

**27<sup>th</sup> ANNUAL REPORT**  
**(2013-2014)**



**MAHAAN FOODS LIMITED**





## MAHAAN FOODS LIMITED

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<b>Board of Directors</b>	Shri. Sanjeev Goyal Smt. Harmeet Kaur Shri Youdhveer Singh Rawat	Chairman cum Managing Director
<b>Bankers</b>	HDFC Bank Axis Bank	
<b>Secretary</b>	Ms. Shweta Arora	
<b>Auditors</b>	M/s D. D. Nagpal & Co. Chartered Accountants Room No. H, 6th Floor, Gopala Tower, 25, Rajendra Place, New Delhi – 110008	
<b>Registered Office</b>	Highwinds, National Highway 22, Village Datyar, Parwanoo, Himachal Pradesh - 173220	
<b>Corporate Office</b>	M-19, 1st Floor, M-Block Market, Greater Kailash – II, New Delhi – 110048	
<b>Works</b>	9 KM Stone, Pipli to Ambala, G. T. Karnal Road, Village. Masana, Kurukshetra Haryana – 136118	
<b>Registrar &amp; Transfer Agents</b>	M/s Alankit Assignments Limited 1 E/ 13, Alankit House, Jhandewalan Extension, New Delhi - 110005	



**NOTICE**

Notice is hereby given that the 27th Annual General Meeting of the shareholders of Mahaan Foods Limited will be held at Hotel Park Inn, Plot No. 1, Sector-2, Parwanoo, Himachal Pradesh-173220 on Saturday 27th September, 2014 at 11.00 a.m to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the Statement of Profit & Loss for the year ended on that date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri Sanjeev Goyal (DIN: 00221099), Director, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and authorize the Board of Directors to fix their remuneration

To consider and if thought fit, to pass, with or without modification (s), the following resolution as an **Ordinary Resolution:-**

**"RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules made thereunder, M/s D.D. Nagpal & Co. Chartered Accountants (Registration No. 006413N), New Delhi be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 33rd Annual General Meeting (subject to the ratification of the appointment by the members at every Annual General Meeting) and that the Board of Directors of the Company be and is hereby authorized to fix their remuneration in consultation with them."

**SPECIAL BUSINESS**

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

**"RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, the term of Shri Youdhveer Singh Rawat (DIN: 01207589) as Independent Director of the Company , not liable to retire by rotation, be and is hereby fixed upto 31st March, 2019 in respect of whom the Company has also received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company."

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

**"RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, the term of Smt. Harmeet Kaur (DIN: 01421368) as Independent Director of the Company , not liable to retire by rotation, be and is hereby fixed up to 31st March, 2019 in respect of whom the Company has also received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director of the Company."

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

**“RESOLVED THAT** pursuant to provisions of section 13 and 61 and other applicable provisions, if any, of the Companies Act, 2013 and Articles of Association of the Company, the Authorized Share Capital of the company be and is hereby increased from Rs. 12,00,00,000/- (Rupees Twelve Crore) to Rs. 20,00,00,000/- (Rupees Twenty Crore) by creation of 80,00,000 equity shares of Rs. 10/- each, ranking pari passu with the existing Equity Shares and the existing Clause V of the Memorandum of Association of the Company relating to the Share Capital be substituted with the following clause:

'V. The Authorized Share Capital of the Company is Rs. 20,00,00,000/- (Rupees Twenty Crore ) divided into 2,00,00,000/- (Two Crore) Equity Shares of Rs. 10/- (Rupees Ten) each.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee thereof be and is hereby authorized to do, perform and execute all such acts, matters, deeds and things as it may consider necessary and expedient, to give effect to this resolution, including but not limited to filing of necessary forms with the Registrar of Companies and to comply with all other requirements in this regard and for any matters connected herewith and incidental hereto.”

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification (s) or re-enactment thereof), and subject to the approval of the Central Government as may be required, the Company hereby approves and ratifies the total remuneration of Rs. 50,000/- (Rupees fifty thousand only) plus service tax and out of pocket expenses payable to M/s Sanjay Gupta & Associates (Firm Registration No.: 000212), Cost Accountants, appointed as Cost Auditors of the Company for the Financial Year 2014-2015.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

**“RESOLVED THAT** pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 (the 'Act') and subject to such approvals, consents, sanctions and permissions as may be necessary, consent of members of the Company be accorded to the Board of Directors of the Company to enter into contracts and/or agreements with Related Parties as defined under the Act with respect to sale, purchase or supply of any goods or material, selling or otherwise disposing of, or buying, leasing of property of any kind, availing or rendering of any services, appointment of agent for purchase or sale of goods, material, services or property or appointment of such related party to any office or place of profit in the Company or its subsidiary or associate Company or any other transaction of whatever nature with related parties.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writing that may be required, on behalf of the Company and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this Resolution.



**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to determine the actual sum to be involved in the proposed transactions and the terms & conditions related thereto and all other matters arising out of or incidental to the proposed transactions and generally to do all acts, deeds, matters, and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this Resolution.”

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

“**RESOLVED THAT** pursuant to Section 62 and other applicable provisions, if any, of the Companies Act 2013,(including amendments thereto and re-enactments thereof) and subject to such approvals, as may be necessary, the Board of Directors of the Company and any Committee constituted thereof by the Board, be and is hereby authorized to offer further equity shares to the shareholders of the company in such proportion and at such a price as may be decided by the Board of Directors of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the company be and is hereby also authorized to issue any other permissible instruments (not amounting to public issue of equity shares) upto an overall limit of Rs 20 crore ( Rupees Twenty Crore) for raising funds for the purpose of funding the expansion plans of the company subject to the necessary approvals as may be required from Stock Exchanges, SEBI or any other Statutory or other prescribed authorities as may be required in this connection.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee thereof be and is hereby authorized to do, perform and execute all such acts, matters, deeds and things as it may consider necessary and expedient, to give effect to this resolution, including but not limited to filing of necessary forms with the Registrar of Companies and to comply with all other requirements in this regard and for any matters connected herewith and incidental hereto.”

By the orders of the Board of Directors

Sd/-

**(Shweta Arora)**

Company Secretary cum Compliance Officer

Place: New Delhi

Date: 23rd August, 2014



**NOTES:**

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect of the Special Business set out in Item Nos. 4 to 9 of the accompanying Notice is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF (ONLY ON A POLL) AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY, DULY COMPLETED, MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM FOR THE AGM IS ENCLOSED.**
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. Members / Proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
6. The Register of Members and Share Transfer Books of the Company will remain closed on Thursday 25th September, 2014 to Saturday 27th September, 2014 (both days inclusive) for the purpose of AGM.
7. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their change of address, change of name, e-mail address, contact numbers, etc. to their Depository Participant (DP). Members holding shares in physical form are requested intimate such changes to the Company or the Registrar and Transfer Agent of the Company.
8. 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.
9. 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.
10. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to update your email address with your Depository Participant to enable us to send you the communications via email.
11. Copies of the Annual Report 2014 are being sent by electronic mode to all members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2014 are being sent by the permitted mode.
12. Members may also note that the Notice of the 27th AGM and the Annual Report 2014 will be available on the Company's website, [www.mahaanfoods.com](http://www.mahaanfoods.com). The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at: [investor@mahaanfoods.com](mailto:investor@mahaanfoods.com).
13. Additional Information pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment / re-appointment at the AGM are furnished and forms part of the Notice. The Directors have furnished the requisite consents / declarations for their appointment / re-appointment.



14. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the Securities Market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company.
15. Annual Listing Fee for the year 2014-2015 has been paid to the Bombay Stock Exchange Limited and the Delhi Stock Exchange Limited wherein shares of the Company are listed. The Company has not paid Annual Listing fees to Ludhiana Stock Exchange Ltd for the year 2014-2015.
16. The Company has also applied for Voluntary Delisting of its equity shares from the Delhi Stock Exchange Limited under the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. The equity shares of the Company shall continue to be listed on the Bombay Stock Exchange Limited, which has nationwide trading terminals.
17. **NO GIFT(S) SHALL BE DISTRIBUTED AT THE ENSUING 27TH ANNUAL GENERAL MEETING OF YOUR COMPANY.**

#### **Voting in Electronic Form**

1. Pursuant to Section 108 and corresponding Rules of Companies Act, 2013, the Company will provide e-voting facility to the members. All business to be transacted at the annual general meeting can be transacted through the electronic voting system.
2. The Notice of Annual general meeting will be sent to the members, whose names appear in the register of members/depositories as at closing hours of business, on Friday, August, 22, 2014.
3. The shareholders shall have one vote per equity share held by them. The facility of e-voting would be provided once for every Folio/ Client ID, irrespective of the number of joint holders.
4. The Company has appointed Mr. Deepak Bansal, Practicing Company Secretary, as the scrutinizer for conducting the e-voting process in the fair and transparent manner.
5. The scrutinizer will submit his final report to Chairman of the Company within three working days after the conclusion of e-voting period.
6. After all the items of the notice have been discussed, the Chairman will order poll in respect of all the items. Poll will be conducted and supervised under the Scrutinizer appointed for e-voting as stated above. After conclusion of the poll, the Chairman may declare the meeting as closed. The results of the poll aggregated with the results of e-voting will be announced by the Company on its website : [www.mahaanfoods.com](http://www.mahaanfoods.com) and will also inform to the stock exchanges where the securities of the Company are listed within two days from the date of AGM of the Company.
6. The scrutinizer's decision on the validity of e-voting will be final.

#### **A. Instructions of voting through electronic mode**

- i. Open email and open the attached PDF file therein. The said pdf file contains your User ID & Password for e-voting. Please note that the Password is an initial password.
- ii. Launch the internet browser by typing the following URL: <https://www.evoting.nsdl.com>  
Click on "Shareholders Login".
- iii. Put User ID and Password as initial Password noted in step (i) above. Click Login. If you are already registered with NSDL for e-voting then you can use your existing User ID and Password for Login.





- iv. If you are logging in for the first time, Password change menu appears. Change the Password with new Password of your choice with minimum 8 digits/characters or combination thereof. Please note the new Password for all the future e-voting cycles offered on NSDL e-voting platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- v. Home page of "e-voting" opens. Click on "e-Voting": Active Voting Cycles.
- vi. Select "EVEN (E-Voting Event Number)" of Mahaan Foods Limited. For an EVEN, you can login any number of times on e-voting platform of NSDL till you have voted on the resolution or till the end of voting period i.e. upto close of 22nd September, 2014 whichever is earlier.
- vii. Now you are ready for "e-voting" as "Cast Vote" page opens.
- viii. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted. Kindly note that vote once cast cannot be modified.
- ix. Upon confirmation, the message "Vote cast successfully" will be displayed
- x. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [investor@mahaanfoods.com](mailto:investor@mahaanfoods.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**B. In case a Member receiving the AGM Notice by Post [for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy] may also vote electronically through the following procedure:**

- (i) Initial password will be provided separately EVEN (E Voting Event Number) USER ID  
PASSWORD
- (ii) Please follow all steps from Sl. No. 1A (ii) to Sl. No. 1A(x) above, to cast your vote.

**C. The voting period begins at 9.30 a.m., Saturday 20th September, 2014, and ends at 6.00 p.m Monday 22nd September, 2014.**

During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August, 22, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

**D. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for members available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).**

**STATEMENT AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013 AND THE INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT****Item No. 4.**

Shri Youdhveer Singh Rawat is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors in December, 2012. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, the term of Shri Youdhveer Singh Rawat, as Independent Director is proposed to be fixed upto 31st March, 2019.

The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs. 1 lakh, proposing the candidature of Shri Youdhveer Singh Rawat for the office of Independent Director of the Company.

The Company has received from Shri Youdhveer Singh Rawat a declaration to the effect that he meets the criteria of independence as provided in Section 149 (6) of the Companies Act, 2013.

The resolution seeks the approval of members for fixing the term of Shri Youdhveer Singh Rawat as an Independent Director of the Company upto 31st March, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the rules made there under. He is not liable to retire by rotation.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri Youdhveer Singh Rawat as an Independent Director.

No Director, Key Managerial Personnel or their relatives, except Shri Youdhveer Singh Rawat to whom the resolution relates, is interested or concerned financially or otherwise in the Resolution.

The Board recommends the Resolution No. 4 for the approval of the members.

**Item No. 5**

Smt. Harmeet Kaur is a Non-Executive (Independent) Director of the Company. She joined the Board of Directors in April, 2009. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, the term of Smt. Harmeet Kaur, as Independent Director is proposed to be fixed upto 31st March, 2019.

The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs. 1,00,000 proposing the candidature of Smt. Harmeet Kaur for the office of Independent Director of the Company.

The Company has received from Smt. Harmeet Kaur a declaration to the effect that she meets the criteria of independence as provided in Section 149 (6) of the Companies Act, 2013.

The resolution seeks the approval of members for fixing the term of Smt. Harmeet Kaur as an Independent Director of the Company upto 31st March, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the rules made there under. He is not liable to retire by rotation.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Smt. Harmeet Kaur as an Independent Director.

No Director, Key Managerial Personnel or their relatives, except Smt. Harmeet Kaur to whom the resolution relates, is interested or concerned financially or otherwise in the Resolution.

The Board recommends the Resolution No. 5 for the approval of the members.

**Item No. 6:**

The existing Clause V of Memorandum of Association specifies the present Authorized Share Capital of your Company. The Authorised Share Capital of your Company is proposed to be increased from Rs. 12,00,00,000/- (Rupees Twelve Crores) to Rs. 20,00,00,000/- (Rupees Twenty Crores) to augment the additional capital required for funding the expansion plans of the company.



As per the provisions of the Section 61 (1) of the Companies Act, 2013, approval of the shareholders is required for amending the Clause V of the Memorandum of Association of the Company.

None of the Directors or any Key Managerial Personnel or their relatives, is concerned or interested financially or otherwise in the Resolution.

A copy of the Memorandum of Association of the Company together with the proposed alterations are available for inspection at the corporate office of the company between 10 a.m to 1 p.m on any working day of the company.

The Board recommends the resolution for the approval of the shareholders by way of a Special Resolution.

**Item No.: 7**

The Board of Directors of the Company at their meeting held on 30th May, 2014 has, on recommendation by the Audit Committee, appointed M/s Sanjay Gupta & Associates (Firm Registration No.: 000212), Cost Accountants as the Cost Auditors for the Financial Year 2014-2015 at a total remuneration of Rs. 50, 000/- (Rupees Fifty Thousand Only). As per Section 148 of the Companies Act, 2013 and applicable rules thereunder, the remuneration payable to the Cost Auditors is to be ratified by the members of the Company.

The Board considers the remuneration payable to the cost auditors as fair and recommends the resolution contained in Item No. 7 of the accompanying notice for approval of the members as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel (KMP) or the relatives of Directors or KMPs is interested or concerned in the said resolution.

**Item No.: 8**

Pursuant to Section 188 of the Companies Act, 2013, the Company can enter into transaction mentioned under aforesaid resolution, which are not in ordinary course of business and/or are not on arm length basis, only with the approval of shareholders accorded by way of special resolution. Though, your Company always seeks to enter into transactions with related parties in ordinary course of business and at arm's length basis; still there may be some such transactions which are done in the interest of the Company and for which your approval is required under the provisions of Companies Act, 2013.

The proposal outlined above is in the interest of the Company and the Board re-commends set out the accompanying Notice as special resolution.

None of the Directors and Key Managerial Personnel of the Company is concerned or interested in the said resolution except to the extent of their shareholding in the Company or any their interest as director or shareholder or partner or otherwise in such other related party entity, if any.

**Item No.: 9**

The Board of Directors of the Company at its meeting held on 5th December, 2013 had considered various options available to the company for raising funds of the company for augmenting the expansion plans of the Company including the option to offer further equity shares to the existing shareholders of the company in such proportion and at such a price and on such terms and conditions as may be decided by the Board of Directors of the company subject to approval of the Stock Exchanges, SEBI or any other statutory or other authorities as may be required. Your approval for the same was taken at the Annual General Meeting held on 31st December, 2013. As per Ministry of Corporate Affairs clarification, the resolutions passed under old provisions of Companies Act, 1956 shall remain valid for a period of one year only from the date of its passing.

In view of above, the shareholders approval is required for enabling the Board of Directors of the company to issue right shares and any permissible securities (not amounting to public issue) under the new applicable provisions of Companies Act, 2013 subject however to any statutory approvals as may be required.



None of the Directors or any Key Managerial Personnel or their relatives, is concerned or interested in any manner provided under Section 102 of the Companies Act, 2013

The Board recommends the resolution for the approval of the shareholders by way of a Special Resolution.

**DETAILS OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT**

**Shri Sanjeev Goyal** – Chairman cum Managing Director

Shri Sanjeev Goyal, 53, is Bachelor in Engineering and has around 27 years rich experience in Dairy Industry. He holds 120500 equity shares in the company. He is member of the Audit Committee of the company.

He does not hold any directorship in any other public limited company.

**Shri Youdhveer Singh Rawat** – Independent and Non Executive Director

Shri Youdhveer Singh Rawat, 49, is graduate and having corporate experience of around 20 years and is on the Board of following companies

1. M/s Allianz Tape & Trade Private Limited
2. M/s Tamilnadu Chromates and Chemicals Limited
3. M/s Mega Search Consultancy Private Limited
4. M/s Frontius Pharmaceuticals & Chemicals Private Limited
5. M/s Indus Adcom Private Limited
6. M/s Pabitradhara Vyapar Private Limited

He is member of Audit Committee, Nomination & Remuneration Committee and Stakeholders Committee. He does not hold any shareholding in the company and he is not a director in any other public limited company.

**Smt. Harmeet Kaur** – Independent and Non Executive Director

Smt. Harmeet Kaur, 48, is a science graduate and is having corporate experience of around 15 years.

She is member of Audit Committee, Nomination & Remuneration Committee and Stakeholders Committee. She does not hold any shareholding in the company and she is not a director in any other public limited company.

By order of the Board of Directors

Sd/-

**(Shweta Arora)**

Company Secretary cum Compliance Officer

Place: New Delhi

Date: 23rd August, 2014

**DIRECTORS' REPORT****TO THE MEMBERS**

Your Directors have pleasure in presenting the 27th Annual Report of the Company together with the Audited Accounts for the year ended as on 31st March, 2014.

**PERFORMANCE**

The summarized financial results for the year ended 31st March, 2014 and for the previous year ended 31st March, 2013 are as follows:

Particulars	(₹ In lacs)	
	2013-2014	2012-13
Sales & Other Income	1385.95	16129.18
Profit before interest and depreciation & taxes	5.20	235.33
Profit/(Loss) before exceptional Item & taxes	-168.61	44.02
Exceptional Item	227.59	0.00
Profit/(Loss) before taxes	58.98	0.00
Taxation	-47.80	29.23
Profit/(Loss) after taxes	106.78	14.77

**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.

The Practicing Company Secretary has pointed out exceptions in compliance of Clause 49 of the Listing Agreement in his certificate which arose on account of judicial restraints imposed on the Company during the year. The Company has mentioned such exceptions in its corporate governance reports submitted with the stock exchanges.

**DIRECTORS'**

To satisfy the requirements of the provisions of the Companies Act, 2013, Shri Sanjeev Goyal, Chairman cum Managing Director of the Company is made liable to retire by rotation and if re-appointed, his existing terms and conditions of employment with the Company shall remain unchanged.

The Board has recommended to fix the term of Shri Youdhveer Singh Rawat and Smt. Harmeet Kaur, as Independent Directors of the company upto March 31, 2019. Mr Rajendra Kumar Dhall resigned as Director with effect from 28th June, 2014.

**DEPOSITS**

During the year under review, your Company did not invite / accept any Fixed Deposits from the public under Companies (Acceptance of Deposits) Rules, 1975.

**AUDITORS'**

Messrs D D Nagpal & Co., Chartered Accountants, New Delhi, Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Board of Directors recommend to the Members of the Company for the reappointment of Messrs. D D Nagpal & Co., Chartered Accountants, as Statutory Auditors of the Company to hold the office for a term of six years from the conclusion of ensuing 27th Annual General Meeting of the Company till the conclusion of 33rd Annual General Meeting of the Company.

**COST AUDITORS**

In accordance with Audit Committee's recommendations, the Board has recommended the appointment of M/s. Sanjay Gupta & Associates as the Cost Auditors of the Company for the year ended on March 31, 2015. The Company is yet to file its Cost Audit Report for the financial year 2013-14. The Cost Audit Report for the financial year 2012-13 was filed by the company on 20th February, 2014.

**INTERNAL AUDIT**

Your Company has appointed M/s Naresh Kumar & Co. Chartered Accountants. & Co., Chartered Accountants, New Delhi as Internal Auditors of the Company for the financial year 2014-15.

**ACCOUNTS AND AUDIT REPORT**

As regards observations contained in the Auditor's Report, the respective notes to the accounts are self explanatory and therefore, do not call for any further comments.

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

**Reply to Para 2(iv) of the Main Auditors Report**

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

**Reply to Para 2(vi) of the Main Auditors Report**

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

**Reply to Para 2(vii) of the Main Auditors Report**

The company has relied upon the relevant case laws relating to the transfer of assets and liabilities under family settlement and opinion from the legal expert has also been taken before finalization of accounts. There is no significant impact on the working results of the company on this account.

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

Information required to be furnished in terms of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to Conservation of Energy, Technology Absorption & Foreign Exchange Earnings & Outgo is annexed herewith and forms a part of this report.



### **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 have been followed along with 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.

### **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**

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

### **ACKNOWLEDGEMENTS**

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

For and on behalf of the Board of Directors

Sd/-

**(Sanjeev Goyal)**

Chairman cum Managing Director

Place: New Delhi

Date: 23rd August, 2014

**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**
**i. Energy Conservation measures taken**

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

**ii. 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 equipment's which have contributed towards reduction in the consumption of energy.

**iii. Impact of the measures at (i) and (ii) for reduction of energy consumption and consequent impact on the cost of production of goods.**

The measures taken in (i) and (ii) above have resulted in reduction of cost of production.

**iv. Total Energy Consumption and Energy Consumption per unit of production as per prescribed Form – A**

<b>POWER &amp; FUEL CONSUMPTION</b>	<b>2013-2014</b>	<b>2012-2013</b>
<b>Consumption per unit of production</b>		
Production (Milk Products/Tonnes)	0.00	8146.24
<b>Electricity/Tonnes(KWH)</b>	0.00	0.06
<b>Fuel/Tonnes)</b>		
<b>A</b>		
<b>Electricity</b>		
Total Units(Lacs)	0.00	24.49
Total Amount (₹ In Lacs)	0.00	151.77
Rate Per Unit(₹)	0.00	6.20
<b>B(i)</b>		
<b>Own Generation</b>		
Through Diesel Generator		
Units (in lacs)	0.00	3.26
Units Per Litre of diesel Oil	0.00	3.91
Cost/Unit(₹)	0.00	11.10



<b>B(ii)</b>		
<b>Fuel used Boiler</b>		
Quantity (In Tonnes)	0.00	8057.72
Total Cost(₹in Lacs)	0.00	326.73
<b>Average Rate(Rs./Tonnes)</b>	0.00	2466.20
<b>Consumption per unit of production</b>		
Production (Glucon D/ Base Proteins/Tonnes )	899.00	1763.00
<b>Electricity/Tonnes(KWH)</b>	0.03	0.02
<b>Fuel/Tonnes)</b>	0.12	0.08
<b>others (contract Manufacturing Activities)</b>		
<b>Electricity</b>		
Total Units(Lacs)	4.31	5.54
Total Amount (₹ In Lacs)	25.07	32.35
Rate Per Unit(₹)	5.82	5.84
<b>Own Generation</b>		
Through Diesel Generator		
Units (in lacs)	0.00	1.04
Units Per Litre of diesel Oil	0.00	2.88
Cost/Unit(₹)	0.00	18.00

**b. TECHNOLOGY ABSORPTION**
**1. Research and Development (R&D)**

- i. Specific areas in which R&D carried out by the Company

-----NIL-----

- ii. Benefits derived as a result of above R&D

-----NIL-----

- iii. Future plan of action

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

- iv. 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 products and its foreign exchange earning outgo or 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, 2014 is as under:

During the financial year 2013-14, 9 meetings of the Board of Directors of Mahaan Foods Limited were held on 16th April, 2013, 13th August, 2013, 12th September, 2013, 21st October, 2013, 1st November, 2013, 15th November, 2013, 29th November, 2013, 5th December, 2013 and 14th February, 2014 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 Sanjeev Goyal	Executive Director	Chairman cum Managing Director	9	Yes	--	--
2	Smt. Harmeet Kaur	Non Executive Independent Director	Director	9	Yes	--	--
3	*Shri Rajendra Kumar Dhall	Non Executive Independent Director	Additional Director	1	No	4	--
4	#Smt. Meera Aggarwal	Non-Executive Independent Director	Director	8	No	1	-
5	Shri Youdhveer Singh Rawat	Non-Executive Independent Director	Director	9	Yes	6	--

\* Shri R. K. Dhall was appointed as an Additional Director on 14th February, 2014.

# Smt. Meera Aggarwal ceased to be a Director with effect from 31st December, 2013.

**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 OF THE BOARD

##### ◆ **AUDIT COMMITTEE**

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.

During the year 2013-14 seven meetings of the Committee were held on 16th April, 2013 13th August, 2013, 1st November, 2013, 15th November, 2013, 29th November, 2013, 5th December, 2013 and 14th February, 2014 respectively. The composition and attendance of the Directors in the Committee was as under:

<b>Name of Director</b>	<b>Position held in the Committee</b>	<b>No. of Committee Meetings attended</b>
Smt. Harmeet Kaur	Chairperson	7
Shri Sanjeev Goyal	Member	7
Shri Youdhveer Singh Rawat	Member	7
Smt. Meera Aggarwal*	Member	6

\* Smt. Meera Aggarwal ceased to be the Member of the Committee w.e.f. 31st December, 2013

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

##### ◆ **REMUNERATION COMMITTEE**

The scope of the Remuneration Committee in pursuance to Clause 49 of the Listing Agreement includes determination of remuneration, perquisites and other benefits payable to the Managing Director and other Directors of your Company.

During the year one meeting of the Committee was held on 12th September, 2013. The composition and attendance of the members in the Committee was as under:

<b>Name of the Director</b>	<b>Position in the Committee</b>	<b>No. of Committee Meetings Attended</b>
Smt. Harmeet Kaur	Chairperson	1
Shri R K Dhall#	Member	Nil
Smt. Meera Aggarwal*	Member	1
Shri Youdhveer Singh Rawat	Member	1

# Shri R K Dhall was appointed as an Additional Director on the Board of the Company on 14th February and became a member of the Remuneration Committee on 14th February, 2014.

\* Smt. Meera Aggarwal ceased to be the Member of the Committee w.e.f. 31st December, 2013.

The Company Secretary acted as the Secretary to the Committee.

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

The Company did not pay any remuneration to the Managing Director and other Directors of the Company.

**◆ Shareholders Grievance Committee:**

During the year, ten meetings of the Committee were held on 17th June, 2013, 19th August, 2013, 26th August, 2013, 16th September, 2013, 6th November, 2013, 9th December, 2013, 20th January, 2014, 3rd February, 2014, 10th February, 2014 and 24th March, 2014 respectively:

The Composition and attendance of the Shareholders Grievance Committee was as below:

<b>Name of the Director</b>	<b>Position in the Committee</b>	<b>Number of Meetings attended</b>
Smt. Harmeet Kaur	Chairperson	10
Shri Youdhveer Singh Rawat	Member	10
Shri R. K. Dhall#	Member	1
Smt. Meera Aggrawal*	Member	6

\* Smt. Meera Aggarwal ceased to be the Member of the Committee w.e.f. 31st December, 2013

#Shri R.K. Dhall was appointed as an Additional Director on the Board of the Company on 14th February, 2014 and also became a member of the Shareholders Grievance Committee.

The Company Secretary acted as the Secretary to the Committee.

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

**Risk Management**

The Company manages risks as an integral part of its decision making process. The Audit Committee and the Board of Directors are apprised regarding key risk assessment and risk mitigation mechanism

**Green Initiative**

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India (MCA), by its recent Circulars, enabling electronic delivery of documents including the Annual Report to shareholders at their e-mail address registered with the Depository Participants(DPs)/Company/Registrars & Share Transfer Agents. Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses. Those holding shares in DEMAT form can register their e-mail address with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with Alankit Assignments Ltd., by sending a letter duly signed by the first/sole holder quoting details of Folio Number.

**◆ General Body Meetings**

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

Year	AGM	Location	Date	Time	No. of Special Resolutions
2010-2011	24 <sup>th</sup> AGM	Village Kunja, Rampur Road, Paonta Sahib, Distt. Sirmour (HP)	30.09.2013	12.30 P.M.	NIL
2011-2012	25 <sup>th</sup> AGM	Village Kunja, Rampur Road, Paonta Sahib, Distt. Sirmour (HP)	30.09.2013	1.00 P.M.	NIL
2012-2013	26 <sup>th</sup> AGM	Village Kunja, Rampur Road, Paonta Sahib, Distt. Sirmour (HP)	31.12.2013	10.00 A.M.	6

The Company did not pass any resolution requiring Postal Ballot for shareholders' approval during the financial year ended as on 31st March, 2014.

**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 30) "Notes to Accounts" (for the year 31st March, 2014)
- The Company had received a notice from the Bombay Stock Exchange Limited regarding non-compliance of some clauses of the Listing Agreement, which the Company has already complied with.
- The Company did not have any Whistle Blower Policy during the year.

**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 23rd August, 2014.

**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**

Date : 27th September, 2014, Saturday

Time : 11.00 A.M

Venue : Hotel Park Inn, Plot No. 1, Sector-2, Parwanoo, Himachal Pradesh-173220.

**B. Financial Calendar:**
***Adoption of Quarterly/ Half Yearly results***

The Company adopted all the quarterly results for the quarters ended as on 30th June, 2013, 30th September, 2013, 31st December, 2013 and 31st March, 2014 respectively.

**C. Book Closure Date:**

From Thursday 25th September, 2014 to Saturday 27th September, 2014 (both days inclusive)

**D. Dividend Payment:**

The Directors have not recommended Dividend for the financial year ended 31st March, 2014.

**E. Listing on Stock Exchanges:**

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

Annual Listing Fees for the year 2014-15 have been paid to the Bombay Stock Exchange Limited and the Delhi Stock Exchange Association Limited respectively. The Company has not paid Listing fees to the Ludhiana Stock Exchange Association Limited for the year 2014-15.

The Stock code of the Company at BSE is 519612.

**F. Market Price – Data for the year ended 31st March, 2014**

Month	Bombay Stock Exchange	
	High	Low
April, 2013	22.50	19.05
May, 2013	22.85	19.80
June, 2013	23.95	22.80
July, 2013	23.85	23.85
August, 2013	24.50	22.70
September, 2013	25.30	23.50
October, 2013	24.25	19.85
November, 2013	20.70	18.00
December, 2013	21.65	18.10
January, 2014	18.95	11.00
February, 2014	13.60	11.21
March, 2014	12.26	8.28



**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**

1E/13, Alankit House

Jhandewalan Extension

New Delhi – 110055

Tel: (011) 23541234, 42541234

Fax: 011 – 23552001, 42541201

Email: [alankit@alankit.com](mailto:alankit@alankit.com)

Website: [www.alankit.com](http://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 with a 15 days 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 15 days of receipt of request. The Company Secretary monitors the same.

**Dematerialization of Shares:**

As on 31st March, 2014 out of the total 3500700 equity shares 2949755 equity shares representing 84.26% of the total paid –up equity capital have been dematerialized.

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

**H. Shareholding Pattern as on 31st March, 2014**

Category	Category Shareholder	No. of Share-holders	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				
<b>1</b>	<b>Indian</b>				
A	Individuals/ Hindu Undivided Family	17	1412849	1397849	40.359
B	Central Government/State Government (s)	-	-	-	-
C	Bodies Corporate	3	467450	467450	13.353
D	Financial Institutions/ Bank	-	-	-	-
E	Any Others (Specify)	-	-	-	-
	Sub Total (A) (1)	<b>20</b>	<b>1880299</b>	<b>1865299</b>	<b>53.712</b>
<b>2</b>	<b>Foreign</b>				
A	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-
B	Bodies Corporate	-	-	-	-
C	Institutions	-	-	-	-
D	Any Others (Specify)	-	-	-	-
	Sub Total (A) (2)				
	<b>Total Shareholding of promoter and promoter group (A)= (A) (1) + (A) (2)</b>	<b>20</b>	<b>1880299</b>	<b>1865299</b>	<b>53.712</b>
(B)	<b>Public Shareholding</b>				
<b>1</b>	<b>Institutions</b>				
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)	<b>5</b>	<b>68800</b>	<b>62500</b>	<b>1.97</b>
<b>2</b>	<b>Non-Institutions</b>				
A	Bodies Corporate	63	97737	80937	2.792
B	Individuals				
	i. Individual shareholders holding nominal share capital upto Rs. 10 Lakh	3372	808903	474758	23.107
	ii. Individual Shareholders holding nominal share capital in excess of Rs. 1 Lakh	15	447699	433399	12.789
	iii. Any Other (specify)				
I	NRI	45	181562	17162	5.138
II	OCB's	1	15700	15700	0.45
	Sub-total (B) (2)	<b>3496</b>	<b>1551601</b>	<b>1021956</b>	<b>44.276</b>
	<b>Total Public Shareholding (B) = (B) (1) + (B) (2)</b>	<b>3501</b>	<b>1620401</b>	<b>1084456</b>	<b>46.246</b>
	<b>Total (A) + (B)</b>	<b>3521</b>	<b>3500700</b>	<b>2949755</b>	<b>100</b>
<b>C</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	-	-	-	-
	<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>3521</b>	<b>3500700</b>	<b>2949755</b>	<b>100</b>



**I. Distribution of Shareholding as on 31st March, 2014:**

S. No.	Description	No. of Share Holders	% of total holders	Amount	% of total equity
1.	Upto 5000	3211	91.196	3975600	11.357
2.	5001 – 10000	112	3.181	872330	2.492
3.	10001 – 20000	61	1.732	884800	2.527
4.	20001 – 30000	49	1.392	1271710	3.633
5.	30001 – 40000	13	0.369	447070	1.277
6.	40001 – 50000	13	0.369	607650	1.736
7.	50001 – 100000	19	0.54	1310930	3.745
8.	100001 and above	43	1.221	25636910	73.234
	<b>Total</b>	<b>3521</b>	<b>100</b>	<b>35007000</b>	<b>100</b>

**J. Plant Location:**

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: investor@mahaanfoods.com  
shweta.arora@mahaanfoods.com

## **Management Discussion and Analysis**

### **Outlook for the Industry**

With an increase in average household income the demand in dairy products continues to increase specially bearing in mind the large percentage of vegetarians. Also, the demand for milk and milk products is likely to see continued growth.

### **Future Prospects**

More and more emphasis is being laid on liquid milk and fresh products such as lassi, pro-biotic milk, ice creams etc. There's an increase in demand for the said products.

The Company had lesser business activity as compared to previous financial year and it is trying to reposition itself in the changing business scenario.

### **Risk and Concerns**

There has been a constant increase in costs in terms of raw material inputs, services, power and fuel. The huge surge in costs continues to be a point of concern for the Company.

Impact of monsoons on the milk availability is a matter of concern. Governmental policies on exports/ imports are also detrimental to the business.

### **Internal Control Systems**

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

### **Financial and Operational Performance**

Dairy division could not function during the year due to commercial constraints .The management has been trying to start business afresh in the division. Non dairy divisions only functioned for a part of the year. The company achieved a turnover of Rs. 1385.95 lacs only as compared to Rs. 16129.17 lacs during the preceding year.

### **Human Resource and Industrial Relations**

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



**CERTIFICATE**

To the Members of Mahaan Foods Limited

We have examined the compliance of conditions of Corporate Governance by Mahaan Foods Limited, for the year ended on 31st March, 2014 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 Company's management. Our examination was carried out in accordance with the Guidance Note on 'Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement)', issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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, we confirm that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement *with certain exception as enumerated in the corporate governance reports submitted by the company with the stock exchanges due to judicial restraints imposed on the company.* The Company has mentioned such exceptions in its corporate governance reports submitted with the stock exchanges.

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

For and on behalf of  
**Deepak Bansal & Associates**  
Company Secretaries

Sd/-  
**(Deepak Bansal)**

Prop.  
CP No. 7433

Place: New Delhi

Date: 23rd August, 2014



**CEO/CFO CERTIFICATION**

The Board of Directors  
Mahaan Foods Limited

Sub.: Financial Statements for the period ended 31 March 2014: Certification by CEO and CFO.

We, Sanjeev Goyal, Managing Director and G.K.Sharma, Chief Financial Officer, certify that:

- a) We have reviewed the financial statements and cash flow statement for the financial year ended on March 31, 2014 and to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, there are no transactions entered into by the Company during the financial year ended March 31, 2014 which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and 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, deficiencies in the design or operation of internal control systems, if any, of which we are aware and the steps we have taken or propose to be take, to rectifying these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that:
  - (i) there has not been any significant change in internal control over Financial Reporting during the financial year ended on March 31, 2014;
  - (ii) there has not been any significant change in accounting policies during the financial year ended on March 31, 2014 requiring disclosure in the notes to the Financial Statements; and
  - (iii) we are not aware of any instance of significant fraud during the financial year ended on March 31, 2014 with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Sd/-  
**(G. K. Sharma)**  
Chief Financial Officer

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

Date: New Delhi  
Place: 23rd August, 2014

**DECLARATION – COMPLIANCE WITH THE CODE OF CONDUCT**

In accordance with Clause 49 of the Listing Agreement with the BSE Limited, I, Sanjeev Goyal, Managing Director of the Company, hereby declare that the Board members and the Senior Management Personnel have affirmed compliance with the "Code of Conduct and Ethics for Directors and Senior Executives" for the financial year ended on March 31, 2014.

For **Mahaan Foods Limited**

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

Date: New Delhi  
Place: 23rd August, 2014



**D D NAGPAL & COMPANY  
CHARTERED ACCOUNTANTS**

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

**INDEPENDENT AUDITORS' REPORT**

**To The Members of Mahaan Foods Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Mahaan Foods Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act"). (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in term of general circular 15/2013 dated 13<sup>th</sup> September ,2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India . This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



2. Further to our comments in the Annexure referred in paragraph to above, we report that:
- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us.
  - iii. The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
  - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred in sub section (3C) of section 211 of the Companies Act, 1956, *subject to point . 2(r) of Note 2 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, 2014 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
  - vi. Attention is invited to Note 25 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. Attention is invited to Note 32 stating that the company has transferred two units of the company which were agreed to have transferred under Memorandum of family settlement dated 31/08/2010. 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.
3. 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 31.03.2014,
  - 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

Date: 30th May, 2014

**Annexure referred to in paragraph Report on Other legal and Regulatory Requirements of our report of even date****RE: Mahaan Foods Limited (“the Company”)**

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 information and explanation given to us during the year in terms of Memorandum of Family Settlement dated 31/08/2010, company has transferred its two divisions namely Mahaan Biosys and Mahaan Nutrition, situated at Poanta Sahib Himachal Pradesh. An approval u/s 293(1)(a) of Companies Act 1956 has been taken by the company. It was informed to us that management is in process of establishing a new manufacturing facility.
2.
  - a. The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b. In our opinion and information and explanation given to us 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. 30,43,413.00 due from one company 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 not taken interest free unsecured loan from covered in the register maintained under section 301 of the Companies Act, 1956. We relied on the representations of the management that Rs. 32,85,302 due to three parties covered in the register maintained under section 301 of the Companies Act, 1956 are advances received and not in the nature of loans.
  - d. In our opinion, other terms and conditions on which such loan have been taken by the company listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
  - e. Since the aforesaid loans taken by the company are repayable on demand and there is no repayment schedule, the question of repayment being regular does not arise.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature and/or customized to the requirements of the company and as

such comparative quotations are not available, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and with regard to the sale of goods and services. The system of getting independent confirmation of balance requires to be given more emphasis. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control system of the company.

5. a. We were informed that the company has entered the particulars of all contracts or arrangements that need to be entered into the register maintained u/s 301 of the Companies Act, 1956.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupee five lacs in respect of each party during the year have been made at prices which appear reasonable considering the cost and benefits available, payments made/received and other factors. However, it is explained that purchase of certain goods are of special and/or customized to the requirements of the Company, suitable alternate source do not exist for obtaining comparable quotations.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA or any other relevant provisions of Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975 with regard to deposits accepted from the public.
7. In our opinion the company has Internal Audit system in place commensurate with its size and nature of its business during the year under audit.
8. We have broadly reviewed the books of accounts maintained by the company pursuant to the rules 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 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however not made a detailed examination of the cost record with a view to determine whether they are accurate or complete.
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 cess 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, 2014 for a period of more than six months from the date they become payable*

Name of Statute	Nature of the Dues	Amount (₹ 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



- 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 (₹ 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 for review.
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, 2014. Further, the Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has made defaults in repayments of Banks & financial Institutions. All dues have been squared up before the end of financial year.
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.



## MAHAAN FOODS LIMITED

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

Sd/-

**DD NAGPAL**  
**Partner**  
Membership No. 085366

Place : New Delhi  
Date: 30th May, 2014



**MAHAAN FOODS LIMITED  
BALANCE SHEET AS AT 31.3.2014**

<b>Particulars</b>	<b>Note No</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March, 2013</b>
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
Share Capital	<b>3</b>	35,007,000	35,007,000
Reserves and Surplus	<b>4</b>	104,423,414	93,744,897
<b>(2) Non-Current Liabilities</b>			
Deferred tax liabilities (Net)	<b>26</b>	1,593,867	6,374,068
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	<b>5</b>	696,684	101,380,074
(b) Trade payables	<b>6</b>	65,743,814	135,559,215
(c) Other current liabilities	<b>7</b>	5,774,630	9,426,183
(d) Short-term provisions	<b>8</b>	2,846,939	5,146,297
<b>Total</b>		<b>216,086,348</b>	<b>386,637,734</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	<b>9</b>	12,147,255	56,459,370
<b>(b) Investments</b>			
(a) Other non-current assets	<b>10</b>	27,500,000	27,500,000
<b>(2) Current assets</b>			
(a) Current investments	<b>11</b>	6,560	6,560
(b) Inventories	<b>12</b>	91,488,287	219,633,689
(c) Trade receivables	<b>13</b>	33,225,740	30,514,368
(d) Cash and cash equivalents	<b>14</b>	11,144,272	3,668,274
(e) Short-term loans and advances	<b>15</b>	39,753,633	47,033,072
(f) Other current assets	<b>16</b>	820,601	1,822,401
<b>Total</b>		<b>216,086,348</b>	<b>386,637,734</b>

Significant Accounting Policies **1 & 2**  
 Accompanying notes form Part of the Financial Statements from **(3 to 35)**

As per our report of even date

**For D.D.Nagpal & Co.**  
**Chartered Accountants**

**For Mahaan Foods Limited**

**Sd/-**  
**D D Nagpal**

**FCA**  
 Membership No. 85366  
 Firm's Registration No.006413N

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

**Sd/-**  
**(Harmeet Kaur)**  
 Director

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

Date : 30.05.2014  
 Place: New Delhi



**MAHAAN FOODS LIMITED  
PROFIT & LOSS ACCOUNT FOR PERIOD ENDED ON 31.03.2014**

<b>Particulars</b>	<b>Note No</b>	<b>For the period ended 31.3.2014</b>	<b>For the period ended 31.3.2013</b>
Revenue from operations	<b>17</b>	133,568,803	1,610,425,838
Other Income	<b>18</b>	5,026,686	2,491,995
<b>Total Revenue</b>		<b>138,595,489</b>	<b>1,612,917,833</b>
<b>Expenses:</b>			
Cost of material consumed	<b>19</b>	6,594,038	1,482,204,851
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	<b>20</b>	99,718,229	(80,220,981)
Employee benefit expense	<b>21</b>	9,392,728	49,746,678
Financial costs	<b>22</b>	13,411,145	14,849,197
Depreciation and amortization expense	<b>9</b>	3,968,945	4,282,172
Other expenses	<b>23</b>	22,370,908	137,654,251
<b>Total Expenses</b>		<b>155,455,993</b>	<b>1,608,516,168</b>
<b>Profit before exceptional and extraordinary items and tax</b>		(16,860,504)	4,401,665
Exceptional Items	<b>32</b>	22,758,819	-
<b>Profit after extraordinary items and before tax</b>		5,898,315	4,401,665
<b>Profit before tax</b>		<b>5,898,315</b>	<b>4,401,665</b>
<b>Tax expense:</b>		<b>(4,780,201)</b>	<b>2,923,779</b>
(1) Current tax			840,000
(2) Deferred tax		(4,780,201)	2,083,779
<b>Profit(Loss) from the period from continuing operations</b>	<b>26</b>	<b>10,678,516</b>	<b>1,477,886</b>
<b>Profit/(Loss) for the period</b>		<b>10,678,516</b>	<b>1,477,886</b>
<b>Earning per equity share:</b>			
(1) Basic		3.05	0.42
(2) Diluted		3.05	0.42

**1 & 2**

Significant Accounting Policies

Accompanying notes form Part of the Financial Statements from (3 to 35)

As per our report of even date

**For D.D.Nagpal & Co.  
Chartered Accountants**

**For Mahaan Foods Limited**

**Sd/-**

**D D Nagpal**

**FCA**

Membership No. 85366

Firm's Registration No.006413N

**Sd/-**

**(Sanjeev Goyal)  
Managing Director**

**Sd/-**

**(Harmeet Kaur)  
Director**

**Sd/-**

**(Shweta Arora)  
Company Secretary**

Date : 30.05.2014

Place: New Delhi



**MAHAAN FOODS LIMITED  
CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2014**

<b>PARTICULARS</b>	<b>2013-14</b>	<b>2012-13</b>
	₹	₹
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>		
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS :	(16,860,504)	4,401,665
ADJUSTMENTS FOR:-		
Depreciation	3,968,945	4,282,172
Other Income	(5,025,566)	(2,491,995)
Interest Income		-
Dividend Income	(1,120)	-
Profit on sale of assets	-	-
Loss on sale of fixed assets	-	92,812
Interest Charges	13,411,145	14,849,197
Operating profits before working capital changes :	(4,507,100)	21,133,851
ADJUSTMENTS FOR:-		
Inventories	128,145,402	(88,694,368)
Sundry debtors	(2,711,372)	43,658,001
Trade & other receivables	12,065,827	10,737,299
Trade payables & other liabilities	(75,766,312)	(15,545,859)
Direct taxes paid	(3,773,889)	(866,034)
<b>Net Cash flow from operating activities</b>	<b>53,452,556</b>	<b>(29,577,110)</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES :</b>		
<b>capital Subsidy received</b>		
Purchase of fixed assets	(122,530)	(1,422,774)
Transfer of fixed assets	40,465,700	35,000
Interest received		-
Dividend from non trade long term investments	1,120	-
Other income	5,025,566	2,491,995
<b>Net Cash flow used in investment activities</b>	<b>45,369,856</b>	<b>1,104,221</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Loan paid/recovered		(696,935)
Interest paid	(13,411,145)	(14,849,197)
Increase / decrease in term loans ( net )	(13,823,457)	1,710,499
Increase / decrease in cash credits from banks	-86859933	8,453,346
<b>Net Cash flow used in financing activities</b>	<b>(114,094,535)</b>	<b>(5,382,287)</b>
<b>Cash Flow from Extraordinary items</b>	<b>22,758,819</b>	-
Increase in cash flow from extraordinary Items	22,758,819	-
<b>Net decrease in cash and cash equivalents :</b>	<b>7,486,696</b>	<b>(33,855,176)</b>
Cash & cash equivalents at opening	3,579,049	37,434,226
Cash & cash equivalents at closing	11,065,745	3,579,049

**Auditors' Report**

As per our Report of even date attached.

**For D.D.Nagpal & Co.  
Chartered Accountants**

Sd/-

**D D Nagpal**

**FCA**

Membership No. 85366

Firm's Registration No.006413N

Date : 30.05.2014

Place: New Delhi

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

Sd/-  
**(Harmeet Kaur)**  
Director

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

**For Mahaan Foods Limited**

**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH 2014****1. Overview**

Mahaan Foods Limited (MFL) is an ISO 9001/2000 & HACCP certified company which was incorporated in 1987. The Company is engaged in manufacturing of dairy products and pharma nutritional products.

**2. 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) The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis. Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principle in India. Accounting policies are consistently applied and consistent with those used in previous year.
- c) The preparation of financial statement in conformity with generally accepted accounting principle requires management to make estimates and assumption that affect the reported amount of assets and liabilities and disclosure of contingent liabilities and commitments at the end of the reporting period and results of operations during the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from those estimates. Difference between the actual result and estimates are recognized in the period which the results are known/ materialized.
- d) 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.
- e) 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.
- f) Expenditure related to and incurred during implementation of new /expansion-cum- modernization projects is included under capital work in progress and the same is allocated to the respective tangible assets on completion of its construction/erection.
- g) 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.
- h) 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.
- i) 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.

- j) 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 / transfer/ discardment of assets is calculated on pro rata basis from the date of such addition or upto the date of such discardment/transfer/sale as the case may be.
- k) 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..
- l) 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.
- m) Contingent liabilities are not provided for and are disclosed by way of notes. This has no effect on the working result of the Company.
- n) Taxes 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.
- o) Foreign currency transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- p) 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.
- q) 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.
- r) Revenue from sale of goods is recognized on transfer of significant risks and rewards of ownership to the buyer. Gross revenue from operations comprises of sale of products and others operating incomes. However Consignment sale is shown at net of expenses and are recognized when goods are sold to a third party.
- s) Excise duty is not applicable on the finished goods manufactured by the company.
- t) The earning considered in ascertaining the company's Earning per share (E.P.S.) comprise of the net profit after tax attributable to equity shareholders.
- u) 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.
- v) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 "Cash Flow Statement".



**NOTES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS A/C**

**Note-3 Share Capital**

Particulars	As at 31 March 2014		As at 31 March 2013	
<b>a) Authorized Capital</b> 1,20,00,000 (Previous year: 40,00,000) Equity Shares of Rs. 10/- each.	12,00,00,000		40,000,000	
<b>b) Issued, subscribed &amp; paid up capital</b> (Previous year: 3500700) Equity Shares of Rs. 10/- each, each Fully Paid up. includes 8,40,000 equity shares issued as bonus shares on 01.08.94 by capitalization of General Reserve)	35,007,000		35,007,000	
	<b>35,007,000</b>		<b>35,007,000</b>	
<b>c) Reconciliation of number of shares</b>	<b>No. of Shares</b>	<b>Amount</b>	<b>No. of Shares</b>	<b>Amount</b>
<b>Outstanding</b>		(₹)		(₹)
At the beginning of the period	3,500,700	35,007,000	3,500,700	35,007,000
At the end of the period	3,500,700	35,007,000	3,500,700	35,007,000
<b>d) Rights, preferences and restrictions attached to shares</b>				
<b>Equity Shares</b>				
The Company has only one class of equity shares having a par value of Rs.10 per share. Each Shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company				
<b>e) Details of Shareholders holding more than 5% shares in the Company:</b>				
Name of Shareholder	<b>No of Shares Held</b>	<b>% Holding</b>	<b>No of Shares Held</b>	<b>% Holding</b>
Zeon Lifesciences Limited	374200	10.69	374200	10.69
Sanya goyal	239750	6.85	239750	6.85
Rajiv Goyal	290889	8.31	200362	5.72
<b>Total</b>	<b>904839</b>		<b>814312</b>	
<b>Note:</b> As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.				




**Note-4 Reserves & Surplus**

Particulars	As at 31st March, 2014	As at 31st March 2013
<b>a) Capital Investment Subsidy</b>	7,320,000	7,320,000
<b>b) Securities Premium reserve</b>	12,253,500	12,253,500
<b>a. Surplus</b>		
Opening balance	74,171,398	72,693,511
(+) Net Profit/(Net Loss) For the current year	10,678,516	1,477,886
Closing Balance	84,849,914	74,171,397
<b>Total</b>	<b>104,423,414</b>	<b>93,744,897</b>

**Note- 5 Short Term Borrowings**

Particulars	As at 31st March, 2014	As at 31st March 2013
<b>Secured Loans</b>		
Term Loan from :		
Himachal Pradesh Financial Corporation	-	13,130,739
Vehicle loan from		
Others	696,684	1,329,402
Cash Credit loan from Bank	-	86,859,933
<b>Unsecured, considered good</b>		
From Other	-	60,000
<b>Total</b>	<b>696,684</b>	<b>101,380,074</b>

Vehicle finance loans are secured by hypothecation of vehicles amounting to Rs.19,00,269.00 (Previous year Rs. 26,05,747.00) shown under fixed assets.

**Note- 6 Trade Payables**

Particulars	As at 31st March, 2014	As at 31st March 2013
Sundry Creditors ( Other Than Micro & Small Enterprises)**	63,352,688	111,755,282
Advance received from customer	2,391,126	23,803,933
<b>Total</b>	<b>65,743,814</b>	<b>135,559,215</b>

\*\* Sundry Creditors includes Rs. 0.00 (P.Y. Rs. 1,10,035.00) due to a Director.

\*\* 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.



**Note- 7 Other Current Liabilities**

Particulars	As at 31st March, 2014	As at 31st March 2013
Other Liabilities	5,774,630	9,426,183
<b>Total</b>	<b>5,774,630</b>	<b>9,426,183</b>

**Note- 8 Short Term Provisions**

Particulars	As at 31st March, 2014	As at 31st March 2013
Other Short Term Provisions	594,794	2,894,152
Provision For Income Tax	2,252,145	2,252,145
<b>Total</b>	<b>2,846,939</b>	<b>5,146,297</b>

**Note- 10 Non-Current Investments**

Particulars	As at 31st March, 2014	As at 31st March 2013
<b>Unquoted</b>		
Zeon Lifesciences Limited (formerly known Mahaan Dairies Limited) 400000 (Previous year 400000) equity shares of Rs. 10/- each	6,000,000	6,000,000
Mahaan Proteins Limited 2150000 (Previous year 2150000) equity shares of Rs.10/- each	21,500,000	21,500,000
<b>Total</b>	<b>27,500,000</b>	<b>27,500,000</b>

**Note- 11 Current Investments**

Particulars	As at 31st March, 2014	As at 31st March 2013
<b>Quoted</b>		
Industrial Development Bank of India 320 (Previous year:320) Equity shares of Rs.10/- each Market value per share Rs. 65.45 on 31.03.2014	6,560	6,560
<b>Total</b>	<b>6,560</b>	<b>6,560</b>

**Note- 12. Inventories**

Particulars	As at 31st March, 2014	As at 31st March 2013
a. Raw Materials and components	-	161,327
b. Work-in-progress	-	12,959,970
c. Finished goods	89,463,795	176,222,054
d. Stock-in-trade	-	-
e. Stores and spares	2,024,492	30,290,338
<b>Total</b>	<b>91,488,287</b>	<b>219,633,689</b>



**Note- 13 Trade Receivable**

<b>Particulars</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March 2013</b>
Sundry Debtors (Unsecured considered good, unless otherwise stated)		
(I) Outstanding for more than 6 months	29,879,181	1,826,268
(II) Other Debts Considered Good	3,346,559	28,688,100
<b>Total</b>	<b>33,225,740</b>	<b>30,514,368</b>

**Note- 14 Cash and cash equivalents**

<b>Particulars</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March 2013</b>
a. Balances with banks		
Current A/c	10,443,571	2,673,708
Fixed Deposit Accounts:	260,090	280,090
b. Accrued Interest	78,527	89,225
c. Cash on hand	362,084	625,251
<b>Total</b>	<b>11,144,272</b>	<b>3,668,274</b>

**Note- 15 Short Term Loans & Advances**

<b>Particulars</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March 2013</b>
<b>Unsecured, considered good</b>		
Share Application Money Refundable	30,100,000	30,100,000
Advances recoverable in cash or in kind or for value to be received Considered good**	2,000,123	13,053,451
Deposit with Government Departments	7,653,510	3,879,621
<b>Total</b>	<b>39,753,633</b>	<b>47,033,072</b>

\*\*Advances recoverable in cash or in kind or for value to be received includes Rs. 16,24,963.00 (P.Y. 69,85,653.00) due from two parties who were holding office of Directorship in the company during earlier years. Maximum amount due during the year Rs.69,85,653 (P.Y. 69,85,653.00).

**Note- 16 Other Current Assets**

<b>Particulars</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March 2013</b>
Security Deposit	820,601	1,822,401
<b>Total</b>	<b>820,601</b>	<b>1,822,401</b>



**Note- 17 Revenue From Operations**

<b>Particulars</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March 2013</b>
Sales	109,291,883	1,562,824,163
Job Work Charges	24,276,920	47,601,675
<b>Total</b>	<b>133,568,803</b>	<b>1,610,425,838</b>

**Note- 18 Other Income**

<b>Particulars</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March 2013</b>
Non-operating income	5,026,686	2,465,648
Other income	-	26,347
<b>Total</b>	<b>5,026,686</b>	<b>2,491,995</b>

**Note- 19 Cost of Material Consumed**

<b>Particulars</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March 2013</b>
Opening stock:		
Raw material	161,327	4480574
Add : Raw material purchase	6,126,537	1416009185
Less : Closing Stock	6,287,864	1,420,489,759
Raw material	49,016	161327
Stores & spares consumed	341,330	3,984,945
Packing expenses	13,860	57,891,474
<b>Total</b>	<b>6,594,038</b>	<b>1,482,204,851</b>

**Note- 20 Change in Inventories**

<b>Particulars</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March 2013</b>
Opening stock:		
Finished goods	189,182,024	85263730
Stock in process	-	23697313
Less : Closing Stock	189,182,024	108,961,043
Finished goods	89,463,795	176222054
Semi finished goods		12,959,970
	89,463,795	189,182,024
<b>Total</b>	<b>99,718,229</b>	<b>(80,220,981)</b>

**Note 21 Employee Benefits Expense**

<b>Particulars</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March 2013</b>
(a) Salaries and incentives		
i. Directors		2,400,000.00
ii. Employees	9,141,442	46,180,182
(b) Contributions to -		
EPF	215,447	897,287
Staff Welfare Expense	35,839	2,692,03
<b>Total</b>	<b>9,392,728</b>	<b>49,746,678</b>

**Note- 22 Finance Cost**

<b>Particulars</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March 2013</b>
On term loan from: Himachal Pradesh Financial Corporation	982,791	1,574,974
On Vehicle Loan	185,785	155,127
On Cash Credit loan from Bank	12,032,410	12,735,347
on loans from others	210,159	383,749
<b>Total</b>	<b>13,411,145</b>	<b>14,849,197</b>



**Note- 23 Other Expenses**

<b>Particulars</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March 2013</b>
Bad & Doubtful Debts	64,125	92,521
Charity		33,233
Commission to selling agents	467,009	4,795,492
Fine and Penalty		30,663
Freight & octroi	1,357,878	20,047,033
Insurance	66,965	589,499
Loss on Sale of Assets	-	92,812
Miscellaneous expenses	4,618,129	8,274,754
Power & fuel consumed	13,238,539	68,155,452
Rates & taxes	1,988	102,697
Rebate & discount	334,704	3,964,571
Rent**	164,817	19,506,332
Repairs : Buildings	105,071	283,271
Repairs : Machinery	575,028	2,230,378
Sales/turnover/entry tax/Service tax	611,322	2,490,825
Sitting fees		24,000
Telephone expenses	161,931	981,449
Traveling expenses	150,004	5,204,165
Vehicle maintenance	453,398	755,104
<b>Total</b>	<b>22,370,908</b>	<b>137,654,251</b>

\*\* The company generally enters into cancelable operating leases for machinery, office and godown premises and residence to its employees, normally renewable on expiry are and cancelable at its option.

\*\* Lease rent charged to the profit and loss account relating to operating leases are Rs. 1,64,817.00 (Previous year – Rs. 1,95,06,332.00).

**Note 24 Contingent Liabilities:**

<b>Particular</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March 2013</b>
Sales Tax	53,17,872	53,17,872
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.

**Note 25**

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.

**Note-9 Fixed Assets**

Fixed Assets	Gross Block						Accumulated Depreciation						Net Block	
	Balance as at 1 April 2013	Additions/ (Disposals)	Acquired through business combinations	Revaluations/ (Impairments)	Balance as at 31 March 2014	Balance as at 1 April 2013	Depreciation charge for the year	Adjustment due to revaluations	On disposals	Balance as at 31 March 2014	Balance as at 1 April 2014	Balance as at 31 March 2013	Balance as at 1 April 2014	
<b>Tangible Assets</b>														
LAND	452,296	(452,296)	-	-	-	-	-	-	-	-	-	452,296	-	
BUILDINGS	12,614,879	(12,614,879)	-	-	-	6,291,249	376,766	-	6,668,015	-	-	6,323,630	-	
PLANT & MACHINERY	87,801,799	(67,879,964)	-	-	19,921,835	47,591,991	2,846,667	-	40,114,970	10,323,688	9,598,147	40,209,808	-	
TUBEWELL	260,226	(260,226)	-	-	-	189,046	12,361	-	201,407	-	-	71,180	-	
OFFICE EQUIPMENTS	1,824,923	(1,614,401)	-	-	210,522	1,063,657	63,757	-	1,063,585	63,829	146,693	761,266	-	
FURNITURE & FIXTURE	1,840,906	(1,529,206)	-	-	311,700	1,374,782	52,144	-	1,349,991	76,935	234,765	466,124	-	
VEHICLES	6,566,086	(4,112,230)	-	-	2,453,856	3,200,425	455,183	-	3,121,642	533,966	1,919,890	3,365,661	-	
COMPUTER EQUIPMENTS	3,200,874	(2,376,048)	-	-	824,826	2,846,232	117,698	-	2,375,960	587,970	236,856	354,642	-	
A.C.EQUIPMENTS	1,043,953	(1,028,953)	-	-	15,000	569,849	44,369	-	610,122	4,096	10,904	474,104	-	
<b>Total</b>	115,605,942	(91,868,203)	-	-	23,737,739	63,127,231	3,968,945	-	55,505,692	11,590,484	12,147,255	52,478,711	-	
<b>Capital Work in Progress</b>														
Capital Work in Progress	3,980,659	(3,980,659)	-	-	-	-	-	-	-	-	-	-	-	
<b>Total</b>	3,980,659	(3,980,659)	-	-	-	-	-	-	-	-	-	3,980,659	-	
<b>Grand Total</b>	119,586,601	(9,58,488,62)	-	-	2,37,377,39	63,127,231	3,968,945	-	55,505,692	11,590,484	1,21,47,255	56,459,370	-	
<b>Previous Year</b>	118,384,716	1,201,885	-	-	119,586,601	58,938,136	4,282,172	-	(93,077)	63,127,231	56,459,370	59,446,580	-	

**Note- 26 Deferred Tax Liability**

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
	(₹)	(₹)
a) Deferred Tax Liability		
Difference between book depreciation and depreciation under the Income Tax Act, 1961	1857377	7440715
b) Deferred Tax assets		
Disallowances of expenses under Income Tax Act	263510	1066647
Net Deferred Tax Liabilities	1593867	6374068
Credited to Profit & Loss Account	(4,780,201)	2,083,779

**Note- 27 Auditor Remuneration**

Particulars	Current year	Previous year
	(₹)	(₹)
As Auditors	296,630	240,450
As Tax Auditors	50,000	50,000
For Other Matters	111,236	70,000
	457,866	360,450

**Note- 28 Managerial Remuneration:**

Particulars	Current year	Previous year
	(₹)	(₹)
Salaries	0	2400000
Contribution to PF	0	280000
Other perquisites & benefits	0	
	0	2680000
Directors sitting Fees	0	24000

**Note- 29 Employee Benifites :**a) Defined Contribution Plans :

The Company charged Rs. 2,15,447.00 (Previous year Rs. 8,97,287.00) 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 :



Particulars	Gratuity Scheme	
	As at 31 March 2014 (₹)	As at 31 March 2013 (₹)
<b>Change in present value of obligation</b>		
1. Present value of obligation as at the beginning of the year	1558605	2132219
2. Current service cost	22795	265927
3. Interest cost	140274	175908
4. Actuarial (gain)/loss	-734112	71478
5. Benefits paid	-925936	-1086927
6. Present value of obligation as at the end of the year	61626	1558605
<b>Cost for the year</b>		
1. Current service cost	22795	265927
2. Interest cost	140274	175908
3. Actuarial (gain) / loss	-734112	71478
4. Net cost	-571043	513313
<b>Main actuarial assumptions</b>		
Discount rate (per annum)	9.00%	8.25%
Rate of increase in compensation levels (per annum)	6.00%	6.00%

Particulars	Privilege Leaves	
	As at 31 March 2014 (₹)	As at 31 March 2013 (₹)
<b>Change in present value of obligation</b>		
1. Present value of obligation as at the beginning of the year	910547	1028191
2. Current service cost	41193	266905
3. Interest cost	81949	84826
4. Actuarial (gain)/loss	-131087	657091
5. Benefits paid	-794434	-1126466
6. Present value of obligation as at the end of the year	108168	910547
<b>Cost for the year</b>		
1. Current service cost	41193	266905
2. Interest cost	81949	84826
3. Actuarial (gain) / loss	-131087	657091
4. Net cost	-7945	1008822
<b>Main actuarial assumptions</b>		
Discount rate (per annum)	9.00%	8.25%
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

**Note- 30 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 Mr. 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 :

<b>Nature of transaction</b>	<b>2013-2014</b>	<b>2012-2013</b>
	₹	₹
<b>Sales of Goods</b>		
Zeon Lifesciences Limited	5,992,734	-
Ace International	14,725,000	196,130,731
Alpha Overseas		41,100,000
<b>Rent Paid</b>		
Mrs. Saloni Goyal	56,180	674,160
Mr. Dalip Chand Garg	-	600,000
<b>Professional fees paid</b>		
Mr. Dalip Chand Garg	1,557,143	900,000
<b>Rent Received</b>		
Zeon Lifesciences Ltd.	1,339,286	-
<b>Job Work Received</b>		
Zeon Lifesciences Ltd.	1,907,420	-
<b>Remuneration Paid to Shri Sanjeev Goyal</b>		
- Salaries	-	2,400,000
- Contribution to P.F.	-	288,000
- Other perquisites & benefits	-	-
<b>Unsecured Loan *</b>		
Lactomalt Foods Pvt. Ltd.	-	60,000
Zeon Lifesciences Limited	5,09,26,060	14,550,097
<b>Creditors*</b>		
Mahaan Proteins Limited	7,202,985	4,912,454
Mr. A.N. Goyal	296,346	296,346
Mrs. Shashi Rani Goel	67,500	67,500
Mr. A. N. Goyal (HUF)	189,068	189,068
Mr. Sanjeev Goyal	-	110,035
Mr. Rajiv Goyal (HUF)	-	179,334
<b>Advance received*</b>		
Mr. Dalip Chand Garg	1,101,784	1,101,784
Dalip Chand Garg (HUF)	1,108,518	1,108,518
Ace International	1,075,000	
<b>Advance Recoverable*</b>		
Mr. Suresh Garg	1,537,304	1,537,304
Mr. Rajiv Goyal	87,659	5,448,349
Healthy India Nutritional Products Pvt. Ltd.	1,418,450	48,200
<b>Share Application money paid*</b>		
Zeon Life sciences Limited	3,01,00,000	3,01,00,000
<b>Investment made in shares*</b>		
Mahaan Proteins Limited	21,500,000	21,500,000
Zeon Lifesciences Limited	6,000,000	6,000,000

\*Book balances under MOFS

**Note 31 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 ₹)	10	10
Net profit (Loss) after tax available for Equity shareholders (₹)	10,678,516	1,477,886
Basic and diluted Earning per share (₹)	3.05	0.42

**Note 32 Exceptional Item:-**

Mahaan group company initially started the business in the year 1987 with Mr. A.N. Goyal and Mr. Suresh Garg. Mr. Rajiv Goyal (son of Mr. A.N. Goyal), Mr. Sanjeev Goyal (son of Mr. A.N. Goyal) Running it jointly established and promoted the Mahaan Group constituting the various companies referred to as

- (a) Mahaan Proteins Ltd.
- (b) Zeon Lifescience Ltd.
- (c) Mahaan food Ltd. (Consisting further 2 unites Mahaan Bioysis and Mahaan Nutritions)
- (d) Ace International

And the promoters groups are referred to as

- (a) Mr. A N Goyal as ANG Group
- (b) Mr. Suresh Garg as Garg Group
- (c) Mr. Saneev Goyal as SG Group
- (d) Mr. Rajiv Goyal as RG Group

**Unitwise ownership of promoters is as under :-**

	<b>MPL</b>	<b>ZLL</b>	<b>MFL</b>	<b>ACE INT.</b>
ANG GROUP	29	13	7	25
GARG GROUP	3	26	23	25
SG GROUP	12	42	11	25
RG GROUP	31	19	11	25
OTHERS	25	0	48	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

All the parties enjoyed good relationship and jointly carried on the business of the Mahaan group for more than 2 decades.

However with the passage of time,

The parties decided to re- arrange the ownership of the companies and entered into a Memorandum of Family Settlement dated 31st August, 2010 taken on record by the Hon'ble Company Law Board, New Delhi via order dated 3rd September, 2010.

**Broad settlement amongst the groups is as under:-**

- (a) The Ownership, Management and control of Zeon Lifescience Ltd. and Mahaan Biosys & Mahaan Nutrition both unit of MFL has been decided to be accorded to Mr. Suresh Garg (Garg Group)
- (b) The Ownership, Management and control of Mahaan Proteins Ltd has been decided to be accorded to Mr. Rajiv Goyal (RG Group)
- (c) The Ownership, Management of the Dairy division of MFL has been decided to be accorded to Mr. Sanjeev Goyal (SG Group)
- (d) Payment of 6.8 Crore by Mr. Suresh Garg to other promoters group.
- (e) Mr. A.N. Goyal Expressed his desire to retire from active business.
- (f) Transfer of Loan liabilities (All secured liabilities towards loans and interests outstanding) of Mahaan Food Ltd. to be taken over by Garg Group
- (g) Transfer of 1/4th share of property at Greater Kailash by Garg Group in favour of SG Group
- (h) Exchange of Shareholding.

Till November 2011 nothing could be executed amongst the groups due to disagreements on various issues in the settlement. Finally application under Section 9 of Arbitration and Conciliation Act 1996 was moved by SG Group before the Hon'ble Delhi High Court for expeditious execution of MOFS.

**Obligation completed during Financial Year 2012-13**

In terms of court order dated 30-5-2012 following compliances were made

1. Garg Group made a part payment of Rs 145 lacs to RG Group
2. Garg Group made payment of Rs. 200 lacs to ANG Group
3. Garg Group, RG Group & ANG Group exchange their respective shareholdings.
4. AN Group also transferred his shares to SG Group

**Obligation completed during Financial Year 2013-14**

In terms of court order dated 10-5-2013 one compliance was made i.e.

1. Garg Group acquired two units of Mahaan Foods Limited namely MB and MN along with assets and liabilities alongwith the loan liability including interest of State Bank of Patiala and Himachal Pradesh Financial Corporation.

**Pending obligations as on 31.03.2014**

Obligation mentioned at serial no. (d), (g), (h) above are pending as on date

The net difference between the book balances relating to various assets and loans/liabilities taken over by Garg Group and its assumed \ agreed values has been shown as "Exceptional Item". Few book balances are yet to be squared up in view of obligations \ transactions which are pending under MOFS as on the date of Balance Sheet.

**Note 33 Segment reporting**
**Business Segments**

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

**Information about Business segments**

Particulars	Dairy		MNU		MB		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
	₹	₹	₹	₹	₹	₹	₹	₹
<b>Segment revenue</b>								
External sales	103,299,149	1,562,311,163	-	-	5,992,734	513,000	109,291,883	1,562,824,163
Job charges other income	3,291,083	1,251,545	-	365,450	1,735,603	875,000	24,276,920	47,601,675
<b>Total revenue</b>	<b>106,590,232</b>	<b>1,563,562,708</b>	<b>-</b>	<b>365,450</b>	<b>32,005,257</b>	<b>48,989,675</b>	<b>138,595,489</b>	<b>1,612,917,833</b>
Segment results	(3,450,479)	11,381,276	(1,081,127)		9,597,866		(3,450,479)	19,898,015
Unallocated Income								647,154
Unallocated expenses							(3,481,079)	19,250,861
<b>Operating profit</b>							1,120	-
- Dividend								
- Interest							22,758,819	
- Exceptional Item								
Interest paid							19,309,460	19,250,861
Add: Income tax for earlier years written back							13,411,145	14,849,197
Less: Provision for tax								(840,000)
Add: Deferred tax written back							4,780,201	(2,083,779)
<b>Profit after taxation</b>							<b>10,678,516</b>	<b>1,477,885</b>
<b>Other information</b>								
Segment assets	216,086,348	261,891,681		10,379,939		52,510,618	216,086,348	324,782,238
Unallocated assets								61,855,496
<b>Total assets</b>							<b>216,086,348</b>	<b>386,637,734</b>
Segment liabilities	76,724,400	127,590,879		13,993,596		16,310,691	76,724,400	157,895,166
Unallocated liabilities								99,990,672
<b>Total liabilities</b>							<b>76,724,400</b>	<b>257,885,838</b>
Capital expenditure	-	1,358,514	-	122,530		64,260	122,530	1,422,774
Depreciation	1,311,485	1,305,795	516,006	577,737	2,141,454	2,398,640	3,968,945	4,282,172

**Note - 34 Additional information pursuant to the provision of part-II of Schedule VI to the Companies Act, 1956 (Figures in brackets are in respect of previous year.)**

**A. Capacities, Production, Stocks and Sales:**

Class of goods	Opening stock As on 01.04.13		Production	Sales		Closing stock As on 31.03.14		Shortage
	Qty. Kgs.	Amount ₹		Qty. Kgs.	Amount ₹	Qty. Kgs.	Amount ₹	
1. Dairy Creamer	374416 (306695)	36453314 (35543286)	(3739124)	284302 (3670820)	40838513 (493930574)	90000 (374416)	12959970 (36453314)	114.00 (583.00)
2. Pure Ghee	526047 (183185)	139768740 (49720444)	(4407115)	237050 (4063016)	62460636 (1064547411)	287964 (526047)	76503825 (139768740)	1,033.00 (1,237.00)
3. Base Proteins	-	-	-	-	-	-	-	-
4. Maltodextrine	(-)	(-)	(-)	-	-	-	-	-
5. Others	(-)	(-)	(-)	0	0	-	-	-
Total	900463 (489880)	176222054 (85263730)	0 (8146239)	521352 (7733836)	109291883 (1562824163)	377964 (900463)	89463795 (176222054)	1,147.00 (1,820.00)

**Note: Goods manufactured for others:**

Complain: The production during the year was 899 MT (Previous Year 1763 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. Raw Material Consumed:**

Name of items	Current year		Previous year	
	Qty. Kgs.	Value (₹)	Qty. Kgs.	Value (₹)
1. Skimmed/Partly skimmed/Concentrate milk	0	0	25997946	601520370
2. Milk powder	0	0	883245	71707019
3. Sugar	0	0	327900	11031437
4. Maize Starch	0	0		
5. Others	96773	6238848	3767686	736069606
	96773	6238848	30976777	1420328432

**E. 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 (₹)	% age	Value (₹)	% age
1. Raw materials				
- Imported	Nil	Nil	Nil	Nil
- Indigenous	6238848	100	1420328432	100
Total	6238848	100	1420328432	100
2. Spare parts & components				
- Imported	Nil	Nil	Nil	Nil
- Indigenous	341330	100	3984945	100
Total	341330	100	3984945	100

**F. EXPENDITURE IN FOREIGN CURRENCY**

Particulars	Current year	Previous year
	₹	₹
- Travelling	NIL	NIL

**Note 35 General**

- Figures have been rounded off to nearest rupee.
- Previous year's figures have been regrouped and/or rearranged wherever considered necessary.

**AUDITORS' REPORT**

As per our report of even date attached.

**For D.D.Nagpal & Co.**

**Chartered Accountants**

Sd/-  
(D D Nagpal)

Membership No. 85366  
Firm's Registration No.006413N

Date: 30.05.2014  
Place: New Delhi

Sd/-  
(Sanjeev Goyal)  
Managing Director

Sd/-  
(Harmeet Kaur)  
Director

Sd/-  
(Shweta Arora)  
Company Secretary

**For Mahaan Foods Limited**



**FORM NO.: MGT – 11: PROXY FORM**

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014

**27th ANNUAL GENERAL MEETING**

**Saturday, 27th September, 2014**

**CIN:**L15419HP1987PLC007356

**Name:** Mahaan Foods Limited

**Registered Office:** Highwinds, National Highway 22,Village Datyar, Parwanoo, Himachal Pradesh-173220

**Website:** www.mahaanfoods.com

Name of the member(s): _____
Registered Address: _____
_____
E-mail ID: _____
Folio No. / Client ID No.: _____
DP ID: _____

I/We, being the member(s) of ..... Shares of the above named company, hereby appoint:

1. Name: .....

Address: .....

.....

E-mail ID: .....

Signature:.....or failing him / her
2. Name: .....

Address: .....

.....

E-mail ID: .....

Signature:..... or failing him / her
3. Name: .....

Address: .....

.....

E-mail ID: .....

Signature:..... or failing him / her

As my / our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 27th Annual General Meeting of the company, to be held on Saturday, 27th September, 2014 at 11.00 a.m. at Hotel Park Inn, Plot No. 1, Sector-2, Parwanoo, Himachal Pradesh-173220 and at any adjournment thereof in respect of such resolutions as are indicated below:





<b>Resolution No.</b>	<b>Description of Resolutions</b>
1	Adoption of the Financial Statements of the Company for the year ended 31 <sup>st</sup> March, 2014 together with the reports of the Directors' and Auditors thereon.
2	Re-appointment of Shri Sanjeev Goyal as a Director, liable to retire by rotation.
3	Appointment of M/s D D Nagpal & Co. Chartered Accountants as Statutory Auditors of the Company
4	Appointment of Shri Youdhveer Singh Rawat as an Independent Director upto 31 <sup>st</sup> March, 2019
5	Appointment of Smt. Harmeet Kaur as an Independent Director upto 31 <sup>st</sup> March, 2019
6	Alteration in the capital clause of the Memorandum of Association.
7	Ratification of appointment & total remuneration payable to M/s Sanjay Gupta & Associates, Cost Accountants as Cost Auditors for the Financial Year 2014-2015
8	Approval for the Company to enter into contracts and/or agreements with Related Parties as defined under the Act
9	Approval for the Further Issue of Equity Shares upto an overall limit of Rs. 20 Crore.

Signed this ..... day of ..... 20.....

Signature of shareholder(s) ..... Signature of Proxy holder(s) .....

**Notes:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.
2. The Proxy Form should be signed across the Revenue Stamp as per specimen signature(s) registered with the Company/ Depository Participant.
3. A Proxy need not be a Member.

Affix  
Revenue Stamp

**Mahaan Foods Limited**  
**Reg. Office: Highwinds, National Highway 22, Village Datyar, Parwanoo, Himachal Pradesh-173220**  
**CIN: L15419HP1987PLC007356**

**Attendance Slip**  
**27th Annual General Meeting**  
**Saturday, 27th September, 2014**

DP ID- Client ID No./ Folio No. ....

No. of Share(s) held: .....

Name of the Member / Proxy: .....

Address of the Member: .....

.....

I/We hereby record my/our presence at the 27th Annual General Meeting of Mahaan Foods Limited held on Saturday, 27th September, 2014 at 11.00 a.m. at Hotel Park Inn, Plot No. 1, Sector-2, Parwanoo, Himachal Pradesh-173220

.....  
Signature of Member/ Proxy

**Notes:**

1. Please complete this attendance slip and hand it over at the entrance of the meeting hall.
2. Members are informed that no duplicate slips will be issued at the venue of the meeting and are requested to bring this slip for the Meeting.





# BOOK POST

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**MAHAAN FOODS LIMITED**

M-19, 1st Floor, M-Block Market,  
Greater Kailash-II, New Delhi-110048