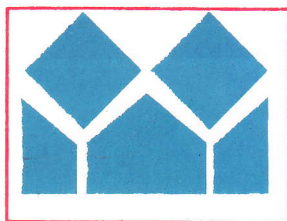


18th
Annual Report
2011 - 2012



MAHAN
INDUSTRIES
LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

YOGENDRA KUMAR GUPTA	:	MANAGING DIRECTOR
MANIK DATTATREY	:	DIRECTOR
BHARAT SANCHALA	:	DIRECTOR
KALPESH TRIVEDI	:	DIRECTOR
CHANAKYA SHUKLA	:	DIRECTOR
LALIT SHARMA	:	DIRECTOR

REGISTERED ADDRESS

: 3RD FLOOR, D.K. HOUSE,
NEAR MITHAKHALI UNDERBRIDGE,
ELLISBRIDGE, AHMEDABAD-380006.
Tel No: - 26568789
Email id: - mahanint@gmail.com

BANKERS

: **HDFC BANK LIMITED**
PALDI BRANCH AHMEDABAD

AUDITORS

: DJNV & COMPANY, CHARTERED ACCOUNTANTS

REGISTRAR AND SHARE TRANSFER AGENT

: ADROIT CORPORATE SERVICES INDIA PVT. LTD.
19/20, Jaferbhoy Ind. Estate, 1st floor,
Makwana Road, Marol, Andheri (East),
Mumbai - 400 059.
Tel.: +91-22-2859 6060 / 2859 4060 / 42270400
E-mail: info@adroitcorporate.com

CONTENTS

Notice

Directors' Report

Management Discussion & Analysis Report

Corporate Governance Report

Declaration on Code of Conduct

CEO/CFO Certification

Auditors Certification on Corporate Governance

Auditors Report

Audited Financials

Attendance Slip

Proxy Form

Important Communication to Members

The Ministry of Corporate Affairs has taken a "**Green Initiative in the Corporate Governance**" by allowing paperless compliances by the Companies and has issued circulars stating that services of Notice/documents including Annual Report can be sent by e-mail to its Member. To support this green initiative of the Government in full measure, Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail id with Company / Registrar and Transfer Agent, **M/s. Adroit Corporate Services India Private Limited.**



Managing Director's Speech

Good Morning Ladies and Gentlemen.

On behalf of the Board, I'd like to welcome you all to the 18th Annual General Meeting of Mahan Industries Limited.

I look forward to this event every year and it is a chance to reflect on the year gone by and visualize the opportunities ahead.

It is with great happiness that we are ending this year 2012 which has been a challenging but an exciting year too for each and every one!

This year in particular has seen significant slow growth for the industry as a whole. We continue to observe slowed down enrolments across the Country. The prevailing challenging investment landscape still confronts us. The equity market is yet to recover its confidence in spite of the efforts by the Regulator to clean it up. The uncertainty in the money market has not abated. Money market rates for deposits, remained in the lower single digits for most of the year despite the double digit inflationary environment. With narrowing outlets, investors continued to crowd into the Bond market, crashing yields for this asset class into single digit territory. What all these have resulted to is the lowering of returns on funds investment. Except for private equity, there has been no major development in the other classes since then.

The strength of the Company's business model is that it is low cost, transparent and competitive strategies. The way we run this business differs fundamentally from a number of our competitors in the market also the Company operates in such a model designed to benefit all the Stakeholders.

Problems in today's climate arrive unexpectedly in any shape or form. The problem faced by our industry today is the problem of perception. Illegal or Irresponsible activities are the core of this problem. Regardless of how stringent we are in our environmental safety standards, our passion in developing new ideas and enterprises.

Sustainability Approach

We must not lose sight of the main philosophy of the Company i.e. sustained responsibility and sustainable development. There is a growing awareness among civil society and corporates that effective measures are needed to protect the environment for future generations and for equitable and sustained economic growth.

Regulation

Government regulation of course continues to play a significant role in Company's business.

The Company will continue to work with Government and regulatory agencies in a positive and constructive manner, including seeking to achieve a fairer and balanced social benefits of regulations.

Challenges

The main challenges remain how to increase enrollment in the industry by improving the Investment strategies and growth opportunities. On the other hand, the economic conditions remain sluggish and unemployment has further degenerated.

In spite of the challenges during the year, your Company has done very well. However, we foresee a period of turbulence ahead. The industry is likely to see some changes in the number and shape of players in the year to come. We are committed and positioning ourselves to take advantage of opportunities that will arise during this period. We remain committed to increasing Shareholder value while serving all other stake holders with utmost trust.

Outlook

As a Company, our focus has always been high-quality growth. We strongly believe that margins and growth are equally important for an organization. To be future ready, we need to make all the necessary Investments.

The Company's businesses are performing in line with expectations. Cash flows are forecast to continue growing strongly, supplemented by full year contributions. We remain committed to growing distributions annually.

We will nevertheless continue to investigate growth opportunities as they arise and participate in the ongoing activities of the industry.

The fundamentals of the Business remain solid and I am confident that we have the right strategies in place to ensure continued growth. The outlook for Mahan Industries Limited is very positive.

I assure you that the Management is working harder than before to get back to delivering predictable performance.

Conclusion

I would now like to take this opportunity to extend a thank to all our Stakeholders, including Customers, Vendors, Investors, Employees, Bankers & lenders. Over the past decades our Shareholders, Customers, the Governments of our Country, our employees and our well-wishers have supported our strategies and decisions and have stood with us through every up and down turn. At the end of this eventful year and at the beginning of another challenging year, I would like to take this opportunity to extend my appreciation to the Board of Directors for their continued support and guidance and to the entire Management and staff for their dedication and look forward to your continued support, belief and trust.

I wish all the stakeholders of the Mahan Industries Limited the very best for the year to come.

Thank You.



NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of the Mahan Industries Limited will be held on Friday, 28th September, 2012 at 9:00 a.m. at the registered office of the Company situated at 3rd Floor, D.K. House, Near Mithakhali, Underbridge, Ellisbridge, Navrangpura, Ahmedabad-380006, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at **March 31st, 2012**, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of **Mr. Lalit Sharma**, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of **Mr. Kalpesh Trivedi**, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint **M/s. DJNV & Company**, Chartered Accountants, as the Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.
"RESOLVED THAT M/s. DJNV & Company, Chartered Accountants be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, on such remuneration, as may be mutually agreed to, between the Board of Directors and the Auditors and that the Board of Directors of the Company be and is hereby authorized to fix the remuneration as aforesaid."

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of sections 198, 269, 309, schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, consent of the Members be and is hereby accorded to appoint **Mr. Yogendra Kumar Gupta** as the Managing Director of the Company for a period of five years with effect from 28th September, 2012 upon the terms and conditions including remuneration, as are set out in the draft Agreement ("the Agreement") to be executed between the Company and Mr. Yogendra Kumar Gupta, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Board of Directors of the Company ("the Board") to alter and vary the terms and

conditions of the Agreement in such manner as may be agreed to between the Board and Mr. Yogendra kumar Gupta and in accordance with the applicable provisions of the Act and any amendment thereto or re-enactment thereof.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to vary, alter, increase, enhance or widen the scope of remuneration and perquisites, to the extent specified in schedule XIII and other applicable provisions, if any, of the Act as amended from time to time.

FURTHER RESOLVED THAT where in any financial year during the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Board of Directors be and is hereby authorized to pay to the Managing Director remuneration as the minimum remuneration as decided between the Managing Director and Board of the Company or such other limits prescribed in schedule XIII of the Companies Act, 1956 and as per any other applicable laws.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, any Director of the Company be and is hereby authorized to do all acts, deeds, matters and things as they may, in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.

By the Order of the board

Date: 1st September, 2012.
Place: Ahmedabad.

Sd/-
Director



NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Members are requested to:-
 - Note that copies of Annual Report will not be distributed at the Annual General Meeting.
 - Bring their copies of Annual Report, Notice and Attendance Slip duly completed and signed at the Meeting.
 - Deliver duly completed and signed Attendance Slip at the entrance of the Meeting venue as entry to the Hall will be strictly on the basis of the entry slip available at the counters at the venue to be exchanged with the attendance slip.
 - Quote their Folio / Client ID & DP ID Nos. in all correspondence.
3. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. Members are requested to notify immediately any change of address:
 - To their Depository Participants (DP) in respect of shares held in dematerialized form, and
 - To the Company at its Registered Office or to its RTA, Adroit Corporate Services India Pvt. Ltd. in respect of their physical shares, if any, quoting their folio number.
5. Members desirous of getting any information on any items of business of this Meeting are requested to address their queries to the Company at the registered office of the company at least ten days prior to the date of the Meeting, so that the information required can be made readily available at the Meeting.
6. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the registered office of the Company on all working days, except Saturdays between 11:00 a.m. to 1:00 p.m. upto the date of the Annual General Meeting.
7. Register of Members and Share Transfer Books of the Company shall remain closed from **25th September, 2012 to 27th September, 2012** (both days inclusive).

By the Order of the board

Date: 1st September, 2012.

Place: Ahmedabad.

Sd/-

Director

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956
in respect of items of the Notice.**

ITEM NO. 5:

The Board of Directors of your Company strongly recommends the appointment of Mr. Yogendra kumar Gupta as the Managing Director of your Company w.e.f 28th September, 2011. The resolution supporting this intention was passed by the Board at their meeting held on 1st September, 2012.

The draft Agreement between the Company and Mr. Yogendra kumar Gupta as Managing Director of the Company contains the following principal terms and conditions:

1. **Period:** For Five Years from 28th September, 2012.
2. **Remuneration:** As per the mutual Agreement between the Managing Director and Board of Director of the company, within is within the limits prescribed by the Scheduled XIII read with the section 309 of the Companies Act, 1956.
3. The terms and conditions of the said appointment may be altered and varied from time to time by the Board of Directors as it may in its discretion, deem fit, within the maximum amounts payable to Managing Directors in accordance with Schedule XIII to the Act, or any amendments made hereafter in this regard.
4. If, at any time, the Managing Director ceases to be a Director of the Company for any case, his appointment as the Managing Director in terms of the said Agreement shall terminate forthwith.
5. The Managing Director shall, subject to the supervision and control of the Board of Directors, be entrusted with such powers and perform such duties as may, from time to time, be delegated/entrusted to him.
6. The appointment of Managing Director can be terminated either by the Company or by himself, by giving to the other, three month notice in writing.

None of the Directors except Mr. Yogendra Kumar Gupta, himself is interested and concerned in this resolution.

By the Order of the board

Date: 1st September, 2012.

Place: Ahmedabad.

**Sd/-
Director**



DIRECTORS' REPORT

To,

The Members,
Mahan Industries Limited

Your Company's Directors are pleased to present the 18th Annual Report of the Company along with the Audited Accounts for the year ended March 31st, 2012.

FINANCIAL PERFORMANCE

The summary of the financial result of the Company for the year under review are as under:

(Rs. in Lacs)

Particulars	Year Ended March 31 st , 2012	Year Ended March 31 st , 2011
Profit/Loss before depreciation and Tax	(10,3528646)	1071360
Less : Depreciation	32784	112214
Profit/Loss before Taxation	(103495862)	959146
Less: Provision for Taxation	0	190000
Net Profit After Tax	(103495862)	766544
Less: Provision for earlier year	0	2602
Add: Balance from previous year	(70437196)	(71203740)
Amount available for appropriation towards Dividend	(173932233)	(70437196)
Proposed Dividend (inclusive of dividend tax)	0	0
Balance carried to Balance Sheet	(173932233)	(70437196)

PERFORMANCE REVIEW

During the financial year 2011-12, the volatility in the macroeconomic environment continued to cast its shadow and affected most of the markets where your Company operates in.

During the year under review, the Company due to International recessionary condition, heavy Competition in the market and presence of large Market players dominating the Market has suffered adversely, resulting in a Gross Loss of Rs. 103495862/- in the year 2011-2012 as against the Gross Profit of Rs. 959146/- in the year 2010 -2011.

DIVIDEND

Your Directors regret their inability to recommend Dividend for the year under review in the absence of adequate Profit.

FUTURE OUTLOOK:

The negative effects of recessionary conditions are being attenuated by various countries through huge Investments and business of speculation and India is no exception in this regard. Hence, your Directors are confident that the present environment of Investments and business of speculation in shares, stock, debenture, debenture stock, bonds, obligation and securities issued and commodities permitted by the State and Central Governments would provide an assured growth of operations of your Company.

The Directors of your Company are Optimistic towards the future plans of the Company and are confident of achieving higher margins in the years to come.

CHANGE IN CAPITAL STRUCTURE***Consolidation of Equity Shares:***

In March, 2012, the Company has consolidated its Equity Share from the Face value of Re. 1/- each into Face Value of Rs. 10/- each.

Consequent to the Consolidation the Authorized Share Capital of the Company is changed from Rs. 37,30,00,000/- (Thirty Seven Crore Thirty Lakhs) divided into 37,30,00,000 Equity shares of Re.1/- (Rupee one only) each to Rs. 37,30,00,000/- (Thirty Seven Crore Thirty Lakhs) divided into 3,73,00,000 Equity shares of Rs 10/- (Rupees Ten) each.

Further the Issued, Subscribed and Paid-up Equity Share Capital of the Company is changed from Rs. 36,00,00,000/- (Thirty Six Crore) divided into 36,00,00,000 Equity Shares of Re.1/- (Rupee one only) each to Rs. 36,00,00,000/- (Thirty Six Crores) divided into 36,00,00,000 Equity Shares of Rs 10/- (Rupees Ten) each.

CODE OF CONDUCT

Pursuant to the provisions of Clause 49(1)(D) of the Listing Agreement, your Company has laid down a Code of Conduct for its Board Members and Senior Management Personnel. All the Directors and the Senior Management Personnel have affirmed compliance with the said Code of Conduct. A declaration regarding compliance by Board Members and Senior Management Personnel with the Code of Conduct for the year ended March 31st, 2012 is annexed to this Report.

PUBLIC DEPOSITS

The Company has not invited or accepted any public Deposits in accordance with the provisions of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975 during the year under review.



DEPOSITORY SYSTEM

Members not having Shares in Dematerialized form are advised to avail the facility of Dematerialization through any of the nearest Depository Participants (DPs) to avoid the possibility of loss, mutilation ect, of share certificates and also to ensure safe and speedy transactions in the securities.

SUBSIDIARY COMPANIES

The Company does not have any Subsidiary Company within the meaning of Section 4 of the Companies Act, 1956.

DIRECTORS

The Board of Directors' key purpose is to ensure the company's prosperity by collectively directing the company's affairs, whilst meeting the appropriate interests of its Shareholders and stakeholders.

The Board consists of a combination of Executive, Non Executive and Independent Directors with an extensive and diverse experience in different fields of operations.

In accordance with the provisions of Section 255 and Section 256 of the Companies Act, 1956 and provision of the Article 43 of the Articles of Association of the Company, **Mr. Kalpesh Trivedi** and **Mr. Lalit Sharma**, Directors retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, have offered themselves for their re-appointment.

Your Directors recommended their re-appointment at the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- a) in the preparation of the Annual Accounts for the year ended March 31st, 2012, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and that no material departures are made from the same;
- b) the Directors have selected **such** accounting policies and applied consistently and judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at March 31st, 2012 and of the profit of the Company for the period ended on that date;
- c) 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;
- d) the Directors have prepared the annual accounts of the Company on 'a going concern' basis.

AUDITORS AND AUDITORS' REPORT

M/s. DJNV & Company, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for the re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, would be in accordance with Section 224(1B) of the Companies Act, 1956.

The Notes on Accounts referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

AUDIT COMMITTEE

The Company has duly constituted its Audit Committee pursuant to the provisions of Section 292A of the Companies Act, 1956 & Clause 49 of the Listing Agreement.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the Company has no employee with a remuneration during the year under review, which taken in aggregate was equal to or more than the sum prescribed under the said provisions.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

The Management's Discussion and Analysis on Company's performance industry trends and other material changes with respect to the Company pursuant to Clause 49 of the Listing Agreement is presented in a separate section forming part of the Annual Report.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by Exchange. The Company has also implemented several best Corporate Governance practices as prevalent globally.

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Report.

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is attached to this Report.



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

The requirement of disclosure of particulars with respect to conservation of energy as prescribed in Section 217 (1) (e) of the Act read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable to the Company and hence are not provided.

Although the operations of the Company excludes it from the purview of Mandatory steps for energy conservation and involve low energy consumption, the management has been highly conscious of criticality of conservation of energy at all the operational levels and efforts are made in this direction on a continuous basis. Adequate measures have been taken to reduce energy consumption whenever possible by using energy efficient equipments which resulted in reduction in the cost of energy.

The Company continues to use the latest technologies for improving the productivity and quality of its services and products.

ACKNOWLEDGEMENTS AND APPRECIATION

Your Directors take this opportunity to thank all investors, customers, vendors, bankers, financial institutions, Service Providers, regulatory and government authorities and Stock Exchanges for their consistent support and encouragement to the Company. The Directors also place on record their sincere appreciation to all employees of the Company for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the Industry.

By the Order of the board

Date: 1st September, 2012

Place: Ahmedabad

**Sd/-
Director**

MAHAN INDUSTRIES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

STRUCTURE OF THE COMPANY

Mahan Industries Limited is a Core Investment Company holding more than 42% of its assets in Investments in Shares of or debts in various Companies and more than 96% of its Income is from Sale of Shares.

Mahan Industries Limited was established with the aim of contributing to the sustainable development. With Vertically integrated operation and perpetual support of skilled personnel and years of expertise in the field, Mahan offers a variety of products in large quantities in conformity with clients' specifications.

The company invests in middle market companies. It provides direct equity capital and senior secured loans, and subordinated debt and loans. The company may also invest in public companies that are thinly traded and may acquire investments in the secondary market.

STATE OF THE GLOBAL ECONOMY

The developments over the last year in major economies of the world have not been encouraging. There is an apprehension that the process of global economic recovery that began after the financial crisis of the 2008 is beginning to stall and the sovereign debt crisis in the euro zone area may persist for a while. There is an effort to build firewalls around these danger zones, but the world has little experience with this; so your Company needs to be prepared for breaches in the walls.

Overview of Global Developments In 2012

Following two years of anaemic and uneven recovery from the global financial crisis, the world economy is teetering on the brink of another major downturn. Output growth has already slowed considerably during 2011, especially in the developed countries. The baseline forecast foresees continued anaemic growth during 2012 and 2013. Such growth is far from sufficient to deal with the continued jobs crises in most developed economies and will drag down income growth in developing countries.

ECONOMY OF INDIA

The economy of India is the eleventh largest in the world by nominal GDP and the third largest by purchasing power parity (PPP). The country is one of the G-20 major economies and a member of BRICS.



In 2011, the country's per capita income stood at \$3,693 (International Monetary Fund), 129th in the world, thus making a lower-middle income economy. Economic growth rate stood at around 6.5% for the 2011-12 fiscal years.

Overview of Developments in India during 2011-12

India has been the favoured investment destination in Asia, according to a report by ecklai Financial. India has received inflows worth US\$ 11 billion in equities and US\$ 4.7 billion in debt investments on a year-to-date basis. "The Indian financial markets have witnessed favouritism among the investing diaspora compared to its Asian counterparts such as South Korea, Taiwan, Thailand and Indonesia".

India has emerged as the fifth most favourable destination for international retailers, outpacing UAE, Russia, Indonesia and Saudi Arabia, according to A T Kearney's Global Retail Development Index (GRDI) 2012. "India remains a high potential market with accelerated retail growth of 15-20 per cent expected over the next five years," highlighted a report by A T Kearney.

India is expected to be more than US\$ 5 trillion (current market price) economy by FY20," as per a report released by Dun & Bradstreet. Investment activity is expected to accelerate, which will help the Indian economy to grow faster, highlights the report. Maharashtra, Gujarat, Andhra Pradesh and Tamil Nadu will be among the most progressed states in the country by FY20.

India will serve as Asia's fastest growing exporter and importer with annualised growth averaging 5 per cent and 7 per cent over the next five years, according to HSBC Global Connections report.

The Economy Survey 2011-12

The Economy Survey 2011-12 projected a 7.6% growth for the next fiscal beginning April 1. Inflation, on the other hand, is projected at 6.5-7% by the end of March. The growth in the country's gross domestic product (GDP) during the current fiscal has been pegged at 6.9%. The Survey estimates the growth rate of investment in the economy to decline significantly and rise in borrowing costs due to a sharp increase in interest rates. The Survey expects agriculture and services sectors to perform well and pegs the industrial growth at 4-5% and improves further as economic recovery resumes

Foreign Direct Investment

As the third-largest economy in the world in PPP terms, India is a preferred destination for FDI; During the year 2011, FDI inflow into India stood at \$ 36.5 billion, 51.1% higher than 2010 figure of \$ 24.15

billion. India has strengths in telecommunication, information technology and other significant areas such as auto components, chemicals, apparels, pharmaceuticals, and jewellery.

INDUSTRY STRUCTURE AND DEVELOPMENTS:

Industrial growth in the country has, in terms of long run trend, remained aligned with the growth rate of gross domestic product (GDP).

Textile Scenario

Textile manufacturing is the second largest source of employment after agriculture and accounts for 20% of manufacturing output, providing employment to over 20 million people.

Textile-sector production

The textile sector has so far remained subdued during the current financial year. The total cloth production has declined by 4.74 per cent during April-December 2011. The decline in production has been due to two major segments, namely power loom (-2.54 per cent) and hosiery (-14.89 per cent). Cloth production by the mill and handloom sectors increased by 1 per cent and 2 per cent respectively during the period. During April-December 2011, man-made fibre production and filament yarn production recorded a decrease of about 2 per cent and 7 per cent respectively. Production of cotton yarn decreased by 13 per cent during this period. However, blended and 100 per cent non cotton yarn production increased by 5 per cent.

Exports

Textiles and clothing worth US \$26.82 billion were exported during 2010-11 as against US\$ 22.41 billion during 2009-10, registering an increase of about 19.66 per cent. During April-November 2011, exports of textiles & clothing were of the order of US\$ 19.78 billion as against US\$15.86 billion during the same period of 2010, registering a considerable growth of 24.73 per cent. In respect of global exports of clothing, India ranked sixth largest exporter as per the World trade Organization (WTO) (2010 release), trailing Turkey, Bangladesh, Hong Kong, EU-27, and China. In respect of global exports of textiles, India ranked third, trailing EU-27 and China.

In view of the recessionary trend in the textiles sector, the government has been supporting the textiles sector exports through various policy initiatives to enable the sector to increase market share in the global textiles markets. Government has introduced several export promotion measures.



OPPORTUNITIES AVAILABLE

The globalization of India has given rise to new opportunities but it has also brought with it new challenges and responsibilities. It means that the global economy can no longer be viewed from a spectator's standpoint. During the fiscal year ended March 31, 2012, the credit markets offered periods of significant volatility and opportunity. Market liquidity

increased and credit spreads tightened as Investors continued their search for yield amid a low interest rate environment.

The Board of Directors foresees good response in coming future.

RISKS AND CONCERNS:

The Company's income is mainly from the Dividends and Interests that may be receivable on Investments held by it. Any adverse impact on the industries of which securities are held by the Company, also have a bearing on the performance of the Company itself. Any slowdown in the growth of Indian economy or future volatility in global financial market, could also adversely affect the business.

INTERNAL CONTROL SYSTEMS:

The Company has a proper and adequate Internal Control System to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, and those transactions are authorized, recorded and reported correctly.

The Company, in consultation with its Statutory Auditors, periodically reviews and ensures the adequacy of Internal Control Procedures for the orderly conduct of business and also includes a review to ensure overall adherence to management policies and applicable laws & regulations. The Company's internal audit team carries out extensive audits throughout the year, across all functional areas, and submits its reports to the Audit Committee of the Board of Directors.

On the Finance and Administrative side, the internal checks and balances are augmented by a formal system of internal and management audit. The Audit Committee of the Board reviews and will continue to review the adequacy and effectiveness of the internal control systems and suggest improvements for strengthening them.

HUMAN RESOURCES DEVELOPMENTS

During the year under review, the Company continued its emphasis on Human Resource Development as one of the critical area of its operation. Executives and officers of the Company having high potential in

the field of Finance, Accounts, Marketing and Computer were regularly meet at the head office with a view to update their knowledge and to keep them abreast of the present scenario for meeting the challenges ahead.

The year witnessed recruitment of prominent, proficient and distinguished personnel at key positions in the organization. This search for the highest degree of intellectual capital to enrich our professional and technical milieu is perennial one at the company. The Company organizes periodical trainings to encourage and develop vital human resource. All the efforts are aimed to ensure develop and nurture the entrepreneurial attitude and skill among the employ.

Human capital continued to be recognized as the most valued asset. Your company is adequately managed with experienced professionals to take care of all operations and allied activities.

FINANCIAL PERFORMANCE:

Accounting Policies

The financial statements have been prepared in compliance with the requirement of the Companies Act 1956 and Generally Accepted Accounting Principles (GAAP) in India.

The Company has selected the accounting policies described in the notes to accounts, which have been consistently applied, except where otherwise stated 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 as at March 31, 2012 and of the profit or loss of the Company for that year

Balance Sheet

Share Capital

The Company has single class of Share viz. Equity Shares of par value of Rs.10/- each. During the year under review there was consolidation of Equity Shares of the Company from ten (10) issued Equity Share of face value of Re. 1/- each to One (1) equity shares of the face value of Rs. 10/- each.

Fixed Assets:

The Gross block of the Fixed assets is Rs. 25,67,366/-. No Assets of the Company was sold during the year under review.

Sales & other Incomes

During the year under review, the Company has posted Loss of Rs. 1034.96 Lacs Which is mainly due to decrease in Market Value and investments in shares.



Profit and Appropriation

The company has posted Loss of Rs.1034.96 Lacs during the financial year ended on 31.03.2012.

FORWARD LOOKING STATEMENTS

The Forward looking statements that address expectations or projections about the future, including the Company's strategy for growth, development, market position, expenditures and financial results, based on certain assumptions and expectations of future events. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements.

CAUTIONARY STATEMENT:

The statements, objectives and estimates provided in the said Management Discussion and Analysis are "forward looking statements" within the meaning of applicable securities laws and regulations which have been prepared in compliance with the requirements of the Companies Act, 1956, the Accounting Standards issued by the Institute of Chartered Accountants of India, the Listing Agreements and all other applicable rules and regulations. The actual performance may vary depending on the market fluctuations, changes in Government policies, rules and regulations change in economic conditions nationally as well as internationally.

REPORT ON CORPORATE GOVERNANCE
(Pursuant to Clause 49 of the Listing Agreement)

Corporate Governance

“Good Corporate Governance encourages a trustworthy, moral, as well as an ethical environment.”

The Corporate Governance is the framework of rules and practices by which Directors of the Company ensures accountability, fairness and transparency in a company's relationships with its stakeholders, which ensures strong and balanced economic development. This also ensures that the interests of all stakeholders are safeguarded and the organization fully recognizes its accountability towards all Shareholders. Framework of Corporate Governance consists of explicit and implicit contracts between the Company and its stakeholders for distribution of responsibilities, rights and rewards.

Corporate Governance refers to the way a corporation is governed. It is the technique by which Companies are directed and managed. It is an interaction between various participants to balance individual, economic and social goals.

Corporate Governance defines ways to take effective strategic decisions, improve efficiency and growth as well as enhance investor confidence.

Company's philosophy on Corporate Governance:

Company's corporate structure, business and disclosure practices have been aligned to its Corporate Governance Philosophy. The Company believes in system driven performance and performance oriented systems to formulate strategies and policies having focus on optimizing value for various stakeholders and to protect their interest.

The Company believes that good governance is a systematic process which enables the Company to operate in a manner that meets with the ethical, legal and business expectations and fulfils its social responsibilities. It also focuses on the need to provide a competitive return for its Investors. The Company has formulated best management practices to bring about an atmosphere of accountability.

The Company is in adherence to the provisions on Corporate Governance pursuant to Clause 49 of the Listing Agreement and aims at achieving not only the highest possible standards of legal and regulatory compliances, but also of an effective management.

A. Board Of Directors

• **The Board:**

Board's efficiency depends on the overall performance of its functions, Board Composition and structure and the procedures followed by it. The primary responsibility of the Board of Directors is to protect the Shareholders' Assets and ensure that they receive a decent return on their Investments.



▽ **Composition and Category of Directors:**

The Composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges. The Company has maintained optimum combination of Executive and Non-Executive Directors to ensure independent functioning.

As on March 31st, 2012, the Company has Six Directors on the Board with an Executive Chairman. Of the Six Directors, three (i.e. 50%) are Non-Executive Independent Directors and three (i.e. 50%) are Executive Directors.

None of the Directors on the Board, are Members of more than ten Committees or Chairman of more than five Committees across all the public companies in which they are Directors.

▽ **The composition of the Board and category of Directors is as follows:**

Name of Directors	Category Meetings attended	No. of Board at last AGM	Attendance
Mr. Lalit Sharma	Non Executive & Independent Director	9	Yes
Mr. Yogendrakumar Prabhudayal Gupta	Chairman/ Executive/ Managing director	9	Yes
Mr. Dattatrey Chandrakant Manik	Executive Director	9	Yes
Mr. Kalpesh Lalitbhai Trivedi	Non Executive & Independent Director	9	Yes
Mr. Chanakya Shukla	Non Executive & Independent Director	9	Yes
Mr. Bharatbhai Tapubhai Sanchala	Executive Director	9	Yes

Board Meetings details

Nine Board meetings were conducted during the Financial Year ended 31st March, 2012 and the gap between two Board Meetings did not exceed four Months. The dates on which the said Meeting were held are as follows:

13th May, 2011; 30th May, 2011; 15th August, 2011; 1st September, 2011; 14th November, 2011; 24th December, 2011; 5th January, 2012; 27th January, 2012 and 13th February, 2012.

None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.

Other Directorship/Committee Positions as on 31st March, 2012

Name of Directors	In Public Limited Companies	Committee as Chairman	Committee as Member
Mr. Lalit Sharma	0	0	0
Mr. Yogendrakumar Prabhudayal Gupta	0	0	0
Mr. Dattatrey Chandrakant Manik	0	0	0
Mr. Kalpesh Lalitbhai Trivedi	1	0	0
Mr. Chanakya Shukla	0	0	0
Mr. Bharatbhai Tapubhai Sanchala	1	0	0

Notes: Private limited companies, foreign companies and companies under section 25 of the Companies Act, 1956 are excluded for the above purposes. Only Audit committee and Shareholders' grievance committee are considered for the purpose of committee positions as per listing agreement.

COMMITTEES OF THE BOARD:

Functioning of Boards through committees result in enhanced quality of decisions taken with focused approach. Such committees assist the Board in discharging its responsibilities in a better manner. In compliance with the mandatory requirements under the Listing Agreement, and the applicable laws, the Board has constituted the following committees.

The Board has constituted III Committees namely;

- ▽ **Audit Committee**
- ▽ **Shareholders/Investors Committee**
- ▽ **Remuneration Committee**

I. The Audit Committee :

The Audit Committee of the Board is today seen as a key fulcrum of any company. Clause 49 of listing agreement deals with corporate governance and prescribes the setting up of a qualified and independent Audit Committee which can be of great help to the Board in implementing, monitoring and continuing good corporate governance practices to the benefit of the company and its stakeholders.

Scope of Audit Committee:

The Audit Committee as a tool for review and oversight of Board's auditing and accounting functions has scope in following five functional areas of management.

- Financial Management
- Internal Auditing
- External Auditing
- Legal Processes
- Communication



The terms of reference of the Audit Committee include:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other service.
- Reviewing with management the annual financial statements before submission to the board, focusing primarily on:
 - ▽ Any changes in accounting policies and practices.
 - ▽ Major accounting entries based on exercise of judgment by management.
 - ▽ Qualifications in draft audit report.
 - ▽ Significant adjustments arising out of audit.
 - ▽ The going concern assumption.
 - ▽ Compliance with accounting standards.
 - ▽ Compliance with stock exchange and legal requirements concerning financial statements.
- ▽ Any related party transactions.
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Reviewing the company's financial and risk management policies.

Composition and Category of Directors:

The Audit Committee consist of 2 Non Executive and Independent Directors. The Chairman of the committee, Mr. Kalpesh Trivedi, is a Non Executive Independent Director.

The Composition of Audit Committee and attendance are as under:

Name of Directors	Designation	Category	No.of Meetings attended
Mr. Kalpesh Trivedi	Chairman	Non Executive Independent Director	6
Mr. Lalit Sharma	Member	Non Executive Independent Director	6
Mr. Yogendrakumar Gupta	Member	Executive Director	6

Audit Committee Meeting details:

The Committee met 6 times during the year ended 31st March, 2012 i.e. on 9th May, 2011; 23rd May, 2011; 8th August, 2011; 26th August, 2011; 7th November, 2011; 6th February, 2012 and the time gap between the two meetings did not exceed four months. The necessary quorum was present for all the meeting.

II. The Shareholders/Investors Committee:

The Shareholders/ Investors Grievance Committee deals with the following matters:

Noting Transfer/ Transmission of Shares

Review of dematerialised/rematerialised shares and all other related matters.

Monitors expeditious redressal of Investor Grievance Matters received from Stock Exchange, SEBI, ROC etc.

All other matters related to shares.

Composition and Category of Directors:

Name of Committee Member	Designation in Committee	Category
Mr. Lalit Sharma	Chairman	Non Executive Independent Director
Mr. Kalpesh Trivedi	Member	Executive Director
Mr. Manik Dattatrey	Member	Executive Director



Shareholders/Investors Committee Meetings Held:

In the financial year 2011-2012, the Committee met 4 times. The attendance of each Member at the said Meetings is stated below:

Name of Committee Member	No. of meetings attended
Mr. Lalit Sharma	4
Mr. Kalpesh Trivedi	4
Mr. Manik Dattatrey	4

The Share Transfer and Investors' Grievance Committee generally meets in every Quarter depending on the frequency of grievances / transfer / duplicate requests received from the Shareholders and to discuss a plan of action for the recourse to be taken by the Committee to resolve such issues on time.

III. The Remuneration Committee:

The remuneration committee is established to ensure that remuneration arrangements support the strategic aims of the business and enable the recruitment, motivation and retention of senior executives such as Managing Director and the Executive Director while complying with the requirements of regulatory and governance bodies, satisfying the expectations of shareholders.

The Remuneration Committee is entrusted with the power to determine Company's policy on specific remuneration packages, including pension rights and other compensation for executive Directors and other employees of our Company.

Composition and Category of Directors:

Name of Committee Member	Designation in Committee	Category
Mr. Kalpesh Trivedi	Chairman	Non Executive Independent Director
Mr. Lalit Sharma	Member	Non Executive Independent Director
Mr. Yogendrakumar Gupta	Member	Executive Director

Remuneration Committee Meeting Held:

The Remuneration Committee comprises of 2 Non-Executive Independent Directors and 1 Executive Director. During the year under review, one Remuneration Committee meeting was held on 15th March, 2012.

The attendance of each Member at the said Meeting is stated below:

Name of Committee Member	No. of meetings attended
Mr. Kalpesh Trivedi	1
Mr. Lalit Sharma	1
Mr. Yogendrakumar Gupta	1

Remuneration Policy:

Remuneration Committee generally decides and makes recommendation to the Board of Directors about the remuneration to be paid to the Directors and other key managerial personnel of the company.

The Remuneration policy is designed keeping in mind the statutory requirements as prescribed in Companies Act, 1956 and the Committee is responsible to ensure that the remuneration paid is within the prescribed limits. Further, the remuneration paid is aligned to the performance of the Company and reviewed from time to time.

GENERAL BODY MEETINGS:

1. GENERAL MEETING

a) Annual General Meeting

Financial Year	Date	Type	Time	Location
2008-2009	30 th September, 2009	AGM	10.30a.m.	3rd Floor, D.K. House, Near. Mithakhali Underbridge, Ellisbridge, Navrangpura Ahmedabad-380006.
2009-2010	30 th September, 2010	AGM	10.00 a.m.	
2010-2011	30 th September, 2011	AGM	9.00 a.m.	



b) Extraordinary General Meeting

Financial Year	Date & Time	Resolutions Passed	Location
2011-12	24 th February, 2012 11.00 a.m.	1.Consolidation of Equity Shares of Re. 1/- to Rs. 10/- 2.Alteration of Memorandum of Association 3.Alteration of Articles of Association	3rd Floor, D.K. House, Near. Mithakhali Underbridge, Ellisbridge, Navrangpura, Ahmedabad-380006.
2010-11	-	-	-
2009-10	5 th December, 2009 10.30 a.m.	1. Increase in Authorised Share capital of the Company fromRs. 7,30,00,000/- to Rs. 37, 30,00,000/- 2. Issue of 3,00,00,000 Convertible Equity Warrants of Rs.10/- under section 81(1A) of the Companies Act, 1956. 3. Sub-division of Equity capital of the company from the Face Value of Rs. 10/- Each into Face Value of Re. 1/- Each. 4. Reduction of Paid up capital of the company by Rs. 1,15,00,000/- under section 100 to 104 of the Companies Act, 1956. 5. Alteration of Memorandum of Association. 6. Alteration of Article of Association	3rd Floor, D.K. House, Near. Mithakhali Underbridge, Ellisbridge, Navrangpura, Ahmedabad-380006.

2. Details of the Special Resolutions passed during the last three AGMs:

There were no Special Resolutions passed during the last three Annual General Meetings of the Company.

3. Postal Ballot:

During the year under review, no Postal Ballot was conducted as none of the Businesses proposed to be transacted required passing a special resolution through postal ballot.

DISCLOSURES:☐ **Related Party Transaction**

During the year under review, there were no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large.

☐ **Disclosures By The Management**

Disclosures of all the material, financial and commercial transactions stating personal interest that could result in a conflict of interest have been made to the Board by The Management of the Company.

☐ **Compliances by the Company**

The Company has complied with all the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets hence there are no instances of non-compliances in any matter related to the capital market during the last three years.

☐ **Accounting treatment:**

The Company has followed the Accounting Standards as prescribed under Companies (Accounting Standards) Rules, 2006 during preparation of financial statements.

☐ **Code of conduct:**

The Company has adopted the code of conduct and ethics for all the Board Members and senior management of the Company. The said code has been circulated to all the members of the Board and senior management and they have affirmed their compliance with the code and a declaration to the extent signed by the Chairman of the Company appointed within the meaning of Clause 49 of the listing agreement has been annexed to the Annual Report of the company.

MEANS OF COMMUNICATION:☐ **Financial Results**

Quarterly & Annual Results are published in prominent daily newspapers.

☐ **Annual Report**

Annual Report is circulated to all the Members and Auditors of the Company.

☐ **Intimation to the Stock Exchanges:**

The Company intimates the Stock Exchanges all price sensitive information or such other matters which in its opinion are material and of relevance to the Shareholders.



THE STATUS OF COMPLIANCE IN RESPECT OF NON- MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT:

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement and every effort has been made to comply with the non- mandatory requirements of the Clause, the details of which are mentioned hereunder:

□ Remuneration Committee:

The Company has set up Remuneration Committee to review overall Compensation Policy , Service agreements and other employment conditions of Executive Director(s) and senior management. The Committee also discharges the duties and responsibilities as described under non-mandatory requirements of clause 49.

□ Whistle Blower Mechanism

Clause 49 of the Listing Agreement between listed companies and the Stock Exchanges has been amended which is effective from December 31, 2005, inter alia, provides for a non-mandatory requirement for all listed companies to establish a mechanism called 'Whistle Blower Policy' for employees to report to the management instances of unethical behaviour, actual or suspected, fraud or violation of the company's code of conduct or ethics policy.

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. Accordingly, the Company has adopted a Whistle-Blower Policy which provides a formal mechanism for all employees of the Company to approach the Management of the Company and make protective disclosures to the Management about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The disclosures reported are addressed in the manner and within the time frames prescribed in the Policy. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

□ Training to Board Members

The Board is equipped to perform its role of business assessment through inputs from time to time. Directors are fully briefed on all business related matters, risk assessment & minimization procedures, and new initiatives proposed by the Company. Directors are also updated on changes/ developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislation and economic environment.

Date	28th September, 2012.
Time	9:00 a.m.
VENUE	3rd Floor, D.K. House, Near. Mithakhali Underbridge, Ellisbridge, Navrangpura, Ahmedabad-380006.
Financial Year	1st April, 2011 to 31st March, 2012 (12 Months)
Book Closure Dates	25th September, 2012 to 27th September, 2012. (both days inclusive)
Listing on Stock Exchange	BSE Limited
Stock Code & Demat ISIN No.	Scrip code: 531515 ISIN: INE735D01033
Registrar and Transfer Agents	Adroit Corporate Services Pvt. Ltd. 19/20, Jaferbhay Industrial Estate 1st Floor, Makwana Road, Marol Naka, Andheri(E) Mumbai-400059
Address for Correspondence	Mahan Industries Ltd. 3rd Floor, D.K. House, Near. Mithakhali Underbridge, Ellisbridge, Navrangpura, Ahmedabad-380006.

During the Financial year under review, the Board Meetings for approval of quarterly Un-audited financial results were held on the following dates.

Financial Reporting for the year 2011-12	Date of Baord Meeting
Financial Reporting for the quarter ending 30/06/2011	15 th August, 2011
Financial Reporting for the quarter ending 30/09/2011	14 th November, 2011
Financial Reporting for the quarter ending 31/12/2011	13 th Feburary, 2012
Financial Reporting for the quarter ending 31/03/2012	15 th May, 2012



The Tentative dates of the Board Meeting for consedration of the Financial results for the year ending 31st March, 2013

Financial Reporting for the year 2012-2013	Month of reporting
<i>Financial Reporting for the quarter ending 30/06/2012</i>	<i>Second week of Aug, 2012</i>
<i>Financial Reporting for the quarter ending 30/09/2012</i>	<i>Second week of Nov, 2012</i>
<i>Financial Reporting for the quarter ending 31/12/2012</i>	<i>Second week of Feb, 2013</i>
<i>Financial Reporting for the quarter ending 31/03/2013</i>	<i>Second week of May, 2013</i>

Ñ Market Information

Monthly high and low price Data for the period commencing from 1st April, 2011 to 31st March, 2012:

Month	Bombay Stock Exchange Limited	
	High(Rs.)	Low(Rs.)
April 2011	9.29	7.30
May 2011	7.68	5.19
June, 2011	6.36	4.34
July, 2011	7.09	5.17
August, 2011	6.25	3.96
September, 2011	3.77	1.42
October, 2011	1.35	0.59
November, 2011	0.57	0.29
December, 2011	0.28	0.20
January, 2012	0.20	0.16
February, 2012	0.16	0.16
March, 2012	0.16	0.14

Ñ Distribution of the Shareholding as on 31st March, 2012

Shareholding of Nominal value of Rs.	No. of Shareholders	% of Shareholders	No. of Shares	Amount (Rs.)	% of Holding
UPTO - 100	1548	34.26	102504	1025040	0.28
101 - 500	1210	26.78	367334	3673340	1.02
501 - 1000	551	12.2	470667	4706670	1.31
1001 - 2000	378	8.37	601916	6019160	1.67
2001 - 3000	228	5.05	591620	5916200	1.64
3001 - 4000	96	2.12	351443	3514430	0.98
4001 - 5000	138	3.05	661694	6616940	1.84
5001 - 10000	166	3.67	1293539	12935390	3.59
10001 - 20000	93	2.06	1365859	13658590	3.79
20001 - 50000	52	1.15	1576258	15762580	4.38
50001 & Above	58	1.28	28617166	286171660	79.49
Total	4518	100.00	36000000	360000000	100.00

Dematerialization of Shares

Pursuant to SEBI notification, trading in the Equity Shares of the Company is permitted only in Dematerialized form w. e. f. 5th July, 2002.

Ñ Physical and Demat Shares as on 31st March, 2012

Particulars	Shares	%
No. of Shares held by NSDL	8360188	23.22
No. of Shares held by CDSL	14421223	40.06
Physical Shares	13218589	36.72
Total	36000000	100.00



Shareholding Pattern as on 31st March, 2012

Introductory sub-table (I)(a)			
Partly paid-up shares:-	No. of partly paid-up shares	As a % of total no. of partly paid-up shares	As a % of total no. of shares of the company
Held by promoter/ promoter group	NIL	NIL	NIL
Held by public	NIL	NIL	NIL
Total	NIL	NIL	NIL
Outstanding convertible securities:-	No. of outstanding securities	As a % of total no. of outstanding convertible securities	As a % of total no. of shares of the company, assuming full conversion of the convertible securities
Held by promoter/ promoter group	NIL	NIL	NIL
Held by public	NIL	NIL	NIL
Total	NIL	NIL	NIL
Warrants:-	No. of warrants	As a % of total no. of warrants	As a % of total no. of shares of the company, assuming full conversion of warrants
Held by promoter/ promoter group	NIL	NIL	NIL
Held by public	NIL	NIL	NIL
Total	NIL	NIL	NIL

Code	Category of Shareholder	Total number of shares	Number of shares held in dematerialized form	percentage of Share Capital
(A)	Shareholding of Promoter and Promoter Group2			
1	Indian			
(a)	Individuals/ HUF	533654	533354	1.49
(b)	Central Govt./ State Govt.(s)	0	0	0.00
(c)	Bodies Corporate	0	0	0.00
(d)	Financial Institutions/ Banks	0	0	0.00
(e)	Any Others(Specify)	0	0	0.00
(e-i)	Trusts	0	0	0.00
(e-ii)	Directors	0	0	0.00
	Sub Total(A)(1)	533654	533354	1.49
2	Foreign			
a	Individuals (NRI/Foreign Individuals)	0	0	0.00
b	Bodies Corporate	0	0	0.00
c	Institutions	0	0	0.00
d	Any Others(Specify)	0	0	0.00
	Sub Total(A)(2)	0	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	533654	533354	1.49
(B)	Public shareholding			
1	Institutions			
(a)	Mutual Funds/ UTI	0	0	0.00
(b)	Financial Institutions / Banks	0	0	0.00
(c)	Central Government/ State Government(s)	0	0	0.00



(d)	Venture Capital Funds	0	0	0.00
(e)	Insurance Companies	0	0	0.00
(f)	Foreign Institutional Investors	0	0	0.00
(g)	Foreign Venture Capital Investors	0	0	0.00
(h)	Any Other (specify)	0	0	0.00
	Sub-Total (B)(1)	0	0	0.00
B 2	Non-institutions			
(a)	Bodies Corporate	21763192	14053892	60.45
(b)	Individuals			
I	Ind-Hold nominal shr capital upto Rs.1L	4163092	3946403	11.56
II	Ind-Hold nominal shr capital in excess of Rs.1L	9517037	4224737	26.44
(c)	Any Other (specify)			
(c-i)	Clearing member	2000	2000	0.01
(c-ii)	NRIs	21025	21025	0.06
(c-iii)	Foreign Corp Bodies	0	0	0.00
(c-iv)	Foreign Nationals	0	0	0.00
(c-v)	Trust			0.00
(c-vi)	Directors	0	0	0.00
(c-vii)	Directors Relatives	0	0	0.00
	Sub-Total (B)(2)	35466346	22248057	98.51
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	35466346	22248057	98.51
	TOTAL (A)+(B)	36000000	22781411	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued			
1	Promoter and Promoter Group	0	0	0.00
2	Public -			
	GDRs/ADRs/ADSs	0	0	0.00
	Sub-Total (C)	0	0	0.00
	GRAND TOTAL (A)+(B)+(C)	36000000	22781411	100

By the Order of the board

Date: 1st September, 2012

Place: Ahmedabad

Sd/-
Director

CEO/ CFO CERTIFICATION

To
The Board of Directors,
Mahan Industries Limited.

I, Yogendra Kumar Gupta, Managing Director of **Mahan Industries Limited**, appointed in terms of Companies Act, 1956, hereby certify as follows:

I have reviewed Financial Statements and the Cash Flow Statement for the year ended on 31st March, 2012 and that to the best of my knowledge and belief, I State that;

- A.** (i) These Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- (ii) These Statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B.** There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C.** I accept responsibility for establishing and maintaining internal controls for financial reporting and that have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps have been taken or proposed to be taken to rectify these deficiencies.
- D.** I have indicated to the Auditors and the Audit committee,
- (i) Significant changes in internal control over financial reporting during the year; Significant changes, if any, in accounting policies during the year and the same have been disclosed in the notes to the Financial Statement; and
- (ii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.

Date: 1st September, 2012
Place: Ahmedabad

By Order of the Board of Directors
Sd/-
Yogendra Kumar Gupta
Managing Director



Auditor's Certificate on Corporate Governance

To

The Members

Mahan Industries Limited

We have examined the compliance of conditions of Corporate Governance by **Mahan Industries Limited** for the year ended on **31st March, 2012** as stipulated in **Clause 49** of the Listing Agreement of the said Company with the Stock Exchange.

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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We have examined that no investor grievances are pending for a period exceeding one month, as at **31st March, 2012**, 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 DJNV & Co.

Chartered Accountant

Firm Reg No. 115145W

Sd/-

Jayesh Parikh

Partner

Membership No.: 040650

Place: Ahmedabad

Date: 1st September, 2012

AUDITORS' REPORT

To the members of

MAHAN INDUSTRIES LIMITED

- 1 We have audited the attached Balance Sheet of **MAHAN INDUSTRIES LIMITED** for the year ended 31st March 2012, the Statement of Profit & Loss and 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 the 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 basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 and the Companies (Auditor's Report) (Amendment) Order , 2004 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matter specified in paragraphs 4 & 5 of the said order.
- 4 Further, we report that :

(a) 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;

(b) In our opinion, proper books of account as required by the law have been kept by the company so far as appears from our examination of the books;

(c) The Balance Sheet, the Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;



(d) In our opinion, the Balance Sheet, the Statement of Profit & Loss and Cash flow Statement dealt with by this report comply with the Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 except for AS 15 in respect of Accounting for Retirement Benefits and disclosure requirements thereof and AS 22 Deferred Taxation.

(e) On the basis of written representations received from the Directors of the company as at 31st March, 2012 and taken on record by the board of directors, we report that no director is disqualified from being appointed as director of the company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956

(f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Accounting Policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true & fair view;

(I) in case of the Balance Sheet, of the State of Affairs of the company as at 31st March, 2012,

(II) in case of the Statement of Profit & Loss, of the Loss for the year ended on that date and

(III) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For DJNV & CO
Chartered Accountants
Firm Regn. No.115145W

Jayesh Parikh
(Partner)
M.No.: 40650

Place : Ahmedabad
Date : 04th September, 2012.

ANNEXURE TO THE AUDITOR'S REPORT

- (1) (a) In our opinion and according to the information and explanation given to us, the company has maintained all the relevant records showing full particulars including quantitative details and situation of fixed assets.
- (b) In our opinion, the fixed assets have been physically verified by the management at reasonable intervals having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The fixed assets have not disposed any fixed assets during the year.
- (2) (a) As explained to us, inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the company and the nature of the business.
- (c) The company has maintained proper records of inventory. No material discrepancies were noticed on physical verification.
- (3) (a) According to the information and explanation given to us, the company has not granted any loans secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and hence clause (a) to (d) are not applicable.
- (e) The company has taken unsecured loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs. 579.73 lacs and the year end balance of such loan taken is Rs. 467.93 lacs .
- (f) According to the information given to us, the loan taken by the company is interest free and there are no specific terms and conditions and as such the loan are prima facie not prejudicial to the interest of the company.



(g) The loans taken are interest free without any stipulation as to repayment.

- (4) In our opinion and according to the information and explanation given to us, 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. During the course of our audit, no major weakness has been noticed in the internal controls.
- (5) (a) In our opinion and according to the information and explanation given to us, the transactions for the year that needed to be entered into the register maintained under section 301 of the Companies Act, 1956, have so been entered.

(b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of the contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable and having regard to prevailing market prices at the relevant time.
- (6) The company has not accepted any deposits from the public which falls within the provisions of section 58 A and 58 AA of the Companies Act, 1956, and the rule framed there under.
- (7) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (8) According to the best of knowledge and according to the information given to us, the Central Government has not prescribed maintenance of cost record under section 209 (1)(d) of the Companies Act, 1956.
- (9) (a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employee State Insurance, Income Tax, Sales Tax, Wealth Tax, Service-Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities

(b) According to information and explanation given to us, details of dues in respect of income tax, on account of dispute are as follows:

Name of the Statute	Financial Year For which the matter remains pending	Forum where dispute is pending	Amount (Rs.)
Income Tax Act	2000-01	ITAT set aside for CIT Appeals	22,25,639
	2004-05	CIT Appeals	34,988

- (10) In our opinion, the accumulated losses of the company are not more than fifty per cent of its net worth at the end of the financial year. Further, the company has incurred cash losses only during the financial year covered by our audit, but not in the immediately preceding financial year.
- (11) In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to a financial institution / bank.
- (12) According to the information & explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (13) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (14) In our opinion, proper records have been maintained of the transactions and contracts of trading in shares, securities, debentures and other investments and timely entries have been made therein. All stocks of trading shares have been held by the company except to the extent of exemption if any granted under section 49 of the Act.



- (15) According to the information & explanations given to us, the company has not given any guarantees for the loans taken by others from banks or financial institutions
- (16) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (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 the no funds raised on short term basis have been used for long term investment.
- (18) According to the information and explanation given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (19) According to the information and explanations given to us, Company has not issued any debenture during the year. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (20) The Company has not made any fresh allotment of equity shares during the year.
- (21) Based upon the audit procedures performed and on the basis of information and explanation provided by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For DJNV & CO.
Chartered Accountants
Firm Regn. No.115145W

Jayesh Parikh
(Partner)
M.No.40650

Place : Ahmedabad
Date : 04th September, 2012.

MAHAN INDUSTRIES LIMITED

Balance Sheet As At 31st March, 2012

Particulars	Note No.	As at 31 st March 2012 Amt (Rs)	As at 31 st March 2011 Amt (Rs)
<u>EQUITY AND LIABILITIES</u>			
<u>1. Shareholders' Funds :</u>			
a) Share Capital	3	360,000,000	360,000,000
b) Reserves & Surplus	4	(164,933,060)	(61,437,197)
		195,066,940	298,562,803
<u>2. Share Application money pending allotment</u>		-	-
<u>3. Non-Current Liabilities :</u>			
a) Long Term Borrowings	5	-	-
b) Deferred Tax Liabilities (Net)		-	-
		-	-
<u>4. Current Liabilities</u>			
a) Short-term borrowings	6	87,476,302	111,799,995
b) Trade Payables	25	22,722,834	53,303,847
c) Short term Provision		-	-
d) Other Current liabilities	7	2,472,081	3,883,003
		112,671,217	168,986,845
TOTAL		307,738,157	467,549,648
<u>ASSETS</u>			
<u>1. Non-Current Assets</u>			
a) Fixed Assets :			
(i) Tangible Assets	8	863,527	896,312
(ii) Intangible Assets		-	-
		863,527	896,312
b) Non-Current Investments	9	108,297,386	108,297,386
c) Long-Term Loans and Advance	10	79,150,575	66,526,719
<u>2. Current Assets</u>			
a) Current Investment	11	87,400,000	120,159,500
b) Short Term Loans and Advances	10	703,778	4,810,246
c) Trade Receivables	12	14,852,822	59,698,225
d) Inventories	13	15,674,070	106,347,042
e) Cash & Cash Equivalents	14	795,999	814,218
TOTAL		307,738,157	467,549,648
Summary of Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached herewith
For, DJNV & CO.
Chartered Accountants
Firm Reg. No. 115145W

Jayesh Parikh
(Partner)
M. No. 40650

Place : Ahmedabad
Date : 04th September, 2012.

For, MAHAN INDUSTRIES LTD.

Director Director



Statement of Profit & Loss for the year ended 31st March 2012

Particulars	Note No.	31 March st 2012 Amt (Rs)	31 st March 2011 Amt (Rs)
INCOME			
Revenue from Operation	15	83,585,452	563,400,859
Other Income	16	2,699,613	3,317,735
Total Revenue (i)		86,285,065	566,718,594
EXPENDITURE			
Purchase	17	90,864,024	637,802,730
(Increase)/ Decrease in inventory	18	90,672,972	(80,241,416)
Employee Benefits Expense	19	506,569	488,193
Finance Cost	20	6,640,396	5,124,408
Depreciation	21	32,784	112,214
Other Expenses	22	1,064,182	2,473,320
Total Expenses (ii)		189,780,927	565,759,449
Profit / (Loss) before Tax [(i) - (ii)]		(103,495,862)	959,145
Tax expense:			
Current Tax		-	190,000
Deferred Tax		-	-
Adjustments of earlier years		-	2,602
		-	192,602
Profit/ (Loss) for the year		(103,495,862)	766,543
Basic earnings per share	23	(2.875)	0.002
Summary of Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached herewith

For, DJNV & CO.

For, MAHAN INDUSTRIES LTD.

Chartered Accountants
Firm Reg. No. 115145W

Jayesh Parikh
(Partner)
M. No. 40650

Director

Director

Place : Ahmedabad
Date : 04th September, 2012.

MAHAN INDUSTRIES LIMITED

Notes to Financial Statements for the year ended 31st March 2012

NOTE - 3 SHARE CAPITAL

Particulars	As at 31 st March 2012		As at 31 st March 2011	
	Number	Amt (Rs.)	Number	Amt (Rs.)
Authorised Shares:				
Equity Shares of Rs. 10/- each (P.Y. Re. 1/- each)	37,300,000	373,000,000	373,000,000	373,000,000
Issued				
Equity Shares of Rs. 10/- each (P.Y. Re. 1/- each)	36,000,000	360,000,000	360,000,000	360,000,000
Subscribed & fully Paid up				
Equity Shares of Rs. 10/- (P.Y. Re. 1/- each)	36,000,000	360,000,000	360,000,000	360,000,000
TOTAL	36,000,000	360,000,000	360,000,000	360,000,000
<p>The company has only 1 class of shares referred to as Equity shares having face value of Rs. 10/- (P. Y Re. 1/-) Each holder of Equity share is entitled to 1 vote per share.</p> <p>In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of shares held by the shareholders.</p> <p>The details of shareholders holding more than 5% shares as at 31/03/2012 and 31/03/2011 is set out below.</p>				
Name of Shareholder	As at 31st March 2012		As at 31st March 2011	
	Number	% held	Number	% held
Ethan Constructions Pvt. Ltd.	1,902,000	5.28%	-	0.00%
Viaggio Entertainment Pvt. Ltd.	4,500,000	12.50%	45,000,000	12.50%
<p>The Reconciliation of the number of shares outstanding and the amount of share capital as at 31/03/2012 & 31/03/2011 is set out below</p>				
Particulars	As at 31st March 2012		As at 31st March 2011	
	Number	Amt (Rs.)	Number	Amt (Rs.)
Shares at the beginning	360,000,000	360,000,000	360,000,000	360,000,000
Consolidation of 10 Equity Shares of Re. 1/- to make 1 Equity Share of Rs. 10/-	-	-	-	-
Shares at the end	36,000,000	360,000,000	360,000,000	360,000,000

NOTE - 4 RESERVE & SURPLUS

Particular	As at 31 st March 2012	As at 31 st March 2011
	Amt (Rs.)	Amt (Rs.)
Capital Reserve	9,000,000	9,000,000
(On account of Capital Reduction Scheme in the year 2010-11)		
Surplus/(Deficit) in the Statement of Profit and Loss		
Balance as per Last Financial Statement	(70,437,197)	(71,203,740)
Add : Profit for the year	(103,495,862)	766,543
Net Surplus/ (Deficit) at year end	(173,933,060)	(70,437,197)
TOTAL	(164,933,060)	(61,437,197)



NOTE - 5 LONG TERM BORROWINGS

Particulars	Non Current As at 31 st March 2012 Amt (Rs.)	Current As at 31 st March 2011 Amt(Rs.)	As at 31 st March 2012 Amt (Rs.)	As at 31 st March 2011 Amt (Rs.)
Term Loan - From Bank (Secured)	-	-	-	1,889,893
TOTAL	-	-	-	1,889,893
Less : Amount disclosed under head "Other Current Liabilities"(Note 7)				1,889,893
TOTAL				
Term Loan From Bank Term loan from Cooperative Bank was taken in 1998-99 and the same was against collateral security of Office Building and Personal Guarantee of directors. The interest as stipulated at the time of sanction was 18% and the loan was to be repaid in the year 2002				

NOTE - 6 SHORT TERM BORROWINGS

Particulars	As at 31 st March 2012 Amt (Rs.)	As at 31 st March 2011 Amt (Rs.)
Loans from others - repayable on demand (Unsecured)	8,500,000	27,300,000
Loan from Related Party (Unsecured)	46,793,318	42,363,318
Loan from finance companies (Secured)	32,182,984	42,136,677
TOTAL	87,476,302	111,799,995

Loan From Financial Companies

Loan taken are under margin funding from the finance companies carries interest from 18% to 21% and the loan are repayable on demand. The loan is secured by pledge of shares.

NOTE - 7 OTHER CURRENT LIABILITIES

Particulars	As at 31 st March 2012	As at 31 st March 2011
	Amt (Rs.)	Amt (Rs.)
Current maturity of long term borrowings (Note 5)	-	1,889,893
Office Expense Payable	20,809	23,433
Professional Fees Payable	84,570	44,120
Salary & wages Payable	22,919	24,117
Amount refundable on account of Capital Reduction Scheme	1,850,000	1,850,000
TDS Payable	493,783	51,440
TOTAL	2,472,081	3,883,003

Note-8 TANGIBLE ASSETS

Cost of Valuation	OFFICE BUILDING	PLANT & MACHINERY	OFFICE EQUIPMENT	FURNITURE & FIXTURES	VEHICLES	COMPUTER	TOTAL
As at 31st March 2010	954,322	38,300	235,488	504,436	545,256	834,820	3,112,622
Addition	-	-	-	-	-	-	-
Disposal	-	-	-	-	545,256	-	545,256
Other Adjustment	-	-	-	-	-	-	-
As at 31st March 2011	954,322	38,300	235,488	504,436	-	834,820	2,567,366
Addition	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-
Other Adjustment	-	-	-	-	-	-	-
As at 31st March 2012	954,322	38,300	235,488	504,436	-	834,820	2,567,366

Depreciation	OFFICE BUILDING	PLANT & MACHINERY	OFFICE EQUIPMENT	FURNITURE & FIXTURES	VEHICLES	COMPUTER	TOTAL
As at 31st March 2010	225,256	13,451	135,719	443,059	52,509	759,129	1,629,123
Charge for the year	15,555	1,819	11,186	31,931	17,772	33,951	112,214
Disposal	-	-	-	-	70,281	-	70,281
Other Adjustment	-	-	-	-	-	-	-
As at 31st March 2011	240,811	15,270	146,905	474,990	-	793,080	1,671,054
Charge for the year	15,555	1,819	11,186	4,224	-	-	32,784
Disposal	-	-	-	-	-	-	-
Other Adjustment	-	-	-	-	-	-	-
As at 31st March 2012	256,367	17,090	158,090	479,214	-	793,080	1,703,839

NET BLOCK							
As at 31st March 2011	713,511	23,030	88,583	29,446	-	41,740	896,312
As at 31st March 2012	697,955	21,211	77,398	25,222	-	41,740	863,527



NOTE - 9 NON-CURRENT INVESTMENTS

NOTE - 9 NON-CURRENT INVESTMENTS			As at 31 st March 2012	As at 31 st March 2011
Particulars			Amt (Rs.)	Amt (Rs.)
Trade Investments -- (Valued at cost , unless stated otherwise)				
I). Quoted	2011-12 No. of Shares	2010-11 No. of Shares		
Investments in Equity Shares				
Allied Computers International (Asia) Ltd.	4,550,000	4,550,000	45,500,000	45,500,000
DCM Ltd.	199,476	199,476	27,787,082	27,787,082
Jhonmeyers Granites Ltd.	10,000	10,000	1	1
Kanhaiya Foods Ltd.	2,900	2,900	1	1
Karan Fibers & Fabrics Ltd.	197,900	197,900	1	1
Sanguine Media Ltd.	3,500,000	3,500,000	35,000,000	35,000,000
Spenta Finance Ltd.	500	500	1	1
TOTAL (I)			108,287,086	108,287,086
II). Unquoted				
Investments in Equity Shares				
D.K.Association	3	3	300	300
Charotar Housing Corporation	1,000	1,000	10,000	10,000
TOTAL (II)			10,300	10,300
TOTAL (I + II)			108,297,386	108,297,386
Aggregate amount of Quoted Investments (Market Value)			35,476,036	42,639,549

NOTE - 10 LOANS & ADVANCES

Particulars	Long Term		Short Term	
	As at 31 March 2012 Amt (Rs.)	As at 31 March 2011 Amt (Rs.)	As at 31 March 2012 Amt (Rs.)	As at 31 March 2011 Amt (Rs.)
(A) Deposits				
Unsecured, Considered Good	26,969,371	16,568,771	-	1,786,600
(A)	26,969,371	16,568,771	-	1,786,600
(B) Loans				
Unsecured, Considered Good	48,161,592	45,938,336	-	2,566,000
(B)	48,161,592	45,938,336	-	2,566,000
(C) Advances Recoverable in Cash or Kind				
Unsecured, Considered Good	-	-	-	4,000
(C)	-	-	-	4,000
(D) Other Loans & Advances				
(i) Advance Tax/ TDS Receivable	-	-	699,278	643,646
Less : Provision				190,000
Net Advance			699,278	453,646
(ii) Advance to Suppliers	440,343	440,343	-	-
(iii) Balance with Government Authorities	3,579,269	3,579,269	-	-
(iv) Advance to Staff	-	-	4,500	-
(D)	4,019,612	4,019,612	703,778	453,646
TOTAL (A+B+C+D)	79,150,575	66,526,719	703,778	4,810,246

NOTE - 11 CURRENT INVESTMENTS

Particulars			As at 31 st March 2012 Amt (Rs.)	As at 31 st March 2011 Amt (Rs.)
Trade Investments - (Valued at Cost or NRV, whichever is lower)				
I). Unquoted	2011-12 No.of Shares	2010-11 No.of Shares		
Investments in Equity Shares				
Akshar Entertainment Pvt. Ltd.	320,000	320,000	32,000,000	32,000,000
B T Enterprise Pvt. Ltd.	60,200	-	6,020,000	-
Deval Engineering Pvt. Ltd.	-	20,000	-	10,000,000
Dyna Rasayan Udyog Pvt. Ltd.	-	50,000	-	5,000,000
Inani Securities & Investments Ltd.	156,250	-	2,500,000	-
Jhankar Banquets Pvt. Ltd.	-	3,125	-	2,500,000
Khushi Investment & Management Pvt. Ltd.	-	50,000	-	2,500,000
Lucky Star International Ltd.	-	333,000	-	4,995,000
M.R. Shah Logistics Pvt. Ltd.	-	150,000	-	7,500,000
Nakoda Apparels Pvt. Ltd.				
(Partly Paid)	24,000	-	1,200,000	-
Pranet Mercantile Pvt. Ltd.				
(Partly Paid)	300,000	300,000	15,000,000	15,000,000
Raj Shah Enterprise Pvt. Ltd.	-	19,230	-	12,499,500
Sheth Iron & Steel Pvt. Ltd.	-	12,500	-	5,000,000
Shakti Tex Coaters Pvt. Ltd.	-	7,725	-	772,500
Sheil Mercantile Pvt. Ltd.	100,000	100,000	5,000,000	5,000,000
Silver Emporium Pvt. Ltd.	62,500	31,250	10,000,000	5,000,000
Sonu Cars Pvt. Ltd.(Partly Paid)	-	3,250	-	812,500
Shruti Filatex Pvt. Ltd.	-	90,000	-	900,000
Swastik Realty Pvt. Ltd.	2,000	-	5,000,000	-
Vaishali Realty Pvt. Ltd.	200,000	200,000	10,000,000	10,000,000
Yogi Co.op Society Ltd.	5,000	5,000	500,000	500,000
Ujala Finstock Pvt. Ltd.	3,600	3,600	180,000	180,000
TOTAL			87,400,000	120,159,500

NOTE - 12 TRADE RECEIVABLES

Particulars	Non Current		Current	
	As at 31 st March 2012 Amt (Rs.)	As at 31 st March 2011 Amt (Rs.)	As at 31 st March 2012 Amt (Rs.)	As at 31 st March 2011 Amt (Rs.)
A. Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured , Considered Good (A)	-	-	11,484,072	10,115,484
	-	-	11,484,072	10,115,484
B. Other Receivables				
Unsecured , Considered Good (B)	-	-	3,368,750	49,582,741
	-	-	3,368,750	49,582,741
TOTAL (A+B)	-	-	14,852,822	59,698,225



NOTE - 13 INVENTORIES

Particulars	As at 31 st March 2012	As at 31 st March 2011
	Amt (Rs.)	Amt (Rs.)
Shares	15,674,070	106,347,042
TOTAL	15,674,070	106,347,042

NOTE - 14 CASH AND CASH EQUIVALENTS

Particulars	Non Current		Current	
	As at 31 st March 2012	As at 31 st March 2011	As at 31 st March 2012	As at 31 st March 2011
	Amt (Rs.)	Amt (Rs.)	Amt (Rs.)	Amt (Rs.)
Cash and Cash Equivalents				
Balances with Bank:				
in Current Accounts	-	-	609,138	585,832
Cash on Hand	-	-	186,861	228,386
	-	-	795,999	814,218
TOTAL	-	-	795,999	814,218

NOTE - 15 REVENUE FROM OPERATIONS

Particulars	31 st March 2012	31 st March 2011
	Amt (Rs)	Amt (Rs)
Sale of Share	83,585,452	139,671,389
Sale of Cloth	-	423,729,470
TOTAL	83,585,452	563,400,859

NOTE - 16 OTHER INCOME

Particulars	31 st March 2012	31 st March 2011
	Amt (Rs)	Amt (Rs)
Dividend	807,540	118,078
Interest	1,930,916	1,545,000
Profit on sale of Investments	112,185	1,293,495
(Loss) / Profit (Intraday Trading)	(152,821)	361,162
Kasar	1,793	-
TOTAL	2,699,613	3,317,735

NOTE - 17 PURCHASE

Particulars	31 st March 2012	31 st March 2011
	Amt (Rs)	Amt (Rs)
Purchase of Share	90,864,024	217,677,110
Purchase of Cloth	-	420,125,620
TOTAL	90,864,024	637,802,730

NOTE - 18 (INCREASE)/ DECREASE IN INVENTORIES

Particulars	31 st March 2012	31 st March 2011
	Amt (Rs)	Amt (Rs)
Inventory at the beginning of the year		
Shares	106,347,042	26,105,626
	106,347,042	26,105,626
Inventory at the end of the year		
Shares	15,674,070	106,347,042
	15,674,070	106,347,042
(Increase)/ Decrease in Stock	90,672,972	(80,241,416)

NOTE - 19 EMPLOYEE BENEFIT EXPENSES

Particulars	31 st March 2012	31 st March 2011
	Amt (Rs)	Amt (Rs)
Director's Remuneration	178,000	153,000
Salary, Wages & Bonus	314,706	317,803
Staff Welfare	13,863	17,390
TOTAL	506,569	488,193

NOTE - 20 FINANCE COST

Particulars	31 st March 2012	31 st March 2011
	Amt (Rs)	Amt (Rs)
Bank Charges	153,548	62,116
Interest on Margin Funding	6,481,988	5,062,292
Other Interest	4,860	-
TOTAL	6,640,396	5,124,408

NOTE - 21 DEPRECIATION AND AMORTISATION EXPENSES

Particulars	31 st March 2012	31 st March 2011
	Amt (Rs)	Amt (Rs)
Depreciation of Tangible Asset	32,784	112,214
TOTAL	32,784	112,214

**NOTE - 22 OTHER EXPENSES**

Particulars	31 st March 2012	31 st March 2011
	Amt (Rs.)	Amt (Rs.)
Auditors Rremuneration	44,944	44,120
Legal Fees	205,000	767,650
NSDL-CDSL Charges	165,410	68,585
Repairs & Maintenance	6,647	75,332
Rates & Taxes	22,367	19,145
Securities Transactions Tax	220,751	466,792
Service Tax	35,489	84,358
Miscellaneous Expenses	363,574	947,338
TOTAL	1,064,182	2,473,320

Miscellaneous Expense

Particulars	Amount	
	2012	2011
Advertisement	12,523	137,099
Bad Debts	-	220,000
Books & Periodicals	835	1,084
Consultancy Exp	22,000	15,500
Conveyance	20,717	5,833
Electricity	12,266	12,055
Filing Fees	500	-
Kasar & Vataav	-	5,063
Listing Fees	93,755	127,127
Loss on sale of car	-	114,391
Other	2,672	252
Office Expense	8,220	8,438
Printing, Stationery & Postage	56,479	57,644
Rent	4,000	72,000
ShareTransfer, Demat, Stamping Exp	40,449	89,679
Stamp Duty	16,747	7,953
Transaction Charges	5,367	2,585
Telephone Expense	67,044	70,635
Total	363,574	947,338

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	31 st March, 2012 Amt (Rs)	31 st March, 2011 Amt (Rs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	(103,495,862)	959,145
Non-cash adjustment to reconcile profit before tax to net cash flows		
ADD: Depreciation	32,784	112,214
Loss On sale of car	-	114,391
Operating Profit before Working Capital Changes	(103,463,078)	1,185,750
Movement in Working Capital :		
Increase / (Decrease) in Trade Payables	(30,581,013)	41,303,845
Increase / (Decrease) in Provisions	-	-
Increase / (Decrease) in Other Current Liabilities	(1,410,922)	(1,648,619)
(Increase)/ Decrease in Trade Receivables	44,845,403	(57,096,602)
(Increase)/ Decrease in Inventories	90,672,972	(80,241,416)
(Increase)/ Decrease in Current Loans & Advances	4,106,468	5,918,051
(Increase)/ Decrease in Other Assets	-	-
Cash generated from / (used in) operations	107,632,908	(91,764,741)
Income Tax Paid	-	192,602
Net Cash Flow From / (Used in) Operating Activities (A)	4,169,830	(90,771,593)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets	-	360,582
Purchase of Non-Current Investments	-	(108,287,082)
Sale of Current Investments	32,759,500	147,446,750
(Increase) / Decrease in Non Current Loans & Advances	(12,623,856)	(19,450,483)
Net Cash Flow From / (Used in) Investing Activities (B)	20,135,644	20,069,767
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Share Application Money refunded	-	(650,000)
Proceeds from Long Term Borrowings	-	(20,776,150)
Proceeds from Short Term Borrowings	(24,323,693)	91,406,677
Net Cash Flow From / (Used in) Financing Activities (C)	(24,323,693)	69,980,527
Net Increase/ (Decrease) in Cash & Cash Equivalent (A+B+C)	(18,219) 814,218	(721,299) 1,535,517
Cash & Cash Equivalents at the beginning of the year		
Cash & Cash Equivalents at the end of the year	795,999	814,218

Notes: Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard-3 "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.

As per our report of even date
For, DJNV & CO.
Chartered Accountants
Firm Reg. No. 115145W
Jayesh Parikh
(Partner)
M. No. 40650

For, MAHAN INDUSTRIES LTD.

Director

Director

Place : Ahmedabad
Date : 04th September , 2012.



Notes to financial statements for the year ended 31st March, 2012.

1. Corporate Information

MAHAN INDUSTRIES LIMITED having registered office in Ahmedabad, is a Gujarat based Public Limited Company incorporated under provisions of the Companies Act, 1956. The main business of the company is Investment, Trading in Shares & Securities. The company is also into textile business.

The Company is registered with RBI vide Reg. No.01-00247 Dt.16.5.1998; as a Non deposit taking Non- Banking Finance Company(NBFC).

2. Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below:

2.1 Summary of significant accounting polices

a. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day to day repaired maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit & loss when the asset is de-recognized.

c. Depreciation on Tangible Fixed Asset

Depreciation on tangible fixed asset is calculated on Straight Line method using the rates prescribed under the Schedule XIV to The Companies Act, 1956. The assets are depreciated up to 95% of the cost.

d. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, will be classified as current investments. All other investments will be classified as non-current investments.

Long term investments are carried at cost. However, provision for diminution in value is to be made to recognize a decline, other than temporary, in the value of investments.

e. Inventories

The company accounts for the traded shares & securities remaining unsold at the end of the year as Inventory and the same are valued at cost or market value whichever is lower.



f. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue from sales is recognized on the basis of delivery of shares & securities.

Dividend income is accounted on receipt basis.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest Income is included under the head "Other Income" in the statement of profit & loss.

Profit from sale of investments is recognized at the time of sale.

g. Income Tax

Tax expense comprises current tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdiction where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

h. Segment Reporting:

During the current year, entire operations of the company is relating to only one reporting segment comprising of trading of shares & securities. But in the previous year the company had two business segments Trading of Shares & Securities and Textile Business, thus taking into account the organizational structure and internal reporting system as well as different risks and rewards of these segments. The segment reports are as under:

PARTICULARS	Year Ended 31 st March, 2012.	Year Ended 31 st March, 2011.
	Amt. (Rs.) In lacs	Amt. (Rs.) In lacs
1 Segment revenue :		
a) Trading of Shares/Sale of Investment/Other Income	-	1428.74
b) Textiles	-	4237.29
Total	-	5666.03
2 Segment results :		
a) Trading of Shares/Sale of Investment/Other Income	-	54.39
b) Textiles	-	36.03
Total	-	90.42
Less:		
i) Interest & Other Charges	-	80.83
Unallocable Expenditure (net of unallocable income)	-	9.59
Profit before tax	-	
3 Capital Employed		
a) Trading of Shares/Sale of Investment	-	2890.09
b) Textiles	-	97.46

i. Provisions and Contingent liabilities

A provision is recognized when the Company has a present obligation as a result of past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimate. Where no reliable estimate can be made, a disclosure is made as a contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

i. Cash & Cash equivalents

Cash and cash equivalents comprise cash and balance with banks in current accounts. The company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

23. EARNING PER SHARE:

Basic earning per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

Sr No.	Particulars	Year ended 31-03-2012	Year ended 31-03-2011
1	Net Profit / (Loss) attributable to shareholders	(103,495,862)	766,543
2	Weighted average no. of. Equity Shares	36,000,000	358,115,068
3	Basic Earning Per Share	(2.875)	0.002



24. RELATED PARTY TRANSACTIONS:

Name	Relationship	Nature of transaction	Amt (Rs)		Outstanding Balance (Rs)	
			2011-12	2010-11	2011-12	2010-11
Yogendra Kumar Gupta	Managing Director	Loan Taken	25,005,000	45,575,000	46,793,318	42,363,318
		Loan Repaid	20,575,000	23,605,000		
Manik Dattatrey	Key Managerial Personnel	Remuneration	178,000	153,000	-	-

25. PREVIOUS YEAR FIGURES:

Till the year ended 31st March, 2011 the company was using pre-revised schedule VI of the Companies Act, 1956 for the preparation and presentation of its financial statements. During the year ended 31st March, 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the company. The company has reclassified previous year's figures to conform to this year's classification.

For, DJNV & Co.
Chartered Accountants
Firm Reg. No. 115145W

Jayesh Parikh
(Partner)
M. No. 40650

Place : Ahmedabad
Date : 04th September, 2012.

For, Mahan Industries Ltd.

Managing Director Director

Place : Ahmedabad
Date : 04th September, 2012.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE

18th Annual General Meeting: Day: 28th September, 2012 at 9:00 A.M.

DP ID No.:

Name of the Member /Proxy:

Client ID*:

Regd. Folio No:

***Applicable for Investors holding Shares in Electronic Form.**

I certify that I am a registered Shareholder / Proxy for the registered Shareholder of the Company.
I hereby record my presence at the 18th Annual General Meeting of the Company held on Friday, 28th September, 2012 at the registered office of the Company.

Signature of the Shareholder/ Proxy

PROXY FORM

18th Annual General Meeting: Day: 28th September, 2012 at 9.00 A.M.

Registered Folio No.: _____ DP Id*: _____ Client Id*: _____

I/We _____ of _____ being

a Member/ Members of **Mahan Industries Limited**, hereby appoint

_____ of _____ or failing him
_____ of _____ as my/our Proxy to

attend and vote for me/us and on my/our behalf at the 18th Annual General Meeting of the Company to be held on Friday, 28th September, 2012 at 9:00 a.m. at 3rd Floor, D.K. House, Near Mithakhali, Underbridge, Ellisbridge, Navrangpura, Ahmedabad-380006.

Signed this _____ day of 2012.

Signature of Proxy _____

Signature of Member _____

*Applicable for investors holding shares in electronic Form.

NOTE :

1. The Proxy need not be a Member.
2. The Proxy form in order to be effective must be duly stamped, completed and signed and must be submitted at the Registered Office of the Company not less than 48 hours before the meeting.

Book - Post

If undelivered please return to
MAHAN INDUSTRIES LTD.

3rd Floor D.K. House,
Nr. Mithakhali Under Bridge.
Ahmedabad - 380 006.