

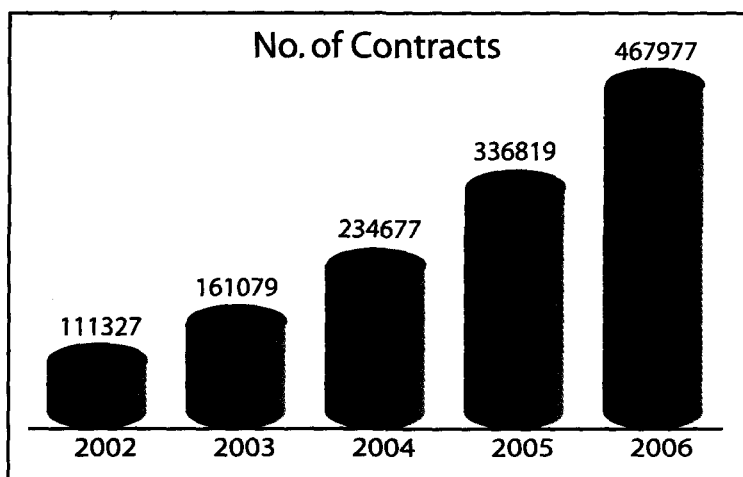
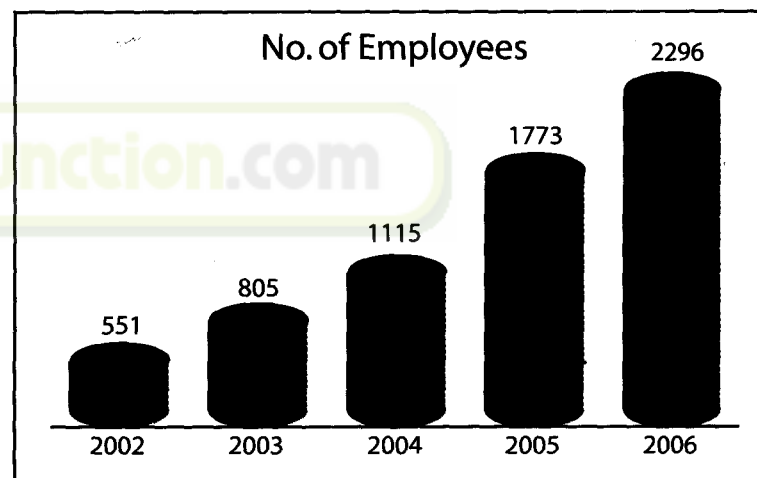
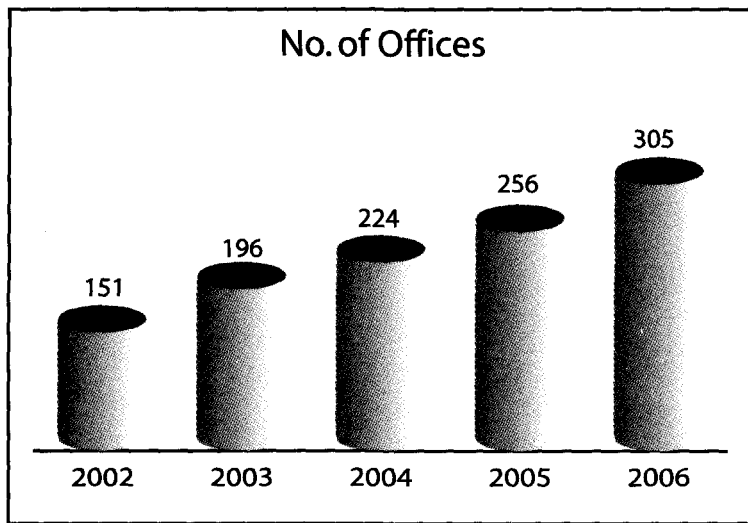
ANNUAL REPORT |

**“The great thing in the world
is not so much where we stand,
as in what direction we are moving.”**

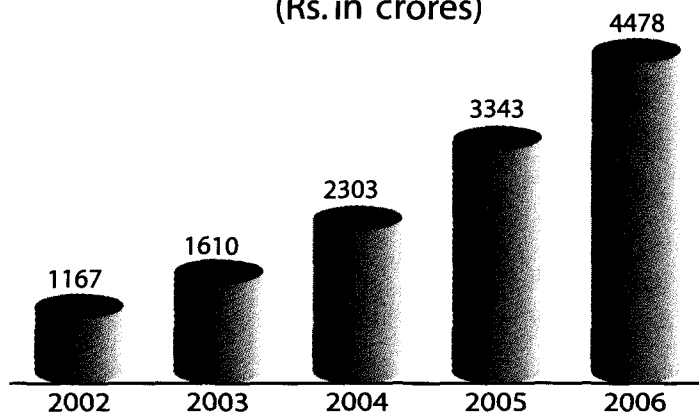
Report  Junction.com

"The great thing in the world is not so much where we stand, as in what direction we are moving."

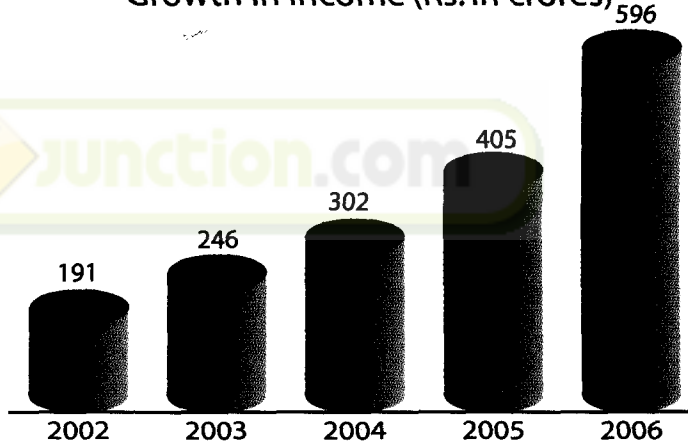
And we are moving fast. As one of India's leading non-banking finance companies, we have focused our progress in the direction of the rural and semi-urban sector. We are now a listed company and have set in place an exhaustive network of branches to reach millions of customers with finance solutions for utility vehicles, tractors and cars. We are working towards leveraging our core competence and converting emerging opportunities to drive further growth and to accelerate the pace of progress.



Estimated Value of Asset Financed
(Rs. in crores)

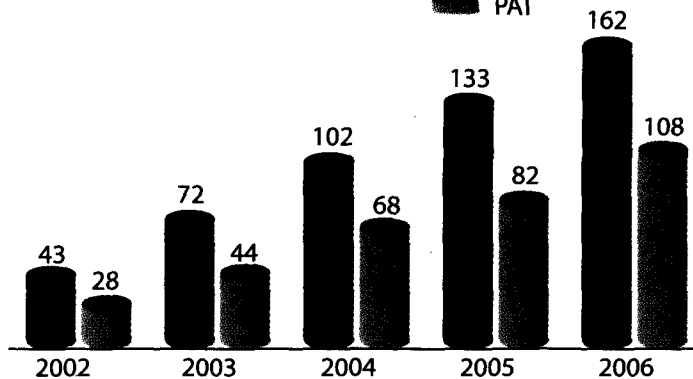


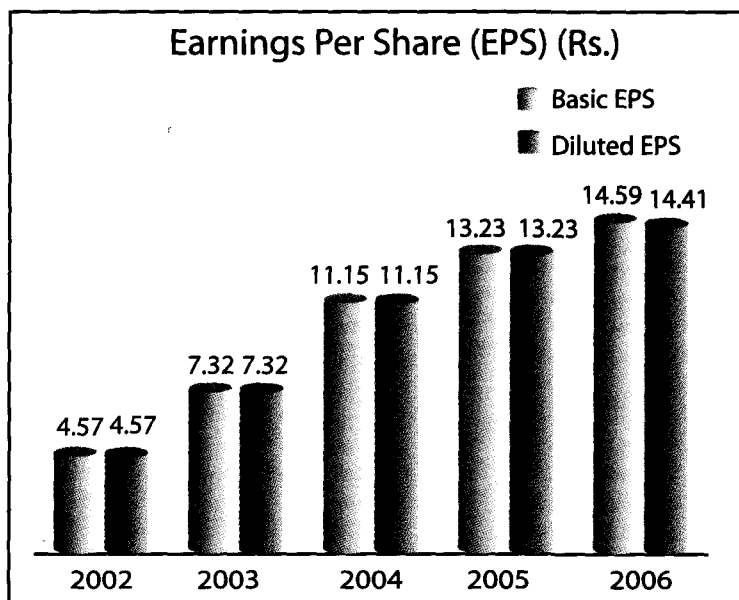
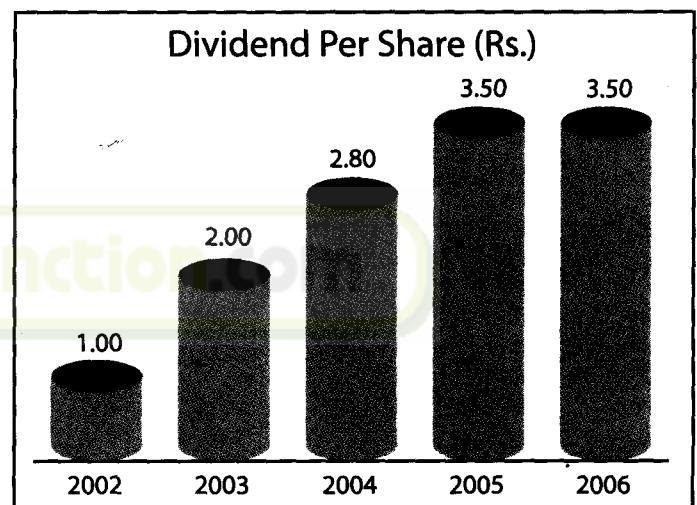
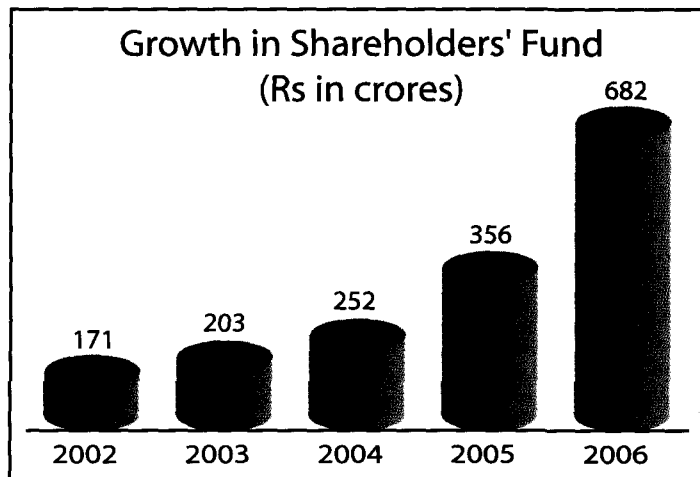
Growth in Income (Rs. in crores)

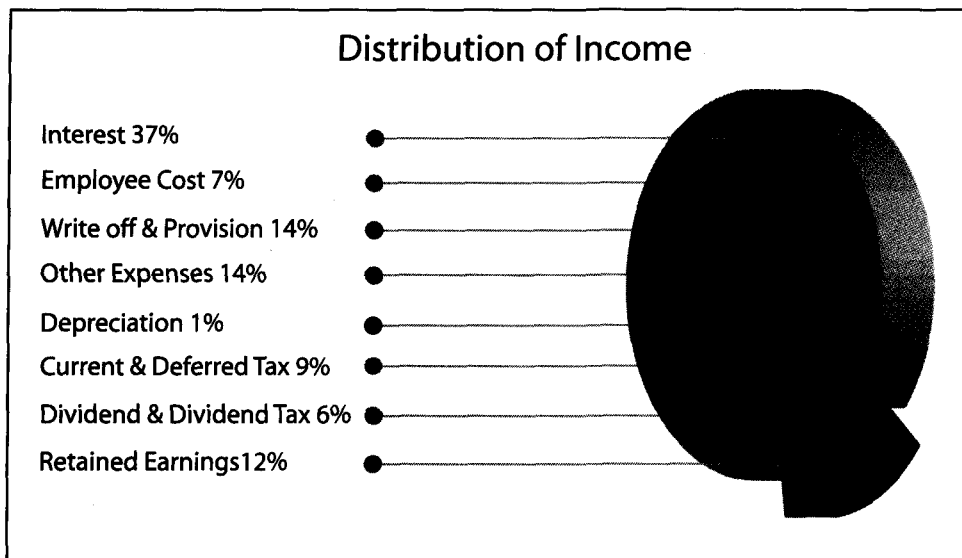
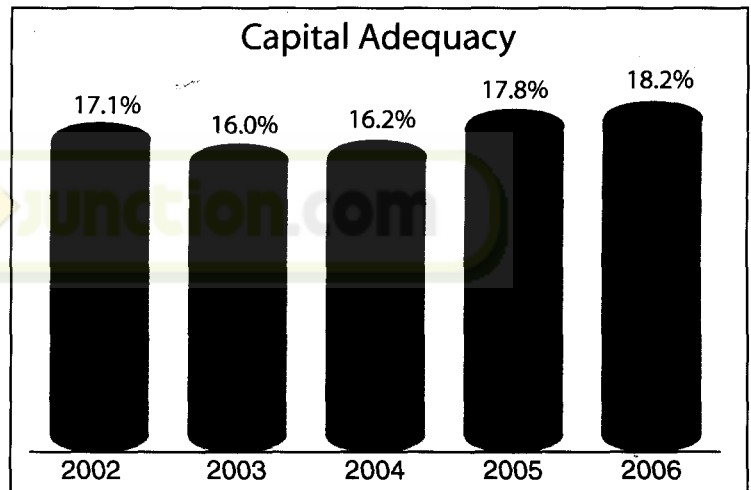
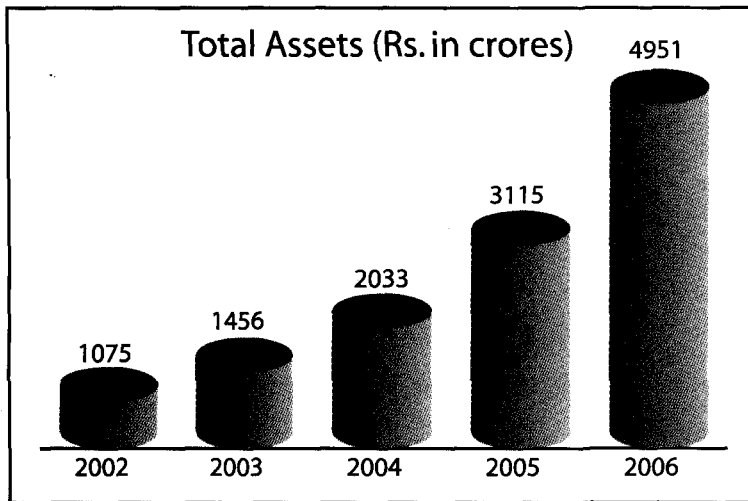


Growth in Profit (Rs. in crores)

■ PBT
■ PAT







SUMMARY OF RESULTS

(Rupees in lacs unless indicated otherwise)

Sr. No.		F-2006	F-2005	F-2004	F-2003	F-2002	F-2001	F-2000	F-1999	F-1998	F-1997
1.	Estimated Value of Asset Financed	447791	334336	230270	160985	116675	100197	75748	50518	30313	15600
2.	Contracts (Nos.)	467977	336819	234677	161079	111327	76663	52579	27000	12000	7142
3.	Total Assets	495127	311465	203323	145601	107451	93427	73194	49910	35867	23750
4.	Total Income	59641	40476	30167	24573	19134	13887	11857	9530	7312	4258
5.	Profit before depreciation & tax	16654	13631	10647	8022	5529	3837	3377	3171	2257	1126
6.	Depreciation	439	350	460	847	1187	1790	2031	2101	1280	610
7.	Profit before tax	16215	13281	10187	7175	4342	2047	1346	1070	977	516
8.	Profit after tax	10827	8228	6762	4435	2772	961	541	453	478	146
9.	Dividend %	35	35	28	20	10	8	6	10	15	14
10.	Equity Share Capital	8331	7016	6062	6062	6062	6062	6062	3190	1990	1990
11.	Reserves & Surplus	59868	28542	19111	14263	11118	7804	7377	3683	2376	2226
12.	Net Worth	68200	35557	25173	20290	17122	13863	13429	6857	4347	4207
13.	Employees (Nos.)	2296	1773	1115	805	551	460	340	205	130	62
14.	Offices (Nos.)	305	256	224	196	151	128	115	81	31	11
15.	Earnings Per Share - Basic (Rs.)	14.59	13.23	11.15	7.32	4.57	1.59	1.25	1.52	2.40	1.45
16.	Earnings Per Share - Diluted (Rs.)	14.41	13.23	11.15	7.32	4.57	1.59	1.25	1.52	2.40	1.45

DIRECTORS

Anand G. Mahindra	Chairman
Bharat Doshi	
Anjanikumar Choudhari	
Uday Y. Phadke	
Dhananjay Mungale	
M. G. Bhide	
Nasser Munjee	
Piyush Mankad	
Pawan Goenka	
Ramesh Iyer	Managing Director

CHIEF FINANCIAL OFFICER

V. Ravi

COMPANY SECRETARY

Narayan Shankar

REGISTERED OFFICE

Gateway Building,
Apollo Bunder, Mumbai – 400 001.

CORPORATE OFFICE

Sadhana House, 2nd Floor,
Behind Mahindra Towers,
570, P. B. Marg, Worli,
Mumbai – 400 018.

COMMITTEES OF THE BOARD**Audit Committee**

M. G. Bhide
Dhananjay Mungale
Nasser Munjee
Uday Y. Phadke

Remuneration / Compensation Committee

Piyush Mankad
Anand G. Mahindra
Bharat Doshi
Dhananjay Mungale
Nasser Munjee
Uday Y. Phadke

**Share Transfer and Shareholders /
Investors Grievance Committee**

Uday Y. Phadke
Dhananjay Mungale
Nasser Munjee
Ramesh Iyer

Asset Liability Committee

Uday Y. Phadke
Dhananjay Mungale

**AUDITORS**

B. K. Khare & Co.
Chartered Accountants,
706/708, Sharda Chambers,
Mumbai – 400 020.

SOLICITORS

Khaitan & Co.
Meher Chambers,
R. K. Marg,
Ballard Estate,
Mumbai – 400 038.

REGISTRAR AND SHARE TRANSFER AGENTS

Karvy Computershare Pvt. Ltd.
Karvy House, 46, Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad – 500 034.

BANKERS

State Bank of India
Canara Bank
The Bank of Nova Scotia
ABN Amro Bank
Corporation Bank
IDBI Bank Ltd.
Union Bank of India
Punjab National Bank
HDFC Bank Ltd.
ING Vysya Bank Ltd.
Standard Chartered Bank
The Dhanalakshmi Bank Ltd.
UTI Bank Ltd.
The United Western Bank Ltd.
Bank of America
Calyon Bank
The Hong Kong & Shanghai Banking Corporation Ltd.
DBS Bank Ltd.
BNP Paribas
Citibank N.A.
Indusind Bank Ltd.
Yes Bank Ltd.
Indian Overseas Bank
ICICI Bank Ltd.
Kotak Mahindra Bank Ltd.
Centurion Bank of Punjab Ltd.
Development Credit Bank Ltd.

TABLE OF CONTENTS

Directors' Report	9
Management Discussion and Analysis	17
Corporate Governance	25
Accounts	37
Statement pursuant to Section 212	72
Consolidated Accounts	73
Subsidiary Company	98

DIRECTORS' REPORT

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors are pleased to present the Sixteenth Annual Report together with the audited accounts of your Company for the year ended 31st March, 2006. The summarized financial results of the Company are given hereunder:

FINANCIAL RESULTS

	(Rs. crores)	
	2005-06	2004-05
TOTAL INCOME	596.41	404.76
LESS : FINANCE COSTS	219.44	133.20
EXPENDITURE	209.65	134.90
DEPRECIATION / AMORTISATION	5.17	3.85
	434.26	271.95
PROFIT BEFORE TAX	162.15	132.81
LESS : PROVISION FOR TAX – CURRENT TAX (INCLUDING FRINGE BENEFIT TAX AND WEALTH TAX)	64.27	55.84
ADD : PROVISION FOR TAX –DEFERRED TAX ASSET (NET)	10.39	5.30
PROFIT AFTER TAX FOR THE YEAR	108.27	82.27
ADD : EXCESS PROVISION FOR TAX – EARLIER YEARS (NET)	0.00	0.01
	108.27	82.28
ADD : AMOUNT BROUGHT FORWARD FROM PREVIOUS YEARS	101.64	70.22
AMOUNT AVAILABLE FOR APPROPRIATION	209.91	152.50
APPROPRIATIONS :		
GENERAL RESERVE	10.90	8.30
STATUTORY RESERVE	21.66	16.46
DIVIDEND ON PREFERENCE SHARES (INTERIM)	3.45	1.77
INCOME –TAX ON PREFERENCE DIVIDEND (INTERIM)	0.48	0.23
DIVIDEND ON EQUITY SHARES (INTERIM)	10.52	10.30
INCOME-TAX ON DIVIDEND (INTERIM)	1.48	1.35
PROPOSED DIVIDEND ON EQUITY SHARES (FINAL)	16.35	10.92
INCOME-TAX ON PROPOSED DIVIDEND (FINAL)	2.29	1.53
SURPLUS CARRIED TO BALANCE SHEET	142.78	101.64
	209.91	152.50