROSS BLOCK					DEPRECIATION/AMORTIZATION				NET BLOCK	
	As at 1.4.2016	Additions for the year	Sales / Transfer / Written off during the year	Other Adjust- ments	As at 31.3.2017	Upto 31.3.2016	During the year	Write back	Total upto 31.3.2017	As at 31.3.2017	As at 31.3.2016
A. Tangible assets											
Land											
Leasehold land	24.26	0.00	0.00	0.00	24.26	11.48	2.74	0.00	14.22	10.04	12.78
Freehold land	420.01	0.00	0.00	0.00	420.01	0.00	0.00	0.00	0.00	420.01	420.01
Buildings	1416.00	215.43	0.00	0.00	1631.44	367.19	59.33	0.00	426.52	1204.91	1048.81
Plant and equipment	11396.73	279.16	261.86	0.00	11414.03	4627.73	851.38	147.45	5331.66	6082.37	6769.00
Furniture and fixtures	168.42	11.64	6800.00	0.00	179.99	70.08	17.39	0.04	87.43	92.55	98.34
Vehicles	501.23	29.33	13.62	0.00	516.94	163.66	58.06	12.26	209.46	307.49	337.58
Office equipment	104.84	33.58	12.07	0.00	126.35	76.64	13.84	9.47	81.01	45.34	28.20
Wind power plant	413.54	0.00	0.00	0.00	413.54	121.74	17.31	0.00	139.05	274.49	291.80
Computers	256.80	27.41	0.00	0.00	284.21	73.48	74.72	0.00	148.20	136.01	183.31
TOTAL (A)	14701.83	596.55	7087.55	0.00	15010.76	5512.01	1094.77	169.22	6437.56	8573.21	9189.83
B. Intangible assets											
Goodwill	72.00	0.00	0.00	0.00	72.00	0.00	0.00	0.00	0.00	72.00	72.00
TOTAL (B)	72.00	0.00	0.00	0.00	72.00	0.00	0.00	0.00	0.00	72.00	72.00
C. TOTAL (A + B)	14773.83	596.55	7087.55	0.00	15082.76	5512.01	1094.77	169.22	6437.56	8645.21	9261.83
D. Capital work in progress	155.69	425.86	99.72	0.00	481.83	0.00	0.00	0.00	0.00	481.83	155.69
TOTAL (C + D)	14929.52	1022.41	7187.27	0.00	15564.59	5512.01	1094.77	169.22	6437.56	9127.03	9417.51
Previous year's figure	14021.14	1106.54	198.24	0.08	14929.52	4510.60	1034.16	32.76	5512.01	9417.51	9510.54

Note 10 NON-CURRENT INVESTMENT

Particulars	As at 31.03.2017 (₹ in Lakhs)	As at 31.03.2016 (₹ in Lakhs)
A. Long Term - Trade		
INVESTMENT IN EQUITY INSTRUMENTS - (Fully Paid Up)		
Unquoted		
In Others		
2,00,000 (31.03.2016 - 2,00,000), M/s Mount Everest Breweries Limited shares of ₹10/- each	200.00	200.00
B. Long Term - Other than Trade		
INVESTMENT IN EQUITY INSTRUMENTS - (Fully Paid Up)		
Unquoted		
Nil (31.03.2016 - 100), M/s Associated Infrastructure & Housing Limited shares of ₹ 10 each	0.00	0.01
TOTAL	200.00	200.01

Note 11 LONG TERM LOANS & ADVANCES (Unsecured and Considered Good)

Particulars	As at 31.03.2017 (₹ in Lakhs)	As at 31.03.2016 (₹ in Lakhs)
CAPITAL ADVANCES	164.35	143.53
SECURITY DEPOSIT	82.10	107.24
OTHER DEPOSIT (Refer Note 11.1)	25.00	0.00
OTHER LOAN & ADVANCES (Refer note 11.2)	27.84	50.64
TOTAL	299.29	301.41

Note 11.1

The company has deposited cash amounting to ₹ 1360.21 Lakhs, mainly consisting of cash sales collections and other receipts, in its bank accounts during 9th November 2016 to 30th December 2016. During the course of enquiry of such deposits by Income-tax authorities, the company was unable to furnish confirmations to the satisfaction of the Income-tax authorities for a sum of ₹ 100 Lakhs. Therefore, in the month of March 2017, in order to avoid harsher tax consequences and unwarranted future litigation, the company has declared a sum of ₹ 100 Lakhs, received in part payment of 'Other Receivables' and deposited in bank account, as undisclosed income under the Pradhan Mantri Garib Kalyan Yojana, 2016 (PMGKY 2016) and paid applicable tax, surcharge & penalty aggregating to ₹ 49.90 Lakhs. As required under the PMGKY 2016, the company has made a deposit of ₹ 25 Lakhs in the Bond Ledger Account maintained with Reserve Bank of India in respect of Pradhan Mantri Garib Kalyan Deposit Scheme, 2016.

Note 11.2

Other loan & Advances include non current portion of loans to employees and loans to body corporates.

Note 12 INVENTORIES

Particulars	As at 31.03.2017 (₹ in Lakhs)	As at 31.03.2016 (₹ in Lakhs)
RAW MATERIAL	203.77	321.35
SEMI FINISHED GOODS (including Stock in Process)	299.50	287.12
FINISHED GOODS (Refer Note 12.1)	1626.13	1689.35
STORES & SPARES (including Coal)	333.75	228.44
PACKAGING MATERIAL	352.74	300.04
CONSUMABLES	57.84	55.58
TOTAL	2873.73	2881.87

Note 12.1

Particulars	As at 31.03.2017 (₹ in Lakhs)	As at 31.03.2016 (₹ in Lakhs)
Finished Goods includes Goods In Transit	6.39	39.34
Semi Finished Goods includes Goods in Transit	11.31	10.01

Note 12.2

Inventories are valued at lower of cost or net realizable value except cost of work in progress, which is determined on absorption costing method. By-Products are valued at net realizable value.

Note 13 TRADE RECEIVABLES (Unsecured and Considered Good)

Particulars	As at 31.03.2017 (₹ in Lakhs)	As at 31.03.2016 (₹ in Lakhs)
OVER SIX MONTHS	300.39	376.85
OTHERS	1479.06	783.70
TOTAL	1779.44	1160.55

Note 14 CASH & BANK BALANCES

Particulars	As at 31.03.2017 (₹ in Lakhs)	As at 31.03.2016 (₹ in Lakhs)
CASH & CASH EQUIVALENTS		
BALANCE WITH BANKS	111.67	152.40
CASH ON HAND	194.76	177.50
FIXED DEPOSITS WITH BANKS	0.00	119.98
OTHER BANK BALANCES		
FIXED DEPOSITS WITH BANKS (Refer Note 14.1)	230.69	253.38
UNCLAIMED DIVIDENDS - EARMARKED BALANCES WITH BANKS	7.04	2.63
TOTAL	544.17	705.90

Note 14.1

Fixed Deposits with banks amount to ₹ 85.04 Lakhs (previous year ₹ 147.58 Lakhs) earmarked for issuance of Bank Guarantees and ₹ 143.68 Lakhs (previous year ₹ 105.80 Lakhs) earmarked for borrowings of ₹ 1370.73 Lakhs (previous year ₹ 1868.71 Lakhs).

Note 15 SHORT TERM LOAN & ADVANCES (Unsecured and Considered Good)

Particulars	As at 31.03.2017 (₹ in Lakhs)	As at 31.03.2016 (₹ in Lakhs)
OTHERS (Refer Note 15.1 & Note 15.2)	2099.93	1649.66
TOTAL	2099.93	1649.66

Note 15.1

Other loans & advances include prepaid expenses, statutory receivables, deposits with government departments, advance to employees, advance to suppliers and to service providers.

Note 15.2

Details of Short Term Loan given to Body Corporates are as follows:

1. Amount of ₹ 293.51 Lakhs (Previous Year Nil) to Mount Everest Breweries Limited for the brewery establishment & working capital as joint business strategy which will be repaid within a period of 12 months with interest @ 12%.
2. Amount of ₹ 71.05 Lakhs (Previous Year ₹ 78.10 Lakhs) to Smilington Holdings Private Limited for the renovation of corporate office building which will be repaid within a period of 12 months with interest @ 12%.
3. Amount of ₹ 300.41 Lakhs (Previous Year ₹ 250.82 Lakhs) to Millennium Urja Limited for the proposed investment in energy sector which will be repaid within a period of 12 months with interest @ 12%.
4. Amount of ₹ 158.21 Lakhs (Previous Year ₹ 150.44 Lakhs) to Malwa Realities Private Limited for the back end tie up with major Liquor Contractor of the state as part of Marketing strategy which will be repaid within a period of 12 months with interest @ 12%.

Note 16 OTHER CURRENT ASSETS

Particulars	As at 31.03.2017 (₹ in Lakhs)	As at 31.03.2016 (₹ in Lakhs)
OTHER CURRENT ASSETS (refer Note No. 16.1)	209.39	702.29
TOTAL	209.39	702.29

Note 16.1

Other Current assets includes receivables on account of sale of investment & other receivables

Note 17 DISCLOSURE IN RESPECT OF SPECIFIED BANK NOTES HELD AND TRANSACTED

Particulars	SPECIFIED BANK NOTES (SBNs) (₹)	OTHER DENOMINATION NOTES & COINS	TOTAL (₹)
Closing cash in hand as on 08.11. 2016	67824500	8435761	76260261
(+) Permitted receipts	0	90759544	90759544
(-) Permitted payments	0	5714791	5714791
(-) Amount deposited in Banks*	67824500	68196205	136020705
Closing cash in hand as on 30.12. 2016	0	25284309	25284309

*The cash deposited by the buyers/contractors in special collection accounts bearing the name of the company, with designated branches of Punjab National Bank for IMFL supplies, are not included in the aforesaid deposits, as the same are under the control & supervision of State Excise Authorities & company does not have any control over operations of these accounts.

Note 18 REVENUE FROM OPERATIONS

Particulars	Year ended 31.03.2017 (₹ in Lakhs)	Year ended 31.03.2016 (₹ in Lakhs)
SALE OF PRODUCTS	29172.12	28445.26
SALE OF SERVICES	317.29	319.78
OTHER OPERATING REVENUES	168.39	12.00
	29657.80	28777.04
LESS: EXCISE DUTY	11.27	24.64
TOTAL	29646.53	28752.40

Note 19 OTHER INCOME

Particulars	Year ended 31.03.2017 (₹ in Lakhs)	Year ended 31.03.2016 (₹ in Lakhs)
INTEREST INCOME	86.20	74.89
PROFIT/ (LOSS) ON SALE OF INVESTMENT	0.06	-59.99
OTHER NON-OPERATING INCOME (Refer Note 19.1)	86.14	43.78
TOTAL	172.40	58.69

Note 19.1

Other Non operating Income includes profit/loss on sale of assets, Misc. income, balances written off/written back.

Note 20 COST OF MATERIAL CONSUMED

Particulars	Year ended 31.03.2017 (₹ in Lakhs)	Year ended 31.03.2016 (₹ in Lakhs)
MATERIALS CONSUMED (Refer Note 20.1)	15486.21	15457.97
TOTAL	15486.21	15457.97

Note 20.1

Particulars of material consumed	Year ended 31.03.2017 (₹ in Lakhs)	Year ended 31.03.2016 (₹ in Lakhs)
Raw Material	11694.15	11427.38
Packing Material	3411.63	3429.09
Consumables	380.43	601.50
Total	15486.21	15457.97

Note 21 PURCHASE OF STOCK-IN-TRADE

Particulars	Year ended 31.03.2017 (₹ in Lakhs)	Year ended 31.03.2016 (₹ in Lakhs)
PURCHASE OF STOCK IN TRADE	1080.62	337.49
TOTAL	1080.62	337.49

Note 22 CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK IN PROCESS

Particulars	Year ended 31.03.2017 (₹ in Lakhs)	Year ended 31.03.2016 (₹ in Lakhs)
OPENING INVENTORIES		
FINISHED GOODS	1689.35	1838.58
SEMI FINISHED GOODS (including Stock in Process)	287.12	173.26
CLOSING INVENTORIES		
FINISHED GOODS	1626.13	1689.35
SEMI FINISHED GOODS (including Stock in Process)	299.50	287.12
TOTAL	50.84	35.38

Note 23 EMPLOYEE BENEFITS EXPENSE

Particulars	Year ended 31.03.2017 (₹ in Lakhs)	Year ended 31.03.2016 (₹ in Lakhs)
SALARY & WAGES	1864.74	1630.64
CONTRIBUTION TO PROVIDENT AND OTHER FUNDS (Refer Note 23.1)	44.66	37.11
STAFF WELFARE EXPENSES	19.30	32.61
TOTAL	1928.70	1700.36

Note 23.1

As per Accounting Standard 15 " Employee Benefits ", the disclosures of Employee benefits as defined in the Accounting Standard are given below :

A) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:-

Particulars	Year ended 2016-17 ₹ 37.60 Lakhs	Year ended 2015-16 ₹ 25.27 Lakhs
Employer's Contribution to Provident Fund		

B) Defined Benefit Plan

- The obligation of leave encashment is recognized, provided and paid on yearly basis. There is no accumulation of the same except current year
- The Company has taken Group Gratuity Policy of Insurance Companies. The Present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Particulars	Year ended 2016-17 (₹ in Lakhs)	Year ended 2015-16 (₹ in Lakhs)
I. Reconciliation of opening and closing balances of obligation		
Liability at the beginning of the year	171.22	225.20
Current Service Cost	15.52	17.53
Interest Cost	13.77	18.02
Benefits paid	(19.29)	(7.23)
Actuarial (gain)/ Loss on obligations	22.84	(82.29)
Liability at the end of the year	204.05	171.22

Particulars	Year ended 2016-17 (₹ in Lakhs)	Year ended 2015-16 (₹ in Lakhs)
II. Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at the beginning of the year	137.68	86.28
Expected return on plan assets	11.07	7.77
Contribution by the employer	31.96	49.59
Benefits paid	(19.29)	(7.23)
Actuarial (gain)/Loss	(2.49)	1.28
Fair value of plan assets at the end of the year	158.93	137.68
III. Expenses recognized in Statement of Profit & Loss Account		
Current Service Cost	15.52	17.53
Interest Cost	2.70	10.25
Expected return on plan assets	0	0
Total Actuarial (gain)/loss	25.33	(83.57)
Total Expenses included in employee cost	43.54	(55.79)
IV. Principal actuarial assumptions		
Discount rate	7.29%	8.04%
Expected rate of return on plan of assets	7.29%	8.04%
Salary increment rate	7.00%	7.00%
Composition of plan assets		
Investment with insurer	100.00%	100.00%

Note 24 FINANCE COST

Particulars	Year ended 31.03.2017 (₹ in Lakhs)	Year ended 31.03.2016 (₹ in Lakhs)
INTEREST EXPENSE	378.25	488.44
OTHER BORROWING COSTS	25.76	30.52
TOTAL	404.01	518.96

Note 25 OTHER EXPENSE

Particulars	Year ended 31.03.2017 (₹ in Lakhs)	Year ended 31.03.2016 (₹ in Lakhs)
MANUFACTURING EXPENSES		
CONSUMPTION OF STORES AND SPARE PARTS	257.28	347.81
POWER & FUEL	3146.16	3985.64
REPAIRS - BUILDINGS	3.69	13.36
REPAIRS - MACHINERY	77.32	66.07
INSURANCE	8.30	10.04
OTHER MANUFACTURING EXPENSES	1191.81	1044.59
SELLING AND DISTRIBUTION EXPENSES		
FREIGHT OUTWARD	402.04	444.53
WARE HOUSE HANDLING CHARGES	218.27	243.43
ADMINISTRATION EXPENSES		
RENT	57.68	53.44
RATES & TAXES	3.26	0.60
PAYMENT TO AUDITOR (Refer Note 25.1)	10.94	9.63
OTHER SELLING & ADMINISTRATION EXPENSES (Refer Note 25.2)	1623.41	1195.36
TOTAL	7000.15	7414.50

Note 25.1

Particulars	Year ended 31.03.2017 (₹ in Lakhs)	Year ended 31.03.2016 (₹ in Lakhs)
Payment to Auditor as:	₹	₹
(a) Audit Fees	8.34	8.30
(b) For taxation matters	2.35	1.00
(c) For other certifications	0.24	0.34
Total	10.94	9.63

Note 25.2

Other Selling & Administration expenses includes prior period expenses (net of income) of ₹ 10.79 Lakhs (previous year ₹ 3.56 Lakhs).

Note 26 CORPORATE SOCIAL RESPONSIBILITY

Year	CSR Amount (₹ in Lakhs)	Spent (₹ in Lakhs)	Unspent (₹ in Lakhs)
2014-15	12.28	0	12.28
2015-16	22.48	0	22.48
2016-17	34.98	0	34.98

Expenditure on account of corporate Social Responsibility as per Section 135 of Companies Act, 2013 amounting to ₹ 69.74 Lakhs (previous year ₹ 34.76 Lakhs) has not been spent by the company during the financial year.

Note 27 CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	Year ended 31.03.2017 (₹ in Lakhs)	Year ended 31.03.2016 (₹ in Lakhs)
I CONTINGENT LIABILITIES		
(A) Guarantees		
(i) Guarantees to Banks and Financial Institutions Against credit facilities extended to Mount Everest Breweries Limited for the brewery establishment & working capital as joint business strategy	6400.00	6400.00
(ii) Bank Guarantees to other parties	362.98	325.97
(B) Dues		
(i) Entry Tax payable	95.79	75.12
(ii) State Excise Duty payable	580.42	603.98
(iii) MPGATSAVA Tax	28.64	19.00
(iv) Income Tax demand	16.60	16.60
(v) Central Sales Tax Payable	4.20	2092.82
(vi) M.P. VAT Payable	654.18	364.93
II COMMITMENTS		
(A) Estimated amount of contracts remaining to be executed on capital account and not provided for	336.52	262.14
III DIVIDEND		
The directors have recommended the payment of a final dividend of ₹ 1 per fully paid equity share (31st March, 2016 – ₹ 0.50). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	180.79	90.40

Note 28 EARNING PER SHARE

Particulars	Year ended 31.03.2017 (₹ in Lakhs)	Year ended 31.03.2016 (₹ in Lakhs)
Face Value per Share (₹)	10	10
A. Weighted average number of Equity Shares		
1. Number of Equity Shares at the beginning of the year (in Lakhs)	180.792	180.792
2. Number of Equity Shares at the end of the year (in Lakhs)	180.792	90.396
3. Weighted average number of Equity Shares outstanding during the year (on annualized basis) (in Lakhs)	180.792	180.792
B. Net Profit after tax available for Equity Share holders (₹ Lakhs)	1737.86	1429.15
C. Basic and diluted Equity per share (in ₹) annualized	9.61	7.90

Note 29 EARNING AND EXPENDITURE IN FOREIGN CURRENCY

Particulars	Year ended 31.03.2017 (₹ in Lakhs)	Year ended 31.03.2016 (₹ in Lakhs)
Earnings		
Export Sales	0	0
Expenditure		
Purchase of Stores & Spares	7.63	0
Professional Development Expenses	44.75	2.67
Travelling Expenses & Business Promotion	35.69	8.37

Note 30 RELATED PARTY DISCLOSURE

A List of Related Parties where control exists and related parties with whom transactions have taken place.

Name of Related Party	Relationship
Mr Ashish Kumar Gadia	Key Managerial Personnel (Stepped down on 5th January 2017)
Mr Tushar Bhandari	Key Managerial Personnel
Mr Sumit Jaitely	Key Managerial Personnel
Mr Anand Kumar Kedia	Individual owning voting power giving control or significant influence.
Mr Prasann Kumar Kedia	Individual owning voting power giving control or significant influence.
Mrs Ram Dulari Kedia	Individual owning voting power giving control or significant influence.
Mrs Sangita Kedia	Individual owning voting power giving control or significant influence.
Mrs Sweta Kedia	Individual owning voting power giving control or significant influence.
Mr Anshuman Kedia	Relative of individual owning voting power giving control or significant influence.
Ms Ravisha Kedia	Relative of individual owning voting power giving control or significant influence.
Mr Vedant Kedia	Relative of individual owning voting power giving control or significant influence.
Mr H.K. Bhandari	Relative of Key Managerial Person
Mrs Uditia Bhandari	Relative of Key Managerial Person

B Related Party Transaction

(₹ in Lakhs)

Particulars	Key Managerial Personnel		Relatives of Individual owning voting power giving control or significant influence		Individual owning voting power giving control or significant influence		Enterprise over which persons referred hereinabove able to exercise significant influence		Relative to KMP	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Salary	21.45	3.94	35.21	5.07	750.16	611.84			16.82	0
Rent					6.72	6.00				
Purchase of Raw Material									0.70	0
Purchase of Services									0.93	0
Loan Taken							0	48.36		

Note 31 SEGMENT REPORTING

The Company has identified primarily reportable segment viz. Potable Alcohol segment same has been identified and reported taking into account nature of product and service, the differing risks and returns and the internal business reporting systems.

The company is not having more than one reportable business segment so segment information as per AS 17 is not required.

ASSOCIATED ALCOHOLS & BREWERIES LIMITED

Regd. Office: "106A, Shyam Bazar Street, Kolkata – 700005"

ECS MANDATE FORM

I hereby authorised you to make all payment in respect of my holding in your Company to my bankers for crediting to my account as detail below:

1. Shareholder Name: _____
(In Block Letters) (First holder)
2. FolioNumber/DPID & Client ID No. _____
(Joint holder, if any)
3. No. of shares held : _____
4. Name of the Bank : _____
5. Branch Name & Address : _____
6. Account type : SB A/c ☐ Current A/c ☐ Other ☐
(Please Specify)
7. Bank Account Number : _____
8. IFSC Code : _____
9. PAN : _____
10. E-mail ID : _____

I/We hereby declare that the particulars given above are correct and complete, if credit is not effected for the reason (s) of incomplete or incorrect information I/We would not hold the Company responsible.

Note: Please attach cancelled cheque issued by your bank relating to your above account for verifying the accuracy of the code number.

Date:

Signature of the first holder
(As appearing in the Company records)

Certificate of the Investor's Bank

Certified that the particulars of the bank account furnished above are correct as per our records.

Signature of the first holder
(As appearing in the Company Records)

PROXY FORM
[FORM NO. MGT – 11]

Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies
 (Management and Administration) Rules, 2014

Name of the Company	Associated Alcohols & Breweries Limited
CIN	L15520WB1989PLC047211
Registered office	106A, Shyam Bazar Street, Kolkata – 700 005
Email id	cs@aabli.in

Name of the member(s)			
Registered Address:			
E-mail Id:			
Folio No./Client Id:		DP ID:	

I/we, being the member(s) ofShares of the above named Company, hereby appoint

Name			
Address			
E – mail Id		DP ID:	
Or failing him		Signature:	
Name			
Address			
E – mail Id		DP ID:	
Or failing him		Signature:	

as my /our proxy to attend and vote(on a poll)for me/us and on my/ our behalf at the 28th Annual General Meeting (AGM) of the Company, to be held on the 05th day of August, 2017 at 10:00 AM at "Shripati Singhania Hall" Rotary Sadan, 94/2, Chowranghee Road, Kolkata – 700 020. And at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Description	Optional*	
Ordinary Business		For	Against
1	To receive, consider and adopt the Audited Financial Statements together with Directors Report as also the Auditors Report thereon for the year ended March 31, 2017.		
2	To declare dividend on Equity Shares for the financial year ending 31st March, 2017.		
3	To appointment M/s. Singhi & Co, Chartered Accountants as Statutory Auditor of the company for a term of 5 years (Subject to ratification) and fix their remuneration.		
Special Resolution			
5	Appointment of Mr. Tushar Bhandari (DIN:03583114) as Whole Time Director of the Company for a period of 5 years		
6	Appointment of Mrs. Abhijit Nagee (DIN: 07724108) as Independent Director of the company.		

Signed this..... day of..... 2017

Signature of shareholder:.....

Signature of Proxy holder(s):

Affix
Revenue
Stamp here

Notes: this form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hour before the commencement of the Annual General Meeting (AGM) i.e. by 10:00 AM on 03rd August, 2017.



ASSOCIATED ALCOHOLS & BREWERIES LIMITED

Regd. Office: "106A, Shyam Bazar Street, Kolkata – 700005"

ATTENDANCE SLIP

(To be surrendered at the time of entry)

28th ANNUAL GENERAL MEETING Saturday, 05th day of August, 2017 at 10:00 AM
Venue "Shripati Singhanian Hall" Rotary Sadan, 94/2, Chawranghee Road, Kolkata – 700 020

I/We hereby certify that I/We/am are registered shareholder / proxy for the registered shareholder of the company and record my presence at the 28th Annual General Meeting of the Company.

Name:

Folio / DPID / CLID / User Id:

Name of the joint Holders:

Signature of Member(s) / Proxy Present:

Note: This attendance slip should be signed and handed over at the entrance of the meeting hall.

The admission may, however, be subjected to further verification / checks as may be deemed necessary, under no circumstances, will any duplicate attendance slip be issued at the entrance to the meeting hall.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Tushar Bhandari, *Whole Time Director*

Mr. Nitin Tibrewal, *Independent Director*

Mr. Manish Kumar Tibrewal, *Independent Director*

Mrs. Dishita Tibrewal, *Independent Director*

Mrs. Abhijit Nagee, *Independent Director*

CHIEF FINANCIAL OFFICER

Mr. Sanjay Kumar Tibrewal (Appointed
26.05.2017)

COMPANY SECRETARY

Mr. Sumit Jaitely

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
Email: ankit_4321@yahoo.com
Phone (0731) 2551745/46

BANKERS

IDBI Bank Limited

Canara Bank

REGISTERED OFFICE

106 A, Shyam Bazar Street,
Kolkata-700 005

Email: cs@aabl.in

Phone No. +91 8100011422

CORPORATE OFFICE

BPK Star Tower,
4th Floor, Above Shoppers Stop,
A. B. Road, Indore – 452 008
Phone No. (0731) 6662400/500

DISTILLERY

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www.associatedalcohols.com

CORPORATE IDENTITY NUMBER (CIN)

L15520WB1989PLC047211

Caution regarding forward-looking statements

This document contains statements about expected future events and financial and operating results of Associated Alcohols & Breweries Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Associated Alcohols & Breweries Limited Annual Report 2016-17.



ASSOCIATED ALCOHOLS & BREWERIES LIMITED

Registered Office:

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