

**22ND & 23RD ANNUAL REPORT
2008-2009 & 2009-2010**



MAHAAN FOODS LIMITED



MAHAAN FOODS LIMITED

Board of Directors	Shri Sanjeev Goyal, Managing Director Smt Saloni Goyal Shri Sanjay Kumar Jain Shri Anand Sekhri Smt Harmeet Kaur Shri Aseem Chawla Shri Rajendra Kumar Dhall
Bankers	State Bank of Patiala State Bank of India State Bank of Hyderabad HDFC Bank IDBI Bank Punjab National Bank
Secretary	Ms Shweta Arora
Auditors	Messrs. D.D. Nagpal & Co., Chartered Accountants, Room No.H, 6 th Floor, Gopala Tower, 25, Rajendra Place, Pusa Road New Delhi-110008
Registered Office	Village Kunja, Rampur Road, Paonta Sahib, Solan, Distt.Sirmour Himachal Pradesh - 173025.
Corporate Office	M-19, 1 st Floor, M-Block Market, Greater Kailash Part-II New Delhi -110048
Works	9 KM Stone, Pipli to Ambala, G. T. Road, Vill. Masana, Kurukshetra-136118 Haryana Village Kunja, Rampur Road, Paonta Sahib, Solan, Distt.Sirmour Himachal Pradesh - 173025.
Registrar & Transfer Agents	M/s Alankit Assignment Ltd. 2E/21, Jhandewalan Extn Karol Bagh New Delhi-110005

NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the shareholders of Mahaan Foods Limited will be held at Hotel Grand Riviera, Paonta Sahib -173025, Himachal Pradesh on Friday, 24th December, 2010 at 9.00 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009 and the Profit & Loss Account for the year ended on that date and the Directors' and Auditors' Report thereon.
2. To appoint M/s Dawar.Mathur & Goel as Auditors of the company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

3. **To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:**

'RESOLVED THAT Shri Sanjeev Goyal who was appointed by the Board as an additional director with effect from 5th March, 2009 and who holds office upto the date of this Annual General Meeting and is eligible for appointment as Director and in respect of whom the company has received a notice in writing from a member pursuant to section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director be and is hereby appointed as a Director of the company, liable to retire by rotation.

4. **To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:**

'RESOLVED THAT Smt Saloni Goyal who was appointed by the Board as an additional director with effect from 14th April, 2009 and who holds office upto the date of this Annual General Meeting and is eligible for appointment as Director and in respect of whom the company has received a notice in writing from a member pursuant to section 257 of the Companies Act, 1956 proposing her candidature for the office of the Director be and is hereby appointed as a Director of the company, liable to retire by rotation.

5. **To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:**

'RESOLVED THAT Shri Sanjay Kumar Jain who was appointed by the Board as an additional director with effect from 19th May, 2009 and who holds office upto the date of this Annual General Meeting and is eligible for appointment as Director and in respect of whom the company has received a notice in writing from a member pursuant to section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director be and is hereby appointed as a Director of the company, liable to retire by rotation.

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:

‘RESOLVED THAT Shri Anand Sekhri who was appointed by the Board as an additional director with effect from 14th April, 2009 and who holds office upto the date of this Annual General Meeting and is eligible for appointment as Director and in respect of whom the company has received a notice in writing from a member pursuant to section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director be and is hereby appointed as a Director of the company, liable to retire by rotation.

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:

‘RESOLVED THAT Smt Harmeet Kaur who was appointed by the Board as an additional director with effect from 14th April, 2009 and who holds office upto the date of this Annual General Meeting and is eligible for appointment as Director and in respect of whom the company has received a notice in writing from a member pursuant to section 257 of the Companies Act, 1956 proposing her candidature for the office of the Director be and is hereby appointed as a Director of the company, liable to retire by rotation.

By order of the Board of Directors

Sd/-
(**Shweta Arora**)
Company Secretary

Place: New Delhi
Date: 25/11/2010



NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES MUST BE LODGED AT REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.**
2. Members desiring any information as regards accounts and operations are required to write to the Company at its Corporate Office one week before the date of the meeting so that the information is made available at the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 22/12/2010 to Friday, 24/12/2010 (both days inclusive).
4. Members/Proxies are requested to bring their copy of Annual Report to the Meeting as extra copies will not be distributed.
5. Members/Proxies should fill the attendance slip for attending the meeting.
6. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those hold shares in Physical forms are requested to write their Folio Number in the attendance slip for attending the meeting.
7. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Corporate members intending to send their authorized representative are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
9. **NO GIFT(S) SHALL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING OF YOUR COMPANY.**

MAHAAN FOODS LIMITED

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

As required under the Listing Agreement, the particulars of Directors who are proposed to be re-appointed is given below:-

A.

- 1.Name : Sanjeev Goyal
- 2.Date of Birth : 17/5/1961
- 3.Qualifications : Bachelor in Engineering
- 4.Experience : 25 years vast experience in the field of Dairy Industry
- 5.Outside
Directorship : Nil
- 6 Membership/ Chairmanship
of the Board Committees of
the Companies : Nil
- 7.No. of shares held (both own or
held by/ for other persons on a
beneficial basis) in the company : 120500 equity shares

B.

- 1.Name : Saloni Goyal
- 2.Date of Birth : 04/12/1965
- 3.Qualifications : B.Com (Hons.) , PG in International Trade
- 4.Experience : Over as decade of experience in managing a corporate
- 5.Outside
Directorship : Everbright Estates Private Limited
- 6 Membership/ Chairmanship
of the Board Committees of
the Companies : Nil
- 7.No. of shares held (both own or
held by/ for other persons on a
beneficial basis) in the company : 135726 equity shares

C.

- 1.Name : Sanjay Kumar Jain
- 2.Date of Birth : 31/10/1946
- 3.Qualifications : BSc, FCA,,
- 4.Experience : Practicing Chartered Accountant for 30 years
- 5.Outside
Directorship : 1) Innumerable Services Pvt. Ltd
2) Compact Trading Pvt. Ltd
3) Positron Trading Pvt. Ltd
- 6 Membership/ Chairmanship
of the Board Committees of
the Companies : Nil
- 7.No. of shares held (both own or
held by/ for other persons on a
beneficial basis) in the company : Nil



D.

- 1.Name : Anand Sekhri
2.Date of Birth : 24/08/1961
3.Qualifications : Bachelor in Engineering
4.Experience : Over three decades of experience in Pharma Industry
5.Outside
Directorship : 1) Dhiti Biotech India Private Ltd
2) Veexl Surface Engg Private Limited
3) Veexl Engineering Solutions Private Limited
6 Membership/ Chairmanship
of the Board Committees of
the Companies : Nil
7.No. of shares held (both own or
held by/ for other persons on a
beneficial basis) in the company : Nil

E.

- 1.Name : Harmeet Kaur
2.Date of Birth : 20/04/1966
3.Qualifications : BSc , B.Ed
4.Experience : Experience in the field of Real Estate development
5.Outside
Directorship : Nil
6 Membership/ Chairmanship
of the Board Committees of
the Companies : Nil
7.No. of shares held (both own or
held by/ for other persons on a
beneficial basis) in the company : Nil

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No.3 to 7**

Your company could not hold its Annual General Meeting during the year 2009 due to petition filed under section 397/ 398 of the Companies Act, 1956 involving the company. The Hon'ble Company Law Board vide its order dated 3rd September, 2010 has settled the dispute and has allowed your company to hold its Annual General Meeting for the year ended 31st March, 2009 latest by 31st December, 2010. The Hon'ble Company Law Board vide clause 8 of its order dated 3rd September, 2010 has also condoned the delay occurring in any regulatory compliances of provisions of the Companies Act, 1956. Your company has informed the office of the Registrar of Companies and has also obtained its approval for holding its annual general meeting accordingly.

The appointments of Shri Sanjeev Goyal, Smt Saloni Goyal, Shri Sanjay Kumar Jain, Shri Anand Sekhri , Mrs Harmeet Kaur as additional directors were made by the Board of Directors of your company on 5th March, 2009, 14th April, 2009 and 19th May, 2009 respectively and since no annual general meeting could be held by the company during the year 2009, their appointments are now being regularised as Directors of the company. The Company has received notices under section 257 of the Companies Act, 1956 with respect to each of these Directors and the Board recommend their appointment as Directors of the company in the best interests of your company.

None of the Directors other than Shri Sanjeev Goyal, Smt Saloni Goyal, Shri Sanjay Kumar Jain, Shri Anand Sekhri and Mrs Harmeet Kaur are interested in their respective resolutions appointing them as Directors of the company.

By order of the Board of Directors

Sd/-
(**Shweta Arora**)
Company Secretary

Place: New Delhi
Date: 25/11/2010

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 22nd Annual Report of the Company together with the Audited Accounts for the year ended on 31st March, 2009 .

STATE OF AFFAIRS

A petition involving the company was filed under section 397/ 398 of the Companies Act, 1956 and the Hon'ble Company Law Board (CLB) vide its order dated 2nd June, 2009 restrained the company in holding its Board Meetings till further orders. The Hon'ble CLB vide its final order dated 3rd September, 2010 has taken on record the settlement involving your company and has directed / mentioned regarding the following

1. The status quo ordered on 2nd June, 2009 on holding of the Board Meetings has been vacated
2. The company has been permitted to extend the time for holding the Annual General Meetings and signing of its Annual Accounts for the financial years 2008-2009 and 2009-2010 till 31st December, 2010
3. The company has been allowed to file its pending quarterly results with the Stock Exchanges till 31st December, 2010
4. The delay, occurring in any regulatory compliance of provisions of the Companies Act, 1956 having penal consequences has been condoned.
5. For giving effect to the settlement, all regulatory bodies shall take into consideration the point no.4 mentioned above while regularising all defaults in the Company.

The implementation of the order is in progress under the supervision of Mediator appointed by the Hon'ble CLB.

OPERATING RESULTS

The summarized financial results for the year ended 31st March, 2009 and for the previous year ended 31st March, 2008 are as follows: -

	(Rs in lacs)	
	2008-09	2007-08
Sales & other income	8893.81	9264.09
Profit before interest and depreciation & taxes	285.29	350.92
Profit / (Loss) before taxes	52.67	131.88
Taxation	0.79	18.60
Profit / (Loss) after taxes	51.88	113.28

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In addition to legal wrangles faced by the company during the years 2009, increase in the costs in terms of raw material inputs, services, power and fuel also contributed to inadequate profits of the company. The company has taken necessary steps for achieving higher productivity by curtailing costs improving thereby overall efficiency and achieving higher outputs. The company is also on look out of increasing its sales revenues by increase in prices as well as increase in quantum of its sales.

DIVIDEND

In view of the marginal profits of the company and in order to conserve the resources for the growth of the company, the Directors do not recommend any dividend for the year under review.

CORPORATE GOVERNANCE

Report on the Corporate Governance along with the certificate from a Practising Company Secretary, confirming compliance or otherwise of conditions of corporate governance as stipulated under Clause 49 of the Listing Agreement, forms part of the Annual Report.

DIRECTORS

None of the Directors is retiring by rotation this year as all the Directors who were appointed as Additional Directors of the company during the years 2009 are now being regularised as Directors at the forthcoming Annual General Meeting of the company. The Board recommends appointment of Shri Sanjeev Goyal, Smt Saloni Goyal, Shri Anand Sekhri, Smt Harmeet Kaur, and Shri Sanjay Kumar Jain as Directors in the best interests of the company.

DEPOSITS

The company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975 as modified from time to time..

AUDITORS

Messrs Dawar Mathur & Goel, Chartered Accountants have furnished a certificate u/s 224(1B) of the Companies Act, 1956 and are eligible for appointment. Your Directors recommend appointment of M/s Dawar Mathur & Goel., Chartered Accountants as auditors at the ensuing Annual General Meeting of the company.

ACCOUNTS AND AUDIT REPORT

The management reply to Auditors comment in their Auditors Report is as follows:-

Reply to Para (iv) of the Main Auditors Report

No significant impact is expected on the working results of the company on this account

Reply to Para (vi) of the Main Auditors Report

Letters for confirmation of balances as appearing under debtors and creditors, advances to the suppliers have been sent by the company. Some of the parties have replied confirming the balances. This is a continuous process and the company has not faced any problem on these accounts.

Reply to Para 1 (a) of the Annexure to Auditors Report

The Company has already initiated steps for physical verification of the fixed assets.

Reply to Para 7 of the Annexure to Auditors Report

The company has already taken appropriate steps to strengthen and enlarge the scope of Internal Audit.

Reply to Para 9(b) of the Annexure to Auditors Report

The matters are pending before the Appellate Authorities and are sub-judice

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information required to be furnished in terms of 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 relating to Conservation of Energy, Technology Absorption & Foreign Exchange Earnings & outgo is annexed herewith & forms part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Sec. 217(2AA) of the Companies Act, 1956, the Directors state that:-

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 year under review.
- c) The Directors have 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.
- d) The Directors have prepared the annual accounts on a going concern basis.

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PARTICULARS OF EMPLOYEES

During the year there were no employees who were in receipt of remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of employees) Rules, 1975 as amended.

PERSONNEL

The relations with the employees of the Company continued to be cordial. Your Directors wish to place on record their appreciation for the excellent work done by the employees at all levels.

ACKNOWLEDGEMENTS

Your Directors express their sincere gratitude and deep appreciation for the co-operation and assistance given by the financial institutions, banks, suppliers and customers of the Company during the year under report and look forward to their continued support. Your Director's also thankfully acknowledge the trust and confidence reposed by you in the company.

For and on behalf of the Board of Directors

Place : New Delhi
Dated : 25th November, 2010

Sd/-
(**Sanjeev Goyal**)
Chairman & Managing Director

ANNEXURE TO DIRECTORS REPORT
CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 is given below:-

A. CONSERVATION OF ENERGY

a) Energy Conservation measures taken

Your Company has taken adequate measures to ensure optimum use of all equipments so as conserve energy.

b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy

The Company has benefited from the investments earlier made in purchasing certain equipments which have contributed towards reduction in the consumption of energy.

c) Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods

The measures taken in (a) and (b) above have resulted in reduction in cost of production.

d) Total Energy Consumption and energy consumption per unit of production as per prescribed Form –A

POWER & FUEL CONSUMPTION	2008-2009
A	
Electricity	
Total Units(Lacs)	23.99
Total Amount (Rs. In Lacs)	107.55
Rate Per Unit(Rs.)	4.48
B(i)	
Own Generation	
Through Diesel Generator	
Units (in lacs)	8.52
Units Per Litre of diesel Oil	4.00
Cost/Unit(Rs.)	7.95
B(ii)	
Fuel used Boiler	
Quantity (In Tonnes)	9339.24
Total Cost(Rs. in Lacs)	334.30
Average Rate(Rs./Tonnes)	2794.00

Consumption per unit of production	
Production (Milk Products/Tonnes)	
Electricity/Tonnes(KWH)	
Fuel/Tonnes)	
A	
Electricity	
Total Units(Lacs)	9.82
Total Amount (Rs. In Lacs)	40.25
Rate Per Unit(Rs.)	4.10
B(i)	
Own Generation	
Through Diesel Generator	7.470
Units (in lacs)	0.742
Units Per Litre of diesel Oil	0.288
Cost/Unit(Rs.)	10.079
B(ii)	
Fuel used Boiler	
Quantity (In Tonnes)	7507.000
Total Cost(Rs. in Lacs)	144.016
Average Rate(Rs./Tonnes) (in Lac)	0.019
Consumption per unit of production	
Production (Starch Powder/Tonnes)	2211.935
Electricity/Tonnes(KWH)	0.023
Fuel/Tonnes)	0.065
others (contract Manufacturing Activities)	
Electricity	
Total Units(Lacs)	2.08
Total Amount (Rs. In Lacs)	10.77
Rate Per Unit(Rs.)	5.17
Own Generation	
Through Diesel Generator	-
Units (in lacs)	-
Units Per Litre of diesel Oil	-
Cost/Unit(Rs.)	-
Consumption per unit of production	
Products (GluconD /Tonnes) MT	4589.729
Electricity/Tonnes(KWH)	0.002

B. TECHNOLOGY ABSORPTION1. Research & Development (R&D)

a) Specific areas in which R&D carried out by the company

----- NIL -----

b) Benefits derived as a result of above R&D

----- NIL -----

c) Future plan of action

Continuous efforts are being made for quality improvement of its products.

d) Expenditure on R&D

----- NIL -----

2. Technology Absorption, Adaptation and innovation

Continuous efforts are being made for product improvement and cost reduction. The company has not made any import of technology so far.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review , your company has not exported any of its products and the details of the Foreign Exchange Earnings and Outgo are as under:

Foreign Exchange Earnings : Nil

Foreign Exchange Outgo : Nil

MAHAAN FOODS LIMITED
REPORT ON CORPORATE GOVERNANCE
1. Company's Philosophy on Corporate Governance Code

At Mahaan Foods Limited, Corporate Governance is an integral part of the Company's values, ethics, business practices and norms. Towards this, the company consistently evaluates and defines its management practices aimed at enhancing its commitment and delivery of the basic tenets of the Corporate Governance.

2. Board of Directors

The composition of the Board of Directors and other details as on 31.03.2009 is as under:-

Sl. No.	Name	Category	Designation	No. of Board Meetings attended	Attend-ance at last A.G.M.	No. of Directorship in other Companies	No. of membership in committees of the Board of other Companies
1.	Shri Rajiv Goyal	Executive Director	Chairman & Managing Director	4	Yes	3	-
2.	Shri H. C. Gandhi	Non-Executive / Independent Director	Director	5	Yes	2	1
3.	Brig. P. C. Goyal	Non-Executive / Independent Director	Director	4	No	2	-
4.	Shri. Suresh Garg	Non-Executive Director	Director	4	Yes	2	-
5.	Shri Sanjeev Goyal	Non Executive Director	Director	0	No	1	-
6.	Shri Harinder Singh	Non Executive Director	Director	0	No	Nil	-

There were five Board Meeting held during the year-ended 31.03.2009. These were on 26.04.2008, 05.09.2008, 30.10.2008, 29.01.2009 & 05.03.2009.

3. Code of conduct for Board members and Senior Management

The Company has adopted a Code of Conduct for the members of the Board and Senior Management of the Company which is intended to focus the areas of ethical risk, provide guidance mechanisms to report unethical conduct and help foster a culture of honesty and accountability. The Code has been circulated to all the members of the Board and Senior Management Personnel and compliance of the same has been affirmed by them.

4. Audit Committee

The Committee reviews the financial performance, internal control systems, procedures of financial reporting, auditing and accounting matters including the recommendation for appointment of our independent auditor's, compliance with legal and statutory requirements and integrity of the Company's financial statements. The Committee focuses its attention on overseeing and monitoring financial systems and consider the un-audited quarterly, half-yearly and yearly financial results and then forwards it to Board for its approval. The Terms of Reference of this Committee covers the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

The composition of the Audit Committee for the year ended on 31.03.2009 was as follows:

1. Shri H. C. Gandhi : Chairman, Independent Non Executive Director
2. Shri P.C. Goyal : Member, Independent Non Executive Director
3. Shri Suresh Garg : Member, Non Executive Director

The Company Secretary acted as the Secretary to the Committee and the Statutory Auditors attended the meetings on invitation;

During the year the Audit Committee met five times on 26.04.2008, 05.09.2008, 30.10.08, 29.01.2009 and 05.03.2009 and the meeting(s) were attended as follows:

S. No.	Name of Directors	No. of meetings attended
1.	Sh. H. C. Gandhi	5
2.	Shri Suresh Garg	4
3.	Brig. P.C. Goyal	4

5. Remuneration Committee

No remuneration committee was constituted by the Board during the years ended 2009. The remuneration, perquisites and other benefits given to Managing Director and other Directors of your Company are determined by the Board of Directors at its Board Meeting subject to the approval of the shareholders.

The details of remuneration paid to the Directors for the year ended 31st March,2009 are as under:-

(Rupees)

Sl. NO.	Name Of the Director	Salary	Perquisites and other benefits	Commission	Others	Sitting Fee	Total
1.	Rajiv Goyal	2688000	3306394	----	---	----	5994394

The Company has not given any Stock Options to any Director.

The Company did not pay any remuneration to the Non Executive Directors

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6. Shareholders Grievance Committee:

The composition of the Shareholders Grievance Committee as on 31.03.2009 was as follows:

- | | |
|---------------------|---------------------------------------|
| 1. Brig. P.C. Goyal | : Chairman, Non Executive Director |
| 2. Shri Suresh Garg | : Member, Non Executive Director |
| 3. Shri Rajiv Goyal | : Member, Promoter Executive Director |

The functioning and terms of reference of the Committee is as prescribed under and in due compliance with the Listing Agreement with the Stock Exchanges and with particular reference to transfer, dematerialization, complaints of shareholders etc.

The Company Secretary acted as the Secretary to the Committee.

Total 23 (Twenty three) meetings of the Committee were held during the year. During the year ended March 31, 2009, all complaints that were received from the shareholders were replied / resolved to the satisfaction of the shareholders.

Mr. Anup Kumar Jain was the Company Secretary Cum Compliance Officer of the Company till 11.08.08. Mr. Praveen Kumar Pandey became the Company Secretary Cum Compliance officer of the Company w.e.f. 21.08.2008.

7. General Body Meetings

The last three AGMs were held on / at:

Year	AGM	Location	Date	Time	No. of Special Resolutions
2005-2006	19th AGM	Village Kunja Rampur Road Paonta Sahib Distt. Sirmour (H.P.)	30.09.2006	2.00 p.m.	1
2006-2007	20th AGM	- DO -	29.09.2007	2:00 p.m.	Nil
2007-2008	21st AGM	- DO -	30.09.2008	2:00 p.m.	Nil

The Company has not passed any resolution requiring Postal ballot for shareholder's approval during the years ended 31st March, 2009.

8. DISCLOSURES:

- During the year under review , the company had no materially significant related party transactions as envisaged under the Corporate Governance Code that may have potential conflict with the interests of the company at large. However, the related party transactions during the year under review are mentioned in "Notes to Accounts" (for the year 31st March, 2009).
- There has been no non-compliance, penalties/strictures imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority, on any matter related to capital markets during the years under review.
- At present, the company does not have any Whistle Blower Policy.

9. MANAGEMENT DISCUSSION AND ANALYSIS IS REPORTED IN THIS ANNUAL REPORT
10. MD/CFO CERTIFICATION ON THE FINANCIAL STATEMENT

Pursuant to clause 49 of the Listing Agreement, the Managing Director and Chief Financial Officer of the company have submitted the desired certificate to the Board of Directors and the same has been taken on record by the Board of Directors in their meeting held on 25th November, 2010.

11. Means of Communication:

The Company published its results in two newspapers i.e. Himachal Times English and Hindi Edition. The Company in compliance with the listing agreement regularly intimates un-audited as well as audited results to the stock exchanges, immediately after they are approved by the Board in the prescribed format so as to enable the respective stock exchange to put the same on their own Website. The notice of AGM along with Annual report is sent to the shareholders well in advance of the AGM. The stock exchange is notified of any important developments that may materially affect the working of the Company. Disclosure with regard to shareholding pattern, change in major shareholdings etc. are sent to the stock exchange as required under SEBI Takeover Regulations and SEBI Prohibition of (Insider Trading) Regulations.

12. General Shareholder information

- a) Annual General Meeting:
- | | | |
|-------|---|--|
| Date | : | 24 th December, 2010 |
| Time | : | 9.00 a.m. |
| Venue | : | Hotel Grand Riviera
Paonta Sahib, Distt. Sirmour (Himachal Pradesh) |

- b) Financial Calendar:

Adoption of Quarterly / Half Yearly results

The company could not approve its unaudited and audited results for the quarters beginning from 31st March, 2009 due to judicial restraint on holding of Board Meetings imposed by Hon'ble Company Law Board vide its order dated 2nd June, 2009.

- c) Book Closure Date : 22nd December, 2010 to 24th December, 2010
(both days inclusive)
- d) Dividend Payment : The Directors have not recommended Dividend for the financial year ended 31st March, 2009

- e) Listing on Stock Exchanges

S. No.	Name of the Stock Exchange
1	The Stock Exchange, Mumbai
2	The Delhi Stock Exchange Ltd.
3	The Ludhiana Stock Exchange Ltd.

Annual Listing fees for the year 2009-10 has been paid to all The Stock Exchanges.

The Stock code of the Company at BSE is 519612.

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f) Market Price – Data for the year ended 31st March, 2009

Month	Mumbai Stock Exchange	
	High	Low
Apr., 2008	21.00	13.85
May, 2008	21.45	13.90
Jun., 2008	16.15	12.30
Jul., 2008	14.75	12.17
Aug., 2008	15.33	12.98
Sep., 2008	14.50	10.95
Oct., 2008	11.00	9.24
Nov., 2008	9.00	8.53
Dec., 2008	9.24	7.66
Jan., 2009	10.49	8.56
Feb., 2009	13.98	9.50
Mar., 2009	14.48	13.00

g) Registrar and Share Transfer Agents

M/s Alankit Assignment Limited is the Registrar and Share Transfer Agents for transfer of shares held in Electronic Form as well as Physical Form. Their address is as under:

Alankit Assignment Limited
2E/21, Alankit House
Jhandewalan Extn.
New Delhi – 110 055
Tel : (011) 23541234, 42541234
Fax : 011 23552001, 42541201
Email : alankit@alankit.com
Website : www.alankit.com

Share Transfer System:

The Company, in compliance of SEBI circular no. 15/2002 dated 27th December 2002, has appointed M/s Skyline Financial Services Pvt. Ltd., (Category – I SEBI registered Registrar and Share Transfer Agents) as Share Transfer Agent who follows the Share Transfer System as prescribed by the Securities and Exchange Board of India (SEBI). The share transfer requests in physical form sent by shareholders are manually checked. If the transfer deed and enclosures are valid, the shares are transferred within a month with the approval of the Share Transfer Committee, otherwise objection memo is sent to the transferor with necessary advice to take the required steps. The process is done within a month of receipt of request. The Company Secretary monitors the system.

Dematerialization of Shares:

As on 31st March, 2009 out of the total **3500700** equity shares **1343565** equity shares representing **38.38%** of the total paid-up equity capital have been dematerialized.

The transfer cum demat facility is available to all shareholders of the Company who request for it. Demat ISIN No. in NSDL & CDSL for equity shares: **INE734D01010**.

h) Shareholding Pattern as on 31st March, 2009:

Category	Category Shareholder	No. of Shareholders	Total Number of Shares	Number of Shares held in Dematerialised form	Percentage of Total no of Shares
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
A	Individuals/Hindu Undivided Family	21	1316950	9600	37.62
B	Central Government/ State Government (s)	-	-	-	-
C	Bodies Corporate	4	467450	290000	13.35
D	Financial Institutions/ Bank	-	-	-	-
E	Any Others (Specify)	-	-	-	-
	Sub Total (A) (1)	25	1784400	299600	50.97
2	Foreign				
A	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-
B	Bodies Corporate	-	-	-	-
C	Institutions	-	-	-	-
D	Any Others (Specify)	-	-	-	-
	Sub Total (A) (2)	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A) = (A) (1) +(A) (2)	25	1784400	299600	50.97
(B)	Public Shareholding				
1	Institutions				
A	Mutual Funds/UTI	4	6300	0	0.18
B	Financial Institutions/Banks	-	-	-	-
C	Central Government/State Government(s)	1	62500	62500	1.79
D	Venture Capital Funds	-	-	-	-
E	Insurance Companies	-	-	-	-
F	Foreign Institutional Investments	-	-	-	-
G	Foreign Venture Capital Investors	-	-	-	-
H	Any other (specify)	-	-	-	-
	Sub Total (B) (1)	5	68800	62500	1.97
2	Non-Institutions				
A	Bodies Corporate	58	100343	83543	2.87
B	Individuals				
	i. Individuals shareholders holding nominal share capital up to Rs. 1 lakh	3465	763396	398861	21.81
	ii. Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	22	527761	471461	15.08
C	Any Other (specify)				
I	NRI	48	240300	11900	6.86
ii	OCBs	1	15700	15700	0.45
	Sub-Total (B) (2)	3594	1647500	981465	47.06
	Total Public shareholding (B) = (B) (1) +(B) (2)	3599	1716300	1043965	49.03
	Total (A) + (B)	3624	3500700	1343565	100.00
C	Shares held by Custodians and against which Depository Receipts have been issued				
	GRAND TOTAL (A) + (B) + (C)	3624	3500700	1343565	100.00

MAHAAN FOODS LIMITED

i) Distribution of Shareholding as on 31.03.2009 :

Sl. No.	Description	No. of share holders	% of total holders	Amount	% of total equity
1.	Upto 5000	3318	90.667	4140950	11.829
2.	5001 to 10000	112	3.063	902240	2.577
3.	10001 to 20000	57	1.559	860200	2.457
4.	20001 to 30000	59	1.614	1533930	4.382
5.	30001 to 40000	10	0.274	338250	0.966
6.	40001 to 50000	12	0.328	560960	1.602
7.	50001 to 100000	23	0.629	1671440	4.775
8.	100000 and above	65	1.778	24999030	71.412
	Total	3656	100.00	35007000	100.00

j) **Plant Location** : Village Kunja, Rampur Road, Paonta Sahib
Distt. Sirmour (Himachal Pradesh)

9 KM Stone, Pipli to Ambala,
G.T.Road, Vill. Masana,
Kurukshetra-136118
Haryana

k) **Investor Correspondence** : All enquiries, clarifications and correspondence
should be addressed at the following address:

Mahaan Foods Limited
M-19, 1st Floor, M Block Market,
Greater Kailash, Part-II
New Delhi -110048

MANAGEMENT DISCUSSION & ANALYSIS

Outlook for the Industry.

India continues to be the world largest producer of milk. However, the costs of production of milk have risen substantially due to the increasing costs of all inputs. The consumption of milk and milk products is seen to increase with the increase in income levels and availability of surplus funds with not only the urban households but the rural households as well.

Future prospects

There would be increase in domestic demand for all consumer products.

Globally trade in dairy products remains robust. For seeking full benefit of the changing environment we propose to shift a larger share of our product portfolio towards consumer packaging.

Constantly looking at opportunities to enter export markets with our products.

Risk and concerns

There has been a constant increase in costs in terms of raw material inputs, services, power and fuel. The huge surge in costs continues to be a point of concern for the Company. The Company is taking necessary steps to achieve higher productivity and to curtail costs by improving over all efficiency and achieving higher outputs. At the same time the Company is also on the look out of increasing its sales revenues by increase in prices as well as increase in the quantum of sales.

Internal Control Systems

The company has well defined internal control system it takes abundant care to review and monitor the working of internal control system.

Financial and Operational Performance

Though the company could achieve a higher turnover in the year 2010 as compared to previous year, its profit margin reduced due to various factors already enumerated above. The company has taken steps to improve its financial and operational performance.

Human Resource and Industrial Relations.

The Company continues to emphasize on optimization of the human resources and thereby has taken up an intense programme of man power training and development. The Company also pursues a pro-active policy towards maintaining industrial relations for a peaceful and harmonious environment thus optimizing output.

CERTIFICATE

To
The Members of
Mahaan Foods Limited

We have examined to compliance of conditions of Corporate Governance by Mahaan Foods Limited, for the year ended on 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedure and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement with *certain exceptions as emunerated in the Corporate Governance Report due to judicial restraints imposed on the company.*

We state in respect of the Investor Grievances received during the year ended 31st March, 2009, that no complaint was pending as per records maintained and presented to the Shareholders Grievance Committee of the company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency and effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of
Deepak Bansal & Associates
Company Secretaries

Sd/-
(Deepak Bansal)
Prop.
CP No. 7433

Place : New Delhi
Date : 25.11.2010

CERTIFICATION BY MANAGING DIRECTOR OF MAHAAN FOODS LIMITED

On the basis of the review of the Financial Statements and Cash Flow Statement for the Financial year ended 31st March, 2009, we hereby certify that to the best of our knowledge and belief:-

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. These Statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended 31st March, 2009 which are fraudulent or illegal or violative of the Company's code of conduct;
4. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of the Internal Control Systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee those deficiencies, of which we are aware; in the design or operation of such Internal Control Systems and that we have taken the required steps to rectify these deficiencies;
5. We further certify that
 - (a) there has not been any significant changes in Internal Control over financial reporting during the year under reference;
 - (b) there has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements and
 - (c) there has not been any instance of significant fraud with the involvement of the management or an employee having a significant role in the Company's internal control system over financial reporting.

MAHAAN FOODS LIMITED

6. We affirm that we have not denied any personnel, access to the Audit Committee of the Company (in respect of matters involving misconduct, if any)

7. We further declare that all the Board Members and Senior Management personnel have affirmed compliance with the code of conduct for the current year

sd/-
(G.R.Sharma)
Chief Financial Officer

sd/-
(Sanjeev Goyal)
Chairman & Managing Director

Dated: 25/11/2010
Place: New Delhi

**DAWAR MATHUR & GOEL
CHARTERED ACCOUNTANTS**

41, Vivekanand Puri, Sarai Rohilla, Delhi 110007

AUDITORS' REPORT

To The Members of Mahaan Foods Limited

1. We have audited the attached Balance Sheet of Mahaan Foods Limited as at 31st March 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test check basis, evidence supporting the amount and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred in paragraph to above, we report that:
 - i. 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.
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us.
 - iii. The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.

-/-

MAHAAN FOODS LIMITED

- iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred in sub section (3C) of section 211 of the Companies Act, 1956, *subject to note no. 1(o) of Schedule O regarding consignment sales taken as net of expenses, which is not in conformity by AS 9 and Note No.10 of Schedule O regarding non disclosure of prior period income/expenditure as required by AS 5.*
- v. 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 is disqualified as on 31st March, 2009 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- vi. *Attention is invited to note no. 6 Schedule (O) stating that some of balance of debtors, creditors and loans and advances are subject to reconciliation/confirmation from respective parties. We have relied on the representations of the management that no significant impact is expected on the working results of the Company on this account.*
- vii. Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31.03.2009,
 - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date and
 - c. in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For **DAWAR MATHUR & GOEL**
Chartered Accountants
(Firm Registration No. 06773N)

Sd/-
ARUN K. GOEL
Partner
Membership No. 81005

Place: New Delhi
Dated: 25.10.2010

REG.: MAHAAN FOODS LIMITED
Annexure to Auditors' Report dated 25.10.2010

1.
 - a. *The Company has maintained list of fixed assets acquired by it. However those are required to be updated substantially with regard to quantitative details/ location, identification etc.*
 - b. All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are also informed that no material discrepancies were noticed on such verification.
 - c. In our opinion and according to the information and explanations given to us, the Company has not disposed off a substantial part of the fixed assets during the year.
2.
 - a. The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3.
 - a. The Company had not granted any loan, secured or unsecured to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. For this purpose, we have relied on the representations of the management that Rs. 5,51,97,651 due from two companies and two parties covered in the register maintained under section 301 of the Companies Act, 1956 are advances and not in the nature of loans.
 - b. In view of above, sub-clause (b), (c), and (d) of clause 4(iii) of the order are not applicable.
 - c. The Company had taken interest free unsecured loan from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 60,000 and the year-end balance of loans taken from such parties is Rs. 60,000. For this purpose, we have relied on the representations of the management that Rs. 1,21,44,349 due to a firm and two parties covered in the register maintained under section 301 of the Companies Act, 1956 are advances received and not in the nature of loans
 - d. In our opinion, other terms and conditions on which such loan have been taken by the company listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
 - e. Since the aforesaid loans taken by the company are repayable on demand and there is no repayment schedule, the question of repayment being regular does not arise.

MAHAAN FOODS LIMITED

4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature and/or customized to the requirements of the company and as such comparative quotations are not available, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and with regard to the sale of goods and services. The system of getting independent confirmation of balance requires to be given more emphasis. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control system of the company.
5.
 - a. We were informed that the company has entered the particulars of all contracts or arrangements that need to be entered into the register maintained u/s 301 of the Companies Act, 1956.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupee five lacs in respect of each party during the year have been made at prices which appear reasonable considering the cost and benefits available, payments made/received and other factors. However, it is explained that purchase of certain goods are of special and/or customized to the requirements of the Company, suitable alternate source do not exist for obtaining comparable quotations.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
7. *The Company has no Internal Audit system in place commensurate with its size and nature of its business.*
8. The maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the company.
9.
 - a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues applicable to it barring delays in certain months.
 - b. *According to the information and explanations given to us, following undisputed amounts were in arrears, as at March 31, 2009 for a period of more than six months from the date they become payable*

Name of Statute	Nature of the Dues	Amount (Rs. In Lacs)	Period to which the amount relates
Himachal Pradesh Value Added Tax Act 2005	Value Added Tax	48.22	01.01.2007 to 30.11.2008
Income tax Act 1961	Fringe Benefit Tax	3.88	01.04.2008 to 31.03.2009
Income tax Act 1961	Fringe Benefit Tax	1.04	01.04.2006 to 31.03.2007
The Haryana Murrah Buffalo and Milch Animal Breed (Preservation and Development of Animal Husbandry and Dairy Development Sector Act 2001	Milk Cess	21.15	01.04.2008 to 31.03.2009

- c. According to the information and explanations given to us, the statutory dues that have not been deposited by the Company on account of matters pending before appropriate authorities are as under:

Name of Statute	Nature of the Dues	Amount (Rs. In Lacs)	Period to which the amount relates	Forum where dispute is pending
Delhi Sales Tax Act 1975	Sales Tax demand	40.40	2003-04	Dy. Commissioner (Appeals), New Delhi (Demand order has been stayed by Hon'ble Dy. Commissioner)
Punjab Value Added Tax Act 2005	Penalty	2.91	2005-06	Asstt. Excise & Taxation Commissioner cum Deputy Director (Inv.), Patiala
Rajasthan Value Added Tax Act 2003	Penalty	8.49	2008-09	Dy. Commissioner Appeal, Jaipur

- 10 The Company does not have accumulated losses at the end of the financial year 31 March, 2009. Further, the Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- 11 According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any Financial Institution or Bank or to debenture holders.

MAHAAN FOODS LIMITED

- 12 As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the order is not applicable.
- 13 As the Company is not a chit fund / nidhi / mutual benefit funds / society to which the provisions of special statute relating to chit fund are applicable, paragraph 4 (xiii) of the order is not applicable.
- 14 As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the order is not applicable.
- 15 As the Company has not given any guarantee for loans taken by others from banks or financial institutions, paragraph 4(xv) of the order is not applicable.
- 16 In our opinion and according to the information and explanations given to us, the term loans taken during the year have been applied for the purposes for which they were obtained.
- 17 According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no fund raised on short-term basis have been used for long-term investments.
- 18 The Company has not made any preferential allotment of shares during the year under audit.
- 19 The Company has not issued any debentures during the year under audit.
- 20 The Company has not raised any money by public Issue during the year.
- 21 According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For DAWAR MATHUR & GOEL
Chartered Accountants
Firm Registered No. 06773N

Sd/-
ARUN K.GOEL
Partner
Membership No. 81005

Place: New Delhi
Dated: 25.10.2010

**BALANCE SHEET AS AT 31ST MARCH, 2009**

PARTICULARS	SCHEDULE	AS AT 3/31/2009 RS.	AS AT 3/31/2008 RS.
SOURCES OF FUNDS			
1 SHAREHOLDERS FUNDS			
a) Share Capital	A	35007000	35007000
c) Reserves & Surplus	B	86039237	80850760
		<u>121046237</u>	<u>115857760</u>
2 LOAN FUNDS			
a) Secured Loans	C	110328504	114476734
b) Unsecured Loans	D	1706644	743409
		<u>112035148</u>	<u>115220143</u>
3 DEFERRED TAX LIABILITIES			
		<u>4493489</u>	<u>5123948</u>
TOTAL		<u>237574874</u>	<u>236201851</u>
APPLICATION OF FUNDS			
1 FIXED ASSETS			
a) Gross Block	E	111077150	105162907
b) Less : Depreciation		44709795	39980432
c) Net Block		<u>66367355</u>	<u>65182475</u>
d) Capital Work in progress		3980659	0
		<u>70348014</u>	<u>65182475</u>
2 INVESTMENTS			
	F	<u>27506560</u>	<u>27506560</u>
3 CURRENT ASSETS, LOANS & ADVANCES			
a) Inventories	G	141078273	113278822
b) Sundry Debtors		18914234	28139162
c) Cash & Bank Balances		8675606	9506564
d) Loans & advances		89421845	108650625
		<u>258089958</u>	<u>259575173</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
a) Current Liabilities	H	114943832	111621986
b) Provisions		3425826	4440371
		<u>118369658</u>	<u>116062357</u>
NET CURRENT ASSETS		<u>139720300</u>	<u>143512816</u>
TOTAL		<u>237574874</u>	<u>236201851</u>

Notes on Accounts

Schedule A to H & O form an integral parts of this Balance Sheet.

Auditors' Report

As per our Report of even date attached.

For DAWAR MATHUR & GOEL

Chartered Accountants

Suresh Garg
Director**Sanjeev Goyal**
Director**ARUN K.GOEL**

Partner

Place : New Delhi

Dated : 25.10.2010



MAHAAN FOODS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	SCHEDULE	For the year ended 31.03.2009 RS.	For the year ended 31.03.2008 RS.
INCOME			
a) Sales		858059266	888643060
b) Job Charges Received (Tax Deducted at source Rs.5,66,579/-, previous year Rs.5,68,404/-)		24465159	25454887
c) Other Income	I	6856612	12310854
		<u>889381037</u>	<u>926408801</u>
EXPENDITURE			
a) Material cost	J	680064681	746322197
b) Employee's cost	K	35741469	28705014
c) Manufacturing expenses	L	82762908	66307827
d) Other expenses	M	62282690	49981130
e) Interest	N	18220796	16626080
f) Depreciation	E	5041699	5279163
		<u>884114243</u>	<u>913221411</u>
Profit for the year before tax		5266794	13187390
Less : Income tax for earlier years		-14703	0
Less : Provision for taxation		-550000	-1500000
Add: provision written back on Income Tax		26189	0
Add: provision written back on FBT		254738	0
Less /Add : Deferred tax Liabilities (Assets) for the year		630459	170643
Less : Provision for Fringe Benefit Tax		-425000	-530000
Profit after tax		<u>5188477</u>	<u>11328033</u>
Add: provision written back on employee benefits upto 31.03.07 in terms of transitional provisions of AS 15 (Revised)		0	683416
		<u>5188477</u>	<u>12011449</u>
APPROPRIATIONS			
General Reserve		5188477	12011449
Balance		<u>0</u>	<u>0</u>
Basic & diluted earning per share of Rs.10 each		1.48	3.24

Auditors' Report

As per our Report of even date attached.

For DAWAR MATHUR & GOEL

Chartered Accountants

Suresh Garg
Director

Sanjeev Goyal
Director

ARUN K.GOEL

Partner

Place : New Delhi

Dated : 25.10.2010



MAHAAN FOODS LIMITED

PARTICULARS	AS AT 31.03.2009 RS.	AS AT 31.03.2008 RS.
SCHEDULE "A"		
SHARE CAPITAL		
AUTHORISED		
40,00,000 (Previous year:40,00,000) Equity shares of Rs.10/- each	<u>40000000</u>	<u>40000000</u>
ISSUED, SUBSCRIBED & PAID UP		
35,00,700 (Previous year:35,00,700) Equity shares of Rs.10/- each fully paid up (includes 8,40,000 equity shares issued as bonus shares on 01.08.94 by capitalization of General Reserve)	35007000	35007000
	<u>35007000</u>	<u>35007000</u>
SCHEDULE "B"		
RESERVE AND SURPLUS		
CAPITAL RESERVE		
Capital Investment Subsidy	5500000	5500000
SHARE PREMIUM RESERVE	12253500	12253500
GENERAL RESERVE		
Opening balance :	63097260	51085811
Add : Transfer from Profit & Loss Account	5188477	12011449
	<u>68285737</u>	<u>63097260</u>
	<u>86039237</u>	<u>80850760</u>
SCHEDULE "C"		
SECURED LOANS		
Term Loan from :		
Himachal Pradesh Financial Corporation	30175000	34471689
Vehicle loan from		
Bank	-	1235916
Others	1793810	-
Cash Credit loan from Bank	78359694	78769129
	<u>110328504</u>	<u>114476734</u>
SCHEDULE "D"		
UNSECURED LOANS		
Short term loans & advances:		
From other than bank	1706644	743409
	<u>1706644</u>	<u>743409</u>

MAHAAN FOODS LIMITED

SCHEDULE - E FIXED ASSETS

S.NO	PARTICULARS	GROSS BLOCK		DEDUCTION		AS AT 31/3/2009		DEPRECIATION FOR THE YEAR		ADJUSTMENT		AS AT 31/3/2009		AS AT 31/3/2008	
		AS AT 1/4/2008	ADDITION	AS AT 1/4/2008	DEDUCTION	AS AT 1/4/2008	AS AT 31/3/2009	AS AT 1/4/2008	FOR THE YEAR	ADJUSTMENT	AS AT 31/3/2009	AS AT 31/3/2009	AS AT 31/3/2008		
1	LAND	452296	0	0	0	452296	0	0	0	0	0	452296	452296		
2	BUILDINGS	12614879	0	0	0	12614879	4184564	421337	0	0	4605901	8008978	8430315		
3	PLANT & MACHINERY	81102199	4846048	0	0	85948247	29403607	3923957	0	0	33327564	52620683	51698592		
4	TUBEWELL	260226	0	0	0	260226	127241	12361	0	0	139602	120624	132985		
5	OFFICE EQUIPMENTS	1736399	51490	0	0	1789889	690472	75756	0	0	766228	1023661	1047927		
6	FURNITURE & FIXTURE	1515781	29738	0	0	1545519	1039234	78155	0	0	1117389	428130	476547		
7	VEHICLES	3988400	1164734	434191	0	4718943	2019339	337141	312336	0	2044144	2674799	1969061		
8	COMPUTER EQUIPMENTS	2675658	131175	0	0	2806833	2176440	150543	0	0	2326983	479850	499218		
9	A.C.EQUIPMENTS	815069	125249	0	0	940318	339535	42449	0	0	381984	558334	475534		
Current year		105162907	6348434	434191	0	111077150	39980432	5041699	312336	0	44709795	66367355	65182475		
Previous year		97304152	7881955	23200	0	105162907	34721269	5279163	-20000	0	39980432	65182475	62582883		



PARTICULARS	AS AT 31.03.2009 RS.	AS AT 31.03.2008 RS.
SCHEDULE "F"		
INVESTMENTS - NON TRADE		
LONG TERM INVESTMENTS		
QUOTED		
Industrial Development Bank of India 320 (Previous year:320) Equity shares of Rs.10/- each	6560	6560
Others:		
Mahaan Proteins Limited 2150000 (Previous year:2150000) equity shares of Rs.10/- each	21500000	21500000
Zeon Lifesciences Limited (formerly known Mahaan Dairies Limited) 400000 (Previous year 400000) equity shares of Rs. 10/- each	6000000	6000000
	27506560	27506560
NOTE:		
Quoted Investments:		
Book value	6560	6560
Market value	14528	28509
Unquoted investments:		
Book value	27500000	27500000
SCHEDULE "G"		
CURRENT ASSETS, LOANS & ADVANCES		
1 INVENTORIES		
(As certified by the management)		
a) Raw material	7951788	8064961
b) Finished goods including goods lying with consignees & in transit	56725288	43421350
e) Semi finished goods	57595975	35835704
f) Stock in process	4352705	15787487
g) Stores, packing materials & spares	14452517	10169320
	141078273	113278822
2 SUNDRY DEBTORS		
(Unsecured and considered good, unless otherwise stated)		
a) Debts outstanding for a period exceeding six months		
Considered good	302700	5202192
Considered Doubtful	0	50000
Less: Provision for Doubtful Debts	0	50000
	302700	5202192
b) Other Debts (considered good)	18611534	22936970
	18914234	28139162
3 CASH & BANK BALANCES		
a) Cash in hand (As certified by the management)	440588	1849416
b) Balances with scheduled banks:		
- In current account	7837817	6592160
- In fixed deposit account	324090	324090
(Pledged with Sales Tax Authorities & Bank against Bank Guarantee)		
c) Cheque/demand draft in hand	-	688259
d) Interest accrued on fixed deposits	73111	52639
	8675606	9506564

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PARTICULARS	AS AT 31.03.2009 RS.	AS AT 31.03.2008 RS.
4 LOANS & ADVANCES (Unsecured and considered good, unless otherwise stated)		
a) Share Application Money	30100000	30100000
b) Advances recoverable in cash or in kind or for value to be received	55758174	74163034
c) Deposit with Government Departments	1739267	2770769
d) Security Deposits	1824404	1616822
	89421845	108650625

SCHEDULE "H"

CURRENT LIABILITIES & PROVISIONS		
1 CURRENT LIABILITIES		
a) Sundry creditors	81069236	88053026
b) Advance received from customers	23696403	14421023
c) Other liabilities	9327871	7928061
d) Interest accrued but not due	849432	1008851
e) Bank overdraft (Credit balance)	890	211025
	114943832	111621986
2 PROVISIONS		
a) For Taxation	137395	1637395
b) For FBT	425000	530000
b) For Leave Encashment	1096987	779810
c) For Gratuity	1766444	1493166
	3425826	4440371

For the year ended 31.03.2009 RS.	For the year ended 31.03.2008 RS.
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SCHEDULE "I"

OTHER INCOME		
a) Interest from bank (Tax deducted at source Rs.Nil, previous year Rs.122/-)	23517	34144
b) Interest from others	0	38993
c) Insurance claim received	0	185123
d) Dividend from long term investments	80640	80480
e) Commission received (Tax deduct at source Rs.nil, previous year 504/-)	549	4889
g) Miscellaneous	5440518	58051
h) Profit on sale of Shares	0	6204930
i) Royalty Received (Tax deducted at source Rs. 664515/- Prev. Year Rs. 727205/-)	1311388	5704244
	6856612	12310854



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PARTICULARS	For the year ended 31.03.2009 RS.	For the year ended 31.03.2008 RS.
SCHEDULE "J"		
MATERIAL COST		
Opening stock:		
Raw material	8064961	7615923
Finished goods	43421350	70389195
Semi finished goods	35835704	27030023
Stock in process	15787487	8354831
	<u>103109502</u>	<u>113389972</u>
Add : Raw material purchase	656260501	682309860
Add : Purchase for resale	-	9886685
	<u>759370003</u>	<u>805586517</u>
Less : Closing Stock		
Raw material	7951788	8064961
Finished goods	56725288	43421350
Semi finished goods	57595975	35835704
Stock in process	4352705	15787487
	<u>126625756</u>	<u>103109502</u>
	<u>632744247</u>	<u>702477015</u>
Packing material consumed	47320434	43845182
	<u>680064681</u>	<u>746322197</u>
SCHEDULE "K"		
EMPLOYEE'S COST		
Salary,wages & bonus	34246085	27235339
Employers contribution to provident fund	1136623	858390
Staff welfare	358761	611285
	<u>35741469</u>	<u>28705014</u>
SCHEDULE "L"		
MANUFACTURING EXPENSES		
Stores & spares consumed	5303187	4319736
Packing Expenses	3142068	1740950
Power & fuel consumed	69681435	55726156
Repairs : Buildings	207686	311180
Machinery	4428532	4209805
	<u>82762908</u>	<u>66307827</u>
SCHEDULE "M"		
OTHER EXPENSES		
Rent	14098414	11241129
Insurance	761590	749993
Rates & taxes	507431	875440
Sales/turnover/entry tax/Service tax	583637	375055
Commission to selling agents	4104775	3696430
Freight & octroi	12544554	12783206
Rebate & discount	3334578	2385943
Vehicle maintenance	866564	2111486
Traveling expenses	5034843	3619520
Telephone expenses	1171956	1024277
Loss on Sale of Assets	857	0
Bad Debts	10171677	0
Sitting fees	76000	51000
Miscellaneous expenses	9025814	11067651
	<u>62282690</u>	<u>49981130</u>



MAHAAN FOODS LIMITED

PARTICULARS	For the	For the
	year ended	year ended
	31.03.2009	31.03.2008
	RS.	RS.
SCHEDULE "N"		
INTEREST		
On term loan from :		
Himachal Pradesh Financial Corporation	3965247	4615096
On Vehicle Loan	347087	120966
On Cash Credit from Bank	13125285	11570610
Others	783177	319408
	18220796	16626080

MAHAAN FOODS LTD.**SCHEDULE "O"****NOTES ON ACCOUNTS FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2009****1. Significant Accounting Policies:**

- a) The financial statements are prepared under the historical cost convention and have been prepared in accordance with applicable mandatory Accounting Standards and relevant presentational requirements of the Companies Act, 1956.
- b) Fixed Assets are stated at cost less depreciation. The cost of fixed assets includes interest on specific borrowings obtained for the purpose or acquiring fixed assets up to the date of commissioning of the assets and other incidental expenses incurred up to that date.
- c) Plant and machinery includes expenses incurred on erection and commissioning, foundation, laboratory equipment, air and water pollution devices, electric installations, technical know-how fees, tools, and miscellaneous fixed assets other than land, building, furniture & fixture, vehicles, office equipments, computer equipments and air conditioning equipments. Technical know-how fee is inseparable and hence treated as part of plant & machinery. No adjustment is required to be made as per accounting standard 26 on intangible assets, issued by the Institute of Chartered Accountant of India.
- d) Long term investments are valued at cost. Where investments are reclassified from current to long term, transfers are made at the lower of cost and fair value at the date of transfer.
- e) Inventories of raw materials, stock-in-process, semi finished products, stores, packing materials, spares and loose tools, finished products are valued at lower of cost or net realizable value. In determining the cost, first in first out cost method is used.
- f) Prior year expenses / income, if any are adjusted in the respective head of expenses/ income. This has no effect on the working result of the Company.
- g) Depreciation has been provided on the straight-line method at rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- h) Provision for employee benefits charged on accrual basis is determined based on Accounting standard (AS) 15 (Revised) "Employees Benefits" issued by the Institute of Chartered Accountants of India as under:
 - I) Contribution to provident fund scheme is charged to revenue.
 - II) Liability for gratuity and privilege leave is determined on actuarial basis..
- i) The Government grants are recognized only on the assurance that the same will be received. The Government grants in respect of capital investment have been shown as capital reserve.

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- j) Contingent liabilities are not provided for and are disclosed by way of notes. This has no effect on the working result of the Company.
- k) Current Income tax liability is provided for in accordance with the provisions of the Income tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

- l) Foreign currency transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- m) Borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets is capitalized till the month in which the assets is ready to use as part of the cost of that asset. Other interest and borrowing costs are charged to revenue.
- n) In case of the new industrial unit, all the operating expenditure (including borrowing costs) specifically for the project, incurred upto the date of installation, is capitalized and added pro-rata to the cost of fixed assets.
- o) Consignment sale is shown at net of expenses and are recognized when goods are sold to a third party. This has no effect on the working result of the Company.

2. Secured Loans

Secured loans from Financial Institutions and Banks are secured by a mortgage of all the Company's immovable properties both present and future ranking pari-passu inter-se and a charge by way of hypothecation of all the Company's movable properties including stocks of raw materials, semi-finished, finished goods, consumable stores and book debts and other specified movable and also guaranteed by some of the directors of the company. Vehicle finance loans are secured by hypothecation of vehicles amounting to Rs. 21,68,207 (Previous year Rs. 16,59,853) shown under fixed assets.

3. Contingent Liabilities:

Sales Tax	51,80,203	43,30,759
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The Company has filed appeal against these liabilities and has been advised that there will not be any liabilities on this account and consequently no provision has been made in the books of accounts.

- 4. The Company has not received any confirmation from the suppliers regarding their status of registration under Micro, Small and Medium Enterprises Development Act, 2006, which came into effect from October 2, 2006 and hence disclosure required under the said Act has not been given.

Based upon the information available with the Company, the balance due to the Micro and Small Enterprises as defined under the Micro, Small and Medium Enterprises

Development Act, 2006 is Rs. Nil (Previous year Rs. Nil). Further, no interest during the year has been paid or payable under the terms of the said Act.

5. Unsecured Loans includes Rs. Nil (P.Y. RS. 6,83,409) due to a Director. Sundry Creditors includes Rs. 1,50,000 (P.Y. Rs. 2,83,790) due to a Director.
6. Advances recoverable in cash or in kind or for value to be received includes Rs. 49,44,381 (P.Y. 9,72,536) due from Directors. Maximum amount due during the year Rs. 50,22,142 (P.Y. 10,36,312).
7. Some of balance of debtors, creditors and loans and advances are subject to reconciliation / confirmation from respective parties. No significant impact in expected on the Profit and loss account on this account.

8. Operating Lease

- i) The company generally entered into cancelable operating leases for machinery, office and godown premises and residence to its employees, normally renewable on expiry and cancelable at its option.
- ii) Lease rent charged to the profit and loss account relating to operating leases are Rs. 1,52,38,414 (FY 2007-08 – Rs. 1,12,41,129)

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9 The deferred tax as on 31.03.2009 comprise of the following:

	Current year	Previous year
	(Rupees)	(Rupees)
a) Deferred Tax Liability		
Difference between book depreciation and depreciation under the Income Tax Act, 1961	6297243	6185096
b) Deferred Tax assets		
Disallowances of expenses under Income Tax Act	1803754	1061148
Net Deferred Tax Liabilities	4493489	5123948
Debited / (credited) to Profit & Loss Account	(630,459)	(170,643)

10 Miscellaneous expenses include amount paid or payable to Auditors:

	Current year	Previous year
	(Rupees)	(Rupees)
- As Auditors	65,000	65,000
- As Tax Auditors	35,000	35,000
- For Income Tax matters	10,000	12,360
	110,000	112,360

11 Managerial Remuneration:

	Current year	Previous year
	(Rupees)	(Rupees)
- Salaries	2400000	1330000
- Contribution to P.F.	288000	159960
- Other perquisites & benefits	17639	1238927
	2705639	2728887
- Director's sitting fees	76000	51000

Note: Computation of net profit under section 198 of the Companies Act, 1956 for the purpose of the payment of managerial remuneration has not been enumerated as no commission is payable.

12 Employee Benefits :

a) Defined Contribution Plans :

The Company charged Rs.11,36,623 (Previous year Rs. 858390) for provident fund contribution to the profit and loss account. The contributions towards these schemes by the Company are at rates specified in the rules of the schemes.

b) Defined Benefit Plans :

- i Liability for Gratuity and Privilege leaves is determined on actuarial basis.
- ii Gratuity Scheme provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service, except death while in employment.

iii The basis for determination of liability is as under :

	Gratuity Scheme	
	As at 31 March 2009 (Rs)	As at 31 March 2008 (Rs)
Change In present value of obligation		
1. Present value of obligation as at the beginning of the year	1493166	1072290
2. Current service cost	184488	193147
3. Interest cost	111987	88464
4. Actuarial (gain)/loss	167634	182396
5. Benefits paid	-326895	-43131
6. Present value of obligation as at the end of the year	1630380	1493166
Cost for the year		
1. Current service cost	184488	193147
2. Interest cost	111987	88464
3. Actuarial (gain) / loss	167634	182396
4. Net cost	464109	464007
Main actuarial assumptions		
Discount rate (per annum)	7.50%	8.25%
Rate of increase in compensation levels (per annum)	6.00%	6.25%

	Privilege Leaves	
	As at 31 March 2009 (Rs)	As at 31 March 2008 (Rs)
Change In present value of obligation		
1. Present value of obligation as at the beginning of the year	779810	388364
2. Current service cost	192202	320103
3. Interest cost	58486	32043
4. Actuarial (gain)/loss	419278	177227
5. Benefits paid	-354181	-137924
6. Present value of obligation as at the end of the year	1095595	779810
Cost for the year		
1. Current service cost	192202	320103
2. Interest cost	58486	32040
3. Actuarial (gain) / loss	419278	177227
4. Net cost	669966	529370
Main actuarial assumptions		
Discount rate (per annum)	7.50%	8.25%
Rate of increase in compensation levels (per annum)	6%	6.25%

The estimate of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as demand and supply in the employment market.

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13 Related Party Disclosures as per Accounting Standard 18.

Names of related party and nature of related party relationship:

Associates:

Zeon Lifesciences Ltd (Previously known as Mahaan Dairies Ltd), Mahaan Proteins Ltd., Lactomalt Foods Pvt. Ltd., Ace International, Best Milk Foods Pvt. Ltd.

Key Management Personnel:

Mr. Rajiv Goyal, Managing Director and Mr. Suresh Garg, Director

Key Management Personnel's relatives:

M/s Rajiv Goyal HUF (HUF of Mr. Rajiv Goyal), Mr. Amar Nath Goyal (Father of Mr. Rajiv Goyal), M/s A N Goyal HUF(HUF of father of Mr. Rajiv Goyal), Mr. Sanjeev Goyal (Brother of Mr. Rajiv Goyal), Mrs. Shashi Goyal (Mother of Mr. Rajiv Goyal), Mr. Dalip Chand Garg (father of Suresh garg), Mr. Dalip chand garg HUF (HUF of Mr. Suresh Garg's father), Rani Garg (wife of Mr. Suresh Garg)

The following transactions were carried out with the related parties in the ordinary course of business :

Nature of transaction	2008-09	2007-08
	Rs.	Rs.
Sales of Goods		
Zeon Lifesciences Limited	35,584,640	29,226,139
Ace International	19,887,500	72,678,969
Mahaan Proteins Limited	252,500	-
Purchase of Goods		
Mahaan Proteins Limited	13,490,516	50,506,969
Ace International	-	41,031
Dividend Received		
Zeon Lifesciences Limited	80,000	80,000
Job Work Received		
Mahaan Proteins Limited	892,600	2,239,155
Zeon Lifesciences Limited	-	1,575,000
Rent Paid		
Mr Rajiv Goyal HUF	-	1,140,000
Mr. Amar Nath Goyal	150,000	150,000
Amar Nath Goyal HUF	75,000	75,000
Mr. Sanjeev Goyal	75,000	75,000
Mrs. Shashi Rani Goyal	30,000	-
Professional fees paid		
Mr. Dalip Chand Garg	600,000	600,000
Commission Paid		
Mahaan Proteins Limited	-	41,389
Interest Paid		
Dalip Chand Garg HUF	108,390	115,104

Mr. Dalip Chand Garg	244,582	-
Royalty Received		
Mahaan Proteins Ltd.	1,311,388	5,704,244
Salary / Remuneration Paid to Rajiv Goyal		
- Salaries	2400000	1330000
- Contribution to P.F.	288000	159960
- Other perquisites & benefits	17639	1238927
Unsecured Loan		
Mr. Rajiv Goyal	-	683,409
Lactomalt Foods Pvt. Ltd.	60,000	60,000
Creditors		
Mahaan Proteins Limited	6,607,231	6,158,646
Mr. Dalip Chand Garg	44,850	-
Mr. A.N. Goyal	126,824	-
Mrs. Shashi Rani Goel	30,000	-
Mrs. Rani Garg	1,630	1,630
Mr. A. N. Goyal (HUF)	95,318	20,318
Mr. Sanjeev Goyal	150,000	75,000
Mr. Rajiv Goyal	-	283,790
Mr. Rajiv Goyal (HUF)	512,334	425,929
Advance received		
Mr. Dalip Chand Garg	994,390	819,850
Dalip Chand Garg (HUF)	1,000,468	903,242
Ace International	10,149,491	4,792,236
Advance Recoverable		
Mr. Suresh Garg	1,640,778	972,356
Zeon Lifesciences Limited	50,168,089	66,803,202
Mr. Rajiv Goyal	3,303,603	-
Best Milk Foods Pvt. Ltd.	85,181	-
Sundry Debtors		
Ace International	-	34,979.00
Share Application money paid		
Zeon Lifesciences Limited	30,100,000	30,100,000
Investment made in shares		
Mahaan Proteins Limited	21,500,000	21,500,000
Zeon Lifesciences Limited	6,000,000	6,000,000

14 Earning per Share:

Particulars	Current year	Previous year
Number of equity Shares of Rs. 10/- each	3,500,700	3,500,700
Net profit after tax available for equity shareholders (Rs.)	5,188,477	12,011,449
Basic and diluted Earning per share (Rs)	1.48	3.43

15 Segment reporting
Business Segments

Based on the guiding principles given in Accounting Standard (AS 17) "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company's business segments are Dairy (comprising milk powders and Ghee), Non-dairy (comprising maltridexin and base protein) and Energy Drinks. The accounting policies for segment reporting are in line with the accounting policies followed by the company.

Information about Business segments

Particulars	Dairy		Non-dairy		Energy Drinks		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
	Rs.		Rs.		Rs.		Rs.	
Segment revenue								
External sales	771,156,711	739,579,918	86,285,462	149,063,142	617,093	-	858,059,266	888,643,060
Job charges	-	-	892,600	3,814,155	23,572,559	21,640,732	24,465,159	25,454,887
other income	559,550	25,661	4,881,517	183,173	-	39,229	5,441,067	248,063
Unallocated Income							1,311,388	5,704,244
Dividend							80,480	80,480
Interest							23,517	73,137
Profit on sale of shares							-	6,204,930
Total revenue	771,716,261	739,605,579	92,059,579	153,060,470	24,189,652	21,679,961	889,381,037	926,408,801
Segment results	15,131,294	1,321,688	1,390,914	12,898,822	9,514,464	5,861,354	26,036,672	20,081,864
Unallocated Income							1,311,388	5,704,244
Unallocated expenses							3,964,627	2,331,185
Operating profit							23,383,433	23,454,923
- Dividend							80,480	80,480
- Interest							23,517	73,137
- Profit on sale of shares							-	6,204,930
Interest paid							23,487,590	29,813,470
Provision for tax							18,220,796	16,626,080
Add: Income tax for earlier years written back							266,224	-
Less: Provision for tax							(550,000)	(1,500,000)
Add: Deferred tax written back							630,459	170,643
Less: Provision for Fringe benefit tax							(425,000)	(530,000)
Add: Provision written back as per AS 15							5,188,477	683,416
Profit after tax							5,188,477	12,011,449

Other information

MAHAAN FOODS LIMITED

Segment assets	210,184,828	195,400,565	65,156,987	78,732,502	15,915,309	16,513,726	291,257,124	290,646,793
Unallocated assets							64,687,408	61,617,412
Total assets							355,944,532	352,264,205
Segment liabilities	103,579,987	93,344,446	11,506,184	16,353,670	2,721,093	2,745,796	117,807,263	112,443,912
Unallocated liabilities							117,091,032	123,962,533
Total liabilities							234,898,295	236,406,445
Capital expenditure	5,057,831	2,791,791	1,037,554	2,775,809	253,049	2,314,356	6,348,434	7,881,956
Depreciation	326,753	183,615	3,669,721	4,035,535	1,045,225	1,060,013	5,041,699	5,279,163

16 Additional information pursuant to the provision of part-II of Schedule VI to the Companies Act, 1956 (Figures in brackets are in respect of previous year.)

A. Capacities, Production, Stocks and Sales:

Class of goods	Opening stock As on 01.04.08		Production		Sales		Closing stock As on 31.03.09		Shortage
	Qty. Kgs.	Amount Rs.	Qty. Kgs.	Amount Rs.	Qty. Kgs.	Amount Rs.	Qty. Kgs.	Amount Rs.	
1. Dairy Creamer	286867 (342880)	27084128 (28061995)	5164425 (4653952)	4959244 (4708947)	484581407 (472174135)	488303 (286867)	42784802 (27084128)	3,745.00 (1,018.00)	
2. Pure Ghee	92434 (235533)	14204272 (36507569)	1603750 (1522434)	1626542 (1665482)	286157791 (249500479)	69069 (92434)	12586436 (14204272)	573.00 (51.00)	
4. Base Proteins	- (-)	- (-)	135660 (127,459)	135660 (127,459)	28702227 (24,225,248)	- (-)	- (-)	- (-)	
5. Maltodextrine	73550 (111075)	2132950 (3609938)	2006350 (4101875)	2029750 (4139400)	57475835 (124574919)	50150 (73550)	1354050 (2132950)	- -	
6. Others	- (-)	- (-)	- (-)	- (-)	1142005 (5772557)	- (-)	- (-)	- (-)	
Total	452851 (689488)	43421350 (68179502)	8910185 (10405720)	8751196 (10641288)	858059265 (876247338)	607522 (452851)	56725288 (43421350)	4,318.00 (1,069.00)	

Note: Goods manufactured for others:

Glucon - D: The production during the year was 4607 MT (Previous year 5006 MT).

B. Licensed Capacity:

Not applicable, as per notification No. 477(E) dated 25.7.91 issued under the Industries (Development & Regulation) Act, 1956.

C. Installed Capacity:

The products are manufactured in integrated plant, hence product wise installed capacity cannot be given. However, as certified by the Management, the installed capacity is 3,900 MT (Previous year 3,900 MT) for Base Proteins/ Maltodextrine and 6600 MT (Previous year 6,600 MT) for Energy Drinks.

The products viz. Dairy Creamer and Pure Ghee are manufactured in an integrated plant taken on lease, hence product wise installed capacity cannot be given. However, as certified by the Management, the installed capacity is 5000 MT (Previous year 5000 MT) per annum for various types of Milk powders, 2000 MT (Previous year 2000) per annum for Ghee.

D. Goods Purchased For Resale:

Class of goods	Opening stock As on 01.04.08		Purchase		Sales		Closing stock As on 31.03.09	
	Qty. Kgs.	Amount Rs.	Qty. Kgs.	Amount Rs.	Qty. Kgs.	Amount Rs.	Qty. Kgs.	Amount Rs.
Pure Ghee	- (15,406)	- (2,209,692)	- (64,719)	- (9,886,685)	- (80,125)	- (12,395,722)	- (-)	- (-)
	- (15,406)	- (2,209,692)	- (64,719)	- (9,886,685)	- (80,125)	- (12,395,722)	- (-)	- (-)

E. Raw Material Consumed:

Name of items	Current year		Previous year	
	Qty. Kgs.	Value (Rs.)	Qty. Kgs.	Value (Rs.)
1. Skimmed/Partly skimmed/Concentrate milk	36190342	556048335	36480413	526,581,400
2. Milk powder	43540	1487448	155000	18,209,002
3. Sugar	926958	17387777	885725	13,153,843
4. Maize Starch	2119200	32910308	4796400	73,192,188
5. Others	1045252	48539806	1153956	50,724,389
	40325292	656373674	43471494	681,860,822

F. Value of Imported and Indigenous Raw Materials and Stores & spares consumed and percentage of each to the total consumption.

Particulars	Current year		Previous year	
	Value (Rs.)	% age	Value (Rs.)	% age
1. Raw materials				
- Imported	Nil	Nil	Nil	Nil
- Indigenous	656373674	100	681860822	100
Total	656393674	100	681860822	100
2. Spare parts & components				
- Imported	Nil	Nil	Nil	Nil
- Indigenous	5303187	100	4319736	100
Total	5303187	100	4319736	100

Current year	Previous year
Rs.	Rs.

G. CIF VALUE OF IMPORTS:

- Spare parts & components	Nil	Nil
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H. EXPENDITURE IN FOREIGN CURRENCY

- Travelling	Nil	192580
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17 General

- a. Figures have been rounded off to nearest rupee.
- b. Previous year's figures have been regrouped and/or rearranged wherever considered necessary.
- c. Schedules A to O form an integral parts of the Accounts and have been duly authenticated.

AUDITORS' REPORT

As per our report of even date attached.
for **DAWAR MATHUR & GOEL**
Chartered Accountants

sd/-
ARUN K. GOEL
Partner
Place: New Delhi
Dated: 25.10.2010

sd/-
Sanjeev Goyal
Director

sd/-
Suresh Garg
Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2009**

PARTICULARS	2008-09 Rs	2007-08 Rs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax & Extraordinary Items :	5266794	13,187,390
Add: provision written back on employee benefits upto 31.03.07 in terms of transitional provisions of AS 15 (Revised)	0	683,416
Net Profit Before Tax	5266794	13,870,806
ADJUSTMENTS FOR:-		
Depreciation	5041699	5,279,163
Interest Income	-23517	(73,137)
Dividend Income	-80640	(80,480)
Profit on sale of investments	0	(6,204,930)
Loss on sale of fixed assets	857	-
Interest Charges	18220796	16,626,080
Operating profits before working capital changes :	28425989	29,417,502
ADJUSTMENTS FOR:-		
Inventories	-27799451	9,464,718
Sundry debtors	9224927	(17,225,891)
Trade & other receivables	18197279	(13,115,160)
Trade payables & other liabilities	3541720	13,291,667
Cash generated from (used) in operation	31590465	21,832,835
Direct taxes paid	-752274	(2,618,371)
Net Cash flow from operating activities	30838191	19,214,465
B. CASH FLOW FROM INVESTMENT ACTIVITIES :		
Purchase of fixed assets	-10329093	(7,881,957)
Sales of fixed assets	120998	3,200
Capital Investment Subsidy	0	3,000,000
Sale of Investments	0	8,524,910
Interest received	3045	36,070
Dividend from non trade long term investments	80640	80,480
Net Cash flow used in investment activities	-10124410	3,762,703
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Loan taken/repaid	963235	490,000
Interest paid	-18380215	(16,602,654)
Increase / decrease in term loans (net)	-3738795	(4,620,395)
Increase / decrease in cash credits from banks	-409435	(1,926,332)
Net Cash flow from / used in financing activities	-21565210	(22,659,381)
Net increase /(decrease) in cash and cash equivalents :	-851429	317,786
Cash & cash equivalents at opening	9453924	9,136,138
Cash & cash equivalents at closing	8602495	9,453,925
	-851429	317,787

Auditors' Report

As per our Report of even date attached.

For DAWAR MATHUR & GOEL

Chartered Accountants

sd/-

ARUN K.GOEL

Partner

Place : New Delhi

Dated :25.10.2010

sd/-

Sanjeev Goyal

Director

sd/-

Suresh Garg

Director

MAHAAN FOODS LIMITED

BALANCE-SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

I. Registration details

Registration No.	0	0	7	3	5	6	State code	0	6	
Balance Sheet Date							31 - 03 - 2009			

II. Capital raised during the year (Amount in Rs. thousands)

Public issue	Right Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

III. Position of mobilisation and deployment of funds (Amount in Rs. thousands)

Total Liabilities	Total Assets
237575	237575

Source of funds

Paid up capital	Reserves and surplus
35007	86039
Secured loans	Unsecured loans
110328	1707

Application of funds

Net fixed assets	Investments
66367	27506
Net current assets	Miscellaneous Expenditure
139720	NIL

Accumulated losses	NIL
Deferred tax liabilities	4493

IV. Performance of Company (Amount in Rs. thousands)

Turnover	Total expenditure
889381	884114
Profit before tax	Profit after tax
5267	5188
Earning per share in Rs.	Dividend rate %
1.48	NIL

V. Generic names of three principal products of the Company (as per monetary terms)

Item Code No. (ITC Code) :	0 4 0 2 9 9 0 9
Product Description	MILK POW DERS
Item Code No. (ITC Code) :	0 4 0 5 0 0 0 3
Product Description	MELTED BUTTER (G H E E)
Item Code No. (ITC Code) :	1 7 0 2 3 0 2 0
Product Description	G L U C O N - D
Item Code No. (ITC Code) :	11081200
Product Description	MALTODEXTRIN



MAHAAN FOODS LIMITED

Regd. Office: Villlage Kunja, Rampur Road, Paonta Sahib, Solan, Distt. Sirmour, Himachal Pradesh-173025

Attendance Slip

Regd. Folio No./Client ID :
Name & Address :
of First/Sole Shareholder
No. of Shares held :

I hereby record my presence at the 22nd Annual General Meeting of the Company on Friday, 24th December, 2010 at 09.00 AM at Hotel Grand, Riviera, Paonta Sahib, Himachal Pradesh-173025.

Signature of Member/Proxy

Note : Member/Proxy wish to attend the meeting must bring this Attendance Slip to the meeting and handover at the entrance duly signed.

MAHAAN FOODS LIMITED

Regd. Office: Villlage Kunja, Rampur Road, Paonta Sahib, Solan, Distt. Sirmour, Himachal Pradesh-173025

PROXY FORM

Regd. Folio No./Client ID :
No. of Shares held :

I/We
ofbeing a Member/Members of the above named Company, hereby
appoint..... of or ailing him/her
..... as may/our proxy to attend and vote for me/us on my/our behalf at
the 22nd Annual General Meeting of the Company on Friday, 24th December, 2010 at 09.00 AM at Hotel Grand, Riviera,
Paonta Sahib, Himachal Pradesh-173025..

Revenue stamp

Signed this.....day of.....2010.

Note : a) **PROXY NEED NOT BE A MEMBER.**
b) **THE PROXY FORM DULY SIGNED BY THE MEMBER(S) ACROSS A REVENUE STAMP SHOULD REACH THE COMPANY'S CORPORATE OFFICE - MAHAAN FOODS LIMITED, M-19, 1st FLOOR, M- BLOCK MARKET, GREATER KAILASH, PART II, NEW DELHI-110048 AT LEAST 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**

NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the shareholders of Mahaan Foods Limited will be held at the registered office of the company at Hotel Grand Riviera,, Paonta Sahib -173025, Himachal Pradesh on Friday, 24th December, 2010 at 9.30 A.M. to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date and the Directors' and Auditors' Report thereon.
2. To appoint M/s D.D.Nagpal & Co as Auditors of the company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

3. **To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:**

'RESOLVED THAT Shri Aseem Chawla who was appointed by the Board as an additional director with effect from 25th October, 2010 and who holds office upto the date of this Annual General Meeting and is eligible for appointment as Director and in respect of whom the company has received a notice in writing from a member pursuant to section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director be and is hereby appointed as a Director of the company, liable to retire by rotation.

4. **To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:**

'RESOLVED THAT Shri Rajendra Kumar Dhall who was appointed by the Board as an additional director with effect from 25th October, 2010 and who holds office upto the date of this Annual General Meeting and is eligible for appointment as Director and in respect of whom the company has received a notice in writing from a member pursuant to section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director be and is hereby appointed as a Director of the company, liable to retire by rotation.

5. **To consider and if thought fit, to pass with or without modification(s) the following resolution as a special resolution:**

“RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 310, 311, 316 and 317 read with schedule XIII and all other applicable provisions of Companies Act, 1956, if any, (including any statutory modification or re – enactment thereof) and such other approvals/sanctions as may be necessary, the company hereby approves the appointment of Shri Sanjeev Goyal as Managing Director of the company for a period of three years with effect from 1st September, 2010 on the terms and conditions including as to remuneration, as approved by the Remuneration Committee of the Board of Directors of the company and as set out in the explanatory statement which shall deemed to form part thereof.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter, vary and/or revise the terms and conditions of the said appointment and/ or remuneration of Shri Sanjeev Goyal, Managing Director so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any statutory modification thereof, from time to time and to settle any question or difficulty in connection therewith or incidental thereto.

RESOLVED FURTHER THAT in the event of any re-enactment or recodification of the Companies Act, 1956 or the Income Tax Act, 1961 or the Amendment thereto, this Resolution shall continue to remain in force and the reference to various provisions of the Companies Act, 1956, or the Income Tax Act, 1961 shall be deemed to be substituted by the corresponding provisions of the new Act or the amendments thereto or the Rules and notifications issued there under.”

6. **To consider and if thought fit, to pass with or without modification(s) the following resolution as a special resolution:**

“RESOLVED THAT pursuant to provisions of Sec 17 and other applicable provisions of Companies Act and subject to confirmation from Company Law Board, the registered office of the Company be shifted from “State of Himachal Pradesh” to the “National Capital Territory of Delhi ” and that clause II of Memorandum of Association of the company be altered by substituting the word “National Capital Territory of Delhi” in place of “State of Himachal Pradesh” and wherever the word “State of Himachal Pradesh” appears, the same be substituted by “National Capital Territory of Delhi”.

RESOLVED FURTHER THAT on the aforesaid resolution becoming effective, the registered office of the company be shifted from State of Himachal Pradesh to any place in National Capital Territory of Delhi as may be determined by the Board of Directors from time to time.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary to obtain confirmation of the Company Law Board and to sign and execute any paper or document as may be required for the above purpose.”

By order of the Board of Directors

Sd/-
(**Shweta Arora**)
Company Secretary

Place: New Delhi
Date: 25/11/2010

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES MUST BE LODGED AT REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.**
2. Members desiring any information as regards accounts and operations are required to write to the Company at its Corporate Office one week before the date of the meeting so that the information is made available at the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday 22/12/2010 to Friday 24/12/2010 (both days inclusive).
4. Members/Proxies are requested to bring their copy of Annual Report to the Meeting as extra copies will not be distributed.
5. Members/Proxies should fill the attendance slip for attending the meeting.
6. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those hold shares in Physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
7. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

MAHAAN FOODS LIMITED

8. Corporate members intending to send their authorized representative are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
9. **NO GIFT(S) SHALL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING OF YOUR COMPANY.**

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

As required under the Listing Agreement, the particulars of Directors who are proposed to be re-appointed is given below:-

A.

- 1.Name : Aseem Chawla
- 2.Date of Birth : 01/05/1975
- 3.Qualifications : B Com, FCA,LL.B,
- 4.Experience : Leading Tax Attorney having rich experience in the field of taxation
- 5.Outside
Directorship : Nil
- 6 Membership/ Chairmanship
of the Board Committees of
the Companies : Nil
- 7.No. of shares held (both own or
held by/ for other persons on a
beneficial basis) in the company : Nil

B.

- 1.Name : Rajendra Kumar Dhall
- 2.Date of Birth : 31/12/1965
- 3.Qualifications : MBA
- 4.Experience : Over two decades of experience in corporate affairs
- 5.Outside
Directorship : 1) Operacy Software and Exports (P) Ltd
2) Welldone Software and Exports (P) Ltd
3) Jaipur Stock Exchange Ltd
- 6 Membership/ Chairmanship
of the Board Committees of
the Companies : Nil
- 7.No. of shares held (both own or
held by/ for other persons on a
beneficial basis) in the company : Nil

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No.3 & 4**

Your company could not hold its Annual General Meeting during the year 2009 due to petition filed under section 397/ 398 of the Companies Act, 1956 involving the company. The Hon'ble Company Law Board vide its order dated 3rd September, 2010 has settled the dispute and has allowed your company to hold its Annual General Meeting for the years ended 31st March, 2010 latest by 31st December, 2010. The Hon'ble Company Law Board vide clause 8 of its order dated 3rd September, 2010 has also condoned the delay occurring in any regulatory compliances of provisions of the Companies Act, 1956. Your company has informed the office of the Registrar of Companies accordingly and has also obtained its approval for holding its annual general meeting latest by 31st December, 2010.

The appointments of Shri Aseem Chawla and Shri Rajendra Kumar Dhall as additional directors were made by the Board of Directors of the company on 25th October, 2010 and their appointments are being regularised as Directors in this Annual General Meeting of the company. The Company has received notices under section 257 of the Companies Act, 1956 with respect to each of these Directors and the Board recommend their appointment as Directors of the company in the best interests of your company.

Shri Aseem Chawla and Shri Rajendra Kumar Dhall may be considered as interested in their respective resolutions appointing them as Directors of the company.

Item No.5

Shri Sanjeev Goyal was inducted on the Board of the Directors of the company as Additional Director on 5th March, 2009. The Hon'ble Company Law Board vide its order dated 3rd September, 2010 has conferred on him the Board reconstitution authority as well as control on the affairs of your company. In view of his vast experience in the dairy industry and on the basis of recommendation made by the Remuneration Committee, the Board of Directors in their meeting held on 25th November, 2010 have subject to the consent and approval of the shareholders, approved his appointment as Managing Director for a period of three years effective from 1st September, 2010 .

Additional Information required to be given as per Schedule XIII of the Companies Act, 1956**I. General Information**

- a) Nature of Industry : Dairy Products, Starch Powder and Contract Manufacturing
- b) Date of Commencement of commercial production : 1st November, 1989
- c) Financial performance

MAHAAN FOODS LIMITED

Particulars	(Rs in lacs)	
	31.03.2010	31.03.2009
Sales & Other Income	10975.13	8843.29
Earning before Depreciation Interest & Tax	217.16	285.29
Profit / (Loss) before taxes	0.45	52.67
Provision for taxes	0.56	0.46
Profit / (Loss) after taxes	(0.11)	52.21

d) Foreign Investment and Collaborators : Presently there is no Foreign Investment and foreign collaborations

Information about the appointee:

- 1) Background details : Engineer having rich experience in the Dairy Industry
- 2) Past remuneration Nil
- 3) Recognition or awards : He is well known in the Dairy Industry
- 4) Job profile and his suitability : By virtue of his considerable experience in the Dairy Industry as well as in managing a corporate , he is suitable for heading the company
- 5) Remuneration proposed
 - a) Salary Rs.2,00,000 (Rupees Two Lakh) per month with effect from 1st September, 2010
 - b) Perquisites: Perquisites shall be allowed in addition to salary and shall be restricted to an amount of Rs 50,000 (Rupees Fifty Thousand) per month These perquisites may be provision of car, telephone and electricity expenses, membership of club etc.

However the following perquisites shall not be included in the computation of ceiling on remuneration as specified in (a) and (b) above

- (i) Company's contribution to Provident Fund superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity payable shall not exceed half-months salary for each completed year of service subject to a statutory ceiling
- (iii) Encashment of leave at the end of tenure

- 6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person

The proposed remuneration is commensurate with the remuneration packages paid to similar senior level appointees in other companies.

- 7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any

He does not have any pecuniary relationship with the company and he is related to Mrs Saloni Goyal, Director of the company

III Other information

- 1) Reasons of loss or inadequate profit
- 2) Steps taken or proposed to be taken for improvement
- 3) Expected increase in productivity and profits in measurable terms

In addition to legal wrangles faced by the company during the years 2009 and 2010, increase in the costs in terms of raw material inputs, services, power and fuel also contributed to inadequate profits of the company. The company has taken necessary steps for achieving higher productivity by curtailing costs improving thereby overall efficiency and achieving higher outputs. The company is also on look out of increasing its sales revenues by increase in prices as well as increase in quantum of its sales.

Shri Sanjeev Goyal shall not be liable to retire by rotation.

The Explanatory Statement and the resolution at item no. 10 of the Notice may be treated as a abstract of the terms and memorandum of interest pursuant to the provisions of Section 302 of the Companies Act, 1956.

Except Shri Sanjeev Goyal and Smt Saloni Goyal none of other Directors is interested in the Resolution.

Your Directors recommend the resolution for your approval.

MAHAAN FOODS LIMITED

Item No. 6

Your company's works and registered office is located at Paonta Sahib in the State of Himachal Pradesh and your company's corporate office is situated at New Delhi in the National Capital Territory of Delhi. The company's marketing department and other corporate functions are carried out from corporate office at New Delhi. Over the years, there has been constant upswing in the business activities of your company and it is felt that better economies can be achieved in case the registered office of the company is also located in National Capital Territory of Delhi.. Shifting the registered office of your company from "State of Himachal Pradesh" to "National Capital Territory of Delhi" will result in improved coordination and better information flow besides adding economy and efficiency to the operations of the company.

The approval of shareholders is required for the shifting the registered office from State of Himachal Pradesh to the National Capital Territory of Delhi and for this purpose it is sought to move the special resolution set out in item no.6 of this Notice. The Board recommend passing of the special resolution by the shareholders of the company.

None of the Directors is interested in this resolution.

By order of the Board of Directors

Sd/
(**Shweta Arora**)
Company Secretary

Place: New Delhi
Date: 25/11/2010

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 23rd Annual Report of the Company together with the Audited Accounts for the year ended on 31st March, 2010.

STATE OF AFFAIRS

A petition involving the company was filed under section 397/ 398 of the Companies Act, 1956 and the Hon'ble Company Law Board (CLB) vide its order dated 2nd June, 2009 restrained the company in holding its Board Meetings till further orders. The Hon'ble CLB vide its final order dated 3rd September, 2010 has taken on record the settlement involving your company and has directed / mentioned regarding the following

1. The status quo ordered on 2nd June, 2009 on holding of the Board Meetings has been vacated
2. The company has been permitted to extend the time for holding the Annual General Meetings and signing of its Annual Accounts for the financial years 2008-2009 and 2009-2010 till 31st December, 2010
3. The company has been allowed to file its pending quarterly results with the Stock Exchanges till 31st December, 2010
4. The delay, occurring in any regulatory compliance of provisions of the Companies Act, 1956 having penal consequences has been condoned.
5. For giving effect to the settlement, all regulatory bodies shall take into consideration the point no.4 mentioned above while regularising all defaults in the Company.

The implementation of the order is in progress under the supervision of Mediator appointed by the Hon'ble CLB.

OPERATING RESULTS

The summarized financial results for the year ended 31st March, 2010 and for the previous year ended 31st March, 2009 are as follows: -

	(Rs in lacs)	
	2009-10	2008-09
Sales & other income	10975.13	8893.81
Profit before interest and depreciation & taxes	217.16	285.29
Profit / (Loss) before taxes	0.45	52.67
Taxation	0.56	0.79
Profit / (Loss) after taxes	(0.11)	51.88

MAHAAN FOODS LIMITED

In addition to legal wrangles faced by the company during the year, increase in the costs in terms of raw material inputs, services, power and fuel also contributed to inadequate profits of the company. The company has taken necessary steps for achieving higher productivity by curtailing costs improving thereby overall efficiency and achieving higher outputs. The company is also on look out of increasing its sales revenues by increase in prices as well as increase in quantum of its sales.

DIVIDEND

The Directors do not recommend any dividend for the year under review.

CORPORATE GOVERNANCE

Report on the Corporate Governance along with the certificate from a Practising Company Secretary, confirming compliance or otherwise of the conditions of corporate governance as stipulated under Clause 49 of the Listing Agreement, forms part of the Annual Report.

DIRECTORS

None of the Director is retiring by rotation this year as all the Directors who were appointed as Additional Directors of the company during the year 2009 and 2010 are now being regularised as Directors at the forthcoming Annual General Meetings of the company . The Board recommends appointment of Shri Aseem Chawla and Shri Rajendra Kumar Dhall as Directors in the best interests of the company.

RECONSTITUTION OF COMMITTEES

The Board at its meeting held on 13th September, 2010 has reconstituted its Audit Committee and Shareholders Grievance Committee as follows

Audit Commitee

Mr Sanjay Kumar Jain	Chairman,Independent & Non Executive Director
Mr Sanjeev Goyal	Member, Executive Director
Mr Anand Sekhri	Member, Independent & Non Executive Director
Ms Harmeet Kaur	Member, Independent & Non Executive Director

Shareholders Grievance Committee

Mr Anand Sekhri	Chairman,Independent & Non Executive Director
Mr Saloni Goyal	Member, Non Executive Director
Mr Sanjay Kumar Jain	Member, Independent & Non Executive Director

The Board has also constituted a Remuneration Committee at its Board Meeting held on 25th October, 2010 as follows

Remuneration Committee

Mr Rajendra Kumar Dhall	Chairman, Independent & Non Executive Director
Mr Sanjay Kumar Jain	Member, Independent & Non Executive Director
Mr Anand Sekhri	Member, Independent & Non Executive Director

DEPOSITS

The company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975 as modified from time to time..

AUDITORS

The present Auditors Messrs Dawar Mathur & Goel, Chartered Accountants have expressed their un-willingness to be re-appointed as Auditors of the company. M/s D.D.Nagpal & Co, Chartered Accountants have expressed their willingness to be Auditors of the company and they have also furnished a certificate u/s 224(1B) of the Companies Act, 1956 and are eligible for appointment. Your Directors recommend appointment of M/s D.D.Nagpal & Co., as auditors at the ensuing Annual General Meeting of the company.

ACCOUNTS AND AUDIT REPORT

The management reply to Auditors comment in their Auditors Report is as follows:-

Reply to Para (iv) of the Main Auditors Report

No significant impact is expected on the working results of the company on this account

Reply to Para (vi) of the Main Auditors Report

Letters for confirmation of balances as appearing under debtors and creditors, advances to the suppliers have been sent by the company. Some of the parties have replied confirming the balances. This is a continuous process and the company has not faced any problem on these accounts.

Reply to Para 1 (a) of the Annexure to Auditors Report

The Company has already initiated steps for physical verification of the fixed assets.

Reply to Para 7 of the Annexure to Auditors Report

The company has already taken appropriate steps to strengthen and enlarge the scope of Internal Audit.

MAHAAN FOODS LIMITED

Reply to Para 9(b) of the Annexure to Auditors Report

The matters are pending before the Appellate Authorities and are sub-judice

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information required to be furnished in terms of 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 relating to Conservation of Energy, Technology Absorption & Foreign Exchange Earnings & outgo is annexed herewith & forms part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Sec. 217(2AA) of the Companies Act, 1956, the Directors state that:-

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 year under review.
- c) The Directors have 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.
- d) The Directors have prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

During the year there were no employees who were in receipt of remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of employees) Rules, 1975 as amended.

PERSONNEL

The relations with the employees of the Company continued to be cordial. Your Directors wish to place on record their appreciation for the excellent work done by the employees at all levels.

ACKNOWLEDGEMENTS

Your Directors express their sincere gratitude and deep appreciation for the co-operation and assistance given by the financial institutions, banks, suppliers and customers of the Company during the year under report and look forward to their continued support. Your Director's also thankfully acknowledge the trust and confidence reposed by you in the company.

For and on behalf of the Board of Directors

Place : New Delhi
Dated : 25th November, 2010

Sd/-
(**Sanjeev Goyal**)
Chairman & Managing Director

ANNEXURE TO DIRECTORS REPORT

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 is given below:-

A. CONSERVATION OF ENERGY

- a) Energy Conservation measures taken

Your Company has taken adequate measures to ensure optimum use of all equipments so as conserve energy.

- b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy

The Company has benefited from the investments earlier made in purchasing certain equipments which have contributed towards reduction in the consumption of energy.

- c) Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods

The measures taken in (a) and (b) above have resulted in reduction in cost of production.

- d) Total Energy Consumption and energy consumption per unit of production as per prescribed Form –A

MAHAAN FOODS LIMITED

POWER & FUEL CONSUMPTION	2009-2010
A	
Electricity	
Total Units(Lacs)	22.27
Total Amount (Rs. In Lacs)	106.17
Rate Per Unit(Rs.)	4.77
B(i)	
Own Generation	
Through Diesel Generator	
Units (in lacs)	7.48
Units Per Litre of diesel Oil	4.00
Cost/Unit(Rs.)	7.83
B(ii)	
Fuel used Boiler	
Quantity (In Tonnes)	7206.14
Total Cost(Rs. in Lacs)	228.43
Average Rate(Rs./Tonnes)	3155.00
Consumption per unit of production	
Production (Milk Products/Tonnes)	
Electricity/Tonnes(KWH)	
Fuel/Tonnes)	
A	
Electricity	
Total Units(Lacs)	5.61
Total Amount (Rs. In Lacs)	28.06
Rate Per Unit(Rs.)	5.00
B(i)	
Own Generation	
Through Diesel Generator	2.160
Units (in lacs)	0.199
Units Per Litre of diesel Oil	0.287
Cost/Unit(Rs.)	10.893
B(ii)	
Fuel used Boiler	
Quantity (In Tonnes)	2146.700
Total Cost(Rs. in Lacs)	51.112
Average Rate(Rs./Tonnes) (in Lac)	0.024
Consumption per unit of production	
Production (Starch Powder/Tonnes)	719.400
Electricity/Tonnes(KWH)	0.054
Fuel/Tonnes)	0.071
others (contract Manufacturing Activities)	
Electricity	
Total Units(Lacs)	2.16

Total Amount (Rs. In Lacs)	10.95
Rate Per Unit(Rs.)	5.06
Own Generation	
Through Diesel Generator	-
Units (in lacs)	-
Units Per Litre of diesel Oil	-
Cost/Unit(Rs.)	-
Consumption per unit of production	
Products (GluconD /Tonnes) MT	4903.781
Electricity/Tonnes(KWH)	0.002

B. TECHNOLOGY ABSORPTION

1. Research & Development (R&D)

a) Specific areas in which R&D carried out by the company

----- NIL -----

b) Benefits derived as a result of above R&D

----- NIL -----

c) Future plan of action

Continuous efforts are being made for quality improvement of its products.

d) Expenditure on R&D

----- NIL -----

2. Technology Absorption, Adaptation and innovation

Continuous efforts are being made for product improvement and cost reduction. The company has not made any import of technology so far.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review , your company has not exported any of its products and the details of the Foreign Exchange Earnings and Outgo are as under:

Foreign Exchange Earnings : Nil

Foreign Exchange Outgo : Rs 144650

REPORT ON CORPORATE GOVERNANCE
1. Company's Philosophy on Corporate Governance Code

At Mahaan Foods Limited, Corporate Governance is an integral part of the Company's values, ethics, business practices and norms. Towards this, the company consistently evaluates and defines its management practices aimed at enhancing its commitment and delivery of the basic tenets of the Corporate Governance.

2. Board of Directors

The composition of the Board of Directors and other details as on 31.03.2010 is as under:-

Sl. No.	Name	Category	Designation	No. of Board Meetings attended	Attend-ance at last A.G.M.	No. of Directorship in other Companies	No. of membership in committees of the Board of other Companies
1.	Shri Rajiv Goyal	Executive Director	Chairman & Managing Director	Nil	-	3	-
2.	@Shri H. C. Gandhi	Non-Executive / Independent Director	Director	Nil		2	1
3.	@Brig. P. C. Goyal	Non-Executive / Independent Director	Director	Nil		2	-
4.	Shri. Suresh Garg	Non-Executive Director	Director	2		1	-
5.	Shri Sanjeev Goyal	Non Executive Director	Director	2		1	
6.	Shri Harinder Singh	Non Executive / Independent Director	Director	Nil		-	
7.	Smt Saloni Goyal	Non Executive Director	Director	1		1	
8.	Shri Anand Sekhri	Non Executive / Independent Director	Director	1		-3	
9.	Shri Alok Goyal	Non Executive Director	Director	Nil		-	
10.	Shri Arvind Garg	Non Executive Director	Director	1		-	

11.	Ms Harmeet Kaur	Non Executive / Independent Director	Director	1		-	
12.	Shri Varinder Kumar Bhatia	Non Executive / Independent Director	Director	2		-	
13	Shri Narinder Pal Singh	Non Executive / Independent Director	Director	Nil		-	
14.	Sanjay Kumar Jain	Non Executive / Independent Director	Director	Nil		3	

@ Resigned with effect from 19th May, 2009

There were only two Board Meetings held on 14.04.2009 and 19.05.2009 during the year-ended 31.03.2010. .

3. Code of conduct for Board members and Senior Management

The Company has adopted a Code of Conduct for the members of the Board and Senior Management of the Company which is intended to focus the areas of ethical risk, provide guidance mechanisms to report unethical conduct and help foster a culture of honesty and accountability. The Code has been circulated to all the members of the Board and Senior Management Personnel and compliance of the same has been affirmed by them.

4. Audit Committee

The Committee reviews the financial performance, internal control systems, procedures of financial reporting, auditing and accounting matters including the recommendation for appointment of our independent auditor's, compliance with legal and statutory requirements and integrity of the Company's financial statements. The Committee focuses its attention on overseeing and monitoring financial systems and consider the un-audited quarterly, half-yearly and yearly financial results and then forwards it to Board for its approval. The Terms of Reference of this Committee covers the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

The composition of the Audit Committee for the year ended on 31.03.2010 was as follows:

1. Shri Varinder Kumar Bhatia: **Chairman**, Independent Non Executive Director
2. Shri Narinder Pal Singh : Member, Independent Non Executive Director
3. Shri Suresh Garg : Member, Non Executive Director

The Company Secretary acted as the secretary to the Committee and the Statutory Auditors attended the meetings on invitation;

During the year the Audit Committee could not hold any meeting.

5. Remuneration Committee

No remuneration committee was constituted by the Board during the year ended 2010. The remuneration, perquisites and other benefits given to Managing Director and other Directors of your Company are determined by the Board of Directors at its Board Meeting subject to the approval of the shareholders.

MAHAAN FOODS LIMITED

The details of remuneration paid to the Directors for the year ended 31st March, 2010 are as under:-

(Rupees)

Sl. NO.	Name Of the Director	Salary	Perquisites and other benefits	Commission	Others	Sitting Fee	Total
1.	Rajiv Goyal	2688000	1238788	-----	----	-----	3926788

The Company has not given any Stock Options to any Director.

The Company did not pay any remuneration to the Non Executive Directors

6. Shareholders Grievance Committee:

The composition of the Shareholders Grievance Committee as on 31.03.2010 was as follows:

1. Shri Varinder Kumar Bhatia : Chairman, Non Executive Director
2. Shri Suresh Garg : Member, Non Executive Director
3. Shri Narinder Pal Singh : Member, Promoter Executive Director

The Company Secretary acted as the Secretary to the Committee.

Total 24 (Twenty four) meetings of the Committee were held during the year. During the year ended March 31, 2010, all complaints that were received from the shareholders were replied / resolved to the satisfaction of the shareholders.

Mr. Anup Kumar Jain was the Company Secretary Cum Compliance Officer of the Company till 11.08.08. Mr. Praveen Kumar Pandey became the Company Secretary Cum Compliance officer of the Company w.e.f. 21.08.2008.

7. General Body Meetings

The last three AGMs were held on / at:

Year	AGM	Location	Date	Time	No. of Special Resolutions
2005-2006	19th AGM	Village Kunja Rampur Road Paonta Sahib Distt. Sirmour (H.P.)	30.09.2006	2.00 p.m.	1
2006-2007	20th AGM	- DO -	29.09.2007	2:00 p.m.	Nil
2007-2008	21st AGM	- DO -	30.09.2008	2:00 p.m.	Nil

No Annual General Meeting could be held by the company for the year ended 31st March, 2009 due to reasons already enumerated in the Directors Report

The Company has not passed any resolution requiring Postal ballot for shareholder's approval during the years ended 31st March, 2010.

8. DISCLOSURES:

- During the years under review ie year ended on 31st March, 2010 respectively, the company had no materially significant related party transactions as envisaged under the Corporate Governance Code that may have potential conflict with the interests of the company at large. However, the related party transactions during the year under review are mentioned in "Notes to Accounts" (for the year 31st March, 2010)

- There has been no non-compliance, penalties/strictures imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority, on any matter related to capital markets during the years under review.
- At present, the company does not have any Whistle Blower Policy.

9. MANAGEMENT DISCUSSION AND ANALYSIS IS REPORTED IN THIS ANNUAL REPORT

10. MD/CFO CERTIFICATION ON THE FINANCIAL STATEMENT

Pursuant to clause 49 of the Listing Agreement, the Managing Director and Chief Financial Officer of the company have submitted the desired certificate to the Board of Directors and the same has been taken on record by the Board of Directors in their meeting held on 25th November, 2010.

11. Means of Communication:

The Company published its results in two newspapers i.e. Himachal Times English and Hindi Edition. The Company in compliance with the listing agreement regularly intimates un-audited as well as audited results to the stock exchanges, immediately after they are approved by the Board in the prescribed format so as to enable the respective stock exchange to put the same on their own Website. The notice of AGM along with Annual report is sent to the shareholders well in advance of the AGM. The stock exchange is notified of any important developments that may materially affect the working of the Company. Disclosure with regard to shareholding pattern, change in major shareholdings etc. are sent to the stock exchange as required under SEBI Takeover Regulations and SEBI Prohibition of (Insider Trading) Regulations.

Management discussion and analysis report forms part of the Directors' Report and is reported in this Annual Report.

12. General Shareholder information

- a) Annual General Meeting:
- | | | |
|-------|---|--|
| Date | : | 24 th December, 2010 |
| Time | : | 9.30 a.m. |
| Venue | : | Hotel Grand Riviera
Paonta Sahib, Distt. Sirmour (Himachal Pradesh) |

- b) Financial Calendar:

Adoption of Quarterly / Half Yearly results

The company could not approve its unaudited and audited results for the quarters beginning from 31st March, 2009 due to judicial restraint on holding of Board Meetings imposed by Hon'ble Company Law Board vide its order dated 2nd June, 2009.

- c) Book Closure Date : 22nd December, 2010 to 24th December, 2010
(both days inclusive)
- d) Dividend Payment : The Directors have not recommended Dividend for the financial year ended 31st March, 2010.

MAHAAN FOODS LIMITED

e) Listing on Stock Exchanges

S. No.	Name of the Stock Exchange
1	The Stock Exchange, Mumbai
2	The Delhi Stock Exchange Ltd.
3	The Ludhiana Stock Exchange Ltd.

Annual Listing fees for the year 2010-11 have been paid to all The Stock Exchanges.

The Stock code of the Company at BSE is 519612.

f) Market Price – Data for the year ended 31st March, 2010

Month	Mumbai Stock Exchange	
	High	Low
Apr., 2009	13.65	11.20
May, 2009	11.55	8.75
Jun., 2009	14.01	9.67
Jul., 2009	13.30	10.90
Aug., 2009	13.94	10.40
Sep., 2009	15.75	12.10
Oct., 2009	16.25	12.20
Nov., 2009	16.25	13.40
Dec., 2009	18.34	13.35
Jan., 2010	17.40	14.35
Feb., 2010	15.65	11.70
Mar., 2010	13.25	11.50

g) Registrar and Share Transfer Agents

M/s Alankit Assignment Limited is the Registrar and Share Transfer Agents for transfer of shares held in Electronic Form as well as Physical Form. Their address is as under:

Alankit Assignment Limited
2E/21, Alankit House
Jhandewalan Extn.
New Delhi – 110 055
Tel : (011) 23541234, 42541234
Fax : 011 23552001, 42541201
Email : alankit@alankit.com
Website : www.alankit.com



Share Transfer System:

The Company, in compliance of SEBI circular no. 15/2002 dated 27th December 2002, has appointed M/s Skyline Financial Services Pvt. Ltd., (Category – I SEBI registered Registrar and Share Transfer Agents) as Share Transfer Agent who follows the Share Transfer System as prescribed by the Securities and Exchange Board of India (SEBI). The share transfer requests in physical form sent by shareholders are manually checked. If the transfer deed and enclosures are valid, the shares are transferred within a month with the approval of the Share Transfer Committee, otherwise objection memo is sent to the transferor with necessary advice to take the required steps. The process is done within a month of receipt of request. The Company Secretary monitors the system.

Dematerialization of Shares:

As on 31st March, 2010 out of the total **3500700** equity shares **1842041** equity shares representing **52.62%** of the total paid-up equity capital have been dematerialized.

The transfer cum demat facility is available to all shareholders of the Company who request for it. Demat ISIN No. in NSDL & CDSL for equity shares: **INE734D01010**.

MAHAAN FOODS LIMITED

h) Shareholding Pattern as on 31st March, 2010:

Category	Category Shareholder	No. of Shareholders	Total Number of Shares	Number of Shares held in Dematerialised form	Percentage of total no of Shares
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
A	Individuals/Hindu Undivided Family	22	1373358	547184	39.23
B	Central Government/ State Government (s)	-	-	-	-
C	Bodies Corporate	2	467450	290000	13.35
D	Financial Institutions/ Bank	-	-	-	-
E	Any Others (Specify)	-	-	-	-
	Sub Total (A) (1)	24	1840808	837184	52.58
2	Foreign				
A	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-
B	Bodies Corporate	-	-	-	-
C	Institutions	-	-	-	-
D	Any Others (Specify)	-	-	-	-
	Sub Total (A) (2)	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A) = (A) (1) +(A) (2)	24	1840808	837184	52.58
(B)	Public Shareholding				
1	Institutions				
A	Mutual Funds/UTI	4	6300	0	0.18
B	Financial Institutions/Banks	-	-	-	-
C	Central Government/State Government(s)	1	62500	62500	1.79
D	Venture Capital Funds	-	-	-	-
E	Insurance Companies	-	-	-	-
F	Foreign Institutional Investments	-	-	-	-
G	Foreign Venture Capital Investors	-	-	-	-
H	Any other (specify)				
	Sub Total (B) (1)	5	68800	62500	1.97
2	Non-Institutions				
A	Bodies Corporate	75	125733	108933	3.59
B	Individuals				
	i. Individuals shareholders holding nominal share capital up to Rs. 1 lakh	3439	687997	341062	19.65
	ii. Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	22	526724	470424	15.05
C	Any Other (specify)				
I	NRI	47	234938	9038	6.71
li	OCBs	1	15700	15700	0.45
	Sub-Total (B) (2)	3584	1591092	945157	45.45
	Total Public shareholding (B) = (B) (1) +(B) (2)	3589	1659892	1007657	47.42
	Total (A) + (B)	3613	3500700	1844841	100.00
C	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-
	GRAND TOTAL (A) + (B) + (C)	3613	3500700	1844841	100.00



i) Distribution of Shareholding as on 31.03.2010 :

Sl. No.	Description	No. of share holders	% of total holders	Amount	% of total equity
1.	Upto 5000	3301	90.562	4157170	11.875
2.	5001 to 10000	116	3.182	937390	2.678
3.	10001 to 20000	61	1.674	918330	2.623
4.	20001 to 30000	60	1.646	1555590	4.444
5.	30001 to 40000	12	0.329	409750	1.17
6.	40001 to 50000	12	0.329	560960	1.602
7.	50001 to 100000	21	0.576	1409420	4.026
8.	100000 and above	62	1.701	25058390	71.581
	Total	3645	100.00	35007000	100.00

j) **Plant Location** : Village Kunja, Rampur Road, Paonta Sahib
Distt. Sirmour (Himachal Pradesh)

9 KM Stone, Pipli to Ambala,
G.T.Road, Vill. Masana,
Kurukshetra-136118
Haryana

k) **Investor Correspondence** : All enquiries, clarifications and correspondence
should be addressed at the following address:

Mahaan Foods Limited
M-19, 1st Floor, M Block Market,
Greater Kailash, Part-II
New Delhi -110048

MANAGEMENT DISCUSSION & ANALYSIS**Outlook for the Industry.**

India continues to be the world largest producer of milk. However, the costs of production of milk have risen substantially due to the increasing costs of all inputs. The consumption of milk and milk products is seen to increase with the increase in income levels and availability of surplus funds with not only the urban households but the rural households as well.

Future prospects

There would be increase in domestic demand for all consumer products.

Globally trade in dairy products remains robust. For seeking full benefit of the changing environment we propose to shift a larger share of our product portfolio towards consumer packaging.

Constantly looking at opportunities to enter export markets with our products.

Risk and concerns

There has been a constant increase in costs in terms of raw material inputs, services, power and fuel. The huge surge in costs continues to be a point of concern for the Company. The Company is taking necessary steps to achieve higher productivity and to curtail costs by improving over all efficiency and achieving higher outputs. At the same time the Company is also on the look out of increasing its sales revenues by increase in prices as well as increase in the quantum of sales.

Internal Control Systems

The company has well defined internal control system it takes abundant care to review and monitor the working of internal control system.

Financial and Operational Performance

Though the company could achieve a higher turnover in the year 2010 as compared to previous year, its profit margin reduced due to various factors already enumerated above. The company has taken steps to improve its financial and operational performance.

Human Resource and Industrial Relations.

The Company continues to emphasize on optimization of the human resources and thereby has taken up an intense programme of man power training and development. The Company also pursues a pro-active policy towards maintaining industrial relations for a peaceful and harmonious environment thus optimizing output.

CERTIFICATE

To
The Members of
Mahaan Foods Limited

We have examined to compliance of conditions of Corporate Governance by Mahaan Foods Limited, for the year ended on 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedure and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement with *certain exceptions as enumerated in the Corporate Governance Report due to judicial restraints imposed on the company.*

We state in respect of the Investor Grievances received during the year ended 31st March, 2010, that no complaint was pending as per records maintained and presented to the Shareholders Grievance Committee of the company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency and effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of
Deepak Bansal & Associates
Company Secretaries

Sd/-
(Deepak Bansal)
Prop.
CP No. 7433

Place : New Delhi
Date : 25.11.2010

CERTIFICATION BY MANAGING DIRECTOR OF MAHAAN FOODS LIMITED

On the basis of the review of the Financial Statements and Cash Flow Statement for the Financial year ended 31st March, 2010, we hereby certify that to the best of our knowledge and belief:-

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. These Statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended 31st March,2010 which are fraudulent or illegal or violative of the Company's code of conduct;
4. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of the Internal Control Systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee those deficiencies, of which we are aware; in the design or operation of such Internal Control Systems and that we have taken the required steps to rectify these deficiencies;
5. We further certify that
 - (a) there has not been any significant changes in Internal Control over financial reporting during the year under reference;
 - (b) there has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements and
 - (c) there has not been any instance of significant fraud with the involvement of the management or an employee having a significant role in the Company's internal control system over financial reporting.
6. We affirm that we have not denied any personnel, access to the Audit Committee of the Company (in respect of matters involving misconduct, if any)



7. We further declare that all the Board Members and Senior Management personnel have affirmed compliance with the code of conduct for the current year

sd/-
(G.R.Sharma)
Chief Financial Officer

sd/-
(Sanjeev Goyal)
Chairman & Managing Director

Dated: 25/11/2010
Place: New Delhi

DAWAR MATHUR & GOEL
CHARTERED ACCOUNTANTS
41, Vivekanand Puri, Sarai Rohilla, Delhi 110007

AUDITORS' REPORT

To The Members of Mahaan Foods Limited

1. We have audited the attached Balance Sheet of Mahaan Foods Limited as at 31st March 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test check basis, evidence supporting the amount and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred in paragraph to above, we report that:
 - i. 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.
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us.
 - iii. The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred in sub section (3C) of section 211 of the Companies Act, 1956, *subject to note no. 1(o) of Schedule O regarding consignment sales taken as net of expenses, which is not in conformity by AS 9 and Note No.10 of Schedule O regarding non disclosure of prior period income/expenditure as required by AS 5.*
 - v. 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 is



disqualified as on 31st March, 2010 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

- vi. *Attention is invited to note no. 6 Schedule (O) stating that some of balance of debtors, creditors and loans and advances are subject to reconciliation/confirmation from respective parties. We have relied on the representations of the management that no significant impact is expected on the working results of the Company on this account.*
- vii. Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31.03.2010,
 - b. in the case of the Profit and Loss Account, of the loss for the year ended on that date and
 - c. in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For **DAWAR MATHUR & GOEL**
Chartered Accountants
(Firm Registration No. 06773N)

sd/-
ARUN K. GOEL
Partner
Membership No. 81005

Place: New Delhi
Dated: 25.10.2010

Annexure to Auditors' Report dated 25.10.2010
on accounts for the year ended on 31.03.2010

1.
 - a. *The Company has maintained list of fixed assets acquired by it. However those are required to be updated substantially with regard to quantitative details/ location, identification etc.*
 - b. All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are also informed that no material discrepancies were noticed on such verification.
 - c. In our opinion and according to the information and explanations given to us, the Company has not disposed off a substantial part of the fixed assets during the year.
2.
 - a. The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3.
 - a. The Company had not granted any loan, secured or unsecured to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. For this purpose, we have relied on the representations of the management that Rs. 6,25,30,265 due from three companies and two parties covered in the register maintained under section 301 of the Companies Act, 1956 are advances and not in the nature of loans.
 - b. In view of above, sub-clause (b), (c), and (d) of clause 4(iii) of the order are not applicable.
 - c. The Company had taken interest free unsecured loan from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 60,000 and the year-end balance of loans taken from such parties is Rs. 49,000. For this purpose, we have relied on the representations of the management that Rs. 1,34,26,503 due to a firm and two parties covered in the register maintained under section 301 of the Companies Act, 1956 are advances received and not in the nature of loans
 - d. In our opinion, other terms and conditions on which such loan have been taken by the company listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.

- e. Since the aforesaid loans taken by the company are repayable on demand and there is no repayment schedule, the question of repayment being regular does not arise.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature and/or customized to the requirements of the company and as such comparative quotations are not available, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and with regard to the sale of goods and services. The system of getting independent confirmation of balance requires to be given more emphasis. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control system of the company.
5.
 - a. We were informed that the company has entered the particulars of all contracts or arrangements that need to be entered into the register maintained u/s 301 of the Companies Act, 1956.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupee five lacs in respect of each party during the year have been made at prices which appear reasonable considering the cost and benefits available, payments made/received and other factors. However, it is explained that purchase of certain goods are of special and/or customized to the requirements of the Company, suitable alternate source do not exist for obtaining comparable quotations.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
7. *The Company has no Internal Audit system in place commensurate with its size and nature of its business.*
8. The maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the company.
9.
 - a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues applicable to it barring delays in certain months.
 - b. *According to the information and explanations given to us, following undisputed amounts were in arrears, as at March 31, 2010 for a period of more than six months from the date they become payable*

MAHAAN FOODS LIMITED

Name of Statute	Nature of the Dues	Amount (Rs. In Lacs)	Period to which the amount relates
Himachal Pradesh Value Added Tax Act 2005	Value Added Tax	48.22	01.01.2007 to 30.11.2008
Income tax Act 1961	Fringe Benefit Tax	3.88	01.04.2008 to 31.03.2009
Income tax Act 1961	Fringe Benefit Tax	1.04	01.04.2006 to 31.03.2007
The Haryana Murrah Buffalo and Milch Animal Breed (Preservation and Development of Animal Husbandry and Dairy Development Sector Act 2001	Milk Cess	40.17	01.04.2008 to 31.03.2010

- c. According to the information and explanations given to us, the statutory dues that have not been deposited by the Company on account of matters pending before appropriate authorities are as under:

Name of Statute	Nature of the Dues	Amount (Rs. In Lacs)	Period to which the amount relates	Forum where dispute is pending
Delhi Sales Tax Act 1975	Sales Tax demand	40.40	2003-04	Dy. Commissioner (Appeals), New Delhi (Demand order has been stayed by Hon'ble Dy. Commissioner)
Punjab Value Added Tax Act 2005	Penalty	2.91	2005-06	Asstt. Excise & Taxation Commissioner cum Deputy Director (Inv.), Patiala
Rajasthan Value Added Tax Act 2003	Penalty	8.49	2008-09	Dy. Commissioner Appeal, Jaipur
Orissa value Added Tax Act, 2004	Value added tax Penalty	0.46 0.91	01-04-2005 to 30-11-2008	Joint Commissioner of Sales tax, Bhubaneswar
Orissa entry Tax Act, 1999	Entry tax Penalty	1.77 3.54	01-04-2005 to 30-11-2008	Joint Commissioner of Sales tax, Bhubaneswar



- 10 The Company does not have accumulated losses at the end of the financial year 31 March, 2010. Further, the Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- 11 According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any Financial Institution or Bank or to debenture holders.
- 12 As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the order is not applicable.
- 13 As the Company is not a chit fund / nidhi / mutual benefit funds / society to which the provisions of special statute relating to chit fund are applicable, paragraph 4 (xiii) of the order is not applicable.
- 14 As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the order is not applicable.
- 15 As the Company has not given any guarantee for loans taken by others from banks or financial institutions, paragraph 4(xv) of the order is not applicable.
- 16 In our opinion and according to the information and explanations given to us, the term loans taken during the year have been applied for the purposes for which they were obtained.
- 17 According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no fund raised on short-term basis have been used for long-term investments.
- 18 The Company has not made any preferential allotment of shares during the year under audit.
- 19 The Company has not issued any debentures during the year under audit.
- 20 The Company has not raised any money by public Issue during the year.
- 21 According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For DAWAR MATHUR & GOEL
Chartered Accountants
Firm Registered No. 06773N

sd/
ARUN K.GOEL
Partner
Membership No. 81005

Place: New Delhi
Dated: 25.10.2010



MAHAAN FOODS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	SCHEDULE	AS AT 31/03/2010 RS.	AS AT 31/03/2009 RS.
SOURCES OF FUNDS			
1 SHAREHOLDERS FUNDS			
Share Capital	A	35007000	35007000
Reserves & Surplus	B	86027492	86039237
		<u>121034492</u>	<u>121046237</u>
2 LOAN FUNDS			
Secured Loans	C	104070947	110328504
Unsecured Loans	D	1103930	1706644
		<u>105174877</u>	<u>112035148</u>
3 DEFERRED TAX LIABILITIES		<u>3873209</u>	<u>4493489</u>
TOTAL		<u>230082578</u>	<u>237574874</u>
APPLICATION OF FUNDS			
1 FIXED ASSETS	E		
Gross Block		111414498	111077150
Less : Depreciation		49756163	44709795
Net Block		<u>61658335</u>	<u>66367355</u>
Capital Work in progress		3980659	3980659
		<u>65638994</u>	<u>70348014</u>
2 INVESTMENTS	F	<u>27506560</u>	<u>27506560</u>
3 CURRENT ASSETS, LOANS & ADVANCES	G		
Inventories		152044295	141078273
Sundry Debtors		19314389	18914234
Cash & Bank Balances		8231946	8675606
Loans & advances		89556940	89421845
		<u>269147570</u>	<u>258089958</u>
LESS : CURRENT LIABILITIES & PROVISIONS	H		
Current Liabilities		128142178	114943832
Provisions		4068368	3425826
		<u>132210546</u>	<u>118369658</u>
NET CURRENT ASSETS		<u>136937024</u>	<u>139720300</u>
TOTAL		<u>230082578</u>	<u>237574874</u>
Notes on Accounts	O		
Schedule A to H & O form an integral parts of this Balance Sheet.			

Auditors' Report

As per our Report of even date attached.

For DAWAR MATHUR & GOEL

Chartered Accountants

Sanjeev Goyal
Director

SURESH GARG
Director

ARUN K.GOEL

Partner

Place : New Delhi

Dated :25.10.2010



MAHAAN FOODS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	SCHEDULE	For the year ended 31.03.2010 RS.	For the year ended 31.03.2009 RS.
INCOME			
Sales		1070097853	858059266
Job Charges Received (Tax Deducted at source Rs.4,42,854/-, previous year Rs.5,66,579/-)		22177949	24465159
Other Income	I	2659364	6856612
		<u>1094935166</u>	<u>889381037</u>
EXPENDITURE			
Material cost	J	934422268	680064681
Employee's cost	K	33341583	35741469
Manufacturing expenses	L	58274224	82762908
Other expenses	M	47179526	62282690
Interest	N	16626324	18220796
Depreciation	E	5046368	5041699
		<u>1094890293</u>	<u>884114243</u>
Profit for the year before tax		44873	5266794
Less : Income tax for earlier years		(669966)	(14703)
Less : Provision for taxation		(6933)	(550000)
Add: provision written back on Income Tax		0	26189
Add: provision written back on Income Tax		0	254738
Less /Add : Deferred tax Liabilities (Assets) for the year		620280	630459
Less : Provision for Fringe Benefit Tax		0	(425000)
Profit after tax		<u>(11746)</u>	<u>5188477</u>
Appropriations			
General Reserve		(11746)	5188477
Balance		-	-
Basic & diluted earning per share of Rs.10 each		<u>0.00</u>	<u>1.48</u>

Notes on Accounts

O

Schedule I to N & O form an integral parts of this Profit and Loss Account.

Auditors' Report

As per our Report of even date attached.
For DAWAR MATHUR & GOEL
Chartered Accountants

Sanjeev Goyal
Director

SURESH GARG
Director

ARUN K.GOEL
Partner
Place : New Delhi
Dated :25.10.2010

MAHAAN FOODS LIMITED

PARTICULARS	AS AT 31.03.2010 RS.	AS AT 31.03.2009 RS.
SCHEDULE "A"		
SHARE CAPITAL		
AUTHORISED		
40,00,000 (Previous year:40,00,000) Equity shares of Rs.10/- each	<u>40000000</u>	<u>40000000</u>
ISSUED, SUBSCRIBED & PAID UP		
35,00,700 (Previous year:35,00,700) Equity shares of Rs.10/- each fully paid up (includes 8,40,000 equity shares issued as bonus shares on 01.08.94 by capitalization of General Reserve)	35007000	35007000
	<u>35007000</u>	<u>35007000</u>
SCHEDULE "B"		
RESERVE AND SURPLUS		
<u>CAPITAL RESERVE</u>		
Capital Investment Subsidy	5500000	5500000
SHARE PREMIUM RESERVE	12253500	12253500
<u>GENERAL RESERVE</u>		
Opening balance :	68285738	63097260
Add : Transfer from Profit & Loss Account	(11746)	5188477
	<u>68273992</u>	<u>68285737</u>
	<u>86027492</u>	<u>86039237</u>
SCHEDULE "C"		
SECURED LOANS		
Term Loan from : Himachal Pradesh Financial Corporation	24175000	30175000
Vehicle loan from Others	1228314	1793810
Cash Credit loan from Bank	78667633	78359694
	<u>104070947</u>	<u>110328504</u>
SCHEDULE "D"		
UNSECURED LOANS		
Short term loans & advances: From other than bank	1103930	1706644
	<u>1103930</u>	<u>1706644</u>

MAHAAN FOODS LTD.
SCHEDULE - E FIXED ASSETS

S.NO	PARTICULARS	GROSS BLOCK		DEDUCTION		DEPRECIATION FOR THE YEAR		ADJUSTMENT		NET BLOCK	
		AS AT 4/1/2009	AS AT 3/31/2010	AS AT 4/1/2009	AS AT 3/31/2010	AS AT 3/31/2010	AS AT 3/31/2010	AS AT 3/31/2010	AS AT 3/31/2010	AS AT 3/31/2009	AS AT 3/31/2009
1	LAND	452296	0	0	452296	0	0	0	0	452296	452296
2	BUILDINGS	12614879	0	0	12614879	4605901	421337	0	5027238	7587641	8008978
3	PLANT & MACHINERY	85948248	0	0	85948248	33327564	3924944	0	37252508	48695740	52620684
4	TUBEWELL	260226	0	0	260226	139602	12361	0	151963	108263	120624
5	OFFICE EQUIPMENTS	1789889	23634	0	1813523	766228	80490	0	846718	966805	1023661
6	FURNITURE & FIXTURE	1545519	243938	0	1789457	1117389	76109	0	1193498	595959	428130
7	VEHICLES	4718943	0	0	4718943	2044144	343874	0	2388018	2330925	2674799
8	COMPUTER EQUIPMENTS	2806833	30400	0	2837233	2326983	141547	0	2468530	368703	479850
9	A.C.EQUIPMENTS	940318	39375	0	979693	381984	45706	0	427690	552003	558334
	Current year	111077151	337347	0	111414498	44709795	5046368	0	49756163	61658335	66367356
	Previous year	105162908	6348434	434191	111077151	39980433	5041701	312334	44709800	66367351	65182475

MAHAAN FOODS LIMITED

PARTICULARS	AS AT 31.03.2010 RS.	AS AT 31.03.2009 RS.
SCHEDULE "F"		
INVESTMENTS - NON TRADE		
LONG TERM INVESTMENTS		
QUOTED		
Industrial Development Bank of India 320 (Previous year:320) Equity shares of Rs.10/- each	6560	6560
Others:		
Mahaan Proteins Limited 2150000 (Previous year 2150000) equity shares of Rs.10/- each	21500000	21500000
Zeon Lifesciences Limited (formerly known Mahaan Dairies Limited) 400000 (Previous year 400000) equity shares of Rs. 10/- each	6000000	6000000
	27506560	27506560
NOTE:		
Quoted Investments:		
Book value	6560	6560
Market value	36800	14528
Unquoted investments:		
Book value	27500000	27500000
SCHEDULE "G"		
CURRENT ASSETS, LOANS & ADVANCES		
1 INVENTORIES		
Raw material	4819810	7951788
Finished goods including goods lying with consignees & in transit	73891664	56725288
Semi finished goods	61231536	57595975
Stock in process	3019383	4352705
Stores, packing materials & spares	9081902	14452517
	152044295	141078273
2 SUNDRY DEBTORS		
(Unsecured and considered good)		
Debts outstanding for a period exceeding six months	459023	302700
Other Debts	18855366	18611534
	19314389	18914234
3 CASH & BANK BALANCES		
Cash in hand (As certified by the management)	273093	440588
Balances with scheduled banks:		
- In current account	7592583	7837817
- In fixed deposit account	280090	324090
(Pledged with Sales Tax Authorities & Bank against Bank Guarantee)		
Interest accrued on fixed deposits	86180	73111
	8231946	8675606



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	AS AT 31.03.2010 RS.	AS AT 31.03.2009 RS.
4 LOANS & ADVANCES		
(Unsecured, considered good)		
Share Application Money Refundable	30100000	30100000
Advances recoverable in cash or in kind or for value to be received Considered good	56262010	55758174
Deposit with Government Departments	1507840	1739267
Security Deposits	1687090	1824404
	89556940	89421845

SCHEDULE "H"

CURRENT LIABILITIES & PROVISIONS		
1 CURRENT LIABILITIES		
Sundry creditors	73069816	81069236
Advance received from customers	36073498	23696403
Other liabilities	14688353	9327871
Interest accrued but not due	717986	849432
Bank overdraft (Credit balance)	3592525	890
	128142178	114943832
2 PROVISIONS		
For Taxation	137395	137395
For FBT	425000	425000
For Leave Encashment	947443	1096987
For Gratuity	2558530	1766444
	4068368	3425826

For the year ended 31.03.2010 RS.	For the year ended 31.03.2009 RS.
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SCHEDULE "I"

OTHER INCOME		
Interest from bank(Tax deducted at source Rs.2618, previous year Rs.Nil)	49338	23517
Dividend from long term investments	0	80640
Commission received	0	549
Profit on Sale of fixed assets	68000	0
Rent	90000	0
Miscellaneous	2452026	5440518
Royalty Received (Tax deducted at source Rs. Nil Prev. Year Rs.664515)	0	1311388
	2659364	6856612

MAHAAN FOODS LIMITED

PARTICULARS	For the year ended 31.03.2010 RS.	For the year ended 31.03.2009 RS.
SCHEDULE "J"		
MATERIAL COST		
Opening stock:		
Raw material	7951788	8064961
Finished goods	56725288	43421350
Semi finished goods	57595975	35835704
Stock in process	4352705	15787487
	<u>126625756</u>	<u>103109502</u>
Add : Raw material purchase	906741756	656260501
	<u>1033367512</u>	<u>759370003</u>
Less : Closing Stock		
Raw material	4819810	7951788
Finished goods	73891664	56725288
Semi finished goods	61231536	57595975
Stock in process	3019384	4352705
	<u>142962394</u>	<u>126625756</u>
	890405118	632744247
Packing material consumed	44017150	47320434
	<u>934422268</u>	<u>680064681</u>
SCHEDULE "K"		
EMPLOYEE'S COST		
Salary,wages & bonus	31800748	34246085
Employers contribution to provident fund	1079641	1136623
Staff welfare	461194	358761
	<u>33341583</u>	<u>35741469</u>
SCHEDULE "L"		
MANUFACTURING EXPENSES		
Stores & spares consumed	3434338	5303187
Packing Expenses	2374375	3142068
Power & fuel consumed	49608264	69681435
Repairs : Buildings	169004	207686
Machinery	2688243	4428532
	<u>58274224</u>	<u>82762908</u>
SCHEDULE "M"		
OTHER EXPENSES		
Rent	11487118	14098414
Insurance	604813	761590
Rates & taxes	222739	507431
Sales/turnover/entry tax/Service tax	873869	583637
Commission to selling agents	4519978	4104775
Freight & octroi	12425120	12544554
Rebate & discount	3214127	3334578
Vehicle maintenance	961745	866564
Traveling expenses	3682720	5034843
Telephone expenses	899160	1171956
Loss on Sale of Assets	0	857
Bad & Doubtful Debts	1236501	10171677
Sitting fees	0	76000
Miscellaneous expenses	7051636	9025814
	<u>47179526</u>	<u>62282690</u>



MAHAAN FOODS LIMITED

PARTICULARS	For the	For the
	year ended	year ended
	31.03.2010	31.03.2009
	RS.	RS.
SCHEDULE "N"		
INTEREST		
On term loan from:		
Himachal Pradesh Financial Corporation	3404980	3965247
On Vehicle Loan	417739	347087
On Cash Credit loan from Bank	12161596	13125285
on loans from others	642009	783177
	16626324	18220796

NOTES ON ACCOUNTS FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2010
1. Significant Accounting Policies:

- a) The financial statements are prepared under the historical cost convention and have been prepared in accordance with applicable mandatory Accounting Standards and relevant presentational requirements of the Companies Act, 1956.
- b) Fixed Assets are stated at cost less depreciation. The cost of fixed assets includes interest on specific borrowings obtained for the purpose or acquiring fixed assets up to the date of commissioning of the assets and other incidental expenses incurred up to that date.
- c) Plant and machinery includes expenses incurred on erection and commissioning, foundation, laboratory equipment, air and water pollution devices, electric installations, technical know-how fees, tools, and miscellaneous fixed assets other than land, building, furniture & fixture, vehicles, office equipments, computer equipments and air conditioning equipments. Technical know-how fee is inseparable and hence treated as part of plant & machinery. No adjustment is required to be made as per accounting standard 26 on intangible assets, issued by the Institute of Chartered Accountant of India.
- d) Long term investments are valued at cost. Where investments are reclassified from current to long term, transfers are made at the lower of cost and fair value at the date of transfer.
- e) Inventories of raw materials, stock-in-process, semi finished products, stores, packing materials, spares and loose tools, finished products are valued at lower of cost or net realizable value. In determining the cost, first in first out cost method is used.
- f) Prior year expenses / income, if any are adjusted in the respective head of expenses/ income. This has no effect on the working result of the Company.
- g) Depreciation has been provided on the straight-line method at rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- h) Provision for employee benefits charged on accrual basis is determined based on Accounting standard (AS) 15 (Revised) "Employees Benefits" issued by the Institute of Chartered Accountants of India as under:
 - I) Contribution to provident fund scheme is charged to revenue.
 - II) Liability for gratuity and privilege leave is determined on actuarial basis..
- i) The Government grants are recognized only on the assurance that the same will be received. The Government grants in respect of capital investment have been shown as capital reserve.

- j) Contingent liabilities are not provided for and are disclosed by way of notes. This has no effect on the working result of the Company.
- k) Current Income tax liability is provided for in accordance with the provisions of the Income tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

- l) Foreign currency transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- m) Borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets is capitalized till the month in which the assets is ready to use as part of the cost of that asset. Other interest and borrowing costs are charged to revenue.
- n) In case of the new industrial unit, all the operating expenditure (including borrowing costs) specifically for the project, incurred upto the date of installation, is capitalized and added pro-rata to the cost of fixed assets.
- o) Consignment sale is shown at net of expenses and are recognized when goods are sold to a third party.

2. Secured Loans

Secured loans from Financial Institutions and Banks are secured by a mortgage of all the Company's immovable properties both present and future ranking pari-passu inter-se and a charge by way of hypothecation of all the Company's movable properties including stocks of raw materials, semi-finished, finished goods, consumable stores and book debts and other specified movable and also guaranteed by some of the directors of the company. Vehicle finance loans are secured by hypothecation of vehicles amounting to Rs. 19,24,276 (Previous year Rs. 21,68,207) shown under fixed assets.

3. Contingent Liabilities:

Sales Tax	53,17,9737	51,80,203
Entry tax	5,31,614	Nil

The Company has filed appeal against these liabilities and has been advised that there will not be any liabilities on this account and consequently no provision has been made in the books of accounts.

- 4. The Company has not received any confirmation from the suppliers regarding their status of registration under Micro, Small and Medium Enterprises Development Act, 2006, which came into effect from October 2, 2006 and hence disclosure required under the said Act has not been given.

Based upon the information available with the Company, the balance due to the Micro and Small Enterprises as defined under the Micro, Small and Medium Enterprises

MAHAAN FOODS LIMITED

Development Act, 2006 is Rs. Nil (Previous year Rs. Nil). Further, no interest during the year has been paid or payable under the terms of the said Act.

5. Sundry Creditors includes Rs. 2,21,050 (P.Y. Rs. 1,50,000) due to a Director.
6. Advances recoverable in cash or in kind or for value to be received includes Rs. 62,90,460 (P.Y. 49,44,381) due from a Director. Maximum amount due during the year Rs.62,90,460 (P.Y. 50,22,142).
7. Some of balance of debtors, creditors and loans and advances are subject to reconciliation / confirmation from respective parties. No significant impact in expected on the Profit and loss account on this account.

8. Operating Lease

- i) The company generally entered into cancelable operating leases for machinery, office and godown premises and residence to its employees, normally renewable on expiry and cancelable at its option.
- ii) Lease rent charged to the profit and loss account relating to operating leases are Rs. 1,14,87,118 (Previous year – Rs. 1,52,38,414)

9 The deferred tax as on 31.03.2010 comprise of the following:

	Current year	Previous year
	(Rupees)	(Rupees)
a) Deferred Tax Liability		
Difference between book depreciation and depreciation under the Income Tax Act, 1961	6793067	6297243
b) Deferred Tax assets		
Disallowances of expenses under Income Tax Act	2919858	1803754
Net Deferred Tax Liabilities	3873209	4493489
Credited to Profit & Loss Account	(620,280)	(630,459)

10 Miscellaneous expenses include amount paid or payable to Auditors:

	Current year	Previous year
	(Rupees)	(Rupees)
- As Auditors	75,000	65,000
- As Tax Auditors	45,000	35,000
- for Income Tax matters	10,000	10,000
	130,000	110,000

11 Managerial Remuneration:

	Current year	Previous year
	(Rupees)	(Rupees)
- Salaries	2400000	2400000
- Contribution to P.F.	288000	288000
- Other perquisites & benefits		17639
	2688000	2705639
- Director's sitting fees	NIL	76000

Note: Computation of net profit under section 198 of the Companies Act. 1956 for the purpose of the payment of managerial remuneration has not been enumerated as no commission is payable.

12 Employee Benefits :
a) Defined Contribution Plans :

The Company charged Rs.10,79,641 (Previous year Rs. 11,36,623) for provident fund contribution to the profit and loss account. The contributions towards these schemes by the Company are at rates specified in the rules of the schemes.

b) Defined Benefit Plans :

- i Liability for Gratuity and Privilege leaves is determined on actuarial basis.
- ii Gratuity Scheme provides for a lump sum payment to vested employees at retirement, death while

MAHAAN FOODS LIMITED

in employment or on termination of employment. Vesting occurs upon completion of five years of service, except death while in employment.

iii The basis for determination of liability is as under :

	Gratuity Scheme	
	As at 31 March 2010 (Rs)	As at 31 March 2009 (Rs)
Change In present value of obligation		
1. Present value of obligation as at the beginning of the year	1630380	1493166
2. Current service cost	304349	184488
3. Interest cost	130073	111987
4. Actuarial (gain)/loss	601900	167634
5. Benefits paid	-108173	-326895
6. Present value of obligation as at the end of the year	2558529	1630380
Cost for the year		
1. Current service cost	304349	184488
2. Interest cost	130073	111987
3. Actuarial (gain) / loss	601900	167634
4. Net cost	1036322	464109
Main actuarial assumptions		
Discount rate (per annum)	8.00%	7.50%
Rate of increase in compensation levels (per annum)	6.00%	6.00%

	Privilege Leaves	
	As at 31 March 2010 (Rs)	As at 31 March 2009 (Rs)
Change In present value of obligation		
1. Present value of obligation as at the beginning of the year	1095595	779810
2. Current service cost	188294	192202
3. Interest cost	87407	58486
4. Actuarial (gain)/loss	97979	419278
5. Benefits paid	-110225	-354181
6. Present value of obligation as at the end of the year	1359050	1095595
Cost for the year		
1. Current service cost	188294	192202
2. Interest cost	87407	58486
3. Actuarial (gain) / loss	97979	419278
4. Net cost	373680	669966
Main actuarial assumptions		
Discount rate (per annum)	8.00%	7.50%
Rate of increase in compensation levels (per annum)	6.00%	6%

The estimate of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as demand and supply in the employment market.



13 Related Party Disclosures as per Accounting Standard 18.

Names of related party and nature of related party relationship:

Associates

Zeon Lifesciences Ltd (Previously known as Mahaan Dairies Ltd)., Mahaan Proteins Ltd., Lactomalt Foods Pvt. Ltd., Ace International. Healthy India Nutritional Products Pvt. Ltd. Best Milk Foods Pvt. Ltd.

Key Management Personnel: Mr. Rajiv Goyal, Managing Director and Mr. Suresh Garg, Director

Key Management Personnel's relatives: M/s Rajiv Goyal HUF (HUF of Mr. Rajiv Goyal), Mr. Amar Nath Goyal (Father of Mr. Rajiv Goyal), M/s A N Goyal HUF(HUF of father of Mr. Rajiv Goyal), Mr. Sanjeev Goyal (Brother of Mr. Rajiv Goyal), Mrs. Shashi Goyal (Mother of Mr. Rajiv Goyal), Mr. Dalip Chand Garg (father of Suresh garg), Mr. Dalip chand garg HUF (HUF of Mr. Suresh Garg,s father), Rani Garg (wife of Mr. Suresh Garg)

The following transactions were carried out with the related parties in the ordinary course of business :

Nature of transaction	2009-10	2008-09
	Rs.	Rs.
Sales of Goods		
Zeon Lifesciences Limited	38,166,791	35,584,640
Ace International	68,170,790	19,887,500
Mahaan Proteins Limited	-	252,500
Healthy India Nutritional Products Pvt. Ltd.	3,105,900	-
Best Milk Foods Pvt. Ltd.	397,872	-
Purchase of Goods		
Mahaan Proteins Limited	11,985,575	13,490,516
Ace International	7,975,276	-
Best Milk Foods Pvt. Ltd.	129,657,259	-
Dividend Received		
Zeon Lifesciences Limited	-	80,000
Job Work Received		
Mahaan Proteins Limited	1,716,450	892,600
Rent Paid		
Mr Rajiv Goyal HUF		-
Mr. Amar Nath Goyal	150,000	150,000
Amar Nath Goyal HUF	75,000	75,000
Mr. Sanjeev Goyal	75,000	75,000
Mrs. Shashi Rani Goyal	30,000	30,000
Professional fees paid		
Mr. Dalip Chand Garg	600,000	600,000
Interest Paid		
Dalip Chand Garg HUF	120,056	108,390
Mr. Dalip Chand Garg	119,327	244,582
Royalty Received		
Mahaan Proteins Ltd.	-	1,311,388
Remuneration Paid to Shri Rajiv Goyal		
- Salaries	2400000	2400000

MAHAAN FOODS LIMITED

- Contribution to P.F.	288000	288000
- Other perquisites & benefits	0	17639
Unsecured Loan		
Lactomalt Foods Pvt. Ltd.	49,000	60,000
Creditors		
Mahaan Proteins Limited	3,918,444	6,607,231
Mr. Dalip Chand Garg	90,000	44,850
Mr. A.N. Goyal	262,596	126,824
Mrs. Shashi Rani Goel	60,000	30,000
Mrs. Rani Garg	1,630	1,630
Mr. A. N. Goyal (HUF)	170,318	95,318
Mr. Sanjeev Goyal	221,050	150,000
Mr. Rajiv Goyal (HUF)	350,334	512,334
Advance received		
Mr. Dalip Chand Garg	1,101,784	994,390
Dalip Chand Garg (HUF)	1,108,518	1,000,468
Ace International	11,216,201	10,149,491
Advance Recoverable		
Mr. Suresh Garg	1,547,107	1,640,778
Mr. Rajiv Goyal	4,743,353	3,303,603
Zeon Lifesciences Limited	30,633,863	50,168,089
Best Milk Foods Pvt. Ltd.	22,500,042	85,181
Healthy India Nutritional Products Pvt. Ltd.	3,105,900	-
Share Application money paid		
Zeon Lifesciences Limited	30,100,000	30,100,000
Investment made in shares		
Mahaan Proteins Limited	21,500,000	21,500,000
Zeon Lifesciences Limited	6,000,000	6,000,000

14 Earning per Share:

Particulars	Current year	Previous year
Number of equity Shares of Rs. 10/- each	3,500,700	3,500,700
Net profit (Loss) after tax available for equity shareholders (Rs.)	(11,746)	5,188,477
Basic and diluted Earning per share (Rs)	0.00	1.48

15 Segment reporting
Business Segments

Based on the guiding principles given in Accounting Standard (AS 17) "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company's business segments are Dairy (comprising milk powders and Ghee), Non-dairy (comprising maltodextrin and base protein) and Energy Drinks. The accounting policies for segment reporting are in line with the accounting policies followed by the company.

Information about Business segments

Particulars	Dairy		Non-dairy		Energy Drinks		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
	Rs.		Rs.		Rs.		Rs.	
Segment revenue								
External sales	1,025,700,309	771,156,711	44,355,819	86,285,462	41,725	617,093	1,070,097,853	858,059,266
Job charges	-	-	1,716,450	892,600	20,461,499	23,572,559	22,177,949	24,465,159
Other income	2,506,238	559,550	13,788	4,881,517	90,000	-	2,610,026	5,441,067
Unallocated Income								1,311,388
Dividend								80,640
Interest							49,338	23,517
Total revenue	1,028,206,547	771,716,261	46,086,057	92,059,579	20,593,224	24,189,652	1,094,935,166	889,381,037
Segment results	15,427,352	15,131,294	(2,532,043)	1,390,914	7,106,783	9,514,464	20,002,092	26,036,672
Unallocated Income								1,311,388
Unallocated expenses							3,380,233	3,964,627
Operating profit							16,621,859	23,383,433
- Dividend								80,640
- Interest							49,338	23,517
Interest paid							16,671,197	23,487,590
Add: Income tax for earlier years written back							16,626,324	18,220,796
Less: Provision for tax							(669,966)	266,224
Add: Deferred tax written back							(6,933)	(550,000)
Less: Provision for Fringe benefit tax							620,280	630,459
Profit after tax							(11,746)	(425,000)
Other information								
Segment assets	234,404,357	210,184,828	50,356,316	65,176,987	12,641,187	15,915,309	297,401,860	291,277,124
Unallocated assets							64,891,264	64,667,408
Total assets							362,293,124	355,944,532

Segment liabilities	117,795,948	103,579,987	8,781,458	11,506,184	4,261,612	2,721,093	130,839,018	117,807,263
Unallocated liabilities							110,419,613	117,091,032
Total liabilities							241,258,631	234,898,295

Capital expenditure	297,972	5,057,831	-	1,037,554	39,375	253,049	337,347	6,348,434
Depreciation	394,402	326,753	3,603,551	3,669,721	1,048,415	1,045,225	5,046,368	5,041,699

16 Additional information pursuant to the provision of part-II of Schedule VI to the Companies Act, 1956 (Figures in brackets are in respect of previous year.)

A. Capacities, Production, Stocks and Sales:

Class of goods	Opening stock As on 01.04.09		Production		Sales		Closing stock As on 31.03.10		Shortage
	Qty. Kgs.	Amount Rs.	Qty. Kgs.	Amount Rs.	Qty. Kgs.	Amount Rs.	Qty. Kgs.	Amount Rs.	
1. Dairy Creamer	488303 (286867)	42784802 (27084128)	4793706 (5164425)	502891988 (484581408)	4833109 (4959244)	445816 (488303)	46479046 (42784802)	3,084.00 (3,745.00)	
2. Pure Ghee	69069 (92434)	12586436 (14204272)	1793204 (1603750)	398097531 (286157791)	1735202 (1626542)	125765 (69069)	27350130 (12586436)	1,306.00 (573.00)	
4. Base Proteins	- (-)	- (-)	142600 (135,660)	28580649 (28,702,227)	142600 (135,660)	- (-)	- (-)	- (-)	
5. Maltodextrine	50150 (73550)	1354050 (2132950)	532144 (2006350)	15728815 (57475835)	580025 (2029750)	2269 (50150)	62488 (1354050)	- (-)	
6. Others	- (-)	- (-)	- (-)	123678295 (1142005)	- (-)	- (-)	- (-)	- (-)	
Total	607522 (452851)	56725288 (43421350)	7261654 (8910185)	106897278 (858059266)	7290936 (8751196)	573850 (607522)	73891664 (56725288)	4,390.00 (4,318.00)	

Note: Goods manufactured for others:
Glucon - D: The production during the year was 4785 MT (Previous year 4607 MT).

B. Licensed Capacity:
Not applicable, as per notification No. 477(E) dated 25.7.91 issued under the Industries (Development & Regulation) Act, 1956.

C. Installed Capacity:
The products are manufactured in integrated plant, hence product wise installed capacity cannot be given. However, as certified by the Management, the installed capacity is 3,900 MT (Previous year 3,900 MT) for Base Proteins/ Maltodextrine and 6600 MT (Previous year 6,600 MT) for Energy Drinks.

The products viz. Dairy Creamer and Pure Ghee are manufactured in an integrated plant taken on lease, hence product wise installed capacity cannot be given. However, as certified by the Management, the installed capacity is 5000 MT (Previous year 5000 MT) per annum for various types of Milk powders, 2000 MT (Previous year 2000) per annum for Ghee.

D. Goods Purchased For Resale:

Class of goods	Opening stock As on 01.04.08		Purchase		Sales		Closing stock As on 31.03.09	
	Qty. Kgs.	Amount Rs.	Qty. Kgs.	Amount Rs.	Qty. Kgs.	Amount Rs.	Qty. Kgs.	Amount Rs.
Lactose IP/BP	-	-	21500	559000	21500	875500	-	-
Butter Milk Powder	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	2500	187500	2500	187500	2500	245075	(-)	(-)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	0	0	24000	746500	24000	1120575	0	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

E. Raw Material Consumed:

Name of items	Current year		Previous year	
	Qty. Kgs.	Value (Rs.)	Qty. Kgs.	Value (Rs.)
1. Skimmed/Partly skimmed/Concentrate milk	41906911	796957534	36190342	556048335
2. Milk powder	45000	5105702	43540	1487448
3. Sugar	769572	2570765	926958	17387777
4. Maize Starch	580700	9388805	2119200	32910308
5. Others	1200784	95850928	1045252	48539806
	44502967	909873734	40325292	656,373,674

F. Value of Imported and Indigenous Raw Materials and Stores & spares consumed and percentage of each to the total consumption.

Particulars	Current year		Previous year	
	Value (Rs.)	% age	Value (Rs.)	% age
1. Raw materials				
- Imported	Nil	Nil	Nil	Nil
- Indigenous	909873734	100	656373674	100
Total	909873734	100	656373674	100
2. Spare parts & components				
- Imported	Nil	Nil	Nil	Nil
- Indigenous	3434338	100	5303187	100
Total	3434338	100	5303187	100

Current year	Previous year
Rs.	Rs.

G. EXPENDITURE IN FOREIGN CURRENCY

- Travelling	Rs. 144650/-	Nil
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17 General

- a. Figures have been rounded off to nearest rupee.
- b. Previous year's figures have been regrouped and/or rearranged wherever considered necessary.
- c. Schedules A to O form an integral parts of the Accounts and have been duly authenticated.

AUDITORS' REPORT

As per our report of even date attached.

for **DAWAR MATHUR & GOEL**

Chartered Accountants

sd/-
ARUN K. GOEL
 Partner
 Place: New Delhi
 Dated: 25.10.2010

sd/-
Sanjeev Goyal
 Director

sd/-
Suresh Garg
 Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2010**

PARTICULARS	2009-10 Rs.	2008-09 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS :	44873	5266794
ADJUSTMENTS FOR:-		
Depreciation	5046368	5041699
Interest Income	-49338	-23517
Dividend Income	0	-80640
Profit on sale of assets	-68000	
Loss on sale of fixed assets	0	857
Interest Charges	16626324	18220796
Operating profits before working capital changes :	21600227	28425989
ADJUSTMENTS FOR:-		
Inventories	-10966022	-27799451
Sundry debtors	-400155	9224927
Trade & other receivables	-366522	18197279
Trade payables & other liabilities	13972333	3541720
Cash generated from (used) in operation	23839861	31590465
Direct taxes paid	-445472	-752274
Net Cash flow from operating activities	23394389	30838191
B. CASH FLOW FROM INVESTMENT ACTIVITIES :		
Purchase of fixed assets	-337347	-10329093
Sales of fixed assets	68000	120998
Interest received	36269	3045
Dividend from non trade long term investments	0	80640
Net Cash flow used in investment activities	-233078	-10124410
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Loan paid/recovered	-602714	963235
Interest paid	-16757770	-18380215
Increase / decrease in term loans (net)	-6565496	-3738795
Increase / decrease in cash credits from banks	307939	-409435
Net Cash flow used in financing activities	-23618041	-21565210
Net decrease in cash and cash equivalents :	-456730	-851429
Cash & cash equivalents at opening	8602495	9453924
Cash & cash equivalents at closing	8145765	8602495

Auditors' Report

As per our Report of even date attached.
For DAWAR MATHUR & GOEL
Chartered Accountants

sd/-
ARUN K.GOEL
Partner
Place : New Delhi
Dated :25.10.2010

sd/-
Sanjeev Goyal **Suresh Garg**
Director Director

MAHAAN FOODS LIMITED

BALANCE-SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

I. Registration details

Registration No.	0	0	7	3	5	6	State code	0	6
Balance Sheet Date	31 - 03 - 2010								

II. Capital raised during the year (Amount in Rs. thousands)

Public issue	Right Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

III. Position of mobilisation and deployment of funds (Amount in Rs. thousands)

Total Liabilities	Total Assets
230083	230083

Source of funds

Paid up capital	Reserves and surplus
35007	86027
Secured loans	Unsecured loans
104071	1104

Application of funds

Net fixed assets	Investments
61658	27506
Net current assets	Miscellaneous Expenditure
136937	NIL

Accumulated losses	NIL
Deferred tax liabilities	3873

IV. Performance of Company (Amount in Rs. thousands)

Turnover	Total expenditure
1094935	1094890
Profit before tax	Loss after tax
45	12
Earning per share in Rs.	Dividend rate %
NIL	NIL

V. Generic names of three principal products of the Company (as per monetary terms)

Item Code No. (ITC Code) :	0 4 0 2 9 9 0 9
Product Description	M I L K P O W D E R S
Item Code No. (ITC Code) :	0 4 0 5 0 0 0 3
Product Description	M E L T E D B U T T E R (G H E E)
Item Code No. (ITC Code) :	1 7 0 2 3 0 2 0
Product Description	G L U C O N - D
Item Code No. (ITC Code) :	11081200
Product Description	M A L T O D E X T R I N



MAHAAN FOODS LIMITED

Regd. Office: Village Kunja, Rampur Road, Paonta Sahib, Solan, Distt. Sirmour, Himachal Pradesh-173025

Attendance Slip

Regd. Folio No./Client ID :
Name & Address :
of First/Sole Shareholder :
No. of Shares held :

I hereby record my presence at the 23rd Annual General Meeting of the Company on Friday, 24th December, 2010 at 09.30 AM at Hotel Grand, Riviera, Paonta Sahib, Himachal Pradesh-173025.

Signature of Member/Proxy

Note : Member/Proxy wish to attend the meeting must bring this Attendance Slip to the meeting and handover at the entrance duly signed.

MAHAAN FOODS LIMITED

Regd. Office: Village Kunja, Rampur Road, Paonta Sahib, Solan, Distt. Sirmour, Himachal Pradesh-173025

PROXY FORM

Regd. Folio No./Client ID :
No. of Shares held :

I/We
ofbeing a Member/Members of the above named Company, hereby
appoint..... of or ailing him/her
..... as may/our proxy to attend and vote for me/us on my/our behalf at
the 23rd Annual General Meeting of the Company on Friday, 24th December, 2010 at 09.30 AM at Hotel Grand, Riviera,
Paonta Sahib, Himachal Pradesh-173025..

Signed this.....day of.....2010.



Note : a) **PROXY NEED NOT BE A MEMBER.**
b) **THE PROXY FORM DULY SIGNED BY THE MEMBER(S) ACROSS A REVENUE STAMP SHOULD REACH THE COMPANY'S CORPORATE OFFICE - MAHAAN FOODS LIMITED, M-19, 1st FLOOR, M- BLOCK MARKET, GREATER KAILASH, PART II, NEW DELHI-110048 AT LEAST 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**

BOOK POST
UNDER POSTAL CERTIFICATE

If Undelivered, please return to :

Mahaan Foods Limited
M-19, 1st Floor, M Block Market,
Greater Kailash, Part-II
New Delhi -110048