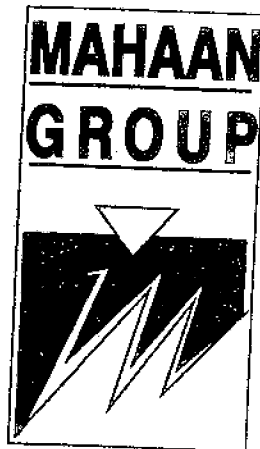


21ST ANNUAL REPORT 2007-2008



MAHAAN FOODS LIMITED



MAHAAN FOODS LIMITED

BOARD OF DIRECTORS

Shri Rajiv Goyal	Managing Director
Shri H. C. Gandhi	Director
Brig. P. C. Goel	Director
Shri Suresh Garg	Director

REGD. OFFICE & WORKS

Village Kunja
Rampur Road
Ponta Sahib
Distt. Sirmour
Himachal Pradesh
Phone : (01704) - 222313
Fax : (01704) - 222630

CORPORATE & HEAD OFFICE

78/3, Seond Floor, Janpath
New Delhi-110 001-(INDIA)
Phone: 011- 23353191-94
Fax No.: 011-23718056

AUDITORS

Dawar Mathur & Goel
Chartered Accountants
41, Vivekanand Puri
Sarai Rohilla
Delhi-110 007

COMPANY SECRETARY

Mr. Praveen Kumar Pandey

BANKERS

State Bank of Patiala

REGISTRAR & TRANSFER AGENT

Alankit Assignments Limited, New Delhi

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MAHAAN FOODS LIMITED

NOTICE

NOTICE is hereby given that the **TWENTY FIRST** Annual General Meeting of the members of **MAHAAN FOODS LIMITED** will be held at the Registered Office of the Company at Rampur Road, Village Kunja, Paonta Sahib-173025, Himachal Pradesh on Tuesday, the 30th September, 2008, at 2.00 p.m. to transact the following business:

AS ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet of the Company as on 31st March, 2008 and the Profit & Loss Account for the Financial Year ending 31st March 2008, together with the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Shri Suresh Garg who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s Dawar Mathur & Goel, retiring Auditor, as Auditor of the company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors of the Company to fix their remuneration.

By Order of the Board of Directors
For Mahaan Foods Limited

Praveen Kumar Pandey
Company Secretary

Place: New Delhi

Date: September 05, 2008

NOTES:-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of him self and the proxy need not be a member of the company. Proxy form duly completed should be deposited at the registered office of the company not less than 48 hours before the scheduled time of the annual general meeting. Blank proxy form is enclosed.
2. A proxy shall not vote except on a poll.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 27th day of September 2008 to 30th Day of September, 2008 (both days inclusive).
4. Members are requested to notify immediately any change of address:
 - a) To their Depository Participants (DPs) if they have holding shares in Electronic Form, and,
 - b) If they have shares in physical form, to the Registrar and Transfer Agent of the Company at following address:
Alankit Assignment Limited,
2E/21, Alankit House,
Jhandewalan Extention,
New Delhi-110 055,
Tel: 011-23541234, 42541234
Fax: 011 2352001, 42541201
Email: alankit@alankit.com
Website: www.alankit.com
5. Members attending the meeting are requested to complete the enclosed Attendance Slip and deliver the same at the entrance of the meeting venue.



MAHAAN FOODS LIMITED

6. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the company seven days before the date of the general meeting, so that the information required can be made readily available at the venue of Meeting.
7. Members are requested: -
 - a) To bring their copies of Annual Report, Notice and Attendance Slip at the time of meeting.
 - b) To quote their Folio Nos. / Client ID and DP ID, in all correspondence.
 - c) To note that no briefcase or bag will be allowed to be taken inside the venue of the meeting for security reasons.
 - d) To note that no gifts will be distributed during the Annual General Meeting.
8. At the ensuing Annual General Meeting Shri Suresh Garg retire by rotation and being eligible offer himself for re-appointment. The information/ details to be provided for the aforesaid director under the corporate governance code is as under:

Shri Suresh Garg is a Commerce Graduate and having 21 years of experience in Dairy sector. He is also a member of Audit Committee and Share Transfer and Investor Grievance Committee of the Company. He is on the Board of:

Company	Position	Committee Membership
Zeon Lifesciences Limited	Managing Director	---
French Foods Pvt. Limited	Director	

By Order of the Board of Directors
For Mahaan Foods Limited

Praveen Kumar Pandey
Company Secretary

Place: New Delhi

Date: September 05, 2008

**MAHAAN FOODS LIMITED
DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting their 21st Annual Report on the affairs of the Company together with the Audited Accounts of the Company for the year ended, 31st March, 2008.

FINANCIAL RESULTS:

The Financial Results for the year are as under :-

PARTICULARS	(Rs. in Lacs)	
	2007-08	2006-07
Sales Turnover & Other Income	9264.00	6802.39
Operating Profit	357.00	240.26
Interest	166.00	127.85
Depreciation	53.00	39.35
Profit before tax	138.00	73.06
Provision for tax including for :		
- Current year	18.00	9.45
- Earlier years		0.40
- Deferred tax		4.46
- Fringe Benefit Tax		3.55
Net Profit after tax	120.00	55.20

Appropriations:

Proposed Dividend		-
Transfer to General Reserve	120.00	55.20

In view of the inadequate profits, your Directors are not in a position to recommend any dividend for the year.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm and state that:

- > In the preparation of the Annual Accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- > The Company has 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 the affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- > The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- > The Company has prepared the attached Annual Statement of Accounts for the year ended 31st March, 2008 on a going concern basis.

OPERATIONS:

During the year under review, Sales and other Income of the Company at Rs. 9264 Lacs are higher as compared with Rs. 6802.39 Lacs in the previous year. The Operating Profits of the Company show upward trend registering an increase over to Rs. 357 Lacs and Profit after Tax at Rs.120 Lacs. The Company is dedicated towards improvement of its performance in future by implementing further cost control measures and increasing sales.



MAHAAN FOODS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

1. Outlook for the Industry

With a current output of over 100 million tonnes, India is the highest milk producer globally and is now also gaining strength in export of dairy products its farm gate price of milk is also one of the lowest in the world and that too with out any subsidy. Hence, India's milk products in the post-GATT era can out-compete those from developed countries that till now have dominated global markets.

2. Future Prospects

The vision for the dairy sector entails:

- Increase in level of processing to 30% to 35% from around 18% - 20%.
- Enhance commercialization of ethnic Indian products.
- Further increase in India's shares in global trade.

To achieve this vision, following steps will have to be taken.

- Training of the unorganized sector.
- Research & development for livestock development and improving productivity of milk animals.
- Research & development for commercialization of indigenous dairy products.
- Promoting dairy exports in milk deficit countries.

The Company is undertaking Contract Manufacturing and also set up a facility for manufacturing for starch powder.

3. Risk and concerns

The major challenge to the industry is continuous hardening of milk prices which is the main raw material and thus effecting the margins in the most important segment for the Company.

With the integration of the Indian economy with the world economic mainstream, MNCs looking for overseas manufacturing facilities find India's irresistible. FMCG products are the focus area of competition as new enterprises are cropping up by dozen. Players in the unorganized sector, in particular, enjoy certain benefits vis-à-vis the organized sector. Your Company is taking all necessary steps to reduce cost and improve its operating margins. Your Directors are confident that the years ahead would be fruitful and rewarding.

4. Internal control systems

The Company has well defined internal control system. The Company takes abundant care to design, review and monitor the working of internal control system. Internal Audit in the organization is an independent appraisal activity and it measures the efficiency, adequacy and effectiveness of the other controls in the organization. All significant issues are brought to the attention of the audit committee of the Board.

The Audit Committee, whose Chairman is an independent Director, meets periodically to review the working of Internal Control Systems with a view to enhance their effectiveness in decision making.

5. Operational vis-à-vis Financial Performance

The company manufactures quality dairy products and has been an ISO-9002 Company for the last so many years. The intense price competition has had a dampening effect on your Company's performance in this segment in recent times. With lower per unit sales realization, the financial results have not been commensurate with the high quality products of your Company. However, cost control measures and development and launch of new products by the Company are expected to improve its margins. The Contract Manufacturing activities have shown significant contribution to the profits.



6. Development in Human Resources / Industrial Relations

The Company continues to lay emphasis on building and sustaining an excellent organizational-climate based on human performance. Performance management is the key word for the Company. During the year the Company employed over 130 employees.

Pursuit of proactive policies for industrial relations has resulted in a peaceful and harmonious situation on the shop floors of the various plants.

DIRECTORS:

Shri Suresh Garg- Director of the Company is retiring by rotation at the forthcoming AGM and being eligible has offered himself for re-appointment.

AUDIT COMMITTEE:

The Audit Committee consists of Sh. H. C. Gandhi, Brig. P. C. Goyal, and Shri Suresh Garg.

AUDITORS:

M/s Dawar Mathur & Goel, Chartered Accountants, New Delhi retires at the ensuing General Meeting and is eligible for re-appointment. The observations made by Auditors in their report are self-explanatory and do not calls for any further comment.

DEPOSITS:

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

PARTICULARS OF EMPLOYEES:

During the year ended 31st March, 2008, there was no employee drawing remuneration in excess of the amount prescribed Under Section 217(2A) of the Companies Act, 1956.

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

As required by Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and relevant data pertaining to conservation of energy and technology absorption, foreign exchange earning and outgo are given in Annexure - I of this Report.

ACKNOWLEDGEMENTS:

Your Directors are pleased to place on record their sincere gratitude to the Government, all Financial Institutions, Banks, Business Associates and Share Holders for their continued and valuable co-operation and support to the Company. They also take this opportunity to express their deep appreciation for the devoted and sincere services rendered by the employees at all levels of the operations of the Company during the year.

for and on behalf of the Board of Directors
for **Mahaan Foods Limited**

RAJIV GOYAL
(CHAIRMAN)

Place: New Delhi
Date: September 05, 2008

MAHAAN FOODS LIMITED

ANNEXURE - 1 TO THE DIRECTOR'S REPORT

Statement of particulars pursuant to Companies (Disclosure of particulars in the Report of the Board of Director) Rules, 1988.

I. CONSERVATION OF ENERGY

In addition to steps already taken by the Company to conserve energy, efforts are continuing to improve further by use of latest technology.

A.	Power & Fuel Consumption	2007-08	2006-07
a.	Dairy Unit:		
I.	Electricity		
a.	Purchased		
	Total units (Lacs)	13.54	09.30
	Total Amount (Rs. in Lacs)	60.61	42.34
	Rate / Unit (Rs.)	4.48	4.55
b. i.	Own Generation		
	Through diesel generator		
	Units (in Lacs)	8.99	3.24
	Units per liter. Of Diesel Oil	4.00	0.25
	Cost / Unit (Rs.)	7.55	7.75
	ii. Fuel used in Boiler		
	Quantity (in Tonnes)	8921.42	7097.35
	Total cost (Rs. In Lacs)	238.56	161.07
	Average Rate (Rs./Tonnes)	2674.00	2269.5
II.	Consumption per unit of production		
	Production (Milk Products / Tonnes)	32056	5993
	Electricity / Tonnes (KWH)		
	Fuel / Tonnes	0.28	1.18
b.	Starch Powder:		
I.	Electricity		
a.	Purchased		
	Total units (Lacs)	10.68	2.98
	Total Amount (Rs. in Lacs)	35.92	9.51
	Rate / Unit (Rs.)	3.36	3.19
b. i.	Own Generation		
	Through diesel generator		
	Units (in Lacs)	1.21	Nil
	Units per liter. Of Diesel Oil	4.00	Nil
	Cost / Unit (Rs.)	8.25	Nil
	ii. Fuel used in Boiler		
	Quantity (in Tonnes)	11459.00	26.86
	Total cost (Rs. In Lacs)	171.99	39.80



MAHAAN FOODS LIMITED

	Average Rate (Rs./Tonnes)	1500.91	148176
II.	Consumption per unit of production		
	Production (Starch Powder / Tonnes)	4310.00	1753
	Electricity / Tonnes (KWH)	248.00	170
	Fuel / Tonnes	2.66	1532
c.	Others (Contract Manufacturing Activities) :		
I.	Electricity		
a.	Purchased		
	Total units (Lacs)	2.61	1.75
	Total Amount (Rs. in Lacs)	9.66	6.65
	Rate / Unit (Rs.)	3.70	3.79
b.	Own Generation		
	Through diesel generator		
	Units (in Lacs)	0.79	Nil
	Units per liter. of Diesel Oil	4.00	Nil
	Cost / Unit (Rs.)	8.25	Nil
III.	Consumption per unit of production		
	Products (Glucon-D / Tonnes)	5006	4545
	Electricity / Tonnes (KWH)	52	38

Figures are only for part of the year as during the balance period lease rent was paid which was inclusive of the power charges for unit taken on lease.

B. TECHNOLOGY ABSORPTION

Efforts are continuing in this direction. Our products continue to get preferential acceptance. R&D is a continuous endeavor for upgrading the manufacturing technology to improve Plant capacity.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of foreign earnings and outgo are given in Notes to the Accounts.

for and on behalf of the Board of Directors
for **Mahaan Foods Limited**

RAJIV GOYAL
(CHAIRMAN)

Place: New Delhi
Date: September 05, 2008



MAHAAN FOODS LIMITED

MAHAAN FOODS LIMITED REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance Code

The objective of the Company is to meet the statutory requirements of the code and also institute such systems and procedures as are in accordance with the best global practices, making management completely transparent and institutionally sound.

2. Board of Directors

The present strength of the Board is **four Directors**. The Board meets regularly to assess the Company's past performance, operations and to ensure compliance with laws and regulations.

Sl. No.	Name	Category	Designation	No. of Board Meetings attended	Attend- -ance at last A.G.M.	No. of Directorship in other Companies	No. of membership in committees of the Board of other Companies
1.	Sh. Rajiv Goyal	Executive Director	Chairman & Managing Director	5	Yes	3	-
2.	Sh. H. C. Gandhi	Non-Executive / Independent Director	Director	5	Yes	2	1
3.	Brig. P. C. Goyal	Non-Executive / Independent Director	Director	5	Yes	2	-
4.	Shri. Suresh Garg (Appointed w.e.f. 05.09.07)	Non-Executive Director	Director	3	Yes	2	-
5.	Sh. Rajiv Anand (Appointed w.e.f. 31.01.07 & Resigned w.e.f. 09.06.07)	Non-Executive/ Independent Director	Director	1	-	-	-
6.	Sh. S. L. Goyal (Appointed w.e.f. 27.04.07 & Resigned w.e.f. 27.07.2007)	Non-Executive/ Independent Director	Director	1	-	-	-

There were five Board Meeting held during the year-ended 31.03.2008. These were on 27.04.07, 30.06.2007 (Adjourned to 05.09.2007), 31.07.2007 (Adjourned to 05.09.2007), 30.10.2007 & 24.01.2008.

3. Audit Committee

The Committee reviews the financial performance, internal control systems, procedures of financial reporting, auditing and accounting matters including the recommendation for appointment of our independent auditor, compliance with legal and statutory requirements and integrity of the Company's financial statements. The Committee focused its attention on overseeing and monitoring financial systems and considers the un-audited quarterly, half-yearly and yearly financial results and then it is forwarded to Board for its approval.



The present composition of the Audit Committee is as follows:

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

Note:

*Shri Suresh Garg, Non Executive Director appointed as member with effect from September 05, 2007.

The Company Secretary acts as the secretary to the Committee and the Statutory Auditors attended the meetings on invitation; The Chairman of the Committee is always present at the **Annual General Meeting** of the Company.

Terms of Reference

The Terms of Reference of this Committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreements as well as in Section 292A of the Companies Act, 1956. During the year the Audit Committee had met four times on 30.06.2007 (Adjourned to 05.09.2007), 31.07.2007 (Adjourned to 05.09.2007) 30.10.2007 & 24.01.2008 and the meeting(s) were attended as follows:

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

4. Remuneration Committee

The Company does not have a remuneration committee; remuneration, benefits and other perquisites supposed to given to Managing Director and other Directors of your Company determines by the Board of Directors at Board Meeting. (Non- Mandatory Requirements)

5. Share Transfers / Investors Grievance Committee:

The present composition of the Share Transfer / Investors Grievance Committee is as follows:

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

*Brig. P.C. Goyal Non Executive Director appointed as a Chairman of this Committee with effect from 26th April, 2008.

The Company Secretary acts as the secretary to the Committee.

Total **24 (Twenty Four)** meetings of the committee were held during the year. If the transfer deeds and other documents were correct and valid in all respects, then all shares received for transfer were approved and registered within the prescribed time period, otherwise the objection letters were sent for correction of errors or other discrepancies found. This also functions as the Investor Grievances Committee.

During the year ended March 31, 2008, all complaints that were received from the shareholders were replied / resolved to the satisfaction of the shareholders.

MAHAAN FOODS LIMITED

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

6. CEO/CFO certification

The Chairman cum Managing Director of the Company has furnished a certificate relating to Financial Statement and Internal Control System to the Board of Directors as required under clause 49 of the Listing Agreement and Board took the same in record.

7. General Body Meetings

The last three AGMs were held on / at:

Year	AGM	Location	Date	Time	No. of Special Resolutions
2004-2005	18th AGM	Village Kunja Rampur Road Paonta Sahib Distt. Sirmour (H.P.)	30.09.2005	2.00 p.m.	NIL
2005-2006	19th AGM	- DO -	30.09.2006	2:00 p.m.	1
2006-2007	20th AGM	- DO -	29.09.2007	2:00 p.m.	1

Company has not passed any resolution requiring Postal ballot for shareholder's approval during the current year under review.

8. Disclosures:

- Related party transactions as required under Accounting Standard - 18 are disclosed in Notes on Accounts to the Balance Sheet. None of the transactions of the Company of material nature, with its promoters and their relatives, the directors or the management and their relatives, its subsidiaries or any other related parties were in conflict with the interest of the Company.
- There were no cases of non-compliance by the Company and no penalties and strictures were imposed on the Company by SEBI or any other statutory authority on any matter related to capital markets during the last three years.

9. Means of Communication:

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

**10. General Shareholder information**

a) Annual General Meeting:

Date : 30th September, 2008
Time : 2.00 p.m.
Venue : Village Kunja, Rampur Road
Paonta Sahib, Distt. Sirmour (Himachal Pradesh)

b) Financial Calendar:

Adoption of Quarterly / Half Yearly results

June 30, 2008 by July 2008
September 30, 2008 by October 2008
December 31, 2008 by January 2009
March 31, 2009 by April 2009 (If Audited then By June 2009)

c) Book Closure Date : 27th Sep., 2008 to 30th Sep., 2008
(both days inclusive)

d) Dividend Payment : The Directors have not recommended Dividend
for the financial year ended 31st March, 2008.

e) Listing on Stock Exchanges

S. No.	Name of the Stock Exchange
1	Bombay Stock Exchange Ltd.
2	Delhi Stock Exchange Ltd.
3	Ludhiana Stock Exchange Ltd.

Annual Listing fee for the year 2007-08 were paid to The Stock Exchange, Mumbai.

The Stock code of the Company at BSE is 519612.

f) Market Price - Data

Month	Bombay Stock Exchange	
	High	Low
Apr., 2007	12.74	10.55
May, 2007	12.04	10.05
Jun., 2007	11.40	9.50
Jul., 2007	15.36	11.00
Aug., 2007	17.35	12.60
Sep., 2007	24.90	17.75



MAHAAN FOODS LIMITED

Oct., 2007	20.20	15.10
Nov., 2007	17.60	14.75
Dec., 2007	23.35	15.50
Jan., 2008	25.75	14.75
Feb., 2008	20.85	15.75
Mar., 2008	20.00	14.10

g) Registrar and Share Transfer Agents

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

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

Share Transfer System:

Till 31st March, 2008, shares transferred in physical form were registered and returned within the stipulated time subject to the documents being in order. All share transfers were approved by the share transfer committee.

Dematerialization of Shares:

As on 31st March, 2008 out of the total **3500700** equity shares **1327665** equity shares representing **37.93%** of the total paid-up equity capital have been dematerialized.

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

h) **Shareholding Pattern as on 31st March, 2008:**

Category code	Category of Shareholder	No. of Shareholders	Total Number of Shares	Number of Shares held in Dematerialised form	Percentage of total no of Shares
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
a	Individuals/Hindu Undivided Family	21	1316950	2600	37.62
b	Central Government/ State Government (s)	-	-	-	-
c	Bodies Corporate	2	467450	290000	13.35
d	Financial Institutions/ Bank	-	-	-	-
e	Any Others (Specify)	-	-	-	-
	Sub Total (A) (1)	23	1784400	292600	50.97



MAHAAN FOODS LIMITED

2	Foreign				
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-
b	Bodies Corporate	-	-	-	-
c	Institutions	-	-	-	-
d	Any Others (Specify)	-	-	-	-
	Sub Total (A) (2)	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A) = (A) (1) +(A) (2)	23	1784400	292600	50.97
(B)	Public Shareholding				
1	Institutions				
a	Mutual Funds/UTI	4	6300	0	0.18
b	Financial Institutions/Banks	-	-	-	-
c	Central Government/State Government(s)	1	62500	62500	1.79
d	Venture Capital Funds	-	-	-	-
e	Insurance Companies	-	-	-	-
f	Foreign Institutional Investments	-	-	-	-
g	Foreign Venture Capital Investors	-	-	-	-
h	Any other (specify)	-	-	-	-
	Sub Total (B) (1)	5	68800	62500	1.97
2	Non-Institutions				
a	Bodies Corporate	65	112860	96060	3.22
b	Individuals				
	i. Individuals shareholders holding nominal share capital up to Rs. 1 lakh	3502	801854	428119	22.91
	ii. Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	18	469385	423085	13.41
c	Any Other (specify)				
i	NRI	53	247701	14301	7.08
ii	OCBs	1	15700	15700	0.45
	Sub-Total (B) (2)	3639	1647500	977265	47.06
	Total Public shareholding (B) = (B) (1) +(B) (2)	3644	1716300	1039765	49.03
	Total (A) + (B)		3500700	1332365	100.00
C	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-
	GRAND TOTAL (A) + (B) + (C)		3500700	1332365	100.00

i) Distribution of Shareholding as on 31.03.2008 :

Sl. No.	Description	No. of share holders	% of total holders	Amount	% of total equity
1.	Upto 5000	3371	90.667	4214700	12.040
2.	5001 to 10000	115	3.093	916800	2.619
3.	10001 to 20000	60	1.614	918020	2.622
4.	20001 to 30000	57	1.533	1482430	4.235
5.	30001 to 50000	25	0.673	1018270	2.909
6.	50001 and above	90	2.421	26456780	75.575
	Total	3718	100.00	35007000	100.00



MAHAAN FOODS LIMITED

- j) **Plant Location** : Village Kunja, Rampur Road, Paonta Sahib
Distt. Sirmour (Himachal Pradesh)
- k) **Investor Correspondence** : All enquiries, clarifications and correspondence
Should be addressed at the following address:

MAHAAN FOODS LIMITED

Corporate office: 78/3,
2nd Floor, Janpath
New Delhi - 110 001

MAHAAN FOODS LIMITED

Registered office:
Village Kunja, Rampur Road
Paonta Sahib, Distt. Sirmour (H. P.)

11) COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

The Company has obtained the certificate form the Statutory Auditors, M/s Dawar Mathur & Goel, New Delhi, of the company for the compliance with the provision laid down in the Clause 49 of the Listing Agreement with the Stock Exchanges .This certificate has been given to this Annual Report.

For and on behalf of the Board of Director
For **Mahaan Foods Limited**

sd/-
Rajiv Goyal
(Chairman)

Place: New Delhi

Date: September 05, 2008

DECLARATION FOR COMPLIANCE OF CODE OF CONDUCT

To the Members of Mahaan Foods Limited,

I, Rajiv Goyal, Chairman and Managing Director of the Company, hereby declare that all the members of the Board and Senior Management Personnel of the company have affirmed compliance with the code of conduct of the company during the financial year 2007-2008

For and on behalf of the Board of Director
For **Mahaan Foods Limited**

sd/-
Rajiv Goyal
(Chairman)

Place: New Delhi

Date: September 05, 2008



MAHAAN FOODS LIMITED

**DAWAR MATHUR & GOEL
CHARTERED ACCOUNTANTS
41, Vivekanand Puri, Sarai Rohilla, Delhi-110 007**

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS

To the Members of Mahaan Foods Limited

We have examined the compliance of conditions of Corporate Governance by Mahaan Foods Limited ("the Company") for the year ended on 31st March, 2008, as stipulated in clause 49 of the Listing Agreement of the Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

We have been explained that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

for DAWAR MATHUR & GOEL
Chartered Accountants

ARUN K.GOEL
Partner
Membership No. 81005

Place: New Delhi
Dated: September 05, 2008



MAHAAN FOODS LIMITED

DAWAR MATHUR & GOEL CHARTERED ACCOUNTANTS

41, VIVEKANAND PURI
SARAI ROHILLA
DELHI-110 007

AUDITORS' REPORT

To The Members of Mahaan Foods Limited

1. We have audited the attached Balance Sheet of Mahaan Foods Limited as at 31st March 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test check basis, evidence supporting the amount and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred in paragraph to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us.
 - iii. The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred in sub section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of written representations received from the Directors, as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a Director in terms of clause (g) of sub-Section (1) of section 274 of the Companies Act, 1956.
 - vi. Attention is invited to the following:-
 - a) Loans & Advances includes Rs.6387295/- given to various parties where accounts are either under review/reconciliation or there are no regular recoveries/adjustments. We have relied on the representations of the management that the same are good of recovery. We cannot express any independent opinion in the matter.
 - vii. Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies



MAHAAN FOODS LIMITED

Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31.03.2008, and
- b. in the case of the Profit and Loss Account, of the profit for the year ended on that date.
- c. in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

for **DAWAR MATHUR & GOEL**
Chartered Accountants

ARUN K. GOEL
Partner
Membership No. 81005

Place: New Delhi
Dated: September 05, 2008



MAHAAN FOODS LIMITED

REG.: MAHAAN FOODS LIMITED Annexure to Auditors' Report dated 05.09.2008

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are also informed that no material discrepancies were noticed on such verification.
(c) In our opinion and according to the information and explanations given to us, the Company has not disposed off a substantial part of the fixed assets during the year.
2. (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (a) The Company had not granted loan covered in the register maintained under section 301 of the Companies Act, 1956.
(b) The Company had taken interest free loan from one company and one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 7,43,409/- and the year-end balance of loans taken from such parties are Rs. 7,43,409/-
(c) In our opinion, the terms and conditions on which loan have been taken from the company listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company. These are interest free loans.
(d) These loans are repayable on loan. The Company is regular in repaying the principal amounts as and when demanded.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature and/or customized to the requirements of the company and as such comparative quotations are not available, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and with regard to the sale of goods and services. The system of getting independent confirmation of balance requires to be given more emphasis. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control procedures.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupee five lacs in respect of any party during the period have been made at prices which are reasonable having regard to prevailing market prices at the relevant time. However, it is explained that purchase of certain goods are of special and/or customized to the requirements of the company, suitable alternate source do not exist for obtaining comparable quotations.



6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has no internal audit system.
8. The maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the company.
9. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it except VAT Payable for Rs.39,84,897/- at Paonta Sahib .

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, custom duty and excise duty were in arrears, as at March 31, 2008 for a period of more than six months from the date they become payable.

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

Nature of Statute	Nature of the Dues Pending	Amount (Rs. In Lacs)	Forum where dispute is pending
Sales Tax	Sales Tax demand	3.23	Asstt. Commissioner (Appeals)-Mathura
Sales Tax	Sales Tax demand	40.40	Dy. Commissioner (Appeals), New Delhi (Demand order has been stayed by Hon'ble Dy. Commissioner)
Sales Tax	Penalty	2.91	Asstt. Excise & Taxation Commissioner cum Deputy Director (Inv.), Patiala
Sales Tax	Sales Tax demand	.13	Asstt. Commissioner of Sales Tax , Delhi.
Sales Tax	Sales Tax demand	16.23	Excise and Taxation officer, Faridkot

10. The Company does not have accumulated losses at the end of the financial year. Further, the Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any Financial Institution or Bank or to debenture holders.
12. As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the order is not applicable.
13. As the Company is not a chit fund / nidhi / mutual benefit funds / society to which the provisions of special statute relating to chit fund are applicable, paragraph 4 (xiii) of the order is not applicable.
14. As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the order is not applicable.
15. The Company has given guarantee for loans taken by a Company Mahaan Proteins Ltd. from banks or financial institutions, by pledging shares of that Company amounting to Rs.215 lacs. According to the information and explanation given to us, we are of the opinion that the terms and conditions there of,



MAHAAN FOODS LIMITED

are prima facie prejudicial to the interests of the Company.

16. In our opinion and according to the information and explanations given to us, the term loans taken during the year have been applied for the purposes for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no fund raised on short-term basis have been used for long-term investments.
18. The Company has not made any preferential allotment of shares during the year under audit.
19. The Company has not issued any debentures during the year under audit.
20. The Company has not raised any money by public Issue during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

for **DAWAR MATHUR & GOEL**
Chartered Accountants

ARUN K.GOEL
Partner
Membership No. 81005

Place: New Delhi
Dated: September 05, 2008



MAHAAN FOODS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2008

PARTICULARS	SCHEDULE	AS AT 31.03.2008 RS.	AS AT 31.03.2007 RS.
SOURCES OF FUNDS			
1 SHAREHOLDERS FUNDS			
a) Share Capital	A	35007000	35007000
b) Reserves & Surplus	B	80850762	85839313
		<u>115857762</u>	<u>100846313</u>
2 LOAN FUNDS			
a) Secured Loans	C	114476734	121023461
b) Unsecured Loans	D	2501841	2100938
		<u>116978575</u>	<u>123124399</u>
3 DEFERRED TAX LIABILITIES		<u>5123948</u>	<u>5294591</u>
TOTAL		<u>237960286</u>	<u>229265303</u>
APPLICATION OF FUNDS			
1 FIXED ASSETS	E		
a) Gross Block		105162909	97304152
b) Less : Depreciation		39980434	34721269
c) Net Block		<u>65182475</u>	<u>62582883</u>
2 INVESTMENTS	F	<u>27522560</u>	<u>29842540</u>
3 CURRENT ASSETS, LOANS & ADVANCES	G		
a) Inventories		113278822	122743540
b) Sundry Debtors		28139161	10913270
c) Cash & Bank Balances		9506565	9151708
d) Loans & advances		108634624	93219237
		<u>259559173</u>	<u>236027755</u>
LESS : CURRENT LIABILITIES & PROVISIONS	H		
a) Current Liabilities		109863551	96917757
b) Provisions		4440371	2270118
		<u>114303922</u>	<u>99187875</u>
NET CURRENT ASSETS		<u>145255251</u>	<u>136839880</u>
TOTAL		<u>237960286</u>	<u>229265303</u>
Notes on Accounts	O		
Schedule A to H & O form an integral parts of this Balance Sheet.			
Auditors' Report			
As per our Report of even date attached.			
For DAWAR MATHUR & GOEL			
Chartered Accountants	RAJIV GOYAL Managing Director	SURESH GARG Director	
ARUN K. GOEL Partner Place : New Delhi Dated : 05.09.2008	PRAVEEN KUMAR PANDEY Company Secretary		



MAHAAN FOODS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

PARTICULARS	SCHEDULE	For the year ended 31.03.2008 RS.	For the year ended 31.03.2007 RS.
INCOME			
a) Sales		888643060	658748190
b) Job Charges Received (Tax Deducted at source Rs.5,68,404/-, previous year Rs.4,82,009/-)		25454887	20674776
c) Other Income	I	12310854	815821
		<u>926408801</u>	<u>680238787</u>
EXPENDITURE			
a) Material cost	J	746322196	551386153
b) Employee's cost	K	28705013	19279967
c) Manufacturing expenses	L	66307828	48492629
d) Other expenses	M	49981130	37053683
e) Interest	N	16626080	12785015
f) Depreciation	E	5279163	3935091
		<u>913221410</u>	<u>672932538</u>
Profit before tax		13187391	7306249
Less : Income tax for earlier years			(39995)
Less : Provision for taxation		(1,500,000)	(945000)
Less /Add : Deferred tax Liabilities (Assets) for the year		170643	(445639)
Less : Provision for Fringe Benefit Tax		(530000)	(355179)
Profit after tax		<u>11328034</u>	<u>5520436</u>
Add: provision written back on employee benefits upto 31.03.07 in terms of transitional provisions of AS 15 (Revised)		683416	
APPROPRIATIONS			
General Reserve		12011449	5520436
		<u>12011449</u>	<u>5520436</u>
Basic & diluted earning per share of Rs.10 each		3.24	1.58

Notes on Accounts

Schedule I to O form an integral part of this Profit & Loss Account.

Auditors' Report

As per our Report of even date attached.

For **DAWAR MATHUR & GOEL**

Chartered Accountants

RAJIV GOYAL

Managing Director

SURESH GARG

Director

ARUN K.GOEL

Partner

Place : New Delhi

Dated :05.09.2008

PRAVEEN KUMAR PANDEY

Company Secretary



MAHAAN FOODS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2008

PARTICULARS	2007-2008 (RS.)	2006-2007 (RS.)
CASH FLOW FROM OPERATING ACTIVITIES		
A. Net Profits before tax and extraordinary items	13,187,391.00	7,306,249
ADJUSTMENTS FOR :		
Depreciation	5,279,162.99	3,475,959
Interest Income	(73,136.94)	(72,749)
Dividends income	(80,480.00)	(80,240)
Loss on sale of fixed assets/ assets discarded	0.00	977
Profit on sale of investments	(6,204,930.00)	0
Profit on sale of fixed assets		
Interest charges	16,626,080.05	10,616,507
Operating profits before working capital changes :	28,734,087.10	21,246,703
ADJUSTMENTS FOR :		
Inventories	9,464,717.73	12,463,241
Sundry debtors	(17,225,891.49)	13,543,951
Other receivables	(15,415,387.49)	(70,677,152)
Trade payables & other liabilities	11,374,190.11	35,964,497
TDS	0.00	0
Cash generated from(used) in operation	16,931,715.96	12,541,240
Interest paid	(16,602,654.05)	(10,727,579)
Direct taxes paid / received(including FBT)	2,395,272.26	(229,540)
Net Cash flow from/used in operating activities:	2,724,334.17	1,584,121
B. CASH FLOW FROM INVESTMENT ACTIVITIES :		
Purchase of fixed assets	(7,881,956.74)	(2,046,827)
Sale of fixed assets	3,200.00	4,000
Capital Investment Subsidy	3,000,000.00	
Investments	8,524,910.00	0
Interest received	73,136.94	72,749
Rent received	0.00	0
Dividend received on current investment	80,480.00	90,240
Movement of loans	0.00	(1,798,055)
Fixed Deposits with Banks	0.00	(134,000)
Net cash flow from/ used in investment activities :	3,799,770.21	(3,821,893)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Deposits from customers	(112,523.00)	(226,587)
Unsecured loans	490,000.25	
Repayment of long term borrowing	(4,620,395.00)	(4,285,453)
Increase in cash credits from bank	(1,926,331.89)	3,793,876
Net cash flow from/used in financing activities :	(6,169,249.64)	(718,164)
Net increase in cash and cash equivalents :	354,854.74	(2,955,936)
Cash & cash equivalents at opening	9,151,709.78	9,999,094
Cash & cash equivalents at closing	9,506,564.52	9,151,710

NOTES:

1. Proceed from long term and other borrowing are shown net of repayment.

Auditors' Report

As per our Report of even date attached.

For **DAWAR MATHUR & GOEL**

Chartered Accountants

ARUN K.GOEL

Partner

Place : New Delhi

Dated : 05.09.2008

RAJIV GOYAL

Managing Director

PRAVEEN KUMAR PANDEY

Company Secretary

SURESH GARG

Director



MAHAAN FOODS LIMITED

PARTICULARS	AS ON 31.03.2008 RS.	AS ON 31.03.2007 RS.
SCHEDULE "A"		
SHARE CAPITAL		
AUTHORISED		
40,00,000 (Previous year:40,00,000) Equity shares of Rs.10/- each	<u>40000000</u>	<u>40000000</u>
ISSUED, SUBSCRIBED & PAID UP		
35,00,700 (Previous year:35,00,700) Equity shares of Rs.10/- each fully paid up (includes 8,40,000 equity shares issued as bonus shares on 01.08.94 by capitalisation of General Reserve)	<u>35007000</u>	<u>35007000</u>
	<u>35007000</u>	<u>35007000</u>
SCHEDULE "B"		
RESERVE AND SURPLUS		
CAPITAL RESERVE		
Capital Investment Subsidy	5500000	2500000
SHARE PREMIUM RESERVE		
	12253500	12253500
GENERAL RESERVE		
Opening balance :	51085813	45565377
Add : Transfer from Profit & Loss Account	<u>12011449</u>	<u>5520436</u>
	<u>63097262</u>	<u>51085813</u>
	<u>80850762</u>	<u>65839313</u>
SCHEDULE "C"		
SECURED LOANS		
Term Loan from :		
Himachal Pradesh Financial Corporation	34471689	40328000
ICICI Loan- Vehicle Loan	1235916	
Cash Credit from :		
State Bank of Patiala, Paonta	78707735	75736343
State Bank of Patiala, Delhi	<u>61394</u>	<u>4959118</u>
	<u>114476734</u>	<u>121023461</u>
SCHEDULE "D"		
UNSECURED LOANS		
Short term loans & advances:		
Unsecured Loan	743409	253409
Deposit from customers	1587412	1699935
Interest accrued and due	<u>171020</u>	<u>147594</u>
	<u>2501841</u>	<u>2100938</u>



MAHAAN FOODS LIMITED

FIXED ASSETS

SCHEDULE - E

S.NO	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		AS AT 1.4.2008	ADDITION	DEDUCTION AS AT 31.03.2008	AS AT 1.04.2007	FOR THE YEAR	ADJUST- MENT	AS AT 31.03.2008	AS AT 31.03.2008	AS AT 31.03.2007	
1	LAND	452296	0	0	452296	0	0	0	452296	452296	
2	BUILDINGS	12099485	515394	0	12614879	3769098	415468	0	4184564	8330387	
3	PLANT & MACHINERY	75790731	5311470	0	81102201	25277050	4126558	0	29403608	51698593	
4	TUBEWELL	280226	0	0	260226	118550	8692	0	127242	132984	
5	OFFICE EQUIPMENTS	1641099	97300	0	1738399	609689	80783	0	690472	1047927	
6	FURNITURE & FIXTURE	1513081	2700	0	1515781	943427	95807	0	1039234	476547	
7	VEHICLES	2247847	1763753	23200	3988400	1683685	355653	-20000	2019338	1989062	
8	COMPUTER EQUIPMENTS	2484318	191340	0	2675658	2018952	157488	0	2176440	499216	
9	A.C.EQUIPMENTS	815089	0	0	815069	300819	38716	0	339535	475534	
Current year		87304152	7881957	23200	105162909	34721270	6279163	-20000	39980433	85182476	62582882
Previous year		59936401	86508393	49140642	97304152	30786178	3935091	0	34721269	62582883	29150223

PARTICULARS	AS ON 31.03.2008 RS.	AS ON 31.03.2007 RS.
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SCHEDULE "F"

INVESTMENTS - NON TRADE LONG TERM INVESTMENTS QUOTED

Industrial Development Bank of India
320 (Previous year:320) Equity shares of Rs.10/- each

6560

6560

UNQUOTED

Government securities:

National savings certificates
(Pledged with sales tax authorities)

16000

16000

Others:

Mahaan Proteins Limited

21500000

23819980

2150000 (Previous year:2381090) equity shares of Rs.10/- each

Mahaan Dairies Limited

6000000

6000000

400000 (Previous year 400000) equity shares of Rs. 10/- each

27522560

29842540

NOTE:

Quoted Investments:

Book value

6560

6560

Market value

28509

24816

Unquoted investments:

Book value

27516000

29835980



MAHAAN FOODS LIMITED

PARTICULARS	AS ON 31.03.2008 RS.	AS ON 31.03.2007 RS.
SCHEDULE "G"		
CURRENT ASSETS, LOANS & ADVANCES		
1 INVENTORIES		
a) Raw material	8064961	7615923
b) Finished goods including goods lying with consignees & In transit	43421350	70389195
e) Semi finished goods	35835704	27030023
f) Stock in process	15787487	8354831
g) Stores, packing materials & spares	10169320	9340801
h) Loose tools	-	12767
	113278822	122743540
2 SUNDRY DEBTORS		
a) Debts outstanding for a period exceeding six months		
Considered good	5202192	565583
Considered Doubtful	50000	50000
Less: Provision for Doubtful Debts	50000	50000
	5202192	565583
b) Other Debts (considered good)	22936969	10347687
	28139161	10913270
3 CASH & BANK BALANCES		
a) Cash in hand (As certified by the management)	1849416	2056092
b) Balances with scheduled banks:		
- In current account	6592160	6377461
- In fixed deposit account	324090	324090
(Pledged with Sales Tax Authorities & Bank against Bank Guarantee)		
c) Cheque/demand draft in hand	688259	378493
d) Interest accrued on fixed deposits	52639	15572
	9506565	9151708
4 LOANS & ADVANCES		
(Unsecured, considered good)		
a) Share Application Money Deposited	30100000	30100000
b) Advances recoverable in cash or in kind or for value to be received	74163034	61851813
c) Deposit with Government Departments	2770769	470541
d) Security Deposits	1600822	796883
	108634624	93219237
SCHEDULE "H"		
CURRENT LIABILITIES & PROVISIONS		
1 CURRENT LIABILITIES		
a) Sundry creditors	86294591	59433183
b) Advance received from customers	14421023	30367027
c) Other liabilities	7928061	5816295
d) Interest accrued but not due	1008851	1044579
e) Bank overdraft (Credit balance)	211025	256673
	109863551	96917757
2 PROVISIONS		
a) For Taxation	2167395	455538
b) For Leave Encashment	779810	546257
c) For Gratuity	1493166	1268323
	4440371	2270118



MAHAAN FOODS LIMITED

PARTICULARS	AS ON 31.03.2008 RS.	AS ON 31.03.2007 RS.
SCHEDULE "I"		
OTHER INCOME		
a) Interest from bank (Tax deducted at source Rs.122/- previous year Rs.868/-)	34144	6451
b) Interest from others	38993	
c) Insurance claim received	185123	619135
d) Dividend from long term investments	80480	80480
e) Commission received (Tax deduct at source Rs.504/- previous year 6,585/-)	4889	104505
g) Miscellaneous	58051	5250
h) Profit on sale of Shares	6204930	
i) Royalty Received (Tax deducted at source Rs. 727205/- Prev. Year Nil)	5704244	
	<u>12310854</u>	<u>815821</u>
SCHEDULE "J"		
MATERIAL COST		
Opening stock:		
Raw material	7615923	4375638
Finished goods	70389195	41012327
Semi finished goods	27030023	18895362
Stock in process	8354831	4375579
	<u>113389972</u>	<u>68658906</u>
Add : Raw material purchase	682309860	527752996
Add : Purchase for resale	9886685	22693573
	<u>805586516</u>	<u>619105475</u>
Less : Closing Stock		
Raw material	8064961	7615923
Finished goods	43421350	70389195
Semi finished goods	35835704	27030023
Stock in process	15787487	8354831
	<u>103109502</u>	<u>113389972</u>
	<u>702477014</u>	<u>505715503</u>
Packing material consumed	43845182	45670650
	<u>746322196</u>	<u>551388153</u>
SCHEDULE "K"		
EMPLOYEE'S COST		
Salary,wages & bonus	27235339	18223332
Employers contribution to provident fund	858390	659667
Staff welfare	611285	396988
	<u>28705013</u>	<u>19279967</u>
SCHEDULE "L"		
MANUFACTURING EXPENSES		
Stores & spares consumed	4319736	2936558
Packing Expenses	1740950	
Power & fuel consumed	55726156	29870820
Repairs : Buildings	311180	320824
Machinery	4209805	3660297
Processing Charges		11704130
	<u>66307828</u>	<u>48492629</u>



MAHAAN FOODS LIMITED

PARTICULARS	AS ON 31.03.2008 RS.	AS ON 31.03.2007 RS.
SCHEDULE "M"		
OTHER EXPENSES		
Rent	11241129	2092998
Insurance	749993	1044560
Rates & taxes	875440	1348324
Sales/turnover/entry tax/Service tax	375055	454009
Commission to selling agents	3696430	4250726
Freight & octroi	12783206	13266807
Rebate & discount	2385943	2056765
Vehicle maintenance	2111486	1506767
Travelling expenses	3619520	1999594
Telephone expenses	1024277	1204592
Provision for Bad & Doubtful Debts		50000
Sitting fees	51000	42000
Miscellaneous expenses	11067651	7736541
	<u>49981130</u>	<u>37053683</u>
SCHEDULE "N"		
INTEREST		
ON TERM LOAN FROM :		
Himachal Pradesh Financial Corporation	4615096	1733002
ICICI Loan - Vehicle Loan	120966	
Cash Credit From State Bank of Patiala	11570610	10796841
OTHERS	319408	255172
	<u>16626080</u>	<u>12785015</u>

**NOTES ON ACCOUNTS FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2008****1. Significant Accounting Policies:**

- a) The financial statements are prepared under the historical cost convention and have been prepared in accordance with applicable mandatory Accounting Standards and relevant presentational requirements of the Companies Act, 1956.
- b) Fixed Assets are stated at cost less depreciation. The cost of fixed assets includes interest on specific borrowings obtained for the purpose or acquiring fixed assets up to the date of commissioning of the assets and other incidental expenses incurred up to that date.
- c) Plant and machinery includes expenses incurred on erection and commissioning, foundation, laboratory equipment, air and water pollution devices, electric installations, technical know-how fees, tools, and miscellaneous fixed assets other than land, building, furniture & fixture, vehicles, office equipments, computer equipments and air conditioning equipments. Technical know-how fee is inseparable and hence treated as part of plant & machinery. No adjustment is required to be made as per accounting standard 26 on intangible assets, issued by the Institute of Chartered Accountant of India.
- d) Long term investments are valued at cost. Where investments are reclassified from current to long term, transfers are made at the lower of cost and fair value at the date of transfer.
- e) Inventories of raw materials, stock-in-process, semi finished products, stores, packing materials, spares and loose tools, finished products are valued at lower of cost or realizable value. In determining the cost, first in first out cost method is used.
- f) Prior year expenses / income, if any are adjusted in the respective head of expenses / income.
- g) Depreciation has been provided on the straight-line method at rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- h) Provision for employee benefits charged on accrual basis is determined based on Accounting standard (AS) 15 (Revised) "Employees Benefits" issued by the Institute of Chartered Accountants of India as under:
 - I) Contribution to provident fund scheme is charged to revenue.
 - II) Liability for gratuity and privilege leave is determined on actuarial basis.
- i) The Government grants are recognized only on the assurance that the same will be received. The Government grants in respect of capital investment have been shown as capital reserve.
- j) Contingent liabilities are not provided for and are disclosed by way of notes.
- k) Current Income tax liability is provided for in accordance with the provisions of the Income tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- l) Foreign currency transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

MAHAAN FOODS LIMITED

- m) Borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets are capitalized till the month in which the assets is ready to use as part of the cost of that asset. Other interest and borrowing costs are charged to revenue.
- n) In case of the new industrial unit, all the operating expenditure (including borrowing costs) specifically for the project, incurred upto the date of installation, is capitalized and added pro-rata to the cost of fixed assets.
- o) Consignment sale is shown at net of expenses.

2. Secured Loans

Secured loans from Financial Institutions and Banks are secured by a mortgage of all the Company's immovable properties both present and future ranking pari-passu inter-se and a charge by way of hypothecation of all the Company's movable properties including stocks of raw materials, semi-finished, finished goods, consumable stores and book debts and other specified movable and also guaranteed by some of the directors of the company.

3. Current Assets, Loans & Advances:

Some of balance of debtors, creditors and loans and advances are subject to reconciliation / confirmation from respective parties. No significant impact in expected on the Profit and loss account on this account.

4. Contingent Liabilities:

- a. The Company had pledged shares of Mahaan Proteins Limited of Rs.215/- Lacs (Previous year Rs. 215/- Lacs) with various Banks / Financial Institutions as security for the facilities availed from them by M/s MAHAAN PROTEINS LIMITED.
 - b. The Company has received a demand of Rs 3,23,204/- (Previous year Rs. 3,23,204/-) from Trade Tax Department, U.P. against which the Company has filed an appeal. The Company has been advised that there may be no liability on this account and as such no provision has been made on this account.
 - c. Sales Tax Authorities, Delhi has raised a demand of Rs 40,39,759/-- (Previous year Rs.40,39,759/-). The Company has filed appeal against the order and has been advised that there will not be any liabilities on this account and consequently no provision has been made in the books of accounts.
 - d. Sales Tax Authorities, Patiala has raised a demand of Rs 2,91,000 /- (Previous year Rs.2,91,000). The Company has filed appeal against the order and has been advised that there will not be any liabilities on this account and consequently no provision has been made in the books of accounts.
 - e. Sales Tax Authorities, Kotkapura has raised a demand of Rs 16,32,986/- (Previous year Rs. Nil). The Company has filed appeal against the order and has been advised that there will not be any liabilities on this account and consequently no provision has been made in the books of accounts.
5. The Company has initiated the process of obtaining confirmations from the suppliers who have registered themselves under Micro, Small and Medium Enterprises Development Act, 2006, which came into effect from october2, 2006.

Based upon the information available with the Company, the balance due to the Micro and small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 is Rs. Nil. Further, no interest during the year has been paid or payable under the terms of the said Act.

6. Balances of certain sundry debtors, deposit accounts, loans and advances, creditors are subject to confirmation and reconciliation. Effect on revenue is not expected to be material.



MAHAAN FOODS LIMITED

7. The deferred tax as on 31.03.2008 comprise of the following:

	Current year	Previous year
a) Deferred Tax Liability Difference between book depreciation and depreciation under the Income Tax Act, 1961	61,85,096	59,21,980
b) Deferred Tax assets Disallowances of expenses under Income Tax Act	10,61,148	6,27,389
Net Deferred Tax Liabilities	5123948	52,94,591
Debited / (credited) to Profit & Loss Account	(170643)	445639

8. Profit & Loss Account:

	Current year (Rupees)	Previous year (Rupees)
A. Miscellaneous expenses include amount paid or payable to Auditors:		
- As Auditors	65000	44896
- As Tax Auditors	35000	11224
- As Tax Consultants	12360	41836
	-----	-----
	112360	97956
	=====	=====
B. Managerial Remuneration:		
- Salaries	1330000	747000
- Contribution to P.F.	159960	89640
- Other perquisites & benefits	1238927	1140000
	-----	-----
	2728887	1976640
	=====	=====
- Director's sitting fees	51000	42000
C. Computation of net profit under section 198 of the Companies Act, 1956 for the purpose of the payment of managerial remuneration has not been enumerated as no commission is payable.		

9. Employee Benefits :

a) Defined Benefit Plans :

The Company charged Rs.8.58 Lacs for provident fund contribution to the profit and loss account. The contributions towards these schemes by the Company are at rates specified in the rules of the schemes.

b) Defined Benefit Plans :

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

MAHAAN FOODS LIMITED

	As at 31 March, 2008 (Rs)	
	Gratuity Scheme	Privilege Leaves
Change In present value of obligation		
1. Present value of obligation as at the beginning of the year	1072290	388364
2. Current service cost	193147	320103
3. Interest cost	88464	32043
4. Actuarial (gain)/loss	182396	177227
5. Benefits paid	(43131)	(137924)
6. Present value of obligation as at the end of the year	1493166	779810
Liability recognized in the financial statements		
Cost for the year	1493166	779810
Change in present value of obligation		
1. Current service cost	193147	320103
2. Interest cost	88464	32040
3. Actuarial (gain) / loss	182396	177227
4. Net cost	464007	529370
Main actuarial assumptions		
Discount rate (per annum)	8.25%	8.25%
Rate of increase in compensation levels (per annum)	6.25%	6.25%

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

10. Related Party Disclosures as per Accounting Standard 18.

- A. 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.

Key Management Personnel: Mr. Rajiv Goyal, Managing Director

- B. Transactions with Associates.

Particulars	Current year	Previous year
- Sale of goods	100629388	4,50,73,077
- Purchases of goods	50548000	6,60,89,232
- Dividend received	80000	80,000
- Lease rental expenditure	14,70,000	14,70,000
- Job charges paid		7,89,490
- Job charges received	38,14,115	7,60,140
- Commission paid	41389	97,486
- Commission received	4889	94,358
- Balance outstanding as at the period end		
a) Loans and Advances	2,75,06,560	5,94,23,973
b) Sundry Creditors	5,63,40,400	1,13,99,917
c) Share Application Money Deposited	3,01,00,000	3,01,00,000
d) Investment in Shares	2,75,06,560	2,98,19,980

- C. Transactions with key management personnel,

Particulars	Current year	Previous year
- Remuneration	27,28,887	19,76,640



MAHAAN FOODS LIMITED

11. Earning per Share:

Particulars	Current year	Previous year
Calculation of weighted average number of equity Shares of Rs.10/- each		
- Number of shares of beginning of the period	35,00,700	35,00,700
- Number of shares of end of the period	35,00,700	35,00,700
Net profit after tax available for equity shareholders (Rs.)	1,20,11,449	55,20,436
Basic and diluted Earning per share	3.24	1.58

12. 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 01.04.07		Production	Sales		Closing stock As on 31.03.08		Shortage / Excess & damaged
	Qty. Kgs.	Amount Rs.		Qty. Kgs.	Qty. Kgs.	Amount Rs.	Qty. Kgs.	
1. Dairy Creamer	342880 (343069)	28061995 (24850304)	4749749 (5171824)	4708947 (5169442)	472174135 (446500121)	286867 (342880)	27084128 (28061995)	1018 (2571)
2. Pure Ghee	235533 (114460)	36507569 (16058958)	1522434 (820538)	1665482 (699376)	249500479 (93498788)	92434 (235533)	14204272 (36507569)	51 (89)
3. Skimmed milk Powder	- (-)	- (-)	-	-	- (44119096)	- (-)	- (-)	- (-)
4. Base Proteins	- (-)	- (-)	127459 (-)	127459 (-)	24225248 (-)	- (-)	- (-)	- (-)
5. Maltodextrine	111075 (-)	3609938 (-)	4101875 (-)	4139400 (-)	124574919 (-)	73550 111075	2132950	- (-)
6. Others	- (-)	- (-)	- (-)	- (-)	5772557 (1758331)	- (-)	- (-)	- (-)
Total	689488 (457529)	68179502 (40909262)	10501518 (7744917)	10641288 (7510298)	876247338 (637969591)	452851 (689488)	43421350 (681795037)	1071 (2660)

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

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 7892 MT (Previous year 7892 MT) per. annum for various types of Milk Powders.

B. Goods manufactured for others: The company had facilities with an installed capacity 6600 MT per annum for the Contract Manufacture of Glucon - D. The production during the year was 5006 MT (Previous year 4545 MT).

MAHAAN FOODS LIMITED

C. Goods Purchased For Resale:

Class of goods	Opening stock As on 01.04.07		Purchase		Sales		Closing stock As on 31.03.08		Shortage/Excess & damaged Qty. Kgs.
	Qty. Kgs.	Amount Rs.	Qty. Kgs.	Amount Rs.	Qty. Kgs.	Amount Rs.	Qty. Kgs.	Amount Rs.	
Pure Ghee	15406 (683)	2209692 (103065)	64719 (159179)	9886685 (22692390)	80125 (144456)	12395722 (20778079)	(15406)	(2209692)	- (0)
Pickles & Sauces	- (0)	- (0)	- (0)	- (0)	- (0)	- (0)	- (-)	- (-)	- (-)
Dairy Creamer	- (0)	- (0)	- (15)	- (1183)	- (15)	- (520)	- (-)	- (-)	- (-)
Total	15406 (683)	2209692 (103065)	64719 (159194)	9886685 (22698154)	80125 (144471)	12395722 (20778599)	0 (15406)	0 (2209692)	- (-2876)

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	36480413 155000	526581400 18209002	46938580	434003482
2. Milk powder	885725	13153843	1139225	21064385
3. Sugar	4796400	73192188	1800800	30610453
4. Maize Starch	1153956	50724389	94954	38842798
5. Others				
Total	43471494	681860822	50828359	524521118

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			-	Nil
- Indigenous	681860822	100	524521118	100
Total		100	524521118	100
2. Spare parts & components				
- Imported			-	Nil
- Indigenous	2309042	100	2936558	100
Total		100	2936558	100



MAHAAN FOODS LIMITED

F. CIF VALUE OF IMPORTS:

	Current year	Previous year
- Spare parts & components	Rs. Nil	Rs. Nil

G. EXPENDITURE IN FOREIGN CURRENCY

- Travelling	Rs. 1,92,580/-	Rs. 2,24,227/-
--------------	----------------	----------------

12. Operating Lease

- i) The company generally entered into cancelable operating leases for machinery, office and godown premises and residence to its employees, normally renewable on expiry and cancelable at its option.
- ii) Lease rent charged to the profit and loss account relating to operating leases are Rs.11241129/-(FY 2006-07 - Rs.2107398/-)

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

I. Registration details

Registration No. 0 0 7 3 5 6	State code 0 6
Balance Sheet Date	31 - 03 - 2008

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

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

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

Total Liabilities	Total Assets
237960	237960

Source of funds

Paid up capital	Reserves and surplus
35007	80850
Secured loans	Unsecured loans
114476	2502

Application of funds

Net fixed assets	Investments
65182	27522
Net current assets	Miscellaneous Expenditure
145255	NIL



MAHAAN FOODS LIMITED

Accumulated losses	NIL
Deferred tax liabilities	NIL

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

Turnover	Total expenditure
914098	913221
Profit before tax	Profit after tax
13187	12011
Earning per share in Rs.	Dividend rate %
3.24	NIL

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

Item Code No. (ITC Code) :	0 4 0 2 9 9 0 9
Product Description	MILK POWDERS
Item Code No. (ITC Code) :	0 4 0 5 0 0 0 3
Product Description	MELTED BUTTER (GHEE)
Item Code No. (ITC Code) :	1 7 0 2 3 0 2 0
Product Description	GLUCON - D

14 General

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

AUDITORS' REPORT

As per our report of even date attached.

For **DAWAR MATHUR & GOEL**

Chartered Accountants

ARUN K. GOEL

Partner

Place : New Delhi

Dated : 05.09.2008

RAJIV GOYAL

Managing Director

PRAVEEN KUMAR PANDEY

Company Secretary

SURESH GARG

Director



ATTENDANCE SLIP

MAHAAN FOODS LIMITED

Regd. Off. : Village Kunja, Rampur Road, Paonta Sahib - 173 025 (Himachal Pradesh)

PLEASE COMPLETE THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. Joint Shareholders may obtain additional Attendance Slip on request.

NAME AND ADDRESS OF THE SHAREHOLDER(S)

.....

No. of shares held:

.....

Folio No. :

I hereby record my presence at the 21st ANNUAL GENERAL MEETING of the Company held on Tuesday, the 30th September, 2008 at 2:00 p.m. at Village Kunja, Rampur Road, Paonta Sahib, Himachal Pradesh.

SIGNATURE OF THE SHAREHOLDER / PROXY

* Strike out whichever is not applicable.

PROXY FORM

MAHAAN FOODS LIMITED

Regd. Off. : Village Kunja, Rampur Road, Paonta Sahib - 173 025 (Himachal Pradesh)

FOLIO NO.

No. of Shares held

I/WE.....

of.....

being member/members of MAHAAN FOODS LIMITED hereby appoint

or failing him

As my / our proxy to vote for me/us and on my / our behalf at the 21st Annual General Meeting of the Company to be held at Village Kunja, Rampur Road, Paonta Sahib, Himachal Pradesh. on Tuesday, the 30th September 2008 and at any adjournment thereof.

Signed this.....day of.....2008

Affix a
One Rupee
Revenue
Stamp

Signature(s) (across the stamp)

NOTE: The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

BOOK POST
UNDER POSTAL CERTIFICATE

If Undelivered please return to:
MAHAAN FOODS LIMITED
78/3, Janpath, 2nd Floor
New Delhi – 110 001 (INDIA)