

MAHAVEER FINANCE INDIA LIMITED

BOARD OF DIRECTORS

Sri. G. Chidambar Chairman
Sri. K.S. Markandan
Sri. P. S. Balasubramaniam
Sri. M. Deepak Dugar Executive 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 Saurashtra
State Bank of Patiala
Punjab National Bank
Bharat Overseas Bank Ltd
The Federal Bank Ltd.
The Catholic Syrian Bank Ltd.

REGISTERED OFFICE

Agurchand Mansion
'First Floor'
151, Mount Road,
Chennai - 600 002.
Phone : 28460488 & 28460928

FINANCIAL INSTITUTION

Sundaram Finance Limited

MEMBERS OF

1. Federation of Indian Hire purchase Association
2. Equipment Leasing Association of 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)

MAHAVEER FINANCE INDIA LIMITED**NOTICE**

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Company will be held at South India Hire Purchase Association's Premises, "Desabandu Plaza", 1st Floor, 47, Whites Road, Royapettah, Chennai - 600 014 on Wednesday the 31st August, 2005 at 10.30 A.M. for transacting the following business:

ORDINARY BUSINESS

1. To receive and adopt the audited statement of accounts for the year ended 31st March, 2005 and to consider the reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Sri.G.Chidambar who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration. E.Hemanadhan & Co, Chartered Accountants retire and is eligible for re-appointment.

SPECIAL BUSINESS :

4. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution.

"RESOLVED THAT subject to the provisions of the Sections 198,269,309 and other applicable provisions ,if any, of the Companies Act 1956, the Company hereby accords its approval and consent to the appointment of Sri. M. Praveen Dugar as Executive Director of the company for a term of 5 years commencing from 01/06/2005 and for the payment of remuneration to him for his services as Executive Director, as set out hereunder:

Salary : Rs.20,000/- per month

Commission : 1 % of Net Profit of the Company.

Perquisites : As detailed in the annexure to the explanatory statement

"Further Resolved that the Board of Directors may revise his remuneration during the tenure of office from time to time as they deem fit within the limits of Schedule XIII of the Companies Act, 1956."

MAHAVEER FINANCE INDIA LIMITED

MINIMUM REMUNERATION :

"Where in any financial year, during the currency of tenure of the Executive Director, the company has no profits or its profits are inadequate, the salary and perquisites as mentioned above will be paid as the minimum remuneration subject to the limits specified in Part II of Section II of Schedule XIII to the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time as minimum remuneration."

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

"RESOLVED THAT Sri.P.S.Balasubramaniam who was appointed as an additional Director of the company with effect from 26.03.2005 and who in terms of Section 260 of the Companies Act, 1956 holds such office until this Annual General Meeting is hereby appointed as a Director of the company liable to retire by rotation."

Place : Chennai
Date : 30-7-2005

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. An explanatory statement in respect of the special business mentioned above is annexed hereto.
3. The Register of members and the share transfer books of the Company will remain closed from 25/08/2005 to 31/08/2005(both days inclusive).

MAHAVEER FINANCE INDIA LIMITED**ANNEXURE TO THE NOTICE**

(Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956)

Special Business

Item No.4

Sri M.Praveen Dugar was appointed as an additional Director on the Board of Directors of the company on 29th January,2005, in accordance with Article 78 of the Articles of Association pursuant to Section 260 of the Companies Act,1956 and he holds the office only upto this Annual General Meeting.

Subsequently Mr.Praveen Dugar was appointed as an Executive Director with effect from 01/06/2005 by the Board of Directors at its meeting held on 30/04/2005 to hold office for a period of 5 years from 01/06/2005. As required by Section 257 of the Companies Act,1956, a notice has been received from a member of the company signifying his intention to propose Sri.M.Praveen Dugar for the office of a Director of the company. He is qualified in B.Com., Masters in Financial Management and Diploma in International Banking and Finance. His rich experience in latest recovery management will be an asset for the company. The Board of Directors appointed Sri.M.Praveen Dugar as Executive Director for a period of 5 years with effect from 01/06/2005 subject to the approval of the shareholders.

This explanatory statement together with the accompanying notice is and should be treated as an abstract of the terms of appointment to Sri.M.Praveen Dugar and Memorandum of Interest required to be sent to the shareholders under Section 302 of the Companies Act,1956.

Sri Praveen Dugar is related to Sri N.Mahaveerchand Dugar and Sri M.Deepak Dugar and accordingly they may be considered to be interested in the resolution.

Item No.5

Sri P.S.Balalubramaniam was appointed as an additional Director on the Board of Directors of the company on 26th March,2005 in accordance with the Articles 78 of the Articles of Association pursuant to Section 260 of the Companies Act,1956 and he holds the office only upto this Annual General Meeting.

As required by Section 257 of the Companies Act,1956, a notice has been received from a member of the company signifying his intention to propose Sri P.S.Balasubramaniam for the office of the Director of the Company. He is the member of the Institute of Chartered Accountants of India(ACA) and Member of the Institute of Company Secretaries of India(ACS). He was formerly the Managing Director in the Investment Trust of India Ltd. He was the past President of Federation of Indian Hire Purchase Associations and past Chairman of Equipment Leasing Association of India. He is currently an advisor to the HC Kothari Group of Companies.

The Board of Directors consider that his appointment as Director will be in the interest and growth of the company and recommends the acceptance of the resolution. None of the Directors of the company except Sri P.S.Balasubramaniam is concerned or interested in the said resolution.

For and on behalf of the Board

Place : Chennai
Date : 30-7-2005

N. Mahaveerchand Dugar
Managing Director

MAHAVEER FINANCE INDIA LIMITED**ANNEXURE TO THE EXPLANATORY STATEMENT:****DETAILS OF PERQUISITES REFERRED TO IN THE NOTICE****1. Housing:**

- i) the expenditure incurred by the Company on hiring unfurnished accommodation will be subject to the ceiling of 60 % of the salary over and above 10 % payable by the managerial person;
 - ii) a) the expenditure incurred by the Company on gas, electricity and water will be evaluated as per Income-tax Rules, 1962.
 - b) perquisites in the form of furniture, furnishings and other utilities in accordance with the rules of the Company, the value of which will be evaluated as per Income-tax Rules, 1962;
 - iii) Wherever the Company does not provide accommodation, House Rent Allowance may be paid in accordance with (i) above;
 - iv) Where accommodation in a Company-owned house is provided, the Company will charge 10% of his salary by way of rent;
2. Medical Reimbursement : Expenses incurred for self and family including premium payable for medical insurance in accordance with the rules of the Company;

Explanation: "Family" means the spouse, dependent children and dependent parents of the appointee.

3. Personal Accident Insurance as per the rules of the Company.
4. Leave Travel Assistance for self and family once in a year in accordance with the rules of the Company.
5. Payment of company's contributions to Provident Fund/Pension Fund/ Superannuation Fund/Gratuity Fund and encashment of leave (at the end of the tenure) shall not be included in the computation of remuneration or ceiling on the perquisites.
6. Fees for clubs, subject to a maximum of two clubs excluding admission and life Membershi Fee.
7. Provision of chauffeur driven company cars.
8. Provision of telephone(s) at the residence of the Director.
9. Such other allowances, perquisites, benefits and amenities as may be provided by the company to other senior executives from time to time.
10. Benefits under the loan and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time, subject to the provisions of the Companies Act, 1956.

For the purpose of calculating the ceiling, perquisites shall be evaluated as per the Income Tax Rules, wherever applicable and in the absence of any such rule, the same shall be evaluated at actual cost.

The above said remuneration and perquisites shall be subject to the ceiling laid down in Section 198, 309 and all other applicable provisions of the Companies Act, 1956 as may be amended from time to time.

MAHAVEER FINANCE INDIA LIMITED**DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2005**

Dear Members,

Your Directors present the 24th Annual report with Audited Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS

	Year ended 31st March 2005 (Rs.in Lacs)	Year ended 31st March 2004 (Rs.in Lacs)
Profit before Depreciation	26.91	21.97
Provision for Depreciation	6.73	11.28
Tax Provision		
- Current	6.80	3.04
- Deferred	0.78	(1.17)
Profit After Tax	12.60	8.82
Add: Excess Provision for Income Tax written back	0.07	0.00
Add: Profits from Previous year	16.32	16.28
Available for appropriation	28.99	25.10
Transfer to General Reserve	3.00	7.00
Statutory Reserve	2.52	1.78
Surplus Carried Forward to Balance Sheet	23.47	16.32

BUSINESS :

During the year 2004-05, your company's disbursement was Rs.396.69 lacs as against Rs. 332.86 lacs in the previous year, registering a growth of 19% despite intense competition from financial institutions and banks. Profit before tax increased to Rs.20.18 lacs as against Rs.10.69 lacs for the previous year.

MAHAVEER FINANCE INDIA LIMITED

PREFERENCE SHARE CAPITAL :

During the year your company has changed the composition of Authorised Share Capital which now consists of an Equity Capital of Rs.3 crores divided into 30,00,000 Equity Shares of Rs.10/- each and a Preference Share Capital of Rs.2 crores divided into 20,00,000 Preference Shares of Rs.10/- each. Further your company issued on private placement basis 5,00,000 10% Redeemable Cumulative Preference Shares of Rs.10/- each aggregating to Rs.50 lacs during the year. The issue was fully subscribed and allotment was made on 26/03/2005.

NON BANKING FINANCIAL COMPANIES (NBFCs) REGULATIONS:

Your Directors wish to state that your company has complied with all the requirements prescribed by the Reserve Bank of India. The Capital adequacy Ratio of your Company is 30.11% as on 31/03/2005. Standard Assets stood at 98.52% of the total business assets. The gross non-performing assets stood at 1.48% and net non-performing assets stood at 0.34% of the total business assets.

DEPOSITS :

The Company has not accepted any Public Deposit during the year 2004-05 and the Public Deposits as on the date of closing of Accounts was NIL.

DIVIDEND :

The need to conserve funds for future development, your Directors regret their inability to recommend the payment of any dividend for the year.

DIRECTORS :

Sri.T. Shanmugam, Director of the company resigned from the Board on 05/10/2004 on health grounds. The Board places on record the valuable services rendered by Sri.T.Shanmugam during his tenure of office.

Sri.M.Praveen Dugar and Sri P.S.Balasubramaniam who were appointed as Additional Directors retire at this Annual General Meeting under Article 78 of the Article of Association of the company and they are eligible for appointment.

Sri G.Chidambar retired by rotation and being eligible offers himself for re-appointment.

AUDITORS :

E.Hemanadhan & Co, Chartered Accountants, Auditor of your company retire at the conclusion of the Annual General Meeting. He is eligible for re-appointment and has 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.

MAHAVEER FINANCE INDIA LIMITED

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 judgements 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(l) (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.

LISTING :

The shares of your company are listed in Madras Stock Exchange Limited, Exchange Building, New No.30 (Old No.11), Second Line Beach, Chennai - 600 001. The Company has paid listing fees upto the financial year ended 31/03/2005.

CORPORATE GOVERNANCE :

Since your Company's paid up Capital is below Rs.3 crores, the SEBI guidelines relating to Corporate Governance do not apply to your Company.

ACKNOWLEDGMENT:

Your directors thank all the shareholders, customers, vehicle manufacturers, dealers, bankers and financial institution for their continued support to your company. Your directors also thank all the members for the co-operation extended to your company and look forward to your continued support. Your Directors also place on 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 : 30-7-2005

G.CHIDAMBAR
Chairman

MAHAVEER FINANCE INDIA LIMITED

Company Regn.No.18-8555
Authorised Capital: Rs.5 crores

Compliance Certificate

To

The Members

M/S MAHAVEER FINANCE INDIA LIMITED

Regd.Office: Agurchand Mansion, First Floor,
151 Mount Road, Chennai - 600 002

I have examined the registers, records books and papers of MAHAVEER FINANCE INDIA LIMITED (the Company) as required to be maintained under The Companies Act 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March 2005. 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, its officers and agents, I certify that in respect of that aforesaid financial year:

1. the Company has kept and maintained all registers as stated in Annexure A to this certificate as per the provisions of the Act and rules made thereunder and all entries therein have been duly recorded.
2. the company has duly filed the forms and returns as stated in Annexure B to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a public limited company, has the minimum prescribed paid up capital.
4. the Board of Directors duly met 6 times on 30.04.2004, 31.07.2004, 14.08.2004, 30.10.2004 and 29.01.2005 and 26.03.2005 in respect of which meetings proper notices were given and proceedings were properly recorded and signed.
5. the company closed its Register of members from 16.09.2004 to 21.09.2004 and necessary compliance of Section 154 of the Act had been made.
6. the annual general meeting for the financial year ended 31st March 2004 was held on 21st September 2004 after giving due 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 had not advanced any loan to its directors and/or persons or firms or companies referred in the Section 295 of the Act.
9. the company has not entered into any contracts falling within the purview of Section 297.