



67th

Annual Report
2000 - 2001

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:
Mr. Vinay Mohan
Mr. L.K.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 11 A.M. on Saturday,
the 29th September,2001
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 67th Annual Report on the business and operations of the Company, with the Statement of Accounts, for the year ended March 31, 2001, together with the report of Auditors, Messers A.F. Ferguson & Co.

SUMMARISED FINANCIAL RESULTS;

| | 2001 Rs. | 2000 Rs. |
|--|---------------|---------------|
| Profit after providing for depreciation and interest but before taxation | 3,22,79,308 | 4,83,65,523 |
| Provision for Income Tax | (3,15,00,000) | (2,80,00,000) |
| | 7,79,308 | 2,03,65,523 |
| Taxation adjustments relating to earlier years (Net) | 4,30,641 | 37,50,000 |
| Transferred from Investment Allowance Reserve | 1,25,000 | 2,80,000 |
| | 13,34,949 | 2,43,95,523 |
| Balance brought forward from previous year | 10,07,06,766 | 8,15,01,416 |
| | 10,20,41,715 | 10,58,96,939 |

APPROPRIATIONS;

| | | |
|-------------------------------------|--------------|--------------|
| 1. Proposed dividend | 42,54,240 | 42,54,240 |
| 2. Tax on proposed dividend | 4,33,932 | 9,35,933 |
| 3. Balance carried to balance sheet | 9,73,53,543 | 10,07,06,766 |
| | 10,20,41,715 | 10,58,96,939 |

RESULTS;

The turn-over of the Company registered an increase from Rs.2,29,67,27,917 to Rs.2,48,81,91,821 during the year under review which works out to be around 8%. This is quite encouraging and has been possible due to better coverage of market and extensive efforts. The Company is taking all necessary steps to improve the sales of its products, despite stiff competition. The profit of the Company has been arrived at after making

a provision for the diminution in the value of investments, amounting to Rs.2,95,03,999/-.

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;

Mr. M.Yusuf Khan, Director of the Company having resigned, has ceased to be Director w.e.f. 9th June, 2001. The Directors place on record their appreciation of the valuable advice and guidance given by him while he was a Director of the Company.

In accordance with provisions of the Companies Act, 1956 and the Company's Articles of Association, Sh. Vinay Mohan and Sh.J.K.Jain, 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.

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;

Sh. 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 31.3.2001.

FIXED DEPOSITS;

As on March 31, 2001, the total number of Fixed Deposit Accounts numbering 372 amounting to Rs.43,41,084 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.5,95,89,132/- made from National Cereals Products Ltd., which has been manufacturing 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.

ENERGY CONSERVATION TECHNOLOGY ABSORPTION & 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.

DIRECTORS RESPONSIBILITY STATEMENT;

As required under Section 217 (2AA) of the Companies Act, 1956, it is hereby stated that:

- a) In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the Directors had selected such accounting policies and applied them consistently and made judgements 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 or loss of the Company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the Directors had prepared the Annual Accounts on a going concern basis.

CURRENT TREND;

Despite stiff competition in the market, the Company is trying its level best to maintain and increase its sales, although the sales are higher in value for the first 3 months of the current financial year as compared to the corresponding period last year. The sales promotion schemes are, however, being continued to fight the competition in the trade. It is expected that the measures taken by the Company, will bring the desired results, barring any unforeseen circumstances.

INDUSTRIAL RELATIONS;

Management employees relations throughout the year have been very cordial as has been the case for the last many years. Except one, all the Units of the Company functioned smoothly and without interruption. The continuous healthy relationship is due to far-sighted policy of your Managing Director, Brig. (Dr.) Kapil Mohan, VSM (Retd.) Ph.,D.

| | |
|-------------------------------|---------------------------|
| 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, 2001

ANNEXURE 'A' FORMING PART OF THE DIRECTORS' REPORT**PARTICULARS UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988, FOR THE YEAR ENDED MARCH 31ST, 2001.****A. CONSERVATION OF ENERGY:**

Company has been continuously making efforts through its dedicated team, to achieve high productivity and on stream efficiency.

(a) Energy conservation measures taken:

- i. Installation of centrifugal separators, late in February 2001, in Power House has helped and will help the use of lesser quantity of fuel.
- ii. Installation of water heaters in the boilers has helped the use of biogas from E.T.P. efficiently and has resulted in less consumption of Coal.

(b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

- i. The Company is planning to install insulated cylindro conical fermentors in the Brewery Unit which will prevent the refrigeration loss and reduce energy consumption.
- ii. The Company has also decided to procure Biogas fired Boiler which will further save energy.

(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 the energy cost on the completion of above measures which will result in the reduction in the cost of production.

(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 | *Fruit Product | *Breakfast Food | Cold Storage (two units) |
|------------------------|---------------|----------------|-----------------|-----------------------------|
| 1. Electricity: | | | | |
| a) Purchased : | | | | |
| Units (K.W. H.) | 43,93,604 | 34,359 | 3,60,695 | 8,07,853 |
| | (42.64.828) | (24.758) | (3.95.543) | (7.73.284) |
| Total amount (Rs.) | 2,17,01,795 | 1,79,010 | 18,79,221 | 37,98,045 |
| | (1.97.63.243) | (1.24.533) | (19.89.581) | (35.09.558) |
| Rate/unit (Rs.) | 4.94 | 5.21 | 5.21 | 4.70 |
| | (4.63) | (5.03) | (5.03) | (4.54) |

b) Own generation:

| | | | | |
|--|--------------------------|--------------------|------------------------|------------------------|
| Through Diesel Generator: | | | | |
| Units (K.W.H.) | 35,54,539 (35,64,336) | 16,757 (12,937) | 1,87,205 (2,11,557) | 2,55,309 (1,44,196) |
| Units per litre of Diesel Oil | 3.37 (3.25) | 3.17 (3.28) | 3.17 (3.28) | 3.11 (3.10) |
| Cost/unit (Rs.) | 4.09 (3.14) | 4.44 (3.15) | 4.44 (3.15) | 4.54 (3.49) |
| 2. Furnace Oil/ R.F.O. | | | | |
| Qty. (k.ltrs.) | - | - | - | - |
| Total amount (Rs.) | (9,722) | (-) | (-) | (-) |
| Average rate per k.ltrs (Rs.) | (55,418) | (-) | (-) | (-) |
| | (5,700) | (-) | (-) | (-) |
| 3. H.S.D. | | | | |
| Qty. (K.Ltrs.) | 66,087 | - | - | - |
| Total amount (Rs.) | (-) | (-) | (-) | (-) |
| Average rate per K.Ltrs. (Rs.) | 9,95,488 | (-) | (-) | (-) |
| | (-) | (-) | (-) | (-) |
| | 15,063 | (-) | (-) | (-) |
| | (-) | (-) | (-) | (-) |
| 4. L.P.G: | | | | |
| Qty. (Tonnes) | - | - | - | - |
| Total cost (Rs.) | (17.95) | (-) | (10) | (-) |
| Average rate per tonne (Rs.) | (2,71,113) | (-) | (1,45,233) | (-) |
| | (15,104) | (-) | (14,523) | (-) |
| 5. Natural Gas: | | | | |
| Qty. (Cubic Meters) | 51,23,860 | - | 5,92,814 | - |
| Total cost (Rs.) | (50,33,612) | (-) | (5,82,258) | (-) |
| Average rate per cubic meter (Rs.) | 2,86,08,056 | (-) | 33,09,261 | (-) |
| | (2,57,92,121) | (-) | (29,70,678) | (-) |
| | 5.58 | (-) | 5.58 | (-) |
| | (5.12) | (-) | (5.10) | (-) |
| 6. *Steam Used from the Main Boiler House | | | | |
| Total Cost (Rs.) | - | 6,70,866 | 60,31,595 | - |
| | (-) | (9,72,083) | (45,05,652) | (-) |

(B) Consumption per Unit of production:

| | Standard (if any) | Per tonne | Per kl | Per tonne | Per tonne |
|-------------------------------|----------------------|---------------|------------|----------------|-----------|
| Products (with) details unit: | | | | | |
| Electricity (units) | - (-) | 321 (303) | 40 (26) | 264 (337) | - (-) |
| F.O./R.F.O. (KL) | - (-) | - (0.0004) | - (-) | - (-) | - (-) |
| H.S.D. (KL) | - (-) | 0.0027 (-) | - (-) | - (-) | - (-) |
| L.P.G. (Tonne) | - (-) | - (0.0007) | - (-) | - (0.00537) | - (-) |
| Natural Gas (Cubic Meters) | - (-) | 207 (195) | - (-) | 286 (323) | - (-) |

- Notes:** (i) The F.O./R.F.O., LPG, H.S.D. 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 main boiler house.
- (iii) Previous year figures are in brackets and modified wherever necessary.

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

- (a) Efforts are being made to improve the quality of corn flakes by the adoption of Taghuchi Methods.
- (b) Study is being carried out for the adoption of the Enzyme membrane reactor process for clarification of apple juice. This will help to reduce enzyme consumption.
- (c) Ultrafiltration (UF) of Beer using membranes is being studied. This will replace tunnel pasteurisation of beer and will eliminate the use of steam and achieve cost reduction.

Technology absorption, adaptation and innovation:**1. Efforts in brief made towards technology absorption, adoption and innovation:**

- (a) Since most of the processes and technologies are developed in house, it has been possible to scale up these technologies and processes to commercial level of production after these have been fully absorbed, adapted and improved.
- (b) The diffused aeration system has been adopted for tertiary (final) treatment of distillery effluent in the E.T.P. This has helped to reduce BOD with less energy consumption.
- (c) Confectionary and pharmaceutical grades of Malt Extract have been produced in large scale plant with improved technology.

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

The Company has been able to reduce the cost of production of the existing products like Corn Flakes and Malt Extract and also improve the quality of whiskies and beer. These activities have been beneficial in improving the quality of the products economically.

C. FOREIGN EXCHANGE EARNING AND OUT GO:

The information on foreign exchange earning and outgo is contained in Schedule 11 under Notes 16, 17 and 18 of the balance sheet and the profit & loss account.

TEN YEARS' HIGHLIGHTS

(Rs.in lacs)

| Year | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Funds Employed | 4000 | 3865 | 4081 | 4769 | 5089 | 4957 | 6008 | 6397 | 6506 | 5974 |
| Represented by: | | | | | | | | | | |
| Net Fixed Assets and Investments | 1256 | 1181 | 1060 | 1331 | 1430 | 1504 | 1998 | 2020 | 2007 | 1646 |
| Net Current Assets | 2744 | 2684 | 3021 | 3438 | 3659 | 3453 | 4010 | 4377 | 4499 | 4328 |
| Turnover | 12940 | 14217 | 15668 | 16377 | 16247 | 17470 | 20360 | 23013 | 22967 | 24882 |
| Profit before tax | 92 | 194 | 302 | 282 | 210 | 136 | 209 | 320 | 484 | 323 |
| Tax for the year | - | 72 | 165 | 165 | 105 | 18 | 22 | 59 | 280 | 315 |
| Balance after tax | 92 | 122 | 137 | 117 | 105 | 118 | 187 | 261 | 204 | 8 |
| Adjustment & Balance of Profit & Loss A/c* | 1 | 37 | 65 | 139 | 163 | 176 | 205 | 601 | 855 | 1012 |
| Available for distribution to Shareholders | 93 | 159 | 202 | 256 | 268 | 294 | 392 | 862 | 1059 | 1020 |
| Profit retained in business | 50 | 66 | 109 | 163 | 175 | 198 | 295 | 815 | 1007 | 974 |
| Transferred to Debenture Redumption Reserve | - | 50 | 50 | 50 | 50 | 50 | 50 | - | - | - |
| Dividend | 43 | 43 | 43 | 43 | 43 | 43 | 43 | 43 | 43 | 43 |
| Tax on proposed dividend | - | - | - | - | - | 4 | 4 | 4 | 9 | 4 |
| Salaries, Wages & Bonus | 1682 | 1852 | 1925 | 1987 | 2244 | 2459 | 2312 | 2458 | 2625 | 2836 |
| Number of Shareholders as at close of financial year | 8550 | 8014 | 7800 | 7832 | 7831 | 7784 | 7688 | 7292 | 6830 | 6708 |

*These figures include previous years' tax adjustments, transfer to/from Investment Allowance Reserve and Debenture Redumption Reserve written back and balance of Profit and Loss Account.

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

SOURCES AND USES OF FUNDS

| | 1997 Rs. | 1998 Rs. | 1999 Rs. | 2000 Rs. | 2001 Rs. |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| SOURCES OF FUNDS : | | | | | |
| Internal Sources | | | | | |
| Reserve & Surplus General & Other Reserves | 14,93,25,587 | 16,40,57,489 | 18,60,10,832 | 20,49,36,182 | 20,14,57,959 |
| Provision : Depreciation | 26,16,05,746 | 26,02,28,078 | 28,26,14,619 | 30,70,85,099 | 33,06,65,975 |
| Taxation less advance payments | - | 71,24,797 | 1,13,90,336 | 1,83,39,272 | 3,20,60,724 |
| Proposed Dividend | 42,54,240 | 42,54,240 | 42,54,240 | 42,54,240 | 42,54,240 |
| Corporate dividend tax | 4,25,424 | 4,25,424 | 4,67,966 | 9,35,933 | 4,33,932 |
| Leave Encashment on retirement | 10,65,025 | 12,33,970 | 16,07,834 | 33,51,116 | 51,23,519 |
| 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 | 36,71,17,242 | 45,93,80,458 | 43,30,27,195 | 40,31,67,777 | 35,34,24,521 |
| Trade Dues & Other Current Liabilities | 47,30,80,102 | 46,32,07,149 | 48,06,50,486 | 46,59,87,866 | 42,15,76,773 |
| | <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> | <u>1,39,15,40,038</u> |
| USES OF FUNDS : | | | | | |
| Fixed Assets(Gross) | | | | | |
| Land, Buildings, Plant & Machinery, etc. | 37,53,78,292 | 42,35,74,193 | 45,01,65,601 | 47,33,57,863 | 48,84,61,460 |
| Investment | 3,66,39,332 | 3,64,18,137 | 3,44,85,350 | 3,44,74,494 | 67,95,174 |
| Current Assets : | | | | | |
| Stock & Spares, Loose Tools and Stock-in-Trade | 24,88,98,215 | 26,46,23,509 | 29,12,30,364 | 32,90,72,763 | 33,56,66,864 |
| Sundry Debtors | 34,35,96,331 | 39,62,83,744 | 43,89,87,486 | 40,21,97,265 | 37,01,15,679 |
| Cash & Bank Balances | 5,26,68,064 | 4,53,81,930 | 4,40,53,521 | 3,67,86,099 | 5,74,04,424 |
| Loans & Advances | 17,89,68,715 | 19,31,46,765 | 16,17,62,392 | 17,47,11,396 | 13,30,96,437 |
| Misc. Expenditure | 6,32,66,812 | 4,30,25,722 | 2,18,81,189 | - | - |
| | <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> | <u>1,39,15,40,038</u> |

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

We have audited the attached balance sheet of Mohan Meakin Limited as at March 31, 2001 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,

(f) on the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified as on March 31, 2001 from being appointed as directors under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

(g) 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, 2001, 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, 2001**

**R.K.Puri
Partner**