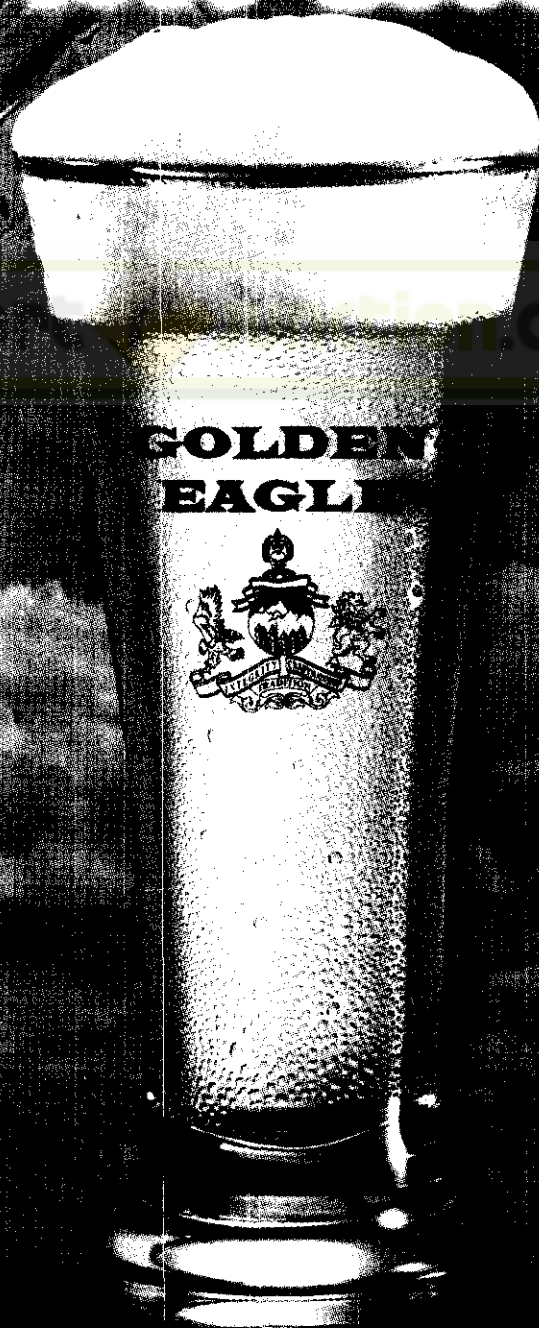


FOR MEMBERS ONLY

# 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<br>Rs.         | 1999<br>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                       | -                   | . 38,74,494        |
|  | <u>2,03,65,523</u>  | <u>2,60,94,782</u> |
| Taxation adjustments relating to earlier years (Net)                     | 37,50,000           | 5,80,767           |
| Transferred from Investment Allowance Reserve                            | 2,80,000            | -                  |
|  | <u>2,43,95,523</u>  | <u>2,66,75,549</u> |
| Debenture redumption reserve written back                                | -                   | 3,00,00,000        |
| Balance brought forward from previous year                               | 8,15,01,416         | 2,95,48,073        |
|  | <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 | 10,07,06,766        | 8,15,01,416        |
|                                     | <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<br>(two units) |
|------------------------|---------------|---------------|-----------------|-----------------------------|
| <b>1. Electricity:</b> |               |               |                 |                             |
| a) Purchased :         |               |               |                 |                             |
| Units                  | 42,64,828     | 24,758        | 3,95,543        | 10,49,374                   |
|                        | (47,00,224)   | (45,369)      | (5,41,170)      | (11,49,798)                 |
| Total amount (Rs.)     | 1,97,63,243   | 1,24,533      | 19,89,581       | 44,17,219                   |
|                        | (2,18,74,630) | (2,23,669)    | (26,67,968)     | (44,88,440)                 |
| Rate/unit (Rs.)        | 4.63          | 5.03          | 5.03            | 4.21                        |
|                        | (4.65)        | (4.93)        | (4.93)          | (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<br>(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  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Funds Employed</b>                                       | 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  |
| <b>Turnover</b>   | 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   |
| <b>Available for distribution to Shareholders</b>           | 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     |
| <b>Salaries, Wages &amp; Bonus</b>                          | 1416  | 1682  | 1852  | 1925  | 1987  | 2244  | 2459  | 2312  | 2458  | 2625  |
| <b>Number of Shareholders as at close of financial year</b> | 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<br>Rs.           | 1997<br>Rs.           | 1998<br>Rs.           | 1999<br>Rs.           | 2000<br>Rs.           |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>SOURCES OF FUNDS :</b>                     |                       |                       |                       |                       |                       |
| <b>Internal Sources</b>                       |                       |                       |                       |                       |                       |
| Reserve & Surplus<br>General & Other Reserves | 14,30,32,916          | 14,93,25,587          | 16,40,57,489          | 18,60,10,832          | 20,49,36,182          |
| Provision :<br>Depreciation                   | 24,47,95,621          | 26,16,05,746          | 26,02,28,078          | 28,26,14,619          | 30,70,85,099          |
| Taxation less advance<br>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             |
| <b>External Sources</b>                       |                       |                       |                       |                       |                       |
| 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<br>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> |
| <b>USES OF FUNDS :</b>                        |                       |                       |                       |                       |                       |
| <b>Fixed Assets(Gross)</b>                    |                       |                       |                       |                       |                       |
| Land, Buildings, Plant &<br>Machinery, etc.   | 35,09,66,461          | 37,53,78,292          | 42,35,74,193          | 45,01,65,601          | 47,33,57,863          |
| <b>Investment</b>                             | 3,68,71,454           | 3,66,39,332           | 3,64,18,137           | 3,44,85,350           | 3,44,74,494           |
| <b>Current Assets :</b>                       |                       |                       |                       |                       |                       |
| 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**