

19th

Annual Report 2012-2013

MAHAN INDUSTRIES LIMITED



MAHAN INDUSTRIES LIMITED

CONTENTS

Notice

Directors' Report

Corporate Governance Report

Management Discussion & Analysis 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.**



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 / Fax 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 / 4227 0400
E-mail: info@adroitcorporate.com

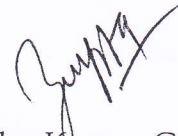
NOTICE

Notice is hereby given that 19th Annual General Meeting of the Members of MAHAN INDUSTRIES LIMITED will be held on Monday, September 30, 2013 at 9.00 a.m. at the Registered office of the Company at 3rd Floor, D. K. House, Nr. Mithakhali Underbridge, Ahmedabad-380006 (Gujarat) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited financial statements of assets and liabilities as on March 31, 2013 and Statement of Income and Expenditure and Cash flow Statement together with the Reports of Directors' and Auditors' thereon and other documents required to be attached or annexed thereto.
2. To appoint Director in place of Shri Dattatrey Chandrakant Manik who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Director in place of Shri Bharatbhai Tapubhai Sanchala who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Statutory Auditors to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**By Order of the Board
FOR MAHAN INDUSTRIES LIMITED**



Yogendra Kumar Gupta

Managing Director

Date : 10th June 2013

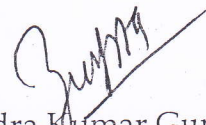
Place : Ahmedabad

NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be the member of the company.

2. The Instrument of proxies in order to be effective must be deposited at the registered office of the company not later than 48 hours before the commencement of the meeting.
3. The register of members and share transfer book shall remain closed on 27.9.2013 to 30.9.2013 (both days inclusive) for the purpose of annual general meeting.
4. Members are requested to intimate the change in their address, if any, immediately to the Company's Registrars, M/s Adroit Corporate Services Private Limited.
5. Members/Proxies are requested to bring their Attendance Slip duly filled up for attending the Meeting.

By Order of the Board
FOR MAHAN INDUSTRIES LIMITED



Yogendra Kumar Gupta
Managing Director

Date : 10th June 2013
Place : Ahmedabad

DIRECTORS' REPORT

To,

The Members,
Mahan Industries Limited

Your Company's Directors are pleased to present the 19th Annual Report of the Company along with the Audited Accounts for the year ended March 31, 2013.

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, 2013	Year Ended March 31, 2012
Profit/(Loss) before Depreciation and Tax	(20897771)	(103463078)
Less: Depreciation	28557	32784
Profit/ (Loss) before Taxation	(20926328)	(103495862)
Less: Provision for Taxation	0	0
Net Profit / (Loss) After Tax	(20926328)	(103495862)
Add: Balance from previous year	(173933060)	(70437196)
Balance carried to Balance Sheet	(194859388)	(173933060)

Reserves and Surplus :

The Opening balance of Profit and Loss shows a loss of Rs. 173933060. During the year the Company has incurred a loss of Rs. 20926328. The closing Balance of Profit and Loss shows a loss of Rs. 194859388/-. There is no change in Capital Reserves balance. The opening and closing balance of capital reserves stands at Rs. 90.00 lacs.

PERFORMANCE REVIEW

During the financial year 2012-13, 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, high interest rates, heavy inflationary pressure, heavy Competition in the market and presence of large Market players dominating the Market has suffered adversely, resulting in a Gross Loss of Rs. 20926328/- in the year 2012-2013 as against the Gross Loss of Rs. 103495862/- in the year 2011-2012.

DIVIDEND

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

CHANGE IN CAPITAL STRUCTURE

There is no change in the capital structure of the Company.

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 31, 2013 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 etc, 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. Dattatrey**

Chandrakant Manik and Mr. Bharatbhai Tapubhai Sanchala, 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 31, 2013, 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 31, 2013 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. DJVN & 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.

There is no qualification or adverse remarks in the auditors report. 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.

LISTING FEES :

The Company has paid necessary listing fees of the Bombay Stock Exchange for the year 2013 - 2014.

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.

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 31, 2013, 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	No. of Board Meetings attended	Attendance at last AGM
Mr. Lalit Sharma	Non Executive & Independent Director	5	Yes
Mr. Yogendrakumar Prabhudayal Gupta	Chairman/ Executive/ Managing director	5	Yes
Mr. Dattatrey Chandrakant Manik	Executive Director	5	Yes
Mr. Kalpesh Lalitbhai Trivedi	Non Executive & Independent Director	5	Yes
Mr. Chanakya Shukla	Non Executive & Independent Director	5	Yes
Mr. Bharatbhai Tapubhai Sanchala	Executive Director	5	Yes

The details in respect of Directors seeking reappointment is as under :

The information required to be given for the Directors seeking appointment/ reappointment at the Annual General Meeting as per clause 49 (VI) is as under:

Name of the Director	Shri Dattatrey Chandrakant Manik
Father Name	Shri Chandrakant Manik
Date of Birth	29/8/1970
Date of Appointment	31 st December, 2003

Name of the Public Limited Company(s) in which he is a director other than Mahan Industries Limited	Nil
Specific functional Areas	He has vide experience in the field of accounts and administration and management matters.
Number of Shares held in the Company	Nil

Name of the Director	Shri Bharatbhai Tapubhai Sanchala
Father Name	Shri Tapubhai Sanchala
Date of Birth	20/05/1953
Date of Appointment	20/02/2010
Name of the Public limited Company(s) in which he is a director other than Mahan Industries Limited	Nil
Specific functional Areas	He has vide experience in the field of the finance, administration and affairs of the Company
Number of Shares held in the Company	Nil

• **Board Meetings details**

Five Board meetings were conducted during the Financial Year ended 31st March, 2013 and the gap between two Board Meetings did not exceed four Months. The dates on which the said Meeting were held are as follows:

15th May, 2012, 13th August, 2012, 1st September, 2012, 13th November, 2012 and 15th February, 2013.

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

• **Other Directorship/Committee Positions as on 31st March, 2013**

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	0	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 function 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 and 1 Executive Director. 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	5
Mr. Lalit Sharma	Member	Non Executive Independent Director	5
Mr. Yogendrakumar Gupta	Member	Executive Director	5

Audit Committee Meeting details:

The Committee met 5 times during the year ended 31st March, 2013 i.e. on 15th May, 2012, 13th August, 2012, 1st September, 2012, 13th November, 2012 and 15th February, 2013 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 Greviance 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 Investors, 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 2012-2013, 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:

The Remuneration Committee comprises of 2 Non-Executive Independent Directors and 1 Executive Director.

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 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	Day and Date	Type	Time	Location
2009-2010	Thursday, 30 th September, 2010	AGM	10.00 a.m.	3rd Floor, D.K. House, Near. Mithakhali Underbridge, Ellisbridge, Navrangpura, Ahmedabad-380006.
2010-2011	Friday, 30 th September, 2011	AGM	9.00 a.m.	
2011-2012	Friday, 28 th September, 2012	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		NIL	
2009-10	5 th December,	1. Increase in Authorised Share	3rd Floor, D.K. House, Near. Mithakhali

	2009 10.30 a.m.	<p>capital of the Company from Rs. 7,30,00,000/- to Rs. 37, 30,00,000/-</p> <p>2. Issue of 3,00,00,000 Convertible Equity Warrants of Rs.10/- under section 81(1A) of the Companies Act, 1956.</p> <p>3. Sub-division of Equity capital of the company from the Face Value of Rs. 10/- Each into Face Value of Re. 1/- Each.</p> <p>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.</p> <p>5. Alteration of Memorandum of Association.</p> <p>6. Alteration of Article of Association</p>	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

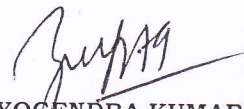
The Board is equipped to perform its role of business assessment through inputs from time to time. Directors are fully briefed on all business related matters, risk assessment & minimization procedures, and new initiatives proposed by the Company. Directors are also updated on changes/developments in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

DECLARATION BY THE MANAGING DIRECTOR PURSUANT TO CLAUSE 49 OF LISTING AGREEMENT

To,
The Member of Company,

The Company has obtained from all the members of the Board and Senior Management Personnel of the Company, affirmation that they have complied with the Code of Ethics and Business Conduct framed for Directors and Senior Management Personnel in respect of the financial year 2012 – 2013."

For and on behalf of board



YOGENDRA KUMAR GUPTA
(Chairman cum Managing Director)

Place : Ahmedabad
Date : 10th June 2013

▽ Market Information

Monthly high and low price Data of the Company on BSE in comparison with BSE Sensex for the period commencing from 1st April, 2012 to 31st March, 2013:

Month	Mahan Industries Ltd Price on BSE		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
April 2012	--	--	17664.10	17010.16
May 2012	2.66	1.40	17432.33	15809.71
June, 2012	1.48	1.13	17448.48	15748.98
July, 2012	1.87	1.29	17631.19	16598.48
August, 2012	1.66	1.00	17972.54	17026.97
September,	1.52	1.17	18869.94	17250.8
October, 2012	1.63	1.21	19137.29	18393.42
November, 2012	1.32	1.04	19372.7	18255.69
December, 2012	1.45	1.15	19612.18	19149.03
January, 2013	2.44	1.35	20203.66	19508.93
February, 2013	1.64	1.05	19966.69	18793.97
March, 2013	1.39	0.78	19754.66	18568.43

▽ Distribution of the Shareholding as on 31st March, 2013

Shareholding of Nominal value of Rs.	No. of Shareholders	% of Shareholders	No. of Shares	Amount (Rs.)	% of Holding
UPTO - 100	1424	33.45	93204	932040	0.26
101 - 500	1129	26.52	347071	3470710	0.96
501 - 1000	524	12.31	447730	4477300	1.24
1001 - 2000	352	8.27	547925	5479250	1.52
2001 - 3000	224	5.26	583900	5839000	1.62
3001 - 4000	104	2.44	377699	3776990	1.05
4001 - 5000	138	3.24	667152	6671520	1.85
5001 - 10000	169	3.97	1303832	13038320	3.62
10001 - 20000	81	1.90	1177890	11778900	3.27
20001 - 50000	46	1.08	1458462	14584620	4.05
50001 & Above	66	1.55	28995135	289951350	80.54
Total	4257	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.

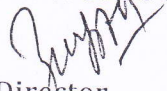
▽ Physical and Demat Shares as on 31st March, 2013

Particulars	Shares	%
No. of Shares held by NSDL	13194177	36.65
No. of Shares held by CDSL	9608334	26.69
Physical Shares	13197489	36.66
Total	36000000	100.00

By the Order of the board

Date: 10th June 2013

Place: Ahmedabad .


Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

STRUCTURE OF THE COMPANY

Mahan Industries Limited is basically a Investment Company and majority of its assets are financial assets and income is derived mainly from financial activity.

The company invests in middle market companies. It provides direct equity capital and 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 Developments In 2012 - 2013

During the year 2012 – 2013 the overall development continues to be challenging. There is a deep recession in the market. Further there is huge volatility in the stock markets, currency and commodity markets. Further high inflation and low growth continue to shed the markets and the investor sentiments continues to be poor. Pendancy in clearance of infrastructure projects and environmental clearances contributes to more grave situation..

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, 2013, 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.

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.

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, 2013 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.

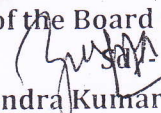
D. I have indicated to the Auditors and the Audit committee,

(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: 10th June 2013
Place: Ahmedabad

By Order of the Board of Directors


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, 2013** as stipulated in **Clause 49** of the Listing Agreement of the said Company with the Stock Exchange.

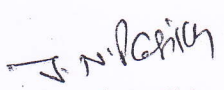
The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression 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, 2013**, 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


Jayesh Parikh
Partner
Membership No.: 040650

Place: Ahmedabad
Date: 10th June 2013

**DJNV & CO**

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of
MAHAN INDUSTRIES LIMITED.

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHAN INDUSTRIES LIMITED**, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) In the case of the Balance Sheet, of the State of Affairs of the Company as at March 31, 2013;

(c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

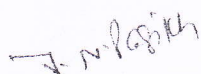
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of The Companies Act, 1956;
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For, DJNV & CO.

Chartered Accountants

(Firm Reg. No: 115145W)



Jayesh Parikh

(Partner)

Membership No: 40650

Place: Ahmedabad

Date: 10th June, 2013.

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. 680.83 lacs and the year end balance of such loan taken is Rs. 678.63 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 loans 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 rules 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, Sales Tax, Wealth Tax, Service-Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities except from income tax where Rs. 6700/- is pending for the A.Y:2005-06.
- (b) According to information and explanation given to us, details of dues in respect of income tax, on account of dispute are as follows:

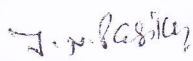
INCOME TAX LITIGATION PENDING

Name of the statute	Nature of dues	Amount(in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act,1961	Income tax	2,225,639/-	A.Y.:2000-2001	CIT Appeal
Income Tax Act,1961	Income tax	31,651,350/-	A.Y.:2007-2008	CIT Appeal

- (10) In our opinion, the accumulated losses of the company are 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: 10th June, 2013.

MAHAN INDUSTRIES LIMITED**Balance Sheet As At 31 March, 2013**

Particulars	Note No.	As at 31 March 2013 Amt (Rs)	As at 31 March 2012 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	(185,859,392)	(164,933,060)
		174,140,608	195,066,940
<u>2. Share Application money pending allotment</u>		-	-
<u>3. Non-Current Liabilities :</u>			
a) Long Term Borrowings		-	-
b) Deferred Tax Liabilities (Net)		-	-
<u>4. Current Liabilities</u>			
a) Short-term borrowings	5	133,958,416	87,476,302
b) Trade Payables		25,202,348	22,722,834
c) Other Current liabilities	6	2,111,562	2,472,081
		161,272,326	112,671,217
TOTAL		335,412,934	307,738,157
<u>ASSETS</u>			
<u>1. Non-Current Assets</u>			
a) Fixed Assets :			
(i) Tangible Assets	7	834,967	863,527
		834,967	863,527
b) Non-Current Investments	8	54,997,386	108,297,386
c) Long-Term Loans and Advance	9	90,883,193	79,150,575
<u>2. Current Assets</u>			
a) Current Investment	10	98,113,750	87,400,000
b) Short Term Loans and Advances	9	953,921	703,778
c) Trade Receivables	11	74,896,494	14,852,822
d) Inventories	12	14,377,591	15,674,070
e) Cash & Cash Equivalents	13	355,632	795,999
TOTAL		335,412,934	307,738,157
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

For, MAHAN INDUSTRIES LTD.

Jayesh Parikh
(Partner)

M. No. 40650

Director

Director

Place : Ahmedabad

Date : 10th June 2013

MAHAN INDUSTRIES LIMITED

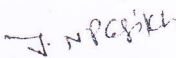
Statement of Profit & Loss for the year ended 31st March 2013

Particulars	Note No.	31 March 2013 Amt (Rs)	31 March 2012 Amt (Rs)
INCOME			
Revenue from Operations	14	58,153,309	83,585,452
Other Income	15	3,969,676	2,699,613
Total Revenue (i)		62,122,985	86,285,065
EXPENDITURE			
Purchase	16	67,168,859	90,864,024
(Increase)/ Decrease in inventory	17	1,296,479	90,672,972
Employee Benefits Expense	18	590,098	506,569
Finance Cost	19	7,564,872	6,640,396
Depreciation	20	28,560	32,784
Other Expenses	21	1,374,924	1,064,182
Loss on Sale of Investments		5,025,525	
Total Expenses (ii)		83,049,317	189,780,927
Profit / (Loss) before Tax	[(i) - (ii)]	(20,926,332)	(103,495,862)
Tax expense:			
Current Tax		-	-
Adjustments of earlier years		-	-
		-	-
Profit/ (Loss) for the year		(20,926,332)	(103,495,862)
Basic earnings per share	23	(0.58)	(2.87)
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

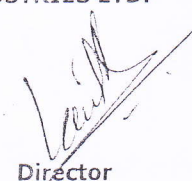
For, DJNV & CO.
Chartered Accountants
Firm Reg. No. 115145W


Jayesh Parikh
(Partner)
M. No. 40650

Place : Ahmedabad
Date : 10th June 2013

For, MAHAN INDUSTRIES LTD.


Director


Director

MAHAN INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

PARTICULARS	31 March, 2013 Amt (Rs)	31 March, 2012 Amt (Rs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	(20,926,332)	(103,495,862)
Non-cash adjustment to reconcile profit before tax to net cash flows		
ADD: Depreciation	28,560	32,784
Loss On sale of car	-	-
Operating Profit before Working Capital Changes	(20,897,771)	(103,463,078)
Movement in Working Capital :		
Increase / (Decrease) in Trade Payables	2,479,514	(30,581,013)
Increase / (Decrease) in Provisions	-	-
Increase / (Decrease) in Other Current Liabilities	(360,519)	(1,410,922)
(Increase)/ Decrease in Trade Receivables	(60,043,672)	44,845,403
(Increase)/ Decrease in Inventories	1,296,479	90,672,972
(Increase)/ Decrease in Current Loans & Advances	-	4,106,468
(Increase)/ Decrease in Other Assets	-	-
Cash generated from / (used in) operations	(56,628,198)	107,632,908
Income Tax Paid	-	-
Net Cash Flow From / (Used in) Operating Activities	(A) (77,525,969)	4,169,830
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets	-	-
Purchase of Non-Current Investments	-	-
Sale of Current Investments	(10,713,750)	32,759,500
(Increase) / Decrease in Non Current Loans & Advances	(11,732,619)	(12,623,856)
Net Cash Flow From / (Used in) Investing Activities	(B) (22,446,369)	20,135,644
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Share Application Money refunded	-	-
Proceeds from Long Term Borrowings	-	-
Proceeds from Short Term Borrowings	46,482,114	(24,323,693)
Net Cash Flow From / (Used in) Financing Activities	(C) 46,482,114	(24,323,693)
Net Increase/ (Decrease) in Cash & Cash Equivalent	(A+B+C) (53,490,224)	(18,219)
Cash & Cash Equivalents at the beginning of the year	795,999	814,218
Cash & Cash Equivalents at the end of the year	355,632	795,999

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

Place : Ahmedabad
Date : 10th June, 2013

For, MAHAN INDUSTRIES LTD.

Director

Director

MAHAN INDUSTRIES LIMITED.

Notes to financial statements for the year ended 31 March, 2013.

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 policies

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 upto 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.

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.

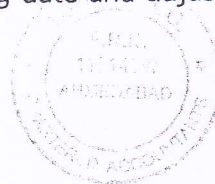
Profit from sale of investments is recognized at the time of sale.

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. 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.

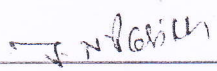
Sr No	Particulars	Year ended 31-03-2013	Year ended 31-03-2012
1	Net Profit / (Loss) attributable to shareholders	(20,926,332)	(103,495,862)
2	Weighted average no. of. Equity Shares	36,000,000	36,000,000
3	Basic Earning Per Share	(0.58)	(2.875)

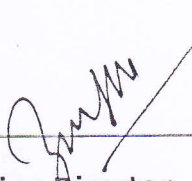
24. RELATED PARTY TRANSACTIONS:

Name	Relationship	Nature of transaction	Amt (Rs)		Outstanding Balance (Rs)	
			2012-13	2011-12	2012-13	2011-12
Yogendra Kumar Gupta	Managing Director	Loan Taken	25,220,000	25,005,000	37,863,318	46,793,3184
		Loan Repaid	4,150,000	20,575,000		
Manik Dattatreya	Key Managerial Personnel	Remuneration	240,000	178,000	-	-

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

For, Mahan Industries Ltd.


Jayesh Parikh
(Partner)
M. No. 40650


Managing Director


Director

Place: Ahmedabad
Date: 10th June, 2013.

Place: Ahmedabad
Date: 10th June, 2013.

MAHAN INDUSTRIES LIMITED

Notes to Financial Statements for the year ended 31 March 2013

NOTE - 3 SHARE CAPITAL

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number	Amt (Rs.)	Number	Amt (Rs.)
Authorised Shares: Equity Shares of Rs. 10/- each	37,300,000	373,000,000	37,300,000	373,000,000
Issued Equity Shares of Rs. 10/- each	36,000,000	360,000,000	36,000,000	360,000,000
Subscribed & fully Paid up Equity Shares of Rs. 10/- each fully paid up	36,000,000	360,000,000	36,000,000	360,000,000
TOTAL	36,000,000	360,000,000	36,000,000	360,000,000

The company has only 1 class of shares referred to as Equity shares having face value of Rs. 10/- Each holder of Equity share is entitled to 1 vote per share.

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.

The details of shareholders holding more than 5% shares as at 31/03/2013 and 31/03/2012 is set out below.

Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
	Number	% held	Number	% held
Venkateswara Capital Management Ltd	3,908,500	10.86%	-	0.00%
Viaggio Entertainment Pvt. Ltd.	4,500,000	12.50%	4,500,000	12.50%
Ethan Constructions Pvt. Ltd.	-	0.00%	1,902,000	5.28%

The Reconciliation of the number of shares outstanding and the amount of share capital as at 31/03/2013 & 31/03/2012 is set out below

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number	Amt (Rs.)	Number	Amt (Rs.)
Shares at the beginning	36,000,000	360,000,000	36,000,000	360,000,000
Addition	-	-	-	-
Deletion	-	-	-	-
Shares at the end	36,000,000	360,000,000	36,000,000	360,000,000

NOTE - 4 RESERVE & SURPLUS

Particulars	As at 31 March 2013	As at 31 March 2012
	Amt (Rs.)	Amt (Rs.)
Capital Reserve (On account of Capital Reduction Scheme in the year 2010-11)	9,000,000	9,000,000
Surplus/(Deficit) in the Statement of Profit and Loss		
Balance as per Last Financial Statement	(173,933,060)	(70,437,197)
Add : Profit for the year	(20,926,332)	(103,495,862)
Net Surplus/ (Deficit) at year end	(194,859,392)	(173,933,060)
TOTAL	(185,859,392)	(164,933,060)

NOTE - 5 SHORT TERM BORROWINGS

Particulars	As at 31 March 2013	As at 31 March 2012
	Amt (Rs.)	Amt (Rs.)
Loans from Others - Repayable on demand (Unsecured)	28,010,000	8,500,000
Loan from Related Party (Unsecured)	67,863,318	46,793,318
Loan from Finance Companies (Secured)	38,085,098	32,182,984
TOTAL	133,958,416	87,476,302
Loans from others & related party		
The loans are interest free and repayable on demand		
Loan From Finance Companies		
Loan taken are under margin funding from the finance companies carries interest from 16.5% to 18 % (p.y. 18% to 21%) and the loan are repayable on demand. The loan is secured by pledge of shares.		

NOTE - 6 OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2013	As at 31 March 2012
	Amt (Rs.)	Amt (Rs.)
Amount refundable on account of Capital Reduction Scheme	1,850,000	1,850,000
Expense Payable	23,265	20,809
Professional Fees Payable	40,450	84,570
Salary & wages Payable	16,420	22,919
TDS Payable	181,427	493,783
TOTAL	2,111,562	2,472,081

NOTE - 8 NON-CURRENT INVESTMENTS

Particulars			As at 31 March 2013	As at 31 March 2012
			Amt (Rs.)	Amt (Rs.)
Trade Investments - (Valued at cost , unless stated otherwise)				
I) Quoted	2012-13	2011-12		
	No.of Shares	No.of Shares		
Investments in Equity Shares				
Allied Computers International (Asia) Ltd.	-	4,550,000	-	45,500,000
DCM Ltd.	199,476	199,476	27,787,082	27,787,082
Jhonmeyers Granites Ltd.	10,000	10,000	1	1
Vanhaiya Foods Ltd.	2,900	2,900	1	1
an Fibers & Fabrics Ltd.	197,900	197,900	1	1
anguine Media Ltd.	3,500,000	3,500,000	27,200,000	35,000,000
Spenta Finance Ltd.	500	500	1	1
TOTAL (I)			54,987,086	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)			54,997,386	108,297,386
Aggregate amount of Quoted Investments (Market Value)			17,602,826	35,476,036

Note - 7

TABLE ASSETS

Cost of Valuation	OFFICE BUILDING	PLANT & MACHINERY	OFFICE EQUIPMENT	FURNITURE & FIXTURES	COMPUTER	TOTAL
As at 31 March 2011	954,322	38,300	235,488	504,436	834,820	2,567,366
Addition	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Other Adjustment	-	-	-	-	-	-
As at 31 March 2012	954,322	38,300	235,488	504,436	834,820	2,567,366
Addition	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Other Adjustment	-	-	-	-	-	-
As at 31 March 2013	954,322	38,300	235,488	504,436	834,820	2,567,366

Depreciation	OFFICE BUILDING	PLANT & MACHINERY	OFFICE EQUIPMENT	FURNITURE & FIXTURES	COMPUTER	TOTAL
As at 31 March 2011	240,811	5,270	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 31 March 2012	256,367	7,090	158,090	479,214	793,080	1,703,839
Charge for the year	15,555	1,819	11,186	-	-	28,560
Disposal	-	-	-	-	-	-
Other Adjustment	-	-	-	-	-	-
As at 31 March 2013	271,922	18,909	169,276	479,214	793,080	1,732,399

NET BLOCK						
As at 31 March 2012	697,955	21,211	77,398	25,222	41,740	863,527
As at 31 March 2013	682,400	19,391	66,212	25,222	41,740	834,967

NOTE - 9 LOANS & ADVANCES

Particulars	Long Term		Short Term	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
	Amt (Rs.)	Amt (Rs.)	Amt (Rs.)	Amt (Rs.)
(A) Deposits				
Unsecured , Considered Good	16,969,371	26,969,371	-	-
(A)	16,969,371	26,969,371	-	-
(B) Loans				
Unsecured , Considered Good	69,894,211	48,161,592	-	-
(B)	69,894,211	48,161,592	-	-
(C) Other Loans & Advances				
(i) Advance Tax/ TDS Receivable	-	-	946,421	699,278
Less : Provision	-	-	-	-
Net Advance	-	-	946,421	699,278
(ii) Advance to Suppliers	440,343	440,343	-	-
(iii) Balance with Government Authorities	3,579,269	3,579,269	-	-
(iv) Advance to Staff	-	-	7,500	4,500
(C)	4,019,612	4,019,612	953,921	703,778
TOTAL (A+B+C)	90,883,193	79,150,575	953,921	703,778

NOTE - 10 CURRENT INVESTMENTS

Particulars			As at 31 March 2013	As at 31 March 2012
			Amt (Rs.)	Amt (Rs.)
Trade Investments - (Valued at Cost or NRV, whichever is lower)				
I) Unquoted	2012-13 No. of Shares	2011-12 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
Brahma Fabrics Pvt Ltd	81,000	-	2,733,750	-
Inani Securities & Investments Ltd.	156,250	156,250	2,500,000	2,500,000
Lemon Developers Pvt Ltd.	80,000	-	3,000,000	-
N Kumar Housing & Infrastructure Pvt Ltd	20,000	-	10,000,000	-
Nakoda Apparels Pvt. Ltd. (Partly Paid)	24,000	24,000	7,200,000	1,200,000
Pranet Mercantile Pvt. Ltd. (Partly Paid)	300,000	300,000	15,000,000	15,000,000
Sheil Mercantile Pvt. Ltd.	100,000	100,000	5,000,000	5,000,000
Silver Emporium Pvt. Ltd.	31,250	62,500	10,000,000	10,000,000
Swastik Realty Pvt. Ltd.	-	2,000	-	5,000,000
Ujala Finstock Pvt. Ltd.	3,600	3,600	180,000	180,000
Mishali Realty Pvt. Ltd.	200,000	200,000	10,000,000	10,000,000
Agri Co.op Society Ltd.	5,000	5,000	500,000	500,000
TOTAL			98,113,750	87,400,000

NOTE - 11 TRADE RECEIVABLES

Particulars	Non Current		Current	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
	Amt (Rs.)	Amt (Rs.)	Amt (Rs.)	Amt (Rs.)
A. Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured , Considered Good	-	-	71,802,744	11,484,072
(A)	-	-	71,802,744	11,484,072
B. Other Receivables				
Unsecured , Considered Good	-	-	3,093,750	3,368,750
(B)	-	-	3,093,750	3,368,750
TOTAL (A+B)	-	-	74,896,494	14,852,822

NOTE - 12 INVENTORIES

Particulars	As at 31 March 2013	As at 31 March 2012
	Amt (Rs.)	Amt (Rs.)
Shares	14,377,591	15,674,070
TOTAL	14,377,591	15,674,070

NOTE - 13 CASH AND CASH EQUIVALENTS

Particulars	Non Current		Current	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
	Amt (Rs.)	Amt (Rs.)	Amt (Rs.)	Amt (Rs.)
Cash and Cash Equivalents				
Balances with Bank:				
in Current Accounts	-	-	172,950	609,138
Cash on Hand	-	-	182,682	186,861
	-	-	355,632	795,999
TOTAL	-	-	355,632	795,999

Contingent Liabilities

Income Tax demand for the Asst. Year 2001-02. :

The company has made an appeal to the CIT (A) against the order of ITO for assessment year 2001-02. The original demand of Rs.2,225,639/- was reduced to Rs. 46,490/- by CIT (A), which was duly paid. But the department has filed an appeal in I.T.A.T. against this order; the appeal has been set aside by ITAT and is referred back to the CIT (A).

Income Tax demand for the Asst. Year 2007-08 :

The company has made an appeal to CIT(A) against the order for assessment year 2007-08. The original demand of Rs.31,651,350/-.

NOTE - 14 REVENUE FROM OPERATIONS

Particulars	31 March 2013	31 March 2012
	Amt (Rs)	Amt (Rs)
Sale of Shares	58,153,309	83,585,452
TOTAL	58,153,309	83,585,452

NOTE - 15 OTHER INCOME

Particulars	31 March 2013	31 March 2012
	Amt (Rs)	Amt (Rs)
Dividend	1,655,605	807,540
Interest	2,472,780	1,930,916
(Loss) / Profit (Intraday Trading)	(160,020)	(152,821)
Kasar	1,312	1,793
Profit on Sale of Investments	-	112,185
TOTAL	3,969,676	2,699,613

NOTE - 16 PURCHASE

Particulars	31 March 2013	31 March 2012
	Amt (Rs)	Amt (Rs)
Purchase of Shares	67,168,859	90,864,024
TOTAL	67,168,859	90,864,024

NOTE - 17 (INCREASE)/ DECREASE IN INVENTORIES

Particulars	31 March 2013	31 March 2012
	Amt (Rs)	Amt (Rs)
Inventory at the beginning of the year		
Shares	15,674,070	106,347,042
	15,674,070	106,347,042
Inventory at the end of the year		
Shares	14,377,591	15,674,070
	14,377,591	15,674,070
(Increase)/ Decrease in Stock	1,296,479	90,672,972

NOTE - 18 EMPLOYEE BENEFIT EXPENSES

Particulars	31 March 2013	31 March 2012
	Amt (Rs)	Amt (Rs)
Director's Remuneration	240,000	178,000
Salary, Wages & Bonus	334,904	314,706
Staff Welfare	15,194	13,863
TOTAL	590,098	506,569

NOTE - 19 FINANCE COST

Particulars	31 March 2013	31 March 2012
	Amt (Rs)	Amt (Rs)
Bank Charges	25,056	153,548
Interest on Margin Funding	7,486,915	6,481,988
Other Interest	52,901	4,860
TOTAL	7,564,872	6,640,396

NOTE - 20 DEPRECIATION AND AMORTISATION EXPENSES

Particulars	31 March 2013	31 March 2012
	Amt (Rs)	Amt (Rs)
Depreciation of Tangible Assets	28,560	32,784
TOTAL	28,560	32,784

NOTE - 21 OTHER EXPENSES

Particulars	31 March 2013	31 March 2012
	Amt (Rs.)	Amt (Rs.)
Auditors Remuneration	44,944	44,944
Legal Exp	401,000	205,000
NSDL-CDSL Charges	112,360	165,410
Repairs & Maintenance	30,982	6,647
Rates & Taxes	23,183	22,367
Securities Transactions Tax	144,122	220,751
Service Tax	36,081	35,489
Miscellaneous Expenses	582,251	363,574
TOTAL	1,374,924	1,064,182