

**MAHAAN FOODS LTD.**

Correspondence Address :
M-19, 1st Floor, M Block Market
Greater Kailash Part-II,
New Delhi-110 048 India
Ph. : 91-11-43107200
CIN : L15419HP1987PLC007356
E-mail : info@mahaanfoods.com
Website : http://mahaanfoods.com

The Manager
Department of Corporate Services/Listing Compliance
Bombay Stock Exchange Ltd.
25th Floor, P. J. Towers,
Dalal Street,
Mumbai – 400 001

Date: 03.05.2016

Ref : Mahaan Foods Limited (Scrip Code: 519612)

Sub: Submission of Annual Report for the financial year 2010-11

Dear Sir,

This is with reference to the aforementioned subject.

Please note that our company's Annual Report of the company for the financial year 2010-11 is not available at the BSE website. We have been advised by your department to submit the same through BSE online submission portal.

A copy of the said Annual Report pursuant to Clause 31 of the erstwhile Listing Agreement is being uploaded accordingly.

Thanking you,

Yours faithfully
For Mahaan Foods Limited


(Saloni Goyal)
Director
DIN00400832



**24TH ANNUAL REPORT
(2010-2011)**



MAHAAN FOODS LIMITED



MAHAAN FOODS LIMITED

MAHAAN FOODS LIMITED

Board of Directors	Shri Sanjeev Goyal Chairman & Managing Director Smt. Saloni Goyal Shri Aditya Goyal Shri Anand Sekhri Shri Aseem Chawla Shri Sanjay Kumar Jain Shri Rajendra Kumar Dhall Smt. Harmeet Kaur Shri Alok Goyal Smt. Meera Aggarwal Smt. Parul Seth
Bankers	State Bank of Patiala HDFC 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 – II, New Delhi – 110048
Works	9 KM Stone, Pipli to Ambala, G. T. Karnal Road, Vill. Masana, Kurukshetra – 136118 Haryana Village Kunja, Rampur Road, Paonta Sahib, Solan, Distt. Sirmour, Himachal Pradesh – 173025
Registrar & Transfer Agents	M/s Alankit Assignments Limited 2 E/ 21, Jhandewalan Extension, Karol Bagh, New Delhi - 110055



MAHAAN FOODS LIMITED

NOTICE

Notice is hereby given that the 24th Annual General Meeting of the shareholders of Mahaan Foods Limited will be held at the Registered Office of the Company at Hotel Yamuna, Paonta Sahib – 173025, Himachal Pradesh on Friday, 30th December, 2011 at 3.00 P.M. to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Smt. Harmeet Kaur, Director, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Shri Anand Sekhri, Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, and authorize the Board of Directors to fix their remuneration. M/s. D.D. Nagpal & Co., Chartered Accountants, Delhi, retire and are eligible for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED THAT Shri Aditya Goyal, who was appointed by the Board as an Additional Director with effect from 19th October, 2011 and who holds the office upto the date of the ensuing 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 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 Alok Goyal, who was appointed by the Board as an Additional Director with effect from 19th October, 2011 and who holds the office upto the date of the ensuing 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 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."



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

"RESOLVED THAT Smt. Parul Seth, who was appointed by the Board as an Additional Director with effect from 19th October, 2011 and who holds the office upto the date of the ensuing 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 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."

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

"RESOLVED THAT Smt. Meera Aggarwal, who was appointed by the Board as an Additional Director with effect from 19th October, 2011 and who holds the office upto the date of the ensuing 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 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: 1st December, 2011



NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING AND SHALL NOT VOTE EXCEPT ON A POLL THE INSTRUMENT APPOINTING THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING .**
2. The Register of Members and Share Transfer Books of the Company will remain closed on Wednesday, 28th December, 2011 to Friday, 30th December, 2011 (both days inclusive).
3. In terms of Clause 49 of the Listing Agreement, the brief resume of Shri Aditya Goyal, Shri Alok Goyal, Smt. Parul Seth and Smt. Meera Aggarwal forms part of the Notice. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the Special Business set out as above is annexed hereto.
4. The Register of Director's Shareholdings, maintained under Section 307 of the Companies Act, 1956, shall be open for inspection for the members at the Annual General Meeting.
5. Members/Proxies are requested to bring their copy of Annual Report to the Meeting as extra copies will not be distributed.
6. Members/Proxies should fill the attendance slip for attending the meeting. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those holding 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 whose name is mentioned in the first place 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. Members desiring any information as regards accounts and operations are requested to forward their queries to the Company at its Corporate Office at least seven days prior to the date of the meeting so that the information is made available at the meeting.
10. The Members are requested to notify change, if any, in their addresses to the Registrar and Transfer Agent of the Company, i.e Alankit Assignment Limited, 2E/ 21, Alankit House, Jhandewalan Extension, New Delhi – 110055,
11. Annual Listing Fee for the year 2011-12 has been paid to the Bombay Stock Exchange Limited and the Delhi Stock Exchange Association Limited wherein shares of the Company are listed.
12. **All the members are requested to fill in their e-mail addresses and their contact details in the form annexed hereto and send the same to the Company Secretary/ Registrar & Share Transfer Agent of the company.**
13. **NO GIFT(S) SHALL BE DISTRIBUTED AT THE ENSUING 24TH 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 are given below:-

Item No.5

Name of the Director	Shri Aditya Goyal
Date of Birth	18 th November, 1990
Qualifications	Graduation in Finance & Economics from Carnegie Mellon University , United States of America
Experience	Nil
Outside Directorship	Nil
Membership/ Chairmanship of the Board Committees of the Companies	Nil
No. of shares held (both own or held by/ for other persons on a beneficial basis) in the Company	97175

Item No.6

Name of the Director	Shri Alok Goyal
Date of Birth	8 th June, 1972
Qualifications	1. Engineer 2. MBA in Finance & Marketing, USA
Experience	Over 10 years experience in the field of Marketing, Finance & International Business.
Outside Directorship	1) M/s Indian Petroleum Services Private Limited 2) M/s Aries Engineers & Consultants Private Limited
Membership/ Chairmanship of the Board Committees of the Companies	Nil
No. of shares held (both own or held by/ for other persons on a beneficial basis) in the Company	Nil

**MAHAAN FOODS LIMITED****Item No. 7**

Name of the Director	Smt. Parul Seth
Date of Birth	28 th June, 1979
Qualifications	Three year Diploma Course in Interior Designing from Meera Bai Polytechnic for Women, New Delhi
Experience	2 years experience in Construction and Interior Designing
Outside Directorship	Nil
Membership/ Chairmanship of the Board Committees of the Companies	Nil
No. of shares held (both own or held by/ for other persons on a beneficial basis) in the Company	Nil

Item No. 8

Name of the Director	Smt. Meera Aggarwal
Date of Birth	6 th October, 1972
Qualifications	B. A .(P)
Experience	Social worker
Outside Directorship	M/s Sangam PetroPlast Private Limited
Membership/ Chairmanship of the Board Committees of the Companies	Nil
No. of shares held (both own or held by/ for other persons on a beneficial basis) in the Company	Nil



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EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5 to 8

The Board of Directors of the Company at its meeting held on 19th October, 2011 inducted Shri Aditya Goyal, Shri Alok Goyal, Smt. Parul Seth and Smt. Meera Aggarwal as Additional Directors and their appointments are being regularized as Directors in the ensuing 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 recommends their appointment as Director of the Company in the best interests of your Company

The Board recommends passing of the Ordinary Resolutions at S. No. 5, 6, 7 and 8 of the Notice by the shareholders of the Company.

Except Shri Sanjeev Goyal, Smt Saloni Goyal, Shri Aditya Goyal, Shri Alok Goyal, Smt. Parul Seth and Smt. Meera Aggarwal , no other Director of the Company is in any way concerned or interested in the proposed resolutions.

By order of the Board of Directors

Sd/-

(Shweta Arora)
Company Secretary

Place: New Delhi

Date: 1st December, 2011



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DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 24th Annual Report of the Company together with the Audited Accounts for the year ended as on 31st March, 2011.

OPERATING RESULTS

The summarized financial results for the year ended 31st March, 2011 and for the previous year ended 31st March, 2010 are as follows:

(Rs. in lakhs)

Particulars	2010 - 11	2009-10
Sales & Other Income	11939.20	10975.1
Profit before interest and depreciation & taxes	234.54	217.17
Profit/ (Loss) before taxes	19.41	0.45
Taxation	8.40	0.56
Profit/ (Loss) after taxes	11.01	(0.11)

During the year, your Company has dealt with quality issues of its products and is getting a positive feedback from its consumers. The Marketing team of the Company is also geared up to strengthen the marketing base of the company.

The Memorandum of Family Settlement (MOFS) involving your company is still under implementation under the supervision of Mediator appointed by the Hon'ble Company Law Board and efforts are being made by all of its constituents to expedite the same.

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 Practicing 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

Out of the present Directors, Shri Anand Sekhri and Smt Harmeet Kaur, retire by rotation, and, being eligible, offer themselves for re-appointment. Your Directors recommend re-appointment of Shri Anand Sekhri and Smt Harmeet Kaur as Directors on the Board.

Shri Aditya Goyal, Shri Alok Goyal, Smt. Parul Seth and Smt. Meera Aggarwal were appointed as Additional Directors by the Board of Directors at its meeting held on 19th October 2011. Pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, they hold office as Director only up to the date of ensuing Annual General Meeting of the Company. The Board recommends that their appointment is regularized as Directors at the ensuing Annual General Meeting of the Company.



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RECONSTITUTION OF COMMITTEES

The Board at its meeting held on 10th May, 2011 has reconstituted its Audit Committee, Remuneration Committee and Shareholders Grievance Committee as follows:

Audit Committee

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

Remuneration Committee

Shri Rajender Kumar Dhall	Chairman, Independent & Non Executive Director
Shri Anand Sekhri	Member Non Executive Director
Shri Sanjay Kumar Jain	Member, Non Executive Director

Shareholders Grievance Committee

Smt. Saloni Goyal	Chairman, Non Executive Director
Shri Anand Sekhri	Member, Non Executive Director
Shri Sanjay Kumar Jain	Member, 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

M/s D D Nagpal & Co., Chartered Accountants have expressed their willingness to be re-appointed as Auditors of the Company. They have also furnished a certificate u/s 224 (1B) of the Companies Act, 1956 and are eligible for re-appointment. Your Directors recommend appointment of M/s D.D. Nagpal & Co., 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



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balances. This is a continuous process and the Company has not faced any problem on these accounts.

Reply to Para (vii) of the annexure to auditors report:

The Company has appointed a firm of Chartered Accountants as Internal Auditors for the Financial Year 2011-12.

Reply to Para (ix b) of the annexure to auditors report:

The matters are pending before the appellate authorities and are sub-judice.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures.
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors had prepared the annual accounts on a going concern basis.

GREEN INITIATIVE

Your Company wishes to be a part of the 'Green Initiative' of the Ministry of Corporate Affairs (MCA) so as to contribute towards a greener environment. Your Company proposes to send its annual report and other communications electronically to its shareholders and to enable your Company to do so, it is requested that shareholders may kindly fill in their email ID details (in an enclosure annexed to this Annual Report) and send it back to the Company Secretary or The Registrar and Share Transfer Agent of the Company.

The shareholders are also requested to alternatively post/ update their e-mail ID details on Company's Website at www.mahaanfoods.com

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 are cordial. Your Directors wish to place on record their appreciation for the excellent work done by the employees at all levels.



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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 Directors also acknowledge the trust and confidence reposed by you in the Company.

For and on behalf of the Board of Directors

Sd/-
(Sanjeev Goyal)
Chairman & Managing Director

Place: New Delhi

Date: 1st December, 2011

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 to 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 of cost of production.

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



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POWER & FUEL CONSUMPTION	2010-2011
Consumption Per Unit of Production	
Production (Milk Products/Tonne)	6,641.05
Electricity & Fuel/ Tonnes(KWH)	0.07
A	
Electricity	
Total Units(Lacs)	23.76
Total Amount (Rs. in Lacs)	131.35
Rate Per Unit (Rs.)	5.53
B(i)	
Own Generation	
Through Diesel Generator	
Units(Lacs)	3.37
Unit Per Litre of Diesel Oil	4.00
Cost Per unit (Rs.)	8.76
B(ii)	
Fuel used Boiler	
Quantity (In Tonnes)	7,828.22
Total Cost (Rs. in Lacs)	298.16
Average Rate (Rs./ Tonne)	2,625.55
Consumption Per Unit of Production	
Production (Starch Powder & Base Protien/Tonne)	467.21
Electricity/ Tonnes(KWH)	0.04
Fuel/Tonne	0.10
A	
Electricity	
Total Units(Lacs)	3.47
Total Amount (Rs. in Lacs)	20.67
Rate Per Unit (Rs.)	5.96
B(i)	
Own Generation	
Through Diesel Generator	
Units(Lacs)	0.29
Unit Per Litre of Diesel Oil	0.26
Cost Per unit (Rs.)	10.15
B(ii)	
Fuel used Boiler	



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Quantity (In Tonnes)	1,424.00
Total Cost (Rs. in Lacs)	45.56
Average Rate (Rs./ Tonne)	0.03
Other (Contract Manufacturing Activities)	
Consumption Per Unit of Production	
Production (GluconD/ Tonnes)MT	1,219.705
Electricity/ Tonnes(KWH)	0.004
A	
Electricity	
Total Units(Lacs)	1.01
Total Amount (Rs. in Lacs)	4.80
Rate Per Unit (Rs.)	4.77
B	
Own Generation	
Through Diesel Generator	
Units(Lacs)	-
Unit Per Litre of Diesel Oil	-
Cost Per unit (Rs.)	-

B. TECHNOLOGY ABSORPTION

1. Research and 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 product.

- 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 product and its foreign exchange earnings and outgo are nil.

**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. It aims at achievement of high levels of accountability, efficiency, responsibility and fairness in all areas of operations. Our workforce is committed towards the protection of interests of the shareholders, investors, customers etc. Towards this, the Company consistently evaluates and updates its management practices aiming at improvement and maximization of value of all the stakeholders.

2. Board of Directors

The composition of the Board of Directors and other details as on 31st March, 2011 is as under:

During the year, four meetings of the Board of Directors of the Company were held on 13th September, 2010, 25th October, 2010, 25th November, 2010 and 10th February, 2011 respectively.

S. No.	Name of the Directors	Category	Designation	No. of Board Meetings attended	Attendance at Last AGM	No. of Directorships in other Companies	No. of memberships in committees of the Board of other Companies
1.	Shri Rajiv Goyal*	Executive Director	Chairman & Managing Director	1	--	3	--
2.	Shri Suresh Garg*	Non Executive Director	Director	2	--	6	--
3.	Shri Harinder Singh *	Non Executive Independent Director	Director	nil	--	--	--
4	@ Shri V K Bhatia	Non Executive Independent Director	Director	nil	--	--	--
5	@ Shri Alok Goyal	Non Executive Director	Director	1	--	2	--
6.	@ Shri Narinder Pal Singh	Non Executive Independent Director	Director	nil	--	--	--
7.	@ Shri Arvind Garg	Non Executive Director	Director	nil	--	--	--
8	# Shri Sanjeev Goyal	Executive Director	Chairman & Managing Director	4	Yes	--	--
9.	Smt Saloni Goyal	Non Executive Director	Director	4	Yes	--	--
10.	\$ Shri Aseem Chawla	Non Executive Independent Director	Director	2	Yes	1	--
11.	Shri Sanjay Kumar Jain	Non Executive Director	Director	4	No	5	--
12	Shri Anand Sekhri	Non Executive Independent Director	Director	4	No	3	--
13	Smt Harmeet Kaur	Non Executive Independent Director	Director	2	No	1	--
14	\$ Shri Rajendra Kumar Dhall	Non Executive Independent Director	Director	2	No	4	--



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@ Shri V K Bhatia, Shri Alok Goyal, Shri Narinder Pal Singh and Shri Arvind Garg resigned from the Board of Mahaan Foods Limited with effect from 13th September 2010.

* Shri Rajiv Goyal, Shri Suresh Garg and Shri Harinder Singh resigned from the Board of Mahaan Foods Limited with effect from 25th October, 2010.

\$ Shri Aseem Chawla and Shri Rajendra Kumar Dhall joined the Board of Mahaan Foods Limited as Additional Directors with effect from 25th October, 2010.

Shri Sanjeev Goyal was appointed as Chairman & Managing Director of the Company with effect from 1st September, 2010.

The Hon'ble Company Law Board vide its order dated 2nd June, 2009 restrained the Company in holding its Board Meetings till further orders. The Hon'ble Company Law Board finally allowed the Company to hold its Board Meetings vide its order dated 3rd September, 2010. Thereafter, the Company reconstituted its Board in accordance with clause 49(IA) of the Listing Agreement at its Board Meeting held on 13th September, 2010.

3. Code of conduct for the 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 intends to focus on the areas of ethical risks, provides guidance mechanisms to report unethical conduct and helps 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. Committees

- ❖ The Audit Committee formed in pursuance to Clause 49 of the Listing agreement and Section 292A of the Companies Act, 1956 is instrumental in reviewing the procedures of financial reporting besides reviewing the quarterly, half yearly, annual financial results of the Company, internal control systems, , auditing and accounting matters including the recommendation for appointment of our independent auditors, compliance with legal and statutory requirements and integrity of the Company's financial statements.

The Audit Committee was reconstituted by the Board of Directors of the Company at its meeting held on 13th September, 2010.

During the year two meetings of the Committee were held on 25th October, 2010 and 10th February, 2011 respectively. The composition and attendance of the Directors in the Committee was as under:

Name of Director	Position held in the Committee	No. of Committee Meetings attended
Shri Sanjay Kumar Jain	Chairman	2
Shri Sanjeev Goyal	Member	2
Shri Anand Sekhri	Member	2
Smt. Harmeet Kaur	Member	2

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



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❖ Remuneration Committee

A Remuneration Committee was constituted in pursuance to Clause 49 of the Listing Agreement on 25th November, 2010. The remuneration, perquisites and other benefits given to the Managing Director and other Directors of your Company are considered and recommended by the Remuneration Committee to the Board of Directors of the Company.

The composition and attendance of the Directors in the Committee was as under:

Name of the Director	Position in the Committee	Attendance in the Meetings
Shri Rajendra Kumar Dhall	Chairman	1
Shri Anand Sekhri	Member	1
Shri Sanjay Kumar Jain	Member	1

The details of remuneration paid to the Directors for the year ended 31st March 2011 are as under:-

S. No.	Name of the Director	Salary	Perquisites and other benefits	PF	Others	Sitting Fee	Total
1.	Shri Rajiv Goyal	2,00,000/-	95,000/-	24,000/-	--	---	3,19,000/-
2.	Shri Sanjeev Goyal	14,00,000/-	10,000/-	1,68,000/-	--	--	15,78,000/-

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

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

❖ Shareholders Grievance Committee:

The Committee was reconstituted by the Board of Directors of the Company at its meeting held on 13th September, 2010.

During the year five meetings of the Committee were held on 15th September, 2010, 30th September, 2010, 15th November, 2010, 15th February, 2011 and 15th March, 2011 respectively.

The Composition of the Shareholders Grievance Committee and attendance of the Directors in the Committee was as under:

Name of the Director	Position in the Committee	Number of Meetings attended
Smt. Saloni Goyal	Chairman	5
Shri Sanjay Kumar Jain	Member	5
Shri Anand Sekhri	Member	5

The Company Secretary acted as the Secretary to the Committee.



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All complaints that were received from the shareholders were replied/ resolved to the satisfaction of the shareholders.

Mr. Praveen Kumar Pandey was the Company Secretary cum Compliance Officer of the Company till 25th October, 2010.

Ms. Shweta Arora is the Company Secretary cum Compliance Officer of the Company with effect from 11th November, 2010.

The Company could not approve and publish its quarterly results for the quarter ended on 30th June, 2010 in accordance with clause 41 of the Listing Agreement due to the stay order of Hon'ble Company Law Board on holding the Board Meeting of the Company for the said purpose.

❖ General Body Meetings

The detail of last three AGM's are as follows:

Year	AGM	Location	Date	Time	No. of Special Resolutions
2007-2008	21 st AGM	Village Kunja, Rampur Road, Paonta Sahib, Distt. Sirmour (HP)	30.09.2008	2.00 P. M.	Nil
2008-2009	22 nd AGM	Village Kunja, Rampur Road, Paonta Sahib, Distt. Sirmour (HP)	24.12.2010	9.00 A. M.	Nil
2009-2010	23 rd AGM	Village Kunja, Rampur Road, Paonta Sahib, Distt. Sirmour (HP)	24.12.2010	9.30 A. M.	2

The Company did not pass any resolution requiring Postal Ballot for shareholders approval during the financial year ended as on 31st March, 2011.

5. 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 the review are mentioned in (para 13) "Notes to Accounts" (for the year 31st March, 2011)
- There has been no non-compliance, penalties/strictures imposed on the Company by Stock Exchanges(s) or SEBI or any statutory authority, on any matter related to capital markets during the year under review.
- At present, the Company does not have any Whistle Blower Policy.



Management Discussion and Analysis is reported in this Annual Report

6. MD/CFO Certification on the Financial Statement

Pursuant to Clause 49 of the Listing Agreement, the Managing Director and the 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 1st December, 2011.

7. Means of Communication:

The Company published its results in two newspapers i.e. Himachal Times English and Hindi Edition respectively. 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 Exchanges to put the same on their own websites. The notice of AGM along with Annual Report is sent to the shareholders well in advance of the AGM. The stock exchanges are notified of any important developments that may materially affect the working of the Company. Disclosures with regard to shareholding pattern, change in major shareholdings etc. are sent to the Stock Exchanges as required under SEBI Takeover Regulations and SEBI Prohibition of Insider Trading Regulations.

8. General Shareholder Information

A. Annual General Meeting

Day and Date : Friday, 30th December, 2011

Time: 3.00 P. M.

Venue: Hotel Yamuna, Paonta Sahib,
Distt. Sirmour, Himachal Pradesh -173025

B. Financial Calendar:

Adoption of Quarterly/ Half Yearly results

The Company adopted all the quarterly results for the quarters ended as on 30th September, 2010, 31st December, 2010 and 31st March, 2011 respectively.

C. Book Closure Date:

Wednesday, 28th December, 2011 to Friday, 30th December, 2011 (both days inclusive)

D. Dividend Payment:

The Directors have not recommended any dividend for the financial year ended 31st March, 2011.



MAHAAN FOODS LIMITED

E. Listing on Stock Exchanges:

S. No.	Name of the Stock Exchange
1.	The Bombay Stock Exchange Limited
2.	The Delhi Stock Exchange Association Limited
3.	The Ludhiana Stock Exchange Association Limited

Annual Listing Fees for the year 2011-12 have been paid to the Bombay Stock Exchange Limited and the Delhi Stock Exchange Association Limited respectively.

The Company is in the process of getting its securities de-listed from the Ludhiana Stock Exchange Association Limited.

The Stock code of the Company at BSE is 519612.

F. Market Price – Data for the year ended 31st March, 2011

Month	Bombay Stock Exchange	
	High	Low
April 2010	15.84	11.50
May 2010	16.30	11.90
June 2010	15.45	12.56
July 2010	18.39	12.83
August 2010	16.23	13.01
September 2010	15.45	12.80
October 2010*	14.10	12.80

* The trading of securities of the Company at the Bombay Stock Exchange Limited has been suspended since 11th October, 2010 onwards. The Company is working towards getting the suspension revoked and has also obtained an In – Principal Approval for the same from the Bombay Stock Exchange Limited.

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 in Physical Form. Their address is as under:

Alankit Assignments Limited
2E/21, Alankit House
Jhandewalan Extension
New Delhi – 110055
Tel: (011) 23541234, 42541234
Fax: 011 – 23552001, 42541201
Email: alankit@alankit.com
Website: www.alankit.com



Share Transfer Systems

The Company in compliance of SEBI circular no. 15/2002 dated 27th December, 2002, has appointed M/s Alankit Assignments Limited (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 the 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 same.

Dematerialization of Shares:

As on 31st March, 2011 out of the total **3500700** equity shares **1860141** equity shares representing **53.13%** 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 and CDSL for equity shares: **INE734D01010**.



MAHAAN FOODS LIMITED

H. Shareholding Pattern as on 31st March, 2011

Category	Category Shareholder	No. of Shareholders	Total Number of Shares	Number of Shares held in Dematerialized Form	Percent age of total number of shares
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
A	Individuals/ Hindu Undivided Family	22	1361849	528675	38.90
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	1829299	818675	52.25
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	1829299	818675	52.25
(B)	Public Shareholding				
1	Institutions				
A	Mutual Funds/ UTI	4	6300	-	0.18
B	Financial Institutions/ Banks	-	-	-	-
C	Central Government/ State Governments	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	63	122188	105388	3.49
B	Individuals				
	i. Individual shareholders holding nominal share capital upto Rs. 10 Lakh	3422	775264	432829	22.14
	ii. Individual Shareholders holding nominal share capital in excess of Rs. 1 Lakh	19	459849	415849	13.14
C	Any Other (specify)				
I	NRI	44	229600	9200	6.56
II	OCB's	1	15700	15700	0.45
	Sub-total (B) (2)	3549	1602601	978966	45.78
	Total Public Shareholding (B) = (B) (1) + (B) (2)	3554	1671401	1041466	47.75
	Total (A) + (B)	3578	3500700	1860141	100

**MAHAAN FOODS LIMITED**

C	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-
	GRAND TOTAL (A) + (B) + (C)	3578	3500700	1860141	100

I. Distribution of Shareholding as on 31st March, 2011:

S. No.	Description	No. of Share Holders	% of total holders	Amount	% of total equity
1.	Upto 5000	3255	90.166	4090310	11.684
2.	5001 – 10000	118	3.27	931220	2.66
3.	10001 – 20000	74	2.05	1117420	3.192
4.	20001 – 30000	59	1.634	1515470	4.329
5.	30001 – 40000	10	0.277	339320	0.969
6.	40001 – 50000	12	0.332	568170	1.623
7.	50001 – 100000	19	0.526	1315950	3.759
8.	100001 and above	63	1.745	25129140	71.783
	Total	3610	100	35007000	100

J. Plant Location:

1. Village Kunja
Distt Sirmour (Himachal Pradesh)
2. 9 KM Stone, Pipli to Ambala,
G. T. Road, Village Masana
Kurukshetra – 136118
Haryana

K. Investor Correspondence

All enquiries, clarifications and correspondences should be addressed at the following address:

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

E-mail: investors@mahaanfoods.com

shweta.arora@mahaanfoods.com



Management Discussion and Analysis

Outlook for the Industry

India continues to be the world's largest producer of milk. However, the cost of fresh milk continued to increase dramatically due to increasing costs of all the inputs. Simultaneously, the demand for consumption of dairy products (milk and milk products) has been increasing with the urban households as well as the rural households also.

Future Prospects

More and more emphasis is being laid on liquid milk and fresh products such as lassi, pro-biotic milk, ice creams etc.

Moreover availability of fresh dairy products has rapidly increased all over India. Large scale companies have made these products readily available in the rural sector. Also the Company is trying to realign itself to be more on the consumer side, increasing the share of consumer business thereby. For seeking full benefit of the changing environment, we propose to shift a larger share of our product portfolio towards consumer packaging. The Company is also planning to introduce healthier options in terms of low fat products etc. keeping in view the general market trend.

Risk and Concerns

1. 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, the Company is improving over all efficiency and achieving higher outputs.
2. Also, people in general have become more health conscious today and the demand for pure ghee is seeing a considerable downfall.
3. Intervention of Government viz-a-viz import & export of dairy products is causing upheavals in the market hence affecting both demand and price. Also, the Government allows duty free import of milk products to the government departments which leads to problems in the corporate market where the other companies get affected from the same.

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. The Company is now following a system of monthly checks and balances to ensure that the costs are minimized.

Financial and Operational Performance

The Company has achieved a higher turnover in the year as compared to the previous year. It is also taking up 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.



MAHAAN FOODS LIMITED

CERTIFICATE

To
The Members of
Mahaan Foods Limited

We have examined compliance of conditions of Corporate Governance by Mahaan Foods Limited, for the year ended on 31st March, 2011 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, 2011, 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)
CP No. 7433

Place: New Delhi
Date : 1st December, 2011



MAHAAN FOODS LIMITED

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 as on 31st March, 2011, 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 the 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, 2011 which were 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;
 - 1) There has not been any significant changes in Internal Control over financial reporting during the year under reference;
 - 2) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements and
 - 3) 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. K. Sharma)
Chief Financial Officer

Sd/-
(Sanjeev Goyal)
Chairman & Managing Director



MAHAAN FOODS LIMITED

D D NAGPAL & COMPANY CHARTERED ACCOUNTANTS

6H, Gopala Tower, Rajendra Place, New Delhi 110008

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 2011, 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 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.*
 - 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, 2011 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

(26)



MAHAAN FOODS LIMITED

- vi. *Attention is invited to note No. 6 stating that some of balance of debtors, creditors and loans and advances are subject to 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 31.03.2011,
 - 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 DD NAGPAL & COMPANY
Chartered Accountants
(Firm Registration No. 006413N)

Sd/-
(D D NAGPAL)
Partner
Membership No. 085366

Place: New Delhi
Dated : 1st December, 2011



Annexure to Auditors' Report dated 01.12.2011
on accounts for the year ended on 31.03.2011

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. 2,45,63,452 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. 49,000 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.



MAHAAN FOODS LIMITED

- 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 during the year under audit.*
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, 2011 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	Rajasthan Tax Board, Ajmer
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, 2011. Further, the Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.



MAHAAN FOODS LIMITED

- 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 **D D NAGPAL AND COMPANY**
Chartered Accountants
Firm Registration No. 006413N

Sd/-
D D NAGPAL
Partner
Membership No. 085366

Place: New Delhi
Date : 1st December, 2011



MAHAAN FOODS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	SCHEDULE	AS AT 31/03/2011 RS.	AS AT 31/03/2010 RS.
SOURCES OF FUNDS			
1 SHAREHOLDERS FUNDS			
Share Capital	A	35007000	35007000
Reserves & Surplus	B	87127521	86027492
		<u>122134521</u>	<u>121034492</u>
2 LOAN FUNDS			
Secured Loans	C	98083975	104070947
Unsecured Loans	D	279322	1103930
		<u>98363297</u>	<u>105174877</u>
3 DEFERRED TAX LIABILITIES			
		<u>4239277</u>	<u>3873209</u>
TOTAL		<u>224737095</u>	<u>230082578</u>
APPLICATION OF FUNDS			
1 FIXED ASSETS			
Gross Block	E	113543998	111414498
Less : Depreciation		54504210	49756163
Net Block		<u>59039788</u>	<u>61658335</u>
Capital Work in progress		<u>3980659</u>	<u>3980659</u>
		<u>63020447</u>	<u>65638994</u>
2 INVESTMENTS			
	F	<u>27506560</u>	<u>27506560</u>
3 CURRENT ASSETS, LOANS & ADVANCES			
Inventories	G	130237392	152044295
Sundry Debtors		37508127	19314389
Cash & Bank Balances		13897773	8231946
Loans & advances		<u>57615257</u>	<u>89556940</u>
		<u>239258549</u>	<u>269147570</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	H	101320694	128142178
Provisions		<u>3727767</u>	<u>4068368</u>
		<u>105048461</u>	<u>132210546</u>
NET CURRENT ASSETS		<u>134210088</u>	<u>136937024</u>
TOTAL		<u>224737095</u>	<u>230082578</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 D D NAGPAL & CO.

Chartered Accountants

Sd/-
D D Nagpal
Partner

Sd/-
Sanjeev Goyal
Managing Director

Sd/-
Saloni Goyal
Director

Sd/-
Rajendra Kumar Dhali
Director

Sd/-
Shweta Arora
Company Secretary

Place : New Delhi
Date : 1st December, 2011



MAHAAN FOODS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	SCHEDULE	For the year ended 31.03.2011 RS.	For the year ended 31.03.2010 RS.
INCOME			
Sales		1165023443	1070097853
Job Charges Received (Tax Deducted at source Rs.6,07,043/-, previous year Rs.4,42,854/-)		27135917	22177949
Other Income	I	1760986	2659364
		<u>1193920346</u>	<u>1094935166</u>
EXPENDITURE			
Material cost	J	1033996497	934422268
Employee's cost	K	32644875	33341583
Manufacturing expenses	L	61407142	58274224
Other expenses	M	42417491	47179526
Interest	N	16320644	16626324
Depreciation	E	5193183	5046368
		<u>1191979832</u>	<u>1094890293</u>
Profit for the year before tax		1940514	44873
Less : Income tax for earlier years		0	(669966)
Less : Provision for taxation		(474417)	(6933)
Less /Add : Deferred tax Liabilities (Assets) for the year		-366068	620280
Profit after tax		<u>1100029</u>	<u>(11746)</u>
Appropriations			
General Reserve		<u>1100029</u>	<u>(11746)</u>
Balance		-	-
Basic & diluted earning per share of Rs.10 each		<u>0.31</u>	<u>0.00</u>

Notes on Accounts

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 D D NAGPAL & CO.

Chartered Accountants

Sd/-
D D Nagpal
Partner

Sd/-
Sanjeev Goyal
Managing Director

Sd/-
Saloni Goyal
Director

Sd/-
Rajendra Kumar Dhall
Director

Sd/-
Shweta Arora
Company Secretary

Place : New Delhi
Date : 1st December, 2011



MAHAAN FOODS LIMITED

PARTICULARS	AS AT 31.03.2011 RS.	AS AT 31.03.2010 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 :	68273992	68285738
Add : Transfer from Profit & Loss Account	1100029	-11746
	<u>69374021</u>	<u>68273992</u>
	<u>87127521</u>	<u>86027492</u>
SCHEDULE "C"		
SECURED LOANS		
Term Loan from : Himachal Pradesh Financial Corporation	19675185	24175000
Vehicle loan from Others	834643	1228314
Cash Credit loan from Bank	77574147	78667633
	<u>98083975</u>	<u>104070947</u>
SCHEDULE "D"		
UNSECURED LOANS		
Short term loans & advances: From other than bank	279322	1103930
	<u>279322</u>	<u>1103930</u>



MAHAAN FOODS LIMITED

PARTICULARS	AS AT 31.03.2011 RS.	AS AT 31.03.2010 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	45584	36800
Unquoted investments:		
Book value	27500000	27500000
SCHEDULE "G"		
CURRENT ASSETS, LOANS & ADVANCES		
1 INVENTORIES		
Raw material	5839538	4819810
Finished goods including goods lying with consignees & in transit	44661631	73891664
Semi finished goods	53232414	61231536
Stock in process	10872437	3019383
Stores, packing materials & spares	15631372	9081902
	130237392	152044295
2 SUNDRY DEBTORS (Unsecured and considered good)		
Debts outstanding for a period exceeding six months	2505436	459023
Other Debts	35002691	18855366
	37508127	19314389
3 CASH & BANK BALANCES		
Cash in hand (As certified by the management)	831532	273093
Balances with scheduled banks:		
- In current account	12664335	7592583
- In fixed deposit account	280090	280090
(Pledged with Sales Tax Authorities & Bank against Bank Guarantee)		
Interest accrued on fixed deposits	121816	86180
	13897773	8231946
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	23465776	56262010
Deposit with Government Departments	2130035	1507840
Security Deposits	1919446	1687090
	57615257	89556940



MAHAAN FOODS LIMITED

PARTICULARS	AS AT	AS AT
	31.03.2011	31.03.2010
	RS	RS

SCHEDULE "H"

CURRENT LIABILITIES & PROVISIONS		
1 CURRENT LIABILITIES		
Sundry creditors	46401074	73069816
Advance received from customers	35587310	36073498
Other liabilities	18682252	14688353
Interest accrued but not due	646163	717986
Bank overdraft (Credit balance)	3895	3592525
	101320694	128142178
2 PROVISIONS		
For Taxation	618745	137395
For FBT	425000	425000
For Leave Encashment	835475	947443
For Gratuity	1848547	2558530
	3727767	4068368
	For the year ended 31.03.2011 RS.	For the year ended 31.03.2010 RS.

SCHEDULE "I"

OTHER INCOME		
Interest from bank(Tax deducted at source Rs. Nil, previous year Rs.26181)	-	49338
Interest from Sale Tax Deptt. (Tax deducted at source Rs.3946, previous year Rs. Nil)	39612	-
Dividend from long term investments	960	-
Profit on Sale of fixed assets	19708	68000
Rent	-	90000
Miscellaneous	1613820	2452026
Royalty Received (Tax deducted at source Rs. Nil Prev. Year Rs.664515)	86886	-
	1760986	2659364

SCHEDULE "J"

MATERIAL COST		
Opening stock:		
Raw material	4819811	7951788
Finished goods	73891664	56725288
Semi finished goods	61231536	57595975
Stock in process	3019383	4352705
	142962394	126625756
Add : Raw material purchase	950534043	906741756
	1093496437	1033367512
Less : Closing Stock		
Raw material	5839538	4819810
Finished goods	44661631	73891664
Semi finished goods	53232414	61231536
Stock in process	10872437	3019384
	114606020	142962394
	978890417	890405118
	55106080	44017150
Packing material consumed	1033996497	934422268



MAHAAN FOODS LIMITED

PARTICULARS	For the year ended 31.03.2011 RS.	For the year ended 31.03.2010 RS.
SCHEDULE "K"		
EMPLOYEE'S COST		
Salary,wages & bonus	31282386	31800748
Employers contribution to provident fund	1006440	1079641
Staff welfare	356049	461194
	32644875	33341583
SCHEDULE "L"		
MANUFACTURING EXPENSES		
Stores & spares consumed	3175511	3434338
Packing Expenses	478558	2374375
Power & fuel consumed	53491346	49608264
Repairs : Buildings	512999	169004
Machinery	3748728	2688243
	61407142	58274224
SCHEDULE "M"		
OTHER EXPENSES		
Rent	9467536	11487118
Insurance	410538	604813
Rates & taxes	474817	222739
Sales/turnover/entry tax/Service tax	1233045	873869
Commission to selling agents	4752148	4519978
Freight & octroi	10429062	12425120
Rebate & discount	1181922	3214127
Vehicle maintenance	1025035	961745
Traveling expenses	4152175	3682720
Telephone expenses	863768	899160
Loss on Sale of Assets	29005	-
Bad & Doubtful Debts	181141	1236501
Sitting fees	17500	-
Miscellaneous expenses	8199799	7051636
	42417491	47179526
SCHEDULE "N"		
INTEREST		
On term loan from:		
Himachal Pradesh Financial Corporation	2895108	3404980
On Vehicle Loan	171752	417739
On Cash Credit loan from Bank	12739067	12161596
on loans from others	514717	642009
	16320644	16626324



2010-2011

SCHEDULE - E FIXED ASSETS

S. NO. PARTICULARS	GROSS BLOCK		DEDUCTION		DEPRECIATION FOR THE YEAR		ADJUSTMENT		NET BLOCK	
	AS AT 1/4/2010	AS AT 31/3/2011	AS AT 1/4/2010	AS AT 31/3/2011	AS AT 1/4/2010	AS AT 31/3/2011	AS AT 31/3/2011	AS AT 31/3/2011	AS AT 31/3/2010	AS AT 31/3/2011
1 LAND	452296	452296	0	0	0	0	0	0	452296	452296
2 BUILDINGS	12614879	12614879	0	12614879	5027238	421337	0	5448575	7166304	7587641
3 PLANT & MACHINERY	85948251	2304059	465812	87786498	37252509	4111766	186805	41177470	46609028	48695742
4 TUBEWELL	260226	260226	0	260226	151963	12361	0	164324	95902	108263
5 OFFICE EQUIPMENTS	1813523	11400	0	1824923	846718	75694	0	922412	902511	966805
6 FURNITURE & FIXTURE	1789457	22460	0	1811917	1193498	63072	0	1256570	555347	595959
7 VEHICLES	4718943	417514	318624	4817833	2388018	350972	258332	2480658	2337175	2330925
8 COMPUTER EQUIPMENTS	2837233	158500	0	2995733	2468530	111442	0	2579972	415761	368703
9 A.C.EQUIPMENTS	979693	0	0	979693	427690	46539	0	474229	505464	552003
Current year	111414501	2913933	784436	113543998	49756164	5193183	445137	54504210	59039788	61658337
Previous year	111077151	337347	-	111414498	44709796	5046368	0	49756164	61658334	66367355



NOTES ON ACCOUNTS FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2011

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 Accountants 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 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. Depreciation on addition to assets or sales / discardment of assets is calculated on pro rata basis from the date of such addition or upto the date of such discardment as the case may be.
- 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.



MAHAAN FOODS LIMITED

- 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) Income Tax are accounted for in accordance with Accounting Standard -22 on Accounting for Taxes on Income. Income Tax Comprise of both current and deferred Tax.
Current Tax is measured at the amount expected to be paid to / recovered from the revenue authorities, using applicable tax rates and laws.
The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as Deferred Tax Asset or Deferred Tax Liability. Deferred Tax Assets and Liabilities are recognized for future tax consequences attributable to timing differences. They are measured using substantively enacted tax rates and tax regulations.
- 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.
- p) In the opinion of the company's Management, there is no impairment to the assets to which Accounting Standard 28 "Impairment of Assets" applied requiring any revenue recognition.

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. 20,83,297 (Previous year Rs.19,24,276) shown under fixed assets.

3. Contingent Liabilities:

Sales Tax	5,31,79,737	5,31,79,737
Entry tax	5,31,614	5,31,614

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.



MAHAAN FOODS LIMITED

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. Sundry Creditors include Rs. 14,27,029 (P.Y. Rs. 2,21,050) due to Directors.
6. Advances recoverable in cash or in kind or for value to be received includes Rs. 69,60,653 (P.Y. 62,90,460) due from two Directors. Maximum amount due during the year Rs.69,60,653 (P.Y. 62,90,460).
7. Some of balance of debtors, creditors and loans and advances are subject to confirmation from respective parties. No significant impact is expected on the Profit and loss account on this account. The effect of the same if any which is not likely to be material will be adjusted at the time of confirmation.

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. 94,67,536 (Previous year – Rs. 1,14,87,118).



MAHAAN FOODS LIMITED

- 9 The carrying amount of Deferred Tax Liabilities / (Assets) at each Balance Sheet date is arrived at as follows in accordance with Accounting Standard 22 as issued by The Institute of Chartered Accountants of India :

	Current year	Previous year
	(Rupees)	(Rupees)
a) Deferred Tax Liability		
Difference between book depreciation and depreciation under the Income Tax Act, 1961	7059387	6793067
b) Deferred Tax assets		
Disallowances of expenses under Income Tax Act	2820110	2919858
Net Deferred Tax Liabilities	4239277	3873209
Credited to Profit & Loss Account	366,068	(620,280)

- 10 Miscellaneous expenses include amount paid or payable to Auditors:

	Current year	Previous year
	(Rupees)	(Rupees)
- As Auditors	80,000	75,000
- As Tax Auditors	20,000	45,000
- for Income Tax matters	250,000	10,000
	350,000	130,000

- 11 Managerial Remuneration:

	Current year	Previous year
	(Rupees)	(Rupees)
- Salaries	1600000	2400000
- Contribution to P.F.	192000	288000
- Other perquisites & benefits	105000	0
	1897000	2688000
- Director's sitting fees	17500	NIL

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.



MAHAAN FOODS LIMITED

12 Employee Benefits :

a) Defined Contribution Plans :

The Company charged Rs.10,06,440 (Previous year Rs. 10,79,641) 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 2011 (Rs)	As at 31 March 2010 (Rs)
Change In present value of obligation		
1. Present value of obligation as at the beginning of the year	2558529	1630380
2. Current service cost	216589	304349
3. Interest cost	210500	130073
4. Actuarial (gain)/loss	-792250	601900
5. Benefits paid	-344821	-108173
6. Present value of obligation as at the end of the year	1848547	2558529
Cost for the year		
1. Current service cost	216589	304349
2. Interest cost	210500	130073
3. Actuarial (gain) / loss	-792250	601900
4. Net cost	-365161	1036322
Main actuarial assumptions		
Discount rate (per annum)	8.25%	8.00%
Rate of increase in compensation levels (per annum)	6.00%	6.00%

	Privilege Leaves	
	As at 31 March 2011 (Rs)	As at 31 March 2010 (Rs)
Change In present value of obligation		
1. Present value of obligation as at the beginning of the year	1359050	1095595
2. Current service cost	137082	188294
3. Interest cost	111814	87407
4. Actuarial (gain)/loss	-552903	97979
5. Benefits paid	-219568	-110225
6. Present value of obligation as at the end of the year	835475	1359050
Cost for the year		
1. Current service cost	137082	188294
2. Interest cost	111814	87407
3. Actuarial (gain) / loss	-552903	97979
4. Net cost	-304007	373680
Main actuarial assumptions		
Discount rate (per annum)	8.25%	8.00%
Rate of increase in compensation levels (per annum)	6.00%	6.00%

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.



MAHAAN FOODS LIMITED

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. Sanjeev Goyal, Managing Director and Mrs. Saloni Goyal, Director

Key Management Personnel's relatives: M/s Rajiv Goyal HUF (HUF of Mr. Rajiv Goyal), Mr. Amar Nath Goyal (Father of Mr. Sanjeev Goyal), M/s A N Goyal HUF(HUF of father of Mr. Sanjeev Goyal), Mr.Rajiv Goyal (Brother of Mr. Sanjeev Goyal), Mrs. Shashi Goyal (Mother of Mr. Sanjeev Goyal), Mr.Suresh Garg,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	2010-11 Rs.	2009-10 Rs.
Sales of Goods		
Zeon Lifesciences Limited	33,163,883	38,166,791
Ace International	-	68,170,790
Healthy India Nutritional Products Pvt. Ltd.	3,416,490	3,105,900
Best Milk Foods Pvt. Ltd.	277,061	397,872
Purchase of Goods		
Mahaan Proteins Limited	18,787,656	11,985,575
Ace International		7,975,276
Best Milk Foods Pvt. Ltd.	55,508,544	129,657,259
Zeon Lifesciences Limited	101,331	
Job Work Received		
Mahaan Proteins Limited	-	1,716,450
Rent Paid		
Mrs. Saloni Goyal	386,050	
Mr Rajiv Goyal HUF	95,000	
Mr. Amar Nath Goyal	37,500	150,000
Amar Nath Goyal HUF	18,750	75,000
Mr. Sanjeev Goyal	7,500	75,000
Mrs. Shashi Rani Goyal	7,500	30,000
Professional fees paid		
Mr. Dalip Chand Garg	900,000	600,000
Interest Paid		
Dalip Chand Garg HUF	-	120,056
Mr. Dalip Chand Garg	-	119,327
Remuneration Paid to Shri Rajiv Goyal		
- Salaries	200000	2400000
- Contribution to P.F.	24000	288000
- Other perquisites & benefits	95000	
Remuneration Paid to Shri Sanjeev Goyal		
- Salaries	1,400,000	
- Contribution to P.F.	168,000	
- Other perquisites & benefits	10,000	



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Unsecured Loan		
Lactomalt Foods Pvt. Ltd.	49,000	49,000
Creditors		
Mahaan Proteins Limited	4,687,958	3,918,444
Mr. Dalip Chand Garg	67,500	90,000
Mr. A.N. Goyal	296,346	262,596
Mrs. Shashi Rani Goel	67,500	60,000
Mrs. Rani Garg	-	1,630
Mr. A. N. Goyal (HUF)	189,068	170,318
Mr. Sanjeev Goyal	1,247,695	221,050
Mr. Rajiv Goyal (HUF)	179,334	350,334
Advance received		
Mr. Dalip Chand Garg	1,101,784	1,101,784
Dalip Chand Garg (HUF)	1,108,518	1,108,518
Ace International	11,216,201	11,216,201
Advance Recoverable		
Mr. Suresh Garg	1,512,304	1,547,107
Mr. Rajiv Goyal	5,448,349	4,743,353
Zeon Lifesciences Limited	4,472,022	30,633,863
Best Milk Foods Pvt. Ltd.	11,712,327	22,500,042
Healthy India Nutritional Products Pvt. Ltd.	1,418,450	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
Weighted average number of shares at the beginning and at the end of the year	3,500,700	3,500,700
Face Value Per Share (in Rs.)	10	10
Net profit (Loss) after tax available for Equity shareholders (Rs.)	1,100,029	(11,746)
Basic and diluted Earning per share (Rs)	0.31	0.00



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	1,135,816,810	1,025,700,309	29,206,633	44,355,819	-	41,725	1,165,023,443	1,070,097,853
Job charges	-	-	12,149,085	1,716,450	14,986,832	20,461,499	27,135,917	22,177,949
other income	1,482,252	2,506,238	130,867	13,788	117,600	90,000	1,730,719	2,610,026
Total revenue	1,137,299,062	1,028,206,547	41,486,585	46,086,057	15,104,432	20,593,224	1,193,890,079	1,094,885,828
Segment results	16,665,154	15,427,352	1,111,206	(2,532,043)	3,447,292	7,106,783	21,223,652	20,002,092
Unallocated Income							86,886	
Unallocated expenses							3,089,952	3,380,233
Operating profit							18,220,586	16,621,859
- Dividend							960	-
- Interest							39,612	49,338
Interest paid							18,261,158	16,671,197
Add: Income tax for earlier years written back							16,320,644	16,626,324
Less: Provision for tax							-	(669,966)
Add: Deferred tax written back							(474,417)	(6,933)
							(366,068)	620,280
Profit after tax							1,100,029	(11,746)



MAHAAN FOODS LIMITED

Other information									
Segment assets	223,105,322	234,404,357	32,457,474	50,356,316	5,846,244	12,641,187	261,409,040	297,401,860	
Unallocated assets							67,096,109	64,891,264	
Total assets							328,505,149	362,293,124	
Segment liabilities	90,776,431	117,795,948	7,013,749	8,781,458	4,912,127	4,261,612	102,702,307	130,839,018	
Unallocated liabilities							103,183,630	110,419,613	
Total liabilities							205,885,937	241,258,631	
Capital expenditure	2,597,274	297,972	316,659	-	-	39,375	2,913,933	337,347	
Depreciation	1,054,126	394,402	3,561,028	3,603,551	578,029	1,048,415	5,193,183	5,046,368	



16 Additional information pursuant to the provision of part-III 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 01.04.10		Production		Sales		Closing stock As on 31.03.11		Shortage
	Qty. Kgs.	Amount Rs.	Qty. Kgs.	Amount Rs.	Qty. Kgs.	Amount Rs.	Qty. Kgs.	Amount Rs.	
1. Dairy Creamer	445816 (488303)	46479046 (42784802)	4294036 (4793706)	524655737 (502891988)	4425639 (4833109)	34077317 (46479046)	313914 (445816)	299.00 (3,084.00)	
2. Pure Ghee	125765 (69069)	27350130 (12586436)	2349302 (1793204)	564730344 (398097531)	2431281 (1735202)	10410493 (27350130)	43682 (125765)	104.00 (1,306.00)	
4. Base Proteins	(-)	(-)	134140 (142,600)	27900172 (28,580,649)	134140 (142,600)	-	(-)	(-)	
5. Maltodextrine	2269 (50150)	62488 (1354050)	9000 (532144)	159477 (15728815)	5300 (580025)	173821 (62488)	5969 (2269)	-	
6. Others	(-)	(-)	(-)	47306085.2 (123678295)	(-)	(-)	(-)	(-)	
Total	573850 (607522)	73891664 (56725288)	6786478 (7261654)	1164751815 (1068977278)	6996360 (7290936)	44661631.18 (73891664)	363565 (573850)	403.00 (4,390.00)	

Note: Goods manufactured for others:

Glucan - D: The production during the year was 1219 MT (Previous year 4875 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 01.04.10		Purchase		Sales		Closing stock As on 31.03.11	
	Qty. Kgs.	Amount Rs.	Qty. Kgs.	Amount Rs.	Qty. Kgs.	Amount Rs.	Qty. Kgs.	Amount Rs.
Lactose IP/BP	-	-	-	-	-	-	-	-
	(-)	(-)	(21,500)	(559,000)	(21,500)	(875,500)	(-)	(-)
Butter Milk Powder	-	-	-	-	-	-	-	-
	(-)	(-)	(2,500)	(187,500)	(2,500)	(245,075)	(-)	(-)
Maltodextrine Powder	(-)	(-)	9,425	239,961	9,425	271,628	(-)	(-)
	-	-	9,425	239,961	9,425	271,628	-	-
	(-)	(-)	(24,000)	(746,500)	(24,000)	(1,120,575)	(-)	(-)

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	34924830	797281841	41906911	796957534
2. Milk powder			45000	5105702
3. Sugar	641541	19094858	769572	2570765
4. Maize Starch			580700	9388805
5. Others	1401090	133137616	1200784	95850928
	36967461	949514315	44502967	909,873,734



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	949514315	100	909873734	100
Total	949514315	100	909873734	100
2. Spare parts & components				
- Imported	Nil	Nil	Nil	Nil
- Indigenous	3175511	100	3434338	100
Total	3175511	100	3434338	100

G. EXPENDITURE IN FOREIGN CURRENCY

	Current year	Previous year
	Rs.	Rs.
- Travelling	Rs. NIL	Rs. 144650/-

(50)

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 D D NAGPAL & Co.
Chartered Accountants

D D Nagpal Partner
Sd/- **Sanjeev Goyal** Managing Director
Sd/- **Saloni Goyal** Director
Sd/- **Rajendra Kumar Dhali** Director
Sd/- **Shweta Arora** Company Secretary

Place : New Delhi
Date : 1st December, 2011



MAHAAN FOODS LIMITED

MAHAAN FOODS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2011

PARTICULARS	2010-11 Rs.	2009-10 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS :	1940514	44873
ADJUSTMENTS FOR:-		
Depreciation	5193183	5046368
Royalty	-86886	
Interest Income	-39612	-49338
Dividend Income	-960	0
Profit on sale of assets	-19708	-68000
Loss on sale of fixed assets	29005	0
Interest Charges	16320644	16626324
Operating profits before working capital changes :	23336180	21600227
ADJUSTMENTS FOR:-		
Inventories	21806903	-10966022
Sundry debtors	-18193738	-400155
Trade & other receivables	32563878	-366522
Trade payables & other liabilities	-27090262	13972333
Cash generated from (used) in operation	32422961	23839861
Direct taxes paid	-1096612	-445472
Net Cash flow from operating activities	31326349	23394389
B. CASH FLOW FROM INVESTMENT ACTIVITIES :		
Purchase of fixed assets	-2913933	-337347
Sales of fixed assets	330000	68000
Interest received	3976	36269
Dividend from non trade long term investments	960	0
Royalty	86886	
Net Cash flow used in investment activities	-2492111	-233078
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Loan paid/recovered	-824608	-602714
Interest paid	-16392467	-16757770
Increase / decrease in term loans (net)	-4893486	-6565496
Increase / decrease in cash credits from banks	-1093486	307939
Net Cash flow used in financing activities	-23204046	-23618041
Net decrease in cash and cash equivalents :	5630192	-456730
Cash & cash equivalents at opening	8145765	8602495
Cash & cash equivalents at closing	13775957	8145765

Auditors' Report

As per our Report of even date attached.
For D D NAGPAL & Co.
Chartered Accountants

Sd/-
D D Nagpal
Partner

Sd/-
Sanjeev Goyal
Managing Director

Sd/-
Saloni Goyal
Director

Sd/-
Rajendra Kumar Dhall
Director

Sd/-
Shweta Arora
Company Secretary

Place : New Delhi
Date : 1st December, 2011



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 - 2011								

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
224737	224737

Source of funds

Paid up capital	Reserves and surplus
35007	87127
Secured loans	Unsecured loans
98084	279

Application of funds

Net fixed assets	Investments
59040	27506
Net current assets	Miscellaneous Expenditure
134210	NIL

Accumulated losses	NIL
Deferred tax liabilities	4239

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

Turnover	Total expenditure
1193920	1191980
Profit before tax	Profit after tax
1940	1100
Earning per share in Rs.	Dividend rate %
0.31	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

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 24th Annual General Meeting of the Company on 30th December, 2011 at 3.00.p.m. At Hotel Yamuna 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

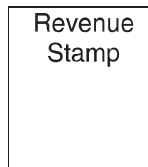
Regd. Folio No./Client ID :
No. of Shares held :

I/ We

of being a Member/ Members of the above named Company, hereby appoint of.....

..... or failing him/her

as may/our proxy to attend and vote for the me/us on my/our behalf at the 24th Annual General Meeting of the Company on Friday, 30th December, 2011 at 3.00 P. M. at Hotel Yamuna, Paonta Sahib, Himachal Pradesh – 173025.



Signed thisday of..... 2011

- 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 – II, NEW DELHI – 110048 AT LEAST 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.



MAHAAN FOODS LIMITED

Dear Shareholder,

Sub: Green Initiative in Corporate Governance

The Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in Corporate Governance” by allowing paperless compliances by Companies through electronic mode. In accordance with the recent Circular No 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011 issued by the MCA, companies can now send various notices and documents, including Annual Report through electronic mode also to their shareholders at their registered e-mail addresses.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and this will allow the Company and shareholders to contribute towards a Greener Environment. It will also ensure prompt receipt of communication and avoid loss in postal transit.

We therefore invite all our shareholders to contribute to the cause by agreeing to receive e-communications by filling up the form given below. It is requested that the filled up form may kindly be sent back to the Company Secretary of the Company. Alternatively an e-mail to investors@mahaanfoods.com may be sent quoting your folio number/ DP ID & Client ID.

Please note that as a shareholder of the Company, you will be entitled to receive all such communication in physical form upon request.

Best Regards,
For **Mahaan Foods Limited**

Sd/-
Shweta Arora
Company Secretary

E-Communication Registration Form

Folio No./ DP ID & Client ID:

Name of 1st Registered Holder.....

Name of Joint Holder(s):

Registered Address:

E-mail ID (to be registered):

I/We shareholder(s) of Mahaan Foods Limited agree to receive communication from the company in electronic mode. Please register my above e-mail ID in your records for sending communication through e-mail.

Date:

Signature:
(First Holder)

Note: Shareholder(s) are requested to keep the Company informed as and when there is any change in their e-mail address.

BOOK POST

If undelivered please return to :
MAHAAN FOODS LIMITED
M-19, 1st Floor, M-Block Market,
Greater Kailash-II, New Delhi-110048