

12Th Annual Report

2005 - 2006



MAHAN
Industries Limited

BOARD OF DIRECTORS

Shri Y. K. Gupta	- Managing Director
Shri Manik Dattatrey	- Director
Shri Lalit Sharma	- Independent Director
Chanakya Shukla	- Independent Director
Kalpesh Tivedi	- Independent Director

BANKERS

Centurion Bank, C.G. Road,
Ahmedabad.

AUDITORS

KANDHAR & PARIKH
Chartered Accountants
Ahmedabad.

REGISTERED OFFICE

&

INVESTOR'S SERVICE DEPT.

3rd Floor, D.K. House,
Nr. Mithakhali Underbridge,
Ellisbridge,
Ahmedabad - 380 006.



DIRECTOR'S REPORT

To,
The Members,

Your Directors have pleasure presenting you the 12th Annual Reports of the company together with the Audited Accounts for the year ended on March 31, 2006.

FINANCIAL RESULTS

The Operating results of your Company for the period under review are as follows:

(Rs. in lacs)

	Current 9 month ended on 31-06-2005	Previous period from 01-07-2004 to 30-06-2005
Income from Operations / Sales	190.18	38.70
Profit (Loss) before Depreciation & Tax	30.23	15.64
Depreciation	2.01	2.95
Profit (Loss) before Tax	28.17	12.69
Tax Provisions (Including Deferred tax)	0.00	0.24
Provisions for Fringe Benefit Tax	0.47	0.00
Profit (Loss) after Tax	27.69	12.45
Balance of previous year brought forward	(11.07)	(26.99)
Defferred Tax Liability Reversed	0.00	3.47
Balance Carried to Balance Sheet	16.62	(11.07)

DIVIDEND

Your Directors do not recommend any dividend for the year.

PERFORMANCE

Income from operation is at 190.18 compared to Rs. 38.70 lacs previous year. The expenses have been steady in comparison to the previous year and there is a substantial profit in financial activity and security trading business amounting to Rs. 189.59 Lacs during this year as against profit of Rs.87.90 Lacs in the previous year. The company have made a profit after tax of Rs.27.69 lacs as against Rs. 12.45 lacs in the previous year. The board is exploring possibility of other profitable venture and is hopeful of improved result in years to come.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Board of Directors of the company during the year have explored all the possibilities to develop the business so as to get the maximum returns to its shareholders. The company during the financial year traded in financial securities looking to the present scenario of overall economic

growth. At present the company look forward to meet all challenges and trying to explore possibilities in the business in bio-fuel and bio-fertilizer plants.

The company has an adequate internal control system. The audit committee frequently meets to review the financial performance of the company.

DIRECTOR'S

As a part of the Company's initiative towards the Corporate Governance norms, Mr. Chanakya Shukla and Mr. Kalpesh Trivedi were appointed on December 30, 2005 and February, 23rd, 2006 as an Additional Directors of the Company under section 260 of the Companies Act, 1956 to hold office until the conclusion of this annual General Meeting. The Company has received notices in writing along with the deposit from the members proposing the candidature of Mr. Chanakya Shukla and Mr. Kalpesh Trivedi as Directors in terms of Section 257 of the Companies Act, 1956. The brief profile of each Director is given in the notice convening the Annual General Meeting.

CORPORATE GOVERNANCE

The detailed report on Corporate Governance for the financial year from 1.7.2005 to 31.3.2006 (nine months) on the line of requirements of SEBI appears in the annexure to the Directors Report and forms a part of this Annual Report.

AUDITORS AND AUDIT REPORT

M/s Khandhar & Parikh, Chartered Accountants, the Auditors of the Company retire at the conclusion of the Twelfth Annual General Meeting & being eligible offer themselves for re-appointment. Your Directors recommend their appointment.

The observations made by the Auditors' in their report are self-explanatory and therefore, do not call for any comments.

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

The company has no manufacturing activities. Hence there is no information to submit in respect of conservation and absorption of technology.

DEPOSITS :

The Company has not accepted any deposits coming under the provisions of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of deposits) Rules 1975.



PARTICULARS OF EMPLOYEE UNDER SECTION 217(2A) :

The provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1988, as amended are not applicable to the Company, as there are no employees whose remuneration is in excess of the limits prescribed.

DIRECTORS' RESPONSIBILITY STATEMENT :

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

1. In the preparation of the annual accounts, the applicable accounting standards have been followed.
2. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for 2005-06 as on March 31, 2006 and of the profit of the Company for period of 9 months ended on that date.
3. 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.
4. The Directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT :

Your Directors take this opportunity to express their gratitude for the valuable assistance and co-operation extended by the Bankers, vendors, customers, advisors, the general public and for the valued efforts and dedication shown by the Company employees at all levels. Your Directors also sincerely acknowledge the confidence and faith reposed by the shareholders of the Company.

For and on behalf of the Board ,

Place : Ahmedabad
Date : 2nd September, 2006

Yogendra Kumar Gupta
(Managing Director)

Annexure To The Directors Report

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Annexure To The Directors Report

CORPORATE GOVERNANCE DISCLOSURE

In Compliance with clause 49 of the Listing Agreement with Stock Exchange, the matters mentioned in the said clause and practice as followed by the Company:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

The Company's philosophy is to conduct its affairs in a manner which is transparent, Clear and evident to those dealing with or having a stake in the company namely shareholders, lenders, creditors and employees. The Company's philosophy on corporate Governance is thus concerned with the ethics and values of the Company and its Directors, who are expected to act in the best interest of the Company and remain accountable to share holders and other beneficiaries for their action.

The Company is committed to provide high quality product and services to its customers and stakeholders, because the company believes that its long-term survival is entirely dependent on good corporate governance.

2. BOARD OF DIRECTORS :

The present strength of the Board of Directors is 5 (five). The Board of the Company comprises of a 2 executive Director and three independent Directors as on 31st March 2006.

Attendance of each Director at the Board Meetings and last Annual General Meeting:

Sr. No.	Name of Director	Designation	Board Meeting Attended	Attendance at Last AGM	No. of Directorships in the other public Companies	No. of Chairmanship Membership in other board committee
1.	Mr. Y. K. Gupta	Mg. Director	7	Yes	Nil	Nil
2.	Mr. Manik Dattatrey	Director	7	Yes	Nil	Nil
3.	Mr. Lalit Sharma	Director	7	Yes	Nil	Nil
4.	Mr. Chanakya Shukla	Independent Director	4	--	Nil	Nil
5.	Mr. Kalpesh Trivedi	Independent Director	1	--	Nil	Nil



3. REMUNERATION TO DIRECTORS :

Sr. No.	Name of Director	Salary Rs.	Benefits Rs.	Commission Rs.	Meeting Fees Rs.	Total Rs.
1.	Mr. Y. K. Gupta	Nil	Nil	Nil	Nil	Nil
2.	Mr. Lalit Sharma	Nil	Nil	Nil	Nil	Nil
3.	Mr. Manik Dattatrey	Nil	Nil	Nil	Nil	Nil
4.	Mr. Chanakya Shukla	Nil	Nil	Nil	Nil	Nil
5.	Mr. Kalpesh Trivedi	Nil	Nil	Nil	Nil	Nil

4. BOARD COMMITTEES :

The Company is following the procedures and practices in conformity with the code of corporate governance in keeping with the spirit of the code. The board has constituted the following committees:

A. AUDIT COMMITTEE:

The Board of Directors of the Company has constituted an audit committee pursuant to the provisions of Section 292A of the Companies Act, 1956 to ensure full compliance with all the relevant provisions including code of corporate governance.

The Audit Committee is comprising of 3 (three) members composed of 2 Independent Directors and 1 Executive Director viz. Mr. Lalit Sharma, Chairman and Mr. Kalpesh Trivedi (having financial and accounting knowledge) and Mr. Y. K. Gupta, Member. The committee carries out functions enumerated in the listing agreement and section 292A of the Companies Act, 1956.

B. REMUNERATION COMMITTEE:

- I. Remuneration committee not being a statutory requirement has not been constituted.
- II. Remuneration of employees mainly consists of fixed salaries i.e. Basic pay allowances and perquisites, which varies with different grades and is related to the qualification experience and responsibilities shared by the employees:-

C. SHAREHOLDERS COMMITTEE:

Share Transfer and Investors Grievance Committee:

The shareholder's investors Grievance Committee comprises of Mr. Y. K. Gupta, Mr. Manik Dattatrey and Mr. Kalpesh Trivedi - as members. The Share Transfer committee approves transfers, transmission issue of duplicate share certificates, approval of demat position. The investors Grievance committee consisted of the aforesaid members look after the matters related to the grievances of the shareholders as and when received. During the period all the complaints received by the company were resolved to the satisfaction of the complainants. At the end of the period there is no pending share transfer of complaints.

5. GENERAL BODY MEETINGS:

The last three annual General Meetings were held as under:

Sr.No.	Financial Year	Date	Time	Location
1.	2002-2003	31/12/2003	11.00 a.m	Registered Office
2.	2003-2004	30/12/2004	11.00 a.m	Registered Office
3.	2004-2005	30/12/2005	11.00 a.m	Registered Office

6. MEANS OF COMMUNICATIONS :

Your company complies with Clause 41 of the Listing Agreement. Quarterly Results, Annual Result and other statutory publications are being normally published in The News Line (Gujarati) & CHANAKYANI POTH (English).

7. GENERAL SHAREHOLDER INFORMATION :

Annual General Meeting.	30th September, 2006 at 10.00 a.m. at
Date Time and Venue	3rd Floor, D.K. House, Nr. Mithakhali Under Bridge, Ellisbridge, Ahmedabad-380 006.

8. FINANCIAL CALENDER :

Report Period	1st July, 2005 to 31st March, 2006
First Quarter Result	Last week of September, 2005
Half Quarter Result	Last week of December, 2005
Third Quarter Result	Last week of March, 2006
Dates of Book Closure	27-09-2006 to 30-09-2006

9. LISTING ON STOCK EXCHANGES:

The Stock Exchange, Mumbai
The Stock Exchange, Ahmedabad

10. SHARE TRANSFER SYSTEM:

To expedite the processing and updating share transfer, authority has been delegated to the Share Transfer Committee. The Board at the next Board Meeting as approved by the said committee, then ratifies the share transfer register.



11. SHARE HOLDING PATTERN (AS ON 31-03-2006):

(a) Categories of Shareholders (in %)

Category	No. of Shares	% of holding to total
Promoters, Directors, & Associates	3413156	47.74 %
Corporates	1195962	16.73 %
NRIs	201700	2.82 %
Mutual Funds	Nil	Nil
Employees	Nil	Nil
Public	2305865	32.25 %
Clearing Members	33317	0.47%
Total:	7150000	100.00 %

(b) Distribution of Shares holding as on 31.03.2006

No. Of Equity Share	No. Of Shareholders	Total No. of Shares Face Value Rs 10 each
Up to 5000	1479	255676
5001 - 10000	218	188119
10001 - 20000	86	138829
20001 - 50000	104	364382
50001 - 100000	35	247270
100001 & above	58	4805724

The Company has issued 1150000 Equity Shares Against optional warrant pending listing with stock Exchange.

DEMATERIALIZATION OF SHARES & LIQUIDITY :

Equity Shares of the Company be held in the dematerialized form with either NSDL or CDSL are 4568700 Equity Shares, representing 64 % of the Total Equity Capital were held in dematerialized form as on 31.03.2006.

Auditors : M/s. Khandhar & Parikh, Chartered Accountants

Compliance Officer : Mr. Manik Dattatrey

12. CORPORATE OFFICE :

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

13. ADDRESS FOR CORRESPONDENCE :

3rd Floor. D.K. House, Nr. Mithakhali Under Brdige, Ellisbridge, Ahmedabad-380 006.
Phone : 079-66614897 Fax : 079-26568789 E-mail : ykgupta123@yahoo.com

DISCLOURES

Materially significant related party transactions

All the Related Party Transactions are forming part of the notes to the Balance Sheet. Other than those there was no materially significant related party transaction with its promoters, directors or the management, their subsidiaries or relatives etc. that had a potential conflict with the interest of the Company at large

Details of non compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or Securities and Exchange Board of India (SEBI) or any Authority on any matter related to capital markets during last three years:



Auditors Certificate on Compliance with the condition of Corporate Governance under Clause 49 of the listing agreement.

To the members of Mahan Industries Limited,

We have examined the compliance of corporate governance by Mahan Industries Ltd. for the financial year ended 31st March, 2006 stipulated in clause 49 of the listing agreement of the said Company with the stock exchange of India.

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

In our opinion and to the best of our information and explanation given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing agreement.

We state that in respect of investor grievances received during the financial year ended 31.03.2006 (nine months), no investor grievances are pending against the company for a period exceeding one month as per record maintained by the company which are presented to the share holders/ investors grievance committee.

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, Khandhar & Parikh,
Chartered Accountants

Place : Ahmedabad
Date : 2nd September, 2006

Vasant Patel
Partner

KHANDHAR & PARIKH

Chartered Accountants (Ahmedabad)

AUDITORS REPORTS

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, 2006 and the Profit & Loss Account and the Cash Flow Statement for the nine months period 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 issued by the Company Law Board 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, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account;
 - d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956 *except AS-9 where Sale / Purchase transaction of traded shares are not recorded though records are maintained and only Profit/ Loss on such trading are taken in the Profit & Loss Account. This, of course does not affect the Profit / Loss of the year.*
 - e) On the basis of written representations received from the Directors of the company as at March 31, 2006 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.

Subject to the above and read together with Notes to Accounts the said Statements of Account, in our opinion and to the best of our information and according to the explanations given to us, give the



information required by the Companies Act, 1956, in the manner so required and give a true & fair view in accordance with the accounting principles generally accepted in India :

- 1) in case of the Balance Sheet , of the state of Affairs of the company as at 31st March, 2006.
- 2) in case of the Profit & Loss Account , of the Profit for the period ended on that date and
- 3) in case of the cash flow statement, of the cash flows for the period ended on that date.

For **Khandhar & Parikh**
Chartered Accountants

Place : Ahmedabad
Date : 02.09.2006

(**Vasant Patel**)
Partner

ANNEXURE TO THE AUDITOR'S REPORT

(Referred in paragraph (1) of report of even date)

- (i) a The company is maintaining proper 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 nature of its assets. No material discrepancies between the book records and the physical inventory were noticed.
c In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year.
- (ii) a The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
b In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
c The Company is maintaining proper records of inventory and no material discrepancies were noticed on the physically verification.
- (iii) a According to the information given to us the company has not granted loans to parties covered in the register maintained u/s 301 of the companies Act, 1956.
b Not applicable
c Not Applicable
d Not applicable
e According to the information given to us the company has taken loans from one party covered in the register maintained u/s 301 of the Companies Act, 1956 . The maximum amount involved during the year is Rs. 107.76 lacs and the year end balance of such loans taken is 58.58 Lacs.
f As per the information given to us the loans taken by the company are 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 and without any specific terms and conditions and hence we have no comments to offer.

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) a According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered
b In our Opinion & according to the information & explanations given to us , the transaction made with the parties during the year in pursuance of contract & arrangement entered in the register maintained under 301 of the Companies act, 1956 have been made at prices which are reasonable, having regard to the prevailing market prices at the relevant time, where such comparative market price are available.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Companies Act, 1956, and the rules framed thereunder.
- (vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- (viii) To the best of our knowledge, the Central Government of India has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, for any of the products of the company.
- (ix) a According to the information and explanation given to us and according to the books and records as produced and examined by us, in our opinion, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable with the appropriate authorities.
b According to the records of the company, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Service Tax or Cess which has not been deposited on account of any dispute. However in respect of Income tax for the A.Y.2001-02 demand of Rs.2225639/- was reduce to Rs.49490/- by CIT (A) but the department has preferred an appeal and the same is pending with ITAT.
- (x) The company does not have accumulated losses as at 31st March 2006 and has not incurred cash losses during the financial year ended on that date or in its immediate preceding financial year.
- (xi) As the Company has neither availed term loan from financial institution/bank nor it has issued any Debenture, hence clause no.(xi) of pharagraph 4 to the Order is not applicable to the Company.
- (xii) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a Chit Fund or a Nidhi Fund or a 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.
 - a Not applicable
 - b Not applicable



- c Not applicable
- d Not applicable
- (xiv) 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.
- (xv) According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) According to information and explanation given to us and on an overall examination we report that the company has not taken any term loan during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that short term funds have not been used to finance long term investments.
- (xviii) According to the information and explanations 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 Companies Act, 1956.
- (xix) During the year, since the company has not issued any debentures, paragraph 4(xix) of the Order is not applicable.
- (xx) The company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given to us, during the year, no fraud on or by the company has been noticed or reported.

For **Khandhar & Parikh**
Chartered Accountants

Place : Ahmedabad
Date : 02.09.2006

Vasant Patel
M / No. :: 44612

MAHAN INDUSTRIES LIMITED**BALANCE SHEET AS ON 31st MARCH 2006**

(AMOUNT IN RUPEES)

PARTICULARS	SCHEDULE NO.	AS ON 31-03-2006	AS ON 30-06-2005
I SOURCES OF FUNDS:			
(1) Share holder's funds			
a. Share Capital	1	71500000	71500000
b. Reserve & Surplus	2	1661782	
(2) Loan Funds			
a. Secured Loans	3	131296884	162839520
b. Unsecured Loans	4	5857899	858661
		210316565	235198181
II APPLICATION OF FUNDS:			
1. Fixed Assets	5		
Gross Block		3804287	3789037
Less: Depreciation		1244265	1043224
Net Block		2560022	2745813
2. Investments	6	4850056	19224359
3. Current Assets, Loans & Advances			
a. Current Assets	7	187919901	199923319
b. Loans & Advances & Deposits	8	96326457	29393230
		284246358	229316549
4. Less: Current Liabilities & Provisions	9	81397873	17286327
5. Net Current Assets		202848485	212030222
6. Miscellaneous Expenditure (To the extent not written off or adjusted)	10	58001	90498
7. Profit & Loss Account	11		1107289
8. Notes on Accounts	17		
		210316565	235198181

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

FOR KHANDHAR & PARIKH
CHARTERED ACCOUNTANTS

Y.K. GUPTA - DIRECTOR

VASANT PATEL
PARTNER

LALIT SHARMA - DIRECTOR

PLACE : AHMEDABAD

DATE : 02-09-2006



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31-03-2006
(AMOUNT IN RUPEES)

PARTICULARS	AS ON 31-03-2006	AS ON 30-06-2005
INCOME		
Sales		3869642
Income From Financial Activity & Security trading	12	11618390
Other Income	13	58000
Increase / Decrease in Inventory	14	-574000
Profit on Sale of Investment (Long term)		7341153
TOTAL (A)	<u>19017543</u>	<u>13355972</u>
EXPENDITURE		
Purchases Cost		0
Administrative, Selling & Other Exp.	15	2478598
Interest Expenses	16	10401528
Audit Fees		14030
Loss on sale of Fixed Assets		0
Loss on sale of Investment(Short term)		3073231
Preliminary & Public Issue Exp. (W/O)	10	32497
Depreciation	5	201041
Security Transaction Tax		0
TOTAL (B)	<u>16200925</u>	<u>12087456</u>
PROFIT BEFORE TAX		2816618
Less		
PROVISION FOR INCOME TAX		0
INCOME TAX OF PREV. YEAR		0
FRINGE BENEFIT TAX		47547
PROFIT AFTER TAX		2769071
ADD : BALANCE BROUGHT FORWARD		-1107289
Less : DEFERRED TAX LIABILITY REVERSE		0
NET PROFIT C/F TO BALANCE SHEET		<u>1661782</u>

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

FOR KHANDHAR & PARIKH
CHARTERED ACCOUNTANTS

VASANT PATEL
PARTNER

Y.K. GUPTA - DIRECTOR

LALIT SHARMA - DIRECTOR

PLACE : AHMEDABAD

DATE : 02-09-2006

MAHAN INDUSTRIES LIMITED

SCHEDULE FORMING PART OF THE BALANCE SHEET AS ON 31-03-2006

(Amount in Rs.)

SCHEDULE : 1 : SHARE CAPITAL

AUTHORISED

7300000 (7300000) Equity share of Rs. 10/- each

ISSUED SUBSCRIBED & FULLY PAID UP

7150000 (7150000) Equity share of Rs. 10/- each

	AS ON 31-03-2006	AS ON 30-06-2005
	73000000	73000000
	71500000	71500000
	1661782	0
	1661782	0

SCHEDULE : 2 : RESERVE & SURPLUS

Profit & Loss Account

	1661782	0
	1661782	0

SCHEDULE : 3 : SECURED LOANS

- a Working Capital from Schedule Bank Against Hypothecation of Stock & Book Debts and collectral security of Office Premises & Personal guarantee of Directors
- b Loan Against Shares from Finance companies Secured against pledge of Shares
- Total

	3114893	3186639
	128181991	159652881
	131296884	162839520

SCHEDULE : 4 : UNSECURED LOANS

- From Directors
- From Others
- Total

	5857899	858661
	NIL	NIL
	5857899	858661

SCHEDULE : 5 : FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRICIATION				NET BLOCK	
	AS ON 01.07.2005	ADD DURING THE YEAR	LESS DURING THE YEAR	AS ON 31-03-2006	UP TO 30-06-2005	DURING THE YEAR	ADJUST- MENT	AS ON 31-03-2006	AS ON 01.07.2005	AS ON 30.06.2005
AIR CONDITIONER	93315			93315	27587	3324		30911	62404	65728
COMPUTER	392966			392966	271637	13999		285636	107330	121329
ELECTRIC FITTINGS	48233			48233	21105	2290		23395	24838	27128
EPBAX EQUIPMENTS	15649			15649	6824	743		7567	8082	8825
FURNITURE & FIXTURES	504436			504436	291387	23948		315335	189101	213049
MACHINERY	38300			38300	4811	1364		6175	32125	33489
MOTOR CAR	1275575			1275575	194150	90885		285035	990540	1081425
OFFICE EQUIPMENTS	78291			78291	25388	3717		29105	49186	52903
OFFICE PREMISES	954322			954322	151367	11667		163034	791288	802955
PRINTER	387950	15250		403200	48968	49104		98072	305128	338982
TOTAL	3789037	15250		3804287	1043224	201041		1244265	2560022	2745813
PREVIOUS YEAR FIGURES	4294632	131725	637320	3789037	904708	295271	156754	1043225	2745813	3389924



SCHEDULE FORMING PART OF THE BALANCE SHEET AS ON 31-03-2006

SCHEDULE : 6 : INVESTMENTS

	QTY NOS.	COST 31-03-2006	COST 30-06-2005
QUOTED SHARES			
* Jhonmeyers Granites Ltd.	10000	154000	154000
* Kanhaiya Foods Ltd.	2900	64925	64925
* Karan Fibers & Fabrics Ltd.	197900	1990450	1990450
Spenta Finance Ltd.	500	7625	7625
Fast Capital Growth Ltd.	118438	245167	433044
Indo Asian Fuse Gear Ltd.	23000	353591	353591
Indswift Ltd.	0	0	14186424
 Total	 a	 4850056	 19224359
UNQUOTED SHARES (AT COST)			
D.K. Association	3	300	300
Charotar Housing Corporation	1000	10000	10000
Chase Infotech Ltd.	184400	1844000	1844000
Ujala Finstock pvt. ltd.	3600	180000	180000
	b	2034300	2034300
Total a+b		19224359	8280800

NOTES :

1. Aggregate value of Quoted Investments at Cost Price	2815756	17190059
Aggregate Market value of Quoted Investments	14375288	10742439
<small>Market value of (*) marked shares is not available, hence cost of these shares or last quoted value available, Which is lower, has considered as Market Value</small>		
2. Aggregate value of Unquoted Investments at Cost Price	2034300	2034300

SCHEDULE : 7 : CURRENT ASSETS

1. Stock in Trade	169873053	154089653
(as taken valued & Certified by management at Cost or Market Value which ever is lower)		
2. Sundry Debtors		
(Unsecured & considered Good)		
Over six Months	14946402	16677880
Others	2381161	27577071
	17327562	44254951
3. Cash in Hand (as certified by the Director)	526249	437440
4. Bank Balance with		
Scheduled Bank	0	0
Other Bank	193037	1141275
Total	187919901	199923319

MAHAN INDUSTRIES LIMITED

SCHEDULE FORMING PART OF THE BALANCE SHEET AS ON 31-03-2006

SCHEDULE : 8 : LOANS & ADVANCES & DEPOSITS

	AS ON 31-03-2006	AS ON 30-06-2005
Inter Corporate Deposits	78922804	7119627
Loan & Advances to Others	17063457	19439389
Share Application Money	0	2500000
Bharat Sanchar Nigam Limited - Deposit	14121	14121
Tax Deducted at Sources	326075	320093
	96326457	29393230

SCHEDULE : 9 : CURRENT LIABILITIES & PROVISIONS

CURRENT LIABILITIES

Sundry Creditors	10916653	15486988
Intercompany Deposits	70120483	
Other Current Liabilities	320913	1674309
	a 81358050	17161297

PROVISIONS

Audit Fee Payable	14030	8100
Expenses Payable	25793	116930
	b 39823	125030
Total a+b	81397873	17286327

SCHEDULE : 10 :

MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED

a Preliminary Exp.	87001	116001
Less : Written off	29000	29000
	a 58001	87001
b Public Issue Expenses	3497	145355
Less : Written off	3497	141858
	b 0	3497
Total a+b	58001	90498

SCHEDULE : 11 : PROFIT & LOSS ACCOUNT

Profit & Loss Account	-1107289
	0 -1107289

SCHEDULE : 12 : INCOME FROM FINANCIAL ACTIVITY & SHARE TRADING

Interest on Loan & Deposit (T.D.S. Rs. 56207/-)	332848	576489
Profit/Loss From Shares	9515644	7522482
Dividend	1769898	691149
	11618390	8790120



SCHEDULE FORMING PART OF THE BALANCE SHEET AS ON 31-03-2006

SCHEDULE : 13 : OTHER INCOME

	AS ON 31-03-2006	AS ON 30-06-2005
Rent Income	18000	24000
Commission Income		1184412
Income from I.T. Enable Work Kasar & Vatav	40000	60000
		1798
	<u>58000</u>	<u>1270210</u>

SCHEDULE : 14 : INCREASE / DECREASE IN INVENTORIES

Stock at Opening	0	574000
Less : Closing Stock	0	0
	<u>0</u>	<u>-574000</u>

SCHEDULE : 15 : ADMINISTRATION, SELLING & OTHER EXP.

Advertisement exp.	6142	7916
Bank Charges & L.C.Expenses	855	13421
Books & Periodicals	1556	2999
Consultancy Exp.	44000	100136
Conveyance, Petrol & Traveling Exp.	347336	271182
Director's Remuneration		216000
Electricity Exp.	24936	49997
Filing Fees	2000	1000
Insurance Exp.	21366	49765
Legal & mortgage Exp.	2250	1500
Listing Fee	26250	40000
NSDL-CDSL CHARGES	28047	32083
Office Expenses & Misc. Exp.	22255	13954
Office Maintenance	8100	10800
Postage Exp.	1446	13360
Printing & Stationery	29939	21380
Rent, Rates & Taxes	17215	1000
Repair & Maintinace Exp.	39698	19688
Salary, Bonus & Out sourcing Exp.	84554	219262
Share Transfer & Stamping Exp.	21125	55233
Staff welfare Expenses	4925	22987
Telephone & Internate Expenses	125031	179540
Service Tax & Other Charges	1389533	593287
Transaction Charges	230040	132863
TOTAL	<u>2478598</u>	<u>2069353</u>

SCHEDULE : 16 : INTEREST EXPENSES :

Bank Interest	378254	680704
Other Interest	10023274	5110109
	<u>10401528</u>	<u>5790813</u>

Schedule forming part of the Balance Sheet as on 31-03-2006**Schedule : 17 : Notes to Accounts****01. Significant Accounting Policies :****a. Accounting Convention :**

The Accounts have been prepared under the Historical Cost Convention

b. Going Concern

The enterprise is a going concern and is expected to continue and grow from year to year.

c. Revenue and Expenditure Recognition:**Income is recognised as under:****i. Project consultancy and other activities:**

Income recognised upon completion of stages as per contracts.

ii. It is general policy of Company to account for all expenditure on accrual basis.**d. Fixed Assets and Depreciation :**

i. Fixed Assets are capitalised at cost inclusive of installation expenses. Fixed Assets are shown at cost less accumulated depreciation.

ii. Depreciation has been charged by straight line method (SLM) at the rates prescribed in schedule XIV to the Companies Act, 1956 on pro-rata basis.

e. Investments :

a) Quoted and Un-quoted securities are valued at cost.

b) Income from dividends recognized upon receipt and the gains at the time of sale of investments. Interest from inter corporate deposit recognized on accrual basis.

Securities purchased cum interest shown at cost on balance sheet date after reducing interest accrued there on from the purchase consideration.

f. Valuation of stocks in trade :

a) Stock in trade of quoted Scripts are taken at year end and closing market rate or cost whichever is lower.

2. The current year period is of 9 months from 01-07-05 to 31-03-06

3. The Company is registered with RBI vide Reg. No. 01-00247 dt. 16-5-1998 Hence Company is Non deposit taking Non Banking Finance Company

4. The balance of loans and advances, sundry debtors, sundry creditors and Loans and advances are subject to the confirmation of the parties.

5. Previous year figure's have been regrouped and rearranged wherever necessary. However figures for the current year is for nine months end hence not comparable.

6. Earnings / Expenditure in foreign Exchange - NIL

7. Expenditure of employees in respect of remuneration of not less Rs. 24,00,000/- per year or Rs. 2,00,000/- per month if employed for the part of the year is NIL.



8. Contingent liabilities for following items has provided for is Rs. NIL (Previous year Rs. NIL). - Income Tax demand for the Asst. Year 2001-02. The company has gone in appeal with CIT (A) against the order of ITO for Assessment year 2001-02. The original demand was Rs. 2225639/- was reduced to Rs. 46490/- by CIT(A). The department has filed the appeal in I.T.A.T. against this order, the appeal in ITAT is pending.
9. No provision of the gratuity has been made, as no employee is entitled for the same.
10. Interest of Charotar Nagarik Bank has been charged @ 12%, However in previous it has been provided as per payment basis. Bank Balance of as per Books is 3114893/- is subject to confirmation from Bank Statement, since bank is closed.
11. Due to profit from income exempted under various heads no provision for income tax is required.
12. The Company has made an application to BSE for listing the shares issued amounting to Rs. 1,15,00,000/- The permission from respective authority is awaited

13 Profit and Loss from the Trading of the Shares :

PARTICULARS	31-03-2006		30-06-2005	
	Qty. No. of Shares	Amount Rs.	Qty. No. of Shares	Amount Rs.
Sales	7247387	947181723	5740274	547379365
Closing Stock	2320776	169873053	2284716	154089653
Total (a)	9568163	1117054776	8024900	701469018
Less : Opening Stock	2284716	154089653	2325874	13096552
Purchases / Allotment	7283447	951655142	5699116	680834137
Net Loss in Vallan Transaction & future trading	--	-1794337	--	15847
Total (b)	9568163	1107539132	8664990	693946536
Net Profit/(Loss) to P & L A/c.		9515644		7522482

14. Quantitative details of trading of Chemicals, Building Material etc.

Sr. No.	Particulars	Units	Opening Stock		Purchases		Turnover		Closing Stock	
			Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount
1	Bldg. Mat. a. Cement 2005-06 2004-05	Bags	--	--	--	--	--	--	--	--
			--	--	24140	3276907	24140	3288827	--	--
2	Chemicals 2005-06 2004-05	Kgs.	--	--	--	--	--	--	--	--
			10314	574000	--	--	10314	580815	--	--

15. ,Particulars of payment made to Auditors :

	<u>2005-2006</u>	<u>2004-2005</u>
Audit fees (including service tax)	Rs. 14030/-	Rs. 8100/-

16. Managerial Remuneration Paid to the Director Rs. NIL
(Previous year Rs. 216000/-)

17. Related Party Disclosures :

a) Name of Key Management Personnel :

Mr. Y K Gupta - Managing Director

b) Transaction during the year with key management personnel:

i) Director Remuneration RS. NIL

c) Outstanding Balance

i) Unsecured Loan RS. 5857899/-

ii) Maximum credit Bal. outstanding RS. 10776361/-
during the year

iii) Sale of Shares RS. 1360500/-

18. Earning per Equity Share

	<u>2005-2006</u>	<u>2004-2005</u>
Net Profit / Loss after tax	2769070	1244832
No. of Shares of RS.10/- each	7150000	7150000
Basic & Diluted Loss per share (in Rs.)	0.52	0.17

19. Deferred Tax :

The effect on the profit for the year and reserves as at end of the year consequent to compliance with Accounting Standard 22 "Accounting for Taxes on Income" which has come into effect from this year, and the break up of the deferred tax liabilities are as under.

DTA have not been recognized as there is not virtual certainty support by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

20. The Fringe Benefit Tax includes tax for the period 01-04-2005 to 30-06-2005.



21. During the current year the company has dealt in shares, which is the only segment & hence information required under segment reporting is not furnished.
22. Paise are rounded off to nearest rupee.
23. The statement of significant accounting policies and the notes no. 2 to 22 form an integral part of the accounts for the period ended on 31st March, 2006.

Signature to schedule 1 to 17 of Balance Sheet and Profit and Loss Account.

As per our report of even date.

For, KHANDHAR & PARIKH
Chartered Accountants

For and on behalf of Board

Y. K. Gupta - Mg. Director

VASANT PATEL
Partner

Lalit Sharma - Director

Place : Ahmedabad
Date : 02-09-2006

Place : Ahmedabad
Date : 02-09-2006

MAHAN INDUSTRIES LIMITED

CASH FLOW STATEMENT

	Year Ended 31-03-2006 Amount	Year Ended 30-06-2005 Amount
A. CASH FLOW FROM OPERATING ACTIVITIES :		
- Profit Before Tax and Extra Ordinary Items	2816618	1268516
- Adjustment For		
- Depreciation	201041	295271
- Provisions for Mics Exp. Writtren Off	32497	170858
- Loss on Sale of Assets		255565
- Income Tax Refund (paid)	(47547)	(23684)
	(A) 3002609	1966526
- Adjustment for		
- Current Assets	(B) (55789239)	(157983242)
- Current Liabilities	(C) 64111546	10151262
- Net Cash from operating activities	D=A+B+C 11324916	(145865454)
B. CASH FLOW FROM INVESTING ACTIVITIES		
- Sale / (Purchase) of Fixed Assets	(15250)	93276
- Sale (Purchase) of Investment	14374303	(10943559)
- Net Cash Generated From investing activities	(E) 14359053	(10850283)
C. CASH FLOW FROM FINANCE ACTIVITIES		
- Borrowing (Net)	(26543398)	158147120
Net Cash from Financing Activities	(F) (26543398)	158147120
Add / (Less) : Prior period Items	(G) 0.00	0.00
NET INCREASE IN CASH / BANK BALANCE H=D+E+F+G	859429	1431383
CASH / BANK BALANCE OPENING	1578715	147332
CASH / BANK BALANCE CLOSING	719286	1578715

As per our report of even date attached.

For, KHANDHAR & PARIKH
Chartered Accountants

VASANT PATEL
Partner

For and on behalf of Board

Y. K. Gupta - Mg. Director

Lalit Sharma - Director

Place : Ahmedabad
Date : 02-09-2006

Place : Ahmedabad
Date : 02-09-2006



We have verified the attached Cash Flow Statement of MAHAN INDUSTRIES LTD. and found the same in agreement with audited P&L A/c and Balance sheet of the same date it has been drawn in accordance with the requirement of Clause 32 of the listing agreement with the Stock Exchange.

For, KHANDHAR & PARIKH
Chartered Accountants

Place : Ahmedabad
Date : 02-09-2006

VASANT PATEL
Partner

**BALANCE SHEET ABSTRACT AND COMPANY'S
GENERAL BUSINESS PROFILE****I. Registration Details**

Registration No.	24053	
Balance Sheet Date	31-03-2006	State Code : 004

II. Capital Raised during the year

Public Issue		Preferential Issue
Nil		Nil
Bonus Issue		Share Warrant
Nil		Nil

III. Position of Mobilisation and Deployment of funds (Rs. In Lacs)

Total Liabilities		Total Assets
2103.22		2103.22

SOURCES OF FUNDS :

Paid up Capital		Secured Loans
715.00		1312.97
Unsecured Loan		
58.57		

APPLICATION OF FUNDS :

Net Fixed Assets		Investments
25.60		48.50
Net Current Assets		Miscellaneous Exp.
2028.54		0.58
Accumulated Losses		
NIL		

IV. Performance of Company (Rs. In Lacs)

Total Income (Incl. Other Income)		Total Expenditure
190.17		162.01
Profit Before Tax		Profit After Tax
28.17		27.69
Earning per Share		Dividend Rate %
0.52		NIL



V. Generic Names of Three Principal Products/Services of the Company

Item Code No. (ITO CODE)

Not Applicable

Service Description

Not Applicable

For and on behalf of Board

Y. K. Gupta - Mg. Director

Place : Ahmedabad

Date : 02-09-2006

Lalit Sharma - Director



MAHAN INDUSTRIES LIMITED

Registered Office :

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

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Place)

Twelfth Annual General Meeting 30th September, 2006

I/We hereby record my/our presence at the 12th Annual General Meeting held at 3rd Floor, D.K.House, Nr. Mithakhali Under Bridge, Ahmedabad-380 006. On Saturday, 30th September, 2006 at 10-00 a.m.

Full Name of the Member (IN BLOCK LETTERS) _____

Reg. Folio No. _____ No. of Shares held _____

Full Name of the Proxy (IN BLOCK LETTERS) _____

SIGNATURE OF THE MEMBER (s) OR PROXY/PROXIES PRESENT _____

(Please complete and sign this attendance slip and handover at the Registered Office, only Member (s) of their Proxies with this Attendance Slip will be allowed entry to meeting.)

Tear of _____

MAHAN INDUSTRIES LIMITED

Registered Office :

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

PROXY FORM

Reg. Folio No. _____ No. of Share held _____ I/We _____ of _____ in the

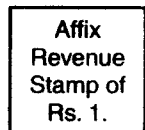
District of _____ being a member / members of Mahan Industries Ltd. hereby appoint _____ of _____ in the District _____

of or failing him/her _____ of _____ in District of _____ as my/our Proxy to attend and vote for me/us and on my/our behalf at the Twelfth Annual General Meeting of the company to be held on Saturday, 30th September, 2006 and at any adjournment thereof.

As witness my hand/our hands this _____ day of _____ 2006.

As witness my hand/our hands this _____ day of _____ 2006.

Signed by said



Note :

1. The form should be signed across the stamp as per specimen signatures registered with the Company.
2. The Proxy Form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before time fixed for holding the aforesaid meeting.

Book - Post

If undelivered please returned to

MAHAN INDUSTRIES LTD.

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