

25th ANNUAL REPORT
(2011-2012)



MAHAAN FOODS LIMITED



Board of Directors

Shri Sanjeev Goyal, Chairman & Managing Director
Smt. Saloni Goyal
Shri Anand Sekhri
Shri Aseem Chawla
Shri Rajendra Kumar Dhall
Smt. Harmeet Kaur
Smt. Meera Aggarwal
Smt. Parul Seth

Bankers

State Bank of Patiala
HDFC Bank

Secretary

Ms. Shweta Arora

Auditors

Messrs. D. D. Nagpal & Co.
Chartered Accountants
Room No. H, 6th Floor, Gopala Tower,
25, Rajendra Place, Pusa Road,
New Delhi – 110008

Registered Office

Village Kunja, Rampur Road,
Paonta Sahib, Solan, Distt. Sirmour,
Himachal Pradesh – 173025

Corporate Office

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

Works

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

Village Kunja, Rampur Road,
Paonta Sahib, Solan, Distt. Sirmour,
Himachal Pradesh – 173025

Registrar & Transfer Agents

M/s Alankit Assignments Limited
2 E/ 21, Jhandewalan Extension,
Karol Bagh,
New Delhi - 110005

NOTICE

Notice is hereby given that the 25th Annual General Meeting of the shareholders of Mahaan Foods Limited will be held at the Registered Office of the Company at Hotel Grand Riviera, Paonta Sahib – 173025, Himachal Pradesh on Monday, 30th September, 2013 at 1:00 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Profit & Loss Account for the year ended on that date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Smt. Saloni Goyal, Director, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Shri Aseem Chawla, Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, and authorize the Board of Directors to fix their remuneration. M/s. D.D. Nagpal & Co., Chartered Accountants, Delhi, retire and are eligible for re-appointment.

By Order of the Board of Directors

Place: New Delhi
Date: 13th August, 2013

Sd/-
(Shweta Arora)
Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING AND SHALL NOT VOTE EXCEPT ON A POLL. THE INSTRUMENT APPOINTING THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 27th September, 2013 to Monday, 30th, September 2013 (both days inclusive).
3. The Register of Director's Shareholdings, maintained under Section 307 of the Companies Act, 1956, shall be open for inspection of the members at the Annual General Meeting.
4. Members/Proxies are requested to bring their copy of Annual Report to the Meeting as extra copies will not be distributed.
5. Members/Proxies should fill the attendance slip for attending the meeting. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those holding shares in physical form are requested to write their Folio Number in the attendance slip for attending 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. 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.
8. Members desiring any information as regards accounts and operations are requested to forward their queries to the Company at its Corporate Office at least seven days prior to the date of the meeting so that the information is made available at the meeting.
9. The Members are requested to notify change, if any, in their addresses to the Registrar and Transfer Agent of the Company, i.e Alankit Assignment Limited, 2E/21, Alankit House, Jhandewalan Extension, New Delhi – 110055.
10. Annual Listing Fee for the year 2011-12 has been paid to the Bombay Stock Exchange, Delhi Stock Exchange and Ludhiana Stock Exchange wherein the shares of the Company are listed.
11. **All the members are requested to fill in their e-mail addresses and their contact details in the form annexed hereto and send the same to the Company Secretary/ Registrar & Share Transfer Agent of the company.**
12. **NO GIFT(S) SHALL BE DISTRIBUTED AT THE ENSUING 25TH ANNUAL GENERAL MEETING OF YOUR COMPANY.**

MAHAAN FOODS LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 25th Annual Report of the Company together with the Audited Accounts for the year ended as on 31st March, 2012.

OPERATING RESULTS

The summarized financial results for the year ended 31st March, 2012 and for the previous year ended 31st March, 2011 are as follows:

(Rs. In lacs)

Particulars	2011 - 12	2010-11
Sales & Other Income	18435.27	11939.20
Profit before interest and depreciation & taxes	255.08	234.54
Profit/ (Loss) before taxes	41.64	19.41
Taxation	8.44	8.40
Profit/ (Loss) after taxes	33.19	11.00

One of the parties to the Memorandum of Family Settlement (MOFS), which was executed amongst the promoters of the company, approached the Hon'ble High Court, Delhi for redressal of an issue arising out of MOFS. By an order dated 13th December, 2011, the Hon'ble High Court, Delhi restrained your Company for holding its general meetings till further orders. Consequently, the Annual General Meeting of the Company for the year 31st March, 2011 and 31st March, 2012 could not be held within the prescribed period.

The Hon'ble High Court, Delhi has given its verdict on 10th May, 2013 and the matter has been reverted back to Arbitration and the process of settlement is underway.

DIVIDEND

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

CORPORATE GOVERNANCE

Report on the Corporate Governance along with the certificate from a Practicing Company Secretary, confirming compliance or otherwise of the conditions of corporate governance as stipulated under Clause 49 of the Listing Agreement, forms part of the Annual Report. The Practicing Company Secretary has pointed out exceptions in compliance of Clause 49 of the Listing Agreement in his certificate which arose on account of judicial restraints imposed on the Company during the year.

DIRECTORS'

Out of the present Directors, Shri Aseem Chawla and Smt. Saloni Goyal, retire by rotation, and, being eligible, offer themselves for re-appointment. Your Directors recommend re-appointment of Shri Aseem Chawla and Smt Saloni Goyal as Directors on the Board.

Shri. Aditya Goyal, Shri. Alok Goyal and Shri. Sanjay Kumar Jain Directors of the Company have resigned with effect from 14th February, 2012. The Board places on record its deep appreciation for their contribution to the affairs of the Company during their tenure as Directors of the Company.

COMMITTEES**Audit Committee**

The Board at its meetings held on 10th May, 2011 and 14th February, 2012, reconstituted its Audit Committee and its constitution was as follows:

Shri Anand Sekhri	Chairperson, Independent & Non-Executive Director
Shri Sanjeev Goyal	Member, Executive Director
Shri R. K. Dhall	Member, Non-Executive Director
Smt. Harmeet Kaur	Member, Non-Executive Director

Remuneration Committee

The Board at its meetings held on 14th February, 2012 reconstituted its Remuneration Committee and its constitution was as follows:

Shri R. K. Dhall	Chairman, Independent & Non-Executive Director
Smt. Harmeet Kaur	Member, Non-Executive Director
Shri Anand Sekhri	Member, Non-Executive Director
Smt. Saloni Goyal	Member, Non-Executive Director

Shareholders Grievance Committee

The Shareholders Grievance Committee was reconstituted on 14th, February, 2012 and its constitution was as follows:

Smt. Saloni Goyal	Chairperson, Non-Executive Director
Shri R. K. Dhall	Member, Non-Executive Director
Shri Anand Sekhri	Member, Non-Executive Director

DEPOSITS

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

AUDITORS'

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

COST AUDIT

The Cost Audit Order No. 52/26/CAB/2010 dated January 24, 2012 covers your Company's manufacturing operations w.e.f. April 1, 2012. Based on the recommendations of the Audit Committee, the Board has appointed M/s Sanjay Gupta

& Associates, Cost Accountants, New Delhi as the Cost Auditors of the Company for the financial year 2011-2012.

ACCOUNTS AND AUDIT REPORT

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

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

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

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

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

PARTICULARS OF EMPLOYEES

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

PERSONNEL

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

GREEN INITIATIVE

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

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Place: New Delhi
Date: 13th August, 2013

Sd/-
(Sanjeev Goyal)
Chairman & Managing Director

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

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

A. CONSERVATION OF ENERGY
i. Energy Conservation measures taken

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

ii. Additional Investments and proposals, if any, being implemented for reduction of consumption of energy

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

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

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

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

POWER & FUEL CONSUMPTION	<u>2011-2012</u>
Consumption Per Unit of Production	
Production(Milk Products/ Tonne)	9049.52
Electricity & Fuel/ Tonnes (KWH) (in lacs)	0.07
A	
Electricity	
Total Units(Lacs)	26.92
Total Amount (Rs. In Lacs)	139.71
Rate Per Unit(Rs.)	5.19
B(i)	
Own Generation	
Through Diesel Generator	
Units (in lacs)	5.73
Units Per Litre of diesel Oil	4.00
Cost/Unit(Rs.)	9.86
B(ii)	
Fuel used Boiler	
Quantity (In Tonnes)	9720.59
Total Cost(Rs. in Lacs)	412.87
Average Rate(Rs./Tonnes)	2354.40