

## CONTENTS

Board of Directors	2
Directors' Report	3
Ten Years' Highlights	26
Sources & Uses of Funds	27
Auditors' Report	28
Balance Sheet	32
Profit & Loss Account	33
Cash Flow Statement	34
Notes to the Financial Statements	36

Annual General Meeting on Saturday, the 29th September, 2012  
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.

### **Cost Auditors:**

Neeraj Sharma & Co.,  
Cost Accountants,  
Ghaziabad.

### **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

Shri Yash Kumar Sehgal

### **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 78<sup>th</sup> Annual Report on the business and operations of the Company with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2012 together with the report of Auditors, Messrs. A.F. Ferguson & Co.

**FINANCIAL RESULTS:**

	<b>Year ended March 31, 2012 (Rs. in lacs)</b>	<b>Year ended March 31, 2011 (Rs. in lacs)</b>
Revenue from Operation	<b>47,950.80</b>	41,401.99
Less: Excise duty	<b>9,080.35</b>	9,190.23
Revenue from Operation (Net)	<b>38,870.45</b>	32,211.76
Other Income	<b>789.82</b>	489.04
Net Revenue from Operation & Other	<b>39,660.27</b>	32,700.80
Less: Total Expenditure excluding Exceptional items	<b>39,890.09</b>	33,246.49
<b>Profit/(Loss) before exceptional items &amp; tax</b>	<b>(229.82)</b>	(545.69)
Exceptional items	<b>(862.94)</b>	1,600.00
(CY-E/duty 460.94, Entry Tax 402.00 lacs)		
(LY-Sale of Freehold land 1600.00 Lacs)		
<b>Profit/(loss) before tax</b>	<b>(1,092.76)</b>	1,054.31
Tax Expenses:		
Provision for current tax	<b>55.00</b>	314.85
Minimum alternate tax (MAT) credit entitlement	-	(80.90)
Deferred tax charges/(benefits)	<b>(404.13)</b>	53.50
Provision for taxation relating to earlier year	-	(65.34)
<b>Profit/(Loss) for the year</b>	<b>(743.63)</b>	832.20
Balance brought forward from previous year	<b>3,006.70</b>	2,174.50
Profit/(Loss) available for appropriation	<b>2,263.07</b>	3,006.70
<b>APPROPRIATIONS:</b>		
1. Proposed Dividend	-	-
2. Tax on proposed Dividend	-	-
3. Balance carried to Balance Sheet	<b>2,263.07</b>	3,006.70

## **RESULTS:**

The net revenue, after adjusting excise duty, from operation and other income of the Company has registered an increase from Rs.32,700 lacs last year to Rs. 39,660 lacs during the year under review which is satisfactory in the face of stiff competition.

## **DIVIDEND:**

No dividend is recommended for the year ended 31.3.2012.

## **DIRECTORS:**

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

Shri Yash Kumar Sehgal was appointed as Additional Director w.e.f. 26.9.2011 and holds office upto the date of forthcoming Annual General Meeting of the Company. The Company has received notice from shareholder proposing his name for appointment as Director. His appointment will be in the interest of the Company. Resolution seeking approval of the shareholders for his appointment has been incorporated in the Notice of the forthcoming Annual General Meeting of the Company.

Shri P.D. Goswami holding the position of Financial Director in the Company shall be retiring on 9<sup>th</sup> September, 2012 after completion of his tenure of appointment.

The Board of Directors has decided that the vacancy being caused by his retirement shall not be filled up for the time being. The Directors place on record their appreciation of the valuable advice and guidance given by him as Director and for the services rendered by him as the Financial Director of the Company.

## **RE-APPOINTMENT OF MANAGING DIRECTOR:**

The term of re-appointment of the Managing Director, Brig. (Dr) Kapil Mohan, VSM (Retd.) Ph.D., will expire on 31.3.2013. Keeping in view his long experience in the liquor industry and his contributions towards the progress of the Company, the Board of Directors has recommended his re-appointment for a further period of 3 years w.e.f. 1<sup>st</sup> April, 2013 on the remuneration package as approved by the Remuneration Committee and the proposal for his re-appointment is being placed in the forthcoming Annual General Meeting of the Company, for its approval.

## **RE-APPOINTMENT OF DEPUTY MANAGING DIRECTOR:**

The term of re-appointment of the Deputy Managing

Director, Shri Hemant Mohan will expire on 31.3.2013. Keeping in view his talent and experience, the Board of Directors has recommended his re-appointment for a further period of 3 years w.e.f. 1<sup>st</sup> April, 2013 on the remuneration package as approved by the Remuneration Committee 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.

## **COST AUDIT:**

The Ministry of Corporate Affairs, Govt. of India vide its Order dated 3<sup>rd</sup> June, 2011 has made it compulsory for every Company including all its Units and Branches to keep Cost Records w.e.f. 1<sup>st</sup> April, 2011 and vide its Notifications dated 30<sup>th</sup> June, 2011 and 24.1.2012 the Government has further directed to get the cost accounting records pertaining to Glass factory and Packaged Food Units respectively audited by a Cost Auditor. The Company has taken necessary steps in this direction.

## **FIXED DEPOSITS:**

As on March 31, 2012 the total number of Fixed Deposit Accounts numbering 289 amounting to Rs.78,23,500 have become due for payment but the depositors have not claimed or sent instructions for renewal, although being reminded at regular intervals.

## **TRANSACTIONS WITH NATIONAL CEREALS PRODUCTS LIMITED:**

The purchases made by the Company during the year included purchases aggregating to Rs.2,85,67,064/- 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:**

As per the recent amendment made by the Central Government in the Companies (Particulars of Employees) Rules 1975, a statement giving particulars under Section 217(2A) of the Companies Act, 1956 and required to be included in the Directors' Report is not applicable, as no employee of the Company was in receipt of remuneration exceeding the limits prescribed therein.

The Cash Flow Statement for the year 2011-2012 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:

- In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- 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 Loss of the Company for the financial year.
- 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

- 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 achieve higher sales and it is expected that the measures being taken will bring the desired results barring unforeseen circumstances.

#### **INDUSTRIAL RELATIONS:**

The Company continues to enjoy excellent industrial relations as usual. Smooth harmonious management employees relationship is the result of dynamic leadership of the Managing Director of the Company, Brig. (Dr) Kapil Mohan, VSM (Retd.) Ph.D., who considers the Company's manpower as its precious asset. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers of the Company for its success.

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

Mohan Nagar  
13<sup>th</sup> August, 2012.  
(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, 2012**

### **A. Conservation of energy**

#### **(a) Energy conservation measures taken:**

All business units continued their efforts to improve energy usage efficiencies. Innovative ways and new technology were constantly explored to efficiently usage of energy. Some of the measures adopted were :

- i) Improvement in energy usage efficiency by replacing old tube lights by CFL tubes and replacement of old motor pumps with higher efficiency sets in some of the departments.
- ii) Clubbed two production lines into one for better usage of energy.

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

Company has plan to :

- i) Replacing old tube lights by CFL tubes and replacement of old motor pumps with higher efficiency sets in other major departments.
- ii) Procure following equipment for manufacture of Corn Flakes.
  - a) High Efficiency Flaker extruder type.
  - b) Toaster of modified designs where heat after toasting will be recycled, and reused.
  - c) Efficient grit drying system.
- iii) Insulate old steam carrying pipe lines afresh to arrest transit loss.

#### **(c) Impact of measures of (a) & (b) above for reduction of energy consumption**

Energy conservation measures taken above have resulted in marginal savings on energy costs both electrical as well as thermal besides marginal reduction in cost.

#### **(d) Total energy consumption and energy consumption per unit of production is given in the prescribed form 'A' in respect of Industries specified in the schedule thereto :**

**FORM 'A'****Form for disclosure of particulars with respect to consumption of energy****(A) POWER AND FUEL CONSUMPTION:**

	<b>Glass Bottles</b>	<b>Juice &amp; Canned Products</b>	<b>Maize Rice, Corn Flakes &amp; Wheat Porridge</b>	<b>Cold Storage</b>
<b>1 Electricity</b>				
a) Purchased				
Units (KWH)	<b>6253011</b> (5616126)	<b>18102</b> (17006)	<b>872830</b> (769057)	<b>234073</b> (249904)
Total amount (Rs.)	<b>29889393</b> (27074908)	<b>86528</b> (82139)	<b>4172127</b> (3714545)	<b>1118869</b> (1207036)
Rate/Unit (Rs.)	<b>4.78</b> (4.82)	<b>4.78</b> (4.83)	<b>4.78</b> (4.83)	<b>4.78</b> (4.83)
b) Own generation				
Through Generator (H.S.D./L.D.O./F.O.)				
Units (KWH)	<b>646472</b> (755904)	<b>1940</b> (2000)	<b>85409</b> (79119)	<b>24790</b> (30039)
Units per Litre of Oil	<b>2.57</b> (2.80)	<b>2.57</b> (2.86)	<b>2.57</b> (2.86)	<b>2.57</b> (2.86)
Cost/Unit (Rs.)	<b>14.21</b> (11.07)	<b>15.12</b> (11.16)	<b>15.02</b> (11.16)	<b>15.07</b> (11.16)
<b>2 L.D.O.</b>				
Quantity (K.Ltrs.)	- (15.816)	- (-)	- (-)	- (-)
Total cost (Rs.)	- (502095)	- (-)	- (-)	- (-)
Average rate per k.ltrs (Rs.)	- (31746)	- (-)	- (-)	- (-)
<b>3 Furnace Oil</b>				
Quantity (K.Ltrs.)	- (10.312)	- (-)	- (-)	- (-)
Total cost (Rs.)	- (270916)	- (-)	- (-)	- (-)
Average rate per k.ltrs (Rs.)	- (26272)	- (-)	- (-)	- (-)
<b>4 L.P.G.</b>				
Quantity (Tonnes)	- (2.50)	- (-)	- (-)	- (-)
Total cost (Rs.)	- (70451)	- (-)	- (-)	- (-)
Average rate per tonne (Rs.)	- (28180)	- (-)	- (-)	- (-)

	Glass Bottles	Juice & Canned Products	Maize Rice, Corn Flakes & Wheat Porridge	Cold Storage
<b>5 Natural Gas</b>				
Quantity (Cubic Meters)	<b>5885121</b>	-	<b>719000</b>	-
	(5685690)	( - )	(753168)	( - )
Total cost (Rs.)	<b>111110224</b>	-	<b>14218784</b>	-
	(89371657)	( - )	(11804751)	( - )
Average rate per cubic meter (Rs.)	<b>18.88</b>	-	<b>19.78</b>	-
	(15.72)	( - )	(15.67)	( - )
<b>6 Steam Used from the Main Boiler House *</b>				
Total Cost (Rs.)	-	<b>1936359</b>	<b>14544441</b>	-
	( - )	(787759)	(10435772)	( - )

## (B) CONSUMPTION PER UNIT OF PRODUCTION

	Standard (if any)	Glass Factory Per tonne	Juice & Canned Products Per KL	Maize Rice, Corn Flakes & Wheat Porridge Per tonne	Cold Storage
Electricity - units (KWH)	-	<b>261</b>	<b>32</b>	<b>273</b>	-
	( - )	(241)	(34)	(261)	( - )
LDO (KL)	-	-	-	-	-
	( - )	(0.00059)	( - )	( - )	( - )
Furnace Oil (KL)	-	-	-	-	-
	( - )	(0.00039)	( - )	( - )	( - )
L.P.G. (Tonne)	-	-	-	-	-
	( - )	(0.00009)	( - )	( - )	( - )
Natural Gas (Cubic Meters)	-	<b>223</b>	-	<b>205</b>	-
	( - )	(215)	( - )	(232)	( - )

### 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) Glass melting furnace was renovated during financial year ended 31st March, 2006. Consumption per MT of natural gas and electricity units per MT of glass produced is increasing year after year due to decrease in efficiency of furnace.
- (iv) 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, 2012**

### **Research & Development**

#### **i) Specific areas in which R & D was carried out by the company.**

- (a) The new grits making plant has been commissioned and balancing equipment has been fabricated and trials are to be carried out for optimizing higher yield from maize grit of different variety.
- (b) Corn Flakes production is carried out from the maize by process of pearling grit making, cooking, drying, flaking and toasting and now experiment and study is going on to produce the Corn Flakes, from the maize flour by extrusions process.

#### **ii) Future plan of action**

Company has plan to renovate glass melting furnace in near future which will save reasonable units of energy, increase quality and quantity of production and reduction in cost of production.

#### **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 staff and technical facilities for scaling up the processes to commercial scale production.
- (b) The maize variety adoption is under active study with addition of balancing equipment for increasing the yield, the same equipment has been fabricated and trials will be carried out in due course.

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

By implementing the above plans, there was reduction in energy consumption better quality of product, reduction in manpower and reduction in cost of production.

#### **3. Foreign exchange earnings and outgo:**

The Company continues to treat exports as major thrust area. New customers are added to the list year after year.

Total Foreign Exchange used and earned for current year	Rs.in lacs
- Foreign Exchange used	
On Import of Raw material, and Store & Spares	373
- Foreign Exchange earned	1025

## **ANNEXURE TO THE DIRECTORS' REPORT**

### **1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE:**

Your Company's philosophy of Corporate Governance is aimed at safeguarding and adding value to the interest of the various stakeholders of the Company including shareholders, lenders and public at large. Emphasis is laid on striking a balance between individual interests and corporate goals while operating within the accepted norms of propriety, equity fair play and sense of justice. Under good corporate governance we are committed to ensure that all functions of the Company are discharged in a professionally sound, accountable and competent manner.

Over the years, governance processes and systems have been strengthened. In addition to complying with the statutory requirements effective governance systems and practices towards improving transparency disclosures, internal controls and promotion of ethics at workplace have been institutionalized.

Keeping in line with the above philosophy the Company has implemented the requirements of the Code of Corporate Governance, as stipulated in the amended clause 49 of the Listing Agreement. Given below are the requisite details relating to Corporate functions of your Company for the purpose of due transparency on this aspect.

### **2. BOARD OF DIRECTORS:**

During the year 2011-2012, the Board of Directors comprised of 9 Directors. The Chairman of the Board is the Managing Director who is also the Chief Executive Officer of the Company.

During the said period, out of 9 Directors, five Directors were Non-executive Independent Directors, being more than half of the Board. The composition of the Board of Directors met the stipulated requirement of Clause 49 of the Listing Agreement. The Board reviews and approves policies/strategies and oversees the actions and results of the Management to ensure that the long term objectives of enhancing stakeholders values are met.

#### **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 31<sup>st</sup> March, 2012, five Board Meetings were held as against the minimum requirement of four Meetings. The dates on which the Meetings were held are as follows:

30<sup>th</sup> May, 2011, 12<sup>th</sup> August, 2011, 26<sup>th</sup> September, 2011, 12<sup>th</sup> November, 2011 and 13<sup>th</sup> February, 2012.

#### **b) Composition, Status, Attendance at the Board Meetings and at the Last A.G.M.**

As on 31<sup>st</sup> March, 2012 Company's Board comprised of 9 members. The Chairman & Managing Director is also the Chief Executive Officer of the Company and two other members are Executive Directors, and out of the remaining