



77th
ANNUAL REPORT
2010-2011

Moham Meakin Limited Estd. 1855

For Members only

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Annual General Meeting on Monday, the 26th September, 2011
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.

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)
A.I.C.S. (Australia).

Statutory Auditors :

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

Registered Office:

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

Directors

Shri Vinay Mohan

Shri L.K. Malhotra

Shri J.K. Jain

Shri Swaraj Suri

Shri M. Nandagopal

Bankers:

Punjab National Bank

Solicitors:

Koura & Company,
Advocates & Barristers,
New Delhi.

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.

DIRECTORS' REPORT :

TO THE MEMBERS :

The Directors present their 77th Annual Report on the business and operations of the Company with the Audited Statement of Accounts for the year ended 31st March, 2011 together with the report of Auditors, Messrs. A.F. Ferguson & Co.

FINANCIAL RESULTS:

	Year ended March 31, 2011 Rs.	Year ended March 31, 2010 Rs.
Total sales and other Income	4,34,91,03,632	3,93,85,60,761
Less: Excise duty	91,90,23,086	84,25,01,891
Net Sales & other income	3,43,00,80,546	3,09,60,58,870
Less: Total Expenditure excluding interest and depreciation	3,19,88,64,906	3,01,51,11,829
Profit/(Loss) for the year before depreciation, Interest and tax:	23,12,15,640	8,09,47,041
Depreciation	4,31,69,643	4,65,48,119
Profit/(Loss) for the year before interest and tax	18,80,45,997	3,43,98,922
Interest	8,26,15,123	7,95,65,274
Profit/(Loss) for the year before tax	10,54,30,874	(4,51,66,352)
Provision for - Current tax	3,14,85,244	-
Less: Minimum alternative tax (MAT) Credit entitlement - deferred tax charge (credit)	(80,90,000) 53,49,738	- (1,17,43,805)
Profit/(Loss) for the year after tax	7,66,85,892	(3,34,22,547)
Excess provision for taxation relating to earlier years written back (net)	(65,34,061)	(23,06,176)
Profit/(Loss) for the year (including profit on sale of land)	8,32,19,953	(3,11,16,371)
Balance brought forward from previous year	21,74,50,068	24,85,66,439
Profit/(Loss) available for appropriation	30,06,70,021	21,74,50,068
<u>APPROPRIATIONS:</u>		
1. Proposed Dividend	-	-
2. Tax on proposed Dividend	-	-
3. Balance carried to Balance Sheet	30,06,70,021	21,74,50,068
	30,06,70,021	21,74,50,068

RESULTS:

The total sales and other income of the Company registered an increase from Rs.3,93,85,60,761 last year to Rs.4,34,91,03,632 during the year under review which is satisfactory in the face of stiff competition.

DIVIDEND:

No dividend is recommended for the year ended 31.3.2011.

DIRECTORS:

Shri D.S. Yadava, Director of the Company having resigned has ceased to be Director w.e.f. 18th May, 2011. 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, Shri M. Nandagopal and Shri Vinay Mohan Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. We recommend their re-appointments as their advice from time to time has proved beneficial in the interest of the Company.

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.

COST AUDIT:

The Ministry of Corporate Affairs, Govt. of India vide its Order dated 3rd June, 2011 has made it compulsory for every Company including all its Units and Branches to keep Cost Records w.e.f. 1st April, 2011 and vide its Notification dated 30th June, 2011 the Government has further directed to get the cost accounting records pertaining to Glass factory audited by a Cost Auditor. The Company is taking necessary steps in this direction.

FIXED DEPOSITS:

As on March 31, 2011 the total number of Fixed Deposit Accounts numbering 263 amounting to Rs.58,11,500 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.8,16,08,418/- 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 48,536 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 AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND RULES MADE THEREUNDER:

Although the Central Government has further amended the Rules effective from 31st March, 2011 under which none of our employee whose particulars have to be furnished is covered, still out of abundant caution the particulars of the employees required to be furnished U/S 217(2AA) of the Companies Act, 1956 read with the Rules thereunder, before the above amendment, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all the Shareholders of the Company excluding the statement of particulars of employees. Any Shareholder interested in obtaining a copy may write to the Company Secretary at the Registered Office of the Company.

The Cash Flow Statement for the year 2010-2011 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, and based on the representations received from the operating management and after due enquiry the Directors hereby confirm that:

- a) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- 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 higher by 19.30% as compared to the corresponding period of the year under review. The Company is taking all necessary steps to achieve higher sales and it is expected that the measures being taken will bring the desired results barring unforeseen circumstances.

INDUSTRIAL RELATIONS:

Management employees relation throughout the year have been very cordial as has been the case for the last many years. 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	<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 J.K. Jain	<i>Director</i>
Shri Sawraj Suri	<i>Director</i>
Shri L.K.Malhotra	<i>Director</i>

Mohan Nagar
12th August, 2011.
(Ghaziabad) U.P.

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, 2011

A. Conservation of energy

(a) Energy conservation measures taken :

Mohan Nagar

1. Brewery Unit

In respect of Two Cylindro-Conical Tanks erected and commissioned in the previous year, optimization of the operation is progressing and energy saving will be achieved after full functioning of the process of fermentation and maturation.

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

Order has been placed for two additional Stainless Steel Cylindro-Conical Tanks and this will be received and erected in the month of April, 2011.

When these Cylindro-Conical Tanks are installed and commissioned, it will help to reduce the specific refrigeration load in Tons/hl of beer fermented and in terms of specific electrical energy consumption in KWH/Ton of Refrigeration will be reduced due to efficient cooling of fermenting wort (Beer).

2. Breakfast Food Unit

1 Efforts have been made for procuring the following equipment for reduction of energy consumed in the manufacturing of corn flakes. Negotiation are in progress for the cost and technology improvement.

1.1 High Efficiency Flaker for flaking of maize grits.

1.2 Horizontal Toaster with exhaust air recycling for toasting of Raw Flakes.

[Note-During the previous year quotations were obtained for these equipment. However, meanwhile new equipment with high energy efficiency have been identified. Therefore new quotations have been procured and these are being evaluated.]

By installing the above mentioned equipment there will be considerable reduction in energy consumption (both electrical & thermal energy).

(c) Impact of (a) & (b)

1. The above measures taken will result in the reduction of energy consumed and consequently in the cost of production of corn flakes and beer.

2. Total energy consumption per unit of product has been given in prescribed Form 'A'

(d) Total energy consumption per unit of product has been given in 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)	56,16,126 (44,89,639)	17,006 (15,967)	7,69,057 (6,60,929)	2,49,904 (2,09,902)
Total amount (Rs.)	2,70,74,908 (1,88,86,000)	82,139 (70,095)	37,14,545 (29,01,478)	12,07,036 (9,21,470)
Rate/Unit (Rs.)	4.82 (4.21)	4.83 (4.39)	4.83 (4.39)	4.83 (4.39)
b) Own generation				
Through Generator (H.S.D./L.D.O./F.O.)				
Units (KWH)	7,55,904 (17,29,460)	2,000 (5,750)	79,119 (2,48,594)	30,039 (81,751)
Units per Litre of Oil	2.80 (2.81)	2.86 (2.99)	2.86 (2.99)	2.86 (2.99)
Cost/Unit (Rs.)	11.07 (8.45)	11.16 (8.22)	11.16 (8.22)	11.16 (8.22)
2. L.D.O.				
Quantity (K.Ltrs.)	15.816 (-)	- (-)	- (-)	- (-)
Total cost (Rs.)	5,02,095 (-)	- (-)	- (-)	- (-)
Average rate per k.ltrs (Rs.)	31,746 (-)	- (-)	- (-)	- (-)
3. Furnace Oil				
Quantity (K.Ltrs.)	10.312 (-)	- (-)	- (-)	- (-)
Total cost (Rs.)	2,70,916 (-)	- (-)	- (-)	- (-)
Average rate per k.ltrs (Rs.)	26,272 (-)	- (-)	- (-)	- (-)
4. L.P.G.				
Quantity (Tonnes)	2.50 (-)	- (-)	- (-)	- (-)
Total cost (Rs.)	70,451 (-)	- (-)	- (-)	- (-)
Average rate per tonne (Rs.)	28,180 (-)	- (-)	- (-)	- (-)

	Glass Bottles	Juice & Canned Products	Maize Rice, Corn Flakes & Wheat Porridge	Cold Storage
5. Natural Gas				
Quantity (Cubic Meters)	56,85,690 (54,79,280)	- (-)	7,53,168 (7,21,533)	- (-)
Total cost (Rs.)	9,59,93,906 (7,80,61,512)	- (-)	1,18,04,751 (1,03,31,531)	- (-)
Average rate per cubic meter (Rs.)	16.88 (14.00)	- (-)	15.67 (14.00)	- (-)
6. Steam Used from the Main Boiler House +				
Total Cost (Rs.)	- (-)	7,87,759 (11,33,760)	1,04,35,772 (98,49,104)	- (-)

(B) CONSUMPTION PER UNIT OF PRODUCTION:

	Standard (if any)	Per tonne	Per kl	Per tonne	Per tonne
Electricity- units (KWH)	- (-)	241 (232)	34 (38)	261 (255)	- (-)
L.D.O. (KL)	- (-)	0.00059 (-)	- (-)	- (-)	- (-)
Furnace Oil (KL)	- (-)	0.00039 (-)	- (-)	- (-)	- (-)
L.P.G. (Tonne)	- (-)	0.00009 (-)	- (-)	- (-)	- (-)
Natural Gas (Cubic Meters)	- (-)	215 (204)	- (-)	232 (202)	- (-)

- Notes:** (i) + 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.
- (ii) The L.D.O., Furnace Oil and L.P.G. has been used only when the natural gas was available in scarcity.
- (iii) Previous year figures are in brackets and modified wherever necessary.

FORM 'B'

Particulars under Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, for the year ended March 31, 2011

RESEARCH & DEVELOPMENT:

- (a) The new grits making plant has been commissioned successfully. Study on modification for optimizing the quality and higher yield of grits have been carried out. Some balancing equipment have to be installed for improving quality of grits. The job is in progress in procuring the balancing equipment. After it is erected further trials will be carried out.
- (b) Process for manufacturing of beer has been identified to produce beer with new raw material mix using some chemicals. Commercial trials have been carried out and it was observed that beer of acceptable quality could be produced by adopting this process. Further work is required to find out the shelf life stability of beer manufactured with this process.
- (c) The above mentioned process could be adopted to produce malt/grain spirit using the same raw material mix and chemicals. The trial on this process will be carried out later on.
- (d) The study has been completed for manufacture of Corn Flakes from grits obtained for maize millers. Commercial production of Corn Flakes have been carried out successfully. Corn Flakes of good quality has been produced by adopting this process.

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 flat maize varieties for manufacturing Corn Flakes has been completed. Corn flakes were manufactured using flat maize also with the New Grits Mill. Although the production of Corn Flakes with grits produced with flat maize using new grits mill was possible, problems of yield and quality of Corn Flakes were observed. In the light of the observations and data collected from the trials, the grits mill have to be modified to obtain grits of proper quality. The grits making plant will be modified by installing balancing equipment to obtain grits of uniform size and optimum quality. This job is in progress.
- (c) The Study has been completed to procure grits of suitable size from Maize Millers. The grits received from Maize Millers were used for making Corn Flakes on commercial stage production. The results of the commercial trial production shows that good quality Corn Flakes could be produced from grits obtained from millers.