

FOR MEMBERS ONLY

*63<sup>rd</sup>  
Annual Report  
1996-97*



*Mohan Meakin Limited Estd. 1855*

Report  Junction.com

*Water Heater Limited*

MD	✓		BKC	NA
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	NA		AC	✓
ACM	✓	✓	SHI	✓
YE	✓	✓		✓

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## Board of Directors

Managing Director

**Brig.(Dr.)Kapil Mohan,**  
VSM (Retd.) Ph.D.

Executive Director

**Mr. Rakesh Mohan**

Executive Director

**Mr. Hemant Mohan**

Financial Director

**Mr. P.D.Goswami,**  
F.C.A., F.C.S.

Directors:

**Lt.Genl.Harbakhsh Singh,**  
VR CH

**Lt.Genl.K.Bahadur Singh**

**Mr. M.Yusuf Khan**

**Mr. L.K.Malhotra**

**Justice Mr. H.L.Anand (Retd.)**

Secretary

**Mr. H.N.Handa,**  
B.Com., F.C.A., F.C.S., A.M.C.I.A. (London)

### ANNUAL GENERAL MEETING

at 10 A.M. on Saturday,  
the 27th September, 1997  
at Solan Brewery  
(Himachal Pradesh)

#### Bankers

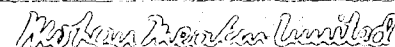
Punjab National Bank  
State Bank of India

#### Auditors

A.F.Ferguson & Co.

#### Solicitors

J.B.Dada Chanji & Co.,  
New Delhi.


**DIRECTORS' REPORT :**

The Directors present their 63rd Annual Report on the business and operation of the Company, with the Statement of Account, for the year ended March 31, 1997, together with the report of Auditors, Messers A.F. Ferguson & Co.

**SUMMARISED FINANCIAL RESULTS:**

	1997 Rs.	1996 Rs.
Profit after providing for depreciation and interest but before taxation	1,35,55,620	2,09,86,020
Provision for Income Tax	17,50,000	1,05,00,000
	<u>1,18,05,620</u>	<u>1,04,86,020</u>
Taxation adjustments relating to earlier years (Net)	(8,33,285)	(1,02,594)
	<u>1,09,72,335</u>	<u>1,03,83,426</u>
Transferred from investment allowance reserve account	10,00,000	80,000
Balance brought forward from previous year	1,75,23,500	1,63,14,314
	<u>2,94,95,835</u>	<u>2,67,77,740</u>

**APPROPRIATIONS:**

1. Transferred to Debenture Redemption Reserve	50,00,000	50,00,000
2. Proposed dividend	42,54,240	42,54,240*
3. Tax on proposed dividend	4,25,424	-
4. Balance carried to balance sheet	1,98,16,171	1,75,23,500
	<u>2,94,95,835</u>	<u>2,67,77,740</u>

\* Subject to deduction of tax

**RESULTS:**

The turnover of the company registered an increase from Rs.1,62,47,08,894 to Rs.1,74,69,65,590 during the year under review which is quite encouraging in the face of stiff competition. This has been possible due to better coverage of the market and extensive market efforts. The liquor trade is becoming very competitive day by day and your company is also getting geared up to meet the market challenge.

The company had introduced Voluntary Retirement Scheme in its all units and the total amount of compensation comes to Rs.8.30 crores out of which Rs.2.07 crores being 25% of the said amount, has been charged in the accounts of the Company during this year. The same amount would be charged every year during the next 3 financial years as per guidelines issued in this behalf by the Institute of Chartered Accountants of India.

The profit of the Company would have thus been higher by Rs.2.07 crores, had the provision for this amount not been made in this year's Accounts, on account of compensation payable to the retirees under the Voluntary Retirement Scheme.

#### **DIVIDEND:**

We recommend for your consideration and approval the payment of dividend amounting to Rs.42,54,240 (previous year Rs.42,54,240) out of the profits of the current year at the rate of 10% (previous year 10%) on the paid up share capital.

#### **DIRECTORS:**

In accordance with provisions of the Companies Act, 1956, and the Company's Articles of Association, Sh. M. Yusuf Khan, Sh. L.K. Malhotra and Sh. Hemant Mohan, Directors of the Company, retire by rotation and being eligible offer themselves for re-election. We recommend their re-appointments as their advice from time to time has proved beneficial to the interest of the Company.

#### **RE-APPOINTMENT OF FINANCIAL DIRECTOR:**

The term of the appointment of the Financial Director, Mr. P.D. Goswami, will expire on 9th September, 1997, after attaining the age of 70 years. Keeping in view the recent amendment to schedule XIII of the Companies Act, 1956, waiving the ceiling of 70 years of age, the Board has recommended his re-appointment for a further period of 5 years with effect from 10th September, 1997, and the proposal for his re-appointment is being placed before the forthcoming Annual General Meeting of the Company, for its approval.

#### **AUDITORS:**

Messers A.F.Ferguson & Co., Chartered Accountants, will retire at the conclusion of the forthcoming Annual General Meeting. They being eligible, offer themselves for re-appointment.

Messers Mohan & Co., Chartered Accountants, for the audit of the Company's Lucknow Branch, will also retire at the conclusion of the forthcoming Annual General Meeting. They being eligible, offer themselves for re-appointment.

#### **ANNEXURE TO THE AUDITORS' REPORT:**

The observations made by the Auditors, have already been fully explained in the Notes attached to the Accounts and therefore do not call for any further comments under section 217(3) of the Companies Act, 1956.

#### **COST AUDIT:**

As per directions of the Central Govt., Ministry of Law, Justice, and Company Affairs (Department of Company Affairs) the Cost Audit of the accounts in respect of Industrial Alcohol for the year ended 31.3.1997 and also every financial year thereafter continuously has to be conducted by a qualified Cost Auditor until further orders. Accordingly, the Company has got the cost audit of the accounts of Industrial Alcohol maintained at Lucknow Distillery for the year ended 31.3.1997 carried out by Shri K.S. Bhatnagar a qualified Cost Auditor as approved by the Central Government.

#### **FIXED DEPOSITS:**

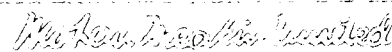
On March 31, 1997, there were 370 persons whose fixed deposits amounting to Rs. 31,65,084 had become due for repayment during the year but did not claim or sent instructions for renewal.

#### **TRANSACTIONS WITH NATIONAL CEREALS PRODUCTS LIMITED:**

The purchases made by the Company during the year includes purchases aggregating to Rs.5,90,46,842 made from National Cereals Products Ltd., which has manufactured the bulk requirements of barley malt and maize flakes for the Company's units at Mohan Nagar, Solan Brewery and Kasauli for more than four decades. The Company holds 341352 shares (approx. 26%), while the Mohan Family holds 364710 shares (approx. 28%) of the total shares of National Cereals Product Ltd. Mrs. Comilla Mohan, Sister-in-Law of Brig. (Dr.) Kapil Mohan, VSM, (Retd.) Ph.D., is the Managing Director of National Cereals Products Ltd.

#### **UNCLAIMED DIVIDENDS:**

As per rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central



Government) Rules, 1978, we have to inform you that a sum of Rs.1,36,854.00 remaining un-paid/un-claimed for the period of 3 years (dividends pertaining to the year 1993) has been transferred to the General Revenue Account of the Central Government.

Members who have not encashed their dividend warrants may approach the Company's Registered Office at Solan Brewery P.O., Shimla Hills, H.P. for revalidating the warrants or for obtaining duplicate warrants.

### **INSURANCE:**

The Company's assets have been adequately insured.

### **PARTICULARS OF EMPLOYEES:**

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956, are given in the enclosed schedule on page No.36. The statement is and should be treated as part of the Directors' Report.

### **ENERGY CONSERVATION, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE:**

Information pursuant to section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, is given in Annexure forming part of this Report.

### **CURRENT TREND:**

The sale of the Company's products for the first quarter of the current year, are higher by about 6% as compared to the corresponding period of the year under review. This increase is due to extensive market efforts against stiff competition from the competitors.

### **INDUSTRIAL RELATIONS:**

The Company continues to enjoy excellent Industrial relations as usual. Both staff and workers have worked hard to achieve the results. Smooth, harmonious management-employee relationship is the result of dynamic leadership of our Managing Director, Brig.(Dr.)Kapil Mohan, VSM (Retd.) Ph.D., who considers the Company's manpower

as its precious asset. All units of your Company functioned without interruption during the year under review.

### **URBAN LAND (CEILING & REGULATION) ACT, 1976:**

We have not received any order so far on our applications made to various State Governments for exemption of Company's land under the Act.

BRIG.(Dr.)KAPIL MOHAN	MANAGING DIRECTOR
VSM (Retd.) Ph.D	
RAKESH MOHAN	EXECUTIVE DIRECTOR
HEMANT MOHAN	EXECUTIVE DIRECTOR
P.D.GOSWAMI	FINANCIAL DIRECTOR
LT.GENL.HARBAKHS SINGH	DIRECTOR
JUSTICE H.L. ANAND (RETD.)	DIRECTOR
L.K. MALHOTRA	DIRECTOR

MOHAN NAGAR

August 22, 1997

**ANNEXURE TO THE DIRECTORS' REPORT:**

PARTICULARS UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988, FOR THE YEAR ENDED MARCH 31, 1997.

**A. CONSERVATION OF ENERGY:**

Energy conservation measures taken:

The Company is continuously carrying out measures for conservation of energy by adopting various technologies such as use of Natural Gas for the generation of steam, adoption of Energy Saving Processes and Technologies for the production of Corn Flakes, Beer and Spirits.

- a) The Company has installed and commissioned a second Natural Gas Boiler in order to totally eliminate the use of fossil fuel and to improve generation of steam through efficient operations. By the installation of second Natural Gas Boiler, the Company expects to reduce the consumption of fuel for the production of steam.
- b) The Company was reviewing the different technologies and equipments available for the roasting of Corn Flakes with reduced energy. The Company has finally selected new technology and equipment for the roasting of Corn Flakes. At present, the negotiation is going on with a French Company, which has an international reputation for procuring a Toasting Oven for Corn Flakes with reduced energy consumption. The reduction of energy expected by using this equipment and technology will be 50% of the present energy consumption.
- c) Impact of the above measures for reduction of energy consumption and consequent impact on the cost of production of goods.

With the implementation of the above measures, energy consumption is likely to reduce further resulting in the reduction of cost of production and use of fossil fuel.

- d) Total energy consumption and energy consumption per unit of production as per prescribed Form 'A'.

**FORM 'A'****Form for disclosure of particulars with respect to consumption of energy****(A) POWER AND FUEL CONSUMPTION:**

	Glass	*Food Product	*Breakfast Food	Cold Storage (two units)
<b>1. Electricity:</b>				
a) Purchased:				
Units	70,14,230	56,789	3,82,499	11,38,883
	(76,02,120)	(54,608)	(3,13,554)	(10,43,644)
Total amount (Rs.)	2,36,56,084	2,22,613	14,99,396	32,42,110
	(2,22,97,649)	(1,78,022)	(10,22,186)	(26,15,267)
Rate/unit (Rs.)	3.37	3.92	3.92	2.85
	(2.93)	(3.26)	(3.26)	(2.50)
b) Own generation:				
i) Through Diesel Generator:				
Units	15,06,201	18,403	1,05,651	41,808
	(7,49,851)	(11,364)	(48,064)	(30,192)
Units per litre of Diesel Oil	3.25	3.25	3.25	1.80
	(3.23)	(3.25)	(3.25)	(1.81)
Cost/unit (Rs.)	2.29	2.27	2.27	4.80
	(2.08)	(2.06)	(2.06)	(4.57)
(ii) Through Steam Turbine/Generator:				
Units	-	-	-	-
	(-)	(-)	(-)	(-)
Units per litre of fuel oil/gas	-	-	-	-
	(-)	(-)	(-)	(-)
Cost/unit (Rs.)	-	-	-	-
	(-)	(-)	(-)	(-)




**2. Furnace Oil/ R.F.O.**

Qty. (k.ltrs.)	13	-	-	-
	(5)	(-)	(-)	(-)
Total amount (Rs.)	67,483	-	-	-
	(27,213)	(-)	(-)	(-)
Average rate (Rs.)	5,272	-	-	-
	(5,899)	(-)	(-)	(-)

**3. L.D.O.**

Qty. (K.Ltrs.)	117	-	-	-
	(-)	(-)	(-)	(-)
Total amount (Rs.)	7,23,162	-	-	-
	(-)	(-)	(-)	(-)
Average rate (Rs.)	6,182	-	-	-
	(-)	(-)	(-)	(-)

**4. H.S.D.**

Qty. (K.Ltrs.)	161	-	-	-
	(-)	(-)	(-)	(-)
Total amount (Rs.)	12,34,483	-	-	-
	(-)	(-)	(-)	(-)
Average rate (Rs.)	7,681	-	-	-
	(-)	(-)	(-)	(-)

**5. L.P.G:**

Qty. (Tonnes)	27	-	8	-
	(1)	(-)	(2)	(-)
Total cost (Rs.)	3,86,119	-	2,03,371	-
	(9,363)	(-)	(39,887)	(-)
Rate/unit (Rs.)	14,170	-	25,220	-
	(12,485)	(-)	(16,149)	(-)

**6. Natural Gas:**

Qty. (Cubic Meters)	56,45,633	-	-	-
	(50,62,347)	(-)	(-)	(-)
Total cost (Rs.)	2,09,57,207	-	-	-
	(2,04,64,450)	(-)	(-)	(-)
Rate/unit (Rs.)	3.71	-	-	-
	(4.04)	(-)	(-)	(-)

**7. Steam Used from the Main Boiler House**

Total Cost (Rs.)	-	13,43,416	46,73,047	-
	(-)	(8,42,021)	(26,42,214)	(-)

**(B) Consumption per Unit of production:**

	Standard (if any)	Per tonne	Per tonne	Per tonne	Per tonne
Products (with) details unit:					
Electricity (units)	-	396	25	284	-
	(-)	(387)	(30)	(270)	(-)
F.O./R.F.O., L.D.O., H.S.D. (KL)	-	0.0135	-	-	-
	(-)	(0.0002)	(-)	(-)	(-)
L.P.G. (Tonne)	-	0.00127	-	0.00469	-
	(-)	(0.00003)	(-)	(0.002)	(-)
Natural Gas (Cubic Meters)	-	263	-	-	-
	(-)	(235)	(-)	(-)	(-)
Steam	-	-	-	-	-

- Notes:**
- (i) Electricity consumption were higher in glass factory because of continuous repair in plant and machinery in glass factory. Therefore, machinery have to be run some time even though production was very low, thereby increasing electricity consumption per tonne of production.
  - (ii) The L.D.O., H.S.D., F.O./R.F.O. & L.P.G. has been used only when the natural gas was available in scarcity.
  - (iii) \*The unitwise consumption of coal and natural gas is not available this year as the steam has been supplied from the main boiler house.
  - (iv) Previous year figures are in bracket.

**FORM 'B'****ANNEXURE 1****DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION AND TECHNOLOGY DEVELOPMENT****B. RESEARCH & DEVELOPMENT:**

The Company is in the process of negotiation with M/s. Macdonald Muir, Scotland, UK, an independent Distillery Consultant from Scotland for the procurement of process and technology and know-how to make quality spirit and to reduce the cost of production by improving the conversion ratio of raw material. For this purpose, the Company is initiating the first project at one of its distilleries and on successful implementation of the same, will adopt the new technologies in other distilleries.

The Company is at present negotiating with a reputed French Company for obtaining equipment and process know-how for the manufacture of Breakfast Cereals, Rice Crispies, Flavoured Cereal Products, Extruded Breakfast Cereals, Chocolate and Honey coated Breakfast Cereals, Flavour coated Extruded Products etc., so that the Company can produce and market a new range of Breakfast Cereals in order to cater to the needs of the emergent Middle Class segment of the Indian Society, who are ready to purchase new type of processed Breakfast Cereals, which are healthy, nutritious and easy to prepare.

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

## 1. Efforts in brief made towards technology absorption, adaptation and innovation:

Since most of the technologies are developed in-house, they are easily commercially scaled up and these technologies are fully absorbed, adapted and improved.

## 2. Benefit derived as a result of the above efforts:

The Company has been able to achieve cost reduction, improvement in quality and developing new products to meet increasing competition.

## 3. Imported technology:

In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information is furnished :

<u>Technology</u>	<u>Year</u>	<u>Status</u>
Optimisation of yield and spirit quality	1995-96	Partially absorbed and further efforts are made to absorb the technology in full scale.

**C. FOREIGN EXCHANGE EARNING AND OUTGO:**

The information on foreign exchange earning and outgo is contained in Schedule 12 under Notes 17 and 18 of the balance sheet and the profit & loss account.