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73rd
ANNUAL REPORT
2006-2007

Mohan Meakin Limited Estd. 1855

For Members only

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Annual General Meeting on Saturday, the 29th September, 2007
at Solan Brewery (H.P.) at 11:00 A.M.

As a measure of economy, copies of the Annual Report will
not be distributed at the Annual General Meeting, Shareholders
are requested to kindly bring their copies to the meeting.

Mohani Meatin Limited Estd. 1855

BOARD OF DIRECTORS:

Managing Director

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

Deputy Managing Director

Shri Hemant Mohan

Financial Director

Shri P.D. Goswami, F.C.A., F.C.S.

Secretary

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

Directors

Shri Vinay Mohan

Shri L.K. Malhotra

Shri J.K. Jain

Shri Swaraj Suri

Shri D.S.Yadava

Shri M. Nandagopal

Statutory Auditors

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

Bankers:

Punjab National Bank

Advocates & Barristers:

Koura & Company,
New Delhi.

Registered Office:

Solan Brewery P.O.
(Shimla Hills)
Himachal Pradesh
Pin-173214.

Registrar & Transfer Agents:

M/s. Beetal Financial & Computer
Services (P) Ltd.,
Beetal House, 3rd floor, 99, Madangir,
Behind Local Shopping Centre,
Near Dada Harsukhdas Mandir,
New Delhi-110062.

*Kochan Keatin Limited Estd. 1855***DIRECTORS' REPORT:****TO THE MEMBERS:**

The Directors present their 73rd Annual Report on the business and operations of the Company with the Audited Statement of Accounts for the year ended 31st March, 2007 together with the report of Auditors, Messrs. A.F. Ferguson & Co.

FINANCIAL RESULTS:

	Year ended March 31, 2007 Rs.	Year ended March 31, 2006 Rs.
Total sales and other Income	4,27,57,32,837	3,71,36,14,188
Less: Excise duty	1,49,32,04,084	1,33,35,28,046
Net Sales & other income	2,78,25,28,753	2,38,00,86,142
Less: Total Expenditure excluding interest and depreciation	2,66,87,10,258	2,31,01,41,256
Profit for the year before depreciation, Interest and tax:	11,38,18,495	6,99,44,886
Depreciation	4,29,58,031	2,53,44,355
Profit for the year before interest and tax	7,08,60,464	4,46,00,531
Interest	5,48,80,300	3,43,63,458
Profit for the year before tax	1,59,80,164	1,02,37,073
Provision for - Current tax	8,00,000	5,05,000
- Minimum Alternate tax (MAT) credit entitlement	(8,00,000)	(5,05,000)
- deferred tax	51,11,984	31,27,112
- fringe benefit tax	36,00,000	41,00,000
Profit for the year after tax	72,68,180	30,09,961
Excess provision for taxation relating to earlier years written back (net)	37,37,474	29,91,640
Profit for the year	1,10,05,654	60,01,601
Balance brought forward from previous year	23,63,80,302	23,32,89,239
Profit available for appropriation	24,73,85,956	23,92,90,840
APPROPRIATIONS:		
1. Proposed Dividend	29,77,968	25,52,544
2. Tax on proposed Dividend	5,06,106	3,57,994
3. Balance carried to Balance Sheet	24,39,01,882	23,63,80,302
	24,73,85,956	23,92,90,840

Mohan Meakin Limited Estd. 1855**RESULTS :**

The total sales and other income of the Company registered an increase from Rs.3,71,36,14,188 to Rs.4,27,57,32,837 during the year under review which works out to 15% and is quite encouraging in the face of stiff competition.

DIVIDEND :

We recommend for your consideration and approval the payment of dividend amounting to Rs.29,77,968 at the rate of 7% on the paid up share capital and Rs.5,06,106 towards Corporate Dividend Tax resulting in a total outflow of Rs.34,84,074.

DIRECTORS :

In accordance with provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri M. Nandagopal and Shri Vinay Mohan 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 in the interest of the Company.

RE-APPOINTMENT OF FINANCIAL DIRECTOR :

The term of appointment of Financial Director Shri P.D.Goswami will expire on 9th September, 2007. Keeping in view his vast experience, the Board has recommended his re-appointment for a further period of three years on certain terms and conditions w.e.f. 10th September, 2007 and the proposal for his re-appointment is being placed in the forthcoming Annual General Meeting of the Company, for its approval.

AUDITORS :

Messrs. 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.

Messrs. Mohan & Co., Chartered Accountants, for the audit of accounts 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 except para (ix)(a) wherein, although the Auditors have reported that Company has generally been regular in depositing income-tax, sales-tax and service-tax dues, yet in certain cases there has been some delay and the lapse was beyond the control of the Company as the Income-tax, Sales-tax, Service tax and TCS collected could not be deposited in time. Similarly in few cases due to non-availability of Sales-tax figures the payments got delayed. The necessary action has been taken to avoid such delays in future.

COST AUDIT :

The Government of India has approved the appointment of M/s. K.S. Bhatnagar & Associates as Cost Auditor, who have been entrusted to carry out the cost audit of the accounts of Industrial alcohol maintained at Lucknow Distillery for the year ended 31st March, 2007. The Cost Auditor has submitted his Report to the Company as well as the Government. The Audit Committee has perused the Cost Audit Report and found no observation/qualification in the said Report; hence no comment/clarification is required.

FIXED DEPOSITS :

As on March 31, 2007 the total number of Fixed Deposit Accounts numbering 466 amounting to Rs.96,90,000/- 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 included purchases aggregating to Rs.4,99,45,013/- made from National Cereals Products Ltd., which has been manufacturing the bulk requirements of barley malt for the last more than five decades. The Company holds 341352 shares (approx.26%), while the Mohan Family holds 366310 shares (approx. 28%) (including 48536 shares (3.69%) held by Brig.(Dr.) Kapil Mohan, VSM (Retd.)Ph.D., Managing Director) 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 read with the Companies (Particulars of Employees) Rules, 1975, as amended, are given in the Annexure forming part of this report.

The Cash Flow statement for the year 2006-2007 is attached to the Balance Sheet.

**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 :

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, (the Act) and based on the representations received from the operating management, the Directors hereby confirm that:

- a) in the preparation of the Annual Accounts for the year 2006-07, the applicable Accounting Standards have been followed and there are no material departures;
- b) They have selected such accounting policies in consultation with the statutory auditors and applied them consistently and made judgments 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 of the Company for the financial year.
- c) They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- d) They have prepared the Annual Accounts on a going concern basis.

CORPORATE GOVERNANCE :

As required by Clause 49 of the Listing agreement, separate report on the Corporate Governance and Management Discussion and Analysis is attached as a part of this Annual Report. Certificate of Practising Company Secretary regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges is also attached and forms a part of the Annual Report.

CURRENT TREND :

The sales of the Company's products for the first quarter of the current year are slightly down as compared to the corresponding period of the year under review. The Company is taking all necessary steps to increase its sales and it is expected that the measures being taken will bring the desired results barring unforeseen circumstances.

INDUSTRIAL RELATIONS :

The Company continue 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.

Brig.(Dr.) Kapil Mohan	<i>Managing Director</i>
VSM (Retd.) Ph.D.	
Shri Hemant Mohan	<i>Deputy Managing Director</i>
Shri P.D. Goswami	<i>Financial Director</i>
Shri Vinay Mohan	<i>Director</i>
Shri L.K. Malhotra	<i>Director</i>
Shri J.K. Jain	<i>Director</i>
Shri Swaraj Suri	<i>Director</i>
Shri D.S. Yadava	<i>Director</i>
Shri M. Nandagopal	<i>Director</i>

Mohan Nagar;
July 31, 2007.

Nathan Meatin Limited Estd. 1855

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 31, 2007.

A. CONSERVATION OF ENERGY:

The Company has been continuously making efforts through its dedicated team to achieve high productivity and steam efficiency.

(a) Energy conservation measures taken:

1. Modification of effluent treatment plant has been completed, and production of Bio-Gas has started.
2. Extraction of heat from exhaust gases of generators is in the process of experiment.

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

1. Modified Maize Grit Cooker of Double capacity has been studied and will save steam energy after it is installed.
2. New Grit making plant for Corn Flakes is under active consideration, which will reduce lot of electrical energy, and production of grit will be doubled in single shift.

- (c)**
1. Impact of (a) & (b) will result in reduction of energy consumption and consequent impact on the cost of production of finished goods.
 2. There will be saving in the energy on the completion of above measures which will result in the reduction of cost of production.

(d) Total 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 Bottles	Juice & Canned Products	Maize Rice, Corn Flakes & Wheat Porridge	Cold Storage
1. Electricity +				
a) Purchased				
Units (KWH)	-	-	-	2,35,569
	(-)	(-)	(-)	(2,78,950)
Total amount (Rs.)	-	-	-	11,02,363
	(-)	(-)	(-)	(12,13,207)
Rate/unit (Rs.)	-	-	-	4.68
	(-)	(-)	(-)	(4.35)
b) Own generation				
Through Generator (H.S.D./L.D.O./F.O.)				
Units (KWH)	86,89,824	35,781	11,02,748	2,51,771
	(74,53,082)	(53,360)	(7,79,775)	(1,77,825)
Units per litre of Oil	3.38	4.15	4.15	4.14
	(3.09)	(3.31)	(3.31)	(3.30)
Cost/Unit (Rs.)	5.98	6.60	6.60	6.62
	(5.97)	(6.17)	(6.17)	(6.23)

	Glass Bottles	Juice & Canned Products	Maize Rice, Cold Storage Corn Flakes & Wheat Porridge	
2. L.D.O./F.O.				
Quantity (K.Ltrs.)	121	-	-	-
	(5)	(-)	(-)	(-)
Total cost (Rs.)	23,61,000	-	-	-
	(1,01,286)	(-)	(-)	(-)
Average rate per k.ltrs (Rs.) ++	19,572	-	-	-
	(22,226)	(-)	(-)	(-)
3. L.P.G.				
Quantity (Tonnes)	12	-	25.83	-
	(1)	(-)	(2.50)	(-)
Total cost (Rs.)	3,41,000	-	7,11,228	-
	(27,711)	(-)	(55,422)	(-)
Average rate per tonne (Rs.)	28,923	-	27,535	-
	(22,168)	(-)	(22,169)	(-)
4. Natural Gas				
Quantity (Cubic Meters)	55,78,074	-	9,34,000	-
	(43,19,691)	(-)	(8,03,439)	(-)
Total cost (Rs.)	5,99,60,000	-	1,04,66,588	-
	(4,26,41,640)	(-)	(82,77,186)	(-)
Average rate per cubic meter (Rs.)	11	-	11	-
	(10)	(-)	(10)	(-)
5. Steam Used from the Main Boiler House +++				
Total Cost (Rs.)	-	16,88,604	-	-
	(-)	(12,94,367)	(45,48,998)	(-)

	Glass Factory	Juice & Canned Products	Maize Rice, Cold Storage Corn Flakes & Wheat Porridge	
(B) CONSUMPTION PER UNIT OF PRODUCTION:				
	Standard (if any)	Per tonne	Per kl	Per tonne
Electricity- units (KWH)	-	369	37	345
	(-)	(449)	(55)	(267)
L.D.O./F.O. (KL)	-	0.00512	-	-
	(-)	(0.00027)	(-)	(-)
L.P.G. (Tonne)	-	0.00050	-	0.00810
	(-)	(0.00008)	(-)	(0.00008)
Natural Gas (Cubic Meters)	-	237	-	292
	(-)	(260)	(-)	(275)

- Notes:** (i) + There is no electricity units purchased at Mohan Nagar since hydel power was surrendered and load shifted to generated electricity.
- (ii) ++ Last year only LDO where as this year LDO & FO.
- (iii) +++The unit wise consumption of Coal, HSD and Natural Gas is not available as the steam has been supplied to various production division from main boiler house.
- (iv) The L.D.O. and L.P.G. has been used only when the natural gas was available in scarcity. Therefore, consumption per unit of production of Oils, L.P.G. and Natural Gas are not comparable with previous year's figures.
- (v) 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) New varieties of Maize developed by IARI has been tested to find their suitability for manufacturing Corn Flakes. Since these varieties are flat type, the manufacture of grits using grit making machine available in India and Foreign markets are not useable at present and Research and Development work is going on, as mentioned below.
- (b) Due to the above mentioned problem we were trying to develop special type of grits manufacturing plant. Our initial study shows that it needs some more time to develop a large scale commercial plant. The development work is carried out with the help of Maize Milling Plant manufacture.
- (c) Although, it has been found that it is possible to make grits with plants developed by Indian Fabricators, the yield of grits are very low. Work on this project is still going on.
- (d) Commercial cultivation of Sugar Beet is now being carried out by our collaborators in Chennai (Madras). Therefore, we have stopped the work on this project.
- (e) The use of grits made by Maize Millers in Andhra Pradesh have been studied. The study is still continuing. The problems faced by us is the non uniformity of grits and shape and size of the grits. We are advising the Maize Millers to produce grits as per our requirement. Most of the Millers are not able to make grits as per our specification. The use of bigger size grits will improve the quality of Corn Flakes.
- (f) Study to produce malt extract using different grains is still continuing. We have faced some technical problems in the production of malt extract for the use of bakeries and confectionaries. Therefore, the study is being planned to make malt extract using different grains on pilot plant level. The study will help us to produce malt extract with low priced raw materials like un-malted grains.

1. Technology absorption, adaptation and innovation:

Efforts which are being made towards technology absorption, adoption and innovation are:

- (a) It has been possible to adopt technologies and processes successfully because the company has experienced Scientists and Engineers and also technical facilities for scaling up the processes to commercial scale production.
- (b) Study of the maize varieties for using the same to improve the quality and increase yield of Corn Flakes.
- (c) Study of maize grits of bigger size which has been supplied by Maize Millers to improve Corn Flakes quality.

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

Quality of Cornflakes will be improved.

3. Foreign exchange earnings and outgo :

The Company continues to treat exports as major thrust area. Export business of the Company during the year has a growth over last year. Company has been able to achieve this due to continuous growing demand of our good quality and products acceptable in International market.

The Company is trying to export its products to several new markets.

Total Foreign Exchange used and earned for current year in Rupees –

- Foreign Exchange earned	4,72,28,904
- Foreign Exchange utilized :	
• On Import of Raw material, Finished Goods and Store & Spares	1,51,27,197
• On Business Travel, Subscription & Others	19,67,199
	1,70,94,396

Annexure 'B' to the directors' report

Information as per section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975, and forming part of the directors' report for the year ended March 31, 2007.

Sl. No	Name	Designation	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous Designation
Persons employed throughout the financial year and were in receipt of remuneration in aggregate of not less than Rs. 2,00,000/- per month								
1.	Sh. Hemant Mohan	Deputy Managing Director	Bachelors in Business Administration, Degree Majoring in International Business (LONDON)	39	01.08.1990	17	32,20,856	-

ANNEXURE TO THE DIRECTOR'S REPORT**CORPORATE GOVERNANCE REPORT:****1. CORPORATE GOVERNANCE PHILOSOPHY:**

Your Company is committed to good Corporate Governance and endeavours to implement the Code of Corporate Governance in its true spirit.

The philosophy of your Company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and enhance shareholders value without compromising in any way in compliance with laws and regulations.

Yours Company believes that good governance brings about sustained corporate growth and long term benefits for stakeholders. Your Company continues to follow procedures and practices in conformity with the Code of Corporate Governance as enunciated in the Listing Agreement. Details of the implementation of the Code follow in the paragraphs below :

2. BOARD OF DIRECTORS:

The Board of Directors monitors performance of the Company, approves and reviews policies/strategies and evaluates management performance. The Board ensures legal and ethical conduct and accurate financial reporting.

(a) Number of Board Meetings:

The Board of Directors meets at-least once a quarter to review the Company's performance and financial results and more often, if necessary, to transact other business. During the year ended 31st March, 2007 six Board Meetings were held as against the minimum requirement of four Meetings. The date on which the Meetings were held are as follows :

7th April, 2006, 30th June, 2006, 31st July, 2006, 30th September, 2006, 31st October, 2006 and 31st January, 2007.

(b) Composition, Status, Attendance at the Boards Meetings and at the Last A.G.M.

As on 31st March, 2007 Company's Board comprised of 9 members. The Chairman & Managing Director is an executive of the Company and two other members are Executive Directors, and out of the remaining 6