

26TH ANNUAL REPORT



MAHAVEER FINANCE INDIA LIMITED

"Agurchand Mansion"

(1st Floor), 151, Mount Road,

Diagonally Opp. Spencer Plaza, Chennai - 600 002.

Phone : (O) 2846 0488, 2846 0915, 2846 1741

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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
 Indian Overseas Bank
 The Federal Bank Ltd.
 The Catholic Syrian Bank Ltd

REGISTERED OFFICE

Agurchand Mansion
 'First Floor'
 151, Mount Road,
 Chennai - 600 002.
 Phone : 28460488 & 28460928
 Fax : 044-28460242

FINANCIAL INSTITUTION

Sundaram Finance Limited

BRANCHES

Avadi,
 Kanchipuram
 Madurai.

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)



NOTICE

NOTICE is hereby given that the Twenty Sixth 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 Friday the 28th September, 2007 at 12.10 Noon transacting the following business :

ORDINARY BUSINESS

1. To receive and adopt the audited statement of accounts for the year ended 31st March, 2007 and to consider the reports of the Directors and Auditors thereon.
2. To declare Preference and Equity Dividend.
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 appoint Auditors and fix their remuneration. E. Hemanadhan & Co, Chartered Accountants retire and is eligible for re-appointment.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.

"RESOLVED that subject to the provisions of the section 198, 269, 309 and other applicable provisions, if any, of the Companies Act 1956, the Company hereby accords its approval and consent to the re-appointment of Sri. N. Mahaveerchand Dugar as Managing Director of the company for a term of 5 years commencing from 1st October 2007 and for the payment of remuneration to him for his services as Managing Director, as set out hereunder :"

Salary : Rs. 50, 000 /- per month w.e.f. 01/04/2007

Commision : 1 % of Net Profit of the Company.

Perquisites : As detailed in the annexure to the explanatory statement.

"Further Resolved that the Board of Directors have liberty to 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.

Minimum Remuneration :

"Where in any financial year, during the currency of tenure of the Managing Director, the company has no profits or its profits are inadequate, the salary and perquisites

MAHAVEER FINANCE INDIA LIMITED

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."

6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.

"Resolved that Subject to the provisions of the Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval and consent to the re-appointment of Sri. M. Deepak Dugar as Executive Director of the Company for a term of 5 years commencing from 1st July 2007 and for the payment of remuneration to him for his services as Executive Director, as set out hereunder :"

Salary : Rs. 30, 000 /- per month w.e.f. 01 / 04 / 2007

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 have liberty to 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".

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 or 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."

7. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution

"RESOLVED that subject to the provisions of the Section 269,309 and other applicable provisions, if any, of the Companies Act 1956, the Company hereby accords its approval and consent for the payment of revised remuneration to Sri. M. Praveen Dugar, Executive Director, from 1st April 2007 to the remaining term of office i.e. up to 31.05.2010 as set out hereunder :

Salary : Rs. 30,000/- per month w.e.f. 01/04/2007

Commission : 1 % of Net Profit of the Company

Perquisites : As detailed in the annexure to the explanatory statement



MAHAVEER FINANCE INDIA LIMITED

"Further Resolved that the Board of Directors have liberty to 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".

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.

By order of the Board

Chennai
Date : 23.08.2007

N. Mahaveerchand Dugar
Managing Director

Note :

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 to 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.

The Register of member and the share transfer books of the Company will remain closed from 24-9-2007 to 28-9-2007 (both days inclusive) in connection with payment of dividend.

MAHAVEER FINANCE INDIA LIMITED**Annexure to the notice**

Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956

SPECIAL BUSINESS

ITEM 5, 6 & 7

Sri N. Mahaveerchand Dugar was appointed as Managing Director of the Company for a period of 5 years from 01.10.2002. Sri. M. Deepak Dugar was appointed as an Executive Director for a period of 5 years from 01.07.2002. The terms were approved by the members at the 21st Annual General Meeting held on 18th September 2002.

Sri. M. Praveen Dugar was appointed as an Executive Director for a period of 5 years from 01-06-2005. The terms of his remuneration were approved by the members at the 24th Annual General Meeting held on 31st August, 2005.

Having regard to the changes in the business environment, the Company is required to follow a competitive remuneration policy in order to retain and reward the managerial personnel in line with the industry. After considering the remuneration levels prevailing in the industry, the Board of Directors, at the meeting held on 23.08.2007, fixed the salary and perquisites to Sri. N. Mahaveerchand Dugar, Managing Director and Sri. M. Deepak Dugar, Executive Director and revised salary and perquisites to Sri. M. Praveen Dugar from 01-04-2007 to the remaining period of his term of office, i.e. upto 31-05-2010.

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

None of the Directors except Sri. N. Mahaveerchand Dugar, Sri. M. Deepak Dugar and Sri. M. Praveen Dugar are concerned or interested in the said resolution to the extent that they are applicable to them respectively.

By order of the Board

Chennai
Date : 23.08.2007

N. Mahaveerchand Dugar
Managing Director



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 accomodation 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 accomodation, House Rent Allowance may be paid in accordance with (i) above ;
- iv) Where accomodation 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 membership 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, 2007**

Dear Members,

Your Directors present the 26th Annual report with Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS

	Year ended 31st March 2007 (Rs. in Lacs)	Year ended 31st March 2006 (Rs. in Lacs)
Profit before Depreciation	42.88	39.23
Provision for Depreciation	6.88	7.97
Tax Provision	11.99	10.08
Profit After Tax	24.01	21.18
Less : Income tax relating to earlier years	0.28	0.00
Add : Profits from Previous year	21.45	23.47
Available for appropriation	45.18	44.65
Transfer to General Reserve	3.00	3.00
Statutory Reserve	4.80	4.24
Proposed Preference Dividend	5.00	5.00
Proposed Equity Dividend	9.00	9.00
Dividend Tax	2.38	1.96
Surplus Carried Forward to Balance Sheet	21.00	21.45

Dividend :

Your Directors recommend a dividend of 10 % on the paid up Preference Share Capital and 6 % on the paid up Equity Share Capital for the year ended 31/03/2007. The dividend together with dividend tax of Rs. 2.38 lacs absorbs a sum of Rs. 16.38 lacs.

Business :

During the year 2007-08, your company's disbursement was Rs. 656.80 lacs as against Rs. 461.81 lacs in the previous year, registering a growth of 42 % despite intense competition from financial institutions and banks. Profit before tax during the year under review was higher at Rs. 36.00 lacs as compared to Rs. 31.26 lacs over the previous financial year reflecting an increase of 15 %.

Your Company's continuing emphasis on quality has ensured that the performance of the core HP portfolio remained excellent. The standard assets stood at 99.55 % of the total business assets as on 31/03/2007 as against 98.92 % in the previous year. The gross and net NPAs stood at 0.45 % of the total business assets as on 31/03/2007 as against 1.08 % and 0.20 % respectively in the previous year.

DEPOSITS :

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

DIRECTORS :

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



MAHAVEER FINANCE INDIA LIMITED

During the year Sri. T. Shanmugam, former director of our company passed away. He was director of our company for over 10 years. The Board of Directors were deeply grieved and placed their condolence message to his bereaved family members.

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.

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 safe guarding 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 (1) (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 31/03/2007.

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.

ACKNOWLEDGEMENT :

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

Chennai

Date : 23.08.2007

G. Chidambar.

Chairman

MAHAVEER FINANCE INDIA LIMITED



COMPLIANCE CERTIFICATE

Company Regn. No : 18-08555
Authorised Capital : Rs.5,00,00,000/-
Paid up Equity Share Capital - Rs. 1,50,00,000
Redeemable Pref.Share Capital Rs. 50,00,000

To

The Members

M /S MAHAVEER FINANCE INDIA LIMITED

Agurchand Mansion, First Floor,
Chennai - 600 002

I have examined the registers, records, books and papers of **MAHAVEER FINANCE INDIA LTD** as required to be maintained under The Companies Act 1956, 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 2007. 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 and its officers, 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 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.
3. The Company is a public limited company.
4. The Board of Directors duly met 4 times on 29.04.2006, 31.07.2006, 28.10.2006 and 21.01.2007 in respect of which meetings proper notices were given and proceedings were properly recorded and signed in Minutes Book maintained for the purpose.
5. The company closed its Register of Members, from 11.09.2006 to 21.09.2006 and necessary compliance of Section 154 of the Act had been made.
6. The Annual general meeting for the financial year ended on 31st March 2006 was held on 21st September 2006 after giving due notice to the members of the company and other concerned 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 Contracts falling within purview of Section 297 of the Companies Act.
10. The company has made necessary entries in the register maintained under Section 301 of the Act.