



# **AURANGABAD DISTILLERY LIMITED**

## **17<sup>th</sup> Annual Report 2016-17**

**Registered Office: UG 109, Upper Ground, Dreams Mall LBS Road, Bhandup (West) Mumbai 400078**

**Works and Corporate Office: Gat no. 45/2, 47/2, 48/2 and 50/2, Village Rangoan (Ranmodwadi), Walchandnagar, Taluka Indapur, Dist. Pune – 413114**

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### **CORPORATE INFORMATION**

<b>Board of Directors</b>	Mr. Amardeepsingh Triloksingh Sethi (Chairman & Wholetime Director) Mr. Dharampal Kimatram Kalani (Managing Director) Mr. Kanyalal Kimatram Kalani (Director) Mrs. Jagjitkaur Amardeepsingh Sethi (Director) Mr. Gurnamsing Surendrasing Bhatiyani (Independent Director) Mr. Karan Vallabh Yadav (Independent Director) Mr. Ashokchandra Dwarkadhish Dhish (Independent Director) Mr. Prakash Madhavrao Sawant (Independent Director)
<b>Chief Financial Officer</b>	Mr. Uday Balwant Hemade
<b>Company Secretary &amp; Compliance Officer</b>	Mrs. Sheetal Jagetiya
<b>Statutory Auditor</b>	Natesh & Associates Chartered Accountants Nashik
<b>Secretarial Auditors</b>	Prajot Tungare & Associates Company Secretaries Pune
<b>Share Transfer Agent</b>	Bigshare Services Private Limited Mumbai
<b>Website</b>	<a href="http://www.aurangabaddistillery.com/">www.aurangabaddistillery.com/</a>

## **COMMITTEES OF THE BOARD**

### **AUDIT COMMITTEE**

<b>Name of the Member</b>	<b>Category</b>
Mr. Karan Vallabh Yadav	Chairman & Independent Director
Mr. Ashokchandra Dwarkadhish Dhish	Independent Director
Mr. Dharampal Kimatram Kalani	Managing Director

### **NOMINATION & REMUNERATION COMMITTEE**

<b>Name of the Member</b>	<b>Category</b>
Mr. Ashokchandra Dwarkadhish Dhish	Chairman & Independent Director
Mr. Karan Vallabh Yadav	Independent Director
Mr. Gurnamsing Surendrasing Bhatiyani	Independent Director

### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

<b>Name of the Member</b>	<b>Category</b>
Mr. Gurnamsing Surendrasing Bhatiyani	Chairman & Independent Director
Mr. Karan Vallabh Yadav	Independent Director
Mr. Dharampal Kimatram Kalani	Managing Director

**BOARD'S REPORT**

To  
The Members  
**Aurangabad Distillery Limited**

The Board of Directors has pleasure in presenting herewith their 17<sup>th</sup> Annual Report together with the Audited Financial Statements of your Company for the year ended 31<sup>st</sup> March, 2017.

**FINANCIAL RESULTS:**

The Company's financial performance for the year under review along with previous year's figures is given hereunder:

(Amount in Rs.)		
Particulars	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Total Revenue	40,91,15,345	46,34,82,699
Less: Total expenses	39,55,64,513	41,60,48,068
<b>Profit Before Exceptional And Extraordinary Items And Tax</b>	<b>1,35,50,832</b>	<b>4,74,34,631</b>
Exceptional Items	-	-
<b>Profit Before Extraordinary Items And Tax</b>	<b>1,35,50,832</b>	<b>4,74,34,631</b>
Extraordinary Items	-	-
Add / (Less) : Prior Period Incomes / (Expenses)	-	-
Add : Excess / (Short) Provision of Taxation For Previous Years	-	-
<b>Profit Before Tax</b>	<b>1,35,50,832</b>	<b>4,74,34,631</b>
Tax Expense:		
Less : Current Tax	27,50,000	96,75,000
Earlier Year Tax	8,51,628	(35,44,343)
Deferred Tax	31,05,114	1,01,68,233
<b>Profit (Loss) For The Year</b>	<b>68,44,090</b>	<b>3,11,35,741</b>

**REVIEW OF OPERATIONS AND DIVIDEND**

The Company generated revenue of Rs. 40,91,15,345/- during the current year as against revenue of Rs. 46,34,82,699/- generated in the preceding year. The operations of the Company have resulted into post tax profit of Rs. 68,44,090/- against post tax profit of Rs. 3,11,35,741/- in the preceding year. Owing to the growing business needs and the necessity to plough back the profits in the business, your Directors do not recommend any dividend for the year.

**TRANSFER TO RESERVES**

Your Company does not propose to transfer amounts to the General Reserve considering the availability of profits during the year under review.

**ANNUAL RETURN**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, is furnished in "Annexure-I" and is attached to this Report.

## **NUMBER OF MEETINGS OF THE BOARD**

The Board of Directors met 14 times during the year under review on 25<sup>th</sup> April 2016, 19<sup>th</sup> May 2016, 04<sup>th</sup> June 2016, 08<sup>th</sup> June 2016, 15<sup>th</sup> June 2016, 28<sup>th</sup> June 2016, 11<sup>th</sup> July 2016, 01<sup>st</sup> August 2016, 20<sup>th</sup> August 2016, 1<sup>st</sup> September 2016, 19<sup>th</sup> September 2016, 22<sup>nd</sup> September 2016, 13<sup>th</sup> October 2016 and 08<sup>th</sup> February 2017 respectively. Notice of meetings with agenda along with necessary details was sent to the Directors in time.

Further following are the details with respect to Board meeting attendance by each Director.

<b>Name of Director</b>	<b>Board Meetings held during the tenure of Director</b>	<b>Board Meeting Attended</b>
Mr. Dharampal Kimatram Kalani	14	14
Mr. Amardeepsingh Triloksingh Sethi	13	13
Mr. Kanyalal Kimatram Kalani	14	14
Mrs. Jagjitkaur Amardeepsingh Sethi	14	14
Mr. Gurnamsing Surendrasing Bhatiyani	05	05
Mr. Karan Vallabh Yadav	05	05
Mr. Ashokchandra Dwarkadhish Dhish	05	05
Mr. Prakash Madhavrao Sawant	03	03

## **COMMITTEES OF THE BOARD:**

### **i. Audit Committee**

Composition of Audit Committee:

The Audit Committee was constituted by the Board of Directors in a meeting held on September 1, 2016. The Committee comprises of the following members:

<b>Name of the Member</b>	<b>Category</b>
Mr. Karan Vallabh Yadav	Chairman & Independent Director
Mr. Ashokchandra Dwarkadhish Dhish	Independent Director
Mr. Dharampal Kimatram Kalani	Managing Director

### **ii. Nomination and Remuneration Committee**

Composition of Nomination and Remuneration Committee:

The Nomination and Remuneration Committee was constituted by the Board of Directors in a meeting held on September 1, 2017. The Committee comprises of the following members:

<b>Name of the Member</b>	<b>Category</b>
Mr. Ashokchandra Dwarkadhish Dhish	Chairman & Independent Director
Mr. Karan Vallabh Yadav	Independent Director
Mr. Gurnamsing Surendrasing Bhatiyani	Independent Director

### **iii. Stakeholders Relationship Committee**

Composition of Stakeholders Relationship Committee:

The Stakeholders Relationship Committee was constituted by the Board of Directors in a meeting held on September 1, 2017. The Committee comprises of the following members:

<b>Name of the Member</b>	<b>Category</b>
Mr. Gurnamsing Surendrasing Bhatiyani	Chairman & Independent Director
Mr. Karan Vallabh Yadav	Independent Director
Mr. Dharampal Kimatram Kalani	Managing Director

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Mr. Dharampal Kimatram Kalani, Managing Director of the Company, retires by rotation and being eligible has offered himself for re-appointment.

The Company had appointed Mr. Prakash Madhavrao Sawant as an Additional Director of the Company in a Board Meeting held on 19<sup>th</sup> September 2016 pursuant to Section 161 of the Companies Act, 2013 (the Act) and he can hold the office till the conclusion of this Annual General Meeting (AGM). The Company has received notice under Section 160 of the Companies Act, 2013 in writing from the member signifying his intention to be proposed as a candidate for Directorship.

All Independent Directors have given declarations that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013.

During the year under review, Mr. Ratansingh Sethi resigned as Director of the Company. The Board places on record their sincere appreciation for his valuable contributions during his tenure as Director of your Company.

Mr. Uday Hemade and Mrs. Sheetal Jagetiya were appointed as Chief Financial Officer (CFO) and Company Secretary & Compliance officer of the Company (CS) respectively with effect from 15<sup>th</sup> June 2016. Mr. Amardeepsingh Sethi and Mr. Dharampal Kalani were designated as a Whole Time Director and a Managing Director respectively in an Extra Ordinary General Meeting of the Company held on 13<sup>th</sup> June 2016.

### **NOMINATION AND REMUNERATION POLICY**

The Nomination and Remuneration Policy is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The policy reflects the Company's objectives for good corporate governance as well as sustained long term value creation for shareholders.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors of your Company, to the best of their knowledge and ability, confirm that:

**Aurangabad Distillery Limited**  
**Director's Report 2016-2017**

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit & loss of the Company for that period;
- (c) the Directors have taken proper and sufficient care for the 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 fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors have laid down proper internal financial controls and system which are adequate and are operating effectively.
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**AUDITORS & THEIR REPORTS**

**STATUTORY AUDITORS**

M/s. Natesh & Associates, Chartered Accountants, Nashik, were appointed as Statutory Auditors of the Company at the Annual General Meeting of the Company held on 26<sup>th</sup> September 2014 to hold office till the conclusion of 19<sup>th</sup> Annual General Meeting subject to ratification by shareholders at every Annual General Meeting.

A resolution proposing ratification of their appointment is submitted at the ensuing 17<sup>th</sup> Annual General Meeting. The Statutory Auditors' Report does not contain any qualification, reservation or adverse remark.

**SECRETARIAL AUDITORS**

The Board of Directors had appointed M/s. Prajot Tungare & Associates, Practicing Company Secretaries as the Secretarial Auditors of your Company to issue a Secretarial Audit Report pursuant to Section 204 of the Companies Act, 2013 for the financial year 2016-17.

Accordingly, the Secretarial Auditors have given their report, which is annexed hereto as "**Annexure II**".

**AUDITORS' COMMENTS**

- 1) The Company has not filed necessary e-forms as required to be filed with respect to appointment of internal auditor and for availing credit facilities from The Saraswat Co-operative Bank Limited and HDFC Bank Limited;
- 2) Form MGT- 7 for the financial year ended 31<sup>st</sup> March 2016 has not been signed by the Company Secretary in Employment; and
- 3) There has been a delay in filing statement of investor complaints for quarter ended 31<sup>st</sup> December 2016.



## **MANAGEMENT REPLY**

The Company is taking due efforts to comply with the provisions of the laws applicable to Company and assures to make the defaults good.

## **SHARE CAPITAL**

The Company has increased its authorized share capital from Rs. 2,10,00,000/- to Rs. 6,90,00,000/-. Bonus shares were allotted to the shareholders of the Company amounting to Rs. 4,00,00,000/- in a Board meeting dated 19<sup>th</sup> May 2016. The Company has also made an Initial Public Offering for 22,00,000 Equity Shares. Shares were allotted to the applicants in a board meeting dated 13<sup>th</sup> October 2016.

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

There were no loans, guarantees or investments made by the Company as referred under the provisions of the section 186 of the Companies Act, 2013 during the year, and hence the said provision are not applicable to the Company.

## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

The transactions entered by the Company with related parties were in ordinary course of business and at arm's length basis. The particulars of transactions entered with related parties are annexed herewith as "**Annexure III**" to this report.

## **MATERIAL CHANGES AND COMMITMENT**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which financial statements relate and on the date of this report.

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

The Particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in "**Annexure IV**" to this report.

## **DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY**

The Company has a robust risk management framework comprising risk governance structure and defined risk management processes. The Company identifies all strategic, operational and financial risks that the Company faces, by assessing and analyzing the latest trends in risk information available internally and externally and uses the same to plan for risk mitigation activities.

## **INTERNAL FINANCIAL CONTROLS**

The Company has adopted adequate procedures for ensuring the internal financial controls. The Company adheres to best practices for safeguarding its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable and accurate financial information.

#### **CORPORATE SOCIAL RESPONSIBILITY INITIATIVE**

The provisions of Section 135 of the Companies Act, 2013, are not applicable to the Company hence Company has not developed and implemented any Corporate Social Responsibility initiatives.

#### **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES AND THEIR POSITION & FINANCIAL PERFORMANCE**

The Company does not have any Subsidiary, Joint venture or Associate Company.

#### **DEPOSITS**

Your Company has not accepted any deposits within the meaning as provided in the Companies Act, 2013.

#### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant material orders passed by the courts / regulators or tribunals impacting the going concern status and companies operations in future.

#### **MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

Management's Discussion and Analysis Report for the year under review, as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is presented in "**Annexure V**" to this report.

#### **PERFORMANCE EVALUATION**

The Company has devised a Policy for performance evaluation of the Board, Committees and other individual Directors (including Independent Directors) which includes criteria for performance evaluation of the Non-executive Directors and Executive Directors. The evaluation process inter alia considers attendance of Directors at Board and committee meetings, acquaintance with business, communicating inter se board members, effective participation, domain knowledge, compliance with code of conduct, vision and strategy, benchmarks established by global peers, etc., which is in compliance with applicable laws, regulations and guidelines.

The Board carried out annual performance evaluation of the Board, Board Committees and Individual Directors and Chairperson. The Chairman of the respective Board Committees shared the report on evaluation with the respective Committee members. The performance of each Committee was evaluated by the Board, based on report on evaluation received from respective Board Committees.

#### **PARTICULARS OF EMPLOYEES**

Disclosure as per Section 197 (12) of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as "**Annexure- VI**" to this report.

**DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

In this regard, Internal Complaints Committee has been set up to redress complaints. During the year under review, there were no complaints received pursuant to the aforesaid Act.

**ACKNOWLEDGEMENTS:**

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

For and on behalf of The Board of Directors  
**Aurangabad Distillery Limited**

**Amardeepsingh Sethi**  
**Chairman & Wholetime Director**  
DIN: 00097644

Place: Walchandnagar  
Date: 17<sup>th</sup> August 2017

**Aurangabad Distillery Limited**  
**Annexure I to Director's Report**

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	: U55000MH2000PLC128084
ii)	Registration Date	: 3/8/2000
iii)	Name of the Company	: Aurangabad Distillery Limited
iv)	Category	: Company limited by Shares
v)	Sub Category	: Non-govt company
vi)	Registered Office	: UG 109, Upper Ground, Dreams Mall LBS Road, Bhandup (West) Mumbai- 400078
	Telephone Number	: 1-2118-252507
	Fax Number	: -
	Email Id	: <a href="mailto:Info@aurangabaddistillery.com">Info@aurangabaddistillery.com</a>
vii)	Whether listed company	: Yes (Listed on NSE Emerge Platform)
viii)	Name, Address & Contact of Registrar and Transfer Agent	: Bigshare Services Private Limited   E-2, Ansa Industrial Estate, Sakhivihar Road, Sakinaka, Andheri (East), Mumbai – 400 072, Maharashtra, India P : +91 022 40430200

**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:-

Sr.No	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1	Distilling, rectifying and blending of spirits; ethyl alcohol production from fermented materials	1101	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATES COMPANIES**

Sr.No	Name and Address of the Company	CIN / GLN	Holding/Subsidiary Associate	%of Shares held	Applicable Section
1	Not Applicable				

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

Categories 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 Share	Demat	Physical	Total	% of Total Share	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	0	2,000,000	2,000,000	100	6,000,000	0	6,000,000	73.17	-26.83
b) Central Govt	0	0	0	0	-	0	-	-	-
c) State Govt (s)	0	0	0	0	-	0	-	-	-
d) Bodies Corp.	0	0	0	0	-	0	-	-	-
e) Banks / FI	0	0	0	0	-	0	-	-	-
f) Any Other....	0	0	0	0	-	0	-	-	-
<b>Sub-total (A) (1):-</b>	<b>0</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>100</b>	<b>6,000,000</b>	<b>0</b>	<b>6,000,000</b>	<b>73.17</b>	<b>-26.83</b>
(2) Foreign									
a) NRIs -	0	0	0	0	0	0	0	0	0
Individuals	0	0	0	0	0	0	0	0	0
b) Other –	0	0	0	0	0	0	0	0	0
Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>0</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>100</b>	<b>6,000,000</b>	<b>0</b>	<b>6,000,000</b>	<b>73.17</b>	<b>-26.83</b>

<b>B. Public</b>									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	0	0	0	0	102,118	0	102,118	1.25	1.25
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	717,882	0	717,882	8.75	8.75
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	1,331,943	0	1,331,943	16.24	16.24
c) Others (specify)									
i) Clearing Member	0	0	0	0	48,057	0	48,057	0.59	0.59
<b>Sub-total (B)(2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,200,000</b>	<b>0</b>	<b>2,200,000</b>	<b>26.83</b>	<b>26.83</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,200,000</b>	<b>0</b>	<b>2,200,000</b>	<b>26.83</b>	<b>26.83</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>0</b>	<b>0</b>	<b>2,000,000</b>	<b>100</b>	<b>8,200,000</b>	<b>-</b>	<b>8,200,000</b>	<b>100.00</b>	<b>0</b>

**(ii) Shareholding of Promoters**

Sl.No	Shareholders Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change 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	Kanyalal Kimatram Kalani	340,000	17	0	1,020,000	12.44	0	(4.56)
2	Dharampal Kimatram Kalani	330,000	16.50	0	990,000	12.07	0	(4.43)
3	Hiralal Kimatram Kalani	330,000	16.50	0	990,000	12.07	0	(4.43)
4	Amardeepsingh Triloksingh Sethi	175,000	8.75	0	525,000	6.40	0	(2.35)
5	Jagjitkaur Amardeep Sethi	175,000	8.75	0	525,000	6.40	0	(2.35)
6	Sethi Ramanjitkaur Hira	175,000	8.75	0	525,000	6.40	0	(2.35)
7	Baljitkaur Ratansingh Sethi	175,000	8.75	0	525,000	6.40	0	(2.35)
8	Ratansingh Triloksingh Sethi	125,000	6.25	0	375,000	4.57	0	(1.68)
9	Memkur Triloksingh Sethi	125,000	6.25	0	375,000	4.57	0	(1.68)
10	Hirasingh Triloksingh Sethi	50,000	2.5	0	150,000	1.83	0	(0.67)
<b>Total</b>		<b>2,000,000</b>	<b>100</b>	<b>0</b>	<b>6,000,000</b>	<b>73.17</b>	<b>0</b>	

**(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	2,000,000	100	2,000,000	100
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer /bonus/ sweat equity etc):				
19.05.2016	4,000,000	100	6,000,000	73.17
At the End of the year			6,000,000	73.17

**Aurangabad Distillery Limited**  
**Annexure I to Director's Report**

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl.No	Name of Shareholder	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	HEM Finlease Private Limited	-	-	28,000	0.34
2	Vinod Lodha	-	-	108,000	1.32
3	Dharmendra Sharma	-	-	224,000	2.73
4	Ghai Jaspalsingh Hardayal Singh	-	-	16,000	0.2
5	Pushpa Kabra	-	-	12,000	0.15
6	Vinod Somani	-	-	84,000	1.02
7	Laxmi Kant Biyani	-	-	60,000	0.73
8	Nidhi Biyani	-	-	60,000	0.73
9	Gurnamsing Surendrasing Bhatiyani	-	-	48,000	0.59
10	Laxmi Kant Biyani HUF	-	-	40,000	0.49

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl.No	For Each of the Directors and 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	Amardeepsingh Sethi				
	At the beginning of the year	175,000	8.75	175,000	
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)				
	19.05.2016 (Bonus Issue)	350,000	0.43	525,000	
	At the End of the year			525,000	6.40
2	Dharampal Kalani				
	At the beginning of the year	330,000	16.5		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	19.05.2016 (Bonus Issue)	660,000		990,000	
	At the End of the year			990,000	12.07
3	Kanyalal Kalani				
	At the beginning of the year	340,000	17	340,000	
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)				
	19.05.2016 (Bonus Issue)	680,000	0.08	1,020,000	
	At the End of the year			1,020,000	12.44
4	Jagjitkaur Sethi				
	At the beginning of the year	175,000	8.75	175,000	
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)				
	19.05.2016 (Bonus Issue)	350,000	0.04	525,000	
	At the End of the year			525,000	6.4

5	Gurnamsing Bhatiyani				
	At the beginning of the year	0	0		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	12.10.2016 (IPO Allotment)	8,000	0.1	8,000	
	28.10.2016 (Market Purchase)	40,000	0.49	48,000	
	At the End of the year			48,000	0.59
6	Karan Yadav				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	0	0	0	0
	At the End of the year	0	0	0	0
7	Ashokchandra Dhish				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	0	0	0	0
	At the End of the year	0	0	0	0
8	Prakash Sawant				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	0	0	0	0
	At the End of the year	0	0	0	0
9	Uday Hemade				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	0	0	0	0
	At the End of the year	0	0	0	0
10	Sheetal Jagetiya				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	0	0	0	0
	At the End of the year	0	0	0	0

**Aurangabad Distillery Limited**  
**Annexure I to Director's Report**

**V. INDEBTEDNESS**

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	215,219,940	49,690,740	-	264,910,680
ii) Interest due but not paid			-	
iii) Interest accrued but not due			-	
<b>Total (i+ii+iii)</b>	<b>215,219,940</b>	<b>49,690,740</b>	<b>-</b>	<b>264,910,680</b>
<b>Change in Indebtedness during the financial year</b>	-			
Addition	-	55,588,361	-	55,588,361
Reduction	53,053,069	-	-	53,053,069
<b>Net Change</b>	<b>53,053,069</b>	<b>55,588,361</b>	<b>-</b>	<b>2,535,292</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	162,166,871	105,279,101	-	267,445,972
ii) Interest due but not paid			-	
iii) Interest accrued but not due			-	
<b>Total (i+ii+iii)</b>	<b>162,166,871</b>	<b>105,279,101</b>	<b>-</b>	<b>267,445,972</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl.No	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Dharampal Kalani (Managing Director) (From 13th June 2016 to 31st March 2017)	Amardeepsingh Sethi, (Wholetime Director) (From 13th June 2016 to 31st March 2017)	
1	Gross salary	950,000	950,000	1,900,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission			
	as % of profit	0	0	0
	others, specify	0	0	0
	Others, please specify	0	0	0
	<b>Total (A)</b>	<b>950,000</b>	<b>950,000</b>	<b>1,900,000</b>
	Ceiling as per the Act			Within limit



**B. Remuneration to other directors:**

Sl.No	Particulars of Remuneration	Name of Directors				
		Gurnamsing Bhatiyani	Karan Yadav	Ashokchandra Dhish	Prakash Sawant	Total Amount
1	Independent Directors					
	• Fee for attending board / committee meetings	0	0	0	0	0
	• Commission	0	0	0	0	0
	• Others, please specify	0	0	0	0	0
	<b>Total (1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
2	Other Non-Executive Directors	Kanyalal Kalani	Jagjitkaur Sethi	-	-	
	• Fee for attending board / committee meetings	0	0	-	-	
	• Commission	0	0	-	-	
	• Others, please specify	0	0	-	-	
	<b>Total (2)</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	
	<b>Total (B)=(1+2)</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTd**

Sl.No	Particulars of Remuneration	Name of MD/WTd/ Manager			Total Amount
		CEO	Company Secretary (From 15th June 2016 to 31st March 2017)	CFO (From 15th June 2016 to 31st March 2017)	
1	Gross salary	-	76,500	224,640	301,140
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-			
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-			
2	Stock Option	-			
3	Sweat Equity	-			
4	Commission				
	as % of profit	-			
	others, specify	-			
	Others, please specify	-			
	<b>Total (A)</b>	<b>-</b>	<b>76,500</b>	<b>224,640</b>	<b>301,140</b>
	Ceiling as per the Act	-			

**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)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICER IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

**FORM MR-3**

**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]*

To,  
The Members,  
AURANGABAD DISTILLERY LIMITED  
CIN: U55000MH2000PLC128084  
UG 109, UPPER GROUND, DREAMS MALL LBS ROAD, BHANDUP (WEST)  
MUMBAI 400078 IN

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Aurangabad Distillery Limited ("the company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Management is responsible for the preparation and filing of all the forms, returns and documents for the compliances under the Companies Act, 2013, rules there under and all the laws and regulations listed hereinafter and to ensure that they are free from material non-compliance, whether due to fraud or error.

Secretarial Audit for the Company is conducted as a process of verification of records and documents on sample basis to check secretarial compliances with the provisions of laws, rules and procedures. The procedure for Secretarial Audit is selected on the Secretarial Auditor's judgment of material facts of the documents submitted. Our responsibility is to express an opinion on the secretarial compliances of the aforesaid laws done by the Company on the basis of our audit. We have conducted the audit solely on the basis of secretarial compliances and filing done by the Company, under the below mentioned laws.

Based on our verification of the Company's 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, agents and authorized representatives during the conduct of secretarial audit, we hereby make our report on the basis of our opinion during the audit conducted covering the financial year ended on 31<sup>st</sup> March, 2017, on various secretarial compliances with statutory provisions listed hereunder and on Board processes and compliance mechanism 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 on 31<sup>st</sup> December, 2016, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings *[Not applicable to the Company during the Audit Period]*;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 *[Not applicable to the Company during the Audit Period]*;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 *[there were no instances during the year requiring reporting]*;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 *[Not applicable to the Company during the Audit Period]*;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 *[Not applicable to the Company during the Audit Period]*;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 *[Not applicable to the Company during the Audit Period]*; and

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 *[Not applicable to the Company during the Audit Period]*.

We further report that, having regards to the business operations of the Company, in our view following are the laws specifically applicable to the Company for which we have conducted audit on test-check basis, and on the basis of representation made by the Company and its Officers considering the secretarial compliance systems prevailing in the Company:

- a) Bombay Prohibition Act, 1949

We have also examined secretarial compliances with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India; and  
(ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange.

During the year under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- 1) The Company has not filed necessary e-forms as required to be filed with respect to appointment of internal auditor and for availing credit facilities from The Saraswat Co-operative Bank Limited and HDFC Bank Limited;
- 2) Form MGT- 7 for the financial year ended 31<sup>st</sup> March 2016 has not been signed by the Company Secretary in Employment; and
- 3) There has been a delay in filing statement of investor complaints for quarter ended 31<sup>st</sup> December 2016.

We further report that:

1. Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.
2. As per information and representation given, we also report that adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and 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.
3. As per minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and hence, no dissenting views have been recorded.

We further report that the compliance by the Company of applicable financial statements and laws has not been reviewed in this audit since the same has been subject to review by statutory financial audit and other designated professionals.

We further report that based on the information provided by the Company, its officers and authorised representatives during the conduct of the audit and also on the review of representation provided by the Officers, Company Secretary and Director of the Company, in my opinion adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines as mentioned above.

For Prajot Tungare & Associates  
Company Secretaries

CS Prajot Tungare  
Partner  
FCS: 5484  
CP No: 4449

Date: 17<sup>th</sup> August 2017  
Place: Pune

**Form No. AOC-2**

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

**1. Details of contracts or arrangements or transactions not at arm's length basis- Not Applicable**

Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts / arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
(a)	(b)	(c)	(d)	(e)	(f)

**2. Details of material contracts or arrangement or transactions at arm's length basis-**

Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts / arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
(a)	(b)	(c)	(d)	(e)	(f)
Brihan Karan Sugar Syndicate Pvt. Ltd. (Mr.	Sale of Rectified Spirits	Ongoing Basis	5,29,63,200	NA	NA

Kanyalal Kimatram Kalani is a Director)					
Karan Bottling Company Pvt. Ltd. (Mr. Kanyalal Kimatram Kalani is a Director)	Sale of Rectified Spirits	Ongoing Basis	9,08,97,648	NA	NA
Karan Agencies (partnership of Mr. Kanyalal Kimatram Kalani)	Sale of Rectified Spirits	Ongoing Basis	1,87,98,000	NA	NA
Master Blenders Pvt. Ltd (Mr. Kanyalal Kimatram Kalani is a Director)	Sale of Rectified Spirits	Ongoing Basis	28,20,000	NA	NA
Nevitad Distilleries Pvt. Ltd. (Mr. Kanyalal Kimatram Kalani is a Director)	Sale of Rectified Spirits	Ongoing Basis	5,09,48,192	NA	NA

For and on behalf of the Board of Directors  
Aurangabad Distillery Limited

Amardeep Singh Trilok Singh Sethi  
Chairman & Wholetime Director  
DIN: 00097644

Date: 17<sup>th</sup> August 2017  
Place: Walchandnagar

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

**A. CONSERVATION OF ENERGY:**

- i) Energy conservation measures taken:- Making of Bio-Gas from Spent wash and is used in Boiler as fuel. It reduces consumption of Bagasse and company produces electricity through turbine which is captively consumed in distillation process and reduces the dependency on purchased electricity.
- ii) Additional investments and proposals for reduction in consumption of energy: - NIL

**B. IMPACT OF MEASURES TAKEN FOR ENERGY CONSERVATION:**

Impact of measures taken for energy conservations  
 Reduce the Fuel cost & Electricity cost.

**C. TECHNOLOGY ABSORPTION**

Following are the details with respect to the said Technology Absorption aspect:

- efforts were made towards technology absorption.
- the benefits derived like product improvement, cost reduction, product development or import substitution:
- in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
- the details of technology imported;
- the year of import;
- whether the technology been fully absorbed;
- if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

**Research and Development: NIL**

**D. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Details of inflows & outflows of Foreign Exchange

	2017 (Rupees)	2016(Rupees)
Total foreign exchange earned	Nil	
Total foreign exchange spent	Nil	



## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **A. INDUSTRY OVERVIEW**

The distillery industry today consists broadly of two parts, one potable liquor and the industrial alcohol including anhydrous ethanol for blending with petrol. The potable industry producing Indian Made Foreign Liquor and Country Liquor has a steady but limited demand with a growth rate of about 7-10 per cent per annum. The industrial alcohol industry on the other hand, is showing a declining trend because of high price of Molasses which is invariably used as a substrate for production of alcohol. The alcohol produced is now being utilized in the ratio of approximately 52 per cent for potable and the balance 48 percent for industrial and ethanol for blending with petrol, use. Over the years the potable liquor industry has shown remarkable results in the production of high quality spirits. Indian Liquor industry is today exporting a sizable quantity of Indian Liquor products to other countries.

It also recommended that alcohol produced by the distilleries should be mixed with petrol, to supplement motor fuel. The production of alcohol did not only help in solving the problems of disposal of molasses but it also filled up the gap in the demand and supply of motor spirit. As a substantial quantity of alcohol after meeting its requirement for manufacture of gasohol alcohol was diverted for production of alcohol based chemicals in different parts of the country. The utilization of alcohol for this purpose progressed steadily and a substantial quantity of alcohol produced in the country is now being utilized for manufacture of solvents and intermediates. Till a few years back a little more than 50% alcohol produced in the country was being utilized for production of alcohol based chemicals but after the decontrol of molasses in the year 1993 the utilization of alcohol for production of chemicals, dye-stuff, synthetic rubber, polymers and plastics etc. has received a setback.

However, with the advent of ethanol blending with petrol/ motor fuel, the requirement of ethanol/ industrial alcohol has increased manifold in the country to the extent that in case 5-10 % blending, if made mandatory all over the country, the sugar factory molasses available in the country shall not prove to be adequate for meeting the total requirement of ethanol including its use for potable liquors and other industrial uses. The alcohol industry has a total installed capacity of 4200 million litres of alcohol in a year. However, the licensed capacity is concentrated in three states of U.P., Maharashtra and Tamilnadu. With the announcement of the Government of India to make blending of motor fuel with ethanol upto 5 % mandatory and to raise it to 10% by the year 2017-18, a substantial increase in the requirement as well as production capacity of ethanol is expected and a large number of ethanol distilleries are on the anvil of installation.

## **B. PRODUCT-WISE PERFORMANCE**

The Company produces following types of products:

S.No.	Products	Description
1.	Rectified Spirit	Rectified spirit is highly concentrated ethanol purified by means of repeated distillation. It contains 95% alcohol by volume. Rectified Spirit Alcohol is used in mixed drinks, in the production of liquors, for medicinal purposes, and for chemical industry. Rectified Spirit is produced from molasses using yeast in fermentation tanks. Molasses diluted with water to the desired concentration is metered continuously in to a fermented. Spent wash from distillations re- circulated to ferment depending on solids concentration in fermented wash and molasses composition. During fermentation process yeast cells convert sugar in to
2.	Denatured Spirit	Denatured Spirit is produced by mixing spirits with denaturants in order to render them potable, generally for use in various industrial applications. Denatured Spirit usually is colorless in appearance. Denatured spirit serves as a cleaning agent, fuel additive, sanding aid,
3.	Extra Neutral Alcohol	Extra neutral alcohol (ENA) - is a colorless alcohol with neutral smell and taste. It is distilled from sugarcane molasses. Extra Neutral Alcohol that is produced by re-distillation of rectified spirit, which helps in removing low volatile impurities and high volatile impurities present in it. Extra Neutral Alcohol is the best quality of alcohol which is used for Alcoholic Beverages having lowest impurities to give higher taste. Molasses base Extra Neutral Alcohol is little sweetness in taste. Extra Neutral Alcohol is used as volatile carriers in flavor & Fragrances, potable liquor for human consumption.

The Company produced 74,33,950 Liters of Rectified Spirit (R.S.), 21,39,700 Liters of Denatured Spirit (SDS) and 2,67,170 Kg Carbon Dioxide (Co2) .

## **C. BUSINESS ANALYSIS**

### **i. Company overview**

We believe that we are one of the leading manufacturers of Rectified Spirit, Denatured Spirit and Extra Neutral Alcohol. Apportion of our production of molasses from sugar factory is used as raw material for manufacture of spirit i.e. Rectified Spirit, Denatured Spirit and Extra Neutral Alcohol which is manufactured by the Continuous Fermentation & Multipressure Vacuum Distillation and also effecting cells of carbon dioxide (CO<sub>2</sub>) and fusel oil which are produced as by-products during distillation process of Spirit. Our Products are manufactured at our distillery situated at Walchandnagar, Maharashtra with total area of approximately 40 Acres which is a molasses based distillery. Our majority of the spirit which contains 95% alcohol by nature and also used to manufacture alcohol by the process of rectification is used by chemical and pharmaceutical Industries.

The manufacturing process of Rectified Spirit, Denatured Spirit and Extra Neutral Alcohol is based on the modern technology of Continuous Fermentation and multi pressure vacuum distillation and molasses from sugar factory is used as raw material for manufacture of Spirit. The Rectified Spirit is

the initial product obtained. It is diluted with soft water and further distilled to remove any organic impurities & refined to obtain best quality denatured spirit and extra neutral alcohol. Our Company also sells carbon dioxide (CO<sub>2</sub>) and fusel oil which are produced as by-products during distillation process of Spirit. Additionally our company produces electricity through turbine which is captively consumed in our distillation process and reduces the dependency on purchased electricity.

Our Company has set up its Effluent Treatment Plant (ETP) which is used to treat the waste generated during the process of distillation. The spent wash generated from Distillation is highly polluted in nature, as it is acidic in content. For effective control of pollution, Effluent Treatment Plant comprises of Primary treatment plant and Secondary treatment plant which together treat the waste with conversion into solid form and afterwards the waste is degraded using the Press mud.

In order to strengthen our business operation and continue to invest in technology, our Company has shifted from manual distillation to automated distillation in the year 2015-16. The distillation plant consists of analyser column and rectifier column. The analyser column built along with degasifying column and each column is attached with condensers. The fermented wash pumped from the clarified wash tank is fed into an analyser column on continuous basis and steam is injected for separating alcohol and spent wash from fermented wash in analyser column. All the activities are controlled by Programmable Logic Controller (PLC) which overcomes the limitation of manual distillation. Our Distillation plants are customized for quality, consumption and operational ease. We have state of the art specially designed equipment's enabling efficient separation of impurities with reduced scaling and down time.

#### **D. OUTLOOK**

##### **i. Strengths**

##### **Strategic Location of Manufacturing Unit / Location Advantage:-**

Our factory is situated at Walchandnagar, Maharashtra where we have set up our manufacturing units which is well known for Sugar and distillation industry which gives an advantage for easy availability of raw material i.e. molasses used for manufacturing of Spirit. Thus, procurement of these raw materials is less time consuming and comparatively cheaper due to savings on freight. Additionally it also provides easy marketing to our Products supplied to Alcohol manufacturing companies and Chemicals Industries. Hence the location of the site is advantageous to the company in transportation of Raw materials as well as the finished products.

##### **Experienced Management Team:-**

Our Promoters have played a key role in developing our business and we benefit from their leadership and significant experience in Distillation industry. Our experienced management and employees have successfully expanded our business through proper customization under the guidance of our Promoters and thereby increasing our revenues. Our Promoter Directors, Mr. Amardeepsingh Triloksingh Sethi and Mr. Dharampal Kimatram Kalani, both have about 15 years of experience in field of distillation and have in-depth knowledge of the products and industry in which we operate. Our Promoters are actively involved in our operations and bring to our Company their vision and leadership which we believe has been instrumental in sustaining our business operations. Our Company feels that the strength of any successful organization lies in the experience and guidance of its team leaders and staff alike.

### **Quality Assurance and Standards:**

We believe in providing our customers the best possible quality by manufacturing and removing impurities from Spirit. Quality standards followed right from the beginning were very stringent, and adhere during the distillation process of spirit. We are very particular from usage of right quality of molasses to following the right procedure for fermentation. Our dedicated efforts towards the quality of products, processes and inputs have helped us gain a competitive advantage over others. There are quality checks in place that prevent any defective material from reaching the customer. We believe that our quality products have earned us a goodwill from our customers, which has resulted in repeat orders from many of them.

### **Well Established Manufacturing facilities:-**

Our existing manufacturing facility is established in the state of Maharashtra, Walchandnagar with total area of approx 40 Acres of land with sufficient plant & machinery installed thereat. Our factory is fully equipped automatically operated distillery with fermentation tanks, analyzer column, rectifier column, simmering column and Programmable Logic Controller. The Distillery unit has processing plant for manufacturing rectified spirit and Denatured spirit and further conversion of rectified spirit to Extra Neutral alcohol. Additionally our factory has Effluent treatment plant (ETP) for degradation of waste and CO<sub>2</sub> plant which is generated during the process of distillation. The established manufacturing plant adds significant competitive advantage in distillation process of our Company.

### **Existing relationship with suppliers:-**

We manufacture rectified spirit, Denatured Spirit and Extra neutral Alcohol for Alcohol, Chemicals and Pharmaceuticals manufacturing Companies. We acquire raw materials, basically molasses, from several suppliers and have enduring relationship with them for a long time. We believe that our strong relationships with suppliers will enable us to continue to grow our business. Due to our relationships with our suppliers, we get quality and timely supplies of raw materials. This enables us to manage our inventories and supply quality products on timely basis to our customers. This in turn has enabled us to generate repeat business.

## **ii. Risks & Concerns**

The industry is highly regulated by the government with regulations pertaining to: licensing, setting up of new or expansion of distilling and bottling capacities; manufacturing processes and sale of products. Heavy taxes and duties levied on spirit manufacturers add to the industry concerns. Apart from Central Government regulations, every state of India has its own set of regulations, tax rates and duties for interstate movement of liquor.

Raw materials such as molasses which are used to manufacture of rectified spirit are subject to supply disruptions and price volatility caused by various factors, including commodity market fluctuations, the quality and availability of supply, changes in government programs and regulatory sanctions. Our suppliers may be unable to provide us with a sufficient quantity of our raw materials at a suitable price for us to meet the demand for our products and we may not be able to hold sufficient licensed quantity of molasses for smooth supply to our manufacturing process. Additionally there is a risk that one or more of these existing suppliers could discontinue their operations, which could adversely impact our ability to source raw materials at a suitable price and meet our order requirements. Any increase in raw material prices will result in corresponding increases in our product costs.

We are, to a major extent, dependent on external suppliers for our raw materials requirements and we do not have any long-term supply agreements or commitments in relation to the same or for any other raw materials used in our manufacturing process. Consequently, we are exposed to price and supply fluctuations in molasses and other raw materials, and these fluctuations may adversely affect our ability to obtain orders and/or to execute them in a timely manner, which would have a material adverse effect on our business, results of operations and financial condition.

In case of non-availability of raw materials on favorable terms we may have to procure the same at the terms and conditions prevalent at that point. This will result in reducing our revenues by a considerable amount due to shortage of raw material and job worker or due to inability to procure the same. Further, unfavorable terms of raw materials may also force us to reduce the scale of our operations resulting in a down-sizing of our overall business. We may have to put on hold any expansion plans and our business will be adversely affected.

### **iii. Opportunities**

We are focused on further integrating our operations and improving capacity utilization at our production facilities and optimize product planning across product categories. Higher capacity utilization results in greater production volumes and higher sales, and therefore allows us to spread fixed costs over higher sales, thereby increasing profit margins. We also continue to identify various strategic initiatives to improve our operational efficiencies and reduce operating costs. For example, we have set up a captive co- generation power facility to simultaneously produce electric power from turbine along with steam required for manufacturing process, from the same fuel, thereby reducing costs of fuel and power. We continue to adopt best practices and standards across our production facilities, drawing on our management's expertise and experience in distillation. We continue to target economies of scale to gain increased negotiating power on procurement and to realize cost savings through centralized deployment and management of production, maintenance, accounting and other support functions.

#### **SWOT ANALYSIS:**

<b><u>Strengths</u></b> <ul style="list-style-type: none"><li>• Well Established Manufacturing facility</li><li>• Quality assurance and Standard</li><li>• Experience Management Team.</li></ul>	<b><u>Weakness</u></b> <ul style="list-style-type: none"><li>• Working Capital Intensive Business</li><li>• Low bargaining power with Suppliers</li></ul>
<b><u>Opportunities</u></b> <ul style="list-style-type: none"><li>• Potential to increase capacity in the existing facility</li><li>• Establishment of market in neighboring states</li></ul>	<b><u>Threats</u></b> <ul style="list-style-type: none"><li>• Industry is prone to change in government policies,</li><li>• Any material changes in the duty may adversely impact our financials</li></ul>

### **E. FINANCIAL AND OPERATIONAL PERFORMANCE**

The performance for the FY 16-17 was poor owing to factors like high molasses price due to poor crushing season and lower availability of molasses. The import of Denatured spirit was also higher than last year. Due to these factors the production, sale and profitability were affected drastically. The next year seems to be much better and we may see easing of molasses prices for crushing season 17-18.

**F. INTERNAL CONTROL SYSTEMS AND ADEQUACY**

The company has an internal control system commensurate with the size and business operations of the Company. Authorization guidelines and internal procedures are in place. Independent external/internal auditors are periodically reviewing and making continuous assessment of the adequacy and effectiveness of the internal control and systems. The Audit Committee and the Board review the findings of the Internal Auditors Report to enable the Company to take immediate appropriate action wherever necessary.

**G. HUMAN RESOURCES**

Our manpower is a prudent mix of the experienced and youth which gives us the dual advantage of stability and growth. Further our company hires casual worker for factory on contract. Our manufacturing processes include skilled/ semi-skilled/ unskilled resources together with our strong management team have enabled us to successfully implement our growth plans.

**H. FORWARD LOOKING STATEMENTS**

Statements in the Management discussion and analysis report outlining the Company's estimates, perceptions and expectations may be forward looking statements within the meaning of applicable laws and regulations. The Actual results may differ materially from those expressed hereinabove due to certain factors which may be beyond the control of the Company.

**INFORMATION PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

1.	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year	69.89 Lacs to Other Employee, and Two Directors Rs 19.00 Lacs
2.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year	No
3.	The percentage increase in the median remuneration of employees in the financial year.	Nil
4.	The number of permanent employees on the rolls of Company.	48 Employees - as on 31 <sup>st</sup> March 2017
5.	The explanation on the relationship between average increase in remuneration and Company performance.	NA
6.	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.	NA
7.	Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies.	N.A
8.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	NA
9.	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company.	NA
10.	The key parameters for any variable component of remuneration availed by the directors The key parameters for any variable component of remuneration availed by the directors	
11.	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	N A

12.	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes
13.	Statement showing the name of every employee of the company, who - (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees; (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month; (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole-Time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.	NA



## **Independent Auditor's Report**

**To the members of ,  
AURANGABAD DISTILLERY LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of AURANGABAD DISTILLERY LIMITED. ("the Company") which comprise the balance sheet as at 31st March 2017, the statement of profit and loss and 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 sec 134(5) of the Company Act, 2013 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 the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Comany and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 accounting records, relevant to the preparation and presentation of the financial reporting framework that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 31st March 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 Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent available.
- 2 As required by Section 143(3) of the Act, we report that:
  - a. We have sought obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 Company does not have any branch office and accordingly Section 143 (8) of the Act does not apply.
  - d. The balance sheet and statement of profit and loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - e. In our opinion, the balance sheet, statement of profit and loss and cash flow statement comply with the Accounting Standards specified under Section 113 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014; and
  - f. In our opinion no financial transactions or matters have any adverse effect on the functioning of the Company.
  - g. On the basis of the written representations received from the directors as on 31 March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017, from being appointed as a director in terms of Section 164 (2) of the Act, and
  - h. In our opinion no qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith;
  - i. 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'
  - j. With respect to the others matters to be included in the auditors 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:
    - 1] The Company does not have any pending litigations which would impact its financial position
    - 2] The company did not have any long term contracts including derivative contracts for which there were any material foreseeable Losses.
    - 3] Since there are no amounts liable to be transferred to the Investor Education and Protection Fund by the Company, the clause 11 (c) of Chapter X of the Companies (Audit and Auditors) Rules 2014 is not applicable.

### **For Natesh & Associates**

Chartered Accountants  
FRN 106957W

Ramamurthi Natesh  
Proprietor  
M. NO. 036481  
Place : Walchandnagar  
Date : 30th May 2017

**Annexure "A" to the Auditor's Report**

The Annexure referred to in our Independent Auditors Report to the members of the company on the financial Statements for the year ended 31 March 2017, we report that :

**1.In respect of its Fixed Assets :**

- a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As explained to us, all the fixed assets have been physically verified during the year by the management in accordance with a regular programme of verification of fixed assets at reasonable intervals which in our opinion is reasonable having regard to the size of the company and the nature of its assets. According to the information and explanation given to us , no material discrepancies were noticed on such physical verification.
- c) According to the information and explanation given to us and on the basis of our examination of records of the company, the title deeds of immovable properties are held in the name of company.

**2.In respect of its Inventories :**

- a) The inventory has been physically verified by the management during the year at reasonable interval. In respect of inventory lying with third parties, these substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion the procedure of physical verification of inventory followed by management are reasonable and adequate in relation to the size of the company and nature of its business.
  - c) On the basis of our examination of inventory records, in our opinion, the company is maintaining proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification.
3. As per information given to us, the company has not granted any loans to parties covered in the register maintained under Section 189 of the Companies Act, 2013 (the Act) Accordingly para 3(iii) of the Order is not applicable.
  4. In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Act in respect of loans and investments made.
  5. In our opinion and according to information and explanations given to us, the company has not accepted deposits from the public during the year. Therefore the provisions of clause (v) of paragraph 3 of the order is not applicable to the company.
  6. As per paragraph 3(vi) of the order the maintenance of cost records under Section 148(1) of the Companies Act, 2013 are prescribed by the Central Government vide Rule 3 of the Companies (Cost Records and Audit) Rules 2014, however the company has not produced cost audit report for our verification.
  7. a) According to information and explanations given to us and the records of the company examined by us in our opinion the company is regular in depositing the undisputed statutory dues including Income Tax, Profession Tax dues, Provident Fund, Sales Tax, Service Tax, Duty of customs, Duty of excise, Cess and other statutory dues with the appropriate authorities. According to information given to us there are no arrears of outstanding statutory dues as applicable with the appropriate authorities.
  - b) According to information and explanations given to us and the records of the company examined by us, there are no dues of wealth tax, service tax, custom duty, and cess which have not been deposited on account of any dispute.
  8. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank, Government during the year.
  9. In our opinion and according to the information and explanations given to us, the company has raised money amounting to Rs.7.70 crores (being 22 lakhs equity shares having face value Rs.10/- per share issued at price of Rs.35/- per share ) by the way of initial public offer. In addition the company has raised Term Loan amounting to 8.92 crores during the year from HDFC Bank Ltd.
  10. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no material instance of fraud on or by the company noticed or reported during the year.

11. According to the information and explanation given to us, the company has paid/provided managerial remuneration in accordance with requisite approvals mandated by provisions of section 197 read with Schedule V of the companies act, 2013.
12. According to the information and explanation given to us, the company is not a nidhi company . Accordingly para 3(xii) of the Order is not applicable.
13. According to the information and explanation given to us, based on our examination of the records of the Company, transactions with the related parties are in compliance with the sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanation given to us, based on our examination of the records of the Company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the order is not applicable to the company.
15. According to the information and explanation given to us, based on our examination of the records of the Company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly para 3(xv) of the Order is not applicable.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Natesh & Associates**

Chartered Accountants  
FRN 106957W

Ramamurthi Natesh  
Proprietor  
M. No. 036481  
Place : Walchandnagar  
Date: 30th May 2017

**Annexure "B" to the Independent Auditor's Report:**

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

We have audited the internal financial controls over financial reporting of Aurangabad Distillery Ltd. ('the Company') as of 31st March 2017 in conjunction with our audit of the standalone 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 the business, including adherence to the 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 the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 were 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 auditors' 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 Company's 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 the 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 31 March 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 Natesh & Associates**

Chartered Accountants  
FRN 106957W

Ramamurthi Natesh  
Proprietor  
M. No. 036481  
Place : Walchandnagar  
Date: 30th May 2017

**BALANCE SHEET AS AT 31st March, 2017**

(Amount in ₹)

PARTICULARS	Note No	As At March 31,2017	As At March 31,2016
<b>I EQUITIES AND LIABILITIES</b>			
<b>1 SHARE HOLDER'S FUND</b>			
Share Capital	1	82,000,000	20,000,000
Reserves & Surplus	2	155,088,772	133,244,682
		237,088,772	153,244,682
<b>2 NON CURRENT LIABILITIES</b>			
Long Term Borrowings	3	66,413,944	107,098,625
Deferred Tax Liability	4	42,697,499	39,592,385
		109,111,443	146,691,010
<b>3 CURRENT LIABILITIES</b>			
Short Term Borrowings	5	201,032,028	157,812,055
Trade Payables	6	2,417,286	4,416,890
Other Current Liabilities	7	46,523,876	39,538,027
Short Term provisions	8	11,405,671	18,877,478
		261,378,861	220,644,450
<b>Total</b>		<b>607,579,076</b>	<b>520,580,142</b>
<b>II ASSETS</b>			
<b>1 NON CURRENT ASSETS</b>			
Fixed Assets	9		
i) Tangible Assets		285,060,255	270,211,264
ii) Capital Work in Progress		4,345,671	21,368,670
Non Current Investments	10	28,300	28,300
Long Term Loans and Advances	11	2,300,000	-
Other Non Current Assets	12	3,776,670	72,185
		295,510,896	291,680,419
<b>2 CURRENT ASSETS</b>			
a) Inventories	13	163,585,692	38,912,815
b) Trade Receivables	14	334,598	1,287,120
c) Cash & Cash equivalents	15	2,413,791	22,237,397
d) Short term Loans & Advances	16	145,734,099	166,462,391
		312,068,180	228,899,723
<b>Total</b>		<b>607,579,076</b>	<b>520,580,142</b>

The accompanying notes 1 to 24 are an integral part of these Financial Statements.

**As per our report of even date**

**For Natesh & Associates**

Chartered Accountants

FRN 106957W

**Ramamurthi Natesh**

Proprietor

M. NO. 036481

Place: Walchandnagar

Date: 30th May 2017

**For and on behalf of the Board of Directors**

**Dharampal Kalani**

Managing Director

DIN: 00041021

**Amardeepsingh Sethi**

Director

DIN:00097644

**Sheetal Jagetia**

Company Secretary

**Uday Hemade**

Chief Financial Officer

**STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st March, 2017**

(Amount in ₹)

Particulars	Note No	Year ended March 31,2017	Year Ended March 31,2016
<b>I Revenue</b>			
Revenue from Operations	17	408,778,812	461,799,977
Other income	18	336,533	1,682,722
<b>Total Revenue</b>		<b>409,115,345</b>	<b>463,482,699</b>
<b>II Expenses</b>			
Cost of Material Consumed	19	227,630,742	236,199,415
Change in inventory of Finish Stock	20	3,099,303	1,995,747
Stock in Progress			
Employee Benefit Expenses	21	14,981,547	14,567,701
Financial Expenses	22	21,773,122	17,030,333
Depreciation & Amortisation Expenses	23	19,311,718	17,836,409
Other Expenses	24	108,768,081	128,418,463
<b>Total Expense</b>		<b>395,564,513</b>	<b>416,048,068</b>
<b>III Profit before Tax</b>		<b>13,550,832</b>	<b>47,434,631</b>
<b>IV Tax Expense</b>			
Current Tax		2,750,000	9,675,000
Earlier Year Tax		851,628	(3,544,343)
Deferred Tax		3,105,114	10,168,233
		<b>6,706,742</b>	<b>16,298,890</b>
<b>V Profit After Tax For the Year</b>		<b>6,844,090</b>	<b>31,135,741</b>
<b>VI Earnings per Equity Share of Face Value of Rs.10/- Each</b>			
Basic		0.98	5.19
Diluted		0.98	5.19

The accompanying notes 1 to 24 are an integral part of these Financial Statements.

**As per our report of even date**

**For Natesh & Associates**

Chartered Accountants

FRN 106957W

**Ramamurthi Natesh**

Proprietor

M. NO. 036481

Place: Walchandnagar

Date: 30th May 2017

**For and on behalf of the Board of Directors**

**Dharampal Kalani**

Managing Director

DIN: 00041021

**Sheetal Jagetia**

Company Secretary

**Amardeepsingh Sethi**

Director

DIN:00097644

**Uday Hemade**

Chief Financial Officer



## Cash Flow Statement for the Year Ended 31 March ,2017

PARTICULARS	Year Ended March 31,2017	Year Ended March 31,2016
<b>A.CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit After Tax as per Profit & Loss Account	6,844,090	31,135,740
Adjusted For:		
Derpreciation Expense	18,376,264	17,828,943
Miscellaneous Expenditure	(3,704,486)	7,466
Interest Income	(310,245)	(1,223,263)
Interest Paid	20,268,024	16,222,983
Loss on Sale of Fixed Assets	-	-
Deferred Tax	3,105,114	10,168,233
	37,734,671	43,004,362
Operating Profit Before Working Capital Changes	44,578,761	74,140,102
Adjusted For:		
(Increase)/Decrease in Trade & Other Receivables	952,523	(1,157,450)
(Increase)/Decrease in Inventories	(124,672,876)	3,013,358
Increase/(Decrease) in Trade Payable	(1,999,604)	2,610,442
Increase/(Decrease) in Other Current Liabilities and Provisions	(485,958)	(5,888,934)
	(126,205,915)	(1,422,584)
<b>Net Cash Flow From Operating Activities (A)</b>	<b>(81,627,154)</b>	<b>72,717,518</b>
<b>B.CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(16,202,257)	(25,127,818)
Sale of Fixed Assets	-	-
Purchase of Investments	-	-
Interest Received	310,245	1,223,263
Movement in Loans & Advances	18,428,292	(23,402,124)
<b>Net Cash Flow From Investing Activities (B)</b>	<b>2,536,280</b>	<b>(47,306,679)</b>
<b>C.CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long Term Borrowings	(40,684,681)	(88,573,461)
Short Term Borrowings	43,219,973	100,087,818
Dividend Paid	-	-
Interest on Term Loans & Others Paid	(20,268,024)	(16,222,983)
Proceeds from Issue of Equity Shares/ Share Warrants (Including Premium)	77,000,000	-
<b>Net Cash Flow From Financing Activities (C)</b>	<b>59,267,268</b>	<b>(4,708,626)</b>

## Cash Flow Statement for the Year Ended 31 March ,2017

PARTICULARS	Year Ended March 31,2017	Year Ended March 31,2016
Net Change in Cash & Cash Equivalents (A+B+C)	(19,823,606)	20,702,213
Cash & Cash Equivalents at beginning of the year	22,237,397	1,535,185
Cash & Cash Equivalents at end of the year	2,413,791	22,237,397

Note:

- Figures in Brackets represent Cash Outflow.
- Previous Year Figures Regrouped wherever necessary.

**As per our report of even date**

**For Natesh & Associates**

Chartered Accountants

FRN 106957W

**Ramamurthi Natesh**

Proprietor

M. NO. 036481

Place: Walchandnagar

Date: 30th May 2017

**For and on behalf of the Board of Directors**

**Dharampal Kalani**

Managing Director

DIN: 00041021

**Sheetal Jagetia**

Company Secretary

**Amardeepsingh Sethi**

Chairman - Whole Time Director

DIN:00097644

**Uday Hemade**

Chief Financial Officer

## Notes on Financial Statements for the Year Ended 31 March ,2017

### 1. SHARE CAPITAL

(Amount in ₹ )

Particulars	As at March 31,2017	As at March 31,2016
<b>Authorised Share Capital :</b>		
9,000,000 Equity Shares of Rs.10 each (Previous year 2100000 shares of Rs.10 each)	90,000,000	21,000,000
<b>Issued , Subscribed and Paid Up</b>		
8,200,000 Equity Shares of Rs.10 each (Previous year 2000000 shares of Rs.10 each)	82,000,000	20,000,000
<b>TOTAL</b>	<b>82,000,000</b>	<b>20,000,000</b>

#### 1.1 Reconciliation of shares outstanding at the beginning and at the end of the year

##### Equity Shares

At the beginning of the year	2,000,000	2,000,000
(+) Bonus Issue	4,000,000	Nil
(+) Issue during the year	2,200,000	Nil
Outstanding at the end of the year	8,200,000	2,000,000

1.2 Bonus Issue of 4,000,000 equity shares in ratio of (2:1) dated May 19,2016 has been issued by Capitalisation of Reserves & Surplus of the Company.

1.3 On October 17,2016 Public Issue of 2,200,000 Equity Shares of Face Value of Rs.10/- each at a price of Rs.35/- per Equity share (Including a share premium of Rs.25/- per equity share).

#### 1.4 The details of shareholders holding more than 5% Equity Shares :

Name of Shareholder	As at 31 March 2017		As at 31 March 2016	
	No. of Shares	% held	No. of Shares	% held
Amardeepsing T Sethi	525000	6.40%	125000	6.25%
Baljit R Sethi	525000	6.40%	175000	8.75%
Dharampal Kalani	990000	12.07%	330000	16.50%
Hiralal Kalani	990000	12.07%	330000	16.50%
Jagjit T Sethi	525000	6.40%	175000	8.75%
Kanayalal Kalani	1020000	12.44%	340000	17.00%
Memkaur T Sethi	Nil	Nil	125000	6.25%
Ramanjit H Sethi	525000	6.40%	175000	8.75%
Ratansingh T Sethi	Nil	Nil	125000	6.25%

## Notes on Financial Statements for the Year Ended 31 March ,2017

### 2. RESERVE AND SURPLUS

(Amount in ₹ )

PARTICULARS	As at March 31,2017	As at March 31,2016
<b>a.Capital Reserve</b>		
As per Last Balance Sheet	-	-
Add: Current year Transfer	-	-
	-	-
<b>b.Securities Premium</b>		
As per Last Balance Sheet	-	-
Add : Received during the year	55,000,000	-
	55,000,000	-
<b>c.General Reserve</b>		
As per Last Balance Sheet	-	-
Add: Transfer from Profit and Loss Account	-	-
	-	-
<b>d.Profit &amp; Loss Account</b>		
As per Last Balance Sheet	133,244,682	102,108,941
Add :Profit for the year	6,844,090	31,135,741
Less: Appropriations/Adjustments		
Proposed Dividend		
Dividend Tax		
Transfer to General Reserve		
Bonus Issue	40,000,000	
	100,088,772	133,244,682
<b>TOTAL</b>	<b>155,088,772</b>	<b>133,244,682</b>

2.1 The company has made a Public Issue of 22,00,000 equity shares of Face value Rs.10/- at a price of Rs.35/- per equity share including a share premium of Rs.25 per equity share aggregating to Rs.550 Lakhs.

## Notes on Financial Statements for the Year Ended 31 March ,2017

### 3. LONG TERM BORROWINGS

(Amount in ₹ )

PARTICULARS	As at March 31,2017	As at March 31,2016
<b>SECURED</b>		
<b>Term Loan from Banks</b>		
Term Loan facilities from The Sarswat Co-op Bank Ltd.		
i) Term Loan for Plant & Machinery	-	54,386,230
ii) Term Loan for Vehicle	-	121,661
Term Loan facilities from ICICI Bank Ltd.	2,446,852	2,899,994
Term Loan facilities from HDFC Bank	63,967,092	
Loan from Shareholders		49,690,740
<b>TOTAL</b>	<b>66,413,944</b>	<b>107,098,625</b>

#### 3.1 Term Loans from Sarswat Co-op Bank Ltd

i) Term Loan of Rs. 950 Lacs taken against hypthecation of Plant & Machinery and personal guarantee of Two Directors of Company .The same was repayable in 96 Equated monthly installments of Rs. 15.40 Lacs. The same is taken over by HDFC Ltd.

ii) Vehicle Loan of Rs.7.35 Lacs taken against hypthecation of Vehicle Mahindra Verito and personal guarantee of Two Directors of Company .The same was repayable in 60 Equated monthly installments of Rs.16000/-. The same is taken over by HDFC Ltd.

#### 3.2 Term Loans from ICICI Bank Ltd (Vehicle Loan)

i) Vehicle Loan are secured by respective vehicle. The same is repayable in 60 Equated monthly installments of Rs.63750/- .Amount payable within one year is Rs.765000/-.

#### 3.3 Term Loans from HDFC Bank Ltd are secured by way of:

Primary : Stock , Book Debts and Plant & Machinery

Collateral : Industrial property at Gat No.45/2 ,47/2 and 50/2 , Walchandnagar, Taluka Indapur, Dist.Pune ,Village Rangaon (Ranmodwadi) , Walchandnagar along with Personal Guarantee of Director

### 4.DEFERRED TAX LIABILITY

(Amount in ₹ )

PARTICULARS	As at March 31,2017	As at March 31,2016
Deferred Tax Liability	42,697,499	39,592,385
<b>TOTAL</b>	<b>42,697,499</b>	<b>39,592,385</b>

## Notes on Financial Statements for the Year Ended 31 March ,2017

### 5.SHORT TERM BORROWINGS

PARTICULARS	As at March 31,2017	As at March 31,2016
<b>SECURED</b>		
<b>Working Capital Loans from :</b>		
The Saraswat Co-op Bank	(134,547)	157,812,055
HDFC Bank Ltd	95,887,474	-
<b>UNSECURED</b>		
Metri Spirits Private Limited	47,403,843	
Satyam Spirits Private Limited	57,875,258	
<b>TOTAL</b>	<b>201,032,028</b>	<b>157,812,055</b>

#### 4.1 Working Capital limits from are secured by way of :

Primary : Stock , Book Debts and Plant & Machinery

Collateral : Industrial property at Gat No.45/2 ,47/2 and 50/2 , Walchandnagar, Taluka Indapur, Dist .Pune , Village Rangaon (Ranmodwadi) , Walchandnagar along with Personal Guarantee of Director

### 6.TRADE PAYABLE

PARTICULARS	As at March 31,2017	As at March 31,2016
Micro , Medium and Small Enterprises	-	-
Other Creditors	2,417,286	4,416,890
<b>TOTAL</b>	<b>2,417,286</b>	<b>4,416,890</b>

### 7.OTHER CURRENT LIABILITIES

PARTICULARS	As at March 31,2017	As at March 31,2016
Current Maturities of Long Term Debt	25,273,668	19,437,000
Expenses Payable	1,619,578	5,963,172
Creditors for Capital Expenditure	689,064	1,150,107
Creditors for Other Expenses	17,018,557	11,824,843
Advance from Customer	1,923,009	1,162,905
<b>TOTAL</b>	<b>46,523,876</b>	<b>39,538,027</b>

**8.SHORT TERM PROVISION**

(Amount in ₹ )

PARTICULARS	As at March 31,2017	As at March 31,2016
Provision for Employee Benefits	8,655,671	9,202,478
Other Provision		
Provison For Income Tax	2,750,000	9,675,000
<b>TOTAL</b>	<b>11,405,671</b>	<b>18,877,478</b>

**Notes on Financial Statements** for the Year Ended 31 March ,2017

**9.FIXED ASSETS**

PARTICULARS	GROSS BLOCK AT COST				DEPRECIATION			NET BLOCK	
	Opening Balance	Addition	Deduction	Closing Balance	up to 31.3.2016	for the year	up to 31.03.2017	As on 31.03.2017	As on 31.3.2016
Factory Building	25,005,123	309,432	-	25,314,555	7,513,507	799,201	8,312,708	17,001,847	17,491,616
Office Building	3,474,966	-	-	3,474,966	485,057	54,904	539,961	2,935,005	2,989,909
Temporary Sheds for Bagasse	-	1,137,451	-	1,137,451	-	270,173	270,173	867,278	-
Plant & Machinery	337,335,591	31,686,264	-	369,021,855	95,757,996	16,160,150	111,918,146	257,103,709	241,577,595
Vehicle	8,330,945	-	-	8,330,945	1,854,738	791,440	2,646,178	5,684,767	6,476,207
Tractor	1,509,296	-	-	1,509,296	351,319	179,304	530,623	978,673	1,157,977
Office Equipments	315,721	55,609	-	371,330	129,595	69,419	199,014	172,316	186,126
Furniture & Fittings	472,950	-	-	472,950	141,117	44,930	186,047	286,903	331,833
Computers	171,784	36,500	-	208,284	171,783	6,743	178,526	29,757	1
<b>TOTAL RS.</b>	<b>376,616,376</b>	<b>33,225,256</b>	<b>-</b>	<b>409,841,632</b>	<b>106,405,112</b>	<b>18,376,264</b>	<b>124,781,376</b>	<b>285,060,255</b>	<b>270,211,264</b>
Capital Work in Progress	21,368,670	16,202,257	33,225,256	4,345,671	-	-	-	4,345,671	21,368,670
<b>GRAND TOTAL RS.</b>	<b>397,985,046</b>	<b>49,427,513</b>	<b>33,225,256</b>	<b>414,187,303</b>	<b>106,405,112</b>	<b>18,376,264</b>	<b>124,781,376</b>	<b>289,405,926</b>	<b>291,579,934</b>
Previous year Rs.	372,857,229	129,781,225	104,653,408	397,985,046	88,576,169	17,828,943	106,405,112	291,579,934	-



## Notes on Financial Statements for the Year Ended 31 March ,2017

### 10. NON CURRENT INVESTMENTS

(Amount in ₹ )

PARTICULARS	As at March 31,2017	As at March 31,2016
<b>Non Trade Investment</b>		
Unquoted (At Cost)		
-in The Saraswat Co-op Bank Ltd	26,300	26,300
- National Savings Certificate	2,000	2,000
<b>TOTAL</b>	<b>28,300</b>	<b>28,300</b>

### 11. LONG TERM LOANS AND ADVANCE

PARTICULARS	As at March 31,2017	As at March 31,2016
Advance For Capital Goods	2,300,000	-
<b>TOTAL</b>	<b>2,300,000</b>	<b>-</b>

### 12. OTHER NON CURRENT ASSETS

PARTICULARS	As at March 31,2017	As at March 31,2016
<b>Miscellaneous Expenditure</b>		
Preliminary Expenditure not written off	3,776,670	72,185
<b>TOTAL</b>	<b>3,776,670</b>	<b>72,185</b>

### 13. INVENTORIES

PARTICULARS	As at March 31,2017	As at March 31,2016
Raw Materials	147,040,610	19,268,430
Work In Progress	2,803,774	3,853,691
Finished Goods	13,741,308	15,790,694
<b>TOTAL</b>	<b>163,585,692</b>	<b>38,912,815</b>

### 14. TRADE RECEIVABLES

PARTICULARS	As at March 31,2017	As at March 31,2016
(Unsecured & Considered Good)		
Over Six Months	-	115,470
Others	334,598	1,171,650
<b>TOTAL</b>	<b>334,598</b>	<b>1,287,120</b>

## Notes on Financial Statements for the Year Ended 31 March ,2017

### 15.CASH & CASH EQUIVALENTS

(Amount in ₹ )

PARTICULARS	As at March 31,2017	As at March 31,2016
Balances with Banks	823,161	21,213,541
Cash Balances	430,126	744,184
Fixed Deposits with Banks	1,160,504	279,672
<b>TOTAL</b>	<b>2,413,791</b>	<b>22,237,397</b>

### 16.SHORT TERM LOANS AND ADVANCES

PARTICULARS	As at March 31,2017	As at March 31,2016
Balances with Statutory Authorities	56,625,995	83,927,051
Advance Income Tax	2,018,604	1,501,897
Advance to Staff	92,000	95,500
Prepaid Expenses	2,005,619	1,478,273
Deposits Given	2,743,318	1,796,723
Other Short Term Loans and Advances	82,248,563	77,662,947
<b>TOTAL</b>	<b>145,734,099</b>	<b>166,462,391</b>

## Notes on Financial Statements for the Year Ended 31 March ,2017

### 17.REVENUE FROM OPERATIONS

(Amount in ₹ )

PARTICULARS	As at March 31,2017	As at March 31,2016
<b>Sale Of Finished Goods:</b>		
Details of Sale		
- Denatured Alcohol (SDS)	77,739,007	185,785,861
- Rectified spirit	330,102,925	275,788,982
- Carbon Dioxide	936,880	-
- Others	-	225,134
<b>TOTAL</b>	<b>408,778,812</b>	<b>461,799,977</b>

### 18.OTHER INCOME

PARTICULARS	As at March 31,2017	As at March 31,2016
Interest Income	310,245	1,223,263
Other Operating Income	26,288	459,459
<b>TOTAL</b>	<b>336,533</b>	<b>1,682,722</b>

### 19.COST OF MATERIAL CONSUMED

PARTICULARS	As at March 31,2017	As at March 31,2016
Opening stock of Raw Materials	19,268,430	20,286,041
Add : Purchases	355,402,922	235,181,804
	374,671,352	255,467,845
Less : Closing stock of Raw Material	147,040,610	19,268,430
<b>TOTAL</b>	<b>227,630,742</b>	<b>236,199,415</b>

### 20.CHANGE IN INVENTORIES OF FINISHED GOODS,STOCK IN PROGRESS

(Amount in ₹ )

PARTICULARS	As at March 31,2017	As at March 31,2016
<b>Opening Stock</b>		
Work in Progress	3,853,691	1,657,488
Finished goods	15,790,694	19,982,644
	19,644,385	21,640,132
<b>Closing Stock</b>		
Work in Progress	2,803,774	3,853,691
Finished goods	13,741,308	15,790,694
	16,545,082	19,644,385
<b>TOTAL</b>	<b>3,099,303</b>	<b>1,995,747</b>

## Notes on Financial Statements for the Year Ended 31 March ,2017

### 21.EMPLOYEE BENEFIT EXPENSES

PARTICULARS	As at March 31,2017	As at March 31,2016
Salary & Wages (Including Bonus)	13,903,097	13,398,403
Contribution to Provident and Other Funds	900,450	1,017,215
Staff Welfare Expenses	178,000	152,083
<b>TOTAL</b>	<b>14,981,547</b>	<b>14,567,701</b>

### 22.FINANCE COST

PARTICULARS	As at March 31,2017	As at March 31,2016
Bank Charges	1,505,098	807,350
Interest on Working Capital	11,503,309	6,769,204
Interest - Term Loans	5,675,714	9,453,779
Interest - Others	3,089,001	-
<b>TOTAL</b>	<b>21,773,122</b>	<b>17,030,333</b>

### 23.DEPRECIATION AND AMORTISATION EXPENSE

PARTICULARS	As at March 31,2017	As at March 31,2016
Depreciation	18,376,264	17,828,943
Preliminary Expense Written Off	935,454	7,466
<b>TOTAL</b>	<b>19,311,718</b>	<b>17,836,409</b>

## Notes on Financial Statements for the Year Ended 31 March ,2017

### 24.OTHER EXPENSES

PARTICULARS	As At March 31,2017		As At March 31,2016	
<b>Manufacturing Expenses</b>				
Power and Fuel	70,032,745		68,282,512	
Water Charges	12,054,815		24,684,789	
Pollution Control Expenses	257,740		371,113	
Freight Charges	10,125,199		13,653,731	
Repairs & Maintenance	2,285,555		5,803,716	
Other Manufacturing Expenses	6,891,296		8,196,478	
		101,647,350		120,992,339
<b>Administrative &amp; Other Expenses</b>				
Auditors Remuneration	139,500		34,350	
Insurance Expenses	479,530		522,904	
Office & General expenses	918,686		591,841	
Legal & Professional Fees	1,338,454		955,051	
Taxes and Duties	4,058,901		5,114,254	
Sales Promotion & Conference Expenses	10,000		9,600	
Travelling & conveyance	175,660		198,124	
		7,120,731		7,426,124
<b>TOTAL</b>		<b>108,768,081</b>		<b>128,418,463</b>

## **Significant Accounting Policies and Notes**

### **A. Basis of Preparation of Financial Statements**

The financial statements are prepared under the historical cost convention, on the basis of going concern assumption in accordance with Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

### **B. Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

### **C. Fixed Assets**

Fixed Assets are stated at cost net recoverable taxes including any cost directly attributable for bringing the assets to its working condition for its intended use less accumulated depreciation.

Projects under which assets are not ready for their intended use are disclosed under Capital Work in Progress.

### **D. Depreciation**

Depreciation has been charged on fixed assets on Straight-Line Method basis. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

### **E. Investments**

Current Investments are carried at lower of cost and fair value. Non-Current Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

### **F. Inventories**

Item of Inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any. The cost of work in progress and finished goods is determined on absorption cost price which comprises of cost of purchase, cost of conversion, and other manufacturing overheads incurred in bringing them to their respective present location and condition.

### **G. Revenue Recognition**

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue on sale of goods is recognized on passing of title to customers, Sales are excluding of VAT, Excise duty and adjustment for rate difference.

### **H .Employee Benefits**

#### *Defined Contribution Plan*

The company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. The Provident fund plan is operated by the Regional Provident Fund Commissioner. Under the schemes, the company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

*Defined Benefit Plan*

Company's liabilities towards gratuity, leave encashment of unavailed leave on retirement are determined on basis of valuations approved by management.

**I. Borrowing Costs**

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

**J. Earning Per Share**

Basic Earning per share is computed by dividing the net profit attributable to Equity Shareholders for the year , by weighted average number of equity shares outstanding during the year. Diluted earning per share is computed using weighted average number of equity shares outstanding at year-end.

**K. Provision for Current & Deferred Tax**

Provision for current tax is made after taking into account benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "Timing Difference" between taxable incomes & accounting income is accounted for using the tax rates and laws that are enacted or substantially enacted as on the balance sheet date.

**L. Provisions, Contingent Liabilities & 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.

## Notes on Financial Statements for the Year Ended 31 March ,2017

### 1.Contingent Liabilities & Commitments :

(in Lakhs )

Particulars	2016-17
<b>Commitments :</b>	
Estimated amounts of contracts remaining to be executed and not provided for (Net of Advances Paid Rs.23)	415
<b>Total</b>	<b>415</b>

### 2.Deferred Tax

The major components of Deferred Tax assets and Liabilities on account of timing differences are as follows:

Particulars	2016-17	2015-16
Depreciation Deferred Tax Liability created for the year	2,893,039	10,444,064
Deferred Tax Asset created during the year	302,932	451,984
Deferred Tax Asset Reversed	515,007	176,153
Closing Deferred tax Liability for the year	3,105,114	10,168,233

### 3.Earning Per Share

Particulars	2016-17	2015-16
Nominal value of equity shares	10	10
Profit after Tax	6,844,090	31,135,741
Weighted average number of equity shares	6,994,521	2,000,000
Basic and Diluted Earning per share	0.98	5.19

3.1. As per Accounting Standard (IAS) 33 for calculation of Earning Per Share in case of Bonus Issue the number of Equity Shares outstanding before the Bonus Issue is adjusted for proportionate change in number of Equity Shares outstanding as if the Bonus Issue had occurred at the beginning of the earliest period reported.

### 4.Related Party Disclosure

(i) List of Related Parties

S.No	Name of Related Party	Relationship
1	Brihan Karan Sugars Syndicate Pvt Ltd	Enterprises over which relative of Key Management are able to exercise significant influence
2	Karan Bottling Company Pvt Ltd	Enterprises over which relative of Key Management are able to exercise significant influence
3	Karan Agencies	Enterprises over which relative of Key Management are able to exercise significant influence
4	Master Blenders Pvt Ltd	Enterprises over which of Key Management are able to exercise significant influence
5	Nevitad Distilleries Pvt Ltd	Enterprises over which relative of Key Management are able to exercise significant influence
6	Satyam Spirits Pvt Ltd	Enterprises over which relative of Key Management are able to exercise significant influence
7	Metri Spirits Pvt Ltd	Enterprises over which relative of Key Management are able to exercise significant influence
8	Dharampal Kalani	Key Managerial Personnel
9	Amardeepsingh Sethi	Key Managerial Personnel



(ii) Transactions during the year with Related Parties :

Sr.No	Name of Party	Nature of Transaction	Amount in Rs.
1	Brihan Karan Sugars Syndicate Pvt Ltd	Sale of Rectified Spirits	52,963,200
2	Karan Bottling Company Pvt Ltd	Sale of Rectified Spirits	90,897,648
3	Karan Agencies	Sale of Rectified Spirits	18,798,000
4	Master Blenders Pvt Ltd	Sale of Rectified Spirits	2,820,000
5	Nevitad Distilleries Pvt Ltd	Sale of Rectified Spirits	50,948,192
6	Satyam Spirits Pvt Ltd	Loans & Advances	252,511,006
7	Metri Spirits Pvt Ltd	Loans & Advances	56,900,000
8	Dharampal Kalani	Remuneration	950,000
9	Amardeepsingh Sethi	Remuneration	950,000

(iii) Balances as at 31.03.2017

Sr.No	Nature	Name of Party	Amount in Rs.
1	Loans & Advances	Satyam Spirits Pvt Ltd	57,875,258
2	Loans & Advances	Metri Spirits Pvt Ltd	47,403,843

**5.Auditor's Remuneration and Expenses**

Particulars	2016-17	2015-16
(i) Statutory and Tax Audit Fees	102,700	34,350
(ii) Consultation and Certification	8,050	-
(iii) Other Services and Expenses Reimbursed	28,750	-
	139,500	34,350

**6.Details of Specified Bank Notes (SBN) held and transacted during period from 8th November, 2016 to 30th December, 2016**

Particulars	SBNs	Other Denomination notes	Total
Closing Cash in hand as on 08.11.2016	1,140,000	645,427	1,785,427
(+) Permitted receipts		354,198	354,198
(-) Permitted payments		521,090	521,090
(-) Amount Deposited in Banks	(1,140,000)		(1,140,000)
Closing Cash in hand as on 30.12.2016	-	478,535	478,535

**For Natesh & Associates**

Chartered Accountants  
FRN 106957W

Ramamurthi Natesh  
Proprietor  
M. NO. 036481  
Place : Walchandnagar  
Date: 30th May 2017



## **AURANGABAD DISTILLERY LIMITED**

### **Notice of 17<sup>th</sup> Annual General Meeting**

NOTICE is hereby given that the 17<sup>th</sup> Annual General Meeting (the “AGM”) of the members of Aurangabad Distillery Limited will be held on Friday, 29<sup>th</sup> September, 2017 at 3.00 P.M at The Regenza by Tunga, Plot no. 37, Sec 30A, Vashi, Navi Mumbai- 400703 to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statement of the company for the financial year ended on March 31, 2017 together with the Report of Board of Directors and Report of Auditors thereon.
2. To appoint Mr. Dharampal Kalani (DIN: 00041021), who retires by rotation and being eligible, offers himself for re-appointment.
3. Ratification for appointment of Statutory Auditors.

To consider and if thought fit to pass the following resolution as an ordinary resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s Natesh & Associates, Chartered Accountants (who were appointed by as a Statutory Auditor of the Company by the shareholders up to the conclusion of 19<sup>th</sup> AGM which is to be held in the year 2019), be and is hereby ratified until the conclusion of the next AGM of the Company, on such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

#### **SPECIAL BUSINESS:**

4. Appointment of Mr. Prakash Madhavrao Sawant as an 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 Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and rules framed there under, read with Schedule IV to the Companies Act, 2013 (the Act), Mr. Prakash Madhavrao Sawant, (DIN 07618451) who was appointed as an Additional Director of the Company by the Board of Directors with effect from September 19, 2016 and who holds office until the date of this Annual General Meeting in terms of Section 161 of the Companies Act 2013 and has submitted declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member proposing his candidature for the office of Director along with the deposit of one lakh rupees, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for a term of (5) consecutive years with effect from 19<sup>th</sup> September 2016.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be to give effect to this resolution.”

**By Order of the Board  
For Aurangabad Distillery Limited**

Amardeepsingh Sethi  
Chairman & Wholetime Director  
DIN: 00097644

Place: Walchandnagar  
Date: 17<sup>th</sup> August 2017

## NOTES:

1. ***A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE CORPORATE OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.*** A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Item No. 4 of the Notice, is annexed hereto. The profile of the Directors seeking appointment/re-appointment, as required in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed.
3. Corporate Members intending to send their authorized representatives to attend the AGM are requested to send a duly certified copy of their Board Resolution authorizing their representatives to attend and vote at the AGM.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. The Register of Members and Transfer Books of the Company will be closed from 22<sup>nd</sup> September 2017 to 29<sup>th</sup> September 2017 both days inclusive.
6. The Notice of the AGM along with the Annual Report of FY 2016-17 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with Bigshare Services Private Limited/Depositories.
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. Route Map showing directions to reach to the venue of the 17<sup>th</sup> AGM is given at the end of this Notice as per the requirement of the Secretarial Standards-2 on "General Meeting."

**EXPLANATORY STATEMENT**  
**(Pursuant to Section 102 of the Companies Act, 2013)**

As required under provisions of Section 102 of the Companies Act, 2013 the following explanatory statement sets out all material facts relating to the business mentioned under Item No. 4 of the accompanying Notice:

**Item No. 4**

Mr. Prakash Madhavrao Sawant, (DIN 07618451) who was appointed as an Additional Director of the Company w.e.f. September 19, 2016 pursuant to the provisions of Section 161 of the Companies Act, 2013 (the Act), can hold office up to the close of this AGM and is eligible for appointment. In terms of Section 160 of the Act, the Company has received a Notice along with a deposit of Rs. 1,00,000/- from a member signifying his intension to propose the candidature of Mr. Prakash Madhavrao Sawant for the office of Director. He is acting as an Independent Director of the Company. In order to comply with the provisions of Section 149(4), (10) and (11) and 152 of the Act read with the Rules of the Act, it has been proposed to appoint Mr. Prakash Madhavrao Sawant as an Independent Director for a consecutive period of 5 years w.e.f. 19<sup>th</sup> September 2016. The appointee has given a declaration under Section 149(7) of the Act, that he meets the criteria of independence as provided in the Section 149(6) of the Act.

Except Mr. Prakash Madhavrao Sawant no other Director or Key Managerial Personnel or their relatives is directly or indirectly, concerned or interested, financial or otherwise in the proposed resolution.

The terms and conditions of appointment of the above Director shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board recommends the resolution set forth in Item No. 4 for approval of the members.

Additional information on directors seeking appointment/ re-appointment as required under Regulation 36 (3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015:-

### **Profile of directors getting re-appointed**

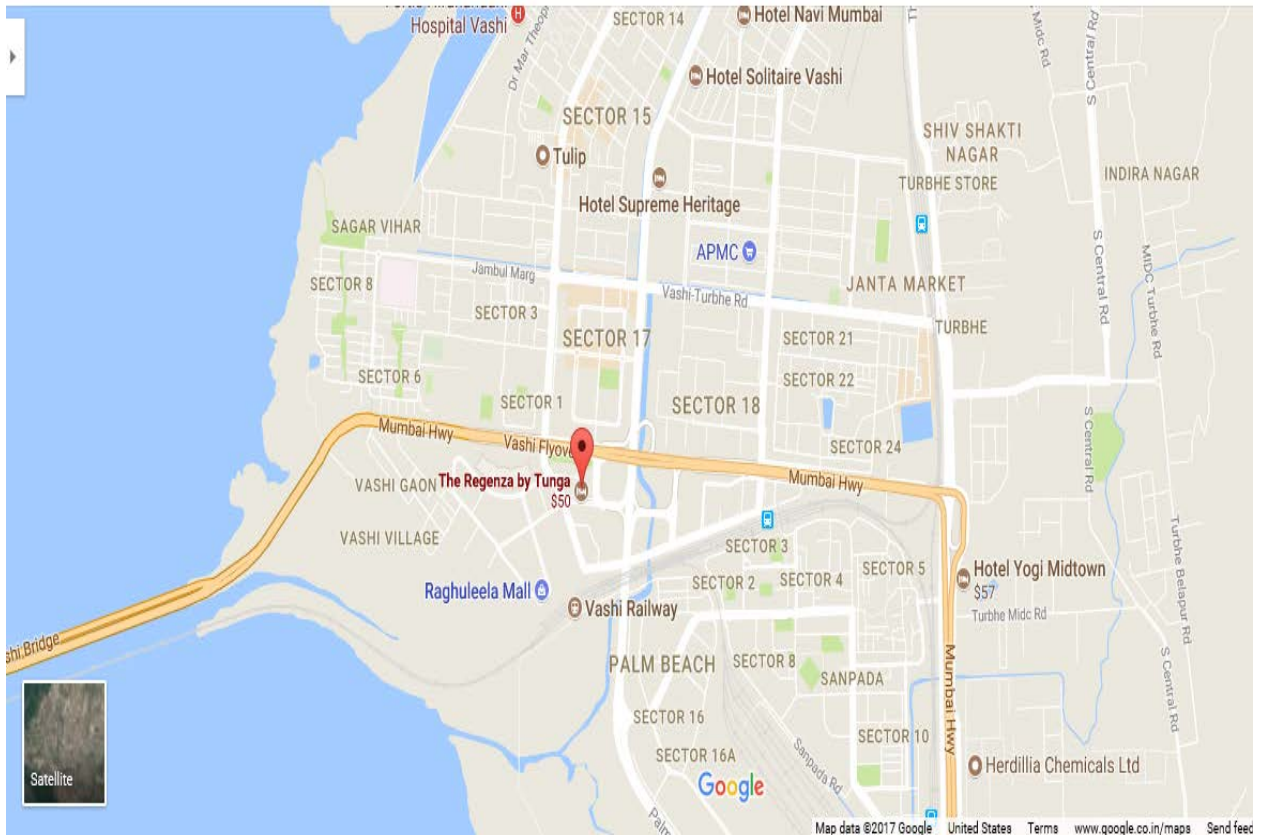
#### **A. Brief profile of Mr. Dharampal Kalani:**

<b>Sr. No.</b>	<b>Particulars</b>	
1.	Full Name	Dharampal Kimatram Kalani
2.	Director Identification Number (DIN)	00041021
3.	Age	40 years
4.	Qualification	B.E. & MBA
5.	Experience	12 years' experience in Distillery & Sugar Industry
6.	Date of Appointment	15/06/2007
7.	Shareholding in the company	990000 Equity Shares
8.	Other directorship, membership / chairmanship of committees of other boards	He holds directorship in following Companies– Karan Sugars Private Limited, Karan Distilleries Private Limited, Karan Liquors Private Limited, Machpack Enterprises Private Limited, Kalani Packaging Industries Private Limited
9.	Relation with directors	Brother of Kanyalal Kalani who is Director of the Company.

#### **B. Brief profile of Mr. Prakash Sawant:**

<b>Sr. No.</b>	<b>Particulars</b>	
1.	Full Name	Prakash Madhavrao Sawant
2.	Director Identification Number (DIN)	07618451
3.	Age	67 years
4.	Qualification	Inter Science and Diploma in Indian Dairy Technology
5.	Experience	40 Years
6.	Date of Appointment	19/09/2016
7.	Terms and condition of Appointment	He is an Independent Director
8.	Shareholding in the company	-
9.	Details of Remuneration sought to be paid	-
10.	Details of last drawn remuneration	-
11.	Other directorship, membership / chairmanship of committees of other boards	He does not hold Directorships/ Membership of any other company.
12.	Relation with directors	He is not related with any other director or Key Managerial Personnel of the company.

## ROUTE MAP



## PROXY FORM

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

### AURANGABAD DISTILLERY LIMITED

CIN: U55000MH2000PLC128084

UG 109, Upper Ground, Dreams Mall LBS Road, Bhandup (West) Mumbai- 400078,

Tel: 91 02118-252507

Info@aurangabaddistillery.com | www.aurangabaddistillery.com

17<sup>th</sup> Annual General Meeting – Friday, 29th September, 2017

Name of the member(s)

Registered address

Email

Folio no. / Client ID

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DP ID

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I / We, being the member(s) of ..... shares of the above named company, hereby appoint:

1. Name \_\_\_\_\_ Address \_\_\_\_\_

E-mail Id \_\_\_\_\_ Signature \_\_\_\_\_

or failing him/ her;

2. Name \_\_\_\_\_ Address \_\_\_\_\_

E-mail Id \_\_\_\_\_ Signature \_\_\_\_\_

or failing him/ her;

3. Name \_\_\_\_\_ Address \_\_\_\_\_

E-mail Id \_\_\_\_\_ Signature \_\_\_\_\_

or failing him/ her;

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 17<sup>th</sup> Annual General Meeting of the Members of Aurangabad Distillery Limited to be held on Friday, the 29<sup>th</sup> day of September, 2017 at 3.00 PM at The Regenza By Tunga, Plot no. 37, Sec 30A, Vashi, Navi Mumbai- 400703 and at any adjournment thereof in respect of such resolutions as are indicated below:



Resolution number	Resolution	Vote (Optional see Note 2)		
		(Please mention no. of shares)		
		For	Against	Abstain
Ordinary business				
1	To receive, consider and adopt the Audited Financial Statement of the company for the financial year ended on March 31,2017 together with the Report of Board of Directors and Report of Auditors thereon.			
2	To re-appoint Mr. Dharampal Kalani, who retires by rotation and, being eligible, seeks re-appointment.			
3	Ratification for appointment of M/s Natesh & Associates, Chartered Accountants as the Statutory Auditors of the Company.			
Special business				
4	Appointment of Mr. Prakash Madhavrao Sawant as an Independent Director of the Company			

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

.....  
Signature of the  
member

.....  
Signature of the proxy  
holder(s)

Affix  
revenue  
stamp of  
not less  
than Rs. 1

**Notes:**

- This form, in order to be effective, should be duly stamped, completed, signed and deposited at the corporate office of the Company at Gat no. 45/2, 47/2, 48/2 and 50/2, Village Rangoan (Ranmodwadi), Walchandnagar, Taluka Indapur, Dist. Pune – 413114 and addressed to “The Company Secretary”, not less than 48 hours before the Annual General Meeting.***
- It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he / she may deem appropriate.***

**ATTENDANCE SLIP**  
**AURANGABAD DISTILLERY LIMITED**

CIN: U55000MH2000PLC128084

UG 109, Upper Ground, Dreams Mall LBS Road, Bhandup (West) Mumbai- 400078

Tel: 91 20 02118-252507

Info@aurangabaddistillery.com | www.aurangabaddistillery.com

**17th Annual General Meeting – Friday, 29th September, 2017**

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Registered Folio no. / DP ID no. / Client ID no.:

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Number of shares held

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I certify that I am a member / proxy / authorized representative for the member of the Company.

I hereby record my presence at the 17<sup>th</sup> Annual General Meeting of the Company at the The Regenza By Tunga, Plot no. 37, Sec 30A, Vashi, Navi Mumbai- 400703 on Friday, September 29, 2017 at 3.00 PM. IST.

.....  
Name of the member / proxy  
(in BLOCK letters)

.....  
*Signature of the member / proxy*

*Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the AGM.*