



32nd

ANNUAL REPORT

MAHAVEER FINANCE INDIA LIMITED

"AGURCHAND MANSION" 1st Floor,
151, Mount Road, Chennai - 600 002.

**BOARD OF DIRECTORS**

Sri **G. Chidambar** Chairman

Sri **K.S. Markandan**

Sri **P.S. Balasubramaniam**

Sri **M. Deepak Dugar** Joint Managing Director

Sri **M. Praveen Dugar** Executive Director

Sri **N. Mahaveerchand Dugar** Managing Director

AUDITORS

E. Hemanadhan & Co

Chartered Accountants

New No. 25,

Gill Nagar Extension Street

Choolaimedu

Chennai - 600 094

BANKERS

State Bank of India

State Bank of Patiala

Punjab National Bank

Indian Overseas Bank

The Catholic Syrian Bank Ltd

REGISTERED OFFICE

Agurchand Mansion

'First Floor'

151, Mount Road,

Chennai - 600 002.

Phone : 28460488 & 28460928

Fax : 044-28460915

E-mail : mahaveerfinance@yahoo.co.in

DEPOSITORIES :

Central Depository Services (India) Limited (CDSL)

National Securities Depository Limited (NSDL)

BRANCH

Kanchipuram

REGISTRARS AND SHARE TRANSFER AGENT :

CAMEO CORPORATE SERVICES LIMITED

Subramanian Building, No. 1 Club House Road, Chennai - 600 002.

Phone : 044-28460390 (5 Lines) Fax No. 044-28460129

E-mail : cameo@cameoindia.com Website : www.cameoindia.com

MEMBERS OF

1. Federation of Indian Hire Purchase Association
2. Finance Companies Association (India)
3. South India Hire Purchase Association
4. Federation of All India Hire Purchase Financiers
5. Madras Hire Purchase Association
6. Finance Industry Development Council (Mumbai)
7. Jain International Trade Organisation (Mumbai)



NOTICE

NOTICE is hereby given that the Thirty Second Annual General Meeting of the Company will be held at South India Hire Purchase Association premises "Desabandu Plaza" First Floor, 47, Whites Road, Royapettah, Chennai – 600 014, on Thursday 12th September 2013 at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive and adopt the audited statement of accounts for the year ended 31st March, 2013 and to consider the reports of the Directors and Auditors thereon.
2. To declare a Dividend on Equity Capital.
3. To appoint a Director in the place of Sri.P S Balasubramaniam who retires by rotation and being eligible offers himself for re-appointment.
4. To appointment Auditors and fix their remuneration, E.Hemanadhan & Co, Chartered Accountants retire and is eligible for re-appointment.

Place : Chennai
Date : 28 / 05 / 2013

For and on behalf of the Board
N.Mahaveerchand Dugar
Managing Director

Notes :

1. The member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the company. Form of proxy is hereto annexed. Proxy form must reach the company not less than 48 hours before the time of the meeting.
2. The Register of members and the share transfer books of the company will remain closed from 06 / 09 / 2013 to 12 / 09 / 2013 (both days inclusive) in connection with payment of dividend.
3. The members are requested to send all correspondences directly to the address of the Registrar and Share Transfer Agent viz. Cameo Corporate Services limited.
4. Members who are holding shares in physical form are requested to avail dematerialisation facility.

Particulars of the Directors seeking re-appointment in the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement.

ITEM No. 3

| | |
|---|---|
| Name of Director | Sri. P.S. Balasubramaniam |
| Date of Birth | 12/07/1944 |
| Expertise in specific functional areas | Retired Managing Director of The Investment Trust of India Ltd. Has over 3 decades of experience in Non-Banking Finance companies. Has held many key positions in several Hire Purchase and Leasing Associations such as President FIPHA, Chairman – ELAI and Vice President Asian Leasing Association. Currently working as Advisor to the H C Kothari Group of Companies. |
| Qualifications | B.Com., ACA, ACS. |
| List of other companies in which directorship held as on 31.03.2013 | Kothari Petrochemicals Limited Kothari Safe Deposits Limited HCK Capital Services Private Limited Kothari Biotech Limited Kothari International Trading Limited Finance Companies Association (India) |
| Chairman / Member of the Committees of the Board of other public companies in which he is a Director as on 31.03.2013 | Kothari Petrochemicals Limited – Chairman - Share Transfer and Shareholders Grievances Committee, Member - Investment and Credit Approval Committee. Kothari Safe Deposits Limited – Member - Share Transfer and Shareholders Grievances Committee Member - Investment Committee. |
| Shareholding as on 31.03.2013: (a) held individually(b) (b) held jointly with others | - - |
| Relationship with other Directors | - |

DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2013

Dear Members,

Your Directors present the 32st Annual report with Audited Accounts for the year ended 31st March, 2013.

FINANCIAL RESULTS

(Rs. in lacs)

| Particulars | Year ended 31 st March 2013 | Year ended 31 st March 2012 |
|---|---|---|
| Total Revenue | 448.94 | 409.81 |
| Less: Total Expenses | 344.08 | 310.06 |
| Profit Before Tax | 104.86 | 99.75 |
| Profit After Tax | 74.51 | 69.32 |
| Surplus brought forward | 33.50 | 33.62 |
| Available for appropriation | 108.01 | 102.95 |
| Transfer to : | | |
| - Statutory Reserve | 14.90 | 13.96 |
| - General Reserve | 9.00 | 9.00 |
| Proposed Equity Dividend | 40.00 | 40.00 |
| Dividend Tax | 6.80 | 6.49 |
| Surplus Carried Forward to Balance Sheet | 37.31 | 33.50 |

DIVIDEND :

Your Directors recommend a dividend of 10% (same as last year) on the paid up Equity Share Capital for the year ended 31/03/2013. The dividend together with dividend tax of Rs. 6.80 lacs absorbs a sum of Rs.46.80 lacs.

CORPORATE GOVERNANCE :

A detailed report on corporate governance, together with a certificate from the Statutory Auditor, in compliance with Clause 49 of the Listing Agreement, is attached as part of this report.

Compliance reports in respect of all laws applicable to the Company have been reviewed by the Board of Directors.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

Inflation, rising finance and fuel costs and slowdown in industrial activity have taken a toll on the sale of domestic medium and heavy commercial vehicles. But Light Commercial Vehicles (LCVs) defy the trend. In 2012-13 LCVs have yet again proved that they are less affected by cyclicity that impacts bigger vehicles. Although the growth rate have slowed, LCVs were still able to expand volumes by 16%..

BUSINESS :

During the year 2012-13, your company's disbursement was Rs.1514.35 lacs as against Rs. 1228.27 lacs in the previous year registering a growth of 23% over the previous year. Total income for the year grew by 9.55% at Rs.448.94 lacs as against Rs. 409.82 lacs in the previous year. Profit before tax was higher at Rs. 104.86 lacs as compared to Rs. 99.75 lacs. The net profit from operation was at Rs.74.51 lacs as against Rs.69.32 lacs over the previous financial year.

The company's sustained focus on strict credit acceptance norms and excellent collection skills has ensured that asset quality continues to be good in the industry. The standard assets stood at 99.73% of the total business assets as on 31/03/2013 as against 99.55% as on 31/03/2012. The gross and net NPAs stood at 0.27% and 0.08% of the total business assets as on 31/03/2013.

OUTLOOK

Your company's fortune are closely linked to those of the automotive industry. The Indian small and light commercial vehicle segment is expected to more than double by 2015-16 and grow at 18.5% compound annual growth rate for the next five years. The LCVs market - both passenger and goods carrier is estimated to register a sales growth of 20% during FY2012 – FY2015 according to the "India LCV Market Outlook". Due to impressive infrastructure developments which is good in the South, so we foresee a good demand for the LCV segment. Consequently, the growth prospects for 2013-14 are likely to be broadly reflective of those trends. Your Company will continue to strive for meaningful growth, focusing as always on, delivering outstanding customer service, retention of existing trustworthy customers, superior credit quality and efficient cost management, in order to sustain profitability.

OPPORTUNITIES, CHALLENGES, RISKS AND CONCERNS

Your Company, being in the business of financing of Light commercial vehicles, cars etc. it is expected that there would be abundant opportunities for the growth of NBFC sector in financing of LCVs.

Competition from private and public sector banks in the retail financing and competitive interest rates are challenges to the industry.

With strong and dynamic management, experienced and skilled staff, retention of trustworthy customers, improvement of assessment procedures and quality of appraisal, the Company is confident of converting challenges into opportunities.

Any operational risk, market risk and interest risk can have adverse impact on the operations of the Company. Through continuous emphasis on cost control and cost reduction measures and taking corrective action wherever necessary, the Company will minimize risk.

DEPOSITS:

The Company has not accepted any Public Deposits since 01/04/2004 and the Public Deposits as on the date of closing of Accounts was NIL.

DIRECTORS:

Sri P.S. Balasubramaniam retires by rotation and being eligible offers himself for re-appointment.

AUDITORS:

E.Hemanadhan & Co, Chartered Accounts, Auditor of your company retire at the conclusion of the Annual General Meeting. They are eligible for re-appointment and have given consent to act as Auditor of your Company if appointed.

COMPLIANCE CERTIFICATE:

As per the provisions of section 383A of the Companies Act, 1956, a compliance certificate from a Secretary in whole time practice is annexed hereto which forms part of this Report.

PARTICULARS OF EMPLOYEES REMUNERATION:

None of the employees of the company is in receipt of remuneration in excess of limits prescribed under section 217(2A) of the Companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors state that:-

1. in the preparation of the Annual Accounts, the applicable accounting standards have been followed and there are no material departures;
2. they have selected such accounting policies and applied them consistently and made judgments and estimates which are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit of the company for the year;
3. they 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 Annual Accounts have been prepared on a going concern basis.

Information as per Sec.217 (I) (e) of the Companies Act, 1956 :

The provisions relating to the conservation of energy and technical absorption do not apply to the Company.

The Company had no foreign exchange earnings / outgo during the year under reference.

ACKNOWLEDMENT :

Your directors thank all the shareholders, customers, vehicle manufacturers, dealers, bankers and financial institution for their continued support to your company. Your Directors also place record their appreciation of the excellent teamwork and dedication displayed by the employees at all levels.

For and on behalf of the Board

Place : Chennai
Date : 28/05/2013

G.Chidambar
Chairman

COMPLIANCE CERTIFICATE

To

The Members,

M/s Mahaveer Finance India Limited,

Agurchand Mansion, I Floor,

151, Mount Road

Chennai - 600 002.

CIN : L65191TN1981PLC008555

Paid-up Capital: Rs. 4,00,00,000/-

I have examined the registers, records, books and papers of M/s Mahaveer Finance India Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March 2013. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, I certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Chennai.
3. The Company, being a Public Limited Company, comments are not required.
4. The Board of Directors duly met 4 times on 25.05.2012, 30.07.2012, 31.10.2012 and 31.01.2013 during the financial year in respect of which proper notices were given and the proceedings were properly recorded and signed in the minutes book maintained for the purpose.
5. The Company closed its Register of Members from 01.09.2012 to 06.09.2012 (both days inclusive) and the necessary compliance of Section 154 of the Act has been made during the financial year.
6. The Annual General Meeting for the financial year ended 31.03.2012 was held on 06.09.2012 after giving notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra-ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into any contract falling under the provisions of section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company:
 - i. has delivered all the share certificates on lodgement thereof for transfer of equity shares and preference shares in accordance with the provision of the Act.
 - ii. has deposited the amount of dividend declared in a separate Bank Account.
 - iii. has posted cheques for dividend to all the members within a period of 30 days from the date of declaration of dividend during the financial year.
 - iv. has no unpaid dividend, application money due for refund, matured debentures and the interest accrued thereon, to be transferred to Investor Education and Protection Fund;
 - v. has complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancies during the financial year.
15. The appointment of Managing Director and Whole-time Director have been made in accordance with the provisions of Section 269 read with Schedule XIII to the Act.
16. The Company has not appointed any sole selling agents during the financial year.

17. The Company has obtained order of the Company Law Board for delay in filing Form 8 u/s 141 of the Act and has filed compounding application u/s 621A of the Companies Act with the Company Law Board.
18. The directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company, has not invited/accepted any deposits falling within the purview of Section 58A during the financial year. However, it has availed an unsecured loan of Rs. 3,42,42,122 /- from its Directors and their relatives during the financial year.
24. The amount borrowed by the company from Banks during the financial year are within the borrowing limits of the Company.
25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate but has made investments in other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association with respect to change in composition of authorised share capital during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employees and employer's contribution to provident fund with the prescribed authorities pursuant to Section 418 of the Act.

Place: Chennai

Date: 28.05.2013

Brinda Kishore

Practising Company Secretary

C.P.No. 2045

Annexure A

Registers as maintained by the Company

1. Register of Members under sec 150.
2. Minutes Book of Meetings of Board and General Meetings
3. Register of Directors under Sec. 303.
4. Register of Directors' Shareholdings under section 307.
5. Register of Contracts under Section 301
6. Register of Charges under Section 143.

ANNEXURE B

Returns/ Documents/ Forms filed with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31.03.2013.

REGISTRAR OF COMPANIES

| Sl.No | Form No. | Relevant Section | Description | Date of filing | Whether filed within the prescribed time Yes / No | If delay in filing whether requisite additional fee paid Yes / No |
|-------|------------|------------------|---|----------------|--|--|
| 1 | 8 | 132 | Creation of Charge on 29/03/2012 with Punjab National Bank. | 21.05.2012 | Yes | No |
| 2 | 8 | 132 | Creation of Charge on 05/03/2012 with Punjab National Bank. | 21.05.2012 | No | Yes |
| 3 | 61 | 141 | Petition with the Company Law Board for delay in filing Form 8. | 28.06.2012 | Yes | No |
| 4 | 21 | 141 | Company Law Board order dated 20/07/2012 | 02.08.2012 | Yes | No |
| 5 | 8 | 125 | Modification of Charge on 19/7/2012 Cash Credit Limit Rs.2.00 Crores with State Bank of atiala. | 09.08.2012 | Yes | No |
| 6 | 23 | 192 | Board Resolution for Re-appointment of Managing Director and Whole Time Director. | 25.09.2012 | No | Yes |
| 7 | 25C | 269 | Re-appointment of Executive Director Mr. M. Deepak Dugar. | 25.09.2012 | Yes | No |
| 8 | 23 | 269 | Resolution passed by the Shareholder at the AGM for re-appointment of Managing Director and Executive Director. | 25.09.2012 | Yes | No |
| 9 | 66 | 383A | Secretarial – Compliance Certificate 31.03.2012 | 25.09.2012 | Yes | No |
| 10 | 25C | 269 | Re-appointment of Managing Director Mr. N. Mahaveerchand Dugar. | 10.10.2012 | Yes | No |
| 11 | 23AC & ACA | 220 | Balance Sheet and Profit and Loss Account 31/03/2012 | 10.10.2012 | Yes | No |
| 12 | 20B | 159 | Annual Returns – 06/09/2012. | 10.10.2012 | Yes | No |
| 13 | 8 | 125 | Modification of Charges on 05/10/2012 Rs.15 Crores Joint Documentation for Consortium Bank Finance - Lead Bank State Bank of India. | 02.11.2012 | Yes | No |
| 14 | 17 | 138 | Satisfaction of charges – 11/12/2012 with The Federal Bank Limited | 24.12.2012 | Yes | No |
| 15 | 17 | 138 | Satisfaction of charges Rs.25 lacs – 31/01/2013 with the Catholic Syrian Bank Limited | 14.02.2013 | Yes | No |
| 16 | 17 | 138 | Satisfaction of charges Rs.50 lacs – 31/01/2013 with the Catholic Syrian Bank Limited | 14.02.2013 | Yes | No |
| 17 | 17 | 138 | Satisfaction of charges with L & T Finance Limited – 04/02/2013 | 06.03.2013 | Yes | No |
| 18 | 5 | 95 | Consolidation of shares | 22.03.2013 | No | Yes |
| 19 | 62 | 210 & 220 | Revised Annual Report for year ended 31.3.2012 | 27.03.2013 | Yes | No |
| 20 | 61 | 621A | Compounding application | 30.03.2013 | Yes | No |

Place : Chennai
Date : 28.05.2013

Brinda Kishore
Practising Company Secretary
C.P.No. 2045