

**29th ANNUAL REPORT
(2015-16)**



MAHAAN FOODS LIMITED

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|-----------------------------|--|
| Board of Directors | Mr. Sanjeev Goyal, Chairman & Managing Director Mr. Achal Kumar Khaneja Mrs. Moutushi Sengupta Mrs. Saloni Goyal |
| Bankers | HDFC Bank Axis Bank |
| Secretary | Mr. Vijay Gupta |
| Auditors | M/s D. D. Nagpal & Co. Chartered Accountants Room No. H, 6th Floor, Gopala Tower, 25, Rajendra Place, New Delhi - 110008 |
| Registered Office | Highwinds, National Highways 22, Village Datar, Parwanoo, Himachal Pradesh - 173220 |
| Corporate Office | M-19, 1st Floor, M-Block Market, Greater Kailash - II, New Delhi - 110048 |
| Registrar & Transfer Agents | M/s Alankit Assignments Limited 1 E/ 13, Alankit House, Jhandewalan Extension, New Delhi - 110005 |

NOTICE

Notice is hereby given that the 29th Annual General Meeting of the shareholders of Mahaan Foods Limited will be held at RVCC, Sector-5, Parwanoo, Himachal Pradesh-173220 on Friday, 30th September, 2016 at 1:00 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the company for the year ended 31st March, 2016 and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mrs. Saloni Goyal (DIN: 00400832), Director, who retires by rotation and being eligible, offers herself for re-appointment.
3. Appointment of Auditors

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, the Company hereby ratifies the appointment of M/s. D.D. Nagpal & Co. Chartered Accountants (Registration No. 006413N), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next AGM of the Company to be held in the year 2017 on such remuneration, as may be decided by the Board of Directors of the Company."

SPECIAL BUSINESS

4. **Re-appointment of Mr. Sanjeev Goyal (DIN: 00221099) as Managing Director of the Company.**

To consider and if thought fit, to pass the following resolution as an Special Resolution

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013 and Articles of Association of the Company and recommendation of the Nomination and Remuneration Committee, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Sanjeev Goyal as Managing Director of the Company with effect from August 31, 2016 to August 30, 2019, on the terms and conditions including as to remuneration as recommended by the Nomination and Remuneration Committee and as set out in the Statement which shall deemed to form part thereof.

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to alter, vary and/or revise the terms and conditions of the said appointment and/ or remuneration of Mr. Sanjeev Goyal, Managing Director so as not to exceed the limits specified in Schedule V of the Companies Act, 2013 or any statutory modification thereof, from time to time and to settle any question or difficulty in connection therewith or incidental thereto.

" RESOLVED FURTHER THAT the remuneration payable to Mr. Sanjeev Goyal, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution."

By the order of the Board of Directors

Sd/-

(Vijay Gupta)

Company Secretary cum Compliance Officer

Membership No.:A29731

Place: New Delhi

Date: 3rd September, 2016

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 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 IS ENCLOSED.**
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more 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. 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.
5. Members / Proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
6. 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.
7. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given below in this Notice. The Company will also send communication relating to remote e-voting which inter alia would contain details about User ID and password along with a copy of this Notice to the members, separately
8. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts and arrangements in which directors are interested maintained under section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
9. The Register of Members and Share Transfer Books of the Company will remain closed on 25th September, 2016 to 30th September, 2016 (both days inclusive) for the purpose of AGM.
10. Members are requested to intimate immediately the change of address or demise of any Member, if any, to the Company's Registrar and Transfer Agents or Depository Participant, as the case may be to prevent frauds.
11. 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.
12. Members seeking any information or clarification on Accounts are requested to send written queries to the Company at least 7 days before the date of the meeting to enable the management to keep the required information available at the Meeting.
13. 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.
14. Copies of the Annual Report 2016 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 2016 are being sent by the permitted mode.
15. Members may also note that the Notice of the 29th AGM and the Annual Report 2016 will be available on the Company's website, 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.
16. Additional information, pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of the directors seeking appointment / re-appointment at the AGM, as given in the statement of the Notice. The directors have furnished consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules thereunder.
17. 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.
18. All documents referred to in the notice will be available for inspection at the company's registered office during normal business hours on working days up to the date of the AGM.
19. Annual Listing Fee for the year 2016-2017 has been paid to the BSE limited wherein shares of the Company is listed.
20. No gift(s) shall be distributed at the ensuing 29th Annual General Meeting of your company.

Voting through Electronic Means - Remote E-Voting

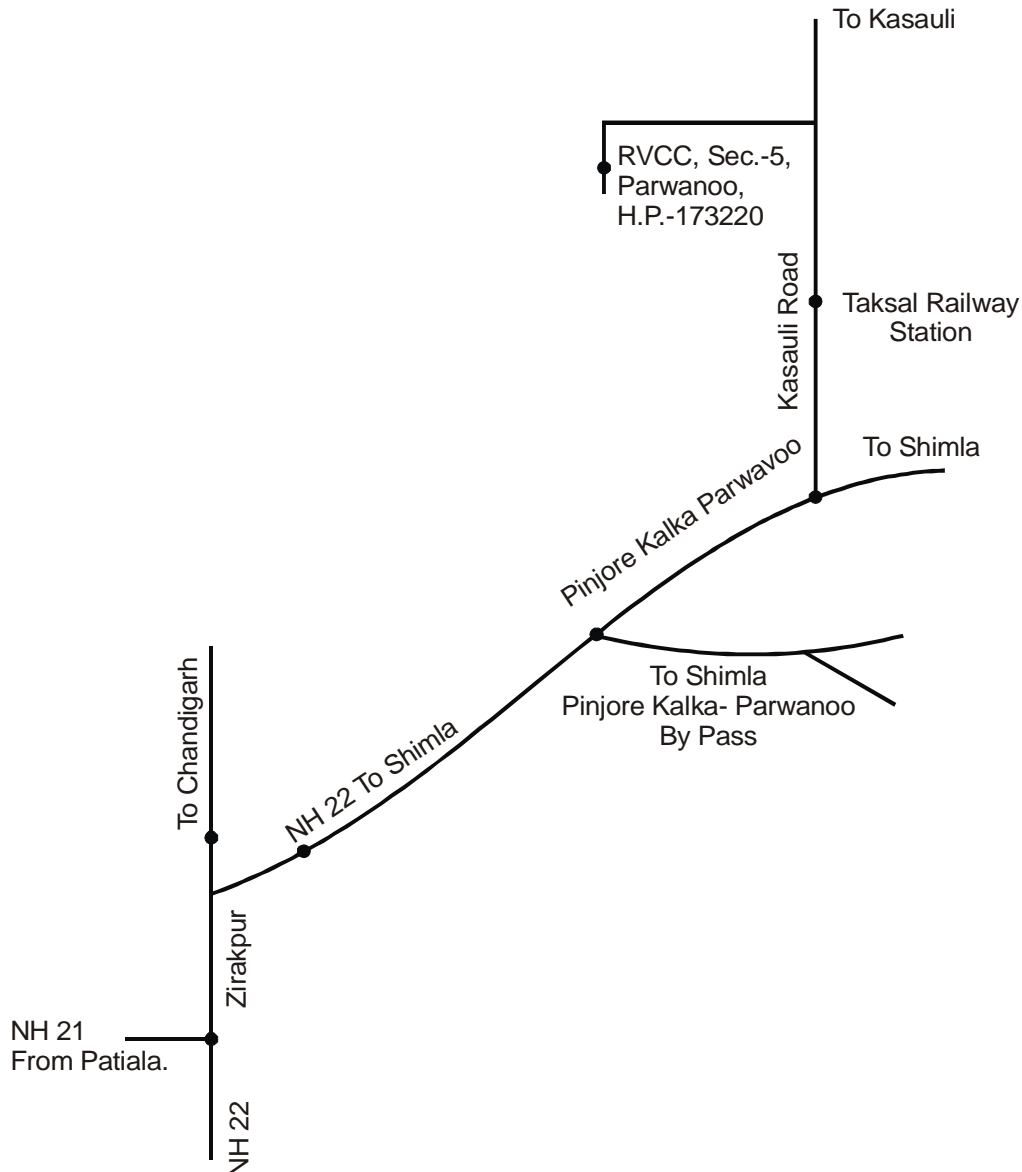
- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again
- IV. The remote e-voting period commences on Tuesday, 27th September 2016 (9:00 am) and ends on Thursday, 29th September, 2016 (5:00 pm). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 23rd September, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Members, the Member shall not be allowed to change it subsequently.
- V. The instructions for remote e-voting are as under:
 - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :
 - (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com/>
 - (iii) Click on Shareholder - Login
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - (vii) Select "EVEN" of "Mahaan Foods Limited".
 - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) 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 with a copy marked to evoting@nsdl.co.in
 - B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
 - (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

| EVEN (Remote e-voting Event Number) | USER ID | PASSWORD/PIN |
|--|----------------|---------------------|
| (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote. | | |
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsd.com or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 23rd September 2016.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23rd September, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsd.com or contact NSDL at the following toll free no.: 1800-222-990.

- XI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XIII. Mr. Deepak Bansal, Company Secretary in Practice (CP 7433) has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIV. The Chairman shall, at the AGM at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XVI. The Results declared alongwith the report of the Scrutinizer shall be placed on the the Company's website: www.mahaanfoods.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

The route map of the venue of the AGM is given herein below:



STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013
Item No. 4

Mr. Sanjeev Goyal was appointed as Managing Director of the company for a period of 3 years with effect from 31st August, 2013 at the Annual General Meeting held on 31st December, 2013. Mr. Sanjeev Goyal, aged about 55 years is a Bachelor in Engineering and has 31 years of vast experience in the field of dairy industry.

In view of his vast experience in the dairy industry and on the basis of recommendation made by the Nomination and Remuneration Committee, the Board of Directors in their meeting held on 12th August, 2016 has approved his reappointment as Managing Director for a further period of three years effective from 31st August, 2016 with no remuneration for the time being subject to the approval of the shareholders. However on recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the company, he may be paid such remuneration as may be admissible under applicable provisions of the Companies Act, 2013 during his tenure as Managing Director of the company.

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

None of the Directors, Key Managerial Personnel and their relatives, except Mrs. Saloni Goyal, Mr. Sanjeev Goyal and their relatives is interested or concerned financially or otherwise in the Resolution.

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

The Statement together with the accompanying notice may be treated as an abstract of the terms and memorandum of interest of the Directors under section 102 of the Companies Act, 2013.

By the order of the Board of Directors

Sd/-

(Vijay Gupta)

Company Secretary cum Compliance Officer

Membership No.:A29731

Place: New Delhi

Date: 3rd September, 2016

Relevant details, in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of the Directors seeking Appointment/Re-appointment at the ensuing 29th Annual General Meeting are as follows:

| Name of the Director | Mr. Sanjeev Goyal | Mrs. Saloni Goyal |
|--|---|---|
| DIN | 00221099 | 00400832 |
| Date of Birth | 17th May, 1961 | 4th December, 1965 |
| Date of Appointment | 05.03.2009 | 27.09.2014 |
| Qualifications | Bachelor in Engineering | PG in International Trade |
| Expertise in Specific Functional Area | Mr. Sanjeev Goyal has vast experience of about 31 years in the dairy industry | Mrs. Saloni Goyal is having corporate experience of around 16 years |
| Name of the listed entities in which the person also hold the directorship and the membership of committees of the board | NIL | NIL |
| Shareholding in the Company | 20600 (.59%) Equity Shares of | 135726 (3.88%) Equity Shares of |
| Relation with other Directors of the Company | Re.10/- each Mr. Sanjeev Goyal is husband of Mrs. Saloni Goyal | Re.10/- each Mrs. Saloni Goyal is wife of Mr. Sanjeev Goyal |

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting their 29th Annual Report on the business and operations of the company together with the Audited Financial Statements for the year ended 31st March, 2016.

1. Financial Highlights

During the year under review, financial performance of your company was as under:

(` in lakh)

| Particulars | 2015-2016 | 2014-15 |
|---|-----------|---------|
| Sales & other income | 69.94 | 949.68 |
| Profit Before Interest and Depreciation & Taxes | 20.54 | 9.28 |
| Profit/(Loss) before exceptional item & taxes | 8.89 | -8.83 |
| Exceptional item | - | - |
| Profit/(Loss) before Tax | 8.89 | -8.83 |
| Taxation | -5.64 | -47.87 |
| Profit/(Loss) after taxes | 14.53 | 39.04 |

The Company achieved gross turnover including other income of Rs. 69.94 Lakh and posted net profit of Rs 14.53 Lakh for the financial year ended on 31st March, 2016 as against gross turnover including other income of Rs. 949.68 Lakh and net profit of Rs. 39.04 Lakh in the previous financial year.

2. State of Company's Affairs and Future Outlook

Your company's business continues to be affected due to the legal impediments. Your company is exploring allied business avenues to revive its operations.

3. Change in Nature of Business

There was no change in the nature of business of your company during the year.

4. Dividend

No Dividend is declared for the current financial year.

5. Transfer to Reserves

No amount is proposed to be transferred to reserves.

6. Changes in Share Capital

There has no change in the share capital of the company during the year.

Your Company has neither issued any equity shares with differential rights nor granted any employees stock options/ sweat equity shares to the Directors, Officers or employees of the company during the year

7. Deposits from Public

During the year your Company has not accepted any deposits within the meaning of Sections 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

8. Extract of Annual Return

In accordance with Sections 134(3) (a) and 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as "**Annexure-A.**"

9. Number of Board Meetings

During the year, 5 (Five) Board Meetings were held on 30th May, 2015, 13th August, 2015, 1st September, 2015, 7th November, 2015 and 10th February, 2016 respectively and the details of attendance of directors is given as under:

| S. No. | Name of the Directors | Designation | No. of Board Meetings attended |
|--------|-------------------------|------------------------------|--------------------------------|
| 1 | Mr. Sanjeev Goyal | Chairman & Managing Director | 5 |
| 2 | Mrs. Saloni Goyal | Non-Executive Director | 5 |
| 3 | Mr. Achal Kumar Khaneja | Independent Director | 5 |
| 5 | Mrs. Moutushi Sengupta | Independent Director | 5 |
| 6 | *Mrs. Harmeet Kaur | Independent Director | 1 |

* Mrs. Harmeet Kaur resigned as the Independent director of the company w. e. f. 30.05.2015

10. Particulars of Loans, Guarantees and Investments:

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Note No. 15 to the Financial Statements.

11. Particulars of Contracts or Arrangements with Related Parties

There were no Related Party Transactions which fall under the provisions of section 188 of the Companies Act, 2013. The details of related party transactions are contained in Note No. 28 of the Financial Statements.

The policy on Related Party Transactions as approved by Board is uploaded on the Company's website www.mahaanfoods.com.

12. Auditors

A. Statutory Auditors':

Pursuant to the provisions of Section 139 of the Act and the rules framed there under, M/s D. D. Nagpal & Co., Chartered Accountants, were appointed as statutory auditors of the Company from the conclusion of the 27th annual general meeting (AGM) of the Company held on September 27, 2014 till the conclusion of the 33rd Annual General Meeting, subject to ratification of their appointment at every Annual General Meeting. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s D. D. Nagpal & Co, Chartered Accountants, as statutory auditors of the Company, is placed for ratification by the shareholders at the 29th Annual General Meeting of the Company. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

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.

B. Secretarial Auditors':

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Shakshi Mittal, Practicing Company Secretary as Secretarial Auditors to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "**Annexure B**".

There were no comments in the Secretarial Auditors report which required any explanation from the Directors of the company.

C. Internal Auditors':

M/s Naresh Kumar & Co., Chartered Accountants, New Delhi are Internal Auditors of the company.

13. Material Changes affecting the Financial Position of the Company

The inordinate delay in implementation of Company Law Board order dated 3rd September, 2010 involving family settlement amongst the promoters of the company continues to severely affect the financial position of the company.

14. Conservation of Energy, Technology, Absorption, Foreign Exchange Earnings and Outgo

A. CONSERVATION OF ENERGY

- i) Steps taken or impact on conservation of energy:
- ii) The steps taken by the company for utilizing alternate sources of energy.
Your Company has taken adequate measures to ensure optimum use of all equipment's so as to conserve energy.
- iii) Capital Investment on energy conservation equipments : Nil

B. TECHNOLOGY ABSORPTION

The company strives continuously to upgrade its technology in all its operations.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:- Nil

15. Details of subsidiary, joint venture or associates

The Company is having Zeon Lifesciences Limited as its associate company in accordance with Section 2(6) of the Companies Act, 2013, however, the shareholding held by the company in Zeon Lifesciences Ltd. is subject to inter se transfer of shares between the promoters of the Company & Zeon Lifesciences Ltd. in accordance with the Hon'ble Company Law Board order dated 03.09.2010.

The Company does not have any subsidiary or joint venture company.

16. Risk Management

The Audit Committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The policy is available on the Company Website at: <http://www.mahaanfoods.com>

17. Directors & Key Managerial Personnel (KMP)

Mr. Sanjeev Goyal, Chairman cum Managing Director, Mr. G. K. Sharma, Chief Financial Officer and Mr. Vijay Gupta, Company Secretary are the Key Managerial Personnel of your Company under the provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Mrs. Saloni Goyal, Director, retires by rotation at the forthcoming Annual General Meeting and, being eligible offers herself for re-appointment. The Board recommends her re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting.

Mr. Sanjeev Goyal was appointed as Managing Director of the company for a period of 3 years with effect from 31st August, 2013 at the Annual General Meeting held on 31st December, 2013. On recommendation of the Nomination and Remuneration Committee, the Board of Directors in their meeting held on 12th August, 2016 has approved reappointment of as Managing Director for a further period of three years effective from 31st August, 2016 with no remuneration for the time being subject to the approval of the shareholders. The Board recommends his re-appointment for the approval of the members.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, Mrs. Harmeet Kaur resigned from the directorship w.e.f. 30.05.2015.

18. Details of significant & material orders passed by the regulators or courts or tribunal

Your Company operations continue to be severely affected on account of inordinate delay in the settlement of disputes amongst its promoters. The matter is pending for adjudication before the arbitrator under the supervision of Hon'ble High Court of Delhi.

19. Internal Financial Controls

Your Company has a proper and adequate system of internal financial controls. This ensures that all assets are safeguarded and protected against loss from unauthorised use or disposition and the transactions are authorised, recorded and reported correctly. The internal financial control system has been designed to ensure that the financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

The Audit Committee periodically reviews the performance of internal audit function and discusses Internal Audit Reports with the Internal Auditor.

20. Fraud Reporting

Neither the Statutory Auditors nor the Secretarial Auditors have brought to the notice of the Audit Committee or the Board of Directors or the Central Government the occurrence or brewing of any fraud in the Company.

21. Code of conduct for regulating & reporting trading by Insiders and for Fair Disclosure, 2015

Your Company has adopted the "Code of Conduct for Regulating & Reporting Trading by Insiders and for Fair Disclosure, 2015" which, inter alia, prohibits purchase or sale of securities of the Company by Directors, employees and other connected persons while in possession of unpublished price sensitive information in relation to the Company.

22. Disclosure of ratio of Remuneration of Directors and Key Managerial Personnel etc.

The company did not pay any remuneration to the Managing Director and other directors of the company.

As required under Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of the ratio of the remuneration of each director to the median employee's remuneration and such other details as prescribed therein are given in "**Annexure-C**" which is attached hereto and forms a part of the Directors' Report.

23. Particulars of Employees

The information required under Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not required as there was no employee on the payroll of the company receiving remuneration in the excess of the limit prescribed under the said rules.

24. Code of Conduct

The Board of Directors has approved a Code of Conduct which is applicable to all the members of the Board & senior management personnel of the company. The Code has been posted on the Company's website www.mahaanfoods.com.

25. Committees of the Board

The Board of Directors has the following Committees:

- **Audit Committee**

The Audit Committee formed in pursuance to Section 177 of the Companies Act, 2013 and in accordance with Regulation 18 of the Listing Regulations 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 independent auditors, compliance with legal and statutory requirements and integrity of the Company's financial statements.

During the year, Five meetings of the Committee were held on 30th May, 2015, 13th August, 2015, 1st September, 2015, 7th November, 2015, and 10th February, 2016 respectively. The composition and attendance of the Committee was as under:

| Name of Director | Position held in the Committee | No. of Committee Meetings attended |
|-------------------------|--------------------------------|------------------------------------|
| Mr. Achal Kumar Khaneja | Chairman | 5 |
| Mr. Sanjeev Goyal | Member | 5 |
| Mrs. Moutushi Sengupta | Member | 5 |
| *Mrs. Harmeet Kaur | Member | 1 |

*Mrs. Harmeet Kaur resigned from the above committee w. e. f. 30th May, 2015.

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

• **Nomination and Remuneration Committee**

Pursuant to Section 178 of the Companies Act, 2013, and Regulation 19 of Listing Regulation The terms of reference of the Committee cover evaluation of compensation and benefits for Executive Director(s), Non-Executive Director(s), KMP, framing of policies and systems of the Employee Stock Option Scheme and looking after issues relating to major HR policies.

No meeting of the Nomination and remuneration committee was held during the year.

The composition of the Directors was as under:

| S. No. | Name of Director | Position held in the Committee |
|--------|-------------------------|--------------------------------|
| 1 | Mr. Achal Kumar Khaneja | Chairman |
| 2 | Mrs. Moutushi Sengupta | Member |
| 3 | Mr. Sanjeev Goyal | Member |
| 4 | *Mrs. Harmeet Kaur | Member |

*Mrs. Harmeet Kaur resigned from the above committee w. e. f. 30th May, 2015.

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 only sitting fees was paid to Non-Executive Directors of the Company.

• **Stakeholders' Relationship Committee**

Pursuant to Section 178 of the Companies Act, 2013 the Stakeholders Relationship Committee is empowered to handle shareholders queries and grievances. It primarily focuses on review of:

1. Investor complaints and their redressal;
2. Performance of the share transfer agent;
3. Corporate actions related to shareholder issues;
4. Stakeholders' queries & grievances.

During the year, 3 meetings of the Committee were held on 4th May, 2015, 13th July, 2015, and 31st August, 2015 respectively:

The Composition and attendance of the Stakeholders' Relationship Committee was as below:

| Name of the Director | Position in the Committee | Number of Meetings attended |
|-------------------------|---------------------------|-----------------------------|
| Mr. Achal Kumar Khaneja | Chairman | 2 |
| Mrs. Saloni Goyal | Member | 3 |
| *Mrs. Harmeet Kaur | Member | 1 |

*Mrs. Harmeet Kaur resigned from the above committee w. e. f. 30th May, 2015.

Mr. Vijay Gupta, Company Secretary is the compliance officer.

Only one complaint was received from the shareholder during the year and the said complaint was replied/ resolved to the satisfaction of the shareholder.

26. Corporate Governance

In terms of regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Corporate Governance Report is not applicable to your company as paid up equity share capital and net worth of the company does not exceed rupees ten crore and twenty five crore respectively as on the last day of the previous financial year i.e. 31st March, 2015.

27. Corporate Social Responsibility (CSR)

The provisions of Section 135 of the Companies Act, 2013 related to Corporate Social Responsibility are not applicable on the Company.

28. Formal Evaluation of Board, Committees & Directors' Performance

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors,

covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The Nomination and Remuneration Committee ("NRC") evaluated the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was reviewed, taking into account the views of executive directors and non-executive directors of the company.

29. Remuneration Policy

In accordance with the Remuneration policy of the company, the Nomination and Remuneration Committee recommend the appointment/ re-appointment of Directors including Independent Directors and senior management & employees of the Company, based on their qualifications, professional experience, positive attributes, view points, skills and area of expertise.

The Remuneration Policy is placed on the Company's website www.mahaanfoods.com.

30. Whistle Blower/Vigilance Policy

Your Company has established a whistle blower policy/vigil mechanism for the Directors, employees of the company, to report genuine concerns, calling the attention of the Audit Committee to some wrong doing occurring within an organization. Your Company has also provided adequate safeguards against victimization of whistleblowers who express their concerns against such wrong doings occurring in the organization. The Company has also provided direct access to the Chairman of the Audit Committee, in exceptional circumstances.

31. Disclosure under sexual harassment of women at Workplace, (Prevention, Prohibition & Redressal) Act, 2013

Your company did not come across any complaint by any employee during the year under review relating to the sexual harassment.

32. Management Discussions and Analysis

The Management Discussions and Analysis forms an integral part of this report as "Annexure - D"

33. Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii) 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 that period;
- iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors had prepared the annual accounts on a going concern basis;
- v) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- vi) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

34. Acknowledgements

Your Directors express their sincere gratitude and deep appreciation for the co-operation and assistance given by the 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.

By order of the Board of Directors
Sd/
(Sanjeev Goyal)
Chairman cum Managing Director

Place: New Delhi
Date: 3rd September, 2016

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
(As on financial year ended on 31.03.2016)
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014
I. REGISTRATION & OTHER DETAILS:

| | | |
|----|--|---|
| 1. | CIN | L15419HP1987PLC007356 |
| 2. | Registration Date | 13.03.1987 |
| 3. | Name of the Company | Mahaan Foods Limited |
| 4. | Category/Sub-category of the Company | Company limited by shares/ Indian Non Government Company |
| 5. | Address of the Registered office & contact details | Highwinds, National Highway 22, Village Datar, Parwanoo, Himachal Pradesh, 173220 Contact Number:011-43107200 Email-ID- vijaygupta@mahaanfoods.com |
| 6. | Whether listed company | Listed |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | M/s Alankit Assignments Limited 1E/ 13, Alankit House, Jhandewalan Extension, New Delhi - 110005 Tel: +91 11-4254 1234 Email: vijayps1@alankit.com Website: www.alankit.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| S. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|--------|--|---------------------------------|------------------------------------|
| 1 | Manufacturing of Dairy Products | 105 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary / Associate | % of shares held | Applicable Section |
|--------|---|-----------------------|---------------------------------|------------------|--------------------|
| 1. | Zeon Lifesciences Limited Address: Village Kunja, Rampur Road Paonta Sahib, Distt Sirmour, Himachal Pradesh. | U15209HP1987PLC007355 | Associate | 22.73 | 2(6) |

IV.SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 31-March-2015] | | | | No. of Shares held at the end of the year [As on 31-March-2016] | | | | % Change during the year |
|--|---|----------|---------|-------------------|---|----------|---------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter's | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 1397849 | - | 1397849 | 39.93 | 1397849 | - | 1397849 | 39.93 | NIL |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 467450 | - | 467450 | 13.35 | 467450 | - | 467450 | 13.35 | NIL |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Total shareholding of Promoter (A)(1) | 1865299 | - | 1865299 | 53.28 | 1865299 | - | 1865299 | 53.28 | NIL |
| (2) Foreign | | | | | | | | | |
| a) NRI-Individuals | - | - | - | - | - | - | - | - | - |
| b) other Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any other | - | - | - | - | - | - | - | - | - |
| sub total (A)(2) | - | - | - | - | - | - | - | - | - |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2) | 1865299 | - | 1865299 | 53.28 | 1865299 | - | 1865299 | 53.28 | NIL |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | 6300 | 6300 | 0.18 | - | 6300 | 6300 | 0.18 | NIL |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | 62500 | - | 62500 | 1.79 | 62500 | - | 62500 | 1.79 | NIL |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1):- | 62500 | 6300 | 68800 | 1.97 | 62500 | 6300 | 68800 | 1.97 | NIL |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | 106050 | 16800 | 122850 | 3.51 | 116175 | 16800 | 132975 | 3.80 | .29 |
| i) Indian | | | | | | | | | |
| ii) Overseas | | | | | | | | | |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 467203 | 330645 | 797848 | 22.79 | 567130 | 358845 | 925975 | 26.45 | 3.66 |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 422191 | 28300 | 450491 | 12.87 | 302297 | - | 302297 | 8.63 | (4.24) |
| c) Others (specify) | | | | | | | | | |
| Non Resident Indians | 15312 | 164400 | 179712 | 5.13 | 27754 | 161900 | 189654 | 5.42 | .29 |

| | | | | | | | | | |
|--|----------------|---------------|----------------|--------------|----------------|---------------|----------------|--------------|------------|
| Overseas Corporate Bodies | 15700 | - | 15700 | .45 | 15700 | - | 15700 | .45 | NIL |
| Foreign Nationals | - | - | - | - | - | - | - | - | - |
| Clearing Members | - | - | - | - | - | - | - | - | - |
| Trusts | - | - | - | - | - | - | - | - | - |
| Foreign Bodies - D R | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(2):- | 1026456 | 540145 | 1566601 | 44.75 | 1029056 | 537545 | 1566601 | 44.75 | NIL |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 1088956 | 546445 | 1635401 | 46.72 | 1091556 | 543845 | 1635401 | 46.72 | NIL |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 2954255 | 546445 | 3507000 | 100 | 2956855 | 543845 | 3500700 | 100 | 100 |

ii. Shareholding of Promoter-

| Sr No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|-------|------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Aditya Goyal | 148175 | 4.23 | - | 148175 | 4.23 | - | - |
| 2 | AnishGarg | 47600 | 1.36 | - | 47600 | 1.36 | - | - |
| 3 | AnishGarg | 17667 | 0.51 | - | 17667 | 0.51 | - | - |
| 4 | Dalip Chand | 65000 | 1.86 | - | 65000 | 1.86 | - | - |
| 5 | Dalip Chand Garg | 53195 | 1.52 | - | 53195 | 1.52 | - | - |
| 6 | Deepa Goyal | 90100 | 2.57 | - | 90100 | 2.57 | - | - |
| 7 | Rajiv Goyal | 290889 | 8.31 | - | 290889 | 8.31 | - | - |
| 8 | Rani Garg | 33200 | 0.95 | - | 33200 | 0.95 | - | - |
| 9 | Saloni Goyal | 135726 | 3.88 | - | 135726 | 3.88 | - | - |
| 10 | Sanjeev Goyal | 20600 | 0.59 | - | 20600 | 0.59 | - | - |
| 11 | Sanjeev Goyal Karta | 99900 | 2.85 | - | 99900 | 2.85 | - | - |
| 12 | Sanya Goyal | 239750 | 6.85 | - | 239750 | 6.85 | - | - |
| 13 | Sita Devi | 300 | 0.01 | - | 300 | 0.01 | - | - |
| 14 | Suresh Garg | 120297 | 3.44 | - | 120297 | 3.44 | - | - |
| 15 | Suresh Garg | 5850 | 0.17 | - | 5850 | 0.17 | - | - |
| 16 | YashnaGarg | 29600 | 0.85 | - | 29600 | 0.85 | - | - |
| 17 | French Foods Private Limited | 93250 | 2.66 | - | 93250 | 2.66 | - | - |
| 18 | Zeon Lifesciences Limited | 290000 | 8.28 | - | 290000 | 8.28 | - | - |
| 19 | Zeon Lifesciences Limited | 84200 | 2.41 | - | 84200 | 2.41 | - | - |
| | Total | 1865299 | 53.28 | - | 1865299 | 53.28 | - | - |

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| At the beginning of the year | | | | |
| Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc): | NIL | | | |
| At the end of the year | | | | |

iv. Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr No | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Date | Increase/ Decrease in share-holding during the year | Reasons | Cumulative Shareholding during the year | |
|-------|--|---|----------------------------------|--|--|--|---|----------------------------------|
| | | No. of shares | % of total shares of the company | | | | No. of shares | % of total shares of the company |
| 1 | Sailesh Vikramsinh Thakker | 133500 | 3.81 | 17.07.2015 18.03.2016 | +500 +1000 | Purchase Purchase | 135000 | 3.81 |
| 2 | Raju Bhandari | 92614 | 2.65 | - | - | - | 92614 | 2.65 |
| 3 | The Pradeshiya Industrial and Investment Corporation | 62500 | 1.79 | - | - | - | 62500 | 1.79 |
| 4 | S. Chand & co. Ltd | 42564 | 1.22 | - | - | - | 42564 | 1.22 |
| 5 | Rajendra Rajaram Dhole | 25700 | .73 | - | - | - | 25700 | .73 |
| 6 | Alliance Holdings Limited | 25000 | .71 | - | - | - | 25000 | .71 |
| 7 | Asgar Hussaini Bharmal | 24900 | .64 | - | - | - | 24900 | .64 |
| 8 | Poonam B Bharwani | 19742 | .56 | | | | | |
| 9 | Karvy Stock Broking Limited | 1000 | .028 | 18.12.2015 15.01.2016 22.01.2016 29.01.2016 05.02.2016 12.02.2016 19.02.2016 26.02.2016 04.03.2016 18.03.2016 | -500 +2224 +1757 +1938 +7541 +3428 +900 +98 +2320 +1800 | Sale Purchase Purchase Purchase Purchase Purchase Purchase Purchase Purchase Purchase | 22506 | .64 |
| 10 | Vijaya Shashidhar Ullal | - | - | 08.05.2015 15.05.2015 22.05.2015 18.05.2015 25.12.2015 31.12.2015 | +4574 +4226 +8209 +800 +5074 +1200 | Purchase Purchase Purchase Purchase Purchase Purchase | 24083 | .69 |

Note: The above information is based on the weekly beneficiary position received from depositories on 3rd April, 2015 to 31st March, 2016.

v. Shareholding of Directors and Key Managerial Personnel:

| S N | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Mr. Sanjeev Goyal, Chairman cum Managing Director | 20600 | 0.588 | 20600 | 0.588 |
| 2 | Mrs. Saloni Goyal, Non-Executive Director | 135726 | 3.877 | 135726 | 3.877 |

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment: NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER- NIL

B. REMUNERATION TO OTHER DIRECTORS

| SN. | Particulars of Remuneration | Name of Directors | | Total Amount |
|--------------------------------|--|-------------------------|------------------------|--------------|
| 1 | Independent Directors | Mr. Achal Kumar Khaneja | Mrs. Moutushi Sengupta | |
| | Fee for attending board and committee meetings | 7500 | 7500 | |
| | Commission | NIL | NIL | |
| | Others, please specify | NIL | NIL | |
| | Total (1) | 7500 | 7500 | 15000 |
| 2 | Other Non-Executive Directors | Mrs. Saloni Goyal | | |
| | Fee for attending board and committee meetings | NIL | | |
| | Commission | NIL | | |
| | Others, please specify | NIL | | |
| | Total (2) | NIL | | NIL |
| | | NIL | | |
| | Total Managerial Remuneration Total (B)=(1+2) | - | - | 15000 |
| Overall Ceiling as per the Act | Sitting fees have been paid within the maximum limit allowed under the provisions of the Companies Act, 2013 | | | |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| S N | Particulars of Remuneration | Key Managerial Personnel | | |
|-----|---|--------------------------|------------------------|-----------|
| | | Mr. Vijay Gupta (CS) | Mr. G. K. Sharma (CFO) | Total |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 4,76,768 | 6,39,207 | 11,15,975 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0 | 0 | 0 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 0 | 0 | 0 |
| 2 | Stock Option | 0 | 0 | 0 |
| 3 | Sweat Equity | 0 | 0 | 0 |
| 4 | Commission | 0 | 0 | 0 |
| | - as % of profit | 0 | 0 | 0 |
| | Others, specify... | 0 | 0 | 0 |
| 5 | Others, please specify | 0 | 0 | 0 |
| | Total | 4,76,768 | 6,39,207 | 11,15,975 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
M/s Mahaan Foods Limited
Highwinds, National Highway-22,
Village Datar, Parwanoo,
Himanchal Pradesh-173220

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahaan Foods Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31 March 2016 ('Audit Period')** has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(Not applicable to the Company during the Audit Period)

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

(Not applicable to the Company during the Audit Period);

- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October 2014;

(Not applicable to the Company during the Audit Period);

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(Not applicable to the Company during the Audit Period);

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(Not applicable as the Company is not registered as Registrar to an issue and Share Transfer Agent during the Audit Period)

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(Not applicable to the Company during the Audit Period).

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

(Not applicable to the Company during the Audit Period).

- (i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 from its applicability i.e. from 1st December, 2015.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India

- (ii) The Listing Agreements entered into by the Company with Stock Exchanges for the Compliances till its validity upto 30th November, 2015 during the year.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- (a) Food Safety and Standards Act, 2006(FSSA) and Rules, 2011 and Regulations, 2011;
- (b) Food Safety and Standards (Licensing & Registration of food business) Regulations, 2011
- (c) Food Safety and Standards (Packaging and Labeling) Regulations, 2011

The company is registered with Food Safety and Standards Authority of India vide FSS License No. 10016011003600.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, except in few instances and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company's operations continued to be interrupted on account of inordinate delay in implementation of Company Law Board Order dated 3rd September, 2010 relating to family settlement amongst the promoters of the company.

Sd/-

(Shakshi Mittal)

Practicing Company Secretary.

ACS: 32114 CP 12649

Date: 3rd September,2016

Place: New Delhi

This report is to be read with my letter of even dated which is enclosed with this report.

To,

The Members,
M/s Mahaan Foods Limited
Highwinds, National Highway-22,
Village Datyar, Parwanoo,
Himanchal Pradesh-173220

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Sd/-

(Shakshi Mittal)

Practicing Company Secretary.

ACS: 32114 CP 12649

Date: 3rd September,2016

Place: New Delhi

ANNEXURE-C

Details pertaining to Remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year cannot be ascertained as no remuneration was paid to any of the Directors of the company.
- ii) There was only 20% increase in the remuneration of Company Secretary in the financial year.
- iii) There was 20% increase in the median remuneration of employees in the financial year.
- iv) There were only 3(three) permanent employees on the rolls of the Company.
- v) Average percentile increase in the salaries of employees other than the managerial personnel is NIL. No comparison is given with respect to increase in managerial remuneration as no remuneration was paid to any managerial personnel during the year.
- vi) The key parameters for any variable component of remuneration availed by the Director is Nil.
- vii) It is hereby affirmed that the remuneration during the year ended 31st March, 2016 is paid as per the Remuneration Policy of the Company.

ANNEXURE - D

Management Discussion and Analysis**Industry Structure and development**

India has emerged as the largest milk producing country in the world with present level of annual milk production. Dairy products includes but not limited to Milk, Flavoured Milk, Curd, Flavoured & Frozen Yoghurts, Probiotic Products, Lassi, Buttermilk, Butter, Ghee, Paneer, Cheese, Khoya, Cream, Skimmed Milk Powder, Dairy Whiteners, Sweet Condensed Milk, Ice Cream, Whey and Dairy Sweets.

According to National Dairy Development Board and Crisil Research estimates at present India produces around 3,800 LLLPD of milk, accounting for fifth of the global output. While about 40 per cent of this is retained by producers (farmers) for household consumption; another 41 per cent is shared with the unorganized segment. Currently only 19 per cent is procured, processed and sold through by organized dairies.

The growth for organized dairy players is driven by value-added products, which grew 23 per cent annually compared with 15 per cent for liquid milk. In the branded segment, consumption of paneer, cheese, curd, butter, ice-cream and lassi has increased faster than milk.

Opportunities and Threats

The future for the Indian dairy industry looks promising, buoyed by strong domestic consumption. Company operations continues to be severely affected on account of inordinate delay in the settlement of disputes amongst its promoters. The matter is pending for adjudication before the arbitrator under the supervision of Hon'ble High Court of Delhi. Your company is trying to explore allied business avenues to revive its operations.

Segment wise or product wise performance

The company does not have the segment or product wise performance.

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 in the country. 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 is trying to reposition itself in the changing business scenario.

Risk and Concerns

The huge surge in costs in terms of raw material inputs, services, power and fuel is also affecting the industry. Impact of monsoons on the milk availability is a matter of concern. Governmental policies on exports/ imports are also detrimental to the business.

Your company is facing a quagmire and is trying to wriggle out of the legal impediments which have affected the functioning of the company

Internal Control Systems and their adequacy

The Company has internal control system commensurate with the size and nature of the business which is monitored for its effectiveness on continuous basis.

Financial and Operational Performance

The Company achieved gross turnover including other income of Rs. 69.94 Lakh and posted net profit of Rs 14.53 Lakh for the financial year ended on 31st March, 2016 as against gross turnover including other income of Rs. 949.68 Lakh and net profit of Rs. 39.04 Lakh in the previous financial year.

Human Resource and Industrial Relations

The Company continues to emphasize on optimization of the human resources. The company is having only three employees on its permanent rolls.

Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

D D NAGPAL & COMPANY
CHARTERED ACCOUNTANTS
6H GOPALARAJENDRA PLACE DELHI-110008
PHONES: 25821021, 25821040
Email.id :ddnagpal@gmail.com

Independent Auditor's Report**To the Members of Mahaan Foods Limited****Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Mahaan Foods Limited ('the Company'), which comprise the Balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the order under section 143(11) of the Act.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether

the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we have given in the Annexure 'A', a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) 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;

- (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and
- (f) With respect to adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our report in "Annexure B", which is based on the Auditors' Report of the Company . Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Company.
- (g) Attention is invited to Note No.23 stating that some of balance of debtors, creditors, and loan and advances are subject to confirmation from respective parties. We have relied on the representation of the management that no significant impact is expected on the working results of the company on this account.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts in financial statements; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For D.D.Nagpal & Co
Chartered Accountants
Firm's registration number: 006413N

Dev Dhar Nagpal
Partner
Membership number: 085366

Place: New Delhi
Date: 28th May 2016

Annexure - A to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has granted loans to one company of Rs.55850000 (P.Y Rs.57167688) covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
- (vi) We have broadly reviewed the Cost Records maintained by the company as prescribed by the Central Government under sub section (1) of the Companies Act 2013 and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have, however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year. However there are certain delay observed in deposition of dues by the Company with the appropriate authorities in India .The Arrear as on 31st march 2016 on the aforesaid due s were as below.

| | | |
|---|-------------|-----------------|
| 1 | Sales Tax | Rs.48,81,855.00 |
| 2 | Service tax | Rs.9173.00 |
| 3 | TDS | Rs.51705 |

According to information and explanation given to us following undisputed amounts payable in respect of statutory dues were outstanding as at 31st March, 2016 for a period of more then six months from the date they become payable

| Name of Statute | Nature of the Dues | Amount (Rs. In Lacs) | Period to which the amount relates |
|---|--------------------|----------------------|------------------------------------|
| Himachal Pradesh Value Added Tax Act 2005 | Value Added Tax | 48.22 | 01.01.2007 to 30.11.2008 |
| Income tax Act 1961 | Fringe Benefit Tax | 3.88 | 01.04.2008 to 31.03.2009 |
| Income tax Act 1961 | Fringe Benefit Tax | 1.04 | 01.04.2006 to 31.03.2007 |

- (b) According to the information and explanations given to us, there are no material dues of wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute.

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

- (viii) The Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable. Based on the information & explanation given to us by the management term loans were applied for the purpose for which the loans were obtained.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) Company has not made preferential allotment during the year. Paragraph 3(ix) of the order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For D.D. Nagpal & Co
Chartered Accountants
Firm's registration number: 006413N

Dev Dhar Nagpal
Partner
Membership number: 085366

Place: New Delhi
Date: 28 May 2016

Annexure - B to the Auditors' Report**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Mahaan Foods Limited ('the Company'), as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For D.D. Nagpal & Co
Chartered Accountants
Firm's registration number: 006413N

Dev Dhar Nagpal
Partner
Membership number: 085366

Place: New Delhi
Date: 28 May 2016

MAHAAN FOODS LIMITED
Balance Sheet as at 31.03.2016

| Particulars | Note No | As at 31.03.2016 | As at 31.03.2015 |
|------------------------------------|---------|--------------------|--------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholder's Funds | | | |
| Share Capital | 3 | 35,007,000 | 35,007,000 |
| Reserves and Surplus | 4 | 109,780,333 | 108,326,819 |
| (2) Non-Current Liabilities | | | |
| Deferred tax liabilities (Net) | 26 | | - |
| (3) Current Liabilities | | | |
| (a) Short-term borrowings | 5 | - | 146,125 |
| (b) Trade payables | 6 | 66,923,085 | 67,003,921 |
| (d) Other current liabilities | 7 | 4,851,886 | 4,974,794 |
| (e) Short-term provisions | 8 | 3,163,658 | 2,859,167 |
| Total | | 219,725,961 | 218,317,825 |
| II. Assets | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 9 | 7,198,006 | 8,363,061 |
| (ii) Capital work-in-progress | | - | - |
| (b) Investments | | | |
| (a) Other non-current assets | 10 | 93,100,000 | 93,100,000 |
| Deferred tax Assets | 26 | 3,926,779 | 3,192,846 |
| Loan & Advances | | | |
| Intra company Transaction | | | |
| (2) Current assets | | | |
| (a) Current investments | 11 | 6,560 | 6,560 |
| (b) Inventories | 12 | 2,024,493 | 2,024,493 |
| (c) Trade receivables | 13 | 5,725,593 | 8,766,605 |
| (d) Cash and cash equivalents | 14 | 4,756,342 | 968,398 |
| (e) Short-term loans and advances | 15 | 102,167,587 | 101,075,261 |
| (f) Other current assets | 16 | 820,601 | 820,601 |
| Total | | 219,725,961 | 218,317,825 |

Significant Accounting Policies 1 & 2
Accompanying notes form Part of the Financial Statements 3 to 32

As per our report of even date

For D.D. Nagpal & Co.
Chartered Accountants
Firm's Registration No.006413N

For Mahaan Foods Limited

sd/-
D D Nagpal
FCA
Partner
Membership No. 085366

sd/-
(G.K. Sharma)
CFO

sd/-
(Vijay Gupta)
Company Secretary
Membership No. A29731

sd/-
(Saloni Goyal)
Director
DIN : 00400832

sd/-
(Sanjeev Goyal)
Managing Director
DIN : 00221099

Date: 28.05.2016
Place: New Delhi

MAHAAN FOODS LIMITED
STATEMENT OF PROFIT & LOSS FOR PERIOD ENDED ON 31.03.2016

| Particulars | Note No | For the period ended 31.03.2016 | For the period ended 31.03.2015 |
|--|-----------|------------------------------------|------------------------------------|
| Revenue from operations | 17 | - | 88,585,685 |
| Other Income | 18 | 6,994,514 | 6,382,549 |
| Total Revenue | | 6,994,514 | 94,968,234 |
| Expenses: | | | |
| Cost of material consumed | | - | - |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 19 | - | 89,463,795 |
| Employee benefit expense | 20 | 2,845,029 | 2,461,341 |
| Financial costs | | - | - |
| Depreciation and amortization expense | 9 | 1,165,055 | 1,811,263 |
| Other expenses | 21 | 2,095,349 | 2,115,144 |
| Total Expenses | | 6,105,433 | 95,851,543 |
| Profit before exceptional and extraordinary items and tax | | 889,081 | (883,308) |
| Exceptional Items | | - | - |
| Profit before extraordinary items and tax | | 889,081 | (883,308) |
| Excess Provision Written Back | | - | - |
| Profit before tax | | 889,081 | (883,308) |
| Tax expense: | | (564,433) | (4,786,713) |
| (1) Current tax | | 169,500 | |
| (2) Deferred tax | | (733,933) | (4,786,713) |
| Profit(Loss) from the period from continuing operations | | 1,453,514 | 3,903,405 |
| Prior Period Adjustments | | - | - |
| Profit/(Loss) for the period | | 1,453,514 | 3,903,405 |
| Earning per equity share: | | | |
| (1) Basic | | 0.41 | 1.11 |
| (2) Diluted | | 0.41 | 1.11 |

Significant Accounting Policies
Accompanying notes form Part of the Financial Statements
As per our report of even date

(1 & 2)
(3 to 32)

For D.D. Nagpal & Co.
Chartered Accountants
Firm's Registration No.006413N

For Mahaan Foods Limited

sd/-
D D Nagpal
FCA
Partner
Membership No. 085366

sd/-
(G.K. Sharma)
CFO

sd/-
(Vijay Gupta)
Company Secretary
Membership No. A29731

sd/-
(Saloni Goyal)
Director
DIN : 00400832

sd/-
(Sanjeev Goyal)
Managing Director
DIN : 00221099

Date: 28.05.2016
Place: New Delhi

**MAHAAN FOODS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2016**

| Particulars | 2015-16 (Rs.) | 2014-15 (Rs.) |
|---|------------------|------------------|
| CASH FLOW FROM OPERATING ACTIVITIES : | | |
| NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS : | 889,081 | (883,308) |
| ADJUSTMENTS FOR:- | | |
| Depreciation | 1,165,055 | 1811263 |
| Other Income | 225,000 | -1003672.2 |
| Interest Income | 6,769,514 | -5378877 |
| Operating profits before working capital changes : | (4,940,378) | -5454594 |
| ADJUSTMENTS FOR:- | | |
| Inventories | - | 89463794 |
| Sundry debtors | 3,041,012 | 24459135 |
| Trade & other receivables | (1,092,325) | -61321628 |
| Trade payables & other liabilities | (68,753) | 472498 |
| Cash generated from (used) in operation | (3,060,444) | 47619205 |
| Direct taxes paid | - | |
| Net Cash flow from operating activities (A) | (3,060,444) | 47619205 |
| CASH FLOW FROM INVESTMENT ACTIVITIES : | - | |
| capital Subsidy received | | |
| Sale of fixed assets | - | 1972931 |
| Transfer of fixed assets | | |
| Interest received | 6,755,788 | 5378877 |
| Investment In MMFI | - | -65600000 |
| Dividend from non trade long term investments | 225,000 | 0 |
| other income | - | 1003672 |
| Net Cash flow used in investment activities (B) | 6,980,788 | -57244520 |
| CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Loan paid/recovered | | |
| Interest paid | - | 0 |
| Increase / decrease in term loans (net) | (146,125) | -550559 |
| Increase / decrease in cash credits from banks | - | 0 |
| Net Cash flow used in financing activities (C) | (146,125) | -550559 |
| Cash Flow from Extraordinary items (D) | - | 0 |
| Increase in cash flow from extraordinary Items | | |
| Net decrease in cash and cash equivalents : (A+B+C+D) | 3,774,219 | -10175874 |
| Cash & cash equivalents at opening | 889,871 | 11065745 |
| Cash & cash equivalents at closing | 4,664,090 | 889871 |

Auditors' Report

As per our Report of even date attached.

For D.D. Nagpal & Co.
Chartered Accountants
Firm's Registration No.006413N

For Mahaan Foods Limited

sd/-
D D Nagpal
FCA
Partner
Membership No. 085366

sd/-
(G.K. Sharma)
CFO

sd/-
(Vijay Gupta)
Company Secretary
Membership No. A29731

sd/-
(Saloni Goyal)
Director
DIN : 00400832

sd/-
(Sanjeev Goyal)
Managing Director
DIN : 00221099

Date: 28.05.2016
Place: New Delhi

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH 2016
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, 2013.
- 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 on Fixed Assets is provided to the extent of depreciable amount on the Straight Line Method (SLM) on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.
- 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:
 - l) Contribution to provident fund scheme is charged to revenue.
 - ll) 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. Excise duty is not applicable on the finished goods manufactured by the company.
- s) 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.
- t) 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.
- u) The 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 2016 | | As at 31 March 2015 | |
|--|--------------------------|--------------------------|---------------------|--------------|
| | No. of Shares | Amount (Rs.) | No. of Shares | Amount (Rs.) |
| a) AUTHORIZED CAPITAL 2,00,00,000 (Previous year: 2,00,00,000) Equity Shares of Rs. 10/- each. | 200,000,000 | | 200,000,000 | |
| b) ISSUED, SUBSCRIBED & PAID UP CAPITAL (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 | |
| | 35,007,000 | | 35,007,000 | |
| c) RECONCILIATION OF NUMBER OF SHARES OUTSTANDING | | | | |
| 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 |
| d) Rights, preferences and restrictions attached to Shares | | | | |
| Equity Shares: 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 | | | | |
| e) Details of Shareholders holding more than 5% shares in the Company: | | | | |
| | No of Shares Held | No of Shares Held | % Holding | |
| Name of Shareholder | | | | |
| Zeon Lifesciences Limited | 374200 | 374200 | 10.69 | |
| Sanya Goyal | 239750 | 239750 | 6.85 | |
| Rajiv Goyal | 290889 | 290889 | 8.31 | |
| Total | 904839 | 904839 | | |
| Note: 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, 2016 | As at 31st March, 2015 |
|--|------------------------|------------------------|
| a) Capital Investment Subsidy | 7,320,000 | 7,320,000 |
| b) Securities Premium reserve | 12,253,500 | 12,253,500 |
| a. Surplus | | |
| Opening balance | 88,753,319 | 84,849,914 |
| (+) Net Profit/(Net Loss) For the current year | 1,453,514 | 3,903,405 |
| (+) Transfer from Reserves | - | - |
| (-) Proposed Dividends | - | - |
| (-) Interim Dividends | - | - |
| (-) Transfer to Reserves: | - | - |
| i).Customer Protection Fund | - | - |
| ii). Investor Service Fund | - | - |
| Closing Balance | 90,206,833 | 88,753,319 |
| Total | 109,780,333 | 108,326,819 |

Note- 5 Short Term Borrowings

| Particulars | As at 31st March, 2016 | As at 31st March, 2015 |
|----------------------------|------------------------|------------------------|
| Secured Loans | | |
| Vehicle loan from | | |
| Others | - | 146,125 |
| Unsecured, considered good | | |
| From Other | - | - |
| Total | - | 146,125 |

Note- 6 Trade Payables

| Particulars | As at 31st March, 2016 | As at 31st March, 2015 |
|--|------------------------|------------------------|
| Sundry Creditors (Other Than Micro & Small Enterprises) | 64,995,118 | 65,249,145 |
| Advance received from customer | 1,927,967 | 1,754,776 |
| Total | 66,923,085 | 67,003,921 |

Note- 7 Other Current Liabilities

| Particulars | As at 31st March, 2016 | As at 31st March, 2015 |
|-------------------|------------------------|------------------------|
| Other Liabilities | 4,851,886 | 4,974,794 |
| Total | 4,851,886 | 4,974,794 |

Note- 8 Short Term Provisions

| Particulars | As at 31st March, 2016 | As at 31st March, 2015 |
|-----------------------------|------------------------|------------------------|
| Other Short Term Provisions | 742,013 | 607,022 |
| Other Liabilities | | |
| Provision For Income Tax | 2,421,645 | 2,252,145 |
| Total | 3,163,658 | 2,859,167 |

Note-9 Fixed Assets

| S.NO | PARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | | NET BLOCK | | |
|------|---------------------|-------------------|----------|-----------|-------------------|-------------------|-----------------|-----------------|-------------------|-------------------|----------------|
| | | AS AT 01-04-15 | ADDITION | DEDUCTION | AS AT 31-03-16 | AS AT 01-04-15 | FOR THE YEAR | ADJUST- MENT | AS AT 31-03-16 | AS AT 31-03-15 | |
| 1 | PLANT & MACHINERY | 16920835 | 0 | 0 | 16920835 | 10435701 | 840582 | 0 | 11276283 | 5644552 | 6485134 |
| 2 | OFFICE EQUIPMENTS | 210522 | 0 | 0 | 210522 | 199997 | 0 | 0 | 199997 | 10525 | 10525 |
| 3 | FURNITURE & FIXTURE | 311700 | 0 | 0 | 311700 | 112346 | 35411 | 0 | 147757 | 163943 | 199354 |
| 4 | VEHICLES | 2453856 | 0 | 0 | 2453856 | 822182 | 288216 | 0 | 1110398 | 1343458 | 1631674 |
| 5 | COMPUTER EQUIPMENTS | 824826 | 0 | 0 | 824826 | 798509 | 0 | 0 | 798509 | 26317 | 26317 |
| 6 | A.C.EQUIPMENTS | 15000 | 0 | 0 | 15000 | 4942 | 846 | 0 | 5788 | 9212 | 10058 |
| | Sub Total | 20736739 | 0 | 0 | 20736739 | 12373678 | 1165055 | 0 | 13538733 | 7198006 | 8363061 |

Note- 10 Non-Current Investments

| Particulars | As at 31st March, 2016 | As at 31st March, 2015 |
|--|------------------------|------------------------|
| Unquoted | | |
| 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 |
| Mahaan Milk Foods Limited 400000 equity shares of Rs. 10/- each | 65,600,000 | 65,600,000 |
| Total | 93,100,000 | 93,100,000 |

Note- 11 Current Investments

| Particulars | As at 31st March, 2016 | As at 31st March, 2015 |
|---|------------------------|------------------------|
| QUOTED | | |
| Industrial Development Bank of India 320 (Previous year:320) Equity shares of Rs.10/- each | 6,560 | 6,560 |
| Total | 6,560 | 6,560 |

Note- 12 Inventories

| Particulars | As at 31st March, 2016 | As at 31st March, 2015 |
|---------------------------------|------------------------|------------------------|
| a. Raw Materials and components | - | - |
| b. Work-in-progress | - | - |
| c. Finished goods | - | - |
| d. Stock-in-trade | | |
| e. Stores and spares | 2,024,493 | 2,024,493 |
| f. Others (Stationary) | | |
| Total | 2,024,493 | 2,024,493 |

Note- 13 Trade Receivable

| Particulars | As at 31st March, 2016 | As at 31st March, 2015 |
|---|------------------------|------------------------|
| Sundry Debtors (Unsecured considered good, unless otherwise stated) | | |
| (I) Outstanding for more than 6 months - Considered Doubtful | | |
| (II) Other Debts Considered Good | 5,725,593 | 8,766,605 |
| Total | 5,725,593 | 8,766,605 |

Note- 14 Cash and cash equivalents

| Particulars | As at 31st March, 2016 | As at 31st March, 2015 |
|-------------------------------|------------------------|------------------------|
| a. Balances with banks | | |
| Current A/c | 4,304,045 | 523,131 |
| Fixed Deposit Accounts: | 260,090 | 260,090 |
| b. Accrued Interest | 92,253 | 78,527 |
| c. Cash on hand | 99,954 | 106,650 |
| Total | 4,756,342 | 968,398 |

Note- 15 Short Term Loans & Advances

| Particulars | As at 31st March, 2016 | As at 31st March, 2015 |
|---|------------------------|------------------------|
| a. Loans and advances to related parties | - | NIL |
| Secured, considered good | | |
| Unsecured, considered good | | |
| Doubtful | | |
| Less: Provision for doubtful loans and advances | - | |
| Intra Company Transaction | - | - |
| b. Others | | |
| Secured, considered good | | |
| Unsecured, considered good | | |
| Share Application Money Refundable | 30,100,000 | 30,100,000 |
| Loan to MMFL | 55,850,000 | 57,167,868 |
| Advances recoverable in cash or in kind or for value to be received | 7,076,749 | 5,569,197 |
| Considered good | | |
| Rent receivable | 213,300 | |
| Deposit with Government Departments | 8,927,538 | 8,238,197 |
| Total | 102,167,587 | 101,075,261 |

Note- 16 Other Current Assets

| Particulars | As at 31st March, 2016 | As at 31st March, 2015 |
|------------------|------------------------|------------------------|
| Security Deposit | 820,601 | 820,601 |
| Total | 820,601 | 820,601 |

Note- 17 Revenue From Operations

| Particulars | As at 31st March, 2016 | As at 31st March, 2015 |
|--------------|------------------------|------------------------|
| Sales | - | 88,585,685 |
| Total | - | 88,585,685 |

Note- 18 Other Income

| Particulars | As at 31st March, 2016 | As at 31st March, 2015 |
|----------------------|------------------------|------------------------|
| Dividend Income | 240.00 | - |
| Non-operating income | 6,994,274 | 6,382,549 |
| Other Income | | |
| Total | 6,994,514 | 6,382,549 |

Note- 19.Change in Inventories

| Particulars | As at 31st March, 2016 | As at 31st March, 2015 |
|----------------------|------------------------|------------------------|
| Opening stock: | | |
| Finished goods | - | 89,463,795 |
| Semi finished goods | - | - |
| Stock in process | - | - |
| | - | 89,463,795 |
| Less : Closing Stock | | |
| Finished goods | | |
| Semi finished goods | | |
| Stock in process | | |
| | - | - |
| Total | - | 89,463,795 |

Note-20 Employee Benefits Expense

| Particulars | As at 31st March, 2016 | As at 31st March, 2015 |
|--|------------------------|------------------------|
| (a) Salaries and incentives | | |
| i. Directors | - | - |
| ii. Employees | 2,837,741 | 2,455,308 |
| (b) Contributions to - | | |
| i. EPF | - | - |
| ii. FPF | - | - |
| iii. ESI | - | - |
| (c) Gratuity fund contributions | - | - |
| (d) Social security and other benefit plans for overseas employees | | |
| (e) expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP), Staff welfare expenses | 7,288 | 6,033 |
| (e) Others | | |
| Total | 2,845,029 | 2,461,341 |

Note- 21 Other Expenses

| Particulars | As at 31st March, 2016 | As at 31st March, 2015 |
|--------------------------------------|------------------------|------------------------|
| Commission to selling agents | 1,838 | 377,964 |
| Interest Expenses | 132,962 | |
| Fine and Penalty (TDS interest) | - | 218,912 |
| Insurance | 29,499 | 10,298 |
| Miscellaneous expenses | 1640009 | 1065217 |
| Rates & taxes | - | 1,718 |
| Rebate & discount | - | 8,750 |
| Rent | 50,000 | 124,500 |
| Repairs : Buildings | - | - |
| Repairs : Machinery | - | 29,571 |
| Sales/turnover/entry tax/Service tax | 147,243 | 74,358 |
| Sitting fees | 15,000 | - |
| Telephone expenses | 26,520 | 89,430 |
| Traveling expenses | 40,421 | 37,861 |
| Vehicle maintenance | 11,857 | 76,564 |
| Total | 2,095,349 | 2,115,144 |

Note 22 Contingent Liabilities:

| Particulars | As at 31st March, 2016 | As at 31st March, 2015 |
|--|------------------------|------------------------|
| Sales Tax | 53,17,872 | 53,17,872 |
| Entry tax | 5,31,614 | 5,31,614 |
| Guarantee against loan taken by Zeon Life Sciences Limited (Approx.) | 70,000,000.00 | 70,000,000.00 |

Note 23

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- 24 Deffered 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 |
|---|--------------|---------------|
| | (Rupees) | (Rupees) |
| a) Deferred Tax Liability Difference between book depreciation and depreciation under the Income Tax Act, 1961 | | 1777690 |
| b) Deferred Tax assets Disallowances of expenses under Income Tax Act | 3926779 | 4970536 |
| Net Deferred Tax Liabilities | (3,926,779) | -3192846 |
| Credited to Profit & Loss Account | (733,933) | (4,786,713) |

Note- 25 Auditor Remuneration

| | Current year | Previous year |
|---------------------|--------------|---------------|
| | (Rupees) | (Rupees) |
| - As Auditors | 50,000 | 50,000 |
| - As Tax Auditors | | |
| - for other matters | | |
| | 50,000 | 50,000 |

Note- 26 Managerial Remuneration:

| | Current year | Previous year |
|--------------------------------|--------------|---------------|
| | (Rupees) | (Rupees) |
| - Salaries | 0 | 0 |
| - Contribution to P.F. | 0 | 0 |
| - Other perquisites & benefits | 0 | 0 |
| | 0 | 0 |
| - Director's sitting fees | 0 | 0 |

Note- 27 Employee Benefites :

Defined Contribution Plans :

The Company charged Rs.NIL (Previous year Rs. 0) 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.

Defined Benefit Plans :

Liability for Gratuity and Privilege leaves is determined on actuarial basis.

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.

The basis for determination of liability is as under :

| | Gratuity Scheme | |
|--|-----------------------------|-----------------------------|
| | As at 31 March 2016 (Rs) | As at 31 March 2015 (Rs) |
| Change In present value of obligation | | |
| 1. Present value of obligation as at the beginning of the year | 69,225 | 61626 |
| 2. Current service cost | 40,975 | 26655 |
| 3. Interest cost | 5,538 | 4930 |
| 4. Actuarial (gain)/loss | 24,122 | -23986 |
| 5. Benefits paid | 0 | 0 |
| 6. Present value of obligation as at the end of the year | 139860 | 69225 |
| Cost for the year | | |
| 1. Current service cost | 40,975 | 26655 |
| 2. Interest cost | 5,538 | 4930 |
| 3. Actuarial (gain) / loss | 24,122 | -23986 |
| 4. Net cost | 70635 | 7599 |
| Main actuarial assumptions | | |
| Discount rate (per annum) | 8.00% | 8.00% |
| Rate of increase in compensation levels (per annum) | 6.00% | 6.00% |

| | Privilege Leaves | |
|--|-----------------------------|-----------------------------|
| | As at 31 March 2016 (Rs) | As at 31 March 2015 (Rs) |
| Change In present value of obligation | | |
| 1. Present value of obligation as at the beginning of the year | 112796 | 108168 |
| 2. Current service cost | 40,639 | 39750 |
| 3. Interest cost | 9,024 | 8653 |
| 4. Actuarial (gain)/loss | 14,693 | -26599 |
| 5. Benefits paid | 0 | -17176 |
| 6. Present value of obligation as at the end of the year | 177152 | 112796 |
| Cost for the year | | |
| 1. Current service cost | 40639 | 39750 |
| 2. Interest cost | 9024 | 8653 |
| 3. Actuarial (gain) / loss | 14693 | -26599 |
| 4. Net cost | 64356 | 21804 |
| Main actuarial assumptions | | |
| Discount rate (per annum) | 8.00% | 8.00% |
| Rate of increase in compensation levels (per annum) | 6.00% | 6.00% |

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

Note- 28 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 :

| Nature of transaction | 2015-16 (Rs.) | 2014-15 (Rs.) |
|--------------------------|---------------|---------------|
| Sales of Goods | | |
| Mahaan Milk Foods Ltd. | - | 3,115,000 |
| Rent Received | | |
| Mahaan Milk Foods Ltd. | 225,000 | 900,000 |
| Interest Received | | |
| Mahaan Milk Foods Ltd. | 6,753,314 | 5,378,877 |

| Nature of transaction | 2015-16 (Rs.) | 2014-15 (Rs.) |
|--|---------------|---------------|
| Unsecured Loan | | |
| Zeon Lifesciences Limited | 50,926,060 | 50,926,060 |
| Loan Paid | | |
| Mahaan Milk Foods Ltd. | 55,850,000 | 57,167,868 |
| Creditors | | |
| Mahaan Proteins Limited | 7,202,985 | 7,202,985 |
| 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 |
| Advance received | | |
| Mr. Dalip Chand Garg | 1,101,784 | 1,101,784 |
| Dalip Chand Garg (HUF) | 1,108,518 | 1,108,518 |
| Advance Recoverable | | |
| Mr. Suresh Garg | 1,537,304 | 1,537,304 |
| Mr. Rajiv Goyal | 87,659 | 87,659 |
| Healthy India Nutritional Products Pvt. Ltd. | 1,418,450 | 1,418,450 |
| Mahaan Milk Foods Ltd. | 2,764,598 | 3,968,200 |
| Share Application money paid | | |
| Zeon Lifesciences Limited | 30,100,000 | 30,100,000 |
| Investment made in shares | | |
| Mahaan Proteins Limited | 21,500,000 | 21,500,000 |
| Zeon Lifesciences Limited | 6,000,000 | 6,000,000 |
| Mahaan Milk Foods Ltd | 65,600,000 | 65,600,000 |

Note 29 Earning per Share:

| Particulars | Current year | Previous year |
|---|--------------|---------------|
| Weighted average number of shares at the beginning and at the end of the year | 3,500,700 | 3,500,700 |
| Face Value Per Share (in Rs.) | 10 | 10 |
| Net profit (Loss) after tax available for Equity shareholders (Rs.) | 1,453,514 | 3,903,405 |
| Basic and diluted Earning per share (Rs) | 0.42 | 1.12 |

Note 30 Exceptional Item (Transfer of Assets & Liabilities under family settelment)

Mahaan group company initially started the bussiness in the year 1987 with equal contribution and participation of Mr. A.N. Goyal and Mr. Suresh Garg. Mr. Rajeev Goyal (son of Mr. A.N. Goyal), Mr. Sanjeev Goyal (son of Mr. A.N. Goyal) and the member of the family thereafter jointly established and promoted the Mahaan Group constituting the various companies referred to as

- Mahaan Proteins Ltd.
- Zeon Lifesciences Ltd.
- Mahaan foods Ltd. (Consisting further 2 units Mahaan Bioysis and Mahaan Nutritions)
- Ace International

And the promoters groups are referred to as

- Mr. A N Goyal as ANG Group
- Mr. Suresh Garg as Garg Group
- Mr. Saneev Goyal as SG Group
- Mr. Rajeev Goyal as RG Group

Unitwise ownership of promoters is as under :-

| | MPL | ZLL | MFL | ACE INT. |
|--------------|------------|------------|------------|-----------------|
| 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 |
| Total | 100 | 100 | 100 | 100 |

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, certain disputes and differences arose between the parties and in order to resolve these disputes and differences, the parties decided to re- arrange the ownership of the companies and to divide the assets and liabilities of the Mahaan Group In order to give effect to the family settlement which they entered under the Memorandum of Family Settlement (MOFS) dated 31.08.2010

Broad settlement amongst the groups is as under:-

- The Ownership, Management and Control of Zeon Lifesciences Ltd. and Mahaan Biosys & Mahaan Nutrition both units of MFL has been decided to be accorded to Mr. Suresh Garg(Garg Group)
- The Ownership, Management and Control of Mahaan Proteins Ltd has been decided to be accorded to Mr. Rajeev Goyal (RG Group)
- The Ownership, Management and Control of ACE International and Dairy division of MFL has been decided to be accorded to Mr, Sanjeev Goyal (SG Group)
- Payment of Rs. 6.8 Crore by Mr. Suresh Garg to other promoters group.
- Mr. A.N. Goyal expressed his desire to retire from active business.
- Transfer of Loan liabilities (All secured liabilities towards loans and interests outstanding) of Mahaan Food Ltd. by Garg Group
- Transfer of 1/4th share of property at Greater Kailash by Garg Group in favour of SG Group
- Exchange of Shareholding inter se.

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

- Garg Group made a part payment of Rs 145 lacs to RG Group
- Garg Group made payment of Rs. 200 lacs to ANG Group
- Garg Group , RG Group & ANG Group exchanged their respective shareholdings.

Obligation completed during Financial Year 2013-14

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

- Garg Group acquired two units of Mahaan Foods Limited namely MB and MN along with assets and liabilities

Pending obligations as on 31.03.2016

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

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 - 31 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 01.04.15 | | Production | Sales | | Closing stock As on 31.03.16 | | Shortage |
|------------------|---------------------------------|---------------|--------------|--------------|---------------|---------------------------------|---------------|--------------|
| | Qty. Kgs. | Amount Rs. | Qty. Kgs. | Qty. Kgs. | Amount Rs. | Qty. Kgs. | Amount Rs. | Qty. Kgs. |
| 1. Dairy Creamer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - |
| | (90000) | (12959970) | 0 | (90000) | (12596000) | 0 | 0 | - |
| 2. Pure Ghee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - |
| | (287964) | (76503825) | 0 | (287964) | (74965175) | 0 | 0 | - |
| 4. Base Proteins | | | | | | | | - |
| 5. Maltodextrine | | | | | | | | - |
| 6. Others | | | | | | | | - |
| | | | | | | | | (-) |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - |
| | (377964) | (89463795) | 0 | (377964) | (87561175) | 0 | 0 | - |

Note: Goods manufactured for others:

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 (Rs.) | Qty. Kgs. | Value (Rs.) |
| 1. Skimmed/Partly skimmed/Concentrate milk | 0 | 0 | 0 | 0 |
| 2. Milk powder | 0 | 0 | 0 | 0 |
| 3. Sugar | 0 | 0 | 0 | 0 |
| 4. Maize Starch | 0 | 0 | 0 | 0 |
| 5. Others | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | - |

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 (Rs.) | % age | Value (Rs.) | % age |
| 1. Raw materials | | | | |
| - Imported | 0 | 0 | 0 | 0 |
| - Indigenous | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |
| 2. Spare parts & components | | | | |
| - Imported | 0 | 0 | 0 | 0 |
| - Indegenous | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |

F. EARNINGS & EXPENDITURE IN FOREIGN CURRENCY

| Particulars | Current year | | Previous year | |
|---------------|--------------|-----|---------------|-----|
| | Rs. | | Rs. | |
| - Earning | | NIL | | NIL |
| - Expenditure | | NIL | | NIL |

Note 32 General

- a. Figures have been rounded off to nearest rupee.
- b. 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

For Mahaan Foods Limited

sd/-
D D Nagpal
FCA
Partner
Membership No. 085366

sd/-
(G.K. Sharma)
CFO

sd/-
(Vijay Gupta)
Company Secretary
Membership No. A29731

sd/-
(Saloni Goyal)
Director
DIN : 00400832

sd/-
(Sanjeev Goyal)
Managing Director
DIN : 00221099

Date: 28.05.2016
Place: New Delhi



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

29th ANNUAL GENERAL MEETING

Friday, 30th September, 2016

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 29th Annual General Meeting of the company to be held on Friday, 30th September, 2016 at 1:00P.M. at RVCC, Sector-5, Parwanoo, Himachal Pradesh-173220 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Description of Resolutions |
|-----------------------|---|
| 1. | Adoption of the Financial Statements of the Company for the year ended 31st March, 2016 together with the reports of the Directors' and Auditors thereon. |
| 2. | Re-appointment of Mrs. Saloni Goyal as a Director. |
| 3. | Ratification of appointment of M/s D DNagpal & Co. Chartered Accountants as Statutory Auditors of the Company |
| 4 | Re-Appointment of Mr. Sanjeev Goyal as Managing Director |

Signed thisday 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

CIN: L15419HP1987PLC007356

Reg. Office: Highwinds, National Highway 22, Village Datyar, Parwanoo, Himachal Pradesh-173220

Attendance Slip

29th Annual General Meeting

Friday, 30th September, 2016

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 29th Annual General Meeting of Mahaan Foods Limited held on Friday 30th September, 2016 at 1:00 P.M. at RVCC, Sector -5, 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.

COURIER

If undelivered, please return to:

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