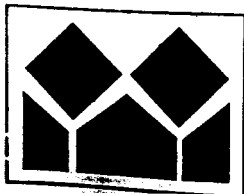


14 th

Annual Report
2007 - 2008



**MAHAN
INDUSTRIES
LIMITED**

BOARD OF DIRECTORS

Shri Y. K. Gupta - Managing Director
Shri Manik Dattatery - Director
Shri Lalit Sharma - Independent Director
Chanekya Shukla - Independent Director
Kalpesh Trivedi - 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 in presenting you the 14th Annual Reports of the company together with the Audited Accounts for the year ended on March 31, 2008.

FINANCIAL RESULTS:

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

| Particulars | (Rs. in Lacs) | |
|--|----------------------------|----------------------------|
| | Current Year 31.03.2008 | Previous Year 31.3.2007 |
| Loss before Depreciation & Tax | 10403463 | 54812702 |
| Depreciation | 329103 | 328008 |
| Loss before Tax | 10732566 | 55140710 |
| Provisions for Fringe Benefit Tax | 20650 | 25220 * |
| Loss after tax | 10753216 | 55172287 |
| Balance of previous year brought forward | (53510505) | 1661782 |
| Loss carried forward to Balance Sheet | 64263720 | 53510505 |

* includes Rs. 6357/- of previous year

DIVIDEND:

Your Directors do not recommend any dividend for the year.

PERFORMANCE

The loss before depreciation and tax was at Rs. 10403463 as against previous year loss of Rs. 54812702. The depreciation was at Rs. 329103 as against previous year Rs. 328008. The loss after Depreciation tax was at Rs. 10753216 as against previous year loss of Rs. (5172287. 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 tried the possibilities to develop the business so as to get the better 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 other business details of which will be made public when concrete plans are made.

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

DIRECTORS:

Shri Manik Dattatrey and Chanakya Shukla retires by rotation and being eligible offers themselves for reappointment. Members are requested to reappoint them.

CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the listing agreement the report on Corporate Governance is attached which forms part of the Directors Report.

AUDITORS AND AUDIT REPORT

M/s Khandhar & Parikh, Chartered Accountants, the Auditors of the Company retire at the conclusion of the 14th Annual General Meeting & being eligible offer themselves for re-appointment. The Company has received a letter from the auditors of the Company stating that their appointment, if made will be within the limits specified in Section 224 (1B) of the Companies Act, 1956. 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. There is no foreign exchange earnings and outgo.

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 EMPLOYEES 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:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii. 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 the period ended on March 31, 2008 and of the profit or loss of the Company for the year ended on that date.
- iii. 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.
- iv. 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

Date : 04-09-2008
Place : Ahmedabad

Yogendra Kumar Gupta
Managing Director

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 2 executive Directors and three independent Directors as on 31st March 2008.

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

| Sr. No | Name of Directors | Designation | Board Meeting Attended | Attendance at Last AGM | No. of Directorships In the other public | No. of Chairmanship Membership in other |
|--------|-------------------|-------------|------------------------|------------------------|--|---|
| | | | | | | |



| | | | | | Compani es | board /committ ee. |
|----|-------------------------|---|---|-----|---------------|--------------------------|
| 1. | Mr. Y.K. Gupta | Managing Director | 5 | Yes | Nil | Nil |
| 2. | Mr. Manik Dattatreya | Director Executive | 5 | Yes | Nil | Nil |
| 3. | Mr. Lalit Sharma | Independent and Non – Executive Director | 5 | Yes | Nil | Nil |
| 4 | Chanakya Shukla | Independent and Non – Executive Director | 5 | – | Nil | Nil |
| 5 | Kalpesh Trivedi | Independent and Non - Director | 5 | – | Nil | Nil |

Five Board meetings were held during the year. The dates of Board meeting are as : 30/4/2007, 31/7/2007, 1/09/2007, 31/10/2007 and 31/1/2008

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

| | |
|--|--|
| Name of the Director | Dattatreya Manik |
| Father Name | Chandrakant Manik |
| Date of Birth | 29 – 08 – 1970 |
| Date of Appointment | 31- 12 - 2003 |
| Qualification | Commerce Graduate |
| Name of the Public limited Companie(s) in which he is a director other than Mahan Industries Limited | Nil |
| Specific functional Areas | He has expertise in the field of accountancy, finance and administration |

| | |
|----------------------|-------------------|
| Name of the Director | Chanakya Shukla |
| Father Name | Indravadan Shukla |
| Date of Birth | 20/8/1978 |

MAHAN INDUSTRIES LIMITED

| | |
|---|---|
| Date of Appointment | 30 -12- 2005 |
| Qualification | Master of Science |
| Name of the Public limited | Nil |
| Companie(s) in which he is a director other than Mahan Industries Limited | |
| Specific functional Areas | He has expertise in the field of accountancy, finance, human resources and administration |

3. REMUNERATION TO DIRECTORS :

| Sr. No | Name of Directors | 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 | 104000 | 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 will 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.

During the year under the review the audit committee met 5 (five) times on 30/4/2007, 31/7/2007, 1/09/2007, 31/10/2007 and 31/1/2008.

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 | 2004-2005 | 30/12/2005 | 11.00 a.m. | Registered office at 3 rd Floor, D.K. House, Nr. Mithakali Under Bridge, Ahmedabad - 380006 |
| 2 | 2005-2006 | 30/09/2006 | 10.00 a.m. | Registered office at 3 rd |

| | | | | |
|---|-------------|------------|------------|---|
| | | | | Floor, D.K. House, Nr. Mithakali Under Bridge, Ahmedabad - 380006 |
| 3 | 2006 - 2007 | 29/09/2007 | 11.00 a.m. | Registered office at 3 rd Floor, D.K. House, Nr. Mithakali Under Bridge, Ahmedabad - 380006 |

The company has passed special resolution at the annual general meeting held on 30th December, 2005 and 30th September, 2006.

No resolution was proposed to be passed through postal ballot. No resolution is propose to pass through postal ballot at this annual general meeting.

6. MEANS OF COMMUNICATION:

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) & CHANAKYA NI POTHJI (English).

7. CODE OF CONDUCT

The Board of Directors has already adopted the Code of Ethics and Business Conduct for the Directors and Senior Management personnel. This code is a comprehensive code applicable to all Directors, Executive as well as Non – executive and members of the Senior Management. The Code has been circulated to all the members of the Board and Senior Management Personnel and compliance of the same has been affirmed by them. A declaration given by the Managing Director and CEO is given below :

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 2007 – 2008.”

Sd/-



(Yogendrakumar Gupta)
(Managing Director)

Subsidiary Company : The Company does not have any subsidiary company.

8. GENERAL SHAEHOLDER INFORMATION:

| | | |
|--------|---|--|
| (i) | Annual General Meeting Date, Time and Venue | Date : 30 th September, 2008 Time : 10.00 A.M. Venue : Registered Office at 3 rd Floor, D.K. House, Nr. Mithakali Under Bridge, Ahmedabad – 380006 |
| (ii) | Financial Calendar Year | 1 st April, 2007 to 31 st March, 2008 |
| (iii) | Date of Book Closure | 23 rd September, 2008 to 30 th September, 2008 (both days inclusive) |
| (iv) | Dividend Payment Date | Not applicable |
| (v) | ISIN No. for ordinary shares of the company in Demat form | INE735D01017 |
| (vi) | Registered Office | 3 rd Floor, D. K. House, Nr. Mithakhali Underbridge, Ahmedabad-380006 |
| (vii) | Registrar and Transfer Agent | M/s Pinnacle Shares Registry Private Limited, Near Asoka Mills, Naroda Road, Naroda, Ahmedabad – 380025. |
| (viii) | Plant Locations | Not applicable |
| (ix) | Investor Correspondence | Mahan Industries Limited 3 rd Floor, D. K. House, Nr. Mithakhali Underbridge, Ahmedabad-380006 |
| (x) | Means of Communication | The company sends its quarterly results in Stock Exchanges. |
| (xi) | Any Website where it displays official releases | No |
| (xii) | Any presentation made to the institutional investor and analyst | No |
| (xiii) | Is half yearly report sent to the shareholders | No |

MAHAN INDUSTRIES LIMITED

| | | |
|---------|---|---|
| (xiv) | Whether Management Discussion and Analysis is a part of this report | Yes |
| (xv) | Share Transfer System | The work of physical share transfer is handled by Registrar and Transfer Agent. |
| (xvi) | Listing and Stock Code | Mumbai Stock Exchange – 531515 |
| (xvii) | The name and address of Stock Exchanges where Company is listed | 1. The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 |
| (xviii) | Email Address for Investors Correspondence / Complaints | manik_dattatreya@yahoo.co.in |

9. FINANCIAL CALENDER:

| | |
|-----------------------|---|
| Report Period | : 1 st April, 2007 to 31 st March, 2008 |
| First Quarter Result | : Last week of July, 2007 |
| Half Quarter Result | : Last week of October, 2007 |
| Third Quarter Result | : Last week of January, 2008 |
| Fourth Quarter Result | : Last week of April, 2008 |

10. STOCK PRICE DATA :

Price Information :

| | High and low price of shares and its comparison with BSE sensex | | | |
|-----------------|--|------|----------|----------|
| Month and Year | Share Prices of the Company BSE Sensex quoted on Bombay Stock Exchange | | | |
| | High | Low | High | Low |
| April, 2007 | 4.64 | 3.60 | 14383.72 | 12425.52 |
| May, 2007 | 3.78 | 3.11 | 14576.37 | 13554.34 |
| June, 2007 | 4.38 | 3.58 | 14683.36 | 13946.99 |
| July, 2007 | 4.51 | 2.97 | 15868.85 | 14638.88 |
| August, 2007 | 4.87 | 3.87 | 15542.40 | 13779.88 |
| September, 2007 | 4.93 | 3.65 | 17361.47 | 15323.05 |
| October, 2007 | 4.00 | 3.08 | 20238.16 | 17144.58 |
| November, 2007 | 3.35 | 2.90 | 20204.21 | 18182.83 |
| December, 2007 | 5.81 | 3.08 | 20498.11 | 18886.40 |



| | | | | |
|----------------|------|------|----------|----------|
| January, 2008 | 7.77 | 4.42 | 21206.77 | 15332.42 |
| February, 2008 | 4.20 | 2.68 | 18895.34 | 16457.74 |
| March, 2008 | 3.10 | 2.09 | 17227.56 | 14677.24 |

The stock price data is furnished on the basis of the data available on the website of Bombay Stock Exchange.

11. SHARE HOLDING PATTERN (AS ON 31-03-2008) :

(a) Categories of Shareholders (in %)

| Category | No. of Shares | % of holding to total |
|------------------------------------|---------------|-----------------------|
| Promoters, Directors, & Associates | 3729958 | 52.17 |
| Corporates | 781148 | 10.93 |
| NRIs | ----- | ----- |
| Mutual Funds | ----- | ----- |
| Employees | ----- | ----- |
| Public | 2638393 | 36.90 |
| Clearing Mambers | 501 | 0.01 |
| Total: | 7150000 | 100.00 |

(b) Distribution of Shares holding as on 31.03.2008

| No. Of Equity Share | No. Of Shareholders | Total No.Of Shares Face Value Rs 10 each |
|---------------------|---------------------|---|
| Up to 5000 | 1929 | 982337 |
| 5001 - 10000 | 36 | 264790 |
| 10001 - 20000 | 23 | 327740 |
| 20001 - 50000 | 18 | 626565 |
| 50001 -100000 | 10 | 830510 |
| 100001 & above | 9 | 4118058 |

* The Company has issued 1150000 Equity Shares which are not listed on stock Exchange.

DEMATERIALIZATION OF SHARES & LIQUIDITY:

As on 31st March, 2008 487064 equity shares of the company are dematerialized with CDSL representing 6.81% of total capital. 4285236 equity

MAHAN INDUSTRIES LIMITED

shares are dematerialized with NSDL representing 59.94% of total capital. The Balance 2377700 equity shares are held in physical form.

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

Compliance Officer : Mr. Manik Dattatrey

11. CORPORATE OFFICE:

3rd Floor, D.K. House, Nr. Mithakhali Under Bridge,
Ellisbridge, Ahmedabad. 380006

DISCLOSURES

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: NIL

By Order of the Board
FOR MAHAN INDUSTRIES LIMITED

Date : 04-09-2008
Place : Ahmedabad

Yogendra Kumar Gupta
Managing Director



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, 2008 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 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 31.03.2008, 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 shareholders/ 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 :04/09/2008

VASANT PATEL
PARTNER

KHANDHAR & PARIKH
Chartered Accountants
Ahmedabad

AUDITORS' REPORT

To the members of
Mahan Industries Limited

1. We have audited the attached Balance Sheet of **MAHAN INDUSTRIES LIMITED** for the year ended 31st March, 2008 and the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 for:*
-AS-15 (Revised) and Disclosure requirements as required by the said AS are not complied with

-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, 2008 and taken on record by the board of directors, we report that no director is disqualified from being appointed as director of the company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

(f) The company has not provided for interest on bank borrowings for the earlier years and since the bank from whom the company has borrowed the money is closed the further interest till date is not ascertainable and the same is not provided and to that extent loss is understated.

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 :

(I) in case of the Balance Sheet . of the state of Affairs of the company as at 31st March, 2008.

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

(III) in case of the cash flow statement, of the cash flows for the year ended on that date.

For Khandhar & Parikh
Chartered Accountants

(Vasant Patel)
Partner

Ahmedabad: 04.09.2008

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 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. 78.13 lacs and the year end balance of such loans taken is 73.06 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
- c In our Opinion & according to the information & explanations given to us , the company has not entered into any transaction with the parties during the year in pursuance of contract & arrangement entered in the register maintained under 301 of the Companies act, 1956 .
- (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.

ANNEXURE TO THE AUDITOR'S REPORT
(Referred in paragraph (1) of report of even date)

- (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 has accumulated losses exceeding fifty percent of its net worth and has also incurred cash losses during the financial year. However, the company has not incurred any cash loss during the immediately preceding financial year.
- (xi) The company has defaulted in payment of dues to banks. Since the bank is closed and the amount outstanding is taken as per the books of accounts the entire amount is overdue.
- (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.

Place :: Ahmedabad
Date :: 04.09.2008

For, KHANDHAR & PARIKH
Chartered Accountants

VASANT PATEL
Partner
M / No. :: 44612
Address ::
58 White House, Panchvati, Ahmedabad

BALANCE SHEET AS ON 31st March,2008

| (AMOUNT IN RUPEES) | | | |
|--|-----------------|---------------------|---------------------|
| PARTICULARS | SCHEDULE NO. | AS ON 31.03.2008 | AS ON 31.03.2007 |
| I SOURCES OF FUNDS: | | | |
| 1 Share holder's funds | | | |
| a. Share Capital | 1 | 71500000 | 71500000 |
| a. Secured Loans | 2 | 7587811 | 24837346 |
| b. Unsecured Loans | 3 | 127431524 | 107181726 |
| | | 206519335 | 203519072 |
| II APPLICATION OF FUNDS: | | | |
| 1 Fixed Assets | 4 | | |
| Gross Block | | 3675880 | 4203365 |
| Less: Depreciation | | 1700931 | 1572273 |
| | | 1974949 | 2631092 |
| 2 Investments | 5 | 2034304 | 4251299 |
| 3 Current Assets Loans & Advances | | | |
| a. Current Assets | 6 | 18690854 | 42798653 |
| b. Loans & Advances & Deposits | 7 | 150628050 | 129904007 |
| | | 169318904 | 172702660 |
| 4 Less: Current Liabilities & Provisions | 8 | 31072542 | 29605485 |
| 5 Net Current Assets | | 138246362 | 143097175 |
| 6 Miscellaneous Expenditure (To the extent not written off or adjusted) | 9 | 0 | 29001 |
| 7 Profit & Loss Account | | 64263720 | 53510505 |
| 8 Notes on Accounts | 14 | | |
| | | 206519335 | 203519072 |

AS PER OUR REPORT OF EVEN DATE

FOR KHANDHAR & PARIKH
CHARTERED ACCOUNTANTS

PARTNER

PLACE : AHMEDABAD
DATE : 04-09-2008

FOR AND ON BEHALF OF THE BOARD

Y.K. GUPTA - DIRECTOR

LALIT SHARMA - DIRECTOR

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st March, 2008

| | | AS ON 31.03.2008 | AS ON 31.03.2007 |
|--|----|---------------------|---------------------|
| INCOME | | | |
| Income From Financial Activity & Security trading | 10 | -5058965 | -54328804 |
| Profit on sale of Fixed Accets | | 12960 | 0 |
| Other income | 11 | 0 | 24000 |
| Profit on sale of investment(long term) | | 0 | 10279922 |
| TOTAL (A) | | -5046005 | -44024882 |
| EXPENDITURE | | | |
| Purchases Cost | | 0 | 132907 |
| Administrative, Selling & Other Exp. | 12 | 735172 | 1621222 |
| Interest expenses | 13 | 1643495 | 8990646 |
| Audit Fees | | 14045 | 14045 |
| Bad Debts | | 718750 | 0 |
| Decrease in valu of investment | | 2216996 | 0 |
| Preliminary & Public Issue Exp. (W/O) | 9 | 29000 | 29000 |
| Depreciation | 4 | 329103 | 328008 |
| TOTAL (B) | | 5686561 | 11115828 |
| PROFIT BEFORE TAX | | -10732566 | -55140710 |
| PROVISION FOR INCOME TAX | | 0 | 0 |
| FRINGE BENEFIT TAX (PREVIOUS YEAR) | | 0 | 6357 |
| FRINGE BENEFIT TAX (CURRENT YEAR) | | 20650 | 25220 |
| PROFIT AFTER TAX | | -10753216 | -55172287 |
| ADD : BALANCE BROUGHT FORWARD | | -53510505 | 1661782 |
| NET LOSS C/F TO BALANCE SHEET | | -64263720 | -53510505 |
| Basic Earning Per Shares | | -1.50 | -7.71 |
| Diluted Earning Per Shares (Ref Note 15 Schedule 17) | | -1.50 | -7.71 |

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

FOR KHANDHAR & PARIKH
CHARTERED ACCOUNTANTS

Y.K. GUPTA - DIRECTOR

PARTNER

LALIT SHARMA - DIRECTOR

PLACE : AHMEDABAD

DATE : 04-09-2008

MAHAN INDUSTRIES LIMITED

SCHEDULE FORMING PART OF THE BALANCE SHEET AS ON 31st March,2008

| SCHEDULE : 1 : SHARE CAPITAL | (AMOUNT IN RUPEES) | |
|--|----------------------|-----------------|
| | AS ON | AS ON |
| | 31.03.2008 | 31.03.2007 |
| <u>AUTHORISED</u> | | |
| 7300000 (7300000) Equity share of Rs. 10/-each | 73000000 | 73000000 |
| <u>ISSUED, SUBSCRIBED & FULLY PAID UP</u> | | |
| 7150000 (7150000) Equity share of Rs. 10/-each | <u>71500000</u> | <u>71500000</u> |

SCHEDULE : 2 : SECURED LOANS

| | | |
|--|----------------|-----------------|
| a Working Capital from Scheduled Bank | 3039893 | 3039893 |
| Against Hypothecation of Stock & Book Debts and collateral security of Office Premises & Personal guarantee of Directors | | |
| ICICI Car Loan (Ag.Hypo Car) | 195736 | 307254 |
| b Loan Against Shares from Finance companies | 4352182 | 21490199 |
| Secured against pledge of Shares | | |
| | <u>7587811</u> | <u>24837346</u> |

SCHEDULE : 3 : UNSECURED LOANS

| | | |
|-------------------------|------------------|------------------|
| From Directors | 7306224 | 6942671 |
| Inter Corporate Deposit | 120125300 | 100239055 |
| | <u>127431524</u> | <u>107181726</u> |

SCHEDULE : 4 : FIXED ASSETS

| DESCRIPTION | GROSS BLOCK | | | DEPRECIATION | | | | NET BLOCK | | |
|-----------------------|-------------|----------|--------|--------------|------------|----------|---------|------------|------------|------------|
| | AS ON | ADDITION | SALE | AS ON | UP TO | DURING | ADJUST- | AS ON | AS ON | AS ON |
| | 01.04.2007 | DURING | DURING | 31.03.2008 | 31.03.2007 | THE YEAR | MENT | 31.03.2008 | 01.04.2007 | 31.03.2007 |
| Air conditioner,coole | 93315 | | | 93315 | 35343 | 4432 | | 39775 | 53540 | 57972 |
| Computer | 392966 | | | 392966 | 349336 | 43630 | | 392966 | 0 | 43630 |
| Electric Fittings | 48233 | | | 48233 | 25686 | 2291 | | 27977 | 20256 | 22547 |
| Epabx Equipment | 15649 | | | 15649 | 8310 | 743 | | 9053 | 6596 | 7339 |
| Furniture & fixtures | 504436 | | | 504436 | 347266 | 31931 | | 379197 | 125239 | 157170 |
| Machinery | 38300 | | | 38300 | 7994 | 1819 | | 9813 | 28487 | 30306 |
| Motor Car | 1666749 | | 527485 | 1139264 | 422912 | 158341 | 200445 | 380808 | 758456 | 1243837 |
| Office Equipment | 78291 | | | 78291 | 32824 | 3720 | | 36544 | 41747 | 45467 |
| Office Premises | 954322 | | | 954322 | 178589 | 15556 | | 194145 | 760177 | 775733 |
| Printer | 411104 | | | 411104 | 164013 | 66540 | | 230653 | 180451 | 247091 |
| Total | 4203365 | | | 3675980 | 1572273 | 329103 | | 1700931 | 1974949 | 2631092 |
| PREVIOUS YEAR FIGURE | 3804287 | 399078 | | 4203365 | 1244265 | 328908 | | 1572273 | 2631092 | 2560022 |

SCHEDULE FORMING PART OF THE BALANCE SHEET AS ON 31st March, 2008

(AMOUNT IN RUPEES)

SCHEDULE : 5 : INVESTMENTS

QUOTED SHARES

| | QTY NOS. | COST 31.03.2008 | COST 31.03.2007 |
|-------------------------------|-------------|--------------------|--------------------|
| * Jhonmeyers Granites Ltd. | 10000 | 1 | 154000 |
| * Kanhaiya Foods Ltd. | 2900 | 1 | 64925 |
| * Karan Fibers & Fabrics Ltd. | 197900 | 1 | 1990450 |
| Spenta Finance Ltd. | 500 | 1 | 7625 |
| | a | 4 | 2217000 |

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 | 2034304 | 4251299 |

NOTES :

- | | | |
|---|---------|---------|
| 1 Aggregate value of Quoted Investment is taken Rs 1/- (Quoted shares is delisted so taken value of Rs. 1/-) | 4 | 2217000 |
| 2 Aggregate value of Unquoted Investments at Cost Price | 2034300 | 2034300 |

SCHEDULE : 6 : CURRENT ASSETS

| | | |
|--|-----------------|-----------------|
| 1 Stock in Trade (as taken valued & Certified by Director at Cost or Market Value which ever is lower) | 4254090 | 27439882 |
| 2 Sundry Debtors (Unsecured & considered Good) Over six Months | 14045307 | 14771549 |
| | 14045307 | 14771549 |
| 3 Cash in Hand (as certified by the Director) | 295373 | 437489 |
| 4 Bank Balance | 96084 | 149733 |
| | 18690854 | 42798653 |

SCHEDULE FORMING PART OF THE BALANCE SHEET AS ON 31st March, 2008

(AMOUNT IN RUPEES)

| | AS ON 31.03.2008 | AS ON 31.03.2007 |
|--|---------------------|---------------------|
|--|---------------------|---------------------|

SCHEDULE : 7 : LOANS & ADVANCES & DEPOSITS

(Unsecured considered good)

Advance receivable in cash in kind for value to be received

Loan & Advances

Tax Deducted at Sources

| | | |
|--|------------------|------------------|
| | 150291562 | 129707797 |
| | 336488 | 196210 |
| | 150628050 | 129904007 |

SCHEDULE : 8 : CURRENT LIABILITIES & PROVISIONS

CURRENT LIABILITIES

Sundry Creditors

Other Current Liabilities

a.

| | | |
|--|-----------------|-----------------|
| | 30971709 | 29460040 |
| | 59312 | 120424 |
| | 31031021 | 29580464 |

PROVISIONS

Audit Fee Payable

Expenses Payable

b.

Total a+b

| | | |
|--|--------------|--------------|
| | 14045 | 14045 |
| | 27476 | 10976 |
| | 41521 | 25021 |

| | | |
|--|-----------------|-----------------|
| | 31072542 | 29605485 |
|--|-----------------|-----------------|

SCHEDULE : 9 :

MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED

a. Preliminary Exp.

Less : Written off

| | | |
|--|----------|--------------|
| | 29000 | 58001 |
| | 29000 | 29001 |
| | 0 | 29000 |

SCHEDULE : 10 : INCOME FROM FINANCIAL ACTIVITY & SHARE TRADING

Interest on Loan & Deposits

Profit/Loss From Shares

Dividend

| | | |
|--|-----------------|------------------|
| | 633699 | 402044 |
| | -5796707 | -55100011 |
| | 104043 | 235547 |
| | -5058965 | -54462420 |

(AMOUNT IN RUPEES)

| | AS ON 31.03.2008 | AS ON 31.03.2007 |
|--|---------------------|---------------------|
|--|---------------------|---------------------|

SCHEDULE : 11 : OTHER INCOME

Rent Income

| | | |
|--|----------|--------------|
| | 0 | 24000 |
| | 0 | 24000 |



SCHEDULE FORMING PART OF THE BALANCE SHEET AS ON 31st March, 2008

SCHEDULE : 12 : ADMINISTRATION , SELLING & OTHER EXP.

| | | |
|-------------------------------------|---------------|----------------|
| Advertisement exp. | 11802 | 10878 |
| Bank Charges | 1285 | 10921 |
| Books & Periodicals | 1177 | 3694 |
| Consultancy Exp. | 22000 | 30000 |
| Conveyance, Petrol & Traveling Exp. | 47938 | 453957 |
| Director's Remuneration | 104000 | 37500 |
| Donation | 0 | 5000 |
| Electricity Exp. | 62178 | 32912 |
| Filing Fee | 1700 | 3500 |
| Insurance Exp. | 8839 | 16463 |
| Legal & mortgage Exp. | 0 | 6738 |
| Listing Fee | 35000 | 85000 |
| NSDL-CDSL CHARGES | 33808 | 22448 |
| Office Expenses & Misc. Exp. | 13615 | 5112 |
| Office Maintenance | 10800 | 10800 |
| Postage Exp. | 1577 | 1569 |
| Printing & Stationery | 31108 | 31721 |
| Rent, Rates & Taxes | 0 | 1000 |
| Repair & Maintenance Exp. | 71930 | 23938 |
| Salary, Bonus & Outsourcing Exp. | 43239 | 48627 |
| Share Transfer & Stamping Exp. | 15439 | 3503 |
| Staff welfare Expenses | 33231 | 20158 |
| Telephone & Internate Expenses | 82445 | 64094 |
| Service Tax & Other Charges | 64524 | 603329 |
| Transaction Charges | 37537 | 88361 |
| TOTAL | 735172 | 1621222 |

(AMOUNT IN RUPEES)

| AS ON | AS ON |
|------------|------------|
| 31.03.2008 | 31.03.2007 |

SCHEDULE : 13 : INTEREST EXPENSES :

| | | |
|--|----------------|----------------|
| BANK INTEREST | 0 | 27997 |
| INTEREST ON ICD | 641024 | 389346 |
| INTEREST ON MARGIN FUNDING FOR PURCHASE OF SHARE | 1002471 | 8573303 |
| | 1643495 | 8990646 |

Schedule forming part of the Balance Sheet as on 31st March 2008.**Schedule: 14 Notes to Accounts****01. Statement of Significant Accounting Policies:****a. Basis of Preparation**

The financial statements have been prepared to company in all material respects with the Notified accounting standards by Companies Accounting Standards Rules, 2006 and the relevant provision of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis.

The accounting policies have been consistently applied by the Company and except for the change in accounting policy discussed more fully below are consistent with those used in the previous year.

b. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period ended. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c. Revenue and Expenditure Recognition:

Income is recognized as under:

- i. Project consultancy and other activities:
Income recognized 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 capitalized 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 Share are delisted so taken value of Rs.1/- 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. Interests 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.

Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognize a decline, other than of a temporary nature.

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.



- g. **Deferred Tax:**
The effect at end of the year consequent to compliance with Accounting Standard 22" Accounting for Taxes on Income " result in deferred tax asset & the same has been not recognized as there is not virtual certainly to support that sufficient future taxable income will be available against such deferred tax assets.
- h. **Segment Reporting :**
During the current year the company has dealt in shares hence the segment information required under segment reporting is not furnished.
2. The Company is registered with RBI vide Reg. No.01-00247 dt.16.5.1998; as Non deposit taking Non Banking Finance Company.
 3. The balance of loans and advances, Sundry Debtors, Sundry Creditors and Current Liabilities and classification under the above heads, in absence of any documentary support , given and accepted as agreed by management, are subject to confirmations.
 4. 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.
 5. Earnings/ Expenditure in foreign Exchange - NIL
 6. Expenditure of employees in respect of remuneration of not less than Rs. 24, 00,000/- per year or Rs. 2,00,000/- per month if employed for the part of the year is NIL.
 7. 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 the CIT (A).Which was duly paid the department has filed the appeal in I.T.A.T. against this order; the appeal in ITAT is pending.
 8. No provision of the gratuity has been made, as no employee is entitled for the same.
 9. No provision for interest for current year amounting to Rs. 364787/- Previous year 364787/- totaling to 729574/-has been made as with books of A/c. Company applied for OTS and matter is pending & the outstanding amount of loan as per Books is 3039893/-is subject to confirmation from Bank statement, since bank is closed.
 10. Due to Loss no provision for income tax is required.
 11. The company has made an application to BSE for listing of 11,50,000 Equity shares issued amounting to Rs. 1,15,00,000/-. Which has been rejected and as such these share are not tradable .Company is taking necessary action for rectification of the same.
 12. **Profit and Loss from the Trading of the Shares:**

| PARTICULARS | 31.03.2005 | | 31.03.2007 | |
|---------------|------------|------------|------------|------------|
| | Qty. | Amount Rs. | Qty. | Amount Rs. |
| Sales | 433722 | 24344607 | 5087381 | 502054416 |
| Closing Stock | 190429 | 4254090 | 619785 | 27439882 |
| Total (a) | 624151 | 28598697 | 5707166 | 529494298 |

MAHAN INDUSTRIES LIMITED

| | | | | |
|---|--------|-----------|---------|-----------|
| Less: Opening Stock | 619785 | 27439882 | 2320776 | 169873053 |
| Purchases/Allotment | 4366 | 4430415 | 3386390 | 415948878 |
| Net Profit in Vallan Transaction & future trading | -- | (2376798) | -- | -1227623 |
| Total (b) | 624151 | 34247095 | 5707166 | 584594308 |
| Net Profit /(Loss) to P & L A/c. | | -5648398 | | -55100010 |

13. Quantitative details of trading of Cloth, Coke, Chemicals, Building Material etc.

| Sr no | Particulars | Units | Opening Stock | | Purchases | | Turnover | | Closing Stock | |
|-------|--|-------|---------------|--------|-----------|--------|----------|--------|---------------|--------|
| | | | Qty | Amount | Qty. | Amount | Qty. | Amount | Qty. | Amount |
| 1 | Bldg. Material a. Cement 2007-08 2006-07 | Bags | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| | | | ----- | ----- | 1424 | 132907 | 1424 | 133616 | ----- | ----- |

14. Particulars of payment made to Auditors:

| | | |
|-----------------------------------|------------------|------------------|
| | <u>2007-2008</u> | <u>2006-2007</u> |
| Audit fees(including Service Tax) | Rs. 14045/- | Rs. 14030/- |

15. Managerial Remuneration Paid to the Director Rs. 104000/- 37500/-

16. Related Party Disclosures:

- a) Name of Key Management Personnel:
 Mr. Y K Gupta - Managing Director
 Mr. Manik Dattatrey C. Director
- b) Transactions during the year with key management personnel:
 i) Director Remuneration RS. 104000/-
- c) Outstanding Balance
- | | | |
|--|---------------|---------------|
| i) Unsecured Loan Closing | Rs. 7306224/- | Rs. 6942671/- |
| ii) Maximum credit Balance outstanding during the year | Rs. 7812671/- | Rs.22671035/- |

17. Earnings per Equity Share

| | | |
|--|-----------|-----------|
| | 2007-2008 | 2006-2007 |
| Net Profit / Loss after tax | -10753216 | -55172287 |
| No. of Shares of RS.10/- each | 7150000 | 7150000 |
| Basic & Diluted Earning per share (in RS.) | -1.50 | -7.71 |

18. Paise is rounded off to nearest rupee.

19. Wherever original bills/voucher are not available we have relied on the bills/vouchers duly authenticated by the Directors.



20. In the opinion of the Board the Current assets, Loan and Advances although unsecured considered good have the value at which they are stated in the Balance Sheet if realized in the ordinary course of business.
21. The statement of significant accounting policies and the notes no. 2 to 20 form an integral part of the accounts for the period ended on 31st March, 2008.

Signature to Schedule 1 to 14 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- Director

Lalit Sharma- Director

VASANT PATEL
PARTNER
Place: Ahmedabad
Date: 04-09-2008

Place: Ahmedabad
Date:

MAHAN INDUSTRIES LIMITED

CASH FLOW STATEMENT

| | Year Ended 31/03/2008 Amount | Year Ended 31/03/2007 Amount |
|--|------------------------------------|------------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax and extra ordinary items | (10745526) | (55140710) |
| Adjustment for: | | |
| Depreciation | 329103 | 328008 |
| Provision for MICS EXP. WRITTEN OFF | 29000 | 29000 |
| Income Tax Refund (paid) | (20650) | (31577) |
| (A) | (10408073) | (54815279) |
| Adjustment for: | | |
| Current Assets (B) | 3187993 | 111411635 |
| Current Liabilities (C) | 1467057 | 18328095 |
| Net Cash from operating activities D = A+B+C | (5753022) | (74924451) |
| CASH FLOW FROM INVESTING ACTIVITY | | |
| Sale /Purchase of Fixed Assets | 34000 | (399078) |
| Sale (Purchase) of Investment | 0 | 598758 |
| Net Cash Generated From investing activities (E) | 2216995 | 199680 |
| B. CASH FLOW FROM FINANCE ACTIVITY | | |
| Borrowing (Net) | 3000263 | (75256194) |
| Net Cash from financing activities (F) | 3000263 | (75256194) |
| Add/(Less): Prior period Items (G) | 0.00 | 0.00 |
| NETINCREASE IN CASH/BANK BALANCE H=D+E+F+G | (197565) | (132063) |
| CASH/BANK BALANCE OPENING | 587222 | 719286 |
| CASH/BANK BALANCE CLOSING | 391457 | 587222 |

As per our report of even date attached

For, KHANDHAR & PARIKH.
Chartered Accountants

VASANT PATEL
PARTNER

Place: Ahmedabad
Date:

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.

Place: Ahmedabad

For and on behalf of Board

Y. K. Gupta – Mg. Director

Lalit Sharma - Director

For, KHANDHAR & PARIKH
Chartered Accountants

Date: 04-09-2008
VASANT PATEL

PARTNER



**BALANCE SHEET ABSTRACT AND COMPANY'S
GENERAL BUSINESS PROFILE**

1. Registration Details

Registration No. 24053
Balance Sheet Date 31st March, 2008 State Code : 004

2. Capital Raised during the year

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

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

Total Liabilities Total Assets
2065.19 2065.19

SOURCES OF FUNDS:

Paid up Capital Secured Loans
715.00 75.88

Unsecured Loan
1274.32

APPLICATION OF FUNDS:

Net Fixed Assets Investments
19.75 20.34
Net Current Assets Miscellaneous Exp.
1382.46 0.00
Accumulated Losses
642.64

4. Performance of Company (Rs. In Lacs)

Total Income (Incl. Other Income) Total Expenditure
(-)48.98 58.35
Profit Before Tax Profit After Tax
(-)107.33 (-) 107.53
Earning per Share Dividend Rate %
(-) 1.50 Nil

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

Item Code No. (ITO CODE) Service Description
Not Applicable Not Applicable

For and on behalf of Board

Y.K.Gupta - Managing Director

Lalit Sharma - Director
Place: Ahmedabad

Date: 04-09-2008

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)
14th Annual General Meeting 30th September, 2008

I/We hereby record my/our presence at the 14th Annual General Meeting held at 3rd Floor, D.K.House, Nr. Mithakhali Under Bridge, and Ahmedabad-380 006. On **Tuesday**, 30th September 2008 at 10-00a.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 _____

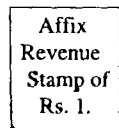
District of _____ being a member / members of Mahan Industries Ltd., hereby

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 Thirteen Annual General Meeting of the company to be held on **Tuesday**, 30th September 2008 and at any adjournment thereof

As witness my hand/our hands this _____ day of _____
_____ 2008.



Signed by said

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 return to
MAHAN INDUSTRIES LTD.
3rd Floor D.K. House,
Nr. Mithakhali Under Bridge.
Ahmedabad - 380 006.