

This is not an invitation for the public to subscribe to any of the securities of MMFSL, and hence not a Prospectus.

PRIVATE AND CONFIDENTIAL
MEANT FOR USE OF ADDRESSEE ONLY



UMBRELLA INFORMATION MEMORANDUM

Mahindra & Mahindra Financial Services Ltd.

Registered Office: Gateway Building, Apollo Bunder, Mumbai 400 001

Corporate Office: Sadhana House, 2nd Floor, Behind Mahindra Towers, Worli, Mumbai - 400 018
Ph: 56526000/07/08/09/10/37 Fax : 24900728

PRIVATE PLACEMENT OF 10000 UNSECURED/ SECURED REDEEMABLE NON-
CONVERTIBLE DEBENTURES OF RS. 10,00,000/- EACH AGGREGATING RS. 1000 CRORES

General Risk

Investment in debt instruments involves a degree of risk and investors should invest any funds in the issue only after reading the Umbrella Information Memorandum (hereinafter referred to as "Information Memorandum") carefully. For taking investment decision, investors must rely on their own examination of the Issuer and the issue including the risk involved. The Securities have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document.

Issuer's Absolute Responsibility

The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this offer document contains all information with regard to the issuer and the issue, which is material in the context of the issue, that the information contained in the Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

Listing

The Debentures of the Company are proposed to be listed on The Stock Exchange, Mumbai.

Credit Rating:

The Debentures will carry an investment grade rating from recognized Indian rating agency.

DEBENTURE TRUSTEE

UTI Bank Ltd.
Merchant Banking Division
11th Floor, Maker Tower 'F'
Cuffe Parade
Mumbai
Tel: 2216 2455, 22189706-9
Fax: 22162467
SEBI Reg. No. IND000000036
E mail : pawan.bansal@utibank.co.in

REGISTRAR TO THE ISSUE:

Sharepro Services
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Chakala, Andheri [East]
Mumbai 400 099
Tel: 28239828, 28348218, 28215168
Fax: 28375646
SEBI Registration No. INR000001476
E mail : sharepro@vsnl.com

| Issue Opening Date: | Issue Closing Date | Deemed Date of Allotment |
|---------------------|--------------------|--------------------------|
|---------------------|--------------------|--------------------------|

This Umbrella Information Memorandum is dated 26 February 2004 will be valid for one year from this date



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DEFINITIONS/ABBREVIATIONS USED

| | |
|--------|---|
| Act | The Companies Act, 1956 |
| ALCO | Asset Liability Management Committee |
| BSE | The Stock Exchange, Mumbai |
| CAR | Capital Adequacy Ratio |
| CDSL | Central Depository Services (India) Limited |
| CRISIL | CRISIL Ltd. |
| ED | Executive Director |
| FI | Financial Institution |
| FII | Foreign Institutional Investors |
| G-Sec | Government Securities |
| NBFC | Non-Banking Finance Company |
| NPAs | Non Performing Assets |
| NRI(s) | Non Resident Indians |
| NSDL | National Securities Depository Limited |
| RBI | Reserve Bank of India |
| SEBI | Securities and Exchange Board of India |



RISK FACTORS

Following are certain considerations, which the investors should peruse before making an investment in the issue. The material implication of the risks envisaged by the Management has been quantified as far as possible. Where such quantification has not been made it may be construed that the implication cannot be quantified.

Internal Risk Factors:

1. The Company's business is vulnerable to volatility in interest rates. Changes in market interest rates could affect the interest rates charged on Company's interest-earning assets differently from the interest rates paid on its interest-bearing liabilities. Any volatility in interest rates could adversely affect the Company's business and its future financial performance.

Proposal to address the Risk: Even during a falling interest rate scenario, the Company has been able to maintain its Gross Spread at 3% to 4% in FY02 and FY03. The Asset Liability Management Committee (ALCO) of the Company continuously monitors interest rate changes to assess the impact of change in interest rates and steps taken to minimize adverse impact, if any.

2. The primary business of Company is of lending which carries a risk of default by borrowers.

Proposal to address the Risk: Necessary controls like maintaining a diversified portfolio with industry wise, borrower group wise and specific client wise exposure limit, to avoid concentration of lending to any industry segment/borrower group/company are being complied with. These limits help minimize credit risks. The performance of the asset portfolio is monitored on a regular basis to take corrective action wherever necessary.

3. Any increase in the NPA levels of the Company could adversely affect the Company's performance. The Company's net NPAs represented 2.28% of its Total Assets at March 31, 2003, 2.00% at March 31, 2002 and 1.38% at March 31, 2001.

Proposal to address the Risk: The Company mainly operates in semi urban and rural India. While approving the loan the customer background and application of the product for which the loan is sought is studied in detail. The Company finances vehicles mainly for commercial purpose. To reduce the NPA risk the Company finances only 75% of the vehicle cost.

4. Assets Liability position - The Company's funding comprises of short and medium term loans from its Bank Borrowing and Non-Convertible Debentures. The asset liability position of the Company could be affected, impacting the business, if the Bankers do not roll over the deposits or there is shortfall in the liquidity position in the Money Market.

Proposal to address the Risk: The Company has advanced risk management system in place to monitor liquidity gap position vis-à-vis internal limits. This report is placed periodically at ALCO so as to maintain a healthy and sustained growth within acceptable risk parameters. The Company also maintains adequate levels of liquid assets, which can be used to meet the liquidity gaps.



External Risk Factors:

The Company would like to clarify that RBI conducts regular inspection of registered NBFC's. The inspection report is placed by the Company at its meeting of Board of Directors and corrective steps are initiated. The reports of RBI are strictly confidential. RBI does not allow disclosure of its inspection report and that all the disclosures made in Information Memorandum are on the basis of management and Audit Reports of the Company.

Notes:

Creation of Redemption Reserve is not envisaged for the proposed issue of Debentures. As per Circular issued by Department of Company Affairs, Government of India in April, 2002, NBFC's are not required to create Debenture Redemption Reserve under Section 117 of Companies Act, 1956.

In the opinion of Directors of the Company, there are no circumstances that have arisen since the date of the last financial statement disclosed in the Information Memorandum that materially or adversely affect or are likely to affect the performance or profitability of the Company, or value of its assets, or its liability to pay liabilities within the next twelve months.

HIGHLIGHTS

- ◆ An existing profit making, dividend paying Unlisted NBFC
- ◆ Large network throughout the Country with more than 200 branches spread across the country
- ◆ Net Profit of Rs. 44.35 crores and Total income of Rs.249.89 crores for year ended 31st March 2003.
- ◆ The Debentures will carry an investment grade rating from recognized Indian rating agency.



IMPORTANT NOTICE

No part of this document is intended for the use of any recipient located outside India or any recipient who is not resident in India. This document is also not intended for the use of Non-Resident Indians ('NRIs'), Overseas Corporate Bodies ('OCBs') or Foreign Institutional Investors ('FIIs')

This issue by Mahindra and Mahindra Financial Services Ltd. (the "Issuer"), of Unsecured / Secured Non-Convertible Debentures ("Debentures") is being made strictly on a private placement basis. It is not and should not be deemed to constitute an offer to the public in general or any section or class thereof. This Umbrella Information Memorandum ("hereinafter referred to as Information Memorandum") is neither a prospectus nor a statement in lieu of prospectus. It cannot be acted upon by any person other than to whom it has been specifically addressed, neither can this document be circulated, reproduced or redistributed in any form whatsoever.

This Information Memorandum is not intended to provide the sole basis of any credit decision or other evaluation and should not be considered as a recommendation that any recipients of this Information Memorandum should invest in the Debentures. Each potential investor should make its own independent assessment of the investment merit of the Debentures and the Issuer.

This Information Memorandum is made available to potential Debentures investors on the strict understanding that it is confidential. Recipients shall not be entitled to use any of the information otherwise than for the purpose of deciding whether or not to invest in the Debentures.

No person including any employee of the Issuer has been authorized to give any information or to make any representation not contained in this Information Memorandum. Any information or representation not contained herein must not be relied upon as having being authorized by or on behalf of the Issuer. Neither the delivery of this Information Memorandum at any time nor any statement made in connection with the offering of the Debentures shall under the circumstances imply that any information/representation contained herein is correct at any time subsequent to the date of this Information Memorandum.

The distribution of this Information Memorandum and the offering of the Debentures in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuer to inform themselves about, and observe any such restrictions.



PART I

I. GENERAL INFORMATION

Umbrella Information Memorandum (hereinafter referred to as "Information Memorandum") for Private Placement of 10000 Unsecured / Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each for cash at par aggregating Rs. 1000 crores.

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Registered Office:

Gateway Building, Apollo Bunder, Mumbai 400 001

Corporate Office:

Sadhana House, 2nd Floor, Behind Mahindra Towers, Worli, Mumbai 400 018
Tel No. (022) 56526007/8/9/10/37, Fax No. (022) 24900728

Government Approvals

The Company was incorporated on 1st January, 1991 as Maxi Motors Financial Services Limited and received Certificate of Commencement of Business on 19th February, 1991. The name has been changed to Mahindra & Mahindra Financial Services Limited and Fresh Certificate of Incorporation was received on 3rd November, 1992. The Registration Certificate from Reserve Bank of India (RBI) was received on 4th September 1998 in terms of Section 45 A of the Reserve Bank of India Act 1934.

It must be distinctly understood, however, that the issuing of Certificate by RBI / Central Government should not, in any way, be deemed or construed to be an approval by RBI / Central Government, to this Information Memorandum nor should it be deemed that RBI / Central Government has approved it nor does RBI / Central Government take any responsibility either for the financial soundness of the Company or for the correctness of the statements made or opinions expressed in this connection.

Authority for Present Issue

The present issue of Unsecured / Secured Redeemable Non-Convertible Debentures is made pursuant to the Resolution passed by the Board of Directors of the Company at its meeting held on 3rd February 2004.

Stock Exchange Disclaimer Clause

It is to be distinctly understood that the submission of the Information Memorandum to the Stock Exchange should not in any way be deemed or construed that the Information Memorandum has been cleared or approved by the Exchange. Stock Exchange does not take any responsibility either for the financial or other soundness of this Issuer, or the achievement of the object for which placement is proposed to be made or for the correctness of the statement made or opinions expressed in the Information Memorandum.



General Disclaimer

The Issuer accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisement or any other material issued by or at the instance for the issuer and that anyone placing reliance on any other source of information would be doing so at his own risk.

Listing

Initial Application has been made to The Stock Exchange, Mumbai.

Underwriting

The present issue is not underwritten.

Minimum Subscription

Pursuant to the Notification No. SEBI/MRD/SE/AT/46/2003 dated 22nd December 2003 issued by SEBI minimum subscription clause is not applicable to the privately placed debt securities.

Impersonation

Any person who-

- a) makes in a fictitious name an application to a company for acquiring, or subscribing for any Securities therein, or
- b) otherwise induces a company to allot, or register any transfer of Securities therein to him, or any other person in a fictitious name

shall be punishable with imprisonment for a term which may extend to five years.

Issue of Letter of Allotment/ Allotment Advice and Debenture Certificates

The Issuer will execute and dispatch Letters of Allotment/ Allotment advice in favour of the allottees or Refund Letter along with refund amount, not later than 7 days after the Deemed Date of Allotment. After completion of all legal formalities, the Issuer will issue the Debentures certificate(s) / credit the Depository Account of the allottees against surrender of the letter(s) of allotment within three month(s) of the Deemed Date of Allotment, or such extended period subject to obtaining the approvals, if any. Interest at coupon rate will be paid via interest warrants on the application money to the applicants. Such interest will be paid for the period commencing from the date of realisation of the cheque(s) / demand drafts (s) up to but excluding the Deemed Date of Allotment. The interest warrants for interest payable on application money will be dispatched by Registered Post/ Courier the next working day after the Deemed Date of Allotment. The letters of allotment/ allotment advice/refund orders, as the case may be, will be sent by Registered Post/ Courier /Hand Delivery within 7 days from the Deemed Date of Allotment to the first/sole applicant, at the sole risk of the applicant. The payment will be subject to deduction of tax at source at the rates prescribed under the provisions of the Income Tax Act, 1961 or any other statutory modification or re-enactment thereof.

Issue Schedule

| | |
|--------------------------|--|
| Offer Opening Date | |
| Offer Closing Date | |
| Deemed Date of Allotment | |



The issuer reserves the right to close the issue earlier from the aforesaid date or change the issue time table including the Deemed Date of Allotment at its sole discretion, without giving any reasons or prior notice.

Names and Addresses of Auditors, Registrars, Debenture Trustees

Auditors

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

Registrars to the issue

Sharepro Services
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Chakala, Andheri[East]
Mumbai 400 099

Trustees to the Debenture holders:

UTI Bank Ltd.

Merchant Banking Division

111, Maker tower 'F'
Cuffe Parade, Colaba,
Mumbai 400 005

Credit Rating

- Company will approach a recognized Indian rating agency to obtain an investment grade rating for issue of each tranche of Debenture made under this umbrella information memorandum. Offer under this umbrella information memorandum will be made if the company obtain an investment grade rating from recognized Indian rating agency for its Debentures.
- Credit ratings obtained during the previous three years before filing of the Information Memorandum for any of its listed debt securities at the time of accessing the market through a rated debt security :

| Rating Agency | Date of Rating Letter | Rating | Amount (Rs. Crs.) |
|----------------------|------------------------------|---------------|--------------------------|
| | | | |

Compliance Officer:

Mr. V.Ravi

Chief Financial Officer
Mahindra & Mahindra Financial Services Ltd.
Sadhana House, 2nd Floor,
Behind Mahindra Towers, Worli
Mumbai 400 018
Tel No. (022) 56526007/8/9/37, Fax No. (022) 24900728
E mail : ravi.v@mahindra.com

The Investor may contact the Compliance Officer in case of any pre-issue / post -issue related problems such as non-receipt of letters of allotment / debenture certificates / refund orders.



II. CAPITAL STRUCTURE OF THE COMPANY

Equity Shares (Part of Tier I Capital)

| | Amount (Rs. Crs.) |
|--|----------------------|
| A. Authorised Capital | |
| 7,50,00,000 Equity Shares of Rs. 10 each | 75.00 |
| 25,00,000 Redeemable Preference Shares of Rs. 100 each | 25.00 |
| B. Issued Subscribed and Paid-up Capital | |
| 6,06,23,303 Equity Shares of Rs. 10 each | 60.62 |
| C. Paid Up Capital after the present issue | |
| 6,06,23,303 Equity Shares of Rs. 10 each | 60.62 |
| D. Share Premium Account (before and after issue) | 65.37 |

Unsecured Debentures (Subordinated Debt) - (Part of Tier II Capital)

| Sr No | Date of Allotment | Number of Debentures | Rate of Interest | Date of Redemption | Outstanding Amount Rs. Lacs |
|-------|-------------------|----------------------|------------------|--------------------|--------------------------------|
| 1 | 28/03/02 | 4 | 11.19% | 28/09/07 | 400 |
| 2 | 12/07/02 | 35 | 10.165% | 15/01/08 | 3500 |
| Total | | | | | 3900 |

Details regarding Shareholders

Top Ten Shareholders as on 31st January, 2004.

| Sr. No | Name of the Shareholder | Shares Held (in Numbers) | % Stake In Total |
|--------|-------------------------------|-----------------------------|---------------------|
| 1 | MAHINDRA & MAHINDRA LIMITED | 58821537 | 97.03 |
| 2 | SULBHA SUBHASH LODHA | 122500 | 0.20 |
| 3 | RAMESH SING HUF | 114285 | 0.19 |
| 4 | SOMARAJU PENMETCHA | 57142 | 0.09 |
| 5 | RAMESH SING | 57142 | 0.09 |
| 6 | LAKSHMI CHANDIDAS GUPTA | 52500 | 0.09 |
| 7 | AUTORIDERS INDIA PRIVATE LTD. | 50000 | 0.08 |
| 8 | RASIKLAL MANIKCHAND DHARIWAL | 44812 | 0.07 |
| 9 | HARSOLIA FINANCE PVT. LTD | 40828 | 0.07 |
| 10 | SUBHASH HASTIMAL LODHA | 39000 | 0.06 |

Top Ten Shareholders as on 31st January 2002 (two years prior)



| Sr. No | Name of the Shareholder | Shares Held | % Stake |
|--------|-----------------------------|---------------|----------|
| | | (in Numbers) | In Total |
| 1 | MAHINDRA & MAHINDRA LIMITED | 58215309 | 96.03 |
| 2 | AZRAEL INVESTMENTS LIMITED | 250146 | 0.41 |
| 3 | SULBHA SUBHASH LODHA | 122500 | 0.20 |
| 4 | RAMESH SING HUF | 114285 | 0.19 |
| 5 | HARSOLIA FINANCE PVT. LTD | 91558 | 0.15 |
| 6 | RAMESH SING | 57142 | 0.00 |
| 7 | SOMARAJU PENMETCHA | 57142 | 0.00 |
| 8 | LAKSHMI CHANDIDAS GUPTA | 52500 | 0.00 |
| 9 | AUTORIDERS INDIA LTD. | 50000 | 0.00 |
| 10 | KUMAR SHRIRAM GADEKAR | 44812 | 0.00 |

Top Ten Shareholders as on ten days prior to 31st January, 2004

| Sr. No | Name of the Shareholder | Shares Held | % Stake |
|--------|-------------------------------|---------------|----------|
| | | (in Numbers) | In Total |
| 1 | MAHINDRA & MAHINDRA LIMITED | 58821537 | 97.03 |
| 2 | SULBHA SUBHASH LODHA | 122500 | 0.20 |
| 3 | RAMESH SING HUF | 114285 | 0.19 |
| 4 | SOMARAJU PENMETCHA | 57142 | 0.09 |
| 5 | RAMESH SING | 57142 | 0.09 |
| 6 | LAKSHMI CHANDIDAS GUPTA | 52500 | 0.09 |
| 7 | AUTORIDERS INDIA PRIVATE LTD. | 50000 | 0.08 |
| 8 | RASIKLAL MANIKCHAND DHARIWAL | 44812 | 0.07 |
| 9 | HARSOLIA FINANCE PVT. LTD | 40828 | 0.07 |
| 10 | SUBHASH HASTIMAL LODHA | 39000 | 0.06 |

Details regarding Shareholding of Promoter and Promoter Group

Aggregate shareholding of the Promoters Group is given below:

| Promoter/Promoter Group | Shares held (Number) | % Stake In Total |
|-----------------------------|-------------------------|---------------------|
| MAHINDRA & MAHINDRA LIMITED | 58821537 | 97.03% |

Details of shares traded by the Promoter Group and maximum and minimum price at which purchases and sales were made along with the relevant dates, if any in last 6 months.

| Name | Date | No of Share Purchased | Price (Rs.) |
|--------------------------|----------|--------------------------|-----------------|
| Mahindra & Mahindra Ltd. | 9/9/2003 | 35575 | 20.00 per share |



III. TERMS OF THE PRESENT ISSUE

The company proposed to raise Rs. 1000 crores in one or more tranches in one year from the date of this Umbrella Information Memorandum in The stock Exchange, Mumbai through issue of Unsecured / Secured Redeemable Non - Convertible Debenture of the face value of Rs. 10 lacs each by way of private placement as per the terms and conditions mentioned in Annexure A hereunder.

Payment of Interest

Interest will be paid only to the Debenture holders registered in the Register of Debenture holders of the Issuer, which shall be maintained at the Corporate Office of the Issuer at Mumbai or to the debenture holder(s) on the basis of beneficial ownership furnished by NSDL / CDSL for this purpose. All the applications for transfer shall be accepted only at the Corporate Office of the Company at the address given elsewhere.

In the case of joint holders, interest shall be payable to the first named Debenture holder. The Record Date for the purpose of determination of the persons entitled to receive interest in respect of the Debentures, shall be 21 days before the due date. The persons whose names are registered in the Register of Debenture holders or NSDL / CDSL record on that date shall be entitled to receive the interest for the preceding interest period. For the purpose of registering a transfer of Debentures prior to the Record Date, the Debenture certificate(s)/letter(s) of the allotment, a duly stamped transfer deed and all supporting documents must reach the Issuer at its Corporate Office at least seven days before the Record Date. In case of the Debentures in demat mode the provisions of NSDL/CDSL would be complied by the Registrar & Transfer Agent for facilitating interest payment by the Issuer Company on Due date.

The interest warrant will be payable at par at Mumbai only.

Redemption

The entire principal amount of the Debentures will be repaid in one installment at par on Final Maturity date.

Redemption of the Debentures will be made against the surrender of the Debenture certificate(s) duly discharged by the Registered Debenture holder(s) or to the debenture holder(s) on the basis of beneficial ownership furnished by NSDL / CDSL for this purpose. For this purpose, the Registered Debenture holder should discharge the Debenture (s) and lodge the same along with a certified true copy of a Power of Attorney or such other authority as may be required by the Issuer from time to time so as to reach the Corporate Office at least thirty days before the redemption date in person or by Registered Post. In case of the Debentures issued in dematerialized mode, the surrender of Debentures shall be as per the procedures prescribed by the NSDL/CDSL.

Place and Currency of Payment

All obligations under these Debentures are payable at Mumbai in Indian Rupees only.



Tax Deduction at Source

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source on the interest payable on the debentures. Tax exemption certificate / document / form, under Section 193 of the Income Tax Act, 1961, if any, must be lodged at the Corporate Office, at least thirty days before the relevant interest payment becoming due.

Issue Of Debentures in Dematerialized Form

The Company has made depository arrangements with NSDL/CDSL for issue of the Debentures in the demat form. The investors will have the option to hold the debentures in dematerialized form and deal with the same as per the provisions of Depositories Act, 1996 and Rules as notified by NSDL/CDSL from time to time.

Investors desirous of receiving Debenture Certificate in the dematerialized form should mention their Depository Participant's name, DP-ID and beneficiary account number in the appropriate place in the application form. Debentures allotted to successful allottee(s) having depository account shall be credited to their depository account against surrender of letter of allotment.

In case of incorrect details provided by the investors and inability of the Registrar to credit the Depository Account the debentures will be issued in physical form to such investors.

Issue of Letter of Allotment/ Allotment Advice and Debenture Certificates

The Issuer will execute and dispatch Letters of Allotment/ Allotment advice in favour of the allottees, not later than seven days after the Deemed Date of Allotment. After completion of all legal formalities, the Issuer will issue the Debentures certificate(s) / credit the Depository account of the allottee against surrender of the letter(s) of allotment within three month(s) of the Deemed Date of Allotment, or such extended period subject to obtaining the approvals, if any. Interest at coupon rate will be paid via interest warrants on the application money to the applicants. Such interest will be paid for the period commencing from the date of realization of the cheque(s) / demand drafts (s) up to but excluding the Deemed Date of Allotment.

Splitting and Consolidation

This concept is not applicable in the demat mode form since the saleable lot is one debenture.

Right to Re-purchase and Re-issue the Debentures

The Company will have power, exercisable at its sole and absolute discretion from time to time to repurchase a part or all of its Debentures from the secondary markets or otherwise at any time prior to the date of maturity as per the prevailing guidelines/regulations of Reserve Bank of India and other Authorities.

In the event of a part or all of its Debentures being repurchased as aforesaid or redeemed under any circumstances whatsoever, the Company shall have, and shall be deemed always to have had, the power to reissue the Debentures either by reissuing the same Debentures or by issuing other Debentures in their place.



Further the Company, in respect of such repurchased / redeemed Debentures shall have the power, exercisable either for a part or all of those Debentures, to cancel, keep alive, appoint nominee(s) to hold or reissue at such price and on such terms and conditions as it may deem fit and as permitted by law.

Eligible Holders and Mode of Transfer

The Issuer will not register any transfers of the Debentures to any NRIs, OCBs, FIIs, or any persons not resident in India, unless appropriate regulatory approvals are obtained. The Issuer shall not be duty bound to take interest or trust in or over the Debentures.

The title to the Debentures shall pass by execution of duly stamped transfer deed(s) accompanied by the Debentures certificate(s)/Letter of allotments(s) together with necessary supporting documents. The transferee(s) should deliver the Debenture certificates to the Issuer for registration of transfer in the Register of Debenture holders at the Corporate Office. The Issuer on being satisfied will register the transfer of such Debentures in its Register of Debenture holders. The person whose name is recorded in the Register of Debenture holders shall be deemed to be the owner of the Debentures.

Request for registration of transfer, along with the necessary documents, and all other communications, requests, queries and clarifications with respect to the Debentures should be addressed to and sent to the Corporate Office. No correspondence shall be entertained in this regard at any other Branches or any of the offices of the Company.

The request from Registered Debenture holder(s) for splitting/consolidation of Debenture certificates will be accepted by the Issuer only if the original Debentures certificate(s) is/are enclosed along with an acceptable letter of request.

No requests for splits below the Market Lot will be entertained.

Transfer of debentures in dematerialised form would be in accordance to the rules /procedures as prescribed by NSDL/CDSL.

Succession

In the event of demise of a Registered Debenture holder of the Debentures, or the first holder in the case of joint holders, the Issuer will recognize the executor or administrator of the demised Debenture holder or the holder of succession certificate or other legal representative of the demised Debenture holder as the Registered Debentures holder of such Registered Holder's Debentures if such a person obtains probate or letter of administration or is the holder of succession certificate or other legal representation, as the case may be, from a Court of India having jurisdiction over the matter and delivers a copy of the same to the Issuer. The Issuer may in its absolute discretion, where it thinks fit, dispense with the production of the probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Debentures standing in the name of the demised debentures holder on production of sufficient documentary proof or indemnity. In case a person other than individual holds the debentures, the rights in the debentures shall vest with the successor acquiring interest therein, including liquidator or such any person appointed as per the applicable laws.



Issue of Duplicate Debenture Certificates

If any Debenture certificate(s) is/are mutilated or defaced, then, upon production of such certificates at the Corporate Office, the same will be cancelled and a new certificate issued in lieu thereof. If any Debenture certificate is lost, stolen or destroyed then, upon production of proof thereof to the satisfaction of the Issuer and upon furnishing such indemnity as the Issuer may deem adequate and upon payment of any expenses incurred by the Issuer in connection thereof, new certificate(s) shall be issued. A fee will be charged by the Issuer on each fresh Debenture certificate issued hereunder.

Modifications of Rights

The rights, privileges, terms and conditions attached to all Debentures may be varied, modified or abrogated with the consent, in writing, of those holders of the Debentures who hold at least three-fourths of the outstanding amount of Debentures or with the sanction accorded pursuant to a resolution passed at a meeting of the Debenture holders, carried by a majority consisting of not less than three-fourths of the persons voting there upon a show of hands or, if a poll is demanded by a majority representing not less than three-fourths in value of the votes cast on such poll, provided that nothing in such consent or resolution shall be operative against the Issuer if the same are not accepted in writing by the Issuer.

Notices

The notices, communications and writings to the Debenture holder(s) required to be given by the Issuer shall be deemed to have been given if sent by Registered Post to the Registered Debenture holder(s) at the address of the Debenture holder(s) registered with the Corporate Office.

All notices, communications and writings to be given by the Debenture holder(s) shall be sent by Registered Post or by hand delivery to the Issuer at Corporate Office or to such persons at such address as may be notified by the Issuer from time to time and shall be deemed to have been received on actual receipt.

Debenture holder not a shareholder

The Debenture holder (s) shall not be entitled to any right and privileges of shareholders other than those available to them under the Act. The Debenture shall not confer upon the holder the right to receive notice(s) or to attend and to vote out any General Meeting(s) of the Company.

Application for the Debentures

◆ How to Apply

Applications for the Debentures must be made in the prescribed Debenture Application Form attached and must be completed in block letters in English by investors. Debentures Application forms must be accompanied by either a demand draft or cheque drawn or made payable in favour of "**Mahindra & Mahindra Financial Services Ltd**". The full amount of the face value of the Debentures applied for has to be paid along with the delivery of the fully completed and executed Debenture Application Form together with other applicable documents described below.



Cheques / demand drafts may be drawn on any bank which is situated and is a member or sub-member of the Banker's Clearing House located at Mumbai. Investors are required to make payments only through Cheque / demand drafts payable at Mumbai.

The Issuer assumes no responsibility for any applications / cheques / demand drafts lost in mail or in transit.

◆ **Who can apply**

Only Investors who have been addressed through a communication directly are eligible to apply. Furthermore, NRIs, OCBs, FIIs and minors are not eligible to apply or hold the Debentures.

◆ **Application by Banks/Corporate Bodies / Mutual Funds / FIs / Trusts/Statutory Corporations.**

The applications must be accompanied by certified true copies of (i) Memorandum and Articles of Association / Constitution / Bye-laws / Trust Deed, (ii) Resolution authorizing investment and containing operating instructions, (iii) Specimen signatures of authorized signatories, (iv) Necessary form for claiming exemption from deduction of tax at source on interest on application money. Application made by Asset Management Company or custodian of Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

◆ **Application under Power of Attorney**

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signatures of all authorised signatories must be lodged along with the submission of the completed Debenture Application form. Further modifications/additions in the power of attorney or authority should be delivered to the Issuer at Corporate Office.

◆ **Interest on Application Money**

Interest at coupon rate will be paid via interest warrants on the application money to the applicants. Such interest will be paid for the period commencing from the date of realization of the cheque(s) / demand drafts (s) up to but excluding the Deemed Date of Allotment. The interest warrants for interest payable on application money will be dispatched by Registered Post/ Courier the next working day after the Deemed Date of Allotment. The letters of allotment/ allotment advice/refund orders, as the case may be, will be sent by Registered Post/ Courier /Hand Delivery within 7 days from the Deemed Date of Allotment to the first/sole applicant, at the sole risk of the applicant. The payment will be subject to deduction of tax at source at the rates prescribed under the provisions of the Income Tax Act, 1961 or any other statutory modification or re-enactment thereof.

Tax exemption certificates, if applicable, in respect of non-deduction of tax on interest on application money must be submitted along with the Debenture Application Form. It is clarified that interest shall not be paid on invalid and incomplete applications.



PAN/ GIR No:

Where an application is for the total value of Rs 50,000 or more, the applicant or in case of applications in joint names, each of the applicants should mention his /her/their Permanent Account number (PAN) allotted under Income Tax Act,1961 or where the same has not been allotted ,the GIR Number and the IT Circle/Ward/District should be mentioned. In case where neither the PAN nor the GIR number has been allotted, or the applicant is not assessed to Income Tax, the appropriate box provided for the purpose in the application form must be ticked. Applications without this will be considered incomplete and are liable to be rejected.

◆ **Basis of Allotment**

The Issuer has sole and absolute right to allot the Debentures to any applicant.

◆ **Right to Accept or Reject Applications**

The Issuer is entitled at its sole and absolute discretion to accept or reject any application, in part or in full, without assigning any reason. Debenture Application Forms that are not complete in all respects shall be rejected at the sole and absolute discretion of the Issuer.

◆ **Future Borrowings**

The Issuer shall be entitled, from time to time, to make further issue of Debentures, other debt securities (whether senior, pari passu or junior to the Debentures) and other instruments and securities to any person or persons including to the public or a section of the public and / or members of the Issuer and / or to raise further loans, advances and / or avail further financial and / or guarantee facilities from financial institutions, banks and / or any other person (s) without any further approval from or notice to the Debenture-holders/Debenture Trustees.

◆ **Governing Laws and Jurisdiction**

The Debentures are governed by and will be construed in accordance with the Indian Law. The Issuer, the Debentures and Issuer's obligations under the Debentures shall, at all times, be subject to the directions of the Reserve Bank of India and Securities & Exchange Board of India. The Debenture-holders, by purchasing the Debentures, agree that the Bombay High Court shall have exclusive jurisdiction with respect to matters relating to the Debentures.

◆ **Dispatch of Refund Orders**

The Company shall ensure dispatch of refund orders of value over Rs. 1500/- and Debenture certificates by Registered Post/Reputed Courier/ Hand Delivery only.

Undertaking by the Issuer Company:

- a. The complaints received in respect of the Issue shall be attended to by the Issuer Company expeditiously and satisfactorily



- b. All steps for completion of the necessary formalities for listing and commencement of trading at BSE where the securities are to be listed are taken within 21 working days of finalization of deemed date of allotment.
- c. No further issue of securities shall be made till the securities offered through this Information Memorandum are listed or till the application moneys are refunded on account of non-listing.
- d. Necessary co-operation with the credit rating agency shall be extended in providing true and adequate information till the debt obligations in respect of the instrument are outstanding.
- e. The funds required for dispatch of refund orders/allotment letters/certificates by registered post shall be made available to the Registrar to the Issue.
- f. The Company shall forward the details of utilization of the funds raised through the debentures duly certified by the Auditors of the Company, to the Debenture Trustees at the end of each half-year.
- g. The Company shall disclose the complete name and address of the Debenture Trustees in the annual report.
- h. The Company shall provide a Compliance Certificate (if applicable) to the debenture-holders (on yearly basis) in respect of compliance with the terms and conditions of issue of debentures as contained in the Information Memorandum duly certified by the Debenture Trustee.
- i. The company shall forward the details of utilization of the funds raised through the debentures duly certified by the statutory auditors of the company, to the debenture trustees at the end of each half-year.
- j. The company shall disclose the complete name and address of the debenture trustee in the annual report.
- k. The company shall provide a compliance certificate (if applicable) to the debenture holders (on yearly basis) in respect of compliance with the terms and conditions of issue of debentures as contained in the offer document, duly certified by the debenture trustee.
- l. The company shall furnish a confirmation certificate that the security created by the company in favour of the debenture holders as per the terms of the issue.

IV. PARTICULARS OF THE ISSUE

Objects of the Borrowing

To augment the resources of the Company for meeting ongoing long term working capital requirements

Authority for the Present Offer

The Board of Directors of the Company at its meeting held on 3rd February, 2004 has approved the issue of UNSECURED / SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES for an amount upto Rs. 1000 crores in one or more tranches at an appropriate rate of interest by way of Private Placement and on such other terms and conditions mutually acceptable to lender and the company and subject to guidelines issued by SEBI, RBI and other regulatory authorities.



V. COMPANY MANAGEMENT & PROJECT

History, Incorporation and Background

The Company was incorporated on 1st January, 1991 as Maxi Motors Financial Services Limited and received Certificate of Commencement of Business on 19th February, 1991. The name has been changed to Mahindra & Mahindra Financial Services Limited and Fresh Certificate of Incorporation was received on 3rd November, 1992. The Registration Certificate from Reserve Bank of India was received on 4th September 1998 in terms of Section 45 A of the Reserve Bank of India Act 1934.

Its first branch outside Mumbai at Jaipur was opened in October 1995. The Company has over 200 branches in semi-urban and rural areas and has a customer base of more than 2,00,000.

OBJECTIVE

MMFSL is a focused automotive and equipment Hire Purchase and Leasing Company. It finances dealers of M&M, their customers and small businesses by extending short term finance as well as Lease and Hire Purchase Finance.

With the onset of boom in the automotive business and general growth in the economy as a sequel to liberalized government policies, MMFSL can play a much bigger role in meeting the requirement of small businesses, small transport companies and agriculturists

MMFSL is currently financing all its advances through Loans due to applicability of service tax on Hire purchase receivables.

Promoters and their background

Mahindra & Mahindra Limited

Brief History :

Mahindra & Mahindra Limited (M&M) is the flagship company of the Rs. 6200 crores Mahindra Group, which has a significant presence in key sectors of the Indian economy. A consistently high performer, M&M is one of the most respected companies in the country.

Set up in 1945 to make general-purpose utility vehicles for the Indian market, M&M soon branched out into manufacturing agricultural tractors and light commercial vehicles (LCVs). The Company later expanded its operations from automobiles and tractors to secure a significant presence in many more important sectors. The Company has, over the years, transformed itself into a Group that caters to the Indian and overseas markets with a presence in vehicles, farm equipment, information technology, trade and finance related services, and infrastructure development.

An organizational restructuring exercise in 1994 arising from a Business Process Re-engineering programme resulted in the core activities of manufacturing utility and light commercial vehicles and agricultural tractors remaining with the flagship Company.



All other activities were spun off into separate entities and organized under business groups. These groups are in the areas of Hospitality, Trade and Financial Services, Automotive Components, Information Technology, Telecom and Infrastructure Development.

Today M&M has two main operating divisions:

The Automotive Division manufactures utility vehicles, light commercial vehicles and three wheelers.

The Tractor (Farm Equipment) Division makes agricultural tractors and implements that are used in conjunction with tractors. This division has also ventured into manufacturing of industrial engines.

M&M employs around 12,000 people and has six state-of-the-art manufacturing facilities spread over 500,000 square meters. M&M has also set up two satellite plants for tractors manufacturing. It has 49 sales offices that are supported by a network of over 650 dealers across the country. This network is connected to the company's plants by an extensive IT infrastructure.

M&M's outstanding manufacturing and engineering skills allow it to constantly innovate and launch new products for the Indian market. Proof of this expertise is the launch of the Bolero, Scorpio, a new-generation sport utility vehicle, and the Arjun, a sophisticated agricultural tractor.

M&M's commitment to technology-driven innovation is reflected in the setting up of the Mahindra Research Valley, a facility that will house the M&M's engineering research and product development wings, under one roof.

M&M's philosophy of growth is centered on its belief in people. As a result, the company has put in place initiatives that seek to reward and retain the best talent in the industry. M&M is also known for its progressive labour management practices.

In the community development sphere, the company has implemented several programs that have benefited the people and institutions in its areas of operations.

{Source: www.mahindraworld.com }

Board of Directors

The Board of Directors of the Company has, as its members, eminent persons from Industry, Finance, Investment and other branches of business, who bring diverse experience and expertise to the Board. The Board of Directors comprises seventeen members and has a mix of executive and non-executive directors. A majority of the directors on the Board are non-executive directors.

The Company's current Board of Directors is as follows:

| | |
|-----------------------|-----------------------------------|
| Mr. Keshub Mahindra | Chairman |
| Mr. Anand G. Mahindra | Vice-Chairman & Managing Director |
| Mr. R. K. Pitamber | |
| Mr. Deepak S. Parekh | |
| Mr. Nadir B. Godrej | |
| Mr. M. M. Murugappan | |



Mr. David Friedman
 Mr. V. K. Chanana
 Mr. B. R. Gupta
 Mr. Narayanan Vaghul
 Dr. A. S. Ganguly
 Mr. R.K. Kulkarni
 Mr. Anupam Puri
 Mr. K.J. Davasia
 Mr. Bharat Doshi
 Mr. Alan Durante
 Mr. Arun Nanda

Nominee of Unit Trust of India
 Nominee of Life Insurance Corporation of India

Executive Director
 Executive Director
 Executive Director
 Executive Director & Secretary

Financial Highlights:

(Rs. in lacs)

| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
|-------------------------------|------------|------------|------------|
| Share Capital | 11,048.44 | 11,600.86 | 11,600.86 |
| Reserves | 194,159.09 | 137,188.71 | 143,831.21 |
| Total Sales | 426,700.59 | 388,650.99 | 445,264.97 |
| Total Income | 435,289.58 | 399,675.26 | 459,679.21 |
| Profit / (Loss) after Tax | 12,055.56 | 10,269.36 | 14,553.41 |
| Earning Per Share Rs. | 10.91 | 8.62 | 12.55 |
| Market price in last 6 months | | | |
| Highest Price | 366.00 | 146.00 | 126.65 |
| Lowest Price | 113.00 | 50.90 | 78.75 |

Market price in last 6 months

| Month | High (Rs.) | Low (Rs.) |
|--------|------------|-----------|
| Aug-03 | 214.45 | 186.25 |
| Sep-03 | 239.00 | 186.50 |
| Oct-03 | 343.00 | 234.75 |
| Nov-03 | 361.50 | 304.15 |
| Dec-03 | 390.25 | 339.00 |
| Jan-04 | 444.80 | 358.00 |



Shareholding Pattern of MMFSL:-

The shareholding pattern of the Issuer as on 31st January, 2004 is as follows:

| | Category | No of Equity Shares | % to Total |
|----------|---|---------------------|---------------|
| A | PROMOTER'S HOLDING | | |
| 1 | Promoters | 58821537 | 97.03 |
| | Indian Promoters (including Co-Promoters) | | |
| a | Mahindra and Mahindra Ltd | 58821537 | 97.03 |
| b | Others | | |
| 2 | Co-promoters | | |
| a | Life Insurance Corporation of India | | |
| b | General Insurance Corporation of India | | |
| c | The New India Assurance Company Limited | | |
| d | National Insurance Company Limited | | |
| e | United India Insurance Company Limited | | |
| f | The Oriental Insurance Company Limited | | |
| 3 | Foreign Promoters | | |
| | Sub Total (2+3) | 0 | 0 |
| | Total (1+2+3) | 58821537 | 97.03 |
| B | NON- PROMOTERS' HOLDING | | |
| 4 | Institutional Investors | | |
| a | Mutual Funds | | |
| b | Banks, Financial Institutions, Insurance Companies (Central/State Government. Institutions/ Non-Government. Institutions) | | |
| c | FII's | | |
| | Sub Total | 0 | 0 |
| 5 | Others | | |
| a | Private Corporate Bodies | 212730 | 0.35 |
| b | Indian Public | 1589036 | 2.62 |
| c | NRI's/OCBs | | |
| d | Any Other (please specify) | | |
| | Sub Total | 1801766 | 2.97 |
| | Total (4+5) | 1801766 | 2.97 |
| | Grand Total (A + B) | 60623303 | 100.00 |

**Key Managerial Personnel:**

| Name | Designation | Date of Joining | Qualification | Experience | Ex-Employer Name |
|-----------------|-------------------------|-----------------|---------------------|------------|--|
| Mr. Ramesh Iyer | Managing Director | 01-10-1995 | B.Com.,MBA | 26 Years | Regional Manager, Ashok Leyland Finance Ltd. |
| Mr. V.Ravi | Chief Financial Officer | 01-10-1995 | B.Com., ACA, AICWAI | 20 Years | Sr. Executive Finance, Mahindra Ugine Steel Co. Ltd. |

A team of professionals, who head various functional areas including Treasury, Accounts, Information Technology, Operation and HRD supports the Managing Director and the Chief Financial Officer. The Regional Offices and the Branches are headed by experienced personnel at senior level of Asst. General Manager / Branch Head.

Change in Key Managerial Personnel in the preceding one year:

There has been no change in the Key Managerial Personnel in the preceding one year.

| Name & Address of the Director | Occupation | Directorship in other Companies | Nature of Interest in other Companies |
|---|----------------------|---|---|
| Anand G Mahindra Chairman Goolistan 65, Napean Sea Road Mumbai 400006 | Company Executive | <ol style="list-style-type: none"> 1. Mahindra & Mahindra Ltd 2. Mahindra Ugine Steel Co Ltd 3. Mahindra Intertrade Ltd 4. Mahindra Sona Ltd 5. Mahindra Consulting Ltd 6. National Stock Exchange of India Ltd 7. Mahindra Holdings and Finance Ltd 8. Mahindra British Telecom Ltd 9. Mahindra Consulting Inc 10. Kotak Mahindra Bank Ltd 11. Ford India Private Ltd 12. Automartindia Ltd 13. MBT International Inc 14. Avion Aerosols Private Ltd 15. MW.Com India Private Ltd 16. M. A. R. K Hotels Private Ltd 17. Angular Constructions Private Ltd 18. The Mahindra United World College of India (a Section 25 Company) 19. Mahindra Gesco Developers Limited | <p>Vice Chairman and Managing Director</p> <p>Vice Chairman</p> <p>Chairman</p> <p>Chairman</p> <p>Chairman</p> <p>Director</p> <p>Director</p> <p>Chairman</p> <p>Director</p> <p>Director</p> <p>Director</p> <p>Director</p> <p>Director</p> <p>Director</p> <p>Director</p> <p>Director</p> <p>Director</p> <p>Director</p> <p>Director</p> <p>Member - Board of Governance</p> <p>Director</p> |



| | | | |
|---|------------------------------|---|--|
| <p>Bharat Doshi Director 8, St. Helen's Court Dr. Gopalrao Deshmukh Marg Mumbai 400026</p> | <p>Company Executive</p> | <ol style="list-style-type: none"> 1. Mahindra & Mahindra Ltd 2. Mahindra Intertrade Ltd 3. Mahindra Steel Service Centre Limited 4. Mahindra British Telecom Ltd 5. Mahindra Consulting Ltd 6. Mahindra Consulting Inc 7. Mahindra Holdings and Finance Ltd 8. Ford India Pvt. Ltd 9. NSE.IT Ltd 10. Templeton Trust Services Private Ltd 11. Godrej Consumer Products Ltd 12. The Mahindra United World College of India (a Section 25 Company) 13. Mahindra USA Inc | <p>Executive Director Vice Chairman Chairman Director Director Director Director Director Director Director Member-Board of Governors Director</p> |
| <p>Alan Durante Director Sea Bird, Flat No 20, 114, Byramjee Jeejeebhoy Road Bandra (W) Mumbai 400050</p> | <p>Company Executive</p> | <ol style="list-style-type: none"> 1. Mahindra & Mahindra Ltd 2. PSL Erickson Ltd 3. Mahindra Consulting Ltd 4. Mahindra International Pvt. Limited 5. Mahindra Automotive Steels Pvt Ltd 6. Automartindia Ltd 7. Mahindra Steel Service Centre Limited | <p>Executive Director Director Director Director Director Director Director</p> |
| <p>Uday Y Phadke Director Flat No 13, Neel Tarang 208/210, Veer Savarkar Marg, Mahim, Mumbai 400016</p> | <p>Company Executive</p> | <ol style="list-style-type: none"> 1. Ford Credit Kotak Mahindra Ltd 2. Mahindra Shubhlabh Services Ltd 3. Mahindra Gujarat Tractor Ltd 4. Mahindra Intertrade Ltd 5. Officemartindia.com Ltd 6. Mahindra Gesco Developers Ltd. 7. Mahindra Construction Company Ltd 8. Mahindra Holdings and Finance Ltd 9. Mahindra Holidays and Resorts India Ltd | <p>Director Director Director Director Director Director Director Director Director</p> |
| <p>K.J. Davasia Director 121, Vishnu Baug, 137, S. V. Road, Andheri (W) Mumbai 400058</p> | <p>Company Executive</p> | <ol style="list-style-type: none"> 1. Mahindra & Mahindra Ltd 2. Mahindra USA Inc. Houston,Texas 3. Mahindra Shubhlabh Services Ltd 4. Mahindra Construction Company Ltd 5. Mahindra Consulting Ltd 6. Mahindra Gujarat Tractor Ltd 7. Mahindra Automotive Steels Pvt. Ltd | <p>Executive Director Chairman Chairman Director Director Director Director</p> |
| <p>Dhanajay Mungale Director 10-A, Ameya Apts, Near Kirti College Off K D Road Mumbai 400028</p> | <p>Company Executive</p> | <ol style="list-style-type: none"> 1. Camlin Ltd 2. Caprihans India Ltd 3. Chowgule Steamships Ltd 4. Electronic Machine Tools Ltd 5. Indoco Remedies Ltd 6. Novacel Life Sciences Ltd 7. South India Corporation(Agencies)Ltd | <p>Director Director Director Director Director Director Director</p> |



| | | | |
|---|-------------------|--|---|
| | | <ul style="list-style-type: none"> 8. Inestor Advisores Private Ltd 9. Mentor Technologies Private Ltd 10. Millenium Broadcast Company Ltd 11. Zest Pharmaceuticals Private Ltd 12. Indo Count Industries Ltd. | <ul style="list-style-type: none"> Director Director Director Director IDBI Nominee Director |
| <p>M.G.Bhide Director A/5, Bageshree Shankar Ghanekar Marg, Prabhadevi, Mumbai 400025</p> | Company Executive | <ul style="list-style-type: none"> 1. CRISIL Ltd 2. Shipping Corporation of India Ltd 3. Finolex Industries Ltd 4. Mahindra Shubhlabh Services Ltd 5. J P Morgan Securities India Private Ltd 6. Deposit Insurance and Credit Guarantee Corporation of India Ltd 7. Global Trade Finance Private Ltd 8. Indian Oiltanking Ltd 9. Asset Reconstruction Company (India) Ltd | <ul style="list-style-type: none"> Director Director Director Director Director Director Director Director Director |
| <p>Nasser Munjee Director 20/21, Spenta Towers Forjett Street, Cumballa Hill, Mumbai 400026</p> | Company Executive | <ul style="list-style-type: none"> 1. Asea Brown Boveri Ltd 2. Aga Khan Rural Support Programme (India) 3. Bombay Chamber of Commerce & Industry 4. HDFC Ltd 5. HDFC Investments Ltd 6. Repro India Ltd 7. Cummins India Ltd 8. IDFC Ltd 9. Gujarat Ambuja Cements Ltd 10. KPIT Infosystems Ltd 11. Voltas Ltd 12. Indian Association of Savings & Credit 13. National Institute of Urban Affairs 14. IDFC Asset Management Company Ltd 15. IDFC Trustee Company Ltd 16. The Associated Chambers of Commerce and Industry of India (ASSOCHAM) 17. Ambit Corporate Finance Pte Ltd. 18. Unichem Laboratories Ltd. 19. Skanska Cementation India Ltd. | <ul style="list-style-type: none"> Director Chairman Vice President Director Director Director Director MD & CEO Director Director Director Chairman Member of Governing Council Director Director Member of Managing Council Director Director Director |
| <p>Rajeev Narain Director 4, Shahnajaf Road Narain Automobiles Lucknow 226001</p> | Business | K N Motors Private Ltd | Director |
| <p>Dipak Rudra Director</p> | Business | Rudra Automobiles Pvt. Ltd. | Managing Director |



| | | | |
|---|----------------------|---------------------------------|----------|
| Solar Chemical Road Ushagram (E), Asansol 713303 West Bengal | | | |
| Ramesh Iyer Managing Director A-2003, Oberoi Towers I, 20 th Floor, A Wing, Western Express, Kandivli (E), Mumbai 400101 | Company Executive | Mahindra Allied Investments Ltd | Director |

VI. INDUSTRY SCENARIO AND ACTIVITIES OF THE COMPANY

Introduction to Non-Banking Finance Companies

The role of Non-Banking Finance Companies (NBFCs) in transferring the funds from lenders to borrowers has been well-recognized. The main advantages of these companies lie in the lower transactions costs of their operations, their quick decision-making ability, customer orientation and prompt provision of services. Partly on account of these advantages, NBFCs have in recent years grown sizeably both in terms of their numbers as well as the volume of business transactions. The number of such financial companies grew more than seven-fold from 7,063 in 1981 to more than 50,000 by end of 2002.

The rapid growth of the NBFCs sector can also be attributed to other factors. NBFCs were historically subjected to a relatively lower degree of regulation vis-à-vis banks. Secondly, the higher rates of return on deposits offered by NBFCs have enabled them to attract a large base of small savers. Added to these was the fact that the operations of NBFCs were characterized by several distinctive features viz., no entry barriers, limited fixed assets and no holding of inventories-all of which led to a proliferation of NBFCs.

Since 1997, a process of registration has been initiated for NBFCs. To make the figures comparable, the discussion in the overview is upto 1996. Minimum Net Owned Fund for all NBFCs has been mandated in the RBI Act only in January 1997.

Categorization of NBFCs

| | |
|------------------------------------|---|
| Non-Banking Finance Company | Principal Business |
| Equipment Leasing Company (EL) | Equipment leasing or the financing of such activity. |
| Hire Purchase Finance Company (HP) | Hire purchase transaction or the financing of such transactions. |
| Loan Company (LC) | Providing finance by making loans or advances, or otherwise for any activity other than its own; excludes EL/HP/HFCs. |



| | |
|--|--|
| Investment Company (IC) | Acquisition of securities and trading in such securities to earn a profit. |
| Mutual Benefit Financial Company | Notified by the Central Government under Section 620 (MBFC) i.e. Nidhi Companies A of the Companies Act, 1956. |
| Miscellaneous non-banking company | i.e. Chit Fund Companies |
| Housing Finance Companies (HFC) | The financing of the acquisition or construction of houses including the acquisition or development of plots of land. |
| Residuary non-banking Companies (RNBC) | Company which receives deposits under any scheme or arrangement, by whatever name called, in one lump sum or in instalments by way of contributions or subscriptions or by sale of units or certificates or other instruments, or in any manner. These companies do not belong to any of the categories as stated above. |

Development of Regulatory Framework for NBFCs

The regulation of the deposit acceptance activities of the Non-Banking Finance Companies (NBFCs) was initiated in the 'sixties with a view to safeguarding depositors' interests and to ensure that the NBFCs function on healthy lines. Accordingly, in 1963, a new Chapter III-B was inserted in the Reserve Bank of India Act, 1934 to effectively supervise, control and regulate the deposit acceptance activities of these institutions. The Bhabatosh Datta Study Group (1971) set up to examine the role and operations of NBFCs, recommended that NBFCs should be classified into 'approved' and 'non-approved' categories and the regulation should be centred primarily on the 'approved' (i.e., those which satisfy certain additional requirements such as adequate amount of capital, reserves, liquid assets, etc) NBFCs. Subsequently, the regulatory framework suggested by the James Raj Study Group (1974) aimed at keeping the magnitude of deposits accepted by NBFCs within reasonable limits and ensuring that they were in conformity with the objectives of monetary and credit policy.

In the light of these developments, the Reserve Bank appointed a Working Group on Financial Companies (Chairman: Dr. A.C. Shah) in 1992 to make an in-depth study of the role of NBFCs and to suggest regulatory and control measures to ensure healthy growth of these companies. The Working Group, in its report submitted in September 1992, made wide-ranging recommendations for ensuring the functioning of NBFCs on sound lines. The Reserve Bank thereafter initiated a series of measures, including (i) the widening of the definition of regulated deposits to include inter-corporate deposits, deposits from shareholders and directors and the borrowings by issue of debentures secured by immovable property, (ii) the introduction of a scheme of registration of NBFCs having Net Owned Fund of Rs.50 lakh and above, (iii) the issuance of guidelines on prudential norms so as to regulate the asset side of the balance sheet of NBFCs. These measures relating to the registration and prudential norms could not be given statutory backing at that time since the provisions of the Reserve Bank of India Act, 1934, did not confer it with adequate powers to make them mandatory.



In January 1997, an Ordinance was issued by the Government effecting comprehensive changes in the provisions of the RBI Act, 1934. This was subsequently replaced by the Reserve Bank of India (Amendment) Act in March 1997. The salient features of the amended provisions, based on the recommendations of the Shah Committee, pertain to the entry point norm of Rs.25 lakh as minimum Net Owned Fund (NOF), (which can be subsequently raised to Rs.2 crore by the Reserve Bank), compulsory registration with the Bank, maintenance of certain percentage of liquid assets in the form of unencumbered approved securities, creation of reserve fund and transfer thereto every year an amount not less than 20 per cent of net profit, determination of policy and issuing of directions by the Bank on prudential norms, prohibition of NBFCs from accepting deposits and filing of winding-up petitions for violation of directions. The Company Law Board was empowered to direct a defaulting NBFC to repay any deposits. Stringent penal provisions were also included empowering the Reserve Bank to impose, inter alia, pecuniary penalty for violation of the provisions of RBI Act.

Regulation of the Activities of NBFCs in Selected Countries

Australia: Until June 1992, the registered NBFCs in Australia were regulated by the Reserve Bank of Australia (RBA) under the Financial Services Act, 1974. However, since 1992, the work of regulating and supervising building societies and credit unions, which constitute the major segment of the non-banking financial institution, had been delegated to the Australian Financial Institutions Commission (AFIC), with the RBA retaining the power to focus exclusively on bank supervision. In 1992, these building societies and credit unions were brought under the jurisdiction of a principal statutory law, i.e., Financial Institutions Legislation and a scheme of prudential supervision known as Financial Institution Scheme was introduced for them. For the purpose of day-to-day supervision of these entities, State Supervisory Authorities (SSA) are given the responsibility and the AFIC as a nodal agency is functioning under the overall supervision of ministerial council (MINCIN).

France: The French banking system consists of a large number of credit institutions which may be authorized as banks, mutual or co-operative banks, savings and prudential institutions, municipal credit banks, specialised financial institutions and financial companies-all of whom are governed by the French Banking Act of 1984. Under the Act, credit institutions need an authorization from the French banking system before beginning their operations. Financial companies, in particular, are classified into different categories depending on their area of specialization such as consumer credit, investment credit, real estate financing, equipment leasing, real estate leasing factoring etc., and they may carry out only such banking operations as are covered by the decision authorizing them to operate or by the laws and regulations applying to them. Unless authorized by the Banking Regulating Committee, financial companies and specialized financial institutions may not receive funds from the public at sight or at less than two years term.

Hong Kong: Hong-Kong maintains a three-tier system of deposit-accepting institutions, viz., licensed banks, restricted licensed banks (RLBs) and deposit-taking companies (DTCs). They are collectively known as authorized institutions (AIs) and are subject to the supervision of the Hong Kong Monetary Authority (HKMA). The Banking Ordinance of 1986 constitutes the legal basis for the HKMA's powers to regulate and supervise AIs. Licensed banks alone are permitted to conduct the full range of retail and wholesale banking business. RLBs, on the other hand, may take call, notice or time deposits from the public in amounts of US\$ 5,00,000 or above without any restriction on maturity. DTCs are however restricted to taking deposits of US \$ 1,00,000 or above with an original term to maturity or call or notice period of at least three months. They are mostly



owned or otherwise associated with banks and are engaged primarily in consumer finance, trade finance and securities business.

Indonesia: Insurance companies comprise the largest non-bank intermediary in Indonesia. The relative importance of insurance companies grew substantially in the decade of the eighties. However, almost half of the assets of the insurance industry are held by five government-owned social insurance companies which primarily provide pensions, health insurance, and workers' compensation for the employees of government agencies. As part of the deregulation measures announced in the late 1980s, insurance premiums have been de-regulated and since 1988, these have been left to market forces. Prudential regulatory requirements for life insurance, casualty insurance and re-insurance and restrictions on their investment portfolios were established in the 1990s. Besides insurance companies, there exist finance companies specially established to conduct activities that cover leasing, factoring, credit card business, consumer financing, securities trading, etc. The finance company has to be a limited liability company. All financing institutions are obliged to have a license from the Government. Promoters' ability to bring in the required capital, their sincerity and capability in conducting the operations are verified before issuing a license. They are not allowed to draw funds from the public in certain forms of deposits. There are restrictions on the amount of loan that can be raised by a finance company. Capital participation by a finance company is restricted to only in another finance company. A finance company engaged in the securities trading business is precluded from engaging in other types of operations. The supervision is carried out by the Ministry of Finance (MOF) in co-operation with the Bank Indonesia.

Malaysia: The banking system in Malaysia comprises three different types of institutions, viz., commercial banks, finance companies and merchant banks. They are licensed and governed under the Banking and Financial Institutions Act, 1989 (BAFIA). Only a public company holding a valid license granted by the Minister of Finance on the recommendations of Bank Negara Malaysia (BNM) is allowed to carry on banking, finance company or merchant banking business. Finance companies typically specialize in consumption credit comprising hire purchase finance, leasing finance, housing loans and personal loans. They are differentiated from commercial banks not only by the name and type of business they conduct, but also by the differences in a number of regulatory requirements they have to comply with. There is a two-tier regulatory system (TTRS) for financial institutions. The institutions with large capital base and which satisfy the minimum criteria set by BNM are accorded tier-I status. Companies accorded such a status are allowed to operate in a more liberal regulatory environment and can carry on activities such as factoring services and venture capital activities, provide remittance services within Malaysia, grant unsecured business loans upto a maximum of RM 5,00,000 and personal loans upto RM 10,000. TTRS was extended to finance companies in 1996. Large sized companies are obliged to furnish monthly statement of assets and liabilities, break up of loans and advances, weekly return of interest rate on deposits and eligible liabilities and are subject to reserve and statutory liquidity ratio requirements.

Singapore: Finance companies in Singapore are governed by the Finance Companies Act, which is administered by the Monetary Authority of Singapore (MAS). In accordance with the Act, only those finance companies which have been granted licenses are permitted to transact financing business. Except as provided in the Act, a finance company is not permitted to carry on any kind of business other than financing activities. They are also not permitted to accept any deposit which is repayable on demand, by cheque, draft or order drawn by a depositor on the finance company. The Finance Companies Act was revised in 1994. The amended Act, inter alia, stipulated minimum capital requirements of US \$ 50 million, capital ratio not less than 12 per cent, maintenance of a reserve fund and transfer a prescribed amount to that fund out of the net



profits of each year. These apart, finance companies are also required to maintain adequate provisions for bad and doubtful debts. The MAS also has powers to appoint auditors, other than the auditors appointed by the company and inspect the books of accounts of the company. Irregularities, breach or non-compliance with the provisions of the Act, if any, noticed during the course of audit, need to be immediately reported to the MAS. If a financial company is unable to meet its obligation or is conducting its business to the detriment of the depositors or creditors, the MAS has powers to assume control of the company and can even petition to court to wind up a company. Currently, non-bank financial institutions under MAS supervision comprise merchant banks, finance companies, securities and financial futures firms, money changers and remitters and insurance companies.

Thailand: Non-bank savings institutions consist of various units, which include, among others, finance companies, credit foncier companies and life insurance companies. The finance companies in Thailand are regulated under the Act on the Undertaking of Finance Business, Securities Business and Credit Foncier Business, 1979, which was subsequently amended in 1985. Newly developed prudential control measures relating to capital adequacy ratio, liquidity ratio, single lending limits, portfolio investment limits, and disclosure requirements are covered under the Act and are designed to follow international best practices. The Bank of Thailand has been vested with adequate powers to regulate and supervise the finance companies. The laws authorize the Bank to remove the institution's management if found unfit or improper; to order financially troubled institutions to make corrections and improvements or to assume control or revoke the licenses when deemed as necessary. The Bank of Thailand employs consolidated supervision approach whereby financial institutions have to submit reports on activities of their subsidiaries. In 1994, the Bank of Thailand stipulated that finance companies must have written internal control procedures encompassing the following topics, (a) Receiving or paying of money; (b) Lending and undertaking contingent liabilities; and (c) Selling the company's securities/properties. Life insurance companies, on the other hand, operate under the Life Insurance Act of 1967 and are regulated and supervised by the Ministry of Commerce. The Act empowers the Ministry to specify various forms of investment in which such companies can engage in.

The aforesaid discussion suggests that the regulation of NBFCs in different economies has evolved over a period of time, depending on the country's political-economy and socio-economic considerations. As the consolidation of the NBFC segment in India gathers momentum, the regulatory framework will need to be tailored to meet the needs of the evolving situation as evidenced in these countries.

Source: Reserve Bank of India 'Report of the Working Group on Financial Companies', Mumbai.

The Company has made its presence in the NBFC industry and the factors attributing to its success are stated as under:

Branch Network

The Company has over 200 branches spread all over India. All branches are fully equipped with adequate staff to handle the customer needs. The Company is in the process of computerizing all its branches in phases and networking through VSATs/ leased lines. The Company continues to introduce new products, upgrade the technology support systems to improve operational efficiencies and strengthen its human resource base.



Operations

The Total Assets as on 31st March 2003 were Rs. 1802 crores. Capital Adequacy of 16.53% as of 31st March, 2003

The Company earned a Net Profit of Rs. 25.62 crores for the six months ended September 2003. The Gross Profit before depreciation, tax and all other provisions was Rs. 62.11 crores. During the period the net interest income was Rs. 139.29 crores, while other Income was Rs. 3.39 crores.

Total income of the Company for the period ended 30th September, 2003 was Rs.142.69 crores.

As on 30th September 2003, the Capital Adequacy Ratio of the Company's stood at 15.46% (Tier I Capital at 12.33% and Tier II Capital at 3.13%).

Control Systems

Critical areas of operation including Credit, Treasury, Personnel, Accounts, Information Technology, Operation and Policy Planning and Review are headed by a management team of senior professionals. The Company has a number of Committees to review the operations. The Asset-Liability Committee controls risks arising out of asset-liability mismatches and takes a view to assist in the deployment of resources and the enhancement of profits. The Committee of Directors looks after the transfer, splitting and also approves the transfer of the shares.

Credit Policy

The Company has a well-diversified portfolio of assets spread across India.

Credit deployment of the Company involves a well-laid out system of appraisals of risks and compliance with internal guidelines. The Company follows a strongly conservative and prudential policy on provisioning for weak assets, thereby providing strength to the Company's Balance Sheet.

- Sustainable long term competitive advantage and managed by groups known for competence and integrity.
- Potential to evolve as market leaders
- Adequate size, appropriate technology, sustainable product portfolio and satisfactory track record.

Risk Management

Several important steps were taken to evolve a risk management system compatible with the type and size of the Company's operations as well as the management's risk perceptions. The Accenture (Consulting Firm) has been carrying out a review of the existing risk management and Control systems. The Company has already implemented several risk management measures in conformity with RBI guidelines. Periodic reviews of the Asset Liability Management (ALM) Policy and approval obtained from the Company's Board for strengthening risk management.

Credit Rating

Recently, the Credit Rating Information Services Limited (CRISIL) has reviewed the performance of the Company and reaffirms FAA for Fixed Deposit program and AA for Long term Debt and P1+ for Short term Debt.



The Company has been awarded “AA” rating by CRISIL for issue of Rs.910 crores Long Term Non- Convertible Debentures, including the present issue. The Company has also been awarded the highest “P1+” rating for its short-term Non-Convertible Debenture issue of Rs. 407 crores and Commercial Paper program of Rs.43 crores.

The Company has also been awarded “Ind AA+” rating by Duff & Phelps (DCR) for the Rs.50 crores Long Term Non- Convertible Debentures.

VII. STOCK MARKET DATA

The Issuer is an unlisted company and market data of stock exchange is not available.

VIII. MANAGEMENT DISCUSSION & ANALYSIS OF THE FINANCIAL STATEMENTS FOR THE LAST THREE FINANCIAL YEARS

STATEMENT OF PROFITS AND LOSSES

| | Rs Lacs | | |
|---|-----------------|-----------------|-----------------|
| For the year ended March 31, | 2001 | 2002 | 2003 |
| Income | | | |
| Interest Earned | 11394.79 | 17116.04 | 22368.60 |
| Lease Rentals | 2259.01 | 1420.41 | 835.52 |
| Income from Securitisation | 0.00 | 342.02 | 1450.67 |
| Other Income | 233.09 | 255.48 | 334.49 |
| Total | 13886.89 | 19133.95 | 24989.28 |
| Expenditure | | | |
| Interest & Bank Charges | 6588.60 | 7443.82 | 8569.36 |
| Commission & Brokerage | 394.16 | 274.27 | 1032.92 |
| Staff Costs | 650.63 | 886.83 | 1238.55 |
| Provisions for Non Performing Assets/Bad Debts/Loss on terminations | 1570.29 | 3899.84 | 4372.66 |
| Depreciation | 1790.05 | 1187.45 | 846.58 |
| Administrative Expenses | 846.44 | 1099.69 | 1753.85 |
| Total | 11840.17 | 14791.90 | 17813.92 |
| Profit before tax | 2046.72 | 4342.05 | 7175.36 |
| Provision for Taxes/Current Tax | 965.12 | 2208.97 | 3521.73 |
| Deferred Tax | 0.00 | (646.84) | (744.00) |
| Net Profit | 1081.60 | 2779.92 | 4397.63 |



STATEMENT OF ASSETS AND LIABILITIES

| | 2001 | 2002 | Rs Lacs 2003 |
|---|-----------------|------------------|------------------|
| As at March 31, | | | |
| A Fixed Assets | | | |
| Gross Block | 5922.93 | 4224.42 | 2690.77 |
| Less: Depreciation | 1608.25 | 1570.09 | 1215.44 |
| Net Block | 4314.68 | 2654.33 | 1475.33 |
| Less Revaluation Reserves | 0.00 | 0.00 | 0.00 |
| Net Block after adjustment for revaluation reserves | 4314.68 | 2654.33 | 1475.33 |
| B Investments | 943.94 | 1181.25 | 2790.12 |
| C Current Assets, Loans and Advances | | | |
| Cash and Bank Balances | 3285.76 | 4529.86 | 4357.58 |
| Stock on Hire/Loans against assets | 63794.15 | 83043.48 | 115517.44 |
| Sundry Debtors | 6830.63 | 6497.47 | 8338.23 |
| Other Current Assets | 33.87 | 1883.70 | 2745.28 |
| Loans and Advances | 14059.35 | 7694.08 | 10383.75 |
| | 88003.76 | 103648.59 | 141342.28 |
| D Liabilities and Provisions | | | |
| Secured Loans | 47264.09 | 57072.87 | 68913.17 |
| Unsecured Loans | 22092.89 | 22723.69 | 42032.86 |
| Current Liabilities and Provisions | 9763.52 | 10274.79 | 14118.74 |
| | 79120.50 | 90071.35 | 125064.77 |
| E Net Worth (A+B+C+D) | 14141.88 | 17412.82 | 20542.96 |
| F Represented by | | | |
| Share capital | 6062.33 | 6062.33 | 6062.33 |
| Reserves | 8079.55 | 11350.49 | 14480.63 |
| Less : Revaluation Reserves | 0.00 | 0.00 | 0.00 |
| Reserves(Net of Revaluation Reserves) | 8079.55 | 11350.49 | 14480.63 |
| Net Worth | 14141.88 | 17412.82 | 20542.96 |

The following discussion and analysis should be read in conjunction with financial statements.

Comparison of financials for Financial year 2003 with financials of Financial year 2002

The total balance sheet size grew by 35% to Rs. 145608 lacs as on March 31, 2003 as compared to Rs. 107484 lacs as on March 31, 2002.

The Company's net profit of Rs. 4398 lacs for the year 2002-03 as against Rs. 2780 lacs in the previous year, registering a growth of 58%. The gross profit before tax was Rs. 7175 lacs as against Rs. 4342 lacs in 2001-02. During the year, the net income went up by 31% to Rs. 24989 lacs.



Networth improved from Rs. 17413 lacs in 2001-02 to 20543 lacs in 2002-03.

Disbursements touched a high of Rs.160985 lacs as compared to Rs. 116675 lacs disbursed during 2001-2002 registering a growth of 38%.

As on March 31, 2003 the Capital Adequacy Ratio of the Company stood at 16.53% as compared to the required rate of 12%. The Company has raised Rs. 35 crores by issue of Unsecured Non-Convertible Redeemable Sub-ordinated Debentures as its Tier II Capital during the year.

Results of Operations for the year ended March 31, 2002 as compared to the year ended March 31, 2001

The total balance sheet size grew by 15% to Rs. 107484 lacs as on March 31, 2002 as compared to Rs. 93262 lacs as on March 31, 2001.

The Company's net profit of Rs. 2780 lacs for the year 2001-02 as against Rs. 1082 lacs in the previous year, registering a growth of 157% The gross profit before tax was Rs. 4342 lacs as against Rs. 2047 lacs in 2000-01. During the year, the net income went up by 38% to Rs. 19134 lacs.

During the year ended 31st March 2002 the company has also made an additional provision Rs. 1537.62 lacs on the Non Performing Assets in addition to the existing prudential norms laid by the Reserve Bank of India for the Non Banking Finance Companies. The additional provision was made in accordance with the guidelines formulated by the Audit Committee.

For hire purchase contracts entered into on or after 01.04.2001 the company has accounted for income by applying the rate of interest implicit in the contract in keeping with the requirement of Accounting Standard 19 on leasing transactions of recognising the finance income at a constant periodic rate of return on net investment outstanding. Had the company followed the earlier method of booking income on these contracts, the income from hire purchase would have been lower by Rs. 2082.88 lacs. Accordingly the profit for the year & the Reserves & Surplus are higher as compared to the method followed earlier by Rs. 2082.88 lacs

During the year ended 31st March 2002 the company has without recourse securitised future hire purchase receivables of Rs.4348.07 lacs (including unmatured finance charges) for a consideration of Rs. 3897.11 lacs. The excess of consideration received over the principal amount of the hire purchase receivables is booked as income from securitisation.

Networth improved from Rs. 14142 lacs in 2000-01 to 17413 lacs in 2001-02.

Disbursements touched a high of Rs.116675 lacs as compared to Rs. 100197 lacs disbursed during 2000-2001 registering a growth of 16%.

As on March 31, 2002 the Capital Adequacy Ratio of the Company stood at 17.05% as compared to the required rate of 12%. The Company has raised Rs. 4 crores by issue of Unsecured Non-Convertible Redeemable Sub-ordinated Debentures as its Tier II Capital during the year.

Results of Operations for the year ended March 31, 2001 as compared to the year ended March 31, 2000



The total balance sheet size grew by 33% to Rs. 93262 lacs as on March 31, 2001 as compared to Rs. 69992 lacs as on March 31, 2000.

The Company's net profit of Rs. 1082 lacs for the year 2000-01 as against Rs. 584 lacs in the previous year, registering a growth of 85%. The gross profit before tax was Rs. 2047 lacs as against Rs. 1346 lacs in March 31, 2000. During the year, the net income went up by 17% to Rs. 13887 lacs.

Networth improved from Rs. 13588 lacs in 1999-00 to 14142 lacs in 2000-01.

Disbursements touched a high of Rs.100197 lacs as compared to Rs. 75748 lacs disbursed during 2000-2001 registering a growth of 32%. Company has achieved the landmark disbursements of crossing Rs.1000 crore in the current financial year.

As on March 31, 2001 the Capital Adequacy Ratio of the Company stood at 15.40% as compared to the required rate of 12%.

MMFSL confirms that:

1. There have been no unusual or infrequent events or transactions, since the date of the Auditors Report (5th May 2003) contained herein.
2. There are no significant economic changes that materially affected or are likely to materially affect income from continued operations.
3. There are no known trends or uncertainties that have had or are likely to have a material adverse impact on the revenue or income from continuing operations.
4. There have been no changes in the activity of the Issuer which may have had a material effect on the statement of profit / loss for the last five years.

Material Development:

In the opinion of the Company, since the date of the last financial statement disclosed in the Information Memorandum, there have been no circumstances that materially and adversely affect or are likely to affect the trading or profitability of the Company, or the value of its assets, or its ability to pay its liabilities, within the next twelve months.

IX. FINANCIALS OF GROUP COMPANIES PROMOTED BY PROMOTERS

| | |
|----------------------------|---|
| Name of the Company | Mahindra Engineering & Chemical Products Limited |
| Date of incorporation | 7 th June 1954 |
| Nature of Business | Bucket Elevators, Cables Jointing Kits |

| Particulars | (Rs. in lacs) | | |
|----------------------------|---------------|-----------|-----------|
| | 2000-2001 | 2001-2002 | 2002-2003 |
| Share Capital | 539.85 | 539.85 | 539.85 |
| Reserves | 4,638.12 | 4,304.95 | 10.15 |
| Total Sales | 2994.49 | 2,777.56 | 3,038.65 |
| Total Income | 3664.24 | 3,268.55 | 4,170.82 |
| Profit / (Loss) after Tax | 237.97 | 208.52 | (446.86) |
| Earning Per Share Rs. | 4.41 | 3.86 | (8.28) |



List of Directors

Hemant Luthra
D G Bokare
A S Bedi
A. D. Owen
J B Bowman (Alternate to A D Owen)

Name of the Company Mahindra Intertrade Limited
Date of incorporation 20 March,1978
Nature of Business Trading Company

| | (Rs. in lacs) | | |
|----------------------------|----------------------|-----------|-----------|
| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
| Share Capital | 3,535.00 | 3,535.00 | 3,535.00 |
| Reserves | (1,064.46) | (668.09) | (157.33) |
| Total Sales | 12,707.21 | 13,612.44 | 16,128.02 |
| Total Income | 14,187.52 | 15,058.97 | 17,513.30 |
| Profit / (Loss) after Tax | 632.17 | 132.33 | 637.66 |
| Earning Per Share Rs. | 3.06 | 0.12 | 3.08 |

List of Directors

A G Mahindra Chairman
Managing
Director
R R Krishnan
Bharat Doshi
A K Nanda
U Y Phadke
Z Bhiwandiwala
Tarjani Vakil
Raghunath Murti

Name of the Company Mahindra Steel Service Centre Limited
Date of incorporation 15 January,1993
Nature of Business Trading of HRC,CRC sheets, Electrical sheets

| | (Rs. in lacs) | | |
|----------------------------|----------------------|-----------|-----------|
| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
| Share Capital | 610.47 | 610.47 | 610.47 |
| Reserves | 818.87 | 473.07 | 613.41 |
| Total Sales | 7,173.27 | 4,723.90 | 2,351.71 |
| Total Income | 7,388.56 | 4,911.46 | 2,940.09 |
| Profit / (Loss) after Tax | 119.85 | (55.56) | 192.00 |
| Earning Per Share Rs. | 1.96 | (0.91) | 3.15 |

List of Directors

Bharat Doshi Chairman
Managing
Director
R R Krishnan
Alan Durante
Tadashi Sawada
Osamu Fujimoto
Yasushi Okayama
(Alternate to Tadashi)



Sawada)

Name of the Company Mahindra Holdings & Finance Limited
Date of incorporation 27 April,1985
Nature of Business Investment Company

(Rs. in lacs)

| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
|----------------------------|-----------|------------|-----------|
| Share Capital | 6,540.15 | 7,194.16 | 11,760.16 |
| Share Application Money | - | 69.00 | - |
| Reserves | 7,435.18 | 4,054.26 | 3,607.34 |
| Total Sales | - | - | - |
| Total Income | 1,362.18 | 1,160.87 | 693.82 |
| Profit / (Loss) after Tax | 650.04 | (2,805.27) | (446.92) |
| Earning Per Share Rs. | 0.99 | (4.27) | (0.59) |

List of Directors

Keshub Mahindra Chairman
R K Pitamber
A G Mahindra
Bharat Doshi
A K Nanda
U Y Phadke

Name of the Company Mahindra Acres Consulting Engineers Limited
Date of incorporation 26 October,1993
Nature of Business Engineering Consultancy / Project Consultancy

(Rs. in lacs)

| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
|----------------------------|-----------|-----------|-----------|
| Share Capital | 100.00 | 100.00 | 100.00 |
| Reserves | 104.99 | 79.78 | 81.42 |
| Total Sales | - | - | - |
| Total Income | 119.46 | 123.09 | 586.10 |
| Profit / (Loss) after Tax | 8.63 | (25.93) | 1.64 |
| Earning Per Share Rs. | 0.87 | (2.59) | 0.16 |

List of Directors

A K Nanda
Dr. D C Kantawala
Dr A Z Erzinclioglu
Alan O' Brien

Name of the Company Mahindra Ashtech Limited
Date of incorporation 9 October,1995
Nature of Business Ash Handling Systems / Travelling Water Screens

(Rs. in lacs)

| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
|---------------|-----------|-----------|-----------|
| Share Capital | 1,000.00 | 1,000.00 | 1,000.00 |
| Reserves | 527.71 | 488.47 | 388.56 |
| Total Sales | 596.53 | 1,047.61 | 927.93 |



| | | | |
|----------------------------|----------|----------|----------|
| Total Income | 5,822.48 | 4,656.10 | 3,333.40 |
| Profit / (Loss) after Tax | 174.02 | 38.40 | (645.89) |
| Earning Per Share Rs. | 2.90 | 0.16 | (12.69) |

List of Directors

Hemant Luthra
S Venkatraman
Raghunath Murti
Amar Banerjee Managing
Director

Name of the Company **Mahindra Holidays and Resorts India Limited**
Date of incorporation 20 / 9 /1996
Nature of Business Time Share and Hotels

(Rs. in lacs)

| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
|------------------------------|------------|------------|------------|
| Share Capital | 2,840.02 | 2,840.02 | 2,840.02 |
| Reserves | (2,569.26) | (2,633.78) | (2,353.44) |
| Total Sales/Timeshare Income | 2,143.54 | 3,255.75 | 4,306.59 |
| Total Income | 3,093.45 | 4,689.18 | 6,214.54 |
| Profit / (Loss) after Tax | (852.07) | 16.49 | 280.34 |
| Earning Per Share Rs. | (5.02) | (0.40) | 0.97 |

List of Directors

A K Nanda
R Santhanam
U Y Phadke
Jaitirth Rao
Keki Mistry
Rohit Khattar
Cyrus Guzder

Name of the Company **NBS International Limited**
Date of incorporation 19 December, 1995
Nature of Business Auto Dealer

(Rs. in lacs)

| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
|--------------------------|-----------|-----------|-----------|
| Share Capital | 0.25 | 0.25 | 5.05 |
| Reserves | nil | 25.35 | 39.03 |
| Total Sales/Traded Goods | - | - | 4,460.38 |
| Total Income | 0.79 | 67.61 | 4,506.44 |
| Profit/ (Loss) after Tax | (3.42) | 42.63 | 25.34 |
| Earning Per Share Rs. | n.a. | 1,705.39 | 147.07 |

List of Directors

Anjanikumar Chairman
Choudhari
P N Shah
A M Choksey
Rajesh Jejurikar

Name of the Company **Mahindra Gesco Developers Limited**



Date of incorporation 16 March,1999
Nature of Business Real Estate Development

| (Rs. in lacs) | | | |
|------------------------------|-----------|-----------|-----------|
| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
| Share Capital | 2,876.02 | 10,456.02 | 10,456.25 |
| Reserves | 12,530.80 | 9,925.56 | 10,156.09 |
| Total Sales/Operating Income | 2,190.55 | 16,996.53 | 5,927.97 |
| Total Income | 2,603.40 | 19,113.82 | 8,960.88 |
| Profit / (Loss) after Tax | 510.84 | 257.27 | 230.53 |
| Earning Per Share Rs. | 1.78 | (2.09) | 0.47 |
| Market price in last 3 years | | | |
| Highest Price | | 24.50 | 17.95 |
| Lowest Price | | 16.25 | 10.45 |

Market price in last 6 months

| Month | High (Rs.) | Low (Rs.) |
|--------|------------|-----------|
| Aug-03 | 24.00 | 16.10 |
| Sep-03 | 20.50 | 15.50 |
| Oct-03 | 24.55 | 16.75 |
| Nov-03 | 26.00 | 16.80 |
| Dec-03 | 40.00 | 24.00 |
| Jan-04 | 35.00 | 22.25 |

List of Directors

A.G.Mahindra
A K Nanda
Ghanshyam Sheth
Sanjiv Kapoor
Soli Cooper
U Y Phadke
Hemant Luthra

Name of the Company Mahindra Infrastructure Developers Limited
Date of incorporation May 10,2001
Nature of Business Infrastructure Contracts

| (Rs. In lacs) | | | |
|------------------------------|-----------|-----------|-----------|
| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
| Share Capital | - | 5.00 | 5.00 |
| Share Application Money | - | 25.00 | - |
| Reserves | nil | (7.39) | (21.72) |
| Total Sales/Operating Income | - | nil | nil |
| Total Income | - | nil | nil |
| Profit / (Loss) after Tax | - | (7.39) | (14.34) |
| Earning Per Share Rs. | - | (14.77) | (28.68) |

List of Directors

A K Nanda



Rakesh Sharma
Anita George

Name of the Company Mahindra Consulting Inc.
Date of incorporation 28/04/2000
Nature of Business e-business & Integrated Value Chain management

(\$ in million)

| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
|----------------------------|-----------|-----------|-----------|
| Share Capital | nil | 0.20 | 0.21 |
| Reserves | nil | 2.26 | 3.92 |
| Total Income | nil | 0.86 | 1.41 |
| Profit / (Loss) after Tax | nil | (1.70) | (1.46) |

List of Directors

A G Mahindra
Ulhas Yargop
Bharat Doshi
Jack Goldstein
Ashok Santhanam
Z.Bhiwandiwala

Name of the Company Mahindra British Telecom Ltd.
Date of incorporation October 24, 1986
Nature of Business Computer Software Services

(Rs. In lacs)

| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
|------------------------------|-----------|-----------|-----------|
| Share Capital | 2,021.05 | 2,021.05 | 2,021.39 |
| Reserves | 21,318.16 | 30,715.38 | 35,817.97 |
| Total Sales/Operating Income | 38,739.08 | 51,610.41 | 60,262.09 |
| Total Income | 39,132.09 | 52,743.93 | 62,304.27 |
| Profit / (Loss) after Tax | 9,658.49 | 12,627.88 | 17,154.51 |
| Earning Per Share Rs. | 9.57 | 12.50 | 16.97 |

List of Directors

A G Mahindra
Robert Helleur
Bharat Doshi
Hon Akash Paul
Dr Raj Reddy
Ulhas Yargop
Anupam Puri
Sinclair Stockman
Chris Price
Clive Goodwin

Name of the Company MBT International Incorporated
Date of incorporation November 29,1993
Nature of Business Computer Consulting and Programming Support



(US \$. In million)

| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
|------------------------------|-----------|-----------|-----------|
| Share Capital | 0.38 | 0.38 | 0.38 |
| Reserves | 1.54 | 1.92 | 0.56 |
| Total Sales/Operating Income | 16.67 | 13.45 | 11.24 |
| Total Income | 16.69 | 13.47 | 11.25 |
| Profit / (Loss) after Tax | 0.53 | 0.38 | (1.36) |

List of Directors

A G Mahindra
Robert Helleur
Ulhas Yargop
Chris Price
Clive Goodwin

Name of the Company**MBT GMBH Dusseldorf**

Date of incorporation

November 22,2001

Nature of Business

Telecommunications and IT Services

(Euro)

| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
|------------------------------|-----------|--------------|--------------|
| Share Capital | nil | 25,000.00 | 575,000.00 |
| Reserves | nil | (117,681.24) | (709,010.23) |
| Total Sales/Operating Income | nil | - | 133,464.52 |
| Total Income | nil | - | 135,791.84 |
| Profit / (Loss) after Tax | nil | (117,681.24) | (591,328.99) |

List of Directors

Marcus Schueler - Managing Director

Name of the Company**MBT Software Technologies PTE Limited**

Date of incorporation

April 30,2002

Nature of Business

IT Consultancy

(\$\$.)

| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
|------------------------------|-----------|-----------|--------------|
| Share Capital | nil | nil | 50,000.00 |
| Reserves | nil | nil | 385,752.00 |
| Total Sales/Operating Income | nil | nil | 1,108,088.00 |
| Total Income | nil | nil | 1,108,088.00 |
| Profit / (Loss) after Tax | nil | nil | 385,752.00 |

List of Directors

Lim Tiong Beng
Robert John Helleur

Name of the Company**Mahindra Consulting Limited**

Date of incorporation

10 December,1991

Nature of Business

Software Consultancy Services

(Rs. In lacs)

| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
|---------------|-----------|-----------|-----------|
| Share Capital | 71.94 | 71.94 | 71.94 |
| Reserves | 856.15 | 336.13 | 541.99 |



| | | | |
|------------------------------|----------|----------|----------|
| Total Sales/Operating Income | 2,644.80 | 2,247.34 | 4,052.19 |
| Total Income | 2,736.01 | 2,314.35 | 4,118.00 |
| Profit / (Loss) after Tax | 198.05 | (539.84) | 205.87 |
| Earning Per Share Rs. | 341.14 | (750.61) | 286.15 |

| | | |
|-------------------|-----------------|----------|
| List of Directors | A G Mahindra | Chairman |
| | K J Davasia | |
| | Bharat Doshi | |
| | A K Nanda | |
| | Alan Durante | |
| | Ulhas Yargop | |
| | A G Tawde | |
| | Hemant Luthra | |
| | Dr P G Hebalkar | |

Total income contains PDD Writeback also

| | |
|----------------------------|--|
| Name of the Company | Mahindra Consulting(Singapore) Pte Limited |
| Date of incorporation | 21/1/2003 |
| Nature of Business | Software Consultancy |

| | (S \$.) | | |
|------------------------------|-----------|-----------|-----------|
| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
| Share Capital | nil | nil | 25,000 |
| Reserves | nil | nil | 10,994 |
| Total Sales/Operating Income | nil | nil | |
| Total Income | nil | nil | 103,750 |
| Profit / (Loss) after Tax | nil | nil | 10,994 |

| | |
|-------------------|----------------|
| List of Directors | Ulhas Yargop |
| | Lim Tiong Beng |
| | M Venkatraman |

| | |
|----------------------------|---|
| Name of the Company | Mahindra Logisoft Business Solutions Limited |
| Date of incorporation | 12 April,1999 |
| Nature of Business | Software Solutions |

| | (Rs. In lacs) | | |
|------------------------------|---------------|-----------|------------|
| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
| Share Capital | 80.00 | 80.00 | 240.00 |
| Reserves | (487.28) | (821.54) | (1,074.61) |
| Total Sales/Operating Income | 205.59 | 122.65 | 151.26 |
| Total Income | 206.79 | 122.65 | 162.34 |
| Profit / (Loss) after Tax | (236.90) | (334.26) | (253.07) |
| Earning Per Share Rs. | (29.61) | (41.78) | (31.12) |

| | |
|-------------------|----------------|
| List of Directors | Ulhas Yargop |
| | A G Tawde |
| | V K Garg |
| | S Durgashankar |
| | V Mani |



Name of the Company Automartindia Limited
Date of incorporation 22 December,1994
Nature of Business Pre-Owned Car Business

(Rs. In lacs)

| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
|------------------------------|-----------|-----------|------------|
| Share Capital | 324.00 | 416.73 | 416.73 |
| Reserves | (616.41) | (731.79) | (1,266.52) |
| Total Sales/Operating Income | 5.40 | 3,408.79 | 4,221.28 |
| Total Income | 64.27 | 3,809.86 | 4,411.27 |
| Profit / (Loss) after Tax | (644.52) | (465.72) | (534.73) |
| Earning Per Share Rs. | (19.89) | (11.18) | (12.83) |

List of Directors

A G Mahindra
Hemant Luthra
Arun Sanghi
Sanjay Labroo
Alan Durante
N Ram

Name of the Company Mahindra USA Inc.
Date of incorporation June 8, 1994
Nature of Business Manufacturer of Tractors

(US\$.in million)

| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
|------------------------------|-----------|-----------|-----------|
| Share Capital | 4.50 | 4.50 | 4.50 |
| Reserves | 0.24 | 0.84 | 1.60 |
| Total Sales/Operating Income | 26.83 | 48.49 | 78.34 |
| Total Income | 26.83 | 48.49 | 78.34 |
| Profit / (Loss) after Tax | 0.67 | 0.60 | 0.76 |

List of Directors

K J Davasia
Bharat Doshi
Jack Goldstein
V S Parthasarathy
Sanjay Gupta
Z Bhiwandiwala
Derek Johannes
A Choudhari

Name of the Company Mahindra Intertrade(UK) Limited
Date of incorporation March 07,1996

(Pounds)

| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
|------------------------------|------------|------------|------------|
| Share Capital | 250,000.00 | 250,000.00 | 250,000.00 |
| Reserves | (179,590) | (226,980) | (194,907) |
| Total Sales/Operating Income | | | |
| Total Income | 127,083.00 | 46,169.00 | 809,091.00 |



| | | | |
|----------------------------|--------------|-------------|-----------|
| Profit / (Loss) after Tax | (109,393.00) | (47,390.00) | 32,073.00 |
|----------------------------|--------------|-------------|-----------|

List of Directors
Z Bhiwandiwala
R R Krishnan
P S Raman

Name of the Company Mahindra Gujarat Tractor Limited
Date of incorporation 31 March,1978
Nature of Business Manufacturer of Tractors

| (Rs.) | | | |
|------------------------------|------------------|---------------|---------------|
| Particulars | As on 30-09-2000 | 2001-2002 | 2002-2003 |
| Share Capital | 203,019,790 | 203,019,790 | 203,019,790 |
| Reserves | (176,973,308) | (293,874,314) | (359,627,884) |
| Total Sales/Operating Income | 323,738,392 | 350,710,754 | 307,254,109 |
| Total Income | 390,060,593 | 360,074,682 | 312,583,655 |
| Profit / (Loss) after Tax | -106,258,974 | -103,875,268 | -66,780,035 |
| Earning Per Share Rs. | -8.33 | -7.34 | -4.57 |

List of Directors
Sanjay Lalbhai Chairman
Indira Parikh
Raghunath Murti
K J Davasia
U Y Phadke
S S Wagh
P K Pujari

Name of the Company Mahindra Shubhlabh Services Limited
Date of incorporation 11 April,2000
Nature of Business Farm Solutions

| (Rs.) | | | |
|------------------------------|-------------|-------------|--------------|
| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
| Share Capital | 46,500,030 | 114,000,000 | 114,000,000 |
| Reserves | -27,420,173 | -79,769,873 | -135,613,675 |
| Total Sales/Operating Income | 8,185,687 | 72,004,485 | 99,383,598 |
| Total Income | 8,563,879 | 73,724,987 | 99,616,485 |
| Profit / (Loss) after Tax | -27,420,173 | -52,349,700 | -55,843,802 |
| Earning Per Share Rs. | -21.40 | -4.9 | -4.85 |

List of Directors
K J Davasia Chairman
U Y Phadke
M G Bhide
S Durgashankar
Raghunath Murti

Name of the Company Mahindra UGINE Steel Company Limited
Date of incorporation 19 December 1962
Nature of Business Manufacturing Tool, Alloy and Special Steel



| | | | (Rs. In lacs) |
|------------------------------|------------|-----------|---------------|
| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
| Share Capital | 4,393.16 | 4,739.16 | 4,739.16 |
| Reserves | 7481.71 | 7129.56 | 610 |
| Total Sales/Operating Income | 23,892.89 | 25,620.90 | 28,334.19 |
| Total Income | 24,261.36 | 25,717.33 | 28,589.77 |
| Profit / (Loss) after Tax | (1,422.64) | (566.57) | (1,721.98) |
| Earning Per Share Rs. | (5.07) | (2.18) | (6.17) |
| Market price in last 3 years | | | |
| Highest Price (Rs.) | 9.05 | 6.45 | 13.60 |
| Lowest Price (Rs.) | 5.00 | 2.70 | 5.70 |

Market price in last 6 months

| Month | High (Rs.) | Low (Rs.) |
|--------|------------|-----------|
| Aug-03 | 24.50 | 12.05 |
| Sep-03 | 15.50 | 11.60 |
| Oct-03 | 17.50 | 12.55 |
| Nov-03 | 25.85 | 14.55 |
| Dec-03 | 35.55 | 23.05 |
| Jan-04 | 40.05 | 25.20 |

List of Directors

Keshub Mahindra - Chairman
 Anand G Mahindra - Vice Chairman
 P.G.Chitale - Managing Director
 K.V. Ramarathnam - Executive Director
 N.V.Khote
 Hemant Luthra
 H.N. Sethna
 M.R.Ramachandran
 C.S.Madhav Rao
 M.K.Garg
 S.Ravi

Name of the Company

Jayem Automotives Limited

Date of incorporation

31December,1999

Nature of Business

Design, develop, improve, innovate, assimilate and experiment in all kinds of vehicles of every description run on conventional and non-conventional fuel.

| | | | (Rs. In lacs) |
|------------------------------|-----------|-----------|---------------|
| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
| Share Capital | 100.00 | 100.00 | 100.00 |
| Reserves | (141.38) | (358.72) | (555.20) |
| Total Sales/Operating Income | 100.01 | 93.20 | 139.42 |
| Total Income | 101.43 | 93.73 | 139.44 |
| Profit / (Loss) after Tax | (141.38) | (217.32) | (196.47) |



List of Directors

Mr B Jayachandran Chairman
 Mr J Anand Managing Director
 Mr S Kishore
 Dr D N Rao
 Dr Pawan Goenka
 Mr S Durgashankar
 Mr Jaideep Devare

Name of the Company**Mahindra Engineering Design & Development Company Limited**

Date of incorporation

7 August, 1995

Nature of Business

Scientific research and development for manufacture of all types of industrial products & providing designing, engineering, re-engineering etc.

| | | | (Rs. In lacs) |
|------------------------------|-----------|-----------|----------------------|
| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
| Share Capital | 0.0007 | 0.0007 | 5.00 |
| Reserves | - | - | - |
| Total Sales/Operating Income | - | - | - |
| Total Income | - | - | - |
| Profit / (Loss) after Tax | - | - | - |
| Earning Per Share Rs. | - | - | - |

List of Directors

Mr Ulhas Yargop Chairman
 Dr Pawan Goenka
 Mr C Krishnadas

Name of the Company**Mahindra Construction Company Limited**

Date of incorporation

30 September, 1992

Nature of Business

Construction of buildings, roads, highways

| | | | (Rs. in lacs) |
|------------------------------|------------|-----------|----------------------|
| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
| Share Capital | 780.05 | 780.05 | 780.05 |
| Reserves | - | - | - |
| Total Sales/Operating Income | 2,744.40 | 4,050.57 | 1,737.46 |
| Total Income | 2,777.89 | 4,184.43 | 1,984.17 |
| Profit / (Loss) after Tax | (1,813.47) | (661.70) | (28.94) |
| Earning Per Share Rs. | - | - | (1.20) |

List of Directors

Mr A K Nanda Chairman
 Mr K J Davasia
 Mr U Y Phadke
 Mr D K Tandon
 Dr P P Mistry



Mr Rajan
Narayan

Name of the Company **Officemartindia.com Limited**
Date of incorporation 17 May, 2000
Nature of Business Trade in stationery supplies, furniture, provide consultancy services, technical knowhow

| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
|------------------------------|-----------|-----------|-----------|
| Share Capital | 100 | 149.99 | 149.99 |
| Reserves | 0 | 0 | 0 |
| Total Sales/Operating Income | 190.34 | 374.36 | 97.15 |
| Total Income | 208.88 | 362.59 | 101.39 |
| Profit / (Loss) after Tax | (35.43) | (69.83) | (23.84) |
| Earning Per Share Rs. | (3.54) | (4.90) | (1.58) |

List of Directors

Mr R R Krishnan
Mr Ulhas Yargop
Mr Anjanikumar Choudhari
Mr U Y Phadke
Mr Chandulal Shah

Name of the Company **Console Estate & Investments Ltd.**
Date of incorporation 31 October, 1988
Nature of Business Investment and Consumer Finance

| | | | (Rs) |
|------------------------------|-----------|-----------|-----------|
| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
| Share Capital | 9.80 | 9.80 | 9.80 |
| Reserves | 51.85 | 59.34 | 62.92 |
| Total Sales/Operating Income | Nil | Nil | Nil |
| Total Income | 4.90 | 8.38 | 9.08 |
| Profit / (Loss) after Tax | 3.57 | 6.57 | 6.03 |
| Earning Per Share Rs. | 3.64 | 6.7 | 6.15 |

List of Directors

Dr. P.P.Mistry
Mr. A.M.Palekar
Mr. R. Sundaresan
Mr. R.M Desai

Name of the Company **Mahindra Automotive Steels Pvt. Ltd.**
Date of incorporation 13 August, 1999
Nature of Business Yet to commence business

| | | | (Rs.) |
|---------------|-----------|-----------|-----------|
| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
| Share Capital | Nil | 0.007 | 1.007 |
| Reserves | Nil | Nil | Nil |



| | | | |
|------------------------------|-----|-----|-----|
| Total Sales/Operating Income | Nil | Nil | Nil |
| Total Income | Nil | Nil | Nil |
| Profit / (Loss) after Tax | Nil | Nil | Nil |
| Earning Per Share Rs. | Nil | Nil | Nil |

List of Directors

Mr. Keshub Mahindra
Mr. R. N. Singh
Mr. K.J.Davasia
Mr. Alan Durante
Mr. R.R.Krishnan

Name of the Company Gateway Housing Finance Corporation Limited
Date of incorporation 24 June, 1996
Nature of Business Long term Finance for Residential purposes

(Rs.)

| Particulars | 2000-2001 | 2001-2002 | 2002-2003 |
|------------------------------|-------------|-------------|-------------|
| Share Capital | 70 | 70 | 500,000 |
| Reserves | (1,529,444) | (1,791,676) | (2,054,213) |
| Total Sales/Operating Income | nil | nil | nil |
| Total Income | nil | nil | nil |
| Profit / (Loss) after Tax | (268,232) | (262,232) | (262,537) |
| Earning Per Share Rs. | nil | nil | nil |

List of Directors

J P Fernandes
S Krishnan
M K Rakshit

Name of the Company Mahindra Holidays & Resorts USA
Date of incorporation 24 October, 2003
Nature of Business Time share and Hotels

(Rs. in lacs)

| Particulars | 2000-2001 | 2001-2002 | 2002-2003 | 2003-2004 |
|------------------------------|-----------|-----------|-----------|-----------|
| Share Capital | N.A | N.A | N.A | 0.46 |
| Reserves | N.A | N.A | N.A | nil |
| Total Sales/Operating Income | N.A | N.A | N.A | nil |
| Total Income | N.A | N.A | N.A | nil |
| Profit / (Loss) after Tax | N.A | N.A | N.A | nil |
| Earning Per Share Rs. | N.A | N.A | N.A | nil |

List of Directors

A K Nanda
Ravi Santhanam
Amar Korde

Name of the Company Mahindra Consulting Gmbh
Date of incorporation 7.12.2003
Nature of Business Software Consultancy Services



(Euro)

| Particulars | 2000-2001 | 2001-2002 | 2002-2003 | Upto 31st Jan 2004 |
|------------------------------|-----------|-----------|-----------|--------------------|
| Share Capital | N.A | N.A | N.A | 50000 |
| Reserves | N.A | N.A | N.A | Nil |
| Total Sales/Operating Income | N.A | N.A | N.A | Nil |
| Total Income | N.A | N.A | N.A | Nil |
| Profit / (Loss) after Tax | N.A | N.A | N.A | Nil |
| Earning Per Share Rs. | N.A | N.A | N.A | Nil |

| | | |
|-------------------|----------------------|-------------------|
| List of Directors | V Mani | Managing Director |
| | Zhooben Bhiwandiwala | Managing Director |
| | Nikhil Nayak | Managing Director |

Note:

As per the information available there are no major listed companies in the group under BIFR.

We are awaiting information of some of the small group companies and related business transaction within the group, which would be updated as and when received. Such additional information will be deemed to form part of this information memorandum when updated.



X. CAPITAL ISSUES DURING LAST THREE YEARS:

A. Equity Issued - Part of Tier I Capital:

In last three years the Company has not come out with any fresh Capital Market issue for Equity shares.

B. Unsecured Redeemable Privately Placed Non Convertible Debentures issued by the Company - forming part of Tier II Capital

| Sr. No | Date of Allotment | Number of Bonds | Rate of Interest | Date of Redemption | Outstanding Amount Rs. |
|--------|-------------------|-----------------|------------------|--------------------|------------------------|
| 1 | 28/03/02 | 4 | 11.19% | 28/09/07 | 4,00,00,000/- |
| 2 | 12/07/02 | 35 | 10.165% | 15/01/08 | 35,00,00,000/- |

Promise V/s. Performance

Issuer Company is an unlisted company, hence this clause is not applicable.

There has been no fresh capital issue in the recent past by the promoter/group/associate companies.

XI. BASIS FOR ISSUE PRICE

The issue has been priced at around 100 - 300 basis points above the existing G-Sec rates of corresponding maturities.

XII. OUTSTANDING LITIGATIONS OR DEFAULTS

Outstanding litigations pertaining to Mahindra & Mahindra Financial Services Ltd.

There are no defaults, non payments or overdues of statutory dues, institutional or bank dues or dues towards holders of debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of the Company.

Litigation Statistics of MMFSL as on 31st December 2003

| Sr. No. | Claim Amount (Rs.) | Total no. of cases | Category (Type of case) | Claimant |
|---------|--------------------|--------------------|--|----------|
| 1 | 11,31,02,608 | 640 | U/s. 138 of Negotiable Instruments Act, 1881 | MMFSL |
| 2 | 9,35,162 | 3 | Civil Suit for recovery/ custody claim | MMFSL |
| 3 | Not applicable | 137 | Consumer Forum Cases | Various |
| 4 | Not applicable | 1 | Consumer Forum Cases | MMFSL |
| 5 | Not applicable | 135 | Civil suit for injunction/ declaration | Various |



| | | | | |
|---|----------------|----|------------------|---------|
| 6 | Not applicable | 9 | Criminal | MMFSL |
| 7 | Not applicable | 4 | Appeal | MMFSL |
| 8 | Not applicable | 45 | Criminal | Various |
| 9 | 55,30,666 | 1 | Company Petition | MMFSL |

In the above said litigations are pertaining to normal business of the Company. There is no major litigation pending against the Company.

Cases before Income Tax Department

Demands against the Company by the tax department for the Assessment Year 2000-2001 for Rs.132.97 Lacs but Company has not acknowledged them and are not likely to affect operation and financials of the company.

Outstanding litigation pertaining to Promoter/Prompters Group

| Name of the Company : Mahindra & Mahindra Limited | | | | |
|---|--------------|----------------------|---|--------------------|
| Automotive Sector -Consumer Cases | | | | |
| Sr. No. | Claim Amount | Court/DRT/Forum | Claimant | Total No. of Cases |
| 1 | 59193465.64 | District Forums | Cases filed by Complainants | 424 |
| 2 | 9782652 | State Commissions | Cases filed by Complainants | 22 |
| 3 | 4807482 | State Commissions | Appeals filed by M&M | 56 |
| 4 | 4519492 | State Commissions | appeals filed by Complainants | 33 |
| 5 | 1354795 | State Commissions | Appeals filed by dealers | 18 |
| 6 | 13771444 | National Commissions | Matters filed by M&M, complainants etc. | 12 |
| 7 | 862751.2 | Munsiff Court | Cases filed by Complainants | 13 |
| 8 | 2309638.6 | Civil Court | Civil Suits | 20 |
| 9 | 1166966.85 | High Court | High Court matters | 12 |
| Farm Equipment Sector -Consumer Cases | | | | |
| Sr. No. | Claim Amount | Court/DRT/Forum | Claimant | Total No. of Cases |
| 1 | 29447414 | District Forums | Cases filed by Complainants | 205 |
| 2 | 890796 | State Commissions | Cases filed by Complainants | 6 |



| | | | | |
|-----------------------------|-----------------------|------------------------|---|--------------------|
| 3 | 1171990 | State Commissions | Appeals filed by M&M | 21 |
| 4 | 2102893 | State Commissions | appeals filed by Complainants | 16 |
| 5 | 176937 | State Commissions | Appeals filed by dealers | 7 |
| 6 | 7000 | National Commissions | Matters filed by M&M, complainants etc. | 3 |
| 7 | 1102821 | Civil Court | Civil Suits | 3 |
| LABOUR COURT MATTERS | | | | |
| Sr.No. | Sector | Court/DRT/Forum | Claim Amount | No.of Cases |
| 1 | Automotive Sector | Various | Rs.55,56,386 | 9 |
| 2 | Farm Equipment Sector | Various | Rs. 8,31,26,186 | 24 |

| PROPERTY MATTERS | | | | |
|-------------------------|---------------------|-------------------------------|--|---|
| Sr. No. | Claim Amount | Court/DRT/Forum | Claimant | Remarks / Comments |
| 1 | 3338311 | Small Causes- Bombay | Maharao Pragmulji III | Amount claimed as mesne profit from July 2002 - Principal 1,73,104.00 per month with interest at 18 percent p.a..Amount calculated upto 31.1.2004 |
| 2 | 5800000 | Small Causes Court -Bombay | Palm Court Court Premises Landlord | Amount claimed as mesne profit from - September 2001. Calculated upto January 2004 |
| 3 | 751271 | High Court - Bombay | Mahindra & Mahindra Ltd. | amount Claimed by us from Bunayya Sheet Metal on account of raw materials supplied by us for manufacture of Gas tanks for our vehicle. The material were not returned to us. Principal amount Rs.1,64,932.66 + interest at 18 percent from 23.4.1984 to 22.1.2004 |
| 4 | 342647 | High Court of Mumbai | Free India Engineers- Bus Contractor - engaged to ferry employees from Kandivli Station to FES Plant | |



| | | | | |
|---|---------|--------------------------|--|--|
| 5 | 2100000 | Small Causes - Bombay | Mercantile & Industrial Development Co. - Landlord of premises on 3rd floor, National House- desires repossession of the premises | Mesne profit at Rs.50,000 pr month from 2nd August 2003 to January 2004 |
|---|---------|--------------------------|--|--|

SUITS/APPEALS FILED BY OR AGAINST MAHINDRA & MAHINDRA LTD.

| Sr. No. | Claim Amount | Court/DRT/Forum | Plaintiff/ Appellants/ Defendants/Respondents |
|---------|-----------------|--|---|
| 1 | Rs.61,00,000 | Small Causes Court, Mumbai | Octroi Authority, Mumbai Municipal Corporation |
| 2 | Rs.4,10,00,000 | Small Causes Court, Mumbai | Assessor & Collector Dept., Mumbai Municipal Corporation |
| 3 | Rs.1,04,60,000 | Debt Recovery Tribunal | Canara Bank |
| 4 | Rs.9,48,000 | Civil Court at Ponda | Dynamatic Engineers |
| 5 | Rs.53,72,723 | High court, Mumbai | M&M v/s. Jord Eng. & Anr. |
| 6 | Rs.1,06,36,027 | High Court, Mumbai | M&M v/s. NEPC Micon Ltd. |
| 7 | Rs.6,86,75,245 | High Court, Mumbai | Credential Finance v/s. M&M |
| 8 | Rs.8,97,24,804 | High Court, Mumbai | M&M v/s. Credential Finance . |
| 9 | Rs.1,19,97,000+ | High Court, Mumbai | M&M v/s. Kirloskar AAF |
| 10 | Rs.1,53,13,358 | High Court, Delhi | M&M v/s. Shiv Vani Universal Ltd. |
| 11 | Rs.1,08,46,574 | DRT, Mumbai | Bank of Commerce & Credit International (Overseas) Ltd v/s. M&M. |
| 12 | Rs.43,86,808/- | Court of Additional Civil Judge (S.D), Kharar, District Ropar, Chandigarh | International CRM Services Ltd v/s. M&M (erstwhile MITS) |
| 13 | Rs. 18,86,808/- | Metropolitan Magistrate, 7th Court, Dadar | M&M (erstwhile MITS) v/s. International CRM Services Ltd |
| 14 | Rs.2,37,100 | District Consumer Disputes Redressal Forum, New Delhi | Mr Rajesh Kumar Tomar v/s. M&M (erstwhile MEML) |



INCOME TAX MATTERS

| A | | |
|---|--|------------------|
| 1 | Demands against the company not acknowledged | Rs 11845.32 Lacs |
| 2 | Demands against the company not acknowledged | Rs 5100.68 Lacs |
| | Total A | Rs 16946 Lacs |
| B | | |
| 3 | Department's Appeal against Company | Rs 4635.8 Lacs |
| 4 | Department's Appeal against Company | Rs 272.29 Lacs |
| | Total B | Rs 4908.09 Lacs |

Total A + B

Rs 21954.09 Lacs

The above matters are pending before the
a) Commissioner of Income Tax (Appeals)
b) Income Tax Appellate Tribunal
c) High Court

Of the above Sum,the Company has already paid the same except for an amount of Rs 5753.6 Lacs

SALES TAX MATTERS

| <u>SR. NO.</u> | | AS ON 30-09-2003 (Rs. In Lakhs) |
|----------------|-------------------------|--|
| 1. | AUTOMOTIVE SECTOR | 4 597.76 |
| 2. | FARM EQUIPMENT SECTOR | 5 423.56 |
| 3. | HEAD OFFICE (MSL DIVN.) | 6 142.49 |
| | TOTAL ... | 7 1163.81 |

CUSTOMS & EXCISE MATTERS

ZAHEERABAD PLANT

| Sr. No. | Claim Amount | Court/ DRT/Forum | Claimant | Remarks/Comments |
|-----------------|---------------------------------|--|-----------------------------|---|
| 1 | 6,924,108 | CEGAT | Collector of Customs | Pending for hearing |
| 2 | 15,867,674 | CEGAT | Collector of Central Excise | Pending for hearing |
| IGATPURI | | PLANT | | |
| Sr. No. | Claim Amount | Court/ DRT/Forum | Claimant | Remarks/Comments |
| 1 | 500000.00 3294759.00 | CESTAT- MUMBAI Commr. (Appeals), NASIK | M & M - IGATPURI | Stay order recd. & directed us to pre-deposit Rs.5 Lacs & bal. Amt. Unconditional stay granted. Pre-deposited on 31/03/2000. O.I.A No. CEXXI/JMJ/200/916/NSK/APL/03 rejected our appeal. Appeal filed before CESTAT-Mumbai. P.H. fixed on 08/10/03. In addition to above, for further period, Deptt. Has filed an appeal against another O.I.O No. 158/2000 -29.24 lacs. |
| 2 | 50000.00 Penalty | CESTAT- MUMBAI | M & M - IGATPURI | Penalty paid on 26/06/2000 UNDER PROTEST (Appeal filed before CEGAT-Mumbai) |
| 3 | 21563.00 Ex 2000.00 Penalty | CESTAT- MUMBAI | M & M - IGATPURI | Appeal filled on 23/01/98 before CEGAT-Mumbai. Also Int. of Rs.3,308=00 paid on delayed payment for 280 days " Under Protest" . P.H. completed on 10/09/03 for review matter. |
| 4 | NIL | Commr. (Appeals), NASIK | M & M - IGATPURI | O.I.A No.CEX.XI/JMJ/186/916/NSK/APL/03 dtd. 21/08/2003 passed by the Comm (A),Nsk, in our favour |
| 5 | 55751.00 Ex 20000.00 Penalty | CESTAT- MUMBAI | M & M - IGATPURI | O.I.A No. CEX.XI/JMJ/236/916/NSK/APL/03 dtd. 07/08/2003 passed by the Comm (A), Nsk, partly in our favour (Amt. Rs.1,67,435) & Rs. 1167/= twice considered in |



| | | | | |
|--------------|------------------------------|---------------------------------|-------------------|--|
| | | | | the demand ,hence deleted & balance. Amt. Rs.55,751/- disallowed, & penalty status unchanged. (Appeal to be filed before CESTAT - Mumbai.) |
| 6 | 5401.00 Ex 500.00 Penalty | CESTAT- MUMBAI | M & M - IGATPURI | Appeal filed with CEGAT - Mumbai on 16/04/98. Int. Rs. 595/=paid on delay of payment against O.I.O No. 10/96 dtd. 17/12/96 (Misc/09/2001) |
| 7 | 790.00 Ex | Commr. (Appeals), NASIK | M & M - IGATPURI | For file No.8 awaiting for decision from Appeals,Nasik |
| 8 | NIL | Commr. (Appeals), NASIK | M & M - IGATPURI | O.I.A NO. RK/31 to 33/Nasik/2003 dtd. 30/07/03 & also O.I.A No. C.EX.XI/JMJ/275/1916/NSK /APL/03 dtd. 29/08/2003 are in our favour. Applied for refund of Pre-deposit Amt. of Rs. 1,12,690/= duty + Rs. 2,500/= Penalty on 06-08-2003 |
| NASIK | PLANT | | | |
| 1 | 589,319 | Commissioner Appeal - Excise | M&M - Nasik Plant | Component spares & accessories for capital goods, modvat is taken by us. However, as per Dept, they are not covered under definition of capital goods. Pertaining to FY 98/99 & 99/00. |
| 2 | 1,500,000 | Tribunal - Excise | M&M - Nasik Plant | Vendor SRC was doing processing on steel job for us. Kdv was supplying material @Rs.1200 to him, however the final part coming from vendor was valued @ Rs.900 for steel + his labour charges. Dept. has claimed that this difference is intentional |
| 3 | 10,296,308 | Commissioner Appeal - Excise | M&M - Nasik Plant | M&M Auto division had received an order for bullet proof vehicles from J&K Police. This order was handled by MDS (Mahendra Defence Services). Nasik had supplied base vehicle by paying excise duty on normal |



| | | | | |
|---|--------|------------------------------|-------------------|---|
| | | | | vehicle and the bullet proofing was done |
| 4 | 35,000 | Commissioner Appeal - Excise | M&M - Nasik Plant | This is due to some delay in price revisions filed with the Department, they have charged us penalty. Pertaining to FY 00/01. |

KANDIVALI PLANT

| | | | | |
|---|----------|--|----------|---|
| 1 | 163498 | At Excise Tribunal | AD (Knd) | SCN's adjudicated vide O-I-O 679-693 Dtd 31/10/2000 & 672-674 Dtd 31/10/2000 & Appeal filed for Rs.163498.25 at Tribunal Cases related to Modvat - rejection Nil GP |
| 2 | 48882 | Commr. (A) | AD (Knd) | Cases Related to Modvat - Capital Goods |
| 3 | 89831128 | At Excise Tribunal | AD (Knd) | Cases Related to Modvat - Non-Declaration CDR |
| 4 | 16126 | At Excise Tribunal | AD (Knd) | Cases Related to Modvat - SSI Unit |
| 5 | 48473 | At Excise Tribunal | AD (Knd) | Cases Related to Scrap - 57F(3) |
| 6 | 5798192 | Unconditional stay granted by tribunal | AD (Knd) | Duty-Furniture |
| 7 | 79972 | At Excise Tribunal | AD (Knd) | In relation to the matter filed at Tribunal. (Rs.55,074/-) matter an amount of Rs.20000/- has been paid as pre-deposit. In relation to the matter of Rs.4949/- PH before TRIBUNAL.Modvat - 100% EOU |
| 8 | 167925 | At Excise Tribunal | AD (Knd) | Tribunal order asking us to deposit duty amount.Penalty waived.Modvat Tools Kit |
| 9 | 31033621 | At Excise Tribunal | AD (Knd) | Stay granted for unpaid amt. and penalty by Tribunal. Modvat on scrap used in foundry |



| | | | | |
|----|-------------|--|----------|---|
| 10 | 99079100 | Unconditional stay granted by tribunal | AD (Knd) | Inclusion of R& D expenses, Admn Ovhd's, Interest, Depn, Royalty and proportionate profit margin in the assessable value. |
| 11 | 519180 | Appeal before Joint Commr. | AD (Knd) | DOUBLE BENEFIT ON C.G. |
| 12 | 1123503.00 | Demurrage claimed B.P.T. | AD (Knd) | (BMC petition no. 1425 of 1990) |
| 13 | 11820273.00 | B.P.T. | AD (Knd) | (BMC Petition no. 394 of 1984) |

AUTO SECTOR, Kandivli

| Sr. No. | Claim amount | Court/ Forum | Claimant | Remarks/ Comments |
|---------|--------------|----------------|----------|---|
| 1 | 10.0 Lacs | Labour court | Workman | Dismissed for theft, claim for re-instatement and back wages |
| 2 | 8.0 Lacs | --Do-- | workman | Dismissed for dishonesty, claim for reinstatement and back wages |
| 3 | 4.0 Lacs | --Do-- | workman | Dismissed for riotous behaviour, reinstatement and back wages |
| 4 | 15.0 Lacs | Supreme Court- | Workman | Workman won re-instatement from Div. Bench, Mumbai., claim for rein statement and 2/3 back wages Company filed SLP in Supreme Court. |
| 5 | 1.0 Lac | Labour court | workman | Medical termination, Claim for reinstatement and back wages |
| TOTAL | 38.0 Lacs | | | This includes actual cases for amount claimed and reinstatement with back wages, if court verdict in all case goes against the company. |



| Name of the Company : AutomartIndia Limited | | | | |
|--|-------------------------|---|-------------------------------|--|
| Sr. No. | Claim Amount Rs. | Court/DRT/Forum | Claimant | Remarks / Comments |
| 1 | 2,71,820 | Dist.Consumer Forum, Bandra, Mumbai | Devdutt Navare | Consumer Case, filed against the Company. |
| 2 | Nil | Cr. Writ Petition, High Court New Delhi | Automart India | Cr. Writ Petition filed by the Company against Mr. Anoop Choudhary & Ors., for quashing the proceeding before the Metropolitan Magistrate. |
| 3 | 47,8,000 | Civil Judge | Anoop Choudhary | Suit for Injunction filed against the Company. |
| 4 | Nil | M M Patiala House- New Delhi | Delhi Development Authorities | Penalty involved Rs.50,000/- & Rs.250/- per day for default for the time till default continues |

| Name of the Company : Mahindra Engineering & Chemical Products Limited | | | | |
|---|-------------------------|---|---------------------------------------|---|
| Sr. No. | Claim Amount Rs. | Court/DRT/Forum | Claimant | Remarks / Comments |
| 1 | Nil | JMFC, Pimpri Court, Pune | MECPL v/s. M/s. Vikash Trading Corp. | Criminal Complaint No. 321 of 2002 filed for cheating u/s. 420 of Indian Penal Code. |
| 2 | Nil | JMFC, Pimpri Court, Pune | MECPL v/s. M/s. S&S Enterprises | Criminal Complaint No. 347 of 2002 filed for cheating u/s. 420 of Indian Penal Code. |
| 3 | Nil | Pune District & Sessions Court, Shivaji Nagar, Pune | MECPL v/s. M/s. S&S Enterprises | Criminal Revision No. 404 of 2003 filed against the Order of discharge of M/s. S & S Enterprises in Original Complaint 347 of 2002. |
| 4 | Rs.3379173/- | Civil Judge, Sr. Div. Shivaji Nagar, Pune | MECPL v/s. M/s. S&S Enterprises | Sp. Summary Suit for recovery. |
| 5 | NIL | 3rd Labour Court, Swargate Pune | Mr. Ramdas Waqh and 5 Ors. V/s. MECPL | VRS Case No. 27/2000 |
| 6 | Nil | 3rd Labour Court, Swargate Pune | Mr. C.S.Borkar and 15 Ors. V/s. MECPL | VRS Case No. 27/2000 |
| 7 | Nil | 2nd Labour Court, Swargate Pune | Mr. C.S.Borkar V/s. MECPL | Leave Enchasment Case No. 257/1999 |



| Name of the Company : Mahindra Acres Consulting Ltd | | | | |
|---|------------------|----------------------|-------------|---------------------|
| Sr. No. | Claim Amount Rs. | Court/DRT/Forum | Claimant | Remarks / Comments |
| 1 | 4614000 | Income Tax Tribunal | Income tax | for the A.Y 1997-98 |
| 2 | 225000 | Service Tax Tribunal | Service Tax | refund claim |

| Name of the Company : Mahindra Intertrade Limited | | | | |
|---|-------------------------------------|--|---|---|
| Sr. No. | Claim Amount Rs. | Court/DRT/Forum | Claimant | Remarks / Comments |
| 1 | 188,937.95 | Metropolitan Magistrate Court, Dadar, Mumbai | MIL v/s.Ispat Profiles India Ltd. | u/s 138 of Negotiable Instruments Act |
| 2 | 8,13,000 | High Court at Ahmedabad | MIL v/s.Rajhans Foods | u/s 138 of Negotiable Instruments Act |
| 3 | 2,65,270 | Tis Hazari Court New Delhi | MIL v/s.Dilip Chaturvedi | u/s 138 of Negotiable Instruments Act |
| 4 | 50,00,000 | Tis Hazari Court New Delhi | MIL v/s.Mahavira Foods & Allahabad Bank | u/s 138 of Negotiable Instruments Act |
| 5 | \$ 440000 equivalent to Rs 15725600 | High Court, Mumbai | MIL v/s.Universal Traders | Admiralty Suit - non realization of export proceeds |

| Name of the Company : Mahindra Steel Service Centre Limited | | | | |
|---|------------------|---|---------------------------|---------------------------------------|
| Sr. No. | Claim Amount Rs. | Court/DRT/Forum | Claimant | Remarks / Comments |
| 1 | 13,97,172 | Metropolitan Magistrates Court, Dadar, Mumbai | Aldea Electronics | u/s 138 of Negotiable Instruments Act |
| 2 | 1,30,000 | Metropolitan Magistrates Court, Dadar, Mumbai | MIL v/s.Fine Metals Works | u/s 138 of Negotiable Instruments Act |



| | | | | |
|---|----------|------------------|-------------------------------|------------|
| 3 | 7,36,000 | Civil Judge Pune | MIL v/s.Ashoka Buildcon | Civil Suit |
|---|----------|------------------|-------------------------------|------------|

| Name of the Company : Mahindra Consulting Limited | | | | |
|---|------------------|--|--|---|
| Sr. No. | Claim Amount Rs. | Court/DRT/Forum | Claimant | Remarks / Comments |
| 1 | 7.26 lacs | Sessions Court, Ballard Pier, Mumbai | Mahindra Consulting Emp.PF Trust | Complaint u/s. 138 of the Negotiable Instruments Act. |

| Name of the Company : Mahindra Holidays & Resorts India Limited | | | | |
|---|------------------|---|---|---|
| Sr. No. | Claim Amount Rs. | Court/DRT/Forum | Claimant | Remarks / Comments |
| 1 | 49000 | District Consumer Disputes Redressal Forum, Chennai | Amir Jowher, Chennai | RCI enrolment not done inspite of reminders & therefore demands refund of payment made (24000) & compensation of 25000. |
| 2 | 87060 | District Consumer Disputes Redressal Forum, Chennai | R. Ahmed | Not provided holiday when requested. Alleged Deficiency in service. Demands full refund & compensation of 30000 for mental agony |
| 3 | 25208 | Addl. Sub-Judge at Pondicherry | Mr. Sivasankar, Proprietor, Sri Valli Vilas Gold House, Pondicherry | Challenging the deduction of cancellation charges (Rs.25,208/-) |
| 4 | 50000 | District Consumer Disputes Redressal Forum, Surat | Mr. Ketan Sureshchandra Jagirdar, Surat | Alleges improper & inadequate services & breach of assurance, etc. and claims damages Rs.50,000/-. To restore season classification of all existing resorts as at the time of Membership and to restore AMC & Utility Charges |
| 5 | 25300 | District Consumer Disputes Redressal Forum, Indore. | Mr. Amit Agarwal, Indore | Requested for cancellation and refund of Rs.25,300/- with interest. |
| PROPERTY CASES - 3 cases | | | | |
| S.No. | Claim amount Rs. | Court | Claimant | Nature of Complaint |
| 1 | Nil | Munisiff Court, Devikulam | Mahindra Holidays against Chancellor Resort | Encroachment of our land by Chancellor Resort |



| | | | | |
|----------------------------------|-------------------------|--|--|--|
| 2 | Nil | Civil Judge Senior Division, Margao | Mr Joanita Periera (Neighbour) - Goa against Mahindra Holidays | Boundry Dispute - Goa Land |
| 3 | Nil | Magistrate Court, Almorah | Binsar - Revenue authorities | Alleging encroachment (construction) by us in the Government land of about 500 sq ft. |
| LEGAL ADMN. / OTHER CASES | | | | |
| S.No. | Claim amount Rs. | Court | Claimant | Nature of Complaint |
| 1 | 257899 | Addl. Metropolitan Magistrate, Bangalore | Mahindra Holidays & Resorts | Case u/s. 138 of Negotiable Instruments Act. Cheque for Rs.2.57 lacs issued by landlord towards refund of deposit bounced. Filed criminal compliant against landlord |
| 2 | 2057954 | High Court at Shimla | Luxury Tax (Shimla) filed by Mahindra Holidays against Luxury Tax authorities. | Challenging levy of LT on Timeshare |
| 3 | 298110 | Chennai High Court | Tata Infomedia Ltd filed against Mahindra Holidays | Winding up Petition for non-settlement of their bill amounting to 2,98,110/- |
| 4 | 105000 | Munisiff Court, Devikulam | Mahindra Holidays | Case filed by us for recovery of money due to us by attachment of Car |
| 5 | Nil | Labour Court | IR Issue (Rajan - Munnar) | Mr Rajan, ex.employee terminated by the Company for diesel theft. Mr Rajan approached Labour Office for reinstatement. |
| 6 | Nil | Magistrate Court at Goa | Mahindra Holidays & Resorts | Case u/s. 138 of Negotiable Instruments Act. Defaulted in supplying Computers and thus returned the Advance amount of Rs.63,620/- by two cheques, but the cheques bounced. |

| | | | | |
|--|-------------------------|------------------------|--|---------------------------|
| Name of the Company : Mahindra Gesco Developers Limited | | | | |
| Sr. No. | Claim Amount Rs. | Court/DRT/Forum | Claimant | Remarks / Comments |
| 1 | | Delhi | Karan Promoters Pvt. Lmt. | |
| 2 | 3,98,120 | Labour Court, Bandra | Filed by the wife of a Labourer who died at the site of GE Links | |



| Name of the Company : Mahindra Logisoft Business Solutions Limited | | | | |
|---|-------------------------|---|--|--|
| Sr. No. | Claim Amount Rs. | Court/DRT/Forum | Claimant | Remarks / Comments |
| 1 | Nil | Dy Commissioner of Labour-Appeals Chennai | M.Balasubramanian Manager-Quality assurance | He has not asked for any specific amount He has prayed to set aside the termination order . How ever he has mentioned that July salary has not been paid and performance pay has not been paid for the year 2001-02 and 2002-03 and has stated that he has reserve the right to claim it independently . His performance pay is Rs 3500/ Per Month His July salary Gross 25,000 Net payable Rs 23,920 |
| 2 | Nil | Dy Commissioner of Labour-Appeals Chennai | S.N Karmegam Asst.manager- Personnel | He has not asked for any specific amount He has prayed to set aside the termination order . How ever he has mentioned that July salary has not been paid and performance pay has not been paid for the year 2001-02 and 2002-03 and has stated that he has reserve the right to claim it independently . His performance pay is Rs 1500/ Per Month His July salary Gross 21,000 Net payable Rs 20,280 |

| Name of the Company : Mahindra Holdings & Finance Limited | | | | |
|--|-------------------------|------------------------|-------------------------------------|---|
| Sr. No. | Claim Amount Rs. | Court/DRT/Forum | Claimant | Remarks / Comments |
| 1 | 819104 | Income Tax Department | Mahindra Holdings & Finance Limited | The demand was raised in the Income Tax assessment in the year 1999-2000 and recovered against the refund of 2001-2002. The Company has preferred an appeal to Comm.of Income Tax (Appeal). |

| Name of the Company : Mahindra Shubhlabh Services Limited | | | | |
|--|-------------------------|---------------------------|--------------------|---|
| Sr. No. | Claim Amount Rs. | Court/DRT/Forum | Claimant | Remarks / Comments |
| 1 | 8,05,000 | High Court, Mumbai | Mahindra Shubhlabh | |
| 2 | 1,74,000 | Nampatty Court, Hyderabad | Mahindra Shubhlabh | Case filed u/s. 138 of the Negotiable Instruments Act . |



| Name of the Company : Mahindra USA Limited | | | | |
|--|------------------|--|---|---|
| Sr. No. | Claim Amount Rs. | Court/DRT/Forum | Claimant | Remarks / Comments |
| 1 | Nil | Cause No. 36,736; In the 5 th Judicial District Court of Richland Parish, Louisiana | Gail Parnell Creed v. Mahindra USA, Inc. and Scott Trucking Company, L.L.C. | Not yet able to evaluate the risk of an adverse jury verdict or a possible adverse verdict range at this time as discovery is not yet very far advanced |

| Name of the Company : Mahindra Ashtech Limited | | | | |
|--|------------------|--|-----------------------------------|----------------------------|
| Sr. No. | Claim Amount Rs. | Court/DRT/Forum | Claimant | Remarks / Comments |
| 1 | 73,77,000 | C I T (A) | Income-tax Dept. | F. Y. 2000-01 A.Y. 2001-02 |
| 2 | 36,00,000 | Commissioner (Appeals) Central Excise Mumbai | Central Excise (Service Tax Cell) | |
| 3 | 1,40,00,000 | Dy. Commissioner (Appeal) Sales Tax, Lucknow | U.P Sales Tax Dept. Lucknow | |
| 4 | 1,00,000 | Commissioner (Appeals) Mumbai | Central Excise | |

| Name of the Company: Mahindra Gujarat Tractor Limited | | | | | |
|---|----------|----------------------------|----------------------------------|--|---|
| Consumer Cases filed against the Company | | | | | |
| Sr.no. | Case No. | Claim amount (in lacs) Rs. | Court/DRT/foru | Party | Remarks/Comments |
| 1 | 77/99 | 2.63 | Dist.Consumer Forum, Khandwa | Champala V/s.Om Agencies & GTCL. | Nobody attended the court. The judgement was in favour of party. A copy of judgement not received hence party filed a suit in Civil Court for recovery. |
| 2 | 149/98 | 1.00 | Dist.Consumer Forum, Hoshangabad | Mr. Shambudyal Soni, V/s. Manoj Trs. Harda & GTCL. | Order passed against the Company. |



| | | | | | |
|---|---------|------|--|--|--|
| | | | State Commission, Bhopal, National Consumer Forum | . Mr. Shambudyal Soni, V/s. Manoj Trs. Harda & GTCL. | One sided judgement for replacement of tractor by honourable District Forum. Revision appeal against order |
| 3 | 1821/99 | 0.86 | State Consumer Forum. Lucknow | Mr.Sanchit V/s. Yantralok, Basti, | Distt. Consumer Forum, Basti reject the complain on "Beyond Jurisdiction" ground. |
| 4 | 306/93 | 1.02 | Distt.Consumer Forum, Etha | Radheshyam V/s. Ravi Engg. Etah & GTCL | Consumer Case |
| 5 | 144/95 | 1.00 | Distt.Consumer Forum, Sultanpur | Smt.Damodar Dasi V/s.Sultanpur Agro. & GTCL - | Judgement in is favour of GTCL |
| | 19/97 | | Distt.Consumer Forum, Sultanpur | Smt.Damodar Dasi V/s.Sultanpur Agro. & GTCL | case re open by complaint |
| 6 | 288/95 | 1.22 | Distt.Consumer Forum, Sultanpur | Shri Ram Akbal Mishra V/s.Sultanpur Agro & GTCL | Judgement in is favour of complaint |
| | 26/99 | | Distt.Consumer Forum, Sultanpur | Shri Ram Akbal Mishra V/s. Sultanpur Agro & GTCL | case re open by Company |
| 7 | 690/98 | 0.75 | Distt.Consumer Forum, Sravasti | Shri Ramsamokhan V/s. Bhavani Trs, Bahraich & GTCL | Judgement in favour of party |
| | 55/99 | | State Commission, Lucknow | Shri Ramsamokhan V/s. Bhavani Trs, Bahraich & GTCL | Appeal for revision over order |
| 8 | 158/94 | 0.50 | Distt.Consumer Forum, Nainital, Dist: Udhamsingh Nagar | Shri A.N. Agarwal V/s.Bhai S.K. Bazpur & GTCL | State Forum dismissed the order of District Forum |
| 9 | 250/95 | 0.10 | State Consumer Forum, Mumbai | Mr. Shaymrao V/s. MAIDC, Kolhapur & GTCL - | Appeal filed in State Commission |



| | | | | | |
|----|---------|------|--|--|---|
| 10 | 30/97 | 1.00 | Dist.Consumer Forum, Kakinada | Mr.G.Venkates waralu V/s. Auto Eng.Ent. & GTCL | Dealer is attending |
| 11 | 568/95 | 0.50 | Dist.Consumer Forum, Siwan | Mr. Jawaharprasad V/s.Hindustan Auto. & GTCL | Dealer is attending |
| 12 | 31/92 | 0.50 | Dist.Consumer Forum, Bijapur | Shri Girimalla V/s. KAIC Ltd. & GTCL - | File appeal in State Commission to get stay order |
| 13 | 391/00 | 2.00 | Additional Consumer, Dist. Forum, Pune | Shri Ramdas Valunj, V/s. GTCL & Anand Agro | |
| 14 | 423/99 | 1.00 | Dist. Consumer Forum, Kota | Shri Sambhusingh, V/s. Sunder Motors & GTCL | |
| 15 | 27/00 | 1.00 | Dist.Consumer Forum, Hoshangabad | Shri Sultanali Sadiqali, V/s.Krishi Seva Kendra & GTCL | |
| 16 | 65/98 | 0.70 | State Consumer Forum, Madras | S.Udaikumar, V/s.Madra Farm Equip. & GTCL | |
| 17 | ----- | 0.50 | Court of Add. Civil Judge, Sr. Divn. Barnala | Mukhtar singh, V/s. Barnala Trs. & GTCL | |
| 18 | 176/00 | 0.70 | Dist. Consumer Forum, Rajkot | Mr. Vallabhbhai V/s. Tractor Trading Corpn. & MGTL | |
| 19 | 225/00 | 0.60 | Dist. Consumer Forum, Guna | Mr.Jagdish Bairagi V/s. Bador Bros. Ashoknagar | |
| 20 | 118/00 | 0.90 | Dist. Consumer Forum | Mr. Srinivas Mishra V/s. Abhishek Motors & MGTL | |
| 21 | 119/00 | 0.60 | Dist.Consumer Forum | Mr. Rajbhansingh Vs. MGTL & Abhishek Motors | |
| 22 | 2993/01 | 0.50 | Dist. Consumer Forum, Sirsa | Mr. Dhanraj V/s. MGTL & Jindal Auto | |



| 23 | 11/02 | 0.50 | Dist.Consumer Forum, Bikaner | Mr. Ganeshram V/s. Mohit Motors & MGTL | |
|---|----------|---------------|-----------------------------------|--|---|
| 24 | 05/03 | 0.50 | Distt. Consumer Forum, Saharanpur | Shri Ibbrahim V/s. Bhavani Scooters, Sarsawa | |
| Civil Cases filed by Company | | | | | |
| Sr.no. | Case No. | Claim amount | Court/DRT/forum | Party | Remarks/Comments |
| | | (Rs. In lacs) | | | |
| 1 | 105/02 | 15.11 | Civil Court, Vadodara | M/s. K.B. Automobiles, Hanumangarh | Under Revival plan. |
| 2 | 106/02 | 7.41 | Civil Court, Vadodara | M/s. Mitra Motors, Mancherial | Public Notice published in local news paper Vartha on 9.1.03. Framing issue |
| 3 | 175/03 | 24.44 | Civil Court, Vadodara | M/s. Haryana Motors, Sirsa | Summons could not served, return back with various remarks |
| 4 | 296/03 | 14.94 | Civil Court, Vadodara | M/s. Niranjan Auto. Waidhan | Summons served |
| 5 | 540/03 | 4.5 | Civil Court, Vadodara | Krishi Seva Kendra | Summons to be served |
| 6 | 589/03 | 5.54 | Civil Court, Vadodara | Kisan Motors | Summons to be served |
| 7 | 588/03 | 9.8 | Civil Court, Vadodara | Shri Ram Auto. | Summons to be served |
| 8 | 792/1981 | Nil | Civil Court, Vadodara | HEPL | Stay Continue |
| 9 | 1802/95 | Nil | High court, Gujarat | HEPL | |
| Complaints filed u/s. 138 of Neg. Instruments Act by the Company | | | | | |
| Sr.no. | Case No. | Claim amount | Court/DRT/forum | Party | Remarks/Comments |
| | | (Rs. In lacs) | | | |
| 1 | 2437/02 | 3.40 | Civil Court, Vadodara | Shiva Tractors | B/ warrant to be collect. Balance 1.85 lacs. |
| 2 | 2702/01 | 12.13 | Civil Court, Vadodara | Lavanya Motors | Affidavit to be filed. |
| 3 | 660/01 | 7.56 | Civil Court, Vadodara | Sunder Motors | Fix for argument |
| 4 | 2336/00 | 2.40 | Civil Court, Vadodara | Om Agencies | Summons hand over to Ad. Majmudar.Fresh summons to be apply for |



| | | | | | |
|----|--------------|-------|-----------------------|----------------------|---|
| 5 | 2339/00 | 7.00 | Civil Court, Vadodara | Shakti Tractors | B/warrant served. Affidavit to be filed. |
| 6 | 2337/00 | 12.50 | Civil Court, Vadodara | Dharati Tractors | Summons could not served as he settled at other village. |
| 7 | 2338/00 | 4.75 | Civil Court, Vadodara | Kissan Trading Co | B/w to be served. Handover to Advocate Majmudar |
| 8 | 1700/98 | 2.64 | Civil Court, Vadodara | Shri Laxmi Agencies | Summons sent to Chennai Office. Not tressiable |
| 9 | 617/98 | 3.55 | Civil Court, Vadodara | Delhi Automobiles | B/w to be served. Handover to Advocate Majmudar |
| 10 | 2747/01 | 2.77 | Civil Court, Vadodara | Bharat Tractors | Fresh summons given to Adv. Majmudar |
| 11 | 2755/02 | 2.05 | Civil Court, Vadodara | Gaur Tractors | Dealer appoint Advocate |
| 12 | 2755/02 | 13.70 | Civil Court, Vadodara | Gaur Bandhu | Dealer appoint Advocate |
| 13 | 2701/01 | 2.24 | Civil Court, Vadodara | Amit Tractors | Summons served. MOU done, Balance Rs.1.70 |
| 14 | 2449/02 | 2.60 | Civil Court, Vadodara | Maharashtra Tractor | B/warrant served.(Received Rs. 1.92 lacs), Balance Rs. 15000/- |
| 15 | 2448/02 | 4.33 | Civil Court, Vadodara | Datta Sai Tractors | Fresh B/W to be collect. |
| 16 | 3232/02 | 1.02 | Civil Court, Vadodara | Ashwamegh Industries | B/w could not served as he settled in Indore. |
| 17 | 1320/03 | 4.35 | Civil Court, Vadodara | Rajdeep Automobiles | Case filed on 25.4.03. Received Rs. 1.90 Lac MOU done Balance.37684/- . Letter sent for Bal. Amt. B.W to be served. |
| 18 | 3383 to 3387 | 5.00 | Civil Court, Vadodara | Bhavani Tractors | Summons to be served. |
| 19 | 3878 | 2.63 | Civil Court, Vadodara | Bhavani Tractors | Summons to be served. |

Name of the Company: Mahindra Construction Company Limited

| Sr.no. | Claim amount Rs | Court/DRT/forum | Claimant | Remarks/Comments |
|--------|-----------------|-----------------------|------------------|--|
| 1. | 6,00,000 | High Court Delhi | ATC Techno | Recovery Suit. |
| 2. | 17,00,000 | High Court, Bangalore | Gem Sugar | Petition challenging the Arbitration Award |
| 3. | 29,00,000 | High Court, Mumbai | Maini Associates | Winding Up Petition |



Name of the Company : Mahindra UGINE Steel Limited

| Sr No | Claim Amount | Court / DRT / Forum | Claimant | Remarks / Comments |
|-------|----------------|-----------------------------------|-----------------|------------------------------|
| 1 | Rs 308.35 Lacs | Various Excise Tribunals & Courts | | Excise duty claims |
| 2 | Rs 162.38 Lacs | Various Tax Tribunals & Courts | | Taxation demands |
| 3 | Rs 642.09 Lacs | Various Courts | | Other claims |
| 4 | Rs.1303110 | CESTAT | Excise | Stay Granted |
| 5 | Rs.213080 | CESTAT | Excise | Stay Granted |
| 6 | Rs.41519887 | CESTAT | Custom | Stay Granted |
| 7 | Rs. 82865946 | Lower Court | Irrigation Dept | Decision Given in our Favour |

Name of the Company : Console Estate & Investments Limited

| Sr No | Claim Amount | Court / DRT / Forum | Claimant | Remarks / Comments |
|-------|---------------|--------------------------------|----------|--------------------|
| 1 | Rs 5.006 Lacs | Various Tax Tribunals & Courts | | Income Tax demands |

Note: We are awaiting information of some of the small group companies, which would be updated as and when received. Such additional information will be deemed to form part of this information memorandum when updated.



XIII. RISK FACTORS AND PROPOSALS TO ADDRESS THE RISK

Following are certain considerations, which the investors should peruse before making an investment in the issue. The material implication of the risks envisaged by the management has been quantified as far as possible. Where such quantification has not been made it may be construed that the implication cannot be quantified.

Internal Risk Factors:

1. The Company's business is vulnerable to volatility in interest rates. Changes in market interest rates could affect the interest rates charged on Company's interest-earning assets differently from the interest rates paid on its interest-bearing liabilities. Any volatility in interest rates could adversely affect the Company's business and its future financial performance.

Proposal to address the Risk : Even during a falling interest rate scenario, the Company has been able to maintain its Gross Spread at 3% to 4% in FY02 and FY03. The Asset Liability Management Committee (ALCO) of the Company continuously monitors interest rate changes to assess the impact of change in interest rates and steps taken to minimize adverse impact, if any.

2. The primary business of Company is of lending which carries a risk of default by borrowers.

Proposal to address the Risk : Necessary controls like maintaining a diversified portfolio with industrywise, borrowal group wise and specific client wise exposure limit, to avoid concentration of lending to any industry segment/borrowal group/company are being complied with. These limits help minimize credit risks. The performance of the asset portfolio is monitored on a regular basis to take corrective action wherever necessary.

3. Any increase in the NPA levels of the Company could adversely affect the Company's performance. The Company's net NPAs represented 2.28% of its Total Customer Assets at March 31, 2003, 2.00% at March 31, 2002 and 1.38% at March 31, 2001.

Proposal to address the Risk: The Company mainly operates in semi urban and rural India. While approving the loan the customer background and application of the product for which the loan is sought is studied in detail. The company finances vehicles mainly for commercial purpose. To reduce the NPA risk the Company finances only 75% of the vehicle cost.

4. Assets Liability position - The Company's funding comprises of short and medium term loans from its Bank Borrowing and Non-Convertible Debentures. The asset liability position of the Company could be affected, impacting the business, if the Bankers do not roll over the deposits or there is shortfall in the liquidity position in the Money Market.

Proposal to address the Risk: The Company has advanced risk management system in place to monitor liquidity gap position vis-à-vis internal limits. This report is placed periodically at ALCO so as to maintain a healthy and sustained growth within acceptable



risk parameters. The Company also maintains adequate levels of liquid assets, which can be used to meet the liquidity gaps.

XIV. DISCLOSURE ON INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

To ensure that Investors grievances are attended to expeditiously it will be handled by :

Mr. Nitin Shah
Treasurer
Mahindra & Mahindra Financial Services Ltd.
Sadhana House, 2nd Floor,
Behind Mahindra Towers,
Worli, Mumbai 400 018
Phone Nos.: 022-56526037/08/09
Fax No.: 022-24900728
E mail : shah.nitin@mahindra.com

Further, investors may note that a compliance officer has also been appointed by the Company and he may be contacted in case of any grievances at the following address :

Mr. V.Ravi
Chief Financial Officer
Mahindra & Mahindra Financial Services Ltd.
Sadhana House, 2nd Floor,
Behind Mahindra Towers,
Worli, Mumbai 400 018
Phone Nos.: 022-56526000/08/09/37
Fax No.: 022-24900728
E mail : ravi.v@mahindra.com

The details regarding normal time taken for disposal of various types of investor's grievances is given below:

| | | |
|---|---|-----------|
| 1 | Change of Address | : 2 days |
| 2 | Issuance of duplicate Debenture Certificate | : 30 days |
| 3 | Non receipt of Interest warrants | : 2 days |

As on date there are no outstanding grievances against Mahindara & Mahindra Financial Services Ltd. from investors/ shareholders.

All the listed companies under the same management within the meaning of Section 370(1B) of the Companies Act, have instituted Investor Grievances and Redressal System in compliance with SEBI Rules as applicable.



PART II

XV. GENERAL INFORMATION

Consent

M/s B.K.Khare & Co, Chartered Accountants, the Statutory Auditors of the Company have their written consent to their report being included in the form and content in which it appears in this Information Memorandum

This Information Memorandum was placed before the Board of Director for necessary approvals at its meeting held on 3rd February, 2004 and all the disclosure made are true and correct. UTI Bank Limited has given its written consent to act as Trustees to the issue and for including their name in the Information Memorandum. M/s Sharepro Services has given its written consent to act as Registrar to the issue and for including its name in the Information Memorandum as Registrar.

Change in Directors of Mahindra & Mahindra Financial Services Limited during the Last Three Years

The following Persons have been appointed and inducted into the Board as Directors during the last 3 years

| Sr. No. | Name of Director | Date of Appointment | Reason |
|---------|----------------------|---------------------|----------------------|
| 1 | Mr. Ramesh Iyer | 30.04.2001 | Whole time Director |
| 2 | Mr Dipak Kumar Rudra | 26.06.2002 | Independent Director |
| 3 | Mr Rajeev Narain | 26.06.2002 | Independent Director |
| 4 | Mr Nasser Munjee | 17.03.2003 | Independent Director |

The following Persons have ceased to be Directors during the last 3 years

| Sr. No. | Name of Director | Date | Reason |
|---------|-------------------------|------------|-------------|
| 1 | Mr Uday S. Kotak | 25.11.2002 | Resignation |
| 2 | Mr Harsharaj A Kale | 26.06.2002 | Resignation |
| 3 | Mr Sunit Kumar Malhotra | 26.06.2002 | Resignation |

Change in Auditors of Mahindra & Mahindra Financial Services Limited During The Last Three Years

There is no change in the Auditors in the last 3 years.



Authority for the Present Offer

The Board of Directors of the Company at its meeting held on 3rd February, 2004 has approved the issue of UNSECURED /SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES for an amount upto Rs. 1000 crores in one or more trenches at a appropriate rate of interest to be decided by any Director or the Chief Financial Officer of the Company by way of Private Placement on such other terms and conditions mutually acceptable to lender and the company and subject to guidelines issued by SEBI, RBI and other regulatory authorities.

This Information Memorandum was placed before the Board for necessary approvals at its meeting held on 3rd February, 2004. Also the disclosures to be made by the Company in terms of SEBI/MRD/SE/AT/36 /2003/30/09 circulars in the Information Memorandum were permitted to be finalized and approved by any Director. Also the Information Memorandum containing disclosures under SEBI guidelines are permitted to be finalised and approved by any Director or Chief Financial Officer. Also any Director of the company was authorized to appoint Debenture Trustees registered with SEBI and approve the terms and conditions of their appointment.

Procedure and Time Schedule for allotment and issue of certificates.

Debentures would be allotted by Committee of Directors of the Company and Letter of Allotment would be issued / credited within 21 days from date of allotment and Debenture Certificates in Physical/ Dematerialized form would be issued / credited within 3 months from the date of allotment.

Name and address

Compliance Officer

Mr. V.Ravi
Chief Financial Officer
Mahindra & Mahindra Financial Services Ltd.
Sadhana House, 2nd Floor,
Behind Mahindra Towers,
Worli, Mumbai 400 018
Phone Nos.: 022-56526000/08/09/37
Fax No.: 022-24900728
Email: ravi.v.@mahindra.com

Auditors

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

**Company Secretary**

Mr. N Shankar

Company Secretary

Mahindra & Mahindra Financial Services Ltd.

Sadhana House, 2nd Floor,

Behind Mahindra Towers,

Worli, Mumbai 400 018

Phone Nos.: 022-56526000/08/09/37

Fax No.: 022-24900728

Email: narayan.shankar@mahindra.com**Bankers to the Company**

1. State Bank of India
Nariman Point, Mumbai
2. Union Bank of India
Nariman Point, Mumbai
3. Corporation Bank
Fort, Mumbai
4. Punjab National Bank
Mahim, Mumbai
5. Canara Bank
Worli, Mumbai
6. Indian Overseas Bank
Nariman Point, Mumbai
7. Standard Chartered Bank
Fort, Mumbai
8. ABN Amro Bank
Nariman Point, Mumbai
9. Bank of America
Nariman Point, Mumbai
10. The Bank of Nova scotia
Nariman Point, Mumbai
11. Credit Lyonnais
Churchgate, Mumbai
12. HDFC Bank Ltd.
Lower Parel, Mumbai
13. IDBI Bank Ltd.
Nariman Point, Mumbai
14. ING Vysya Bank Ltd.
Worli, Mumbai
15. UTI Bank Ltd.
Fort, Mumbai
16. The United Western Bank Ltd.
Prabhadevi, Mumbai
17. The Dhanalakshmi Bank Ltd.
Fort, Mumbai



AUDITOR'S REPORT

To
The Board of Directors
Mahindra & Mahindra Financial Services
Mumbai

In terms of the appointment for the purpose of certification of the financial information of Mahindra & Mahindra Financial Services Ltd ('the Company') annexed to this report, which is required to be prepared in accordance with the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the Guidelines'), issued by Securities and Exchange Board of India ('SEBI') on 19 January 2000 in pursuance of section 11 of the Securities and Exchange Board of India Act, 1992, we state as follows

The financial information is proposed to be included in the Offer Document of the Company in connection with the umbrella approval (Valid for the period of 1 year) for the issue of 10000 Unsecured/Secured Redeemable Non-convertible Debentures of Rs10,00,000/- each aggregating Rs.1000 crores on a private placement basis.

We have examined the annexed restated statements of assets and liabilities of the Company as at 30th September 2003, 31 March 2003, 31 March 2002, 31 March 2001, 31 March 2000 and 31 March 1999 and the annexed restated statements of Profit and loss for each of the years ended on those dates ('the summary statements')

The summary financial statements have been drawn up in conformity with the requirements of Part II of Schedule II to the Companies Act, 1956. The summary financial statements have been extracted from the Financial Statements for the half-year ending 30 September 2003 and years ended 31 March 2003, 31 March 2002, 31 March 2001, 31 March 2000 and 31 March 1999 which were audited by us.

In accordance with the requirements of Clause B of Part II to Schedule II of the Companies Act, 1956 and SEBI (Disclosure and Investor Protection) Guidelines, 2000, we have examined the following:

1. The audited Profit and Loss account of the Company (**Annexure I**) for the half-year ending 30 September 2003 and years ended 31 March 2003, 31 March 2002, 31 March 2001, 31 March 2000 and 31 March 1999, the Statements of Assets and Liabilities (Balance Sheets) of the Company (**Annexure II**) for the year / period ending as on the respective dates and the specified ratios for the respective years (**Annexure III**).
2. The capitalization statement as at 30 September 2003 (**Annexure IV**)
3. The significant accounting policies for FY 2002-03. (**Annexure V**)

We further report that dividends declared by the Company in respect of five consecutive financial years ending as on 31st March 2003 are set out in (**Annexure VI**) enclosed.

We further state that we have relied upon the management representation for the correctness of Financial Information of Promoter Group companies disclosed in the Offer Document.

On the basis of our examination of above referred financial information we state as follows:



1. With respect to the restatement of Financial Statements we have taken a view that:

As per the SEBI Guidelines adjustments to Profit and Loss account are required to be done in respect of following items, which are disclosed in the audited financial statements of the respective years:

- a. changes in accounting policies,
 - b. prior period items,
 - c. rectification of incorrect accounting policies, and
 - d. material amounts relating to the adjustments for previous years identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which event triggering profit or loss occurred.
2. The summary statements have been restated with retrospective effect to reflect the significant accounting policies adopted by the Company as at and for the year ended 31 March 2003, (as disclosed in the audited financial statements), except for the following in respect of which no adjustments could be carried out as the consequential effects could not be ascertained on a retrospective basis:
 - ◆ Upto the financial year ending 31st March 2001, Provision for non-performing assets was made in accordance with the Guidelines issued by Reserve Bank of India. From the Financial year 2001-02 it was decided to make an additional provision over and above the NPA provision required as per the Guidelines issued by Reserve Bank of India. This additional provision was made in accordance with the directions of the Audit Committee
 - ◆ For the Financial Years 1998-99 and 1999-2000, repossessed assets (not capitalized) were valued at market value or written down value (calculated by depreciating the asset @20% on Straight Line Method) whichever is less. Further for the financial year 2000-01 repossessed assets lying with the company for a period exceeding 9 months were valued at Rs.1000 per contract. From the financial year 2001-02 onwards the separate treatment of Stock on Hire in respect of repossessed assets was dispensed with and the same was stated at agreement value net of installments due and unmatured finance charges. The difference in the WDV of the assets and the principal portion in the Stock on Hire was provided for as NPA as per the Reserve Bank of India Guidelines.
 - ◆ Accounting for Hire Purchase / Lease transactions was changed prospectively with effect from 01st April 2001 to comply with the requirements of Accounting Standard 19: Leases.
 - ◆ In accordance with the Accounting Standard 22: Accounting for Taxes on Income, the provision for Deferred Tax Asset / Deferred Tax Liability was made in / from financial year ending 31st March 2002.
 3. **Significant Changes in Accounting Policies effected during 1st April 1998 to 31st March 2003**
 - a. Upto the financial year ending 31st March 2001, Provision for non-performing assets was made in accordance with the requirements of the Guidelines issued by Reserve Bank of India. From the Financial year 2001-02 it was decided to make an additional provision over and above the NPA provision required as per the Guidelines issued by Reserve



- Bank of India. This additional provision was made in accordance with the guidelines formulated by the Audit Committee.
- b. Accounting for Hire Purchase / Lease transactions was changed prospectively with effect from 01st April 2001 to comply with the requirements of Accounting Standard 19: Leases.
 - c. In accordance with the Accounting Standard 22: Accounting for Taxes on Income the provision for Deferred Tax Asset / Deferred Tax Liability was made in / from financial year ending 31st March 2002.
 - d. For the Financial Years 1998-99 and 1999-2000, repossessed assets (not capitalized) were valued at market value or written down value (calculated by depreciating the asset @20% on Straight Line Method) whichever is less. Further for the financial year 2000-01 repossessed assets lying with the company for a period exceeding 9 months were valued at Rs.1000 per contract. From the financial year 2001-02 onwards the separate treatment of Stock on Hire in respect of repossessed assets was dispensed with and the same was stated at agreement value net of installments due and unmatured finance charges. The shortfall if any in the WDV of the assets to cover the principal portion in the Stock on Hire outstanding was provided for as NPA as per the Reserve Bank of India Guidelines.
- 4. Significant changes in the activities of the issuer which have had a material effect on the statement of profit/loss for the five years:**
- a. In view of the regulatory changes relating to accounting, Leasing and Hire Purchase transactions have been discontinued with effect from 01-04-2001 and 01-04-2002 respectively.
 - b. From the year 2001-02 company has started securitising (without recourse) its future receivables on selective basis.

The Company's management is responsible for the preparation of the summary statements and the Capitalization statement. Our responsibility is to report based on the work done.

We have performed such tests and procedures, which, in our opinion, were necessary for our reporting to you. These procedures include comparison of the annexed financial information with the Company's audited financial statements.

Based on such procedures carried out by us and review of the records produced to us and the information and explanations given to us by the Company's management, we confirm that nothing has come to our attention to show non-compliance with the SEBI Guidelines, except as mentioned above.

This report is intended solely for your information and for the Company to comply with the provisions of the SEBI Guidelines and may not be suitable for any other purpose.

Yours Sincerely,
for **B.K.Khare & Co.**
Chartered Accountants

Sd/-
Partner

Membership Number: 44784

Dated: 24th February 2004



Annexure I

STATEMENT OF PROFITS AND LOSSES

(Rs. Lacs)

| For the year ended March 31, | 1999 | 2000 | 2001 | 2002 | 2003 | Half Year Ended 30/09/2003 |
|---|----------------|-----------------|-----------------|-----------------|-----------------|-------------------------------|
| Income | | | | | | |
| Interest Earned | 6199.90 | 9026.56 | 11394.79 | 17116.04 | 22368.60 | 12256.15 |
| Lease Rentals | 3113.26 | 2505.58 | 2259.01 | 1420.41 | 835.52 | 182.09 |
| Income from Securitisation @ | 34.62 | 0.00 | 0.00 | 342.02 | 1450.67 | 1491.08 |
| Other Income | 182.54 | 325.34 | 233.09 | 255.48 | 334.49 | 339.40 |
| Total | 9530.32 | 11857.48 | 13886.89 | 19133.95 | 24989.28 | 14268.72 |
| Expenditure | | | | | | |
| Interest & Bank Charges | 4367.15 | 5875.17 | 6588.60 | 7443.82 | 8569.36 | 4708.95 |
| Commission & Brokerage | 682.77 | 512.42 | 394.16 | 274.27 | 1032.92 | 582.28 |
| Staff Costs | 262.42 | 398.63 | 650.63 | 886.83 | 1238.55 | 801.15 |
| Provisions for Non Performing Assets/Bad Debts/Loss on terminations | 579.96 | 1112.71 | 1570.29 | 3899.84 | 4372.66 | 2776.53 |
| Depreciation | 2100.93 | 2031.07 | 1790.05 | 1187.45 | 846.58 | 248.22 |
| Administrative Expenses | 467.09 | 581.91 | 846.44 | 1099.69 | 1753.85 | 1137.89 |
| Total | 8460.32 | 10511.91 | 11840.17 | 14791.90 | 17813.92 | 10255.02 |
| Profit before tax | 1070.00 | 1345.57 | 2046.72 | 4342.05 | 7175.36 | 4013.70 |
| Provision for Taxes/Current Tax | 543.41 | 761.19 | 965.12 | 2208.97 | 3521.73 | 2067.75 |
| Deferred Tax | 0.00 | 0.00 | 0.00 | (646.84) | (744.00) | (605.89) |
| Net Profit before extraordinary items | 526.59 | 584.38 | 1081.60 | 2779.92 | 4397.63 | 2551.84 |
| Extraordinary Items | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Profit after extraordinary items | 526.59 | 584.38 | 1081.60 | 2779.92 | 4397.63 | 2551.84 |

@ Income of non-recurring nature.

Prior period items have been adjusted in the relevant years to which they pertain by restating items of income and expenditure.

Prior period items in the original financial statements were:

Rs. Lacs



| | | |
|-----------|---|--------|
| 1999-2000 | Short Provision for Income-tax (earlier years) | 0.12 |
| 2001-2002 | Excess Provision for Income-tax (earlier years) | 140.60 |
| Sept.2003 | Excess Provision for Income-tax (earlier years) | 210.23 |
| Sept.2003 | Deferred Tax Asset for (earlier years) | 32.00 |

Annexure II

| STATEMENT OF ASSETS AND LIABILITIES | | | | | | | |
|---|-----------------|-----------------|-----------------|------------------|------------------|--|----------------------------|
| | | | | | | | Rs Lacs |
| As at March 31, | 1999 | 2000 | 2001 | 2002 | 2003 | | Half Year Ended 30/09/2003 |
| A Fixed Assets | | | | | | | |
| Gross Block | 7748.21 | 7874.53 | 5922.93 | 4224.42 | 2690.77 | | 2590.59 |
| Less: Depreciation | 2602.00 | 2879.09 | 1608.25 | 1570.09 | 1215.44 | | 1136.73 |
| Net Block | 5146.21 | 4995.44 | 4314.68 | 2654.33 | 1475.33 | | 1453.86 |
| Less Revaluation Reserves | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | 0.00 |
| Net Block after adjustment for revaluation reserves | 5146.21 | 4995.44 | 4314.68 | 2654.33 | 1475.33 | | 1453.86 |
| B Investments | 1640.27 | 934.01 | 943.94 | 1181.25 | 2790.12 | | 4216.87 |
| C Current Assets, Loans and Advances | | | | | | | |
| Cash and Bank Balances | 2137.99 | 2942.89 | 3285.76 | 4529.86 | 4357.58 | | 5198.55 |
| Stock on Hire/Loans against assets | 32857.21 | 49338.69 | 63794.15 | 83043.48 | 115517.44 | | 129478.86 |
| Sundry Debtors | 4795.41 | 5347.52 | 6830.63 | 6497.47 | 8338.23 | | 11274.05 |
| Other Current Assets | 51.46 | 36.25 | 33.87 | 1883.70 | 2745.28 | | 3498.58 |
| Loans and Advances | 1271.30 | 6396.79 | 14059.35 | 7694.08 | 10383.75 | | 10194.00 |
| | 41113.37 | 64062.14 | 88003.76 | 103648.59 | 141342.28 | | 159644.04 |
| D Liabilities and Provisions | | | | | | | |
| Secured Loans | 8224.18 | 34976.92 | 47264.09 | 57072.87 | 68913.17 | | 94729.17 |
| Unsecured Loans | 21619.01 | 15617.74 | 22092.89 | 22723.69 | 42032.86 | | 30088.22 |
| Current Liabilities and Provisions | 11083.90 | 5808.74 | 9763.52 | 10274.79 | 14118.74 | | 17386.40 |
| | 40927.09 | 56403.40 | 79120.50 | 90071.35 | 125064.77 | | 142203.79 |
| E Net Worth (A+B+C-D) | 6972.76 | 13588.19 | 14141.88 | 17412.82 | 20542.96 | | 23110.98 |
| F Represented by | | | | | | | |
| Share capital | 3190.32 | 6062.33 | 6062.33 | 6062.33 | 6062.33 | | 6062.33 |



| | | | | | | |
|---------------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Reserves | 3782.44 | 7525.86 | 8079.55 | 11350.49 | 14480.63 | 17048.65 |
| Less : Revaluation Reserves | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Reserves(Net of Revaluation Reserves) | 3782.44 | 7525.86 | 8079.55 | 11350.49 | 14480.63 | 17048.65 |
| | | | | | | |
| Net Worth | 6972.76 | 13588.19 | 14141.88 | 17412.82 | 20542.96 | 23110.98 |

Annexure III Specified Ratios

| RATIOS | 1999 | 2000 | 2001 | 2002 | 2003 | Sep'03** |
|--|--|-------|-------|--------|--------|----------|
| Earning per Share (Rs.) | 2.14 | 1.84 | 1.78 | 4.59 | 7.25 | 8.42 |
| Cash Earning per Share (Rs.) | 11.76 | 8.30 | 4.75 | 6.60 | 8.71 | 9.29 |
| Return on Networth (%) | 7.56% | 4.30% | 7.65% | 15.97% | 21.41% | 19.89% |
| Net Asset Value of Shares (Rs.) | 21.86 | 22.41 | 23.33 | 28.72 | 33.89 | 42.33 |
| ** Annualised | | | | | | |
| 1) The number of equity shares for the years ended 31st March 1999,2000 have been adjusted for the rights issue in accordance with the Accounting Standard 20 on 'Earnings per Share' for computing the Earnings per Share & the Cash Earnings per Share | | | | | | |
| Earning per Share (Rs.) | Adjusted profits after tax/weighted average number of equity shares | | | | | |
| Cash earning per Share (Rs.) | (Adjusted profits after tax+Depreciation+Dimn in investment+Misc exp w/off)/weighted average number of equity shares | | | | | |
| Return on Net Worth (%) | Adjusted profits after tax/Shareholder's Fund | | | | | |
| Net Asset Value of Shares (Rs.) | Shareholder's Fund/No's of Equity Shares | | | | | |

Annexure IV

CAPITALISATION STATEMENT

CAPITALISATION STATEMENT

Rs. Lacs

| Particulars | Pre Issue as on 30.09.2003 | As Adjusted for the Issue (Sub-debt) ** |
|------------------------------|-------------------------------|--|
| Short Term Debt (Borrowings) | 60574 | |
| Long Term Debt | 64243 | |



Shareholder Funds

| | |
|----------------------------------|--------------|
| Share Capital | 6062 |
| Reserves | 17049 |
| Total Shareholder's Funds | 23111 |

| | |
|-------------------------------|-------------|
| Long Term Debt/ Equity | 2.78 |
|-------------------------------|-------------|

**** This is an umbrella offer document and offers are made in tranches.**

Annexure V

Significant Accounting Policies

1) Basis for Preparation of Accounts:

The accounts have been prepared to comply in all the material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956.

2) Revenue Recognition:

i) General:

The Company follows the accrual method of accounting for its income and expenditure except delayed payment charges, which are accounted as and when received on account of uncertainty of ultimate collection. Also in accordance with the guidelines issued by the Reserve Bank of India for Non Banking Finance Companies, income on business assets classified as non-performing assets, is recognised on receipt basis.

ii) Income from Lease:

Finance earnings on lease transactions are calculated by applying the interest rate implicit in the lease, to the investment in the leased assets, as reduced by the Net Present Value of the lease instalments falling due.

iii) Income from Hire Purchase:

Income from Hire Purchase transactions entered into prior to 01.04.2001 is accounted for on equated basis in accordance with the terms of the contract (except in some cases in which it is accounted for by applying the interest rate implicit in such contracts). For Hire Purchase transactions entered into by the company on or after 01.04.2001 the income is accounted for by applying the interest rate implicit in such contracts.

iv) Income from Loan:

Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.

v) Income from Subvention/Service/Document Charges:



Subvention received from dealers/manufacturers on retail cases is booked over the period of the contract. However, service charges & documentation charges are booked at the commencement of the contract.

vi) Income from Securitisation:

Securitized assets are derecognised as the contractual rights therein are transferred to the special purpose vehicle. On derecognition, the difference between book value of the securitized asset and consideration received is recognised as gain or loss arising on securitisation.

vii) Income from Investments:

- a) Dividend from investments is accounted for as income when the right to receive dividend is established.
- b) Interest income is accounted on accrual basis.
- c) Income from investment in Pass Through Certificate is accounted on accrual basis.

3) Fixed Assets:

Fixed assets are stated at cost of acquisition (including incidental expenses), less depreciation.

4) Depreciation:

- i. Depreciation on fixed assets, other than leased assets and repossessed assets capitalized for own use, has been charged using Straight Line Method at rates specified in Schedule XIV to the Companies Act, 1956 except for office equipment on which depreciation is charged at the rate of 16.21% instead of 4.75% as prescribed in Schedule XIV. Assets costing less than Rs.5000/- are written off in the year of purchase.
- ii. Leased assets (acquired prior to 01.04.2001) are depreciated at rates specified in Schedule XIV to the Companies Act, 1956 as required by the old Guidance note on lease accounting issued by the Institute of Chartered Accountants of India prior to issuance of Accounting Standard 19 on leasing transactions. To ensure capital recovery over the primary lease period, the difference between the depreciation charged as computed using the IRR implicit in the lease and the charge as disclosed for the period, is reflected in the lease equalisation account.
- iii. Repossessed assets that have been capitalised for own use are depreciated @15% using the Straight Line Method over the remaining useful life of these assets. The same have been grouped under the head 'Owned Assets'.

5) Investments:

Investments held as long-term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution, if any.

Investments other than long-term investments are classified as current investments and valued at cost or fair value which ever is less.

Pass Through Certificates are accounted for as Investments.

6) Inventories / Future Receivables:



Stock on hire / Future receivables is stated at agreement value net of installments due less unmaturred finance charges.

7) Miscellaneous Expenditure:

a. Preliminary Expenses:

Preliminary and pre-operative expenses are amortised over a period of five years.

b. Software Expenses:

Software expenses are either treated as revenue expense or amortised over a period of 3 years depending upon the type of software and evaluation of future benefits there from.

8) Retirement Benefits:

The Company's liability towards gratuity and superannuation to its employees is covered by a group gratuity policy with LIC of India. Leave encashable at retirement/cessation are provided for based on valuations, as at the Balance Sheet date, made by independent actuaries.

9) Borrowing Cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

10) Segment Reporting:

The company has single reportable segment namely financial services for the purpose of Accounting Standard 17 on Segment Reporting.

11) Foreign Exchange Transactions:

All assets and liabilities in foreign currencies are translated at the relevant rates of exchange prevailing at the year end, except those covered by forward exchange contracts which are translated at contracted rates, where the difference between the contracted rate and the spot rate on the date of the transaction (other than in respect of the contracts for the acquisition of fixed assets) is charged to Profit and Loss Account over the period of the contract.

In case of the current assets, current liabilities and long term liabilities (other than those for acquisition of fixed assets and technical know-how) the exchange differences are recognised in the Profit and Loss account.

In the case of borrowed funds and liabilities incurred for the acquisition of fixed assets and technical know-how, the exchange differences are adjusted to the cost of such assets/technical know-how.



Annexure VI

| Details of Dividend Declared for the last 5 financial years | | | | | (Rs. Lacs) |
|---|--------|--------|--------|--------|------------|
| Particulars | 1999 | 2000 | 2001 | 2002 | 2003 |
| % age of Dividend on Equity Shares | 10% | 6% | 8% | 10% | 20% |
| Dividend on Equity Shares | 259.18 | 260.03 | 484.99 | 606.23 | 1212.47 |
| % age of Dividend on Preference Shares | 11.25% | | | | |
| Dividend on Preference Shares | 53.36 | | | | |

XVI. OTHER PROVISIONS RELATING TO ACCOUNTS OF THE ISSUER COMPANY

DEBT OUTSTANDING

(Rs. Lacs)

| As at March 31, | 1999 | 2000 | 2001 | 2002 | 2003 |
|------------------|-------|-------|-------|-------|-------|
| Debentures | 3810 | 12970 | 22562 | 36900 | 54400 |
| Bank Borrowing | 10366 | 28177 | 37864 | 35688 | 40913 |
| Fixed Deposit | 3549 | 3715 | 3977 | 4098 | 4375 |
| Other Borrowings | 14260 | 5732 | 4954 | 3126 | 11258 |

SECURED LOAN OUSTANDING AS ON 30TH SEPTEMBER 2003

| Sr. No | Particulars | Amount Rs. in lacs | Security | Purpose |
|--------|-----------------------------------|-----------------------|--|---------------------------|
| 1 | Term Loans Banks | 14575.00 | Secured by hypothecation over the Company's current assets covered by Lease/HP/Loan agreements and relative rentals/book debts | Long Term Working Capital |
| 2 | Cash Credit from Banks | 10854.11 | Secured by hypothecation over the Company's current assets covered by Lease/HP/Loan agreements and relative rentals/book debts | Long Term Working Capital |
| 3 | Short Term Foreign Currency Loans | 5800.06 | Secured by hypothecation over the Company's current assets covered by Lease/HP/Loan agreements and relative rentals/book debts | Long Term Working Capital |



| | | | | |
|---|--|----------|--|---------------------------|
| 4 | Term Loan from International Finance Corporation | 4900.00 | Secured by hypothecation over the Company's current assets covered by Lease/HP/Loan agreements and relative rentals/book debts | Long Term Working Capital |
| 5 | Non-Convertible Debentures | 58600.00 | Secured by hypothecation over the Company's current assets covered by Lease/HP/Loan agreements and relative rentals/book debts | Long Term Working Capital |

BREAKUP OF TOTAL UNSECURED LOAN OUTSTANDING AS ON DATE

| Particulars | Amount (Rs in Lacs) |
|-------------------------------|---------------------|
| Promoter/Group/ Associate Co. | 400.00 |
| Others | 28187.48 |
| Total | 28587.48 |

Note: In the total outstanding unsecured loan of Rs. 28587.48 lacs, lender can recall Rs.16625 lacs at any time.

TAX SHELTERS

Leasing Business :

The company has discontinued the activity of leasing of assets from F.Y.2001-02. Even for the lease transactions carried out in the earlier financial years, there are no significant depreciation claims carried forward to the subsequent years.

Provision for Non Performing Assets (NPA) :

The company is required to make prudential provisions towards Non Performing Assets under the Reserve Bank of India (RBI) guidelines. However these provisions are disallowed and added back to profits for calculating income chargeable to tax under the provisions of the Income Tax Act 1961. Accordingly the company provides for much higher income tax as compared to the applicable marginal rate to the pre tax profit as per audited accounts.

XVIII. STATUTORY AND OTHER INFORMATION

a) Minimum Subscription

Pursuant to the Notification No. SEBI/MRD/SE/AT/46/2003 dated 22nd December 2003 issued by SEBI minimum subscription clause is not applicable to the privately placed debt securities.

b) Expenses of the Issue giving separately fee payable:

- Trusteeship Fees: as per letter ref. UTB/CO/MMA/01-02/DT232 dated January 16, 2004.
- Registrar and Transfer Agent Fees : Rs. 1500 per ISIN

c) Commission/Brokerage:



Debt : There is no Commission / Brokerage paid on this issue.

- d) Previous issue for cash:
(during last five years)

Issue of Equity Shares

| ALLOTMENT DATE | ISSUE PRICE | FACE VALUE | PREMIUM | SHARES ALLOTTED |
|----------------|-------------|------------|---------|-----------------|
| 2/9/99 | 22 | 10 | 12 | 4618508 |
| 3/9/99 | 22 | 10 | 12 | 4604144 |
| 2/12/99 | 22 | 10 | 12 | 19497420 |

- e) Previous public or rights issue, if any: None
(during last five years)
- f) Debentures issued by the Company outstanding as on the date of Information Memorandum and terms of issue:

Details of Debentures issued by the Company Outstanding as on 31st December, 2003

| Sr. No | Type of Security | Series | Allotment Date | No of Debenturs | Face value Rs. | Amount As on date | % of Interest | Maturity Date |
|--------|------------------|--------|----------------|-----------------|----------------|-------------------|---------------|---------------|
| 1 | NCD | AO | 16-Feb-01 | 5 | 10000000 | 50000000 | 12.10% | 16-Feb-04 |
| 2 | NCD | AO | 16-Feb-01 | 10 | 10000000 | 100000000 | 12.10% | 16-Feb-04 |
| 3 | NCD | BC | 14-May-01 | 10 | 10000000 | 100000000 | 11.60% | 14-May-04 |
| 4 | NCD | BC | 25-May-01 | 10 | 10000000 | 100000000 | 11.60% | 25-May-04 |
| 5 | NCD | BH[B] | 26-Jun-01 | 10 | 10000000 | 100000000 | 11.40% | 26-Jun-04 |
| 6 | NCD | GT | 5-Jul-02 | 20 | 10000000 | 200000000 | 9.60% | 5-Jul-05 |
| 7 | NCD | HD | 18-Jul-02 | 10 | 10000000 | 100000000 | 8.50% | 18-Jul-05 |
| 8 | NCD | HI | 31-Jul-02 | 5 | 10000000 | 50000000 | 8.00% | 31-Jul-05 |
| 9 | NCD | HU | 16-Aug-02 | 20 | 10000000 | 200000000 | 9.00% | 16-Aug-05 |
| 10 | NCD | IG | 18-Sep-02 | 20 | 10000000 | 200000000 | 8.80% | 18-Sep-05 |
| 11 | NCD | IQ | 3-Oct-02 | 24 | 10000000 | 240000000 | 8.80% | 3-Oct-05 |
| 12 | NCD | IY | 23-Oct-02 | 20 | 10000000 | 200000000 | 8.50% | 23-Oct-05 |
| 13 | NCD | IZ | 25-Oct-02 | 15 | 10000000 | 150000000 | 8.50% | 25-Oct-05 |
| 14 | NCD | JA | 25-Oct-02 | 5 | 10000000 | 50000000 | 8.25% | 25-Oct-05 |
| 15 | NCD | JM | 21-Nov-02 | 5 | 10000000 | 50000000 | 7.25% | 21-Nov-05 |
| 16 | NCD | MR | 5-Apr-03 | 10 | 10000000 | 100000000 | 7.45% | 3-Apr-04 |
| 17 | NCD | MS | 9-Apr-03 | 5 | 10000000 | 50000000 | 7.25% | 7-Apr-04 |
| 18 | NCD | MT | 28-Mar-03 | 1 | 10000000 | 10000000 | 7.45% | 2-Apr-04 |
| 19 | NCD | MU | 9-Apr-03 | 2 | 10000000 | 20000000 | 7.25% | 7-Apr-04 |
| 20 | NCD | NC | 7-May-03 | 20 | 10000000 | 200000000 | 7.00% | 7-May-05 |



| | | | | | | | | |
|----|-----|----------|-----------|----|----------|-----------|----------|-----------|
| 21 | NCD | NH-I-1 | 10-Jun-03 | 5 | 10000000 | 50000000 | 6.20% | 9-Jun-04 |
| 22 | NCD | NH-I-1 | 10-Jun-03 | 5 | 10000000 | 50000000 | 6.20% | 9-Jun-04 |
| 23 | NCD | NH-II-1 | 10-Jun-03 | 5 | 10000000 | 50000000 | 6.50% | 10-Dec-04 |
| 24 | NCD | NH-II-2 | 10-Jun-03 | 5 | 10000000 | 50000000 | 6.50% | 10-Dec-04 |
| 25 | NCD | NH-III-1 | 10-Jun-03 | 10 | 10000000 | 100000000 | 6.90% | 10-Jun-05 |
| 26 | NCD | NH-III-2 | 10-Jun-03 | 15 | 10000000 | 150000000 | 6.90% | 10-Jun-05 |
| 27 | NCD | NI | 10-Jun-03 | 10 | 10000000 | 100000000 | 6.90% | 10-Apr-05 |
| 28 | NCD | NJ | 20-May-03 | 17 | 10000000 | 170000000 | 7.10% | 20-May-05 |
| 29 | NCD | NL | 22-May-03 | 5 | 10000000 | 50000000 | 7.00% | 10-Apr-05 |
| 30 | NCD | NQ | 4-Jun-03 | 5 | 10000000 | 50000000 | 6.20% | 2-Jun-04 |
| 31 | NCD | NS | 11-Aug-03 | 25 | 10000000 | 250000000 | 6.75% | 11-Aug-05 |
| 32 | NCD | NX | 4-Jul-03 | 15 | 10000000 | 150000000 | 6.10% | 2-Jul-04 |
| 33 | NCD | NY | 20-Jun-03 | 7 | 10000000 | 70000000 | 6.20% | 24-Jun-04 |
| 34 | NCD | OM | 3-Jul-03 | 15 | 10000000 | 150000000 | MBR+1.05 | 1-Jul-04 |
| 35 | NCD | OO | 4-Jul-03 | 25 | 10000000 | 250000000 | 6.90% | 4-Jul-06 |
| 36 | NCD | OP | 7-Jul-03 | 20 | 10000000 | 200000000 | 6.75% | 7-Jul-05 |
| 37 | NCD | OR | 8-Jul-03 | 25 | 10000000 | 250000000 | 6.90% | 8-Jul-06 |
| 38 | NCD | OY | 5-Aug-03 | 50 | 10000000 | 500000000 | 6.90% | 5-Aug-06 |
| 39 | NCD | OZ | 1-Aug-03 | 25 | 10000000 | 250000000 | 6.75% | 1-Aug-05 |
| 40 | NCD | PI | 25-Aug-03 | 20 | 10000000 | 200000000 | 6.38% | 25-Aug-05 |
| 41 | NCD | PJ | 27-Aug-03 | 25 | 10000000 | 250000000 | 6.50% | 27-Aug-06 |
| 42 | NCD | QI-1 | 10-Oct-03 | 25 | 10000000 | 250000000 | 6.21% | 10-Oct-06 |
| 43 | NCD | QI-2 | 10-Oct-03 | 25 | 10000000 | 250000000 | 6.10% | 10-Oct-06 |
| 44 | NCD | QJ-1 | 15-Oct-03 | 5 | 10000000 | 50000000 | MBR+1.20 | 15-Oct-05 |
| 45 | NCD | QJ-2 | 15-Oct-03 | 15 | 10000000 | 150000000 | 5.75% | 15-Oct-05 |
| 46 | NCD | QV | 7-Nov-03 | 25 | 10000000 | 250000000 | 6.27% | 7-Nov-06 |
| 47 | NCD | QX-1 | 11-Nov-03 | 5 | 10000000 | 50000000 | 5.35% | 9-Nov-04 |
| 48 | NCD | QX-2 | 12-Nov-03 | 5 | 10000000 | 50000000 | 5.30% | 9-Nov-04 |
| 49 | NCD | QY | 13-Nov-03 | 25 | 10000000 | 250000000 | MBR+1.30 | 13-May-05 |
| 50 | NCD | QZ | 14-Nov-03 | 20 | 10000000 | 200000000 | MBR+1.30 | 14-Nov-05 |
| 51 | NCD | RB | 14-Nov-03 | 15 | 10000000 | 150000000 | 5.85% | 14-Nov-05 |
| 52 | NCD | RG | 4-Dec-03 | 5 | 10000000 | 50000000 | MBR+0.95 | 2-Dec-04 |
| 53 | NCD | RH | 4-Dec-03 | 5 | 10000000 | 50000000 | MBR+0.10 | 2-Dec-04 |
| 54 | NCD | RK | 8-Dec-03 | 25 | 10000000 | 250000000 | MBR+1.45 | 8-Jul-05 |
| 55 | NCD | RM | 11-Dec-03 | 5 | 10000000 | 50000000 | MBR+0.99 | 9-Dec-04 |
| 56 | NCD | RN | 11-Dec-03 | 5 | 10000000 | 50000000 | MBR+0.99 | 9-Dec-04 |
| 57 | NCD | RO | 12-Dec-03 | 10 | 10000000 | 100000000 | MBR+1 | 10-Dec-04 |
| 58 | NCD | RP | 15-Dec-03 | 25 | 10000000 | 250000000 | MBR+1 | 13-Dec-04 |
| 59 | NCD | RR-1 | 24-Dec-03 | 25 | 10000000 | 250000000 | MBR+0.95 | 22-Dec-04 |
| 60 | NCD | RR-2 | 24-Dec-03 | 25 | 10000000 | 250000000 | MBR+1.35 | 24-Jun-05 |



Details of Subordinated Debentures issued by the Company Outstanding as on 31st December, 2003

| Sr. No | Type of Security | Series | Allotment Date | No of Debenturs | Face value Rs. | Amount As on date | Rate of Interest | Maturity Date |
|--------|------------------|--------|----------------|-----------------|----------------|-------------------|------------------|---------------|
| 1 | NCD | AAA | 28-Mar-02 | 4 | 10000000 | 40000000 | 11.19% | 29-Sep-07 |
| 2 | NCD | BBB | 12-Jul-02 | 35 | 10000000 | 350000000 | 10.165% | 16-Jan-08 |

g) Option to subscribe:

The Company has made depository arrangement with NSDL / CDSL for the Debentures. The investors will have the option to hold the debentures in dematerialized form and deal with the same as per the provisions of Depositories Act, 1996/Rules as notified by NSDL / CDSL from time to time.

Investors desirous of receiving the debenture certificate in the dematerialized form should mention their Depository Participant's name, DP-ID and beneficiary account number in the appropriate place in the application form. Debentures allotted to successful allottee(s) having depository account shall be credited to their depository account against surrender of letter of allotment.

In case of incorrect details provided by the investors and inability of the Registrar to credit the Depository Account, the Debentures will be issued only after getting the correct details from the Investors.

h) Details of Managing Director.

| Name & Address | Directorship in other Companies | Nature of Interest in other Companies |
|---|---------------------------------|---------------------------------------|
| Mr. Ramesh Iyer Managing Director A-2003, Oberoi Towers I, 20 th Floor, A Wing, Western Express, Kandivli (E), Mumbai 400101 | Mahindra Allied Investments Ltd | Director |

Mr. Ramesh Iyer was appointed as Managing Director of the Company from 30th April, 2001 upto 30th April, 2006 on the terms and conditions contained in the Resolution passed at the meeting of the Board of Directors held on 30th April 2001.

| Particulars | Terms |
|---|---|
| Consolidated Salary | Rs. 7,55,000 per annum in the scale of Rs 5,40,000 to Rs. 7,80,000 per annum. |
| Perquisites - Housing, Medical Reimbursement, Leave Travel Concession, Club Fees, Provision of car and telephone at the Managing Director's residence for his use and other amenities and benefits as per the Company's Rules. | |



Commission - In addition to salary and perquisites, the Managing Director will be entitled to such commission based on the net profits of the company in any financial year not exceeding 1/4th Percent of such profits as the Board of Directors shall decide, having regard to the performance of the company.

In the event of absence or inadequacy of profit in any financial year, the remuneration by way of salary, allowance and perquisites payable to the Managing Director shall not exceed the limits prescribed under Schedule XIII to the Company's Act 1956 and the Rules made thereunder or any statutory modification or re-enactment thereof, including the provisions relating to the minimum remuneration.

Note on qualification shares: As per the Articles of Association of the Company, the Directors of the Company are need not required to hold any qualification shares.

XIX. RELATED PARTY DISCLOSURES

| No. | Nature of transactions | Holding Company | Companies under the control of Holding Company | Rupees in lacs | |
|-----|---|-----------------|--|-----------------------------|--------------------------|
| | | | | Fellow subsidiary Companies | Key Management Personnel |
| 1 | INCOME | | | | |
| | Hire Purchase / Lease / Loan income | 146.12 | -- | 93.75 | -- |
| | Other income | -- | -- | 53.31 | -- |
| 2 | EXPENSES | | | | |
| | Interest | 176.96 | -- | 20.52 | -- |
| | Other Expenses | 71.81 | (0.26) | 1.08 | 29.24 |
| 3 | FINANCE | | | | |
| | Non Convertible Debentures placed | 1,059.21 | -- | -- | -- |
| | Unsecured Bonds placed | 400.49 | -- | -- | -- |
| | Dividend paid - for previous year | 116.70 | -- | -- | -- |
| | Dividend paid - for current year | 585.30 | -- | -- | -- |
| | Inter Corporate Deposits taken | -- | -- | 149.92 | -- |
| | Inter Corporate Deposits given | -- | 100.00 | 406.88 | -- |
| | Net receivable on Hire Purchase / Loan / Lease agreements | 178.24 | 0.28 | 47.26 | -- |
| 4 | OUTSTANDINGS | | | | |
| | Receivables | (0.15) | 339.27 | 0.48 | -- |
| | Payables | 17.09 | -- | 0.23 | -- |
| 5 | PROVISIONS | | | | |
| | Provision for Non Performing Assets | -- | 439.55 | -- | -- |



XX. OTHER DETAILS

- A) Copy of the Board Resolution for appointment of Mr. Ramesh Iyer as Managing Director of the Company.

Date of resolution: 30.04.2001

The Resolution basically covers the terms of appointment of Mr. Iyer as the Managing Director and also the Salary and perquisites payable to him as the Managing Director.

- B) i.) Mr. Ramesh Iyer is the Managing Director of the Company.

Mahindra & Mahindra Ltd. as promoters of the Company are interested to the extent of their investment in the equity shares (Tier I capital) and Unsecured Redeemable Non-Convertible Debentures (Tier II Capital).

ii) The Company has not acquired any property within two years from the Promoters.

- iii) The following Directors are interested to the extent of their shareholding in the Company
Mr. K.J.Davasia - 2000 Shares
Mr. Bharat Doshi - 40 Shares

C) Interest of Directors and Promoters

All the Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board and of Committees thereof, reimbursement of expenses as well as to the extent of other remuneration, if any, payable to them under the Articles.

All the Directors may also be deemed to be interested to the extent of equity shares / Debentures, if any, already held by them and / or by their friends and relatives in Company or the debentures that may be subscribed for and allocated to them, out of the present offer in terms of this Information Memorandum and also to the extent of any dividend / Interest payable to them and other distributions in respect of the said equity shares / debentures.

All the Directors may also be deemed to be interested to the extent of normal transactions, if any, with the Company.

The Directors may also be regarded as interested in the equity shares, if any, held or that may be subscribed by and allocated to the companies, firms and trust in which they are interested as directors, members, partners, and / or trustees.

Mr Ramesh Iyer, Managing Director may be considered as interested to the extent of remuneration paid/payable to him.

The promoters may be deemed to be interested to the extent of equity shares / debentures held by them or equity shares or the debentures that may be allotted to them / their group companies



in this offer and to the extent of dividend / interest that may become payable to them against equity shares / debentures held by them.

D Rights of Debenture-holders

Debentureholders do not carry any rights regarding voting, dividend, lien on shares.

E Modifications of Rights

The rights, privileges, terms and conditions attached to all Debentures may be varied, modified or abrogated with the consent, in writing, of those holders of the Debentures who hold at least three-fourths of the outstanding amount of Debentures or with the sanction accorded pursuant to a resolution passed at a meeting of the Debentureholders, carried by a majority consisting of not less than three-fourths of the persons voting there upon a show of hands or, if a poll is demanded by a majority representing not less than three-fourths in value of the votes cast on such poll, provided that nothing in such consent or resolution shall be operative against the Issuer if the same are not accepted in writing by the Issuer.

F Restrictions, if any, on Transfer and Transmission of Debentures and on their Consolidation

The Issuer will not register any transfers of the Debentures to any NRIs, OCBs, FIIs, or any persons not resident in India, unless appropriate regulatory approvals are obtained. The Issuer shall not be duty bound to take interest or trust in or over the Debentures.

The title to the Debentures shall pass by execution of duly stamped transfer deed(s) accompanied by the Debentures certificate (s) / Letter of allotments (s) together with necessary supporting documents. The transferee(s) should deliver the Debenture certificates to the Issuer for registration of transfer in the Register of Debentureholders at the Corporate Office. The Issuer on being satisfied will register the transfer of such Debentures in its Register of Debentureholders. The person whose name is recorded in the Register of Debentureholders shall be deemed to be the owner of the Debentures.

Request for registration of transfer, along with the necessary documents, and all other communications, requests, queries and clarifications with respect to the Debentures should be addressed to and sent to the Corporate Office. No correspondence shall be entertained in this regard at any other Branches or any of the offices of the Company.

Transfer of debentures in dematerialized form would be in accordance to the rules / procedures as prescribed by NSDL / Depository Participant.

G. Splitting and Consolidation

This concept is not applicable in the demat mode form since the saleable lot is one debenture.

H Transmission

In the event of demise of a Registered Debenture holder of the Debentures, or the first holder in the case of joint holders, the Issuer will recognize the executor or administrator of the demised



Debenture holder or the holder of succession certificate or other legal representative of the demised Debenture holder as the Registered Debentures holder of such Registered Holder's Debentures if such a person obtains probate or letter of administration or is the holder of succession certificate or other legal representation, as the case may be, from a Court of India having jurisdiction over the matter and delivers a copy of the same to the Issuer. The Issuer may in its absolute discretion, where it thinks fit, dispense with the production of the probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Debentures standing in the name of the demised debenture holder on production of sufficient documentary proof or indemnity.

I Revaluation of Assets

There has been no revaluation of the Company's assets during the last five years.

XXI. MATERIAL CONTRACTS AND INSPECTION OF DOCUMENTS

The following contracts and also documents for inspection referred to hereunder, may be inspected at the Corporate office of the Company at Mumbai from 11.00 am to 1.00 pm from the date of this Information Memorandum until the date of closure of this Issue.

◆ MATERIAL CONTRACTS

1. Board Resolution for appointment of Mr. Ramesh Iyer as Managing Director and terms of appointment of Mr. Iyer as Managing Director of the Company passed in the meeting of the Board of Directors held on 30.04.2001 and Resolution passed by the shareholders at Annual General Meeting held on 14th June 2001.
2. Letter from Sharepro Services giving their consent to act as Registrar to the issue.
3. Letter from UTI Bank Ltd. giving their consent to act as Trustees to the issue.
4. Securitisation Transaction of Rs. 168.78 crores on 5th August, 2003
5. Lease agreement for Corporate Office Premises of 21,036 Sq. feet area on 23/04/2003

◆ DOCUMENTS

1. Memorandum and Articles of the Company.
2. Certificate of Incorporation of Maxi Motors Financial Services Ltd dated 01.1.91, and Certificate of Commencement of Business dated 19.2.91. Fresh Certificate of Incorporation after change of name to Mahindra & Mahindra Financials Services Ltd dated 03.11.92.
3. Certificate of Registration from RBI dated 04.09.98 in terms of Section 45 IA of the Reserve Bank of India Act, 1934.
4. Audited Accounts of the Company for the year ended March 31, 2003, 2002, 2001, 2000 and 1999 and the Auditors' Report thereon along with the tax opinions, if any.
5. Copy of Board Resolution dated 03/02/2004 authorizing the issue.



XXII. DECLARATION

We declare that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the SEBI / Government have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the Companies act, 1956 and rules thereunder:

**Signed for and on behalf of
MAHINDRA & MAHINDRA FINANCIAL SERVICES LTD.**

**Ramesh Iyer
Managing Director**

**V.Ravi
Chief Financial Officer**

**Place: Mumbai
Date: 26th February, 2004**



Annexure A

Term Sheet

| | |
|--------------------------------------|---|
| Issue Date | |
| Deemed date of Allotment | |
| Final Maturity | |
| Coupon Rate | |
| Face Value | 10,00,000/- per Debenture |
| Issue Price | 10,00,000/- per Debenture |
| Amount Payable on Application | 10,00,000/- per Debenture |
| Type | |
| Rating | |
| Minimum Application Size | 1 Debenture and in multiples of 1 Debenture thereafter |
| Interest Payment Date | |
| Interest on application money | |
| Computation of Interest | Actual number of days elapsed in a year of 365 or 366 days as the case may be. |
| Trustees | UTI Bank Ltd. |
| Security | |
| Security Cover | |
| Holiday Convention | If any interest or Principal payment dates is a holiday in Mumbai, interest will be payable on the next business day in Mumbai which shall be the interest or principal payment date. |
| Redemption | |
| Market Lot Size | 1 Debenture |

NOTE : FORMAT OF THE TERM SHEET WOULD BE PROVIDED ALONG WITH ADDENDUM TO EACH TRANCHE WITHIN 30 DAYS FROM EACH DEEMED DATE OF ALLOTMENT. THIS ANNEXURE WILL BE UPDATED WITH THE TERMS AND CONDITIONS OF ISSUE OF EACH TRANCHE MADE UNDER THIS UMBRELLA INFORMATION MEMORANDUM.

Annexure B

APPLICATION FORM WOULD BE PROVIDED ALONG WITH THE ADDENDUM TO EACH TRANCHE.