

FOR MEMBERS ONLY

65 th Annual Report 1998-99



Mohan Meakin Limited Estd. 1855

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.Harbachsh Singh,
 VR CH

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)

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ANNUAL GENERAL MEETING

at 10 A.M. on Friday,
 the 24th September,1999
 at Solan Brewery
 (Himachal Pradesh)

Bankers

Punjab National Bank

Auditors

A.F.Ferguson & Co.

Solicitors

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

DIRECTORS' REPORT :

The Directors present their 65th Annual Report on the business and operations of the Company, with the Statement of Accounts, for the year ended March 31, 1999, together with the report of Auditors, Messers A.F. Ferguson & Co.

SUMMARISED FINANCIAL RESULTS:

	1999 Rs.	1998 Rs.
Profit after providing for depreciation and interest but before taxation	3,19,70,288	2,08,96,299
Provision for Income Tax	(97,50,000)	(21,61,000)
Tax credit under section 115 JAA of the I.T. Act.1961	38,74,494	-
	2,60,94,782	1,87,35,299
Taxation adjustments relating to earlier years (Net)	5,80,767	6,76,267
	2,66,75,549	1,94,11,566
Debenture redumption reserve written back	3,00,00,000	-
Balance brought forward from previous year	2,95,48,073	1,98,16,171
	8,62,23,622	3,92,27,737

APPROPRIATIONS:

1. Transferred to Debenture Redemption Reserve	-	50,00,000
2. Proposed dividend	42,54,240	42,54,240
3. Tax on proposed dividend	4,67,966	4,25,424
4. Balance carried to balance sheet	8,15,01,416	2,95,48,073
	8,62,23,622	3,92,27,737

RESULTS:

The turn over of the company registered an increase from Rs.2,03,59,86,387 to Rs.2,30,13,22,206 during the year under review which is quite encouraging in the face of stiff competition.

During this period the Company entered into certain arrangements at one of its Units with certain parties to boost the sale of Company's alcoholic products.

DIVIDEND :

We recommend for your consideration and approval the payment of dividend amounting to Rs.42,54,240 at the rate of 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.H.L.Anand and Lt. Gen. Harbakhsh Singh, 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 EXECUTIVE DIRECTOR:

The term of the appointment of the Executive Director, Shri Rakesh Mohan, will expire on 27th Dec, 1999. The proposal for his re-appointment for a further period of 5 (five) years is being placed before the forthcoming Annual General Meeting.

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:

Shri.K.S.Bhatnagar, of M/S. K.S.Bhatnagar & Associates a qualified Cost Auditor, as approved by the Central Government has carried out the cost audit of the accounts of Industrial alcohol maintained at Lucknow Distillery for the year ended 31.3.1999.

FIXED DEPOSITS:

As on March 31, 1999 the total number of Fixed Deposit Accounts numbering 381 amounting to Rs. 32,40,084 have become due for payment but the depositors have not claimed or sent instructions for renewal.

TRANSACTIONS WITH NATIONAL CEREALS PRODUCTS LIMITED :

The purchases made by the Company during the year include purchases aggregating to Rs. 5,05,44,871 made from National Careals 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 366310 shares(approx. 28%) of the total shares of National Cereals Products Ltd. Mrs. Comilla Mohan, Sister-in-Law of Brig. (Dr.)Kapil Mohan, VSM (Retd) Ph.D., is the Managing Director of National Cereals Products Limited.

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.2,06,114.50 remaining un-paid/un-claimed for the period of 3 years (dividends pertaining to the year 1995) has been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the said period, are requested to claim the amounts from the Registrar of Companies at 286, Defence Colony, Graha Road, Jalandhar City (Punjab).

Members who have not encashed their dividend warrants subsequent to the above period, 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.33 forming part of this 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 marginally higher as compared to the corresponding period of the year under review. The Company is taking all necessary steps to increase the sales despite stiff competition in the market.

INDUSTRIAL RELATIONS :

The Company continues to enjoy excellent Industrial relations as usual. 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. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers of the Company for its success.

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

MANAGING DIRECTOR
EXECUTIVE DIRECTOR
EXECUTIVE DIRECTOR
FINANCIAL DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR

Y2K COMPLIANCE :

The Company has taken necessary steps to ensure Y2K Compliance for all its Computer Systems.

MOHAN NAGAR
July 31, 1999

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 31,1999.

A. CONSERVATION OF ENERGY:

Energy conservation measures taken:

The Company in the current financial year has been able to further conserve energy through the following means:

- In the Brewery Division at Mohan Nagar, a new modified heat exchanger and new compressor affected savings both in terms of steam and electricity.
At Lucknow Distillery bio gas methane reactor capacity has been increased in which methane gas is generated and used to reduce the consumption of fossil fuel.
- Company at its Brewery Division at Mohan Nagar is under process of replacing the old Mesh Kettle which would conserve the fossil fuel.
- 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.
- 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)
1. Electricity:				
a) Purchased:				
Units	47,00,224 (51,12,723)	45,369 (62,422)	5,41,170 (4,26,843)	11,49,798 (12,12,948)
Total amount (Rs.)	2,18,74,630 (2,10,88,506)	2,23,669 (3,05,966)	26,67,968 (20,91,531)	44,88,440 (36,30,812)
Rate/unit (Rs.)	4.65 (4.12)	4.93 (4.90)	4.93 (4.90)	3.90 (2.99)

MOHAN MEAKIN LIMITED:

Registered Office: Solan Brewery - 173 214 (Himachal Pradesh)

NOTICE OF MEETING:

The 65th Annual General Meeting of Mohan Meakin Limited will be held at the Registered Office of the Company at Solan Brewery (Himachal Pradesh) on Friday, the 24th September, 1999, at 10 A.M., to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1999, and the Profit and Loss Account, for the year ended on that date and the Reports of Directors and Auditors there on.
2. To declare a dividend.
3. To elect a Director in place of Shri H.L.Anand, who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in place of Lt Gen. Harbakhsh Singh, who retires by rotation and being eligible, offers himself for re-election.
5. To appoint Auditors for the audit of Company's accounts and those of branches at Solan Brewery, Mohan Nagar, Kasauli, Mohangram (Bhankarpur) and Hansalaya Office, New Delhi, for the year ending 31st March, 2000 and to fix their remuneration.
6. To appoint Auditors for the audit of accounts of the Company's branch at Lucknow for the year ending 31st March, 2000 and to fix their remuneration.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification, the following Resolution as SPECIAL RESOLUTION;

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, 314 and other applicable Sections of the Companies Act, 1956, read with and in accordance with the conditions specified in Schedule XIII to the said Act, the approval of the Company be and is hereby accorded to the re-appointment of Shri Rakesh Mohan, as Whole-time Executive Director of the Company, for a period of 5 years commencing from 28th December, 1999 at the following terms of remuneration.

(a) SALARY:

Rs. 33,500 per month in the scale of Rs. 33,500 - 2,000 - 41,500

This will include dearness allowance and all other allowances, not otherwise specified here in.

(b) Commission

Such amount of commission (in addition to salary and perquisites here in after stated) calculated with reference to the net profit of the Company for each financial year as may be fixed by the Board of Directors, which together with the salary and monetary value of perquisites, shall not exceed the ceiling laid down in Section 309 of the Companies Act, 1956.

(c) Perquisites:

Perquisites shall be allowed in addition to both salary and commission. However, it shall be restricted to an amount equal to the annual salary.

Perquisites as follows:

(i) Housing:

Rent free furnished accommodation will be provided to the Whole-time Executive Director for which ten percent of his salary shall be recovered. In case no accommodation is so provided by the Company, house rent allowance at sixty percent of his salary, shall be paid.

- (ii) The expenditure incurred by the appointee on gas, electricity, water and furnishings, shall be reimbursed by the Company.
- (iii) All medical expenses incurred for him and his family shall be reimbursed.
- (iv) Leave Travel Concession for self and family will be allowed once in a year as may be sanctioned by the Board.
- (v) Fees of Clubs subject to a maximum of two clubs; this will not include admission and life membership fees.
- (vi) Personal Accident Insurance, the premium of which shall not exceed Rs.4,000/- per annum.
- (vii) Provision of Car for use on Company's business and telephone at residence. However, personal long distance calls and use of Car for private purposes, shall be billed by the Company to the Whole-time Executive Director.
- (viii) Contribution to Provident Fund, Superannuation Fund or Annuity Fund, will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under Income Tax Act.
- (ix) Gratuity payable will not exceed half a month's salary for each completed year of service, subject to a ceiling as per the Gratuity Scheme of the Company framed under the provisions of the Payment of Gratuity Act.

- (x) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites. The Whole-time Executive Director shall be entitled to earned/ privilege leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for eleven months of service.

For the purpose of calculating the above ceiling, the perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

“RESOLVED FURTHER THAT in the event of inadequacy or absence of profit in any financial year, Shri Rakesh Mohan, Whole-time Executive Director, shall be paid the same remuneration as stated here in above, as minimum remuneration, but subject to the upper limit, if any, prescribed under the Companies Act, 1956, from time to time.

The Headquarter of the Whole-time Executive Director shall be at New Delhi.

This appointment/arrangement may be terminated by either party giving the other party six months' notice.

8. To consider and if thought fit, to pass with or without modification the following Resolution as a SPECIAL RESOLUTION:

RESOLVED THAT the appointment of Shri Sukh Dev Mohan, as Brewer at a monthly salary of Rs. 14,330/- per month in the grade of Rs. 14330 - 1000 - 20330 per month with entitlements, in addition to Bonus as per Company's Rules, Provident Fund, Production Incentive, Superannuation Scheme, Gratuity, free unfurnished accommodation or house rent allowance in lieu thereof, medical benefits, increments and other benefits as per Company's policy, be and is hereby approved with effect from 1st October, 1999, subject to the approval of the Central Government. The said approval of appointment to include all revisions and increase in the salary and the grade upto a total maximum basic salary of Rs. 20330/- per month with a liberty to the Directors to alter and vary the terms & conditions of said appointment in such manner as may be agreed to between the Central Government and the Directors and acceptable to Shri Sukh Dev Mohan.

Enclosed are the Accounts, Balance Sheet, Directors Report and other documents required to be attached, or annexed to the Annual Accounts under the Companies Act, 1956. Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Register will be closed from 17th September, 1999, to 24th September, 1999 (Both days inclusive) and share transfers complete in all respect received at the Registered Office of the Company at Solan Brewery (H.P.) by 16th September, 1999, will be in time to be passed for payment of the dividend, if approved, to the transferees. The dividend, if approved, will be paid on or after 1st November, 1999, to the shareholders whose names appear on the Company's Register, on 24th September, 1999, or to their mandatees.

BY ORDER OF THE BOARD,

SOLAN BREWERY
DATED: 31st July, 1999

(H.N.HANDA)
SECRETARY

NOTES & ANNEXURES:

1. The relative explanatory statements pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the SPECIAL BUSINESS under items No.7 & 8 set out above, is annexed here to.
2. 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 member of the Company. A member unable to attend the meeting, may send the enclosed proxy form duly completed, so as to reach the Company's Registered Office not less than 48 hours before the time for holding the meeting.
3. You are requested to bring your copy of the Annual Report to the meeting.
4. In view of the recent amendment to the Income Tax Rules, please provide to us Permanent Account Number (PAN) if any, allotted to you and the Income Tax Ward/District i.e. Assessment Office (A.O.) where your income is assessed/assessable.

EXPLANATORY STATEMENT

(Pursuant to Section 173 of the Companies Act, 1956)

AGENDA ITEM NO. 7

Shri Rakesh Mohan, was appointed as Whole-time Executive Director of the Company for a period of 5 (five) years w.e.f. from 28th December, 1994. The Board of Directors of the Company has re-appointed Shri Rakesh Mohan, as Whole-time Executive Director for a fresh term of 5 years. The terms as mentioned in the Resolution may also be treated as an abstract under Section 302 of the Companies Act, 1956. Shri Rakesh Mohan is interested in the Resolution.

Shri Rakesh Mohan is the brother's son of Brig.(Dr.) Kapil Mohan, VSM (Retd.) Ph.D., Managing Director of the Company, he may also be deemed to be interested in the Resolution.

AGENDA ITEM NO. 8

Shri Sukh Dev Mohan who is working as a Brewer in the Company, was placed in the salary grade of Rs.10330 - 1000 - 14330 per month with effect from 1st October, 1995, as approved by you in the Annual General Meeting of the Company, held on 27th September, 1995 by way of a SPECIAL RESOLUTION. Keeping in view the vast experience he has gained since and his usefulness to the Company, it is proposed to revise his salary to Rs. 14330 -1000 -20330 per month with effect from 1st October, 1999, with usual amenities and grades as applicable to other employees of his category, subject to your approval and the approval of the Central Government since his monthly remuneration is likely to exceed Rs. 20000/- per month.

Shri Sukh Dev Mohan being related to Brig. (Dr.) Kapil Mohan, VSM (Retd.) Ph.D., Managing Director, Shri Rakesh Mohan, Executive Director and Shri Hemant Mohan, Executive Director, as brother, uncle and father respectively, they are deemed to be interested in the Resolution and your approval is required for the proposed revision pursuant to Section 314 of the Companies Act, 1956.

b) Own generation:

Through Diesel Generator:

Units	28,92,426 (14,75,562)	11,850 (16,772)	1,17,370 (1,07,851)	87,404 (49,904)
Units per litre of Diesel Oil	2.92 (3.13)	3.24 (3.09)	3.24 (3.09)	2.58 (2.61)
Cost/unit (Rs.)	3.12 (2.58)	2.78 (2.73)	2.78 (2.73)	3.61 (3.29)

2. Furnace Oil/ R.F.O.

Qty. (k.ltrs.)	35.107 (1)	- (-)	- (-)	- (-)
Total amount (Rs.)	1,76,084 (4,539)	- (-)	- (-)	- (-)
Average rate per k.ltrs (Rs.)	5.016 (5.272)	- (-)	- (-)	- (-)

3. L.P.G:

Qty. (Tonnes)	32.38 (-)	- (-)	28 (-)	- (-)
Total cost (Rs.)	5,85,346 (-)	- (-)	4,66,786 (-)	- (-)
Average rate per tonne (Rs.)	18,077 (-)	- (-)	16,671 (-)	- (-)

4. Natural Gas:

Qty. (Cubic Meters)	53,57,109 (39,46,049)	- (-)	5,27,805 (5,40,218)	- (-)
Total cost (Rs.)	2,44,31,178 (1,63,68,296)	- (-)	23,95,532 (23,30,304)	- (-)
Average rate per cubic meter (Rs.)	4.55 (4.15)	- (-)	4.55 (4.31)	- (-)

5. *Steam Used from the Main Boiler House

Total Cost (Rs.)	- (-)	12,45,996 (9,92,606)	42,56,102 (28,55,700)	- (-)
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(B) Consumption per Unit of production:

	Standard (if any)	Per tonne	Per tonne	Per tonne	Per tonne
Products (with) details unit:					
Electricity (units)	- (-)	287 (449)	23 (39)	326 (307)	- (-)
F.O./R.F.O. (KL)	- (-)	0.0013 (0.0005)	- (-)	- (-)	- (-)
L.P.G. (Tonne)	- (-)	0.0012 (-)	- (-)	0.01386 (-)	- (-)
Natural Gas (Cubic Meters)	- (-)	203 (251)	- (-)	261 (310)	- (-)

Notes: (i) The F.O./R.F.O., LPG has been used only when the natural gas was available in scarcity.

(ii) *The unit wise consumption of coal and natural gas is not available as the steam has been supplied from the main boiler house.

(iii) Previous year figures are in brackets and modified wherever necessary.