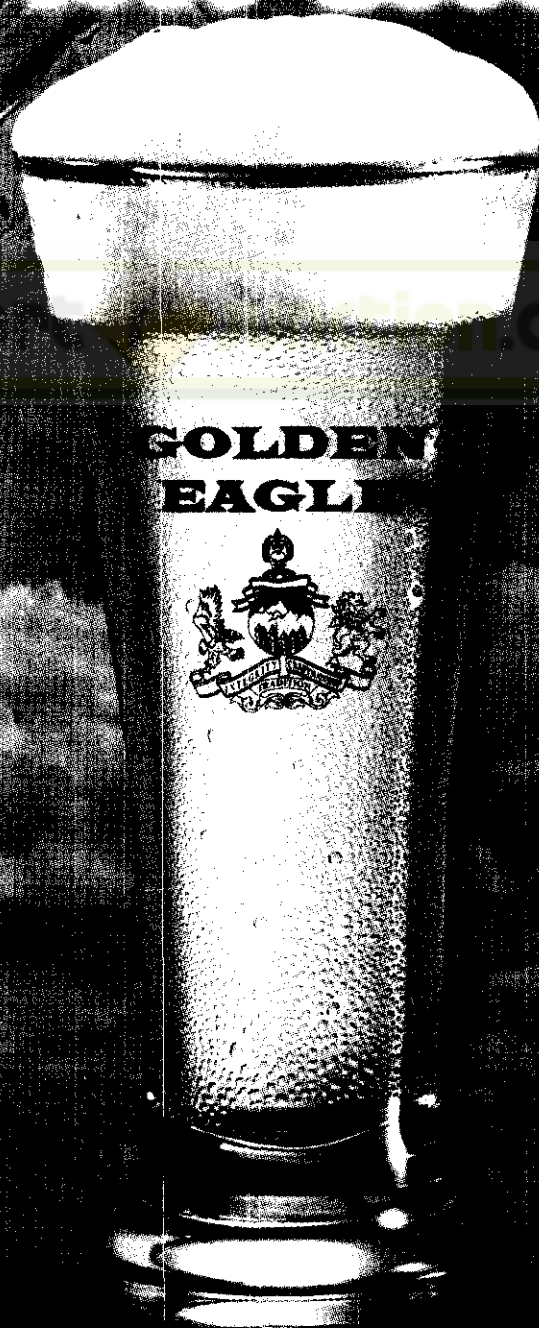


FOR MEMBERS ONLY

66th Annual Report

1999-2000



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:
Mr. Vinay Mohan
Mr. M. Yusuf Khan
Mr. Lalit Kumar Malhotra
Mr. J.K.Jain

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 Monday,
 the 25th September, 2000
 at Solan Brewery
 (Himachal Pradesh)

Bankers

Punjab National Bank

Auditors

A.F.Ferguson & Co.
Chartered Accountants
New Delhi.

Solicitors

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

DIRECTORS' REPORT :

The Directors present their 66th Annual Report on the business and operations of the Company, with the Statement of Accounts, for the year ended March 31, 2000, together with the report of Auditors, Messers A.F. Ferguson & Co.

SUMMARISED FINANCIAL RESULTS:

	2000	1999
	Rs.	Rs.
Profit after providing for depreciation and interest but before taxation	4,83,65,523	3,19,70,288
Provision for Income Tax	(2,80,00,000)	(97,50,000)
Tax credit under section 115 JAA of I.T. Act. 1961	<u>-</u>	<u>. 38,74,494</u>
	2,03,65,523	2,60,94,782
Taxation adjustments relating to earlier years (Net)	37,50,000	5,80,767
Transferred from Investment Allowance Reserve	<u>2,80,000</u>	<u>-</u>
	2,43,95,523	2,66,75,549
Debenture redumption reserve written back	-	3,00,00,000
Balance brought forward from previous year	<u>8,15,01,416</u>	<u>2,95,48,073</u>
	<u>10,58,96,939</u>	<u>8,62,23,622</u>

APPROPRIATIONS:

1. Proposed dividend	42,54,240	42,54,240
2. Tax on proposed dividend	9,35,933	4,67,966
3. Balance carried to balance sheet	<u>10,07,06,766</u>	<u>8,15,01,416</u>
	<u>10,58,96,939</u>	<u>8,62,23,622</u>

RESULTS:

During the year under-report, there has been a slight decline in the turn - over of the Company which stood at Rs.2,29,71,77,917. Although the profit after providing for depreciation and interest but before taxation is higher by about Rs.1,64,00,000/- but after making provision for Income Tax, it has also slightly dropped to Rs.2,03,65,523 as compared to the previous year.

The income under the Head 'ROYALTY AND TECHNICAL KNOW-HOW' has also gone up as compared to the previous year.

The Company is taking all necessary steps to improve the sales of its products despite stiff competition.

During this period the Company entered into certain arrangements at two of its Units with certain parties to

boost the production and sale of the Company's alcoholic products.

DIVIDENDS :

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:

It is with a sense of profound sorrow and grief, we have to inform that Lt.Genl.Harbakhsh Singh, Vr.C. (Retd.) Director of your Company, passed away on 14.11.1999. We have been deprived of his matured advice and wise counsel for all times to come. We have conveyed to the bereaved family our heartfelt condolences and sympathies in their bereavement and pay homage to his memory.

Mr.Justice H.L.Anand (Retd.) Director of the Company having resigned, has ceased to be Director, during the year. The Board places on record its deep appreciation for his valuable services from time to time.

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

Shri Vinay Mohan and Shri J.K.Jain were appointed as Additional Directors w.e.f. 24 .9.1999 and hold office upto the date of forthcoming Annual General Meeting of the Company. Their appointment will be in the interest of the Company. Appropriate resolutions seeking your approval for their appointment are appearing in the Notice convening the Annual General Meeting of the Company.

ANNEXURE TO THE AUDITORS' REPORT:

The observations made by the Auditors and the company's reasons for not making the provision have already been fully explained in the Notes (Note No. 7) to the Accounts of the company for the financial year. No further comments under Section 217(3) of the Companies Act,1956 are therefore called for.

COST AUDIT:

Shri.K.S.Bhatnagar of M/S. K.S.Bhatnagar &

Associates, a qualified Cost Auditor as approved by the Central Government, is carrying out the cost audit of the accounts of Industrial Alcohol maintained at Lucknow Distillery for the year ended 31.3.2000.

FIXED DEPOSITS:

As on March 31,2000, the total number of Fixed Deposit Accounts numbering 417 amounting to Rs. 36,15,084 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. 5,09,05,792 made from National Careals Products Ltd., which has manufactured the bulk requirements of barley malt and maize flakes for the Company 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.

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.34- 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 :

It is a matter of pride to report that the Management-Employees relations in your Company during the year under review continues to be very cordial as in the previous years. This is all due to the progressive social out-look of Brig.(Dr.) Kapil Mohan, VSM (Retd.) Ph.D., your Managing Director. All units of your Company worked smoothly during the year under review.

BRIG.(Dr.)KAPIL MOHAN,	MANAGING DIRECTOR
VSM (Retd.) Ph.D.,	
HEMANT MOHAN	EXECUTIVE DIRECTOR
P.D.GOSWAMI	FINANCIAL DIRECTOR
VINAY MOHAN	DIRECTOR
L.K.MALHOTRA	DIRECTOR
J.K.JAIN	DIRECTOR

MOHAN NAGAR
July 31, 2000

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 31st, 2000.

A. CONSERVATION OF ENERGY:

(a) ENERGY CONSERVATION MEASURES TAKEN :

Company at its Brewery Division at Mohan Nagar has replaced the old Mesh Kettle with meshkettle of new design, which will conserve the fossil fuel.

(b) ADDITIONAL INVESTMENT AND PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY:

- Installation of Biogas based Gas Engine for generation of electricity at a lower cost;
- Adoption of new Refrigeration Technology & old obsolete ammonia compressors being replaced with new Compressors for saving the electricity cost.

(c) Impact of (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

There will be significant saving in energy cost on completion of above measures.

(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)
1. Electricity:				
a) Purchased :				
Units	42,64,828 (47,00,224)	24,758 (45,369)	3,95,543 (5,41,170)	10,49,374 (11,49,798)
Total amount (Rs.)	1,97,63,243 (2,18,74,630)	1,24,533 (2,23,669)	19,89,581 (26,67,968)	44,17,219 (44,88,440)
Rate/unit (Rs.)	4.63 (4.65)	5.03 (4.93)	5.03 (4.93)	4.21 (3.90)

b) Own generation:				
Through Diesel Generator:				
Units	35,64,336	12,937	2,11,557	1,64,116
	(28,92,426)	(11,850)	(1,17,370)	(87,404)
Units per litre of Diesel Oil	3.25	3.28	3.28	3.01
	(2.92)	(3.24)	(3.24)	(2.87)
Cost/unit (Rs.)	3.14	3.15	3.15	3.76
	(3.12)	(2.78)	(2.78)	(3.20)
2. Furnace Oil/ R.F.O.				
Qty. (k.ltrs.)	9,722	-	-	-
	(35,107)	(-)	(-)	(-)
Total amount (Rs.)	55,418	-	-	-
	(1,76,084)	(-)	(-)	(-)
Average rate per k.ltrs (Rs.)	5,700	-	-	-
	(5,016)	(-)	(-)	(-)
3. L.P.G:				
Qty. (Tonnes)	17.95	-	10	-
	(32.38)	(-)	(28)	(-)
Total cost (Rs.)	2,71,113	-	1,45,233	-
	(5,85,346)	(-)	(4,66,786)	(-)
Average rate per tonne (Rs.)	15,104	-	14,523	-
	(18,077)	(-)	(16,671)	(-)
4. Natural Gas:				
Qty. (Cubic Meters)	50,33,612	-	5,82,258	-
	(53,57,109)	(-)	(5,27,805)	(-)
Total cost (Rs.)	2,57,92,121	-	29,70,678	-
	(2,44,31,178)	(-)	(23,95,532)	(-)
Average rate per cubic meter (Rs.)	5.12	-	5.10	-
	(4.55)	(-)	(4.55)	(-)
5. *Steam Used from the Main Boiler House				
Total Cost (Rs.)	-	9,72,083	45,05,652	-
	(-)	(12,45,996)	(42,56,102)	(-)

(B) Consumption per Unit of production:	Standard (if any)	Per tonne	Per kl	Per tonne	Per tonne
Products (with) details unit:					
Electricity (units)	-	303	26	337	-
	(-)	(287)	(23)	(326)	(-)
F.O./R.F.O. (KL)	-	0.0004	-	-	-
	(-)	(0.0013)	(-)	(-)	(-)
L.P.G. (Tonne)	-	0.0007	-	0.00537	-
	(-)	(0.0012)	(-)	(0.01386)	(-)
Natural Gas (Cubic Meters)	-	195	-	323	-
	(-)	(203)	(-)	(261)	(-)

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.

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

The process of complete absorption of the improvements suggested by the Scottish Consultants, is under implementation stage and continuous monitoring is under process to ascertain the technical and financial benefits and will be fully absorbed during the forthcoming financial years.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :**1. Efforts in brief made towards technology absorption, adaptation and innovation:**

- (A) Since most of the technologies are developed in house, they are easily commercially scaled up and these technologies are fully absorbed, adapted and improved.
- (B) It has been possible to improve the yield of Corn Flakes and Malt Extract by adopting improved process developed in house.
- (C) The product development was carried out in manufacturing Premium Whisky and improvement in the quality of existing distillery products to the international level.

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.

C. FOREIGN EXCHANGE EARNING AND OUT GO:

The information on foreign exchange earning and outgo is contained in Schedule 12 under Notes 19 and 20 of the balance sheet and the profit & loss account.

TEN YEARS' HIGHLIGHTS

(Rs.in lacs)

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Funds Employed	3848	4000	3865	4081	4769	5089	4957	6008	6397	6506
Represented by:										
Net Fixed Assets and Investments	1348	1256	1181	1060	1331	1430	1504	1998	2020	2007
Net Current Assets	2500	2744	2684	3021	3438	3659	3453	4010	4377	4499
Turnover	11374	12940	14217	15668	16377	16247	17470	20360	23013	22972
Profit before tax	184	92	194	302	282	210	136	209	320	484
Effect of change in accounting policies (Net)	-	-	-	-	-	-	-	-	-	-
Tax for the year	67	-	72	165	165	105	18	22	59	280
Balance after tax	117	92	122	137	117	105	118	187	261	204
Adjustment*	4	1	37	65	139	163	176	205	601	855
Available for distribution to Shareholders	121	93	159	202	256	268	294	392	862	1059
Profit retained in business	57	50	66	109	163	175	198	295	815	1007
Transferred to Debenture Redemption Reserve	-	-	50	50	50	50	50	50	-	-
Dividend	64	43	43	43	43	43	43	43	43	43
Tax on proposed dividend	-	-	-	-	-	-	4	4	4	9
Salaries, Wages & Bonus	1416	1682	1852	1925	1987	2244	2459	2312	2458	2625
Number of Shareholders as at close of financial year	8807	8550	8014	7800	7832	7831	7784	7688	7292	6830

*These figures include previous years' tax adjustments, transfer to/from Development Rebate Account, Investment Allowance Account and Debenture Redemption reserve written back.

Figures for the previous year have been regrouped wherever necessary to make them comparable to those of the current year.

SOURCES AND USES OF FUNDS

	1996 Rs.	1997 Rs.	1998 Rs.	1999 Rs.	2000 Rs.
SOURCES OF FUNDS :					
Internal Sources					
Reserve & Surplus General & Other Reserves	14,30,32,916	14,93,25,587	16,40,57,489	18,60,10,832	20,49,36,182
Provision : Depreciation	24,47,95,621	26,16,05,746	26,02,28,078	28,26,14,619	30,70,85,099
Taxation less advance payments	1,57,24,472	-	71,24,797	1,13,90,336	1,83,39,272
Proposed Dividend	42,54,240	42,54,240	42,54,240	42,54,240	42,54,240
Tax on proposed dividend	-	4,25,424	4,25,424	4,67,966	9,35,933
Leave Encashment	10,23,624	10,65,025	12,33,970	16,07,834	33,51,116
External Sources					
Paid-up Capital	4,25,42,395	4,25,42,395	4,25,42,395	4,25,42,395	4,25,42,395
Borrowings	32,49,93,807	36,71,17,242	45,93,80,458	43,30,27,195	40,31,67,777
Trade Dues & Other Current Liabilities	31,98,47,777	47,30,80,102	46,32,07,149	48,06,50,486	46,59,87,866
	<u>1,09,62,14,852</u>	<u>1,29,94,15,761</u>	<u>1,40,24,54,000</u>	<u>1,44,25,65,903</u>	<u>1,45,05,99,880</u>
USES OF FUNDS :					
Fixed Assets(Gross)					
Land, Buildings, Plant & Machinery, etc.	35,09,66,461	37,53,78,292	42,35,74,193	45,01,65,601	47,33,57,863
Investment	3,68,71,454	3,66,39,332	3,64,18,137	3,44,85,350	3,44,74,494
Current Assets :					
Stock & Store	23,37,42,489	24,88,98,215	26,46,23,509	29,12,30,364	32,90,72,763
Sundry Debtors	31,68,27,237	34,35,96,331	39,62,83,744	43,89,87,486	40,21,97,265
Cash & Bank Balances	4,01,81,554	5,26,68,064	4,53,81,930	4,40,53,521	3,67,86,099
Loans & Advances	11,59,60,469	17,89,68,715	19,31,46,765	16,17,62,392	17,47,11,396
Misc. Expenditure	16,65,188	6,32,66,812	4,30,25,722	2,18,81,189	-
	<u>1,09,62,14,852</u>	<u>1,29,94,15,761</u>	<u>1,40,24,54,000</u>	<u>1,44,25,65,903</u>	<u>1,45,05,99,880</u>

AUDITORS' REPORT**To the Members of
Mohan Meakin Limited.**

We have audited the attached balance sheet of Mohan Meakin Limited as at March 31, 2000 and also the profit and loss account of the Company for the year ended on that date, annexed thereto, in both of which are incorporated the audited returns from the Lucknow Distillery audited by another auditor duly appointed, and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in the annexure referred to in paragraph 1 above;

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books and according to the report of the Branch Auditors of the Lucknow Distillery;

(c) the balance sheet and the profit and loss account dealt with by this report are in agreement with the books of account and the audited returns from the Lucknow Distillery;

(d) the report of the Branch Auditors of the Lucknow Distillery has been forwarded to us and has been considered in preparing our report;

(e) in our opinion, the profit and loss account and balance sheet comply with the mandatory Accounting Standards referred to in section 211(3C) of the Companies Act, 1956, except that, as indicated in para (f) (ii) below, no provision has been made for the diminution in value of the investment of Rs. 29504000 in equity shares of Macdonald Mohan Distillers Limited as required by Accounting Standard (AS) 13- 'Accounting for Investments' issued by the Institute of Chartered Accountants of India.

(f) (i) we are unable to express an opinion on the amount recoverable out of Rs. 7003965 included under

'Sundry debtors' and Rs. 6995602 included under 'Loans and advances', (referred to in note 6) as these are old outstandings and the Company has in most cases initiated legal proceedings for their recovery.

(ii) no provision has been made for the diminution in value of the investment of Rs. 29504000 in equity shares of and dues aggregating Rs. 30572781 recoverable from Macdonald Mohan Distillers Limited (MMDL), although its accumulated losses are in excess of its paid up share capital as on March 31, 1998, (the date of the latest available audited balance sheet of MMDL) and the Delhi High Court has ordered its winding up due to its inability to pay its debts. Had provision been made for the diminution in value of such investments and dues recoverable, 'Investments' and 'Loans and advances' would have been lower by Rs. 29504000 and Rs. 30572781 respectively and the profit before tax for the year would have been lower by Rs. 60076781 (refer to note 7).

subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :

(i) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2000, and

(ii) in the case of the profit and loss account, of the profit of the Company for the year ended on that date.

**For A.F.FERGUSON & CO.
Chartered Accountants**

*New Delhi,
July 31, 2000*

**R.K.Puri
Partner**