



Energising Gold

17<sup>th</sup>  
ANNUAL REPORT  
2008-2009



**MANAPPURAM**  
GENERAL FINANCE AND LEASING LIMITED



**Shri. V.C. Padmanabhan**  
(1916-1986)  
Founder of **Manappuram** Group of Companies



# MANAPPURAM

## General Finance and Leasing Limited

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### NOTICE

Notice is hereby given that the SEVENTEENTH Annual General Meeting of the Members of Manappuram General Finance and Leasing Limited will be held on Monday, 17<sup>th</sup> August 2009 at 10.30 AM at Anugraha Auditorium, Valapad, Thrissur- 680 567 to transact the following business:

#### Ordinary Business:

1. To receive, consider and adopt the audited profit and loss account for the financial year ended 31<sup>st</sup> March 2009 and the Balance Sheet as at that date, the report of the Board of Directors and the Report of Auditors.
2. To declare dividend for the year ended 31<sup>st</sup> March, 2009.
3. To appoint a director in the place of Mr.P.Manomohan, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a director in the place of Dr.V.M.Manoharan, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a director in the place of Mr.A.R.Sankaranarayanan, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

"RESOLVED THAT M/s S.R. Batliboi & Associates, Chartered Accountants, TPL House, Second Floor, 3, Cenotaph Road, Teynampet, Chennai- 600 018 retiring auditors be and are hereby reappointed as the auditors of the company to hold office up to the conclusion of the next Annual General Meeting on such remuneration as may be decided by the Board of Directors plus reimbursement of out of pocket expenses and levies such as service tax etc"

#### Special Business

##### 7. Appointment of Mr. K.P.Balaraj as a Director of the Company

To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary resolution:

"RESOLVED THAT Mr. K.P.Balaraj, be and is hereby appointed as a Director of the company whose term of office shall be liable to retirement by rotation."

##### 8. Appointment of Mr. Gautam Saigal as a Director of the Company

To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary resolution:

"RESOLVED THAT Mr. Gautam Saigal, be and is hereby appointed as a Director of the company whose term of office shall be liable to retirement by rotation."

##### 9. Appointment of Dr. Shailesh J Mehta as a Director of the Company

To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary resolution:

"RESOLVED THAT Dr. Shailesh J Mehta, be and is hereby appointed as a Director of the company whose term of office shall be liable to retirement by rotation."

##### 10. Appointment of Mr. M.Anandan as a Director of the Company

To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary resolution:

"RESOLVED THAT Mr. M. Anandan, be and is hereby appointed as a Director of the company whose term of office shall be liable to retirement by rotation."

##### 11. Appointment of Ms. Jyothy Prasanna to hold office or place of profit.

To consider and if thought fit to pass with or without modification(s), the following resolution as a Special resolution:

TRUE COPY

For Manappuram General Finance and Leasing Limited

C Raghakrishnan  
Company Secretary

"RESOLVED THAT subject to the approval of the Central Government and pursuant to the provisions of Section 314 and other applicable provisions of the Companies Act, 1956 and further subject to such other approval from such regulatory authorities as may be required, approval be and is hereby given to the appointment of Ms. Jyothy Prasannan, a relative of a director of the company to hold and continue to hold office or place of profit under the company as **Director- Liability Products** for a period of three years with effect from 01.04.2009 or from such date as may be approved by the Central Government as per the following terms and conditions:-

Basic Salary : Rs.100,000/- per month with annual increment of Rs.10,000  
HRA : 40% of the Basic salary  
Contribution to PF : 12% of Basic salary  
Superannuation, Bonus, Gratuity and Leave encashment : As per the rules of the company.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to effect such modification in the remuneration or the scale or any other perquisites payable to Ms. Jyothy Prasannan (not being more advantageous to her) as may be approved by the Central Government and as may be agreed to between the Board and Ms. Jyothy Prasannan."

**12. Variation of the terms of appointment of Mr.Sooraj Nandan, Vice President**

To consider and if thought fit to pass with or without modification(s), the following resolution as a Special resolution:

"RESOLVED THAT subject to the approval of the Central Government and pursuant to the provisions of Section 314 and other applicable Sections, if any, of the Companies Act 1956, and further subject to such approval of the regulatory authorities as may be required, approval be and is hereby given to the variation of the terms of appointment of Mr. Sooraj Nandan, a relative of a director of the company to hold and continue to hold office or place of profit under the company as **Vice President** for a period of 3 years with effect from 01.04.2009 or from such date as may be approved by the Central Government as per the following terms and conditions:-

Salary : Rs 50,000/- per Month with annual increment of Rs.5000  
Contribution to PF : 12% of Basic salary  
Superannuation, Bonus, Gratuity and Leave encashment : As per the rules of the company.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to effect such modification in the remuneration or the scale or any other perquisites payable to Mr.Sooraj Nandan (not being more advantageous to him) as may be approved by the Central Government and as may be agreed to between the Board and Mr.Sooraj Nandan."

**13. Variation of the terms of appointment and remuneration of Shri. V.P. Nandakumar**

To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special resolution:-

"RESOLVED subject to the provisions of Section 198, 269, 309 and all other applicable provisions of the Companies Act, 1956 and further subject to such consents, approvals, if any, from the Reserve Bank of India or other regulatory authorities, that the company hereby accords its approval and consent to the variation of the terms of appointment of Shri.V.P.Nandakumar as the Chairman of the company with effect from 01.04.2009 for the unexpired period of his current tenure of office as under:

Salary Rs.7,50,000 per month with annual increment of Rs.75,000  
Commission Not exceeding 1% of net profits of the company calculated as per the provisions of Section 349 and 350 of the Companies Act, 1956, the quantum whereof to be determined by the Board of Directors subject to norms framed by the Board

**Perquisites**

Contribution to Provident Fund : @ 12% of salary

Contribution to :-

Superannuation Fund

Gratuity Fund

Encashment of leave at the end of the tenure of appointment.

These shall not be included in the computation of remuneration or ceiling on the perquisites

Medical reimbursement expenses : For self and family including premium payable for medical insurance in accordance with the rules of the company.

**TRUE COPY**

For Manappuram General Finance and Leasing Limited

C. Radhakrishnan  
Company Secretary

Personal accident insurance : As per the rules of the company  
Leave travel concession : For self and family once in a year  
Fee for Clubs : Admission and Annual fee for maximum of two Clubs.

**Others**

1. Provision of chauffeur driven car and telephone at residence
2. Such other allowances, perquisites, benefits and amenities as may be provided by the company from time to time.

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

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

RESOLVED FURTHER THAT in the event of loss, absence or inadequacy of profits in any financial year, the remuneration aforesaid shall be the minimum remuneration. Any excess over the limits prescribed under the Companies Act, 1956 shall become payable with the approval of the Central Government wherever so required".

**14. Revision in the remuneration of Shri. I.Unnikrishnan, Managing Director of the company.**

To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:-

"RESOLVED subject to the provisions of Section 198, 269, 309 and all other applicable provisions of the Companies Act, 1956 and further subject to such consents, approvals, if any, from the Reserve Bank of India or other regulatory authorities, that the company hereby accords its approval and consent to the variation of the terms of appointment of Shri. I.Unnikrishnan, Managing Director of the Company with effect from 01.04.2009 for the unexpired period of his current tenure of office as under:

Salary : Rs.2,50,000 per month with annual increment of Rs.25000  
Commission : Not exceeding 1% of net profits of the company calculated as per the provisions of Section 349 and 350 of the Companies Act 1956, the quantum whereof to be determined by the Board of Directors subject to norms framed by the Board.

**Perquisites**

Contribution to Provident Fund : @ 12% of salary

Contribution to :-

Superannuation Fund

Gratuity Fund

Encashment of leave at the end of the tenure of appointment

} These shall not be included in the computation of remuneration or ceiling on the perquisites

Accommodation will also be provided by the company for which the actual rent will be recovered from the Managing Director

Medical reimbursement expenses : For self and family including premium payable for medical insurance in accordance with the rules of the company.

Personal accident insurance : As per the rules of the company

Leave travel concession : For self and family once in a year

Fee for clubs : Admission and Annual fee for maximum of two clubs

**Others**

1. Provision of chauffeur driven car and telephone at residence
2. Such other allowances perquisites and benefits and amenities as may be provided by the company from time to time.

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

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

RESOLVED FURTHER THAT in the event of loss, absence or inadequacy of profits in any financial year, the remuneration aforesaid shall be the minimum remuneration. Any excess over the limits prescribed under the Companies Act, 1956 shall become payable with the approval of the central government wherever so required".

TRUE COPY

For Manappuram General Finance and Leasing Limited

CA

C Radhakrishnan  
Company Secretary

## 15. Amending the Articles of Association of the Company

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions if any of the Companies Act, 1956 including any amendment thereto or re-enactment thereof for the time being in force and the provisions of other statutes as applicable and subject to such approvals, consents and permissions as may be necessary from the appropriate authorities or bodies the Articles of Association of the company be and are hereby altered in the following manner:

After Article 7.IV, the following Article be added as Article 7-V

### **7.V. Issue of shares to employees:**

The Board may from time to time issue and allot shares as Sweat Equity Shares or under Employee Stock Option Scheme/Employee Stock Performance Plan subject to such limits and upon such terms and conditions and subject to such approvals, consents as are required under the applicable provisions of the Act and other rules, guidelines and regulations in this behalf and any amendment and modifications thereto as may be in force. The board of directors of the company is authorized absolutely at their sole discretion to determine the terms and conditions of issue of such shares and modify the same from time to time.

## 16. Employee Stock Option Plan

To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 ('the Act') and subject to the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('SEBI Guidelines') (including any statutory modifications or re-enactment of the Act or the SEBI Guidelines, for the time being in force) and subject to the provisions contained in the Articles of Association of the Company and subject to other approvals, permissions and sanctions as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee including the Remuneration/Compensation Committee constituted by the Board to exercise its powers, including the powers conferred by this Resolution), consent and approval of the Company be and is hereby accorded to the Board to grant, issue, offer and allot at any time or from time to time to the present and future permanent employee(s) including Director(s) of the Company, selected on the basis of criteria prescribed by the Board of Directors of the Company, hereinafter referred to as "the Eligible Employees" of the Company, except a promoter or a person who belongs to the promoter group, both these expressions being defined in the SEBI Guidelines, and director who directly or indirectly holding more than 10% of the issued capital, under a scheme titled "MAGFIL Employees Stock Option Scheme 2009" (hereinafter referred to as Scheme), such number of options as the Board may decide, which could give rise to the issue of equity shares amounting to Rs 1,00,00,000/- (Rupees one crore only) divided into 10,00,000 equity shares of the face value of Rs.10/- each of the Company in one or more tranches, on such terms and conditions described below:

The offer shall be in accordance with the terms and conditions as regards price, payment, application, allotment, entitlement to dividend and other rights, transferability and all other matters as stipulated by the SEBI Guidelines and in accordance with any other guidelines, rules, regulations and laws to the extent applicable and subject also to the Memorandum and Articles of Association of the Company provided that:

- i) The equity shares issued upon the exercise of the options shall rank pari passu in all respects with the existing equity shares;
- ii) Each option shall vest in the hands of the Option Grantee (as defined in the SEBI guidelines) after a minimum of 12 months from the grant of the option or such longer period as may be determined by the Board from time to time subject to the condition that the Option Grantee continues to be an employee or Director of the Company and /or based on their performance or other conditions as may be determined by the Board from time to time. The maximum vesting period shall be 2 years from the date of grant of the option or such other period as the Board may determine.
- iii) The options shall be valid and exercisable for such period as may be determined by the Board from time to time, but would not exceed a period of 3 years from the date of grant of options to the eligible employees. The options shall be exercised in accordance with the process as specified in the scheme.
- iv) Each option granted to an Eligible Employee shall entitle him/her to one equity share of the nominal value of Rs.10/- each at the Exercise price being the market price of the shares on the stock exchange where the

- shares of the company are listed where the highest trading volume on the said date of grant of options or such other price as may be determined by the Board.
- v) The consideration for the shares to be issued upon exercise of an option may, as determined by the Board at the time of granting the options, be in one or more tranches, consist of cash, Cheque or any combination of the foregoing methods of payment subject to fulfillment of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time or any other applicable laws or regulations;
  - vi) Before granting the options to the employees under the Scheme, the Board/Compensation Committee would, apart from examining and evaluating overall corporate performance, inter alia, take into consideration the length of service, grade, performance, merit, key position, future potential contribution and conduct of the employee and such other factors as may be deemed appropriate by it;
  - vii) The maximum number of options to be granted to each Eligible Employee shall not exceed 150000(excluding outstanding warrants and conversions) shares;
  - viii) The Company shall conform to the accounting policies mandated by the applicable law or the SEBI Guidelines any other relevant SEBI regulation or direction as is applicable to the accounting of such options;
  - ix) The Board shall have the power to make reasonable consequential adjustments to the number of options to be exercised and the exercise price in case of corporate actions, such as rights issues, bonus issues, merger, sale of division and others, provided that such adjustments or alterations do not adversely affect the rights and interests of the Option Grantees and is subject to the terms and conditions specified in the SEBI Guidelines.
  - x) The Board shall have the power to make consequential modifications or substitutions to the terms of the Scheme as it may deem fit from time to time, provided that such modifications or alterations do not adversely affect the rights and interests of the Options Grantees or the members of the Company and is subject to the terms and conditions specified in the SEBI Guidelines.

RESOLVED FURTHER THAT a document titled "MAGFIL Employees Stock Option Scheme 2009 ('Scheme')" tabled at the meeting and initialed by the Chairman for identification, be and is hereby approved.

RESOLVED FURTHER THAT without prejudice to the generality of the above, but subject to the terms as approved by the members, the Board be and is hereby authorised to implement the Scheme.

RESOLVED FURTHER THAT the Board be and is hereby authorised in whole or in part, to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable and pay fees and commission and incur expenses in relation to or for implementing the Scheme.

RESOLVED FURTHER THAT the Board may, at its discretion, or in order to comply with any applicable rules or guidelines, add, amend or put restrictions or any other conditions as it may deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in relation to the implementation of the Scheme and to the shares, issued herein without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by authority of this resolution.

RESOLVED FURTHER THAT a Compensation Committee majority of Independent directors of the Company as constituted by the Board be and is hereby authorised to identify the Eligible Employees and determine the number of options that may be offered to them pursuant to the Scheme.

RESOLVED FURTHER THAT the Company shall value the options granted under the Scheme, at their 'fair value' or 'Intrinsic value' as defined in any applicable rules or regulations, as may be determined by the board/committee".

#### **17. To increase the borrowing powers of the Company**

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

"RESOLVED THAT pursuant to the provisions of Sec. 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956, consent of the company be and is hereby accorded to the Board of Directors to borrow from time to time all such sums of monies as may deem requisite or proper for the purpose of the business of the Company, apart from the temporary loans obtained from the Company's bankers in the ordinary course of business, exceeding the paid up share capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount up to which monies may be borrowed by the Board of Directors shall not exceed the sum of Rs. 7500 Crores.(Rupees seven thousand five hundred Crores only) at any time".

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the board be and is hereby authorized to do all such things and acts as may be necessary and expedient and to settle any question or matter that may arise in connection therewith."

#### Item No 18

**To mortgage/charge the movable/immovable properties of the company.**

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

"RESOLVED THAT in supersession of the resolution passed at the 15<sup>th</sup> Annual General Meeting of the Company held on 24<sup>th</sup> August 2007 and pursuant to Section 293(1)(a) and other applicable provisions if any of the Companies Act 1956, consent of the company be and is hereby accorded to the Board of directors of the Company for mortgaging and/ or charging in such form and manner and on such terms and at such time(s) as the Board of Directors may deem fit, the movable and/ or immovable properties of the company wherever situate both present and future, whether presently belonging to the company or not, in favour of any person including, but not limited to Financial/Investment Institution(s), Bank(s), Insurance company(ies), Mutual Fund(s), Corporate Body(ies), Trustee(s) to secure the debentures, loans, hire purchase and/or Lease Portfolio Management Transaction(s) for finance and other credit facilities up to a sum not exceeding Rs 10,000/- crores ( Rupees Ten Thousand Crores only).

RESOLVED FURTHER THAT the Board of Directors or such committee/(s) or person/(s) as authorized by the Board of Directors of the company be and is hereby authorized to finalize the documents for creating the aforesaid mortgage and or charge and to do all such acts and things as may be necessary for giving effect to the above resolution"

#### Notes:

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company. Proxy Form duly completed must be sent so as to reach the Registered Office of the company not later than 48 hours before the commencement of the meeting. A blank proxy form is enclosed.
2. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item Nos. 7 to 18 are annexed hereto and forms part of this notice.
3. The Register of Members and the Share Transfer Books of the company will remain closed from 12.08.2009 to 17.08.2009 (both days inclusive.) for the purpose of annual dividend.
4. Members are requested to: (a) intimate changes, if any, in the registered addresses on or before 10.08.2009 (b) quote ledger folio number in all their correspondence (c) bring their copies of the Annual Report and the Attendance Slips with them at the Annual General Meeting.
5. Members holding shares in dematerialized form are requested to write their client ID and DP ID numbers in all their correspondences. Those who hold shares in physical form are requested to write their folio number in the attendance slip.
6. The dividend on the equity shares as approved by the General Body for the financial year ended 31<sup>st</sup> March, 2009 will be payable within 30 days from the date of declaration of dividend to those shareholders whose names will feature on the Register of Members of the company on 17.08.2009. Members may please note that the Dividend warrants are payable at par at the designated Branches of the Bank for an initial period of 6 months only. In order to avoid unnecessary inconvenience, the members are advised to encash Dividend Warrants within the initial validity period.
7. Members holding shares in electronic form are hereby informed that the Bank particulars registered against their respective depository accounts will be used by the company for the payment of dividend. The company or the Registrars and Share Transfer Agents cannot act on the request received directly from the members holding shares in electronic or demat form for any change of bank particulars or bank mandates. Such changes are to be advised only to the depository participant of the members.
8. Pursuant to the provisions of Section 205(A) of the Companies Act, 1956, as amended, dividend for the financial year ended 31<sup>st</sup> March, 2002 which remains unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrants so far for the financial year 2001-02 are requested to make their claim to the company.
9. Members who would like to ask questions on Accounts are requested to send their questions to the Registered Office of the company at least 10 days before the Annual General Meeting to enable the company to prepare suitable replies to such questions.



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

**Item No. 7**

Mr.K.P.Balaraj is the nominee of M/s Sequoia Capital India Growth Investments I and was inducted to the Board as an additional director at the meeting held on 06.11.2008.

Mr. K.P.Balaraj was the co-founder and presently is the Managing Director of M/s Sequoia Capital India Growth Investments I. Formerly he was part of the Private equity team at Goldman Sachs in Aisa. He holds MBA degree from Harvard Business School. He has extensive experience investing in growth companies with specific expertise in working with consumer financial services and media companies.

The Company has received a notice under Section 257 of the Companies Act, 1956 from a member together with necessary fee informing his intention to propose the appointment of Mr.K.P.Balaraj as a director of the company. Your directors recommend passing the resolution as an ordinary resolution. None of the directors except Mr.K.P.Balaraj is interested or concerned in the resolution.

**Item No. 8**

Mr. Gautam Saigal is the nominee of M/s AA Development Capital India and was inducted to the Board as an additional director at the meeting held on 06.11.2008.

Mr. Gautam Saigal is the Managing Director of AA Indian Development Capital Advisors Private Limited (AAIA), Mumbai. Prior to joining AAIA, he was the Vice President at AIG Global Investment Group Mumbai handling AIGGIG managed private equity investments in India . He had also worked for SSKI corporate finance. He is a Chartered Accountant.

The Company has received a notice under Section 257 of the Companies Act, 1956 from a member together with necessary fee informing his intention to propose the appointment of Mr.Gautam Saigal as a director of the company. Your directors recommend passing the resolution as an ordinary resolution. None of the directors except Mr.Gautam Saigal is interested or concerned in the resolution.

**Item No.9**

Dr. Shailesh J Mehta has joined the Board as an additional director under Section 260 of the Companies Act, 1956 at the meeting held on 06.11.2008.

Dr. Shailesh J Mehta is a Mechanical Engineer from IIT Mumbai. He is the president of Granite Hill Capital Ventures and the former Chairman and CEO of Providian Financial Corporation. He was the President and COO of Capital Holding and also served on the Board of many companies in the US. He holds PhD in Operations Research and Human Letters and MS in Operations Research.

The Company has received a notice under Section 257 of the Companies Act, 1956 from a member together with necessary fee informing his intention to propose the appointment of Dr.Shailesh J Mehta as a director of the Company. Your directors recommend passing the resolution as an ordinary resolution. None of the directors except Dr.Shailesh J Mehta is interested or concerned in the resolution.

**Item No.10**

Mr.M.Anandan has joined the Board of your company as an additional director under Section 260 of the Companies Act, 1956 at the meeting held on 27.12.2008.

Mr.M. Anandan is a member of the Institute of Chartered Accountants of India. He was the Managing Director of Cholamandalam DBS Finance Limited and of Cholamandalam MS General Insurance Limited. He was on the Board of Cholamandalam Asset Management Limited, DBS Cholamandalam Distribution Limited and DBS Cholamandalam Securities Limited.

The Company has received a notice under Section 257 of the Companies Act, 1956 from a member together with necessary fee informing his intention to propose the appointment of Mr.M.Anandan as a director of the Company. Your directors recommend passing the resolution as an ordinary resolution. None of the directors except Mr.M.Anandan is interested or concerned in the resolution.

**Item No.11**

Ms. Jyothy Prasanna who has been selected by your Board to hold the position of Director- Liability Products of the Company at a salary of Rs.1,00,000/- with annual increment of Rs.10,000/- is the sister of Shri.V.P.Nandakumar, Chairman of the company. Sub Section (IB) of Section 314 of the Companies Act, 1956 provides that no relative etc of a director should either hold or continue to hold an office or place of profit in the company which carries a total monthly emoluments of not less than Rs.50,000/- except with the prior consent of the company by a special resolution and also approval of the Central Government.

Ms. Jyothy Prasanna who happens to be a relative of one of your directors is a qualified person having very rich and successful career experience. She is a post graduate in science with a bachelors degree in education. She was on the Board of your company for quite a long time. Your directors believe that her experience and expertise in the field can be of much benefit to the company in the business of raising retail borrowings.

Apart from salary, provision has been made for payment of usual allowance and perquisites available to other senior officers of the company. She will also be entitled to the benefits of super Annuation Fund, Gratuity and Provident Fund. The Board has reserved its authority to grant increment in salary to Ms. Jyothy-Prasanna in its sole discretion as mentioned above. Your directors recommend passing the resolution as a special resolution. None of the directors except Mr. V.P. Nandakumar is interested or concerned in the resolution.

#### **12. Variation of the terms of appointment of Mr. Sooraj Nandan, Vice President**

Mr. Sooraj Nandan is the son of Mr. V.P. Nandakumar, Chairman of the company. The variation of the remuneration of Mr. Sooraj Nandan will attract the provisions of Section 314 dealing with holding office or place of profit.

Mr. Sooraj Nandan holds Honours Degree in Business Studies from East London University & Diploma in Business Computing from Robert Gordon University, Aberdeen, UK. He was appointed as the Vice President of the company at a monthly salary of Rs.35,000/- with effect from 25.09.2008. He was making significant contributions in the overall business areas of the company. The Board of directors by way of resolution dated 13.07.2009, decided to enhance his remuneration as detailed in the resolution considering his overall performance and contribution.

The variation of the remuneration of Mr. Sooraj Nandan requires the approval of the Company by way of special resolution and of the Central Government. Your directors believe that the business talents of Mr. Sooraj Nandan can be beneficial to the company in the years to come. Your Directors recommend passing the resolution as a special resolution. Mr. V.P. Nandakumar is deemed to be interested or concerned in the resolution.

#### **Item No. 13**

As the members are aware, your company could make significant improvement in the overall terms during the past years under the able leadership of Mr. V.P. Nandakumar, Chairman of the company.

Mr. V.P. Nandakumar was appointed for a period of five years from 29.07.2007 as the Chairman and Managing Director of the company as per the approval given by the members at the Annual General Meeting held on 08.09.2007 at a monthly salary of Rs.2,00,000/-

The salary as stated above is very nominal considering the present industry standards for managerial remuneration of similar companies. Therefore your Board considered it desirable to enhance the monthly remuneration and other perquisites of Mr. V.P. Nandakumar suitably. The compensation and corporate governance committee at the meeting held on 29.04.2009 recommended the revised salary and perquisites of Mr. V.P. Nandakumar as per details given in the notice.

Your directors recommend passing the above resolution as a special resolution. None of the directors other than Mr. V.P. Nandakumar is concerned or interested in the resolution.

#### **Item No. 14**

Mr. I. Unnikrishnan was appointed as the Managing Director of the Company with effect from 01.10.2006 at a monthly remuneration of Rs.1,10,000. As the members are aware, the business activities of the company had grown manifold in the last two years. The company could attract foreign direct investment from overseas investors. The company could achieve all these because of the efforts of the Managing Director. In addition, he had been instrumental to scaling the business operations of the company to new heights. Considering these facts your Board decided to enhance the monthly remuneration of Mr. I. Unnikrishnan by a little higher. The compensation and corporate governance committee of the company recommended the revision of monthly remuneration and perquisites as per details given in the notice.

Your directors recommend passing the above resolution as a Special resolution. None of the directors other than Mr. I. Unnikrishnan is interested or concerned in the resolution.

#### **Item No. 15**

As the members are aware, the company has devised a scheme called MAGFIL Employees Stock Option Scheme 2009 with the main objective of retaining employees and to ensure commitment as set out in the preamble of the scheme. The Board of Directors of the company at the meeting held on 30.04.2009 approved the scheme. It is proposed to alter the Articles of Association of the company by incorporating the specific provision required for the implementation of the stock option scheme. As the amendment of the Articles requires the consent of

members by way of Special resolution, it is proposed for members' acceptance. Board recommends passing the resolution as a Special resolution. All of the non promoter directors may be deemed to be concerned with or interested in the resolution to the extent of options to be granted; if any; under the said scheme.

#### **Item No. 16**

The Company proposes to launch an Employee Stock Option Scheme to offer options to its employees and directors of the company, so as to ensure commitment, retaining good talent and attracting through ownership and financial motivation. ~~This would be termed as the "MAGFIL Employees Stock Option Scheme- 2009"~~ and would be as per the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Accordingly ~~the approval of the shareholders~~ is sought by way of a Special Resolution for issue of Options to the directors and employees of the Company and for allotment of equity shares pursuant to exercise of such options. The Board recommends the passing of the resolution as a Special Resolution

The Directors of the Company may be issued options and/or allotted equity shares under the Scheme and hence are deemed to be concerned / interested in the resolution.

The MAGFIL Employees Stock Option Scheme 2009 is available for inspection at the registered office of the Company during business hours on all working days till the date of the ensuing Annual General Meeting.

The following statement sets out the various disclosures as required to be disclosed by the Company under Clause 6 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines).

#### **1. Total No. of option to be granted under the Scheme**

Total number of options to be granted under this Scheme shall not exceed 1000000. The Board may with the approval of the Shareholders increase the maximum number of options under the Scheme at any time. Each options granted shall entitle the holder to apply for one equity shares of the face value of Rs.10/- each of the company.

#### **2. Classes of employees entitled to participate in the Scheme.**

Permanent Employees and the Directors of the Company. Employees / Directors who are either promoter or belong to promoter group as defined in SEBI Guidelines; or directors who directly or indirectly holding more than 10% of the issued capital after the commencement of this Scheme shall not be eligible for grant of options under this Scheme.

#### **3. Requirement of Vesting & Period of Vesting**

There shall be a minimum period of one year between the grant of options and vesting of options or such longer period as may be determined by the Board/Committee from time to time, subject to the employee continues in service.

#### **4. Maximum period within which the options shall be vested**

The options shall be vested for such period as may be determined by the Board from time to time, but would not exceed a maximum vesting period of 2 years.

#### **Exercise Price or Pricing Formula**

The Exercise Price of the options granted under this Scheme shall be the market price of the shares on the stock exchange where the shares of the company are listed where the highest trading volume on the said date of grant of option or such other price as may be determined by the Board.

#### **5. Exercise period and process of exercise**

The options shall be valid and exercisable for such period as may be determined by the Board from time to time, but would not exceed a period of 3 years from the date of vesting. The options shall be exercised in accordance with the process as may be specified in the Scheme.

#### **6. Appraisal Process**

The Board/Committee would apart from examining and evaluating the employee's present and potential contribution to the success of the company inter alia, take into consideration the length of service, grade, performance, merit, key position, future potential and conduct of the employee and such other factors as may be deemed appropriate by it.

#### **7. Maximum number of options to be issued per employee and in aggregate**

The Maximum number of options to be granted per employee shall be 1,50,000. The number of options granted per employee shall be less than the number of options entitling grantee the voting rights for 1% or more of the issued capital in a financial year.

#### 8. Method of Accounting policies and adherence to the SEBI Guidelines

The Company shall value the options granted under the Scheme, at their 'fair value' or 'Intrinsic value' as defined under the SEBI rules or regulations as may determined by the Board. The Company hereby formally undertakes and records that it shall conform to the accounting policies as specified in Schedule I of the SEBI Guidelines.

In the case of the Company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

#### Item No. 17

The company is authorized to borrow Rs.3000 crores at present. Your directors have decided to merge the company with Manappuram Finance Tamilnadu Limited, a Non Banking Financial Company in the group registered under ROC Coimbatore. The legal and procedural formalities for the merger is going on and it is expected to complete the merger procedures by the year end.

The above limit set for the borrowings would become insufficient with the functioning of the merged entity. Therefore, your directors feel that the limit may be raised to Rs.7500 crores. Hence the resolution is proposed for acceptance of the members. Your Board recommend passing of the resolution as an ordinary resolution. None of the directors is interested or concerned in the resolution.

#### Item No. 18

As per Section 293 (1) (a) of the Companies Act, 1956 the Board of Directors of a public company shall not without the consent of the share holders in general meeting sell, lease or otherwise dispose of the whole or substantially whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any such undertaking. Your Company would be borrowing monies from time to time, for the purpose of its business, by way of debentures, loans, hire purchase finance, lease portfolio management schemes and / other financial assistance/ credit facilities from various Financial/ Investment Institution(s), Bank(s), Insurance Company(ies), Corporate Body(ies) and other persons/investors apart from the working capital facilities obtained/ to be obtained from banks in the ordinary course of business. This, in turn, would necessitate further creation of security by way of suitable mortgages and /or charges on all or some of the immovable and/or movable properties of the company both present and future in favour of the lenders/trustees.

Resolution proposed is to seek the permission of the members for empowering the Board/Committee of directors to mortgage and/or charge the movable and/or immovable properties of the company to secure the loans, debentures, bonds, financial assistances/credit facilities obtained/to be obtained by the company from the lenders up to Rs 10000 crores ( Rupees Ten thousand crores only)".

None of the directors is concerned or interested in the resolution. Your directors recommend passing the resolution as an ordinary resolution.

By order of the Board

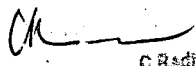
Sd/-

C. Radhakrishnan  
Company Secretary

Valapad  
13.07.2009

TRUE COPY

Per Manappuram General Finance and Leasing Limited

  
C Radhakrishnan  
Company Secretary

**MANAPPURAM General Finance and Leasing Limited**  
Regd. Office : V/104, Manappuram House  
Valapad P.O., Thrissur - 680 567

**ATTENDANCE SLIP**

Members Folio No .....  
Client ID No .....  
DP ID No .....  
Name of the Member .....  
Name of Proxy Holder .....  
No. of shares held .....

I hereby record my presence at the 17<sup>th</sup> Annual General Meeting of the company held on Monday, 17<sup>th</sup> August 2009 at 10.30 AM at Anugraha Auditorium, Valapad, Thrissur - 680 567.

.....  
Signature of Member/Proxy

**Notes:**

1. Members/proxy holders are requested to produce the attendance slip duly signed for admission to the meeting hall.
2. Members are requested to bring the copy of the notice of annual general meeting.

**MANAPPURAM General Finance and Leasing Limited**  
Regd. Office : V/104, Manappuram House  
Valapad P.O., Thrissur - 680 567

**PROXY FORM**

Members Folio No/ Client ID.....

I/We ..... of .....  
in the district of ..... being a member/members of **Manappuram General Finance and Leasing Limited** hereby appoint ..... of ..... in the district of ..... or failing him/her ..... of ..... in the district of ..... as my/ our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to be held on Monday, the 17<sup>th</sup> day of August 2009 at 10.30 AM and any adjournment thereof.

Signed this ..... day of ..... 2009.

1 Re.  
Revenue  
Stamp

**Note:**

If it is intended to appoint a proxy the form of proxy should be completed and deposited at the Registered office of the company at least 48 hours before the commencement of meeting.

**TRUE COPY**

For Manappuram General Finance and Leasing Limited

C Radhakrishnan  
Company Sec

# 17<sup>th</sup> Annual Report



**MANAPPURAM**  
General Finance & Leasing Limited

**TRUE COPY**

For Manappuram General Finance and Leasing Limited

**C Radhakrishnan**  
Company Secretary

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For Members and Shareholders

Company Secretary  
C. P. Ramesh Babu

14001441

# Board of Directors



Shri V.P. Nandakumar  
Chairman & Managing Director



Shri I. Unnikrishnan  
Managing Director



Shri A. R. Sankaranarayanan  
Director



Shri P. Manomohanam  
Director



Adv. V.R. Ramachandran  
Director



Dr. V.M. Manoharan  
Director



Shri Juguna G.  
Panikparambil  
Director



Shri Ashvin C. Chadha  
Director



Shri K.P. Balaraj  
Director



Shri Shailesh J. Mehta  
Director



Shri Gautam Saigal  
Director



Shri M. Anandan  
Director



## From Chairman's Desk

I deem it as a great privilege to welcome you on the occasion of the 17th Annual General meeting of our Company. It is with a sense of immense pride and achievement that I look at our long and fruitful association which now spans over 17 years. During these years the Company has recorded a phenomenal growth and progress which would not have been possible but for the significant contributions made by all the stake holders.

### Micro Economic Scenario – Global

International situation during the year under report was marked by political instability in the neighbouring countries like Pakistan, Sri Lanka and Bangladesh. The international community was deeply concerned with North Korea's defiant posture on nuclear test. The election of Barack Hussain Obama who scripted his story as the first African –American President of USA and the end of 240 years monarchy in Nepal were silver linings. Economically, the world faced the steepest economic contraction since the depression of 1930s. The global recession was triggered by the sub-prime crisis in US. For investors the year was "Annus Horibilis" (a horrible year). International Labour Organization has warned the world of crisis and poverty. In US and the rest of the world Governments have come out with bail out plans, the most outstanding of which was Barack Obama's Toxic Assets Buy out plan with the participation of the private sector. It was in this backdrop the G-20 countries met in London on April 2, 2009. The meeting among other things resolved to launch a stimulus package to be implemented by IMF and World Bank, to reject the protectionism and to "name and shame" the countries advocating protectionism, crack down Tax- Havens and for better global financial regulations. In the recessionary conditions the Gold prices shot up due to Haven effect and the oil prices witnessed both extremes between USD 147 and USD 30 per barrel.

### National Scenario

At national scene, the situation presented a mixture of hope and despair. There was a spate of terrorist attacks at some of our major cities, the last one being at Mumbai which considerably shook the nation at large. Positive developments included the signing of the controversial Indo – US Civil Nuclear deal – more popularly known as 123 Agreement which had pushed the then Government to seek a trust vote in the Parliament. India could also demonstrate its scientific capability by blasting off CHANDRAYAN-1 on its 2 – year exploration of lunar surface. It was in this backdrop the

general Elections were held. It is however a matter of great satisfaction that a stable Govt. has assumed power at the centre.

Impacted by the global recession the economic scenario presented a grim picture. The economic growth decelerated to around 6% as against an average growth rate of 9% witnessed in the previous three years. Industrial production bore the brunt and went to a negative zone during 1 or 2 months in the year. Inflation peaked to the level of 12.63% in August, 2008 and now threatening to move to negative zone portending deflation. Our foreign exchange reserves which crossed USD 300 Billion at the beginning of the year depleted to a level of around USD 250 Billion. Stock markets which witnessed robust activity and pushed the bellwether sensx to 21 K went on a tail-spin to a level below 8 K wiping out investors wealth to the tune of 32 Lakh Crores. A massive financial fraud that surfaced in Sathyam Computers also had a telling effect on the stock market. The market has started recovering after the new Govt. has come into power.

Crude Prices peaked an all time high of USD 147 per barrel and nosedived to around USD 30 per barrel and is now stabilizing at around USD 60 per barrel. While this has a positive impact on our import bill there was negative implications on the employment and inward remittances by expatriate Indians in Gulf countries.

The global recession also affected our exports of goods and services which forced the Government to scale down the export targets from USD 200 billion to USD 167 billion. To tide over the recessionary conditions and to boost the demand, Government and RBI announced a slew of fiscal and monetary stimulus packages. While there was an across the board reduction in the Excise Duty and Service Tax by way of fiscal measures, RBI which was earlier following a tight monetary policy to combat the inflation substantially reduced the statutory preemptions of CRR and SLR as also Repo and Reverse Repo rate to signal a reduction in the lending rates. Consequently there was a general decline in the lending and deposit rates of financial institutions.

### NBFC Sector

NBFC sector which was considerably affected by economic slow down presented an unenviable picture. Policy responses for helping the sector were rather lukewarm. The measure to hike CRAR of NBFCs to 15% in a phased manner was ill

advised and was subsequently deferred. To enable the sector to shore-up the capital RBI permitted them to raise Perpetual Debt instruments (PDIs) or Quasi Capital. As part of stimulus package NBFCs were also allowed to raise short-term foreign currency loans. Besides a special window was opened to provide liquidity support to NBFCs for which Stressed Assets Stabilization Fund (SASF) was allowed to operate as a special purpose vehicle. The RBI guidelines on the repossession of vehicles also made the task of recovery by NBFCs more onerous.

### **Performance of the Company**

Despite the adverse circumstances and the challenges detailed above your company could achieve excellent working results. The company posted a net profit of Rs. 30.30 Crores during the financial year as against Rs. 21 Crores during the previous year recording a growth of 44.29%. The Profit Before Tax for the year is Rs. 46.28 Crores as against Rs. 31.96 Crores in the previous year showing an increase of 44.81%. Gross income of the company rose to Rs. 166.10 Crores from Rs. 79.65 Crores. There has also been substantial spurt in the fee based income from Rs. 0.96 Crores to Rs. 2.04 Crores during the year. It is a matter of pride for us to report that despite the adverse investment climate your company could beat the trend and become successful in infusing fresh dose of

foreign equity investment aggregating Rs. 70.25 Crores. This apart, the existing Indian promoters have agreed to contribute another Rs. 37.25 Crores towards the Company's share capital.

### **Future Plan**

Your Company has plans to script a very ambitious growth story. I would like to reiterate our plan to explore new vistas in gold loan by imparting liquidity to the vast privately held gold reserves in the country and thereby making easy the life of millions of our borrowers. The spurt in the gold prices on the haven effect will provide the necessary fillip to our plan.

The commendable progress the company has made during the year is significantly on account of the patronage of the distinguished share holders, the guidance of all the stake holders and the dedicated hard work of the executives and employees. Let me take this opportunity to express my sincere gratitude to all the stake holders of the Company. With their continued support and co-operation the Company is confident of scaling greater heights in the years to come. Once again I thank each member for the trust and confidence reposed in the Management.

With warm regards,

V P Nandakumar  
Chairman

## Profile of Directors

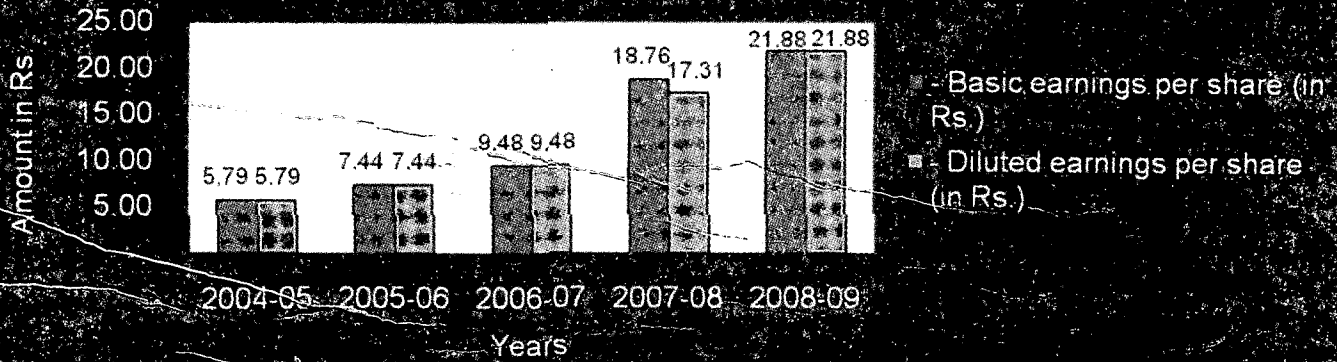
1. Mr. V.P. Nandakumar  
Chairman and Managing Director  
M.Sc., CAIIB (Part I).  
Chief Promoter of Manappuram Group of Companies. Served the Banking Industry in various capacities for a period of 7 years. Chairman of Equipment Leasing Association (India) and Chairman of KNBFC Association
2. Mr. I. Unnikrishnan  
Managing Director  
B.Com., FCA., Advisory expertise in matters relating to NBFCs.
3. Mr. Shailesh J Mehta  
Independent & Non-Executive  
IIT (Mumbai) Phd. (Operations Research & Human Letters) & MS (Operations Research). President, Granite Hill Capital Ventures. Former chairman and CEO of Providian Financial Corporation and president and COO of Capital Holding.
4. Mr. M. Anandan  
Independent & Non-Executive  
B.Com., FCA., Former Managing Director of Cholamandalam DBS Finance limited and Cholamandalam MS General Insurance Limited. He is a veteran in financial services with more than 20 years of multi functional experience.
5. Mr. Juguna G. Panikparambil  
Independent & Non-Executive  
B.Tech (IIT), M.Tech (Cornel University, US). Vast experience as Senior Production Engineer, M/s Abu Dhabi Petroleum Corporation, UAE
6. Adv. V.R. Ramachandran  
Independent & Non-Executive  
B.Sc., LLB. Well known Civil Lawyer of the Dist. Court, Thrissur
7. Mr. P. Manomohanam  
Independent & Non-Executive  
B.Com., CAIIB., Former General Manager of Reserve Bank of India. Long experience in the regulatory areas of NBFCs.
8. Dr. V.M. Manoharan  
Independent & Non-Executive  
M.Com., Phd., Former Dy. Director of Collegiate Education, Principal of various Government Colleges, Syndicate Member, Calicut University, Dean of some reputed Business Schools in Kerala.
9. Mr. A.R. Sankaranarayanan  
Independent & Non-Executive  
M.Sc., IRS (Retd). Advisor of Arya Vaidya Sala, Kottakkal. Former Managing Director of Steel Authority International Ltd., Director, Prime Minister's Secretariat, Director of Federal Bank, Aluva.
10. Mr. Ashvin C. Chadha  
Nominee & Non-Executive  
BA Economics (Wesleyan University). Vice President, India Equity Partners, Formerly associate of General Atlantic LLC and observer on the Board of Dice and Web Loyalty.
11. Mr. Gautam Saigal  
Nominee & Non-Executive  
M.Com., FCA. Managing Director, AA Indian Development Capital Advisors Private Limited (AAIA), Mumbai. Former Vice President, AIG Global Investment Group, Mumbai.
12. Mr. K.P. Balaraj  
Nominee & Non-Executive  
MBA (Harvard Business School). Co-founder and Managing Director of Sequoia Capital. Former member of the Private equity team at Goldman Sachs in Asia.

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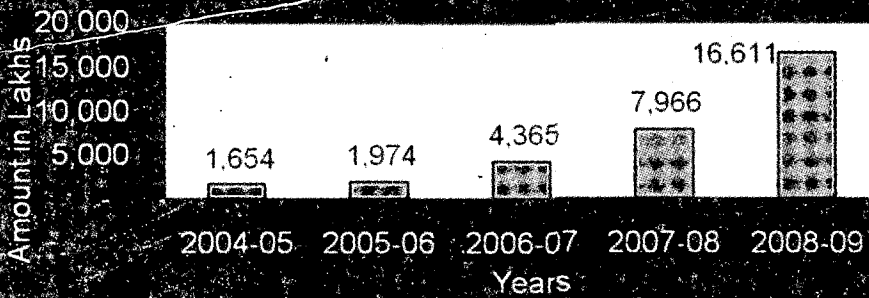
|   |  |
|---|--|
| <b>Company Secretary</b>                      | : C. Radhakrishnan   |
| <b>Chief Financial Officer</b>                | : Bindhu A.L.  |
| <b>Auditors</b>                               | : M/s S.R. Battiboi & Associates<br>Chartered Accountants<br>TPL House, Second Floor, 3<br>Cenotaph Road, Teynampet<br>Chennai – 600 018                       |
| <b>Registrars &amp; Share Transfer Agents</b> | : M/s S.K.D.C. Consultants Limited<br>PB No. 2979, No.11<br>S.N. Layout, Street No.1<br>West Power House Road<br>Coimbatore – 641 012<br>Phone: 91-422-2499856 |

## FINANCIAL HIGHLIGHTS FOR THE LAST FIVE YEARS

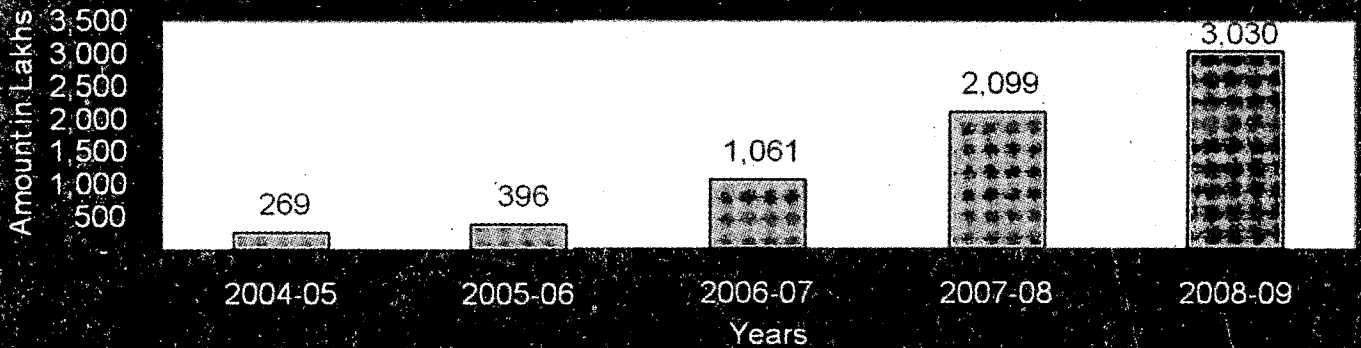
### Earnings Per Equity Share-Basic & Diluted(Rs.)

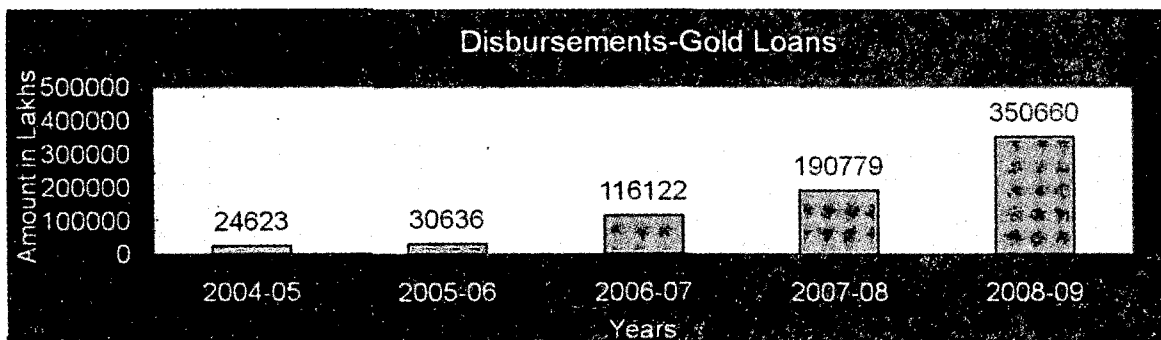
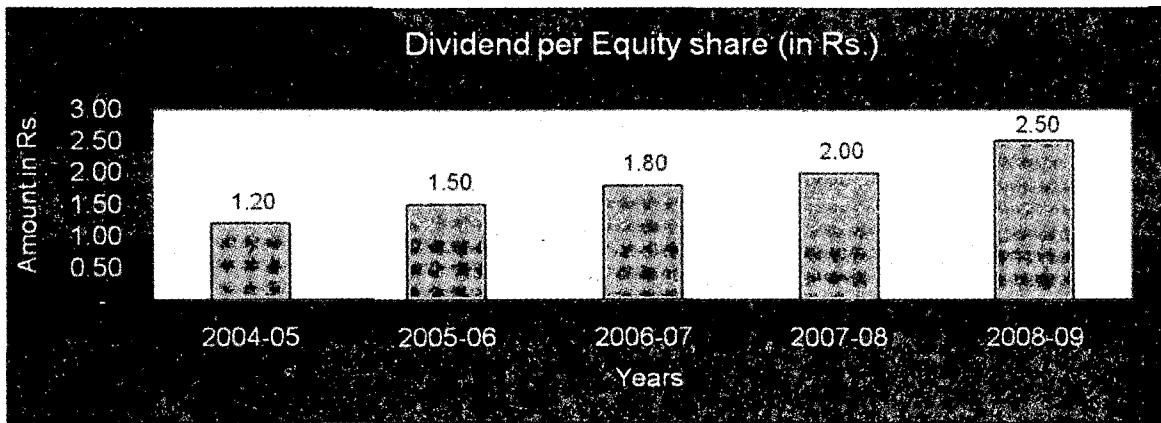
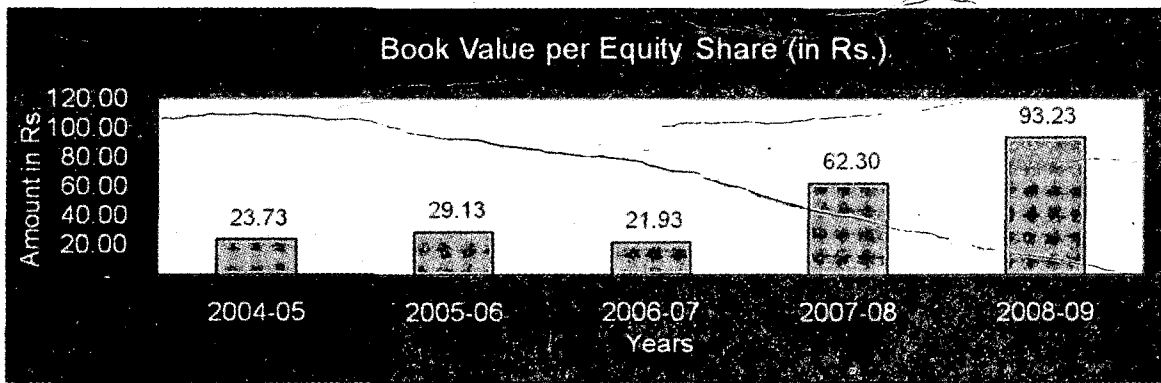
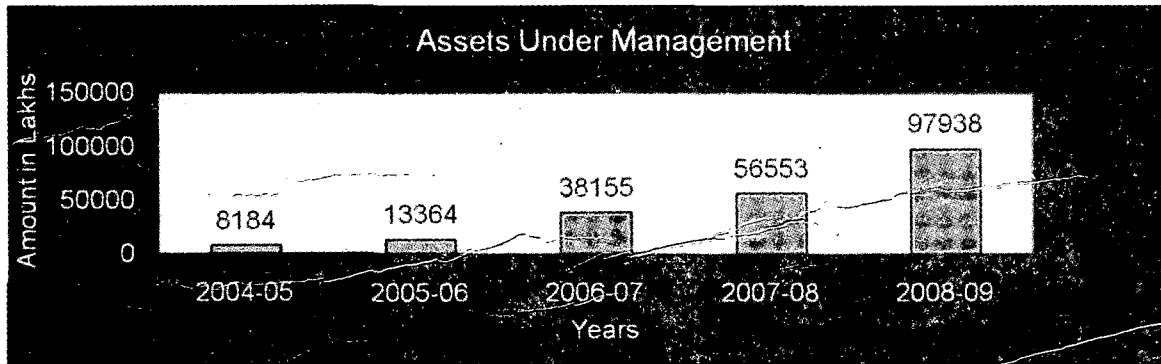


### Total Income



### Profit After Tax





# Directors' Report

To

The Members of Manappuram General Finance and Leasing Limited.

Your Directors have pleasure to present the 17th Annual Report on the working of the company with the Audited Accounts and the report of the Auditors for the financial year ended 31st March 2009.

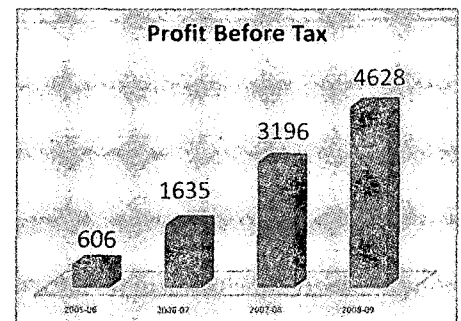
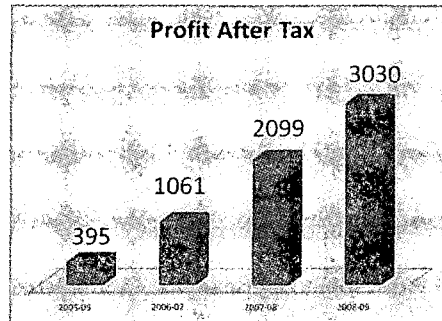
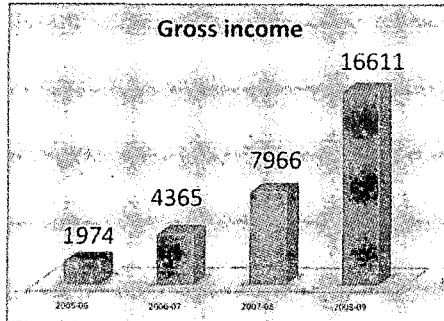
## 1. Financial Results

(Rupees in lakhs)

| Description                                 | 2008-09        | 2007-08        |
|---|----------------|----------------|
| Gross Income                                | 16610.96       | 7965.96        |
| Total Expenditure                           | 11982.73       | 4769.82        |
| <b>Profit before Tax</b>                    | <b>4628.23</b> | <b>3196.14</b> |
| Provision for Taxes/Deferred tax            | 1598.65        | 1097.18        |
| <b>Net Profit</b>                           | <b>3029.58</b> | <b>2098.96</b> |
| Profit b/f from previous year               | 389.97         | 61.41          |
| Amount available for appropriations.        | 3419.55        | 2160.37        |
| <b>Appropriation</b>                        |                |                |
| Transfer to Statutory Reserve               | 606.00         | 420.00         |
| Transfer to General Reserve                 | 310.00         | 1000.00        |
| Transfer to Capital Redemption Reserve      | 57.15          | 57.15          |
| Dividend on Convertible Preference shares   | -              | .65            |
| Dividend on Preference shares               | 30.00          | 30.00          |
| Interim Dividend paid                       | 16.42          | 165.00         |
| Proposed Equity Dividend                    | 431.40         | 55.00          |
| Tax on dividend                             | 81.25          | 42.60          |
| <b>Balance carried forward to next year</b> | <b>1887.33</b> | <b>389.97</b>  |

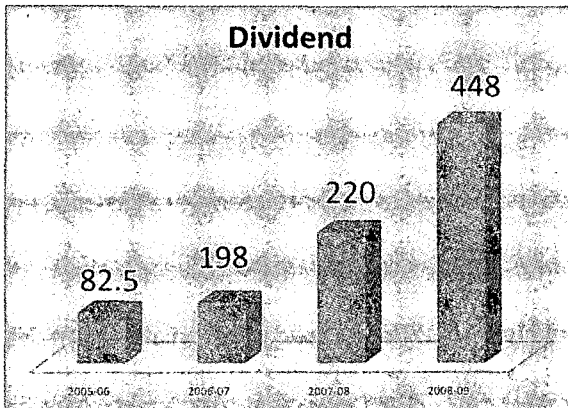
## FINANCIAL HIGHLIGHTS OVER THE YEARS

(Rs in lakhs)



### 2. Dividend

Encouraged by the improved performance of your company during the year, the Board is pleased to recommend a dividend of 25% (ie; Rs. 2.50/- per equity share of Rs. 10 each) on the paid up equity capital of the company. The amount would be paid, after the same is passed by the members at the coming Annual General Meeting, to those members whose name appears on the register of members as on the date of book closure. The total cash outflow on account of equity dividend would be Rs. 448 lakhs as compared to Rs. 220 lakhs during the previous year. This is inclusive of Rs. 16 lakhs paid to M/s Hudson Equity Holdings Ltd. and Sequoia Capital India Growth Investments I as dividend on conversion of their CCPS in to equity shares.



### 3 a) Issue of Compulsorily Convertible Preference Shares

On 21-06-2008 the Company converted 46,80,000 Compulsorily Convertible Preference Shares (CCPS) which were allotted during the previous financial year to M/s Hudson Equity Holdings Ltd. and Sequoia Capital India Growth Investments I, in to 32,83,582 equity shares.

As per the approval given by the members at the Annual General Meeting of the company held on 25.09.2008, your directors had allotted 4,952,499 CCPS to M/s Hudson Equity Holding, Sequoia Capital India Growth Investments I, AA Development Capital India I LLC and GHIOF, Mauritius. As per the terms of agreement entered into with the investors the CCPS were converted in to 29,72,246 Equity shares on 16.03.2009. With the above allotment, the paid up share capital of the company has increased to Rs. 17.26 Crores.

### b) Issue of Share Warrants

Company has issued 15,64,892 Nos of warrants to the promoters of the company towards which 10% of the consideration was received as per the terms of the share warrant agreement. These warrants would be converted into equity shares within 18 months from the date of allotment of warrants as may be deemed fit by the warrant holders.

#### 4. Capital and Reserves

Capital and reserves of the company as on 31.03.2009 stood at Rs. 16487.41 lakhs. During the year under review the Company transferred Rs. 606 lakhs to Statutory Reserve and Rs. 310 lakhs to General Reserve.

#### 5. Working Results

The year 2008-09 was a year with excellent financial results as far as your company is concerned. The company has posted a record profit after tax of Rs. 3029.58 lakhs as against Rs. 2098.95 lakhs during the previous year signifying an increase of 44.33%. Gross Income also registered an increase of 108% at Rs. 16610.96 lakhs as against Rs. 7965.96 lakhs for the year 2007-08.

#### 6. Subsidiary Company.

Manappuram Insurance Brokers (P) Limited has changed its status of subsidiary company with effect from 04.11.2008 and now it is an independent entity.

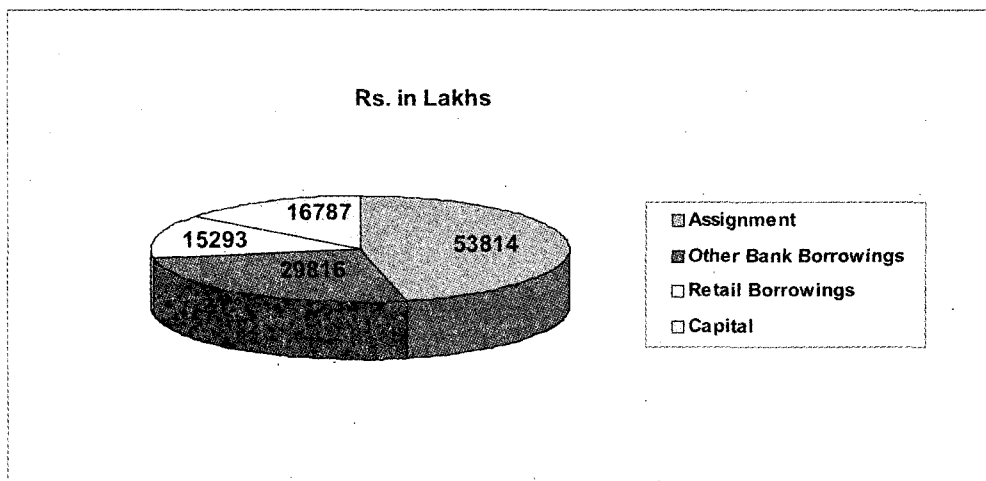
#### 7. Business Outlook.

Your Company is predominantly engaged in the business of gold loans and would like to be positioned as such in future even at the cost of exiting from other fund-based business areas. Encouraged by your Company's success in weathering the aftermath of global financial crisis, we have given shape to our business plan for the financial year 2009-10 as part realization of our long term strategy to 'energize' at least 10% of the vast privately held gold reserves in the country. Your Company is de-facto a micro credit Institution inasmuch as nearly 85% of its loans pertain to a ticket size of below Rs. 50,000/- except for the fact that we accept gold as security. Given the nature of our operations as also the fact that your Company's vision is to make life easy for our customers, it is essential that we have to be near them. A Pan India presence therefore becomes inevitable. We have therefore decided to penetrate aggressively into areas hitherto underserved by us. Innovative products, improved relationship management, efficient customer service, better use of technology and reduced operational costs will become the hallmark of successful NBFCs in future. Your Company's business strategy is in recognition of these facts.

#### 8. Resources

As part of the efforts to identify cheaper source of funds, your directors had discussions with reputed concerns at national and international levels. As a result of the negotiations and discussions, your company could mobilize overseas funds to the tune of Rs. 49.52 Crores in the form of Compulsorily Convertible Preference Shares. To meet the expansion plans and the escalating needs of retail customers, your directors have to make all out efforts for further mobilization. Efforts in this direction are already on.

Details of resources during the year under review are shown in the chart below:-





### **a) Deposits**

Your directors have decided at the Board meeting held on 15.01.2007 to phase out the public deposits held by the company. Accordingly, the company stopped accepting fresh public deposits. Existing deposits will not be renewed further and the Company is sending notice to the matured and unclaimed deposit holders. The company has already appointed of M/s IDBI Trusteeship Services Private Limited, Mumbai to act as Trustees of the Depositors in line with the RBI Directions.

Details required as per para 5(1) of special provisions applicable to NBFCs are given below:-

- (I) Total number of accounts of public deposits of the company, as at March 31, 2009, which have not been claimed by the depositors or not paid by the Company after the due date : 450 nos.
- (II) Total amount due under such accounts remaining unclaimed or unpaid beyond the dates referred to in (i) above as on 31.03.09 : 51.12 lakhs
- (III) Total amount due under such accounts remaining unclaimed or unpaid beyond the dates referred to in (i) above as on the date of report : 48.72 lakhs

As on the date of this report, there were no deposits which are due for transfer to the IEPF Account of the Central Government on the expiry of seven years after maturity. There is a regular follow up on the part of the company to redeem unclaimed deposits. The company enjoys MA+ rating awarded by ICRA for its public deposit programme.

### **b) Debentures**

Your company continues to issue fully secured redeemable convertible debentures of Rs 1000/- each on private placement basis. The outstanding balance of Debentures including interest accrued and due as on 31/03/2009 amounts to Rs.73 crores. The debentures are issued on private placement basis and are secured by a floating charge created on the receivables and other current assets of the company. The Company has appointed trustees to see that the interests of debenture holders are well protected. Any amount remaining unclaimed is transferred to debenture trustees account after the expiry of sixty days from the date of maturity.

### **c) Unsecured Bonds**

The company issued unsecured Subordinated Bonds in the nature of Promissory Notes on private placement basis. These Bonds will be treated as Tier II Capital as per RBI norms. The outstanding figure of these bonds as on 31-03-2009 amounted to Rs. 64 Crores.

### **d) Assignment of Receivables**

The Company has procured funds through assignment of receivables to Banks and Financial Institutions during the year to the tune of Rs 89500 lakhs. The aggregate amount availed as at 31-03-2009 is Rs.53814 lakhs.

## **9. New Recognitions**

### **Credit Rating**

Your directors have pleasure to inform that the existing MA rating of the company has been upgraded to MA+ by ICRA. Further the company got 'LA' rating from ICRA, Chennai for the working capital limit of Rs 184.25 Crores under Basel II norms which indicate average credit risk. The Company has also been awarded 'A1' rating by ICRA for its short term borrowings.

## **10. Merger**

The Board of Directors of the company and Manappuram Finance Tamilnadu Limited has approved a scheme of Merger and the same has been approved by the Bombay Stock Exchange in principle. As per the scheme, the merger is to take effect from 01.04.2008. In the absence of the High Court order approving the merger, the company has not been able to prepare the financial statements giving effect to the merger. As and when the merger is approved by the High Court, the Company will be filing the combined Balance Sheet and Profit and Loss Account with the ROC giving effect to the merger.

## 11. Compliance with NBFC Regulations

Your Company has complied with all the regulatory provisions framed by Reserve Bank of India for Non-Banking Financial Companies. The capital adequacy ratio of the company as on 31-03-2009 is 31% as against the statutory requirement of 15%.

## 12. Directors

Following Directors are liable to retire by rotation at the coming Annual General Meeting. Being eligible, they offer themselves for reappointment.

- 1) Mr. P. Manomohanan
- 2) Mr. A.R. Sankaranarayanan
- 3) Dr. V.M. Manoharan.

Mr. P. Manomohanan was appointed as the director of the company with effect from 18.08.03. He was the former General Manager of Reserve Bank of India having extensive experience in the regulatory field of NBFCs.

Mr. A.R. Sanakaranarayan has been associated with the company from 18.08.03. He is a retired person from Indian Revenue Service. Presently, he is the advisor of Aryavaidyasala, Kottakal.

Dr. V.M. Manoharan was inducted to the Board with effect from 18.08.2003. He is an academician who held various top positions in the field.

Following Directors resigned on their own from the directorship of the company. Their resignations were accepted by your Board:

- ◆ Mr. B.N.Raveendra Babu w.e.f. 30.10.2008
- ◆ Mrs. Jyothy Prasannan. w.e.f. 30.10.2008
- ◆ Dr. K.K.Mohandas w.e.f 27.12.2008

Your Board place on record its deep appreciation for the remarkable service offered by the above directors.

Further, as per the terms of the agreement for private equity, M/s Sequoia Capital India Growth Investments I and AA Development Capital India Fund I LLC has nominated Mr. K.P. Balaraj and Mr. Gautam Saigal respectively as nominee directors on the Board of your Company. Their appointment was made on 06.11.2008.

Two more directors were appointed to the Board of your company as additional directors namely Mr. M. Anandan and Mr. Shailesh J. Mehta on 27-12-2008 and 06-11-2008 respectively.

## 13. Particulars of Employees.

Particulars of the employees covered by the provisions of section 217 (2A) of the Companies Act, 1956 read with Company's (Particulars of employees) Rules 1975 is given below:-

STATEMENT PURSUANT TO SECTION 217 2(A) OF THE COMPANIES ACT 1956 READ WITH COMPANY'S (PARTICULARS OF EMPLOYEES) RULES 1975

| NAME                | AGE | DESIGNATION                  | REMUNERATION RECEIVED | DATE OF JOINING | EXPERIENCE IN YEARS |
|---------------------|-----|------------------------------|-----------------------|-----------------|---------------------|
| Mr. V.P. Nandakumar | 55  | CHAIRMAN & MANAGING DIRECTOR | 74,11,360             | 15.07.1992      | 29                  |
| Mr. I. Unnikrishnan | 45  | MANAGING DIRECTOR            | 26,35,267             | 1.10.2006       | 19                  |

#### **14. The Companies (disclosure of particulars in the report of the Board of Directors) Rules, 1988**

Conservation of energy, Technology absorption & Foreign exchange earnings and outgo

Your company has no activities relating to conservation of energy or technology absorption.

The company holds AD Category II licence from the Reserve Bank of India for its foreign exchange operations. There is no foreign exchange earnings and outgo during the period covered by this report.

#### **15. Directors' Responsibility Statement :**

As required under Section 227 (2AA) of the Companies Act, 1956, the Board of Directors hereby declare that:

- a) In the preparation of Annual Accounts for the financial year ended 31/03/2009, applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2008-09 and of the profit of the company for that period.
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the Annual Accounts for the year 2008-09 on a going concern basis.

#### **16. Auditors:**

The statutory Auditors M/s S.R. Batliboi & Associates, Chartered Accountants, TPL House, Second Floor, 3, Cenotaph Road, Teynampet, Chennai- 600 018 retire at the coming Annual General Meeting of the company and are eligible for re-appointment.

#### **17. Report on Corporate Governance**

Your Company has been practicing principles of good Corporate Governance over the years. The endeavor of the Company is not only to comply with the regulatory requirements but also practice good Corporate Governance that lays strong emphasis on integrity, transparency and overall accountability. A separate section on Corporate Governance along with a certificate from the Statutory Auditors confirming compliance is annexed and forms part of this report.

#### **18. Management Discussion and Analysis**

Management discussion and analysis report is attached and forms an integral part of the report of the Board of Directors

#### **19. Acknowledgement**

Your Directors acknowledge the dedicated service rendered by the Employees of the Company at all levels. The Directors also acknowledge the support and co-operation received especially from Shareholders, Investors, Customers and Well-wishers, Reserve Bank of India, Government Departments, Banks and other Financial Institutions.

Place : Valapad

Date : 30.04.2009

For and on behalf of the Board of Directors

Sd/-  
**V.P. Nandakumar**  
Chairman & Managing Director

# Management Discussion And Analysis Report

## 1. Economic outlook

The year just passed have proved to be a testing year for the economies all around the world. Despite the concerns on global credit crunch, peaked inflation and slowed down economic growth, Indian economy has ended the financial year with fair results. The economy registered a growth of 6.7% due mainly to the fiscal and monetary measures initiated by the Govt. and RBI. The stock market has also started stabilizing after it has been hit by the global credit crunch. After falling in 2008, the Sensex started offering the better returns. Unprecedented rise in gold prices and certain degree of volatility have offered both a challenge and an opportunity to financial institutions lending against gold.

## 2. Industry Structure and Developments

The non-banking financial sector was considerably affected by economic slowdown presented an unenviable picture. Policy responses for helping the sector were rather inadequate. The measure to hike CRAR of NBFCs to 15% in a phased manner was ill advised and was however subsequently withdrawn. To enable the sector to shore-up the capital RBI permitted them to raise Perpetual Debt Instruments (PDIs) or Quasi Capital. As part of stimulus package NBFCs were also allowed to raise short-term foreign currency loans. The RBI guidelines on the repossession of vehicles also made the task of recovery by NBFCs more onerous.

Manappuram General Finance and Leasing Limited with Assets Under Management (AUM) of Rs. 98640.38 lakhs is one of the leading non-banking finance companies in India. The company, along with its subsidiary company, provides a range of services such as gold loan, vehicle finance, insurance, forex, distribution of mutual fund and other financial products. Over the years, the company has built a strong presence in the market through its cumulative experience, strong distribution network as well as sound systems and processes. The company's long-term aspiration is to play a significant role in meeting the financial requirements of retail customers as well as medium enterprises

During the year the gold market has witnessed substantial changes in the business environment. Rising gold prices further strengthened the profitable operations of the Company, which has been constantly re-evaluating its strategy to effectively capitalise on the opportunity by offering appropriate products and services to its customers. Another noteworthy development was the infusion of equity into the Company by four internationally renowned private equity players viz: Hudson Equity Holdings, Sequoia Capital, AA Development Capital India and GHIOF Mauritius. Considering these positive developments ICRA, the rating agency has upgraded the rating of the Company to MA+ for its Fixed Deposit Programme. The Company has also been awarded a rating of LA by ICRA for working capital limits enjoyed from banking system denoting average credit risk for lending Banks.

## 3. Opportunities

The core area of the Company's activities viz. gold loan continues to offer immense potential. It is estimated that there are 15000 tonnes of privately held gold in the country. Our vision is to impart liquidity to at least 10% of such privately held gold. Consistent with this vision, we have been establishing branches across the country. During the year the company has taken a number of initiatives to improve the quality of its operations. Several schemes were introduced to meet the needs and preferences of customers. The company being predominantly engaged in gold loan business was substantially insulated from recovery problems and this encouraged commercial banks to extend financial assistance to the company thereby alleviating the problems of working capital finance.

## 4. Threats

The foray of commercial banks and other NBFCs into retail loans continues to be a threat for business growth. Maintenance of regulatory capital (CRAR) at 15% is another challenge towards asset growth. The global financial crisis has considerably affected the

Flow of foreign investments in to India. Despite such adverse climate the company was able to attain the second phase of foreign equity. Attrition level in the industry continues to be high. Retaining talented professionals is therefore a great challenge before the company. To meet this challenge, the company has been leveraging technology to offer better customer service.

## 5. Segment wise performance

There are mainly three segments in which the company is operating. Segment wise performance for the last two years is given.

(Rupees in Lacs)

| Description | Asset Finance  |                | Gold Loan and other loans |                | Fee Based Activities |                | Unallocated Items |                |
|-------------|----------------|----------------|---------------------------|----------------|----------------------|----------------|-------------------|----------------|
|             | As on 31.03.09 | As on 31.03.08 | As on 31.03.09            | As on 31.03.08 | As on 31.03.09       | As on 31.03.08 | As on 31.03.09    | As on 31.03.08 |
| Revenue     | 1428.20        | 1844.65        | 14874.80                  | 5999.68        | 199.25               | 96.01          | 108.70            | 25.63          |
| Expense     | 2309.79        | 1123.94        | 8637.40                   | 3371.90        | 38.89                | 51.02          | 996.64            | 251.67         |
| Result      | (881.59)       | 720.71         | 6237.40                   | 2620.51        | 160.36               | 80.96          | (887.94)          | (226.04)       |

(Figures in brackets signify losses/ expenses)

## 6 Risks and Concerns.

The company has put in place a mechanism to minimize operational risk by way of effective internal control systems, constant system of review and an on-going internal audit programme. The risk management frame work of the company aims to identify the diverse risks faced by the company and evolve appropriate mitigation strategies. The Internal Auditors of the Company undertake a comprehensive audit of functional areas and operations at all branches of the Company. The Internal Audit Team reports directly to the Audit Committee of the Board. The company is in the process of implementing the recommendations of KPMG who was engaged to conduct a study of its risk perspectives. Having migrated the technological base to Dotnet platform, the company is setting up an off-site surveillance system to make the internal control system more risk based.

The management of credit risk, interest rate risk, liquidity risk and market risk are critical components in the risk management system of the company. The Company has laid down stringent credit norms through Lending Policy Framework approved by the Board. The Company has developed an asset-liability management model to measure and manage interest rate and liquidity risks. Issues are periodically discussed and reviewed in the meetings of Risk Management Committee.

## 7 Internal Control System and their Adequacy.

The internal control systems of the company are commensurate with the size, scale and nature of its operation. The adequacy of the control system is examined by the management at regular intervals and also by the internal auditors. The internal auditors carry out audit at regular intervals to identify the weaknesses if any, of the system and suggest improvements for better functioning. The issues raised by the internal auditors on the operation of the Company are regularly discussed at the audit committee meetings.

## 8 Discussion on Financial Performance .

The company has posted a record profit after tax of Rs. 3029.58 lakhs as against Rs. 2098.95 lakhs during the previous year signifying an increase of 44.33%. Gross Income also registered an increase of 108% at Rs. 16610.96 lakhs as against Rs. 7965.96 lakhs for the year 2007-08. Board of Directors has recommended a dividend of 25% on the paid-up capital of the company, considering the improved performance during the year under reference.

## 9 Human resources and the infrastructure developments

The Company's dynamic growth greatly depends on the development and maintenance of an organization Structure and human resources to keep pace with the changing business environment and ensuring staff continuity. The company took a number of initiatives to strengthen human resources during the year to improve several HR practices in the organisation. Towards this the company has also engaged the services of an internationally reputed consultant.

During the year the company further strengthened its IT infrastructure and systems to support its operations. Connectivity to branches was also upgraded so as to provide improved information flow to branches and to further support the collection system.

## 10 Cautionary Statement.

Statement in this report of the Company's objective, projections, estimates, exceptions, and predictions are forward looking statements subject to the applicable laws and regulations. The statements may be subjected to certain risks and uncertainties. Company's operations are affected by many external and internal factors which are beyond the control of the management. Thus the actual situation may differ from those expressed or implied. The Company assumes no responsibility in respect of forward looking statements that may be amended or modified in future on the basis of subsequent developments, information or events.

By order of the Board

V.P.Nandakumar

Sd/-

Chairman and Managing Director

Valapad

30.04.2009

# Report on Corporate Governance

## Company's Philosophy

The principles of Corporate Governance Standards of the company places strong emphasis on transparency, accountability and integrity in the entire business activities of the company. The objective is not merely compliance but to uphold transparency and integrity in all its operations and thereby optimize shareholder value. The Company believes that its business plans and strategies should be consistent with a view to achieving the above objective and thereby leading to sustained corporate growth and long-term benefit to all. Company follows this principle in all its business decisions and dealings.

The company has complied with all mandatory requirements of corporate governance as detailed in the revised clause 49 of the listing agreement. The company has also complied with some of the non mandatory requirements the details whereof are given in the following paragraphs.

## Board of Directors

The Board of Manappuram comprises twelve directors drawn from varying fields and have mastered their respective areas. The composition of the Board fulfills the prescribed requirements laid down in Clause 49 of the listing agreement. The composition also fulfills the requirements of the guidelines issued by the Reserve Bank of India in this regard. There were 10 non-executive directors during the year.

During the period from 01.04.2008 to 31.03.2009, the Board met on 10 occasions. The dates of board meetings are:-08.05.2008, 21.06.2008, 30.07.2008, 29.08.2008, 25.09.2008, 30.10.2008, 27.12.2008, 29.01.2009, 25.02.2009 and 16.03.2009.

Details of participation of directors, committee memberships etc are shown in the following table:

| Sl. No | Name & Status of Director   | No. of Meetings held | No. of Meetings attended | Whether attended last AGM | Sub-Committee Membership   | Directorships In other public ltd Companies | Shareholding of Non-Executive Directors |
|--------|---|----------------------|--------------------------|---------------------------|--|---|---|
| 1      | Mr. V.P. Nandakumar<br>Chief Promoter<br>Chairman and<br>Managing Director          | 10                   | 10                       | Yes                       | Remuneration<br>committee<br>w.e.f. 29.01.09                                     | 3   | NA                                      |
| 2      | Mr. I. Unnikrishnan<br>Managing Director  | 10                   | 10                       | Yes                       | Nil  | 2   | NA                                      |
| 3      | Mr. B.N. Raveendra Babu<br>Promoter<br>Non-Executive Director<br>(up to 30-10-2008) | 6                    | 6                        | Yes                       | Nil  | 2   | NA                                      |
| 4      | Dr. K.K. Mohandas<br>Non-Executive Director<br>(up to 27-12-2008)                   | 7                    | 0                        | No                        | Grievance<br>Committee<br>(till 27.12.08)  | 0   | NA                                      |
| 5      | Mr. Juguna G. Panikparambil<br>Independent and<br>Non-Executive Director            | 10                   | 4                        | No                        | Remuneration<br>Committee  | Nil   | 2,40,000                                |
| 6      | Mrs. Jyothy Prasanna<br>Non-Executive Director<br>(up to 30-10-2008)                | 6                    | 6                        | Yes                       | Nil  | 3   | NA                                      |
| 7      | Adv. V.R. Ramachandran<br>Independent and<br>Non-Executive Director                 | 10                   | 10                       | Yes                       | Audit<br>(till 29.01.09)<br>Remuneration<br>committee.<br>Grievance<br>Committee | Nil   | 12,000                                  |
| 8      | Dr. V.M. Manoharan<br>Independent and<br>Non-Executive                              | 10                   | 10                       | Yes                       | Audit<br>Committee<br>(till 29.01.09)  | 2   | 19,999                                  |

|    |   |    |    |                        |   |     |          |
|----|---|----|----|------------------------|---|-----|----------|
| 9  | Mr. P. Manomohan<br>Independent and<br>Non-Executive          | 10 | 10 | Yes                    | Audit<br>Committee<br>Grievance<br>Committee                        | 1   | 44,786   |
| 10 | Mr. A.R. Sankaranarayanan<br>Independent and<br>Non-Executive | 10 | 10 | Yes                    | Audit and<br>Remuneration<br>Committee                              | Nil | 1,21,000 |
| 11 | Mr. Ashvin C. Chadha<br>Non-Executive<br>(Nominee director)   | 2  | 2  | No                     | Audit<br>Committee  | 1   | Nil      |
| 12 | Mr. K.P. Balaraj<br>Non-Executive<br>(Nominee director)       | 3  | 1  | Appointed<br>after AGM | Nil   | 3   | Nil      |
| 13 | Mr. Shailesh J. Mehta<br>Non-Executive &<br>Independent       | 3  | 2  | "                      | Audit<br>Committee &<br>Remuneration<br>committee wef<br>29.01.2009 | 3   | 250      |
| 14 | Mr. Gautam Saigal<br>Non-Executive<br>(Nominee director)      | 3  | 1  | "                      | Audit<br>Committee w.e.f<br>29.01.09                                | 2   | Nil      |
| 15 | Mr. M. Anandan<br>Independent and<br>Non-Executive            | 4  | 4  | "                      | Audit<br>Committee w.e.f<br>29.01.09                                | -   | 40,000   |

#### Changes among directors during the year 2008-09.

1. Mr. B.N.Raveendra Babu and Mrs. Jyothy Prasanna resigned as Directors of the company with effect from 30.10.2008 and Dr.K.K.Mohandas with effect from 27.12.2008
2. Mr. K.P. Balaraj and Mr. Gautam Saigal were appointed as Nominee Directors w.e.f 06.11.2008 and Mr. M.Anandan and Mr.Shailesh J. Mehta as additional directors w.e.f. 27.12.2008 and 06.11.2008 respectively.

#### COMMITTEES OF THE BOARD

##### a. Audit Committee.

The Company has constituted a qualified and independent audit committee as required under section 292 (A) of the Companies Act 1956 as also in fulfillment of the requirements of clause 49 of the Listing Agreement. The committee also fulfills the guidelines issued by the Reserve Bank of India in this regard. Audit committee of the company was reconstituted with effect from 29.01.2009 under the chairmanship of an Independent Director. The committee has six members who possess sound knowledge of accounts, finance, audit and legal matters. The Company Secretary acts as the Secretary of the Audit Committee. The terms of reference of the Committee shall be the same as those mentioned in the Listing Agreement as given below:-

##### Terms of reference:

- 1) Oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 2) Recommending to the Board the appointment, reappointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fee.
- 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- 4) Reviewing, with management the annual financial statements before submission to the Board for approval with particular reference to a) Matters required to be included in the directors responsibility statement to be included in the boards report in terms of clause 2AA of section 217 of the companies act 1956.  
b) Changes if any in accounting policies and practices and reasons for the same.  
c) Major accounting entries involving estimates based on the exercise of judgment by management.  
d) Significant adjustment made in the financial statement arising out of audit findings.  
e) Compliance with listing and other legal requirements relating to the financial statements  
f) Disclosure of any related party transactions.  
g) Qualifications in the draft audit report
- 5) Reviewing with the management the quarterly financial statements before submission to the board for approval.



- 6) Reviewing with the management performance of the statutory and internal auditors and adequacy of the internal control system.
- 7) Reviewing the adequacy of internal audit function if any including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- 8) Discussion with internal auditors any significant findings and follow up thereon.
- 9) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- 10) Discussion with statutory auditors before audit commences about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- 11) To look into the reasons for substantial defaults in the payments to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors.
- 12) To review the function of whistle blower mechanism in case the same exists.
- 13) Carrying out any other function as mentioned in the terms of reference of audit committee.

The constitution, meeting attendance and other details of the audit committee of the company are detailed below:-

| Sl No. | Name of the Member       | Position                     | Status                        | No. of Meetings held | No. meetings attended |
|--------|--------------------------|------------------------------|-------------------------------|----------------------|-----------------------|
| 1      | Mr. P. Manomohan         | Chairman                     | Independent and Non Executive | 4                    | 4                     |
| 2      | Adv. V.R.Ramachandran    | Member<br>Up to 29-01-2009   | Independent and Non Executive | 4                    | 4                     |
| 3      | Dr. V.M. Manoharan       | Member<br>Up to 29-01-2009   | Independent and Non Executive | 4                    | 4                     |
| 4      | Mr. A.R.Sankaranarayanan | Member                       | Independent and Non Executive | 4                    | 4                     |
| 5      | Mr. M. Anandan           | Member<br>w.e.f.<br>29.01.09 | Independent and Non Executive | 1                    | 1                     |
| 6      | Mr. Shailesh J. Mehta    | "                            | Independent and Non Executive | 1                    | 1                     |
| 7      | Mr. Ashvin C. Chadha     | Member                       | Non Executive                 | 4                    | 2                     |
| 8      | Mr. Gautam Saigal        | Member<br>w.e.f.<br>29.01.09 | Non Executive                 | 1                    | 0                     |

The audit committee regularly invites such executives as it considers appropriate including the head of finance, head of internal audit and the representative of the statutory auditors to be present at the meetings of the committee. During the period under review, the committee met on 4 occasions on 08-05-08, 30-07-08, 30-10-08, 29-01-09 respectively.

#### b. Remuneration committee

The Board has also constituted a remuneration committee as part of good corporate governance. The main role of remuneration committee is to determine on behalf of the Board and on behalf of the shareholders the company's policies on specific remuneration packages to executive directors including pension rights and any compensation payment. Committee is reconstituted on 29.01.2009 as given:

1. Shri. A.R.Sanakaranarayanan : Chairman [Non-Executive]
2. Adv.V.R.Ramachandran : Member [Non Executive]
3. Shri.V.P.Nandakumar : Member [Executive]
4. Shri. Shailesh J. Mehta : Member [Non Executive]
5. Shri.Juguna.G.Panikkamparambil : Member [Non Executive]

Remuneration committee met on two occasions during the period from 01.04.2008 to 31.03.2009 to consider the payment of commission to managerial personnel and payment of commission to non executive directors. Name of the committee is changed as Compensation and Corporate Governance committee with effect from 29-01-2009

Details of Remuneration paid to Directors during the financial year 2008-09 (Amount in Rupees)

| Sl No | Name of Director            | Sitting fees  |                    | Salaries and other allowances | Commission | Total     |
|-------|-----------------------------|---------------|--------------------|-------------------------------|------------|-----------|
|       |                             | Board Meeting | Committee Meetings |                               |            |           |
| 1     | Mr. V.P.Nandakumar          | --            | --                 | 24,11,360                     | 50,00,000  | 74,11,360 |
| 2     | Mr. I. Unnikrishnan         | --            | --                 | 18,45,560                     | 7,89,707   | 26,35,267 |
| 3     | Mr. B.N.Raveendra Babu      | --            | --                 | --                            | --         | --        |
| 4     | Dr. K.K. Mohandas           | --            | --                 | --                            | 75,000     | 75,000    |
| 5     | Mr. Juguna G. Panikparambil | 40,000        | 500                | --                            | 100,000    | 140,500   |
| 6     | Mrs. Jyothy Prasanna        | 60,000        | 20,000             | --                            | 58,333     | 138,333   |
| 7     | Adv. V.R. Ramachandran      | 100,000       | 41,000             | --                            | 200,000    | 341,000   |
| 8     | Dr. V.M. Manoharan          | 100,000       | 60,000             | --                            | 195,000    | 355,000   |
| 9     | Mr. P. Manomohan            | 100,000       | 70,000             | --                            | 212,000    | 382,000   |
| 10    | Mr. A.R. Sankaranarayanan   | 100,000       | 46,000             | --                            | 200,000    | 346,000   |
| 11    | Mr. Ashvin C. Chadha        | --            | --                 | --                            | --         | --        |
| 12    | Mr. K.P. Balaraj            | --            | --                 | --                            | --         | --        |
| 13    | Mr. M. Anandan              | 40,000        | 10,000             | --                            | 50,000     | 100,000   |
| 14    | Mr. Gautam Saigal           | --            | --                 | --                            | --         | --        |
| 15    | Mr. Shailesh J. Mehta       | 20,000        | 10,000             | --                            | 83,333     | 113,333   |

**Criteria of making payments to Non-Executive Directors**

Decisions relating to the remuneration of directors are taken by the Board of Directors of the Company in accordance with the shareholders approval. Independent/Non-Executive directors were paid sitting fees of Rs.10,000/- per meeting as remuneration (Rs. 15,000 wef. 30-04-2009). At the AGM held on 25-09-2008 the shareholders had approved payment of commission at the rate not exceeding 1% of the net profits of the company to the non-executive directors. Each year the Board fixes the amount to be paid as commission.

Amount of commission payable is determined after assigning weightages to time spent for the company.

**c) Shareholders Grievance Committee.**

The company has constituted a Shareholders Grievance committee to monitor the investor complaints/grievances like non receipt of share certificate, dividend, annual report etc. The committee has been reconstituted with effect from 27.12.2008 as per details shown hereafter. The Committee reviews and redresses shareholders grievances/ complaints. During the period under review the Company has received 37 investor's complaints. All the complaints received as on the date of this report were settled.

### Members of the Grievance Committee

Adv. V.R.Ramachandran

Chairman

Mr. P.Manomohan

Member

Mr. C. Radhakrishnan

Secretary

Other relevant details are given below:-

Name and designation of compliance officer

C.Radhakrishnan, Joint General Manager & Company Secretary

### d) Other Committees

#### i) Risk Management Committee

The Company has constituted a Risk Management Committee to review on an ongoing basis the measures adopted by the Company for the identification, measurement, monitoring and mitigation of the risks involved in various areas of the Company's functioning. The committee is under the charge of an independent director as chairman and three other directors as members.

The Committee deliberates on the various risk aspects related with its business such as appraisal risk, custodial risk, competition risk, price fluctuation risk relating to the business of gold loan and sourcing risk, borrower risk, product risk, interest rate risk, market risk etc as regards its vehicle loan segment.

#### ii) Nomination committee

The nomination committee was constituted in compliance of the requirements of Reserve Bank of India circular no.DNBS/PD/CC 94/03.10.042/2006-07 dated 08.05.2007 to ensure that only fit and proper persons are appointed as directors. The committee is headed by the chairman and has two other member directors.

### General Body Meetings

Details of the last three Annual General Meetings of the Company are given below :-

| Year | Date       | Time and Place   | Details of special resolutions passed  |
|------|------------|--|--|
| 2008 | 25.09.2008 | 10.30 AM<br>Anugraha<br>Auditorium<br>PO Valapad,<br>Thrissur- 680 567 | Accepting investment by FII more than 24%<br>Amending the capital clause of Memorandum<br>of Association of the company, Alteration of<br>Articles of Association, Preferential issue of<br>convertible preference shares, Issue of warrants |
| 2007 | 08.09.2007 | 11AM.<br>Anugraha<br>Auditorium<br>PO Valapad,<br>Thrissur- 680 567    | Alteration of Articles of Association of the<br>Company, Delisting the securities of the<br>company, from Madras Stock Exchange Limited  |
| 2006 | 15.07.2006 | 11AM.<br>Anugraha<br>Auditorium<br>PO Valapad,<br>Thrissur- 680 567    | Increasing the investment powers of the<br>company to Rs.200 Crores<br><br>Variation of the terms of appointment of<br>Mr. V.P.Nandakumar, CMD   |

Details of Extra Ordinary General Meetings held during the period are given below:-

| Year | Date       | Time and Place  | Details of special resolutions passed                   |
|------|------------|---|---|
| 2008 | 27.12.2008 | 11.30 AM.<br>Anugraha<br>Auditorium<br>PO Valapad,<br>Thrissur- 680 567 | Alteration of Articles of Association of the<br>Company |

There were no resolutions that needed to be put through postal ballot.

#### Disclosures

There were no materially significant related party transactions having potential conflict with the interests of company at large. Transactions with related parties are disclosed in Schedule 18 (notes forming part of Accounts- Clause 18.6 in the Annual Report). The Company has complied with all the directives issued by stock exchanges and other statutory authorities. No penalties and strictures were imposed on the company by any regulatory authorities viz; the Stock Exchange, SEBI, Reserve Bank, Registrar of Companies for non-compliance of any law, guidelines and directives during the year.

#### Means of Communication

The company publishes the unaudited/audited financial results on quarterly basis as required under clause 41 of the listing agreement. The financial results in the prescribed format are published in newspapers including Economic Times, Business line, Business Standard, Malayala Manorama, Mathrubhumi etc. Other major announcements like Book Closure, Board Meetings etc. are also published as above. The company has its web site at [www.manappuram.com](http://www.manappuram.com) wherein information on the company and its performance are given. Financial results are also posted on the web site.

#### Code of Conduct

As per the new clause 49 of the Listing Agreement the Company has framed a Code of Conduct for the Directors and Senior managerial persons and the same was uploaded in the website of the Company and is accessible to the shareholders of the Company. Requisite Certificate from CEO and the Chief Financial Officer as per clause 49 of the Listing agreement was noted by the Board of directors at its meeting held on 30.04.2009.

#### Declaration on code of conduct

As required by clause 49 (1) (d) of Listing Agreement it is hereby affirmed that all the board members and senior management personnel have complied with Code of Conduct of the company.

#### Fair Practices Code

The company has formulated a fair Practices Code pursuant to the RBI Guidelines issued in this regard to lay down procedures and practices in dealing with the business transactions viz application for loans, loan appraisal, terms and conditions etc. Code of conduct came into force with effect from 15.12.2007.

#### General Shareholder Information

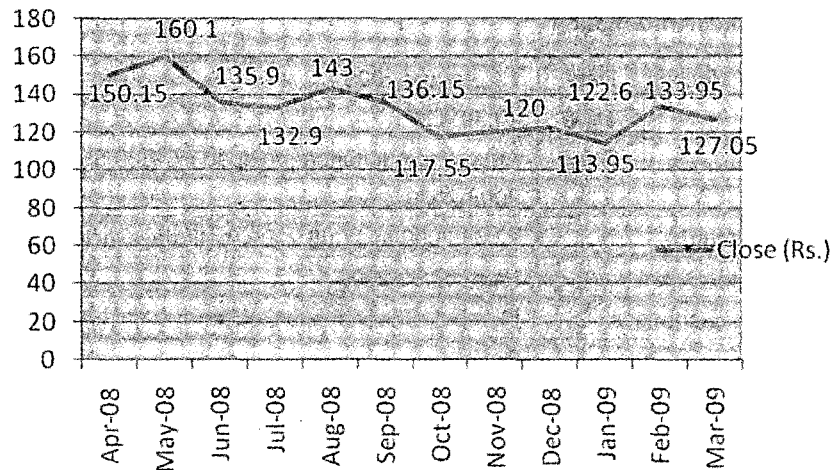
|                                     |   |   |
|-------------------------------------|---|---|
| Annual General Meeting              | Date  | 17 <sup>th</sup> August 2009                              |
|                                     | Time  | 10.30 A.M   |
|                                     | Place   | Anugraha Auditorium, Valapad PO-680 567 Thrissur District |
| Financial Year                      | 2008-2009   |   |
| Date of Book closure                | 12.08.2009 to 17.08.2009 (both days inclusive)  |   |
| Dividend Payment Date               | From 07.09.2009   |   |
| Listing on Stock Exchanges          | Mumbai, Chennai and Cochin  |   |
| Stock Code                          | 531213  |   |
| Registrar and Share Transfer Agents | M/s SKDC Consultants Limited<br>PB No.2979, No.11, S.N. Layout, Street No.1<br>West Power House Road, Coimbatore, Ph 0422 2499804   |   |
| Compliance Officer                  | C.Radhakrishnan : Joint General Manager cum Company Secretary   |   |
| Company Address                     | Manappuram General Finance and Leasing Limited,<br>V/104 Manappuram House Valapad PO , Thrissur-680 567 Kerala<br>Phone: 0487- 2391306, 2391892, 2399303. Fax 0487- 2399298<br>E-mail: <a href="mailto:mail@manappuram.com">mail@manappuram.com</a> . <a href="mailto:cosecretary@manappuram.com">cosecretary@manappuram.com</a><br>Website: <a href="http://www.manappuram.com">www.manappuram.com</a> |   |

Share price movements of the company [BSE] during each month of the financial year 2008-09.

| Date           | Close (Rs.) | No. of Shares | No. of Trades | Net T/O (Rs.) |
|----------------|-------------|---------------|---------------|---------------|
| April 2008     | 150.15      | 67070         | 632           | 10,330,594    |
| May 2008       | 160.10      | 110631        | 1004          | 17,528,679    |
| June 2008      | 135.90      | 60714         | 693           | 9,080,865     |
| July 2008      | 132.90      | 57439         | 653           | 7,708,079     |
| August 2008    | 143.00      | 46109         | 538           | 6,412,869     |
| September 2008 | 136.15      | 503542        | 763           | 70,296,911    |
| October 2008   | 117.55      | 174120        | 1867          | 21,483,614    |
| November 2008  | 120.00      | 132492        | 884           | 16,518,831    |
| December 2008  | 122.60      | 59033         | 411           | 7,237,670     |
| January 2009   | 113.95      | 97575         | 1285          | 11,248,486    |
| February 2009  | 133.95      | 264532        | 1681          | 30,225,274    |
| March 2009     | 127.05      | 67840         | 852           | 9,048,953     |

#### Share Price Movements

### Close (Rs.)



Distribution of shareholding as on 31st March 2009

| Equity Shares      | Number      | % to total    | Amount<br>(in Rs)  | % to total    |
|--------------------|-------------|---------------|--------------------|---------------|
| Upto 5,000         | 1800        | 55.57         | 3,123,110          | 1.81          |
| 5,001 10,000       | 799         | 24.67         | 7,601,830          | 4.41          |
| 10,001 20,000      | 354         | 10.93         | 6,426,170          | 3.72          |
| 20,001 30,000      | 67          | 2.07          | 1,816,900          | 1.05          |
| 30,001 40,000      | 33          | 1.02          | 1,206,660          | 0.70          |
| 40,001 50,000      | 61          | 1.88          | 2,975,420          | 1.72          |
| 50,001 1,00,000    | 51          | 1.57          | 3,732,980          | 2.16          |
| 1,00,001 and above | 7           | 2.28          | 145,675,210        | 84.42         |
| <b>TOTAL</b>       | <b>3239</b> | <b>100.00</b> | <b>172,558,280</b> | <b>100.00</b> |

**Dematerialisation of shares**

The shares of the Company are under compulsory Demat trading. The Company has joined as a member of the depository services with National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of its shares. Shareholders can get their shares dematerialized with either NSDL or CDSL. The code number allotted to the company is: INE 522 D01019. Total shares dematerialized as on 31.03.2009 comprised nearly 72.49%.

**Payment of unpaid/ unclaimed dividend**

The Company has remitted all unclaimed and unpaid dividends up to the financial year 2001 to the Investor Education and Protection Fund of the Central Government. Dividends relating to the subsequent financial years would be transferred to the said account on the expiry of seven years after transfer of the same to the unpaid dividend account.

**Common Agency for Physical and Electronic Transfer**

Share transfers, dividend payment and all other investor related activities are attended to and processed at the office of the Registrars and Transfer Agent, as detailed above.

On behalf of the Board

Sd/-  
V.P.Nandakumar  
Chairman and Managing Director

Valapad  
30.04.2009

## **AUDITORS' CERTIFICATE**

**To**  
**The Members of Manappuram General Finance and Leasing Limited**

We have examined the compliance of conditions of Corporate Governance by Manappuram General Finance and Leasing Limited, for the year ended on March 31, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For S. R. BATLIBOI & ASSOCIATES**  
**Chartered Accountants**

**per S Balasubrahmanyam**

**Partner**  
**Membership No.: 053315**

**City: Chennai 30.04.2009**

# Auditors' Report

## Auditors' Report

To  
**The Members of Manappuram General Finance and Leasing Limited**

1. We have audited the attached Balance Sheet of Manappuram General Finance and Leasing Limited ('the Company') as at March 31, 2009 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

v. On the basis of the written representations received from the directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2009;

b) in the case of the profit and loss account, of the profit for the year ended on that date; and

c) in the case of cash flow statement, of the cash flows for the year ended on that date.

**For S.R. BATLIBOI & ASSOCIATES**  
Chartered Accountants

per S. Balasubrahmanyam  
Partner  
Membership No.: 053315

Place: Chennai  
Date: April 30, 2009



### **Annexure referred to in paragraph 3 of our report of even date**

Re: Manappuram General Finance & Leasing Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) There was no disposal of a substantial part of fixed assets during the year.

(ii) The Company is a non banking finance company engaged in the business of providing loans and does not maintain any inventory. Therefore, the provisions of clause 4(ii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 ('the Act'). Therefore, the provisions of clause 4(iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 ('the Act'). Therefore, the provisions of clause 4(iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and goods and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

(b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.

(vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax and other material statutory dues applicable to it. Investor education and protection fund, wealth-tax, customs duty, excise duty and cess are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

© According to the records of the Company, the dues outstanding of income-tax and sales-tax, on account of any dispute, are as follows:

| <b>Name of the statute</b>                | <b>Nature of dues</b> | <b>Amount (Rs.)</b> | <b>Period to which the amount relates</b> | <b>Forum where dispute is pending</b>                   |
|---|-----------------------|---------------------|---|---|
| <b>Kerala General Sales Tax Act, 1963</b> | <b>Penalty</b>        | <b>490,000</b>      | <b>1994-1999</b>                          | <b>Commissioner (Revision) of Sales Tax, Trivandrum</b> |

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a bank or debenture holders. There are no dues to financial institutions.

(xii) Based on our examination of documents and records, we are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) The Company did not have any term loans outstanding during the year.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has made preferential issue of share warrants to a party covered in the register maintained under section 301 of the Act. In our opinion the price at which share warrants have been issued is not prejudicial to the interest of the Company.

(xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has created security or charge in respect of debentures issued.

(xx) The Company has not raised any money by public issues and accordingly, provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xxi) As more fully discussed in Note 16 of Schedule 18 to the financial statements, we report that, during the year there have been certain instances of fraud on the Company by employees where gold loan related misappropriations have occurred for amounts aggregating Rs 40.69 lakhs.

Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that there are no other instances of fraud on or by the Company that have been noticed or reported during the course of our audit, other than those described above.

**For S.R. BATLIBOI & ASSOCIATES**

Chartered Accountants

per **S Balasubrahmanyam**

Partner

Membership No.: 053315

Place: Chennai

Date: April 30, 2009

## Auditor's Report

To  
**The Board of Directors,**  
**Manappuram General Finance and Leasing Limited,**  
Valapad PO, Thrissur, Kerala 680567

Dear Sirs,

We have audited the Balance Sheet of Manappuram General Finance & Leasing Limited ('the Company') as at March 31, 2009 and also the Profit and Loss account and Cash Flow Statement for the year ended on that date annexed thereto. As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 1998, and according to the information and explanations given to us, we give below, a statement on matters specified in paragraphs 3 and 4 of the said Directions:

1. The Company has received registration, as required under section 45IA of the Reserve Bank of India Act, 1934, vide certificate no. 16.00029 dated 25.05.1998.
2. Public deposits accepted by the Company, together with other borrowings are within the limits admissible to the company as per the provisions of the Non-Banking Financial Companies (Reserve Bank) Directions, 1998.
3. The credit rating for fixed deposits of 'MA +' assigned by the credit rating agency 'ICRA Limited' on March 24<sup>th</sup> 2008, is in force as at March 31, 2009. The rating agency has not specified any limit for accepting public deposits.
4. In our opinion, and as per the records and documents verified by us and explanations given to us, the Company has not made any default in paying to its depositors the interest and/or principal amount of the deposits after such interest and/or principal became due.
5. The company has complied with the prudential norms on income recognition, accounting standards, asset classification, provisioning for bad and doubtful debts, and concentration of credit/investments as specified in the directions issued by the Reserve Bank of India in terms of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
6. The capital adequacy ratio as disclosed in the return submitted to the Reserve Bank of India, in terms of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, has been correctly determined and such ratio is in compliance with the minimum Capital to Risk Asset Ratio prescribed by Reserve Bank of India.
7. The company has complied with the prescribed liquidity requirement and kept the approved securities with a designated bank.
8. The company has furnished to the Reserve Bank of India within the stipulated period the half-yearly return on prudential norms as specified in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
9. The company has furnished to the Reserve Bank of India within the stipulated period the return on deposits as specified in the First Schedule to the Non-Banking Financial Companies (Reserve Bank) Directions, 1998.

This report is issued pursuant to the Non-Banking Financial Companies Auditors' report (Reserve Bank) Directions, 1998 and is issued to the Board of Directors of the Company as required by paragraph 2 of such directions and should not be used for any other purpose.

Place: Chennai  
Date: April 30, 2009

**For S.R. BATLIBOI & ASSOCIATES**  
Chartered Accountants

**per S Balasubrahmanyam**  
Partner  
Membership No.: 053315

# Balance Sheet as at March 31, 2009

(All amounts are in Indian Rupees, unless otherwise stated)

|  | Schedule | As at<br>March 31, 2009 | As at<br>March 31, 2008 |
|--|----------|-------------------------|-------------------------|
| <b>SOURCES OF FUNDS</b>                            |          |                         |                         |
| <b>Shareholders' funds</b>                         |          |                         |                         |
| Share capital                                      | 1        | 212,558,280             | 618,000,000             |
| Share warrants                                     |          | 29,983,331              | -                       |
| Reserves and surplus                               | 2        | 1,436,183,439           | 311,828,798             |
| <b>Loan funds</b>                                  |          |                         |                         |
| Secured loans                                      | 3        | 3,712,438,627           | 1,351,081,230           |
| Unsecured loans                                    | 4        | 798,459,621             | 393,925,578             |
| Deferred tax liability (net)                       | 5        | -                       | 391,613                 |
|  |          | <u>6,189,623,298</u>    | <u>2,675,227,219</u>    |
| <b>APPLICATION OF FUNDS</b>                        |          |                         |                         |
| <b>Fixed assets</b>                                |          |                         |                         |
| Gross block  | 6        | 355,649,104             | 208,119,688             |
| Less : Accumulated depreciation / amortisation     |          | 77,877,423              | 44,911,022              |
| Net block  |          | 277,771,681             | 163,208,666             |
| <b>Capital work in progress including advances</b> |          | 2,600,000               | -                       |
| <b>Deferred tax asset (net)</b>                    | 5        | 13,585,351              | -                       |
| <b>Investments</b>                                 | 7        | 10,772,283              | 29,278,285              |
| <b>Current Assets, Loans and Advances</b>          |          |                         |                         |
| Cash and bank balances                             | 8        | 1,133,960,803           | 672,230,174             |
| Other current assets                               | 9        | 675,912,457             | 202,704,232             |
| Loans and advances                                 | 10       | 4,486,025,187           | 1,853,064,633           |
|  |          | 6,295,898,447           | 2,727,999,039           |
| <b>Less : Current liabilities and provisions</b>   |          |                         |                         |
| Current liabilities                                | 11       | 342,850,454             | 220,549,124             |
| Provisions   | 12       | 68,154,010              | 24,709,647              |
|  |          | 411,004,464             | 245,258,771             |
| <b>Net current assets</b>                          |          | <u>5,884,893,983</u>    | <u>2,482,740,268</u>    |
|  |          | <u>6,189,623,298</u>    | <u>2,675,227,219</u>    |
| <b>Notes to accounts</b>                           | 18       |                         |                         |

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet

## As per our report of even date

For **S. R. BATLIBOI & ASSOCIATES**  
Chartered Accountants

For and on behalf of the Board of Directors

per **S Balasubrahmanyam**  
Partner  
Membership No.: 053315

**V.P.Nandakumar**  
Chairman & Managing Director

**I. Unnikrishnan**  
Managing Director

**P.Manomohanam**  
Director

Place: Chennai  
Date: April 30, 2009

Place: Valapad  
Date: April 30, 2009

**A.L.Bindu**  
Chief Financial Officer

**C.Radhakrishnan**  
Company Secretary

# Profit and Loss Account for the year ended March 31, 2009

(All amounts are in Indian Rupees, unless otherwise stated)

|  | Schedule | Year ended<br>March 31, 2009 | Year ended<br>March 31, 2008 |
|--|----------|------------------------------|------------------------------|
| <b>INCOME</b>  |          |                              |                              |
| Income from services   | 13       | 1,605,332,946                | 779,595,153                  |
| Other income   | 14       | 55,763,912                   | 17,000,957                   |
|  |          | <b>1,661,096,858</b>         | <b>796,596,110</b>           |
| <b>EXPENDITURE</b>   |          |                              |                              |
| Personnel expenses   | 15       | 276,987,882                  | 114,829,946                  |
| Operating and other expenses   | 16       | 501,675,253                  | 200,386,225                  |
| Depreciation / amortization  | 6        | 33,705,614                   | 18,259,051                   |
| Financial expenses   | 17       | 385,904,291                  | 143,506,745                  |
|  |          | <b>1,198,273,040</b>         | <b>476,981,967</b>           |
| <b>Profit before tax</b>   |          | <b>462,823,818</b>           | <b>319,614,143</b>           |
| <b>Less: Provision for tax</b>   |          |                              |                              |
| - Current tax (including tax related to earlier years - Rs 2,000,000, previous year - Nil) |          | 171,442,538                  | 109,201,427                  |
| - Deferred tax   |          | (13,976,964)                 | (564,580)                    |
| - Fringe benefit tax   |          | 2,400,042                    | 1,081,344                    |
| <b>Profit after tax</b>  |          | <b>302,958,202</b>           | <b>209,895,952</b>           |
| Balance bought forward from previous year  |          | 38,996,802                   | 6,141,103                    |
| <b>Profit available for appropriation</b>  |          | <b>341,955,004</b>           | <b>216,037,055</b>           |
| <b>Appropriations:</b>   |          |                              |                              |
| - Transfer to Statutory Reserve  |          | 60,600,000                   | 42,000,000                   |
| - Transfer to General Reserve  |          | 31,000,000                   | 100,000,000                  |
| - Transfer to Capital Redemption Reserve   |          | 5,715,000                    | 5,715,000                    |
| - Dividend on Convertible Preference Shares  |          | -                            | 65,390                       |
| - Interim Dividend on Equity Shares  |          | 1,641,791                    | 16,500,000                   |
| - Dividend on Redeemable Preference Shares   |          | 3,000,000                    | 3,000,000                    |
| - Proposed Dividend on Equity Shares   |          | 43,139,570                   | 5,500,000                    |
| - Tax on distributed profit  |          | 8,125,387                    | 4,259,863                    |
| <b>Net profit carried forward to balance sheet</b>   |          | <b>188,733,256</b>           | <b>38,996,802</b>            |
| <b>Earnings per share information -</b>  |          |                              |                              |
| - Weighted average number of equity shares   |          |                              |                              |
| - Basic  |          | 13,685,187                   | 11,000,000                   |
| - Diluted  |          | 13,685,187                   | 11,915,097                   |
| - Basic earnings per share (in Rs.)  |          | 21.88                        | 18.76                        |
| - Diluted earnings per share (in Rs.)  |          | 21.88                        | 17.31                        |
| - Nominal value per equity share   |          | Rs 10/-                      | Rs.10/-                      |

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The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account

**As per our report of even date**  
**For S. R. BATLIBOI & ASSOCIATES**  
Chartered Accountants

**For and on behalf of the Board of Directors**

**per S Balasubrahmanyam**  
Partner  
Membership No.: 053315

**V.P.Nandakumar**  
Chairman & Managing Director

**I. Unnikrishnan**  
Managing Director

**P. Manomohanam**  
Director

Place: Chennai  
Date: April 30, 2009

Place: Valapad  
Date: April 30, 2009

**A.L.Bindu**  
Chief Financial Officer

**C.Radhakrishnan**  
Company Secretary

## Schedules to accounts

(All amounts are in Indian Rupees, unless otherwise stated)

|  | As at<br>March 31, 2009 | As at<br>March 31, 2008 |
|--|-------------------------|-------------------------|
| <b>Schedule 1: Share capital</b>   |                         |                         |
| <i>Authorized</i>  |                         |                         |
| 26,000,000 (Previous year - 28,000,000) equity shares of Rs. 10 each   | 260,000,000             | 280,000,000             |
| 400,000 (Previous year - 400,000) redeemable preference shares of Rs. 100 each   | 40,000,000              | 40,000,000              |
| 5,000,000 (Previous year - 4,800,000) compulsorily convertible preference shares of Rs. 100 each   | 500,000,000             | 480,000,000             |
| <i>Issued, subscribed and paid-up</i>  |                         |                         |
| 17,255,828 (Previous year -11,000,000) equity shares of Rs. 10 each fully paid up *  | 172,558,280             | 110,000,000             |
| 400,000 (Previous year - 400,000) 7.5% redeemable preference shares of Rs. 100 each fully paid up **   | 40,000,000              | 40,000,000              |
| Nil (Previous year - 4,680,000) 0.05% compulsorily convertible preference shares of Rs. 100 each fully paid up (Refer Note 1 to Schedule 18) | -                       | 468,000,000             |
|  | <b>212,558,280</b>      | <b>618,000,000</b>      |

\* Out of the above, 5,500,000 (Previous year - 5,500,000) equity shares of Rs.10 each are allotted as fully paid up bonus shares by capitalisation of General Reserve - Rs. 40,000,000 (Previous year - Rs. 40,000,000) and Securities Premium - Rs. 15,000,000 (Previous year - Rs. 15,000,000)

\*\*Out of the above 400,000 (Previous year - 400,000) 7.5% redeemable preference shares of Rs. 100 each fully paid up:  
--200,000 preference shares issued on September 11, 2004 are redeemable at par by September 10, 2011  
--200,000 preference shares issued on September 30, 2004 are redeemable at par by September 29, 2011

The shareholders have a right to early redemption but not earlier than 2 years from the date of allotment.

### Schedule 2: Reserves and surplus

|   |                      |                    |
|---|----------------------|--------------------|
| <i>Capital redemption reserve</i>                               |                      |                    |
| Opening balance   | 17,137,500           | 11,422,500         |
| Add: Transferred from Profit and loss account                   | 5,715,000            | 5,715,000          |
|   | 22,852,500           | 17,137,500         |
| <i>Securities premium account</i>                               |                      |                    |
| Opening balance   | -                    | -                  |
| Add: Securities premium on issue of shares                      | 900,691,720          | -                  |
| Less: Share issues expenses adjusted against securities premium | 23,388,533           | -                  |
|   | 877,303,187          | -                  |
| <i>Statutory reserve</i>  |                      |                    |
| Opening balance   | 92,300,000           | 50,300,000         |
| Add: Transferred from Profit and loss account                   | 60,600,000           | 42,000,000         |
|   | 152,900,000          | 92,300,000         |
| <i>General reserve</i>  |                      |                    |
| Opening balance   | 163,394,496          | 63,394,496         |
| Add: Transferred from Profit and loss account                   | 31,000,000           | 100,000,000        |
|   | 194,394,496          | 163,394,496        |
| Profit & Loss Account   | 188,733,256          | 38,996,802         |
|   | <b>1,436,183,439</b> | <b>311,828,798</b> |

## Schedules to accounts

(All amounts are in Indian Rupees, unless otherwise stated)

|  | As at<br>March 31, 2009 | As at<br>March 31, 2008 |
|--|-------------------------|-------------------------|
| <b>Schedule 3: Secured loans</b>   |                         |                         |
| 723,280 (Previous year - 633,375) 9% - 14.5% Secured Non-convertible Debentures of Rs. 1,000 each redeemable at par at the end of the term of each series of debentures ranging between 1-5 years* | 723,280,000             | 633,375,000             |
| Add: Interest accrued and due thereon  | 7,536,484               | 3,246,115               |
|  | <b>730,816,484</b>      | <b>636,621,115</b>      |
| From bank*   |                         |                         |
| - Cash credit  | 1,079,409,063           | 372,449,300             |
| - Working Capital Demand Loans   | 1,899,275,287           | 340,037,436             |
| Vehicle loans<br>(Secured by hypothecation of vehicles)  | 2,937,793               | 1,973,379               |
|  | <b>3,712,438,627</b>    | <b>1,351,081,230</b>    |

\* Refer Note 13 to Schedule 18 for details of charge created on assets of the Company

### Schedule 4: Unsecured loans\*

|   |                    |                    |
|---|--------------------|--------------------|
| Deposits (Due within one year - Rs. 30,769,847 (Previous year - Rs. 33,359,984)                   | 48,682,220         | 80,996,128         |
| Debenture application money   | 97,271,000         | 20,574,000         |
| Inter-Corporate Deposits (Due within one year - Rs.7,760,017)<br>(Previous year - Rs. 18,285,652) | 7,760,017          | 18,285,652         |
| Subordinate bond (Due within one year - Rs. 10,726,000)<br>(Previous year - Rs. 6,570,051)        | 641,582,000        | 271,113,000        |
| Interest Accrued and Due  | 3,164,384          | 2,956,798          |
|   | <b>798,459,621</b> | <b>393,925,578</b> |

\* Deposits from Directors - Rs Nil (Previous year - Rs Nil)

### Schedule 5: Deferred tax liability / (Asset)

#### Deferred Tax Liability

Differences in depreciation and other differences in block of fixed assets as per tax books and financial books

|            |            |
|------------|------------|
| 21,022,210 | 12,035,450 |
|------------|------------|

#### Deferred tax asset

Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years  
Provision for loans and advances

|              |              |
|--------------|--------------|
| (1,740,162)  | -            |
| (32,867,399) | (11,643,837) |

#### Net Deferred tax (asset) / liability

|                     |                |
|---------------------|----------------|
| <b>(13,585,351)</b> | <b>391,613</b> |
|---------------------|----------------|

**Schedule 6: Fixed Assets**

| DESCRIPTION                   | GROSS BLOCK         |                    |                  | DEPRECIATION/AMORTIZATION |                     |                   |                | NET BLOCK            |                      |                      |
|-------------------------------|---------------------|--------------------|------------------|---------------------------|---------------------|-------------------|----------------|----------------------|----------------------|----------------------|
|                               | As at April 1, 2008 | Additions          | Deductions       | As at March 31, 2009      | As at April 1, 2008 | For the year      | Deletions      | As at March 31, 2009 | As at March 31, 2009 | As at March 31, 2008 |
| Land *                        | 1,655,375           | -                  | -                | 1,655,375                 | -                   | -                 | -              | -                    | 1,655,375            | 1,655,375            |
| Building                      | 3,367,871           | -                  | -                | 3,367,871                 | 160,488             | 54,896            | -              | 215,384              | 3,152,487            | 3,207,383            |
| Office equipment              | 17,159,238          | 13,841,003         | -                | 31,000,241                | 4,905,149           | 2,741,430         | -              | 7,646,579            | 23,353,662           | 12,254,089           |
| Computer equipment            | 64,838,248          | 59,899,820         | 3,062,120        | 121,675,948               | 19,781,479          | 15,574,999        | 739,213        | 34,617,265           | 87,058,683           | 45,056,769           |
| Furniture and Fittings        | 103,603,362         | 67,130,928         | 1,850            | 170,732,440               | 16,143,050          | 11,985,171        | -              | 28,128,221           | 142,604,219          | 87,460,312           |
| Vehicle **                    | 5,475,433           | 2,668,248          | -                | 8,143,681                 | 1,068,300           | 669,527           | -              | 1,737,827            | 6,405,854            | 4,407,133            |
| <b>Intangibles</b>            |                     |                    |                  |                           |                     |                   |                |                      |                      |                      |
| Computer Software             | 12,020,161          | 7,053,387          | -                | 19,073,548                | 2,852,556           | 2,679,591         | -              | 5,532,147            | 13,541,401           | 9,167,605            |
| <b>TOTAL</b>                  | <b>208,119,688</b>  | <b>150,593,386</b> | <b>3,063,970</b> | <b>355,649,104</b>        | <b>44,911,022</b>   | <b>33,705,614</b> | <b>739,213</b> | <b>77,877,423</b>    | <b>277,771,681</b>   | <b>163,208,666</b>   |
| Figures for the previous year | 133,713,310         | 75,429,512         | 1,023,134        | 208,119,688               | 26,831,110          | 18,259,051        | 179,139        | 44,911,022           | 163,208,666          |                      |

\* The Company is in the process of registering the title of the land acquired during the year in its name as at March 31, 2009

\*\* Includes vehicles taken on finance lease - Gross block Rs. 5,210,234 (Previous year - Rs. 3,534,756); Depreciation for the year Rs. 392,585 (previous year - Rs 69,532) and Net block Rs. 4,748,118 (Previous year - Rs. 3,229,054)



## Schedules to accounts

(All amounts are in Indian Rupees, unless otherwise stated)

|   | As at<br>March 31, 2009 | As at<br>March 31, 2008 |
|---|-------------------------|-------------------------|
| <b>Schedule 7: Investments</b>  |                         |                         |
| <b>Long Term Investments</b>  |                         |                         |
| <i>(Quoted, at cost)</i>  |                         |                         |
| <b>A. Other than trade</b>  |                         |                         |
| 17,000 (Previous year - 17,000) units of Rs. 100 each in 6.13% Govt. of India Loan                                    | 1,638,800               | 1,638,800               |
| 15,000 (Previous year - 15,000) units of Rs. 100 each in 6.17% Govt of India Loan                                     | 1,398,000               | 1,398,000               |
| Nil (Previous year - 53,700) units of Rs. 100 each in 6.85% Govt. of India Loan                                       | -                       | 5,341,860               |
| Nil (Previous year - 23,500) units of Rs. 100 each in 8% TN Loan  | -                       | 2,460,450               |
| Nil (Previous year - 30) units of Rs. 1,00,000 each in 8 % Gujarat Electricity Board                                  | -                       | 3,000,000               |
| Nil (Previous year - 5,000) units of Rs. 100 each in 7.00% Govt of India Loan   | -                       | 514,000                 |
| Nil (Previous year - 2,960) units of Rs. 100 each in 7.50% Govt of India Loan   | -                       | 307,692                 |
| Nil (Previous year - 20,000) units of Rs. 100 each in 7.33% HAR Loan  | -                       | 1,882,000               |
| 62,000 (Previous year - 62,000) units of Rs. 100 each in 7.38% Govt. of India Loan                                    | 6,153,500               | 6,153,500               |
| 15,000 (Previous year - 15,000) units of Rs. 100 each in 7.59% Govt. of India Loan                                    | 1,502,250               | 1,502,250               |
| 800 (Previous year - 800) equity share of Rs. 10 each fully paid in Chowgule Steamship                                | 52,755                  | 52,755                  |
| 500 (Previous year - 500) equity share of Rs. 10 each fully paid in Sterling Holiday Resorts India Limited            | 51,455                  | 51,455                  |
| 100 (Previous year - 100) equity share of Rs. 10 each fully paid in Raipur Alloys and Steels Limited                  | 2,000                   | 2,000                   |
| 100 (Previous year - 100) equity share of Rs. 10 each fully paid in Western Paques India Limited                      | 10,000                  | 10,000                  |
| 100 (Previous year - 100) equity share of Rs. 10 each fully paid in Rohit Pulp and Paper Mills Limited.               | 11,000                  | 11,000                  |
| 100 (Previous year - 100) equity share of Rs. 10 each fully paid in The Dhanalakshmi Bank Limited.                    | 5,000                   | 5,000                   |
| 400 (Previous year - 400) equity share of Rs. 10 each fully paid in Global Finance Limited.                           | 48,000                  | 48,000                  |
| 300 (Previous year - 300) equity share of Rs. 10 each fully paid in Vijaya Bank Limited                               | 7,200                   | 7,200                   |
| <i>(Unquoted, at cost)</i>  |                         |                         |
| <b>A. Other than trade</b>  |                         |                         |
| 1,000 (Previous year - 1,000) equity share of Rs. 10 each fully paid in The Catholic Syrian Bank Limited.             | 32,000                  | 32,000                  |
| <b>B. In Subsidiary Companies</b>   |                         |                         |
| Nil (Previous year - 500,000) equity shares of Rs. 10 each fully paid in Manappuram Insurance Brokers Private Limited | -                       | 5,000,000               |
| <b>Current Investments - Trade (Quoted, at lower of cost or market value)</b>   |                         |                         |
| 1,629 units (previous year - 1,629) of Rs. 20.46 each in Sundaram Mutual Fund   | 33,323                  | 33,323                  |
|   | 10,945,283              | 29,451,285              |
| Less: Provision for permanent diminution in the value of investment   | 173,000                 | 173,000                 |
|   | <u>10,772,283</u>       | <u>29,278,285</u>       |
| Aggregate book value of unquoted investments  | 32,000                  | 5,032,000               |
| Aggregate book value of quoted investments  | 10,913,283              | 24,419,285              |
| Aggregate market value of quoted investments  | 10,566,600              | 23,264,250              |

## Schedules to accounts

(All amounts are in Indian Rupees, unless otherwise stated)

|  | As at<br>March 31, 2009 | As at<br>March 31, 2008 |
|--|-------------------------|-------------------------|
| <b>Schedule 8: Cash and bank balances</b>  |                         |                         |
| Cash on hand   | 182,620,110             | 166,707,353             |
| Balances with scheduled banks  |                         |                         |
| - on current accounts  | 126,723,197             | 213,863,116             |
| - on deposit accounts *  | 823,378,248             | 274,702,523             |
| - on unpaid dividend accounts  | 1,239,248               | 16,957,182              |
|  | <u>1,133,960,803</u>    | <u>672,230,174</u>      |
| * deposit accounts includes  |                         |                         |
| - Collateral deposit towards gold loans assigned (Refer Note 14 to Schedule 18)    |                         |                         |
| <b>Schedule 9: Other current assets</b>  |                         |                         |
| Interest accrued but not due   | 661,442,129             | 190,949,555             |
| Stock of foreign currency  | 7,827                   | 35,474                  |
| Stock of Gold Coin   | 14,462,501              |                         |
| Others   | -                       | 11,719,203              |
|  | <u>675,912,457</u>      | <u>202,704,232</u>      |
| <b>Schedule 10: Loans and advances (Refer Note 18.11 and 18.12 to Schedule 18)</b> |                         |                         |
| <b>Secured, considered good</b>  |                         |                         |
| Loans:   |                         |                         |
| - Gold   | 3,977,957,103           | 977,168,728             |
| - Hypothecation  | 355,496,346             | 620,173,304             |
| - Stock on Hire  | 29,229,113              | 71,383,290              |
| - Others   | 49,653,938              | 56,470,843              |
| <b>Unsecured, considered good</b>  |                         |                         |
| Advances recoverable in cash or kind or for value to be received                   | 9,360,645               | 36,775,324              |
| Deposits   | 64,328,042              | 91,093,144              |
|  | <u>4,486,025,187</u>    | <u>1,853,064,633</u>    |
| Unsecured, considered doubtful   |                         |                         |
| Loans:   |                         |                         |
| - Gold   | 1,361,812               | 6,967,280               |
| - Hypothecation  | 53,498,700              | 15,475,163              |
| - Stock on Hire  | 8,638,678               | 2,489,364               |
| - Others   | 6,783,954               | 4,049,795               |
| Advances recoverable in cash or kind or for value to be received                   | 26,414,118              | 5,275,052               |
|  | <u>96,697,262</u>       | <u>34,256,654</u>       |
| Less: Provision for doubtful loans and advances                                    | 96,697,262              | 34,256,654              |
|  | <u>4,486,025,187</u>    | <u>1,853,064,633</u>    |

## Schedules to accounts

(All amounts are in Indian Rupees, unless otherwise stated)

|  | As at<br>March 31, 2009     | As at<br>March 31, 2008   |
|--|-----------------------------|---------------------------|
| <b>Schedule 11: Current liabilities</b>  |                             |                           |
| Sundry creditors for expenses*   | 91,089,596                  | 29,920,489                |
| Book overdraft   | 8,448,200                   | -                         |
| Interest accrued but not due on loans  | 30,713,505                  | 17,570,073                |
| Unmatured finance charges  | 155,415,469                 | 121,030,885               |
| Sundry deposits  | 21,217,550                  | 22,918,950                |
| Investor Education and Protection Fund shall be credited by following amounts (as and when due)  |                             |                           |
| a) Unclaimed dividend  | 1,239,248                   | 457,182                   |
| Dividend payable   | -                           | 16,500,000                |
| Other liabilities  | 34,726,886                  | 12,151,545                |
|  | <u><b>342,850,454</b></u>   | <u><b>220,549,124</b></u> |
| * There are no dues outstanding to any enterprises covered under Micro, Small and Medium Enterprises Development Act, 2006, based on the information available with the Company during the year and as at March 31, 2009 and March 31, 2008. |                             |                           |
| <b>Schedule 12: Provisions</b>   |                             |                           |
| Provisions for taxation (net of advance tax and tax deducted at source)  | 14,173,145                  | 17,688,569                |
| Provision for dividend on preference shares  | 3,000,025                   | 65,390                    |
| Proposed final dividend  | 43,139,570                  | 5,500,000                 |
| Tax on proposed dividend   | 7,841,270                   | 1,455,688                 |
|  | <u><b>68,154,010</b></u>    | <u><b>24,709,647</b></u>  |
| <b>Schedule 13: Income from services</b>   |                             |                           |
| Interest and other income from   |                             |                           |
| - Gold and other loans*  | 1,431,841,100               | 564,924,508               |
| - Business loans*  | 2,860,368                   | 9,714,665                 |
| - Personal loans*  | 8,181,460                   | 11,398,130                |
| - Hypothecation and hire purchase loans  | 139,675,396                 | 182,359,118               |
| - Others*  | 2,342,046                   | 1,597,665                 |
| Income from fee based activities*  |                             |                           |
| - Money transfer   | 18,845,387                  | 9,276,823                 |
| - Others   | 1,587,189                   | 324,244                   |
|  | <u><b>1,605,332,946</b></u> | <u><b>779,595,153</b></u> |
| <b>Schedule 14: Other income</b>   |                             |                           |
| Interest (gross)*  | 41,947,773                  | 12,336,907                |
| Foreign exchange gain / (loss) (net)   | (203,844)                   | -                         |
| Bad debts recovered  | 3,150,463                   | 2,101,523                 |
| Others   | 10,869,520                  | 2,562,527                 |
|  | <u><b>55,763,912</b></u>    | <u><b>17,000,957</b></u>  |

\* Taxes deducted at source Rs. 7,236,667 (Previous year - Rs. 3,091,011)

## Schedules to accounts

(All amounts are in Indian Rupees, unless otherwise stated)

|  | Year ended<br>March 31, 2009 | Year ended<br>March 31, 2008 |
|--|------------------------------|------------------------------|
| <b>Schedule 15: Personnel expenses</b>           |                              |                              |
| Salaries, wages and bonus                        | 259,571,468                  | 108,340,403                  |
| Contribution to provident and other funds        | 16,902,450                   | 6,120,404                    |
| Staff welfare expenses                           | 513,964                      | 369,139                      |
|  | <u><b>276,987,882</b></u>    | <u><b>114,829,946</b></u>    |
| <b>Schedule 16: Operating and other expenses</b> |                              |                              |
| Rent   | 54,443,653                   | 27,528,503                   |
| Electricity                                      | 11,548,558                   | 5,622,438                    |
| Travel and conveyance                            | 21,601,217                   | 8,437,141                    |
| Communication expenses                           | 28,048,572                   | 16,341,704                   |
| Advertisement                                    | 81,698,566                   | 61,437,551                   |
| Directors sitting fees                           | 819,900                      | 749,000                      |
| Repairs and maintenance                          |                              |                              |
| - Vehicles                                       | 913,014                      | 561,756                      |
| - Others   | 7,949,898                    | 3,855,512                    |
| Legal and professional fees                      | 23,706,651                   | 6,834,807                    |
| Security charges                                 | 29,236,427                   | 15,233,701                   |
| Rates and taxes                                  | 18,247,714                   | 5,659,698                    |
| Printing and stationery                          | 13,344,982                   | 9,681,322                    |
| Commission to directors                          | 6,965,465                    | 1,545,011                    |
| Bad debts  | 117,540,257                  | 14,685,390                   |
| Provision for loans and advances                 | 60,318,082                   | 19,034,129                   |
| Miscellaneous expenses                           | 25,292,297                   | 3,178,562                    |
|  | <u><b>501,675,253</b></u>    | <u><b>200,386,225</b></u>    |
| <b>Schedule 17: Financial expenses</b>           |                              |                              |
| Interest   |                              |                              |
| - on Debentures                                  | 105,690,663                  | 46,468,643                   |
| - on Deposits                                    | 6,256,813                    | 40,928,011                   |
| - on Banks                                       | 188,790,246                  | 26,734,608                   |
| - Others   | 55,129,047                   | 27,790,851                   |
| Bank and other charges                           | 30,037,522                   | 1,584,632                    |
|  | <u><b>385,904,291</b></u>    | <u><b>143,506,745</b></u>    |

# Notes to accounts

(All amounts are in Indian Rupees, unless otherwise stated)

## 18.1 Background of the Company

Manappuram General Finance and Leasing Limited ('MAGFIL' or 'the Company') was incorporated on July 15, 1992 in Thrissur, Kerala. The Company is a non banking financial company ('NBFC'), which provides a wide range of fund based and fee based services including gold loans, hypothecation loans, hire purchase loans, money exchange facilities etc. The Company currently operates through more than 500 branches spread across the country.

During the current year, the Company has converted the compulsorily convertible preference shares aggregating Rs 468 million issued to Hudson Equity Holdings Limited and Sequoia Capital India Investment Holdings I into 3,283,582 equity shares of Rs 10 each at a premium of Rs 132.53 per share on June 21, 2008.

Pursuant to share subscription agreements dated November 4, 2008, the Company made a further issue of compulsorily convertible preference shares aggregating Rs 495.25 million to Hudson Equity Holdings Limited, Sequoia Capital India Investment Holdings I, AA Development Capital India Fund I LLC and GHIOF Mauritius, which are convertible into 2,972,246 equity shares at a premium of Rs 156.62. These compulsorily convertible preference shares have been converted into equity shares at the Board Meeting of the Company on March 16, 2009.

Further, the Company has in terms of the Warrant Subscription Agreement dated November 4, 2008 issued 1,564,892 conditionally convertible warrants which shall be convertible into 1,564,892 equity shares at a price of Rs 166.62 to its promoter. In accordance with the agreement and relevant SEBI (Securities and Exchange Board of India) regulations, the promoters have paid a sum of Rs 29 million as deposit which will be adjusted at the time of allotment of equity shares upon conversion of the warrants. The holders of the warrants have an option to apply for and be allotted one equity share of the Company per warrant at any time before 18 months from the date of the allotment of warrant.

Subsequent to the year end, the Company has acquired the entire assets and liabilities of Manappuram Printers, a sole proprietorship, which is in the business of trading in stationery items, for a total consideration of Rs 10 million.

## 18.2 Statement of significant accounting policies

### a) Basis of preparation

The financial statements have been prepared to comply in all material respects in respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006, the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Reserve Bank of India as applicable to a NBFC. The financial statements have been prepared under the historical cost convention and on an accrual basis except for interest and discount on non performing assets which are recognised on realization basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

### b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

### c) Fixed assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use.

### d) Depreciation

Depreciation is provided using the straight line method at the rates prescribed under schedule XIV of the Companies Act, 1956, except for computer software (depreciated at the rate of 16.21%) which is management's estimate of the useful lives of the assets.

# Notes to accounts

(All amounts are in Indian Rupees, unless otherwise stated)

## e) Impairment

- i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- ii) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

## f) Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

## g) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

## h) Revenues

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest income on loans given is recognised under the internal rate of return method. Such interests, where instalments are overdue in respect of non performing assets are recognised on realization basis. Any such income recognised and remaining unrealized after the installments become overdue with respect to non performing assets is reversed.

Revenues from fee-based activities are recognised as and when services are rendered.

Interest on deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

## i) Retirement benefits

- i. Retirement benefits in the form of Provident Fund are defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- ii. Gratuity liability under the Payment of Gratuity Act is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii. Short term compensated absences are provided for on based on estimates.

## j) Foreign currency transactions

### (i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

# Notes to accounts

(All amounts are in Indian Rupees, unless otherwise stated)

## (ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

## (iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

## k) Income Tax

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

## l) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split, if any.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## m) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

## n) Segment reporting

### Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. As the Company operates only in India it has a single geographical segment.

# Notes to accounts

(All amounts are in Indian Rupees, unless otherwise stated)

## **Allocation of common costs**

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

## **Unallocated items**

Unallocable costs include general corporate income and expense items which are not allocated to any business segment.

## **o) Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

## **18.3 Sale of investment in subsidiary**

On **November 4, 2008**, the Company has sold its entire investment in its subsidiary, Manappuram Insurance Brokers Private Limited ('MIABRO'), to one of the Directors' of the Company for an amount of Rs. 5.8 million.

## **18.4 Proposed merger with Manappuram Finance (Tamil Nadu) Limited(MAFIT)**

The Board of Directors of the Company at their meeting held on March 16, 2009 has approved a Scheme of Amalgamation ('the Scheme') of the Company and MAFIT with retrospective effect from April 1, 2008 based on an exchange ratio of 2.1:1 (2.1 shares in MAGFIL for every share in MAFIT).

The merger would require the approval of the shareholders of the respective companies and the Hon'ble High Courts in Chennai and Kerala apart from approvals from the Government of India and SEBI. The scheme is currently pending approval of the Mumbai Stock Exchange.



## 18.5 Segment reporting

### Primary Segment: Business Segment

The three identified reportable segments are:

1. Gold and other loans - Financing of loans against pledging of gold and gold ornaments
2. Asset financing - Financing of loans against hypothecation of vehicles
3. Fee based activities - Money transfer, foreign currency exchange

### Secondary segment information

The Company has no reportable geographical segment as it renders its services entirely in India.

### Primary segment information

| Particulars                   | March 31, 2009       | March 31, 2008       |
|-------------------------------|----------------------|----------------------|
| <b>Segment revenues</b>       |                      |                      |
| Gold and other loans          | 1,487,480,954        | 599,967,995          |
| Asset financing               | 142,820,249          | 184,464,522          |
| Fee based activities          | 19,925,176           | 9,601,066            |
| Unallocable Revenue           | 10,870,479           | 2,562,527            |
|                               | <b>1,661,096,858</b> | <b>796,596,110</b>   |
| <b>Segment result</b>         |                      |                      |
| Gold and other loans          | 623,739,675          | 262,051,354          |
| Asset financing               | (88,158,625)         | 72,071,385           |
| Fee based activities          | 16,036,232           | 8,096,034            |
| Unallocable Income            | 10,870,479           | 2,562,527            |
| Net unallocable expenditure   | (99,663,943)         | (25,167,157)         |
| <b>Profit before taxation</b> | <b>462,823,818</b>   | <b>319,614,143</b>   |
| Taxes                         | 159,865,616          | 109,718,191          |
| <b>Profit after taxation</b>  | <b>302,958,202</b>   | <b>209,895,952</b>   |
| <b>Segment assets</b>         |                      |                      |
| Gold and other loans          | 6,117,022,896        | 2,137,587,210        |
| Asset financing               | 457,721,432          | 743,064,719          |
| Fee based activities          | 7,827                | 35,474               |
| Unallocable Assets            | 25,875,607           | 24,344,889           |
|                               | <b>6,600,627,762</b> | <b>2,905,032,292</b> |
| <b>Segment liabilities</b>    |                      |                      |
| Gold and other loans          | 309,529,919          | 157,390,421          |
| Asset financing               | 25,208,554           | 33,939,563           |
| Fee based activities          | -                    | -                    |
| Unallocated liabilities       | 4,587,164,239        | 1,795,592,713        |
|                               | <b>4,921,902,712</b> | <b>1,986,922,697</b> |
| <b>Depreciation</b>           |                      |                      |
| Gold and other loans          | 32,141,053           | 15,859,018           |
| Asset financing               | 1,564,561            | 2,400,033            |
| Fee based activities          | -                    | -                    |
|                               | <b>33,705,614</b>    | <b>18,259,051</b>    |
| <b>Capital expenditure</b>    |                      |                      |
| Gold and other loans          | 146,082,394          | 65,514,796           |
| Asset financing               | 7,110,992            | 9,914,716            |
| Fee based activities          | -                    | -                    |
|                               | <b>153,193,386</b>   | <b>75,429,512</b>    |

18.6 Related party transactions

| Particulars                                    | Associates/Enterprises owned or significantly influenced by key management personnel or their relatives |                    | Key Management Personnel |                   | Relatives of key management personnel |                | Total                |                    |
|--|---|--------------------|--------------------------|-------------------|---------------------------------------|----------------|----------------------|--------------------|
|  | 31-March 09   | 31-March 08        | 31-March 09              | 31-March 08       | 31-March 09                           | 31-March 08    | 31-March 09          | 31-March 08        |
| <b>Sale of gold loans</b>                      | <b>7,915,800,000</b>  | <b>790,400,000</b> | -                        | -                 | -                                     | -              | <b>7,915,800,000</b> | <b>790,400,000</b> |
| Manappuram Finance Tamilnadu Limited           | 7,915,800,000   | 790,400,000        | -                        | -                 | -                                     | -              | 7,915,800,000        | 790,400,000        |
| <b>Purchase of gold loans</b>                  | <b>705,200,000</b>  | <b>151,626,511</b> | -                        | -                 | -                                     | -              | <b>705,200,000</b>   | <b>151,626,511</b> |
| Manappuram Finance Tamilnadu Limited           | 705,200,000   | 122,107,400        | -                        | -                 | -                                     | -              | 705,200,000          | 122,107,400        |
| Manappuram Finance                             | -   | 29,519,111         | -                        | -                 | -                                     | -              | -                    | 29,519,111         |
| <b>Debentures issued during the year</b>       | -   | -                  | -                        | 275,000           | -                                     | -              | -                    | <b>275,000</b>     |
| Mr. V.P.Nandakumar                             | -   | -                  | -                        | 275,000           | -                                     | -              | -                    | 275,000            |
| <b>Interest paid</b>                           | <b>64,611,558</b>   | <b>12,003,967</b>  | <b>5,663,638</b>         | <b>34,809,413</b> | <b>89,286</b>                         | <b>81,940</b>  | <b>70,364,462</b>    | <b>46,895,320</b>  |
| Mr. V.P.Nandakumar                             | -   | -                  | 5,663,638                | 34,809,413        | -                                     | -              | 5,663,638            | 34,809,413         |
| Manappuram Comptech & Consultants (P) Limited  | -   | -                  | -                        | -                 | -                                     | -              | -                    | -                  |
| Manappuram Finance Tamilnadu Limited           | 63,214,414  | 11,487,867         | -                        | -                 | -                                     | -              | 63,214,414           | 11,487,867         |
| Manappuram Asset Finance Limited               | 1,114,333   | 516,100            | -                        | -                 | -                                     | -              | 1,114,333            | 516,100            |
| Manappuram Chits (India) Limited               | 282,811   | -                  | -                        | -                 | -                                     | -              | 282,811              | -                  |
| Mrs. Jyothi Prasannan                          | -   | -                  | -                        | -                 | -                                     | 81,940         | -                    | 81,940             |
| Mrs. Sushama Nandakumar                        | -   | -                  | -                        | -                 | 89,286                                | -              | 89,286               | -                  |
| Salary paid to Sooraj Nandan                   | -   | -                  | -                        | -                 | 403,667                               | -              | 403,667              | -                  |
| <b>Interest received</b>                       | <b>4,558,552</b>  | <b>920,548</b>     | -                        | -                 | -                                     | -              | <b>4,558,552</b>     | <b>920,548</b>     |
| Manappuram Finance Tamilnadu Limited           | 4,558,552   | 920,548            | -                        | -                 | -                                     | -              | 4,558,552            | 920,548            |
| <b>Deputation of staff to other Companies</b>  | -   | <b>14,986,100</b>  | -                        | -                 | -                                     | -              | -                    | <b>14,986,100</b>  |
| Manappuram Benefit Fund Limited                | -   | 10,000,000         | -                        | -                 | -                                     | -              | -                    | 10,000,000         |
| Manappuram Finance Tamilnadu Limited           | -   | 4,986,100          | -                        | -                 | -                                     | -              | -                    | 4,986,100          |
| <b>Inter Corporate Deposits accepted</b>       | <b>5,450,000</b>  | <b>13,685,646</b>  | -                        | -                 | -                                     | -              | <b>5,450,000</b>     | <b>13,685,646</b>  |
| Manappuram Asset Finance Limited               | -   | 13,685,646         | -                        | -                 | -                                     | -              | -                    | 13,685,646         |
| Manappuram Chits (India) Limited               | 5,450,000   | -                  | -                        | -                 | -                                     | -              | 5,450,000            | -                  |
| <b>Inter Corporate Deposits redeemed</b>       | <b>13,685,646</b>   | -                  | -                        | -                 | -                                     | -              | <b>13,685,646</b>    | <b>13,685,646</b>  |
| Manappuram Asset Finance Limited               | 13,685,646  | -                  | -                        | -                 | -                                     | -              | 13,685,646           | -                  |
| <b>Incentive reimbursement received</b>        | -   | <b>2,396,878</b>   | -                        | -                 | -                                     | -              | -                    | <b>2,396,878</b>   |
| Manappuram Finance Tamilnadu Limited           | -   | 2,396,878          | -                        | -                 | -                                     | -              | -                    | 2,396,878          |
| <b>Subordinate Bond issued during the year</b> | -   | -                  | -                        | -                 | <b>849,000</b>                        | <b>951,000</b> | <b>849,000</b>       | <b>951,000</b>     |
| Mrs. Sushama Nandakumar                        | -   | -                  | -                        | -                 | 849,000                               | -              | 849,000              | -                  |
| Mrs. Jyothi Prasannan                          | -   | -                  | -                        | -                 | -                                     | 951,000        | -                    | 951,000            |
| <b>Subscription to share warrant</b>           | -   | -                  | <b>29,983,331</b>        | -                 | -                                     | -              | <b>29,983,331</b>    | -                  |
| Mr. V.P.Nandakumar                             | -   | -                  | 29,983,331               | -                 | -                                     | -              | 29,983,331           | -                  |

**18.6 Related party transactions**

| Particulars  | Enterprises owned or significantly influenced by key management personnel or their |                   | Key Management Personnel |                   | Relatives of key management personnel |                | Total             |                   |
|--|--|-------------------|--------------------------|-------------------|---------------------------------------|----------------|-------------------|-------------------|
|  | 31- March 09   | 31- March 08      | 31- March 09             | 31- March 08      | 31- March 09                          | 31- March 08   | 31- March 09      | 31- March 08      |
| <b>Rent Paid</b>                                     |  |                   | <b>510,000</b>           | -                 | -                                     | -              | <b>510,000</b>    | -                 |
| Mr. V.P.Nandakumar                                   |  |                   | 510,000                  | -                 | -                                     | -              | 510,000           | -                 |
| <b>Rent Received</b>                                 | 184,000  | -                 | -                        | -                 | -                                     | -              | <b>184,000</b>    | -                 |
| Manappuram Jewellers Private Limited                 | 4,000  | -                 | -                        | -                 | -                                     | -              | 4,000             | -                 |
| Manappuram Insurance Brokers Private Limited         | 180,000  | -                 | -                        | -                 | -                                     | -              | 180,000           | -                 |
| <b>Sale of gold</b>                                  | 13,888,668   | -                 | -                        | -                 | -                                     | -              | <b>13,888,668</b> | -                 |
| Manappuram Jewellers Private Limited                 | 13,888,668   | -                 | -                        | -                 | -                                     | -              | 13,888,668        | -                 |
| <b>Purchase of stationery</b>                        | 1,048,961  | -                 | -                        | -                 | -                                     | -              | <b>1,048,961</b>  | -                 |
| Manappuram Printers                                  | 1,048,961  | -                 | -                        | -                 | -                                     | -              | 1,048,961         | -                 |
| <b>Purchase of assets</b>                            | 663,893  | -                 | -                        | -                 | -                                     | -              | <b>663,893</b>    | -                 |
| Manappuram Healthcare                                | 663,893  | -                 | -                        | -                 | -                                     | -              | 663,893           | -                 |
| <b>Balance outstanding as at the period end:</b>     |  |                   |                          |                   |                                       |                |                   |                   |
| <b>Amounts payable (net) to related parties</b>      | 5,713,367  | <b>13,766,253</b> | <b>29,983,331</b>        | <b>45,707,464</b> | <b>849,000</b>                        | <b>955,075</b> | <b>36,545,698</b> | <b>60,428,792</b> |
| Mr. V.P.Nandakumar                                   | -  | -                 | 29,983,331               | 45,707,464        | -                                     | -              | 29,983,331        | 45,707,464        |
| Manappuram Asset Finance Limited                     | -  | 13,766,253        | -                        | -                 | -                                     | -              | -                 | 13,766,253        |
| Manappuram Chits (India) Limited                     | 5,713,367  | -                 | -                        | -                 | -                                     | -              | 5,713,367         | -                 |
| Mrs. Jyothi Prasannan                                | -  | -                 | -                        | -                 | -                                     | 955,075        | -                 | 955,075           |
| Mrs. Sushama Nandakumar                              | -  | -                 | -                        | -                 | 849,000                               | -              | 849,000           | -                 |
| <b>Amounts receivable (net) from related parties</b> | -  | <b>2,396,878</b>  | -                        | -                 | -                                     | -              | -                 | <b>2,396,878</b>  |
| Manappuram Finance Tamilnadu Limited                 | -  | 2,396,878         | -                        | -                 | -                                     | -              | -                 | 2,396,878         |

**1. Names of related parties**

Associates/Joint Ventures/Enterprises owned or significantly influenced by key management personnel or their relatives.

Manappuram Finance Tamilnadu Limited [formerly Manappuram Benefit Fund Limited  
Manappuram Comptech & Consultants (P) Limited  
Manappuram Finance (sole proprietorship)  
Manappuram Jewellers Private Limited  
Manappuram Healthcare

Manappuram Finance (Tamilnadu) Private Limited]  
Manappuram Chits (India) Limited  
Manappuram Asset Finance Limited  
Manappuram Insurance Brokers Private Limited  
Manappuram Printers

Key Management Personnel

**Mr. V P Nandakumar**

**Mr. I Unnikrishnan**

Relatives of key management personnel

**Mrs. Sushama Nandakumar**  
**Mrs. Jyothi Prasannan**

**Sooraj Nandan**

**Shelly Ekalavyan**

**Athira Prasannan**

2. Remuneration paid to directors is disclosed elsewhere in the financial statements.

### 18.7 Employment benefits disclosures:

The amounts of Provident fund contribution charged to the Profit and loss account during the year aggregates to Rs. 9,952,606 (Previous year - Rs. 3,345,599)

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the gratuity plan.

#### Profit and Loss account

Net employee benefit expense (recognised in Personnel expenses)

|   | 2009      | 2008      |
|---|-----------|-----------|
| Current service cost                      | 536,630   | 536,630   |
| Interest cost on benefit obligation       | 74,150    | 55,148    |
| Expected return on plan assets            | (185,073) | (133,199) |
| Net actuarial gain recognised in the year | 24,018    | (259,670) |
| Net (benefit) / expense                   | 449,725   | 198,909   |
| Actual return on plan assets              | 185,073   | 133,199   |

#### Balance sheet

Reconciliation of present value of the obligation and the fair value of plan assets:

|   | 2009        | 2008      |
|---|-------------|-----------|
| Defined benefit obligation                        | (1,530,018) | (926,872) |
| Fair value of plan assets                         | 2,414,778   | 1,804,486 |
| Asset/(liability) recognised in the balance sheet | 884,760     | 877,614   |

Changes in the present value of the defined benefit obligation are as follows:

|                                    | 2009      | 2008      |
|------------------------------------|-----------|-----------|
| Opening defined benefit obligation | 926,872   | 735,308   |
| Interest cost                      | 74,150    | 55,148    |
| Current service cost               | 536,630   | 536,630   |
| Benefits paid                      | (31,652)  | (140,544) |
| Actuarial gains on obligation      | 24,018    | (259,670) |
| Closing defined benefit obligation | 1,530,018 | 926,872   |

Changes in the fair value of plan assets are as follows:

|                                   | 2009      | 2008      |
|-----------------------------------|-----------|-----------|
| Opening fair value of plan assets | 1,804,486 | 1,275,233 |
| Expected return                   | 185,073   | 133,199   |
| Contributions by employer         | 456,871   | 536,598   |
| Benefits paid                     | (31,652)  | (140,544) |
| Actuarial gains / (losses)        |           |           |
| Closing fair value of plan assets | 2,414,778 | 1,804,486 |

The Company expects to contribute Rs 650,000 to gratuity in 2009-10

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

|                                   | 2009 (%) | 2008 (%) |
|-----------------------------------|----------|----------|
| Discount rate                     | 8.0%     | 7.5%     |
| Expected rate of return on assets | 8.0%     | 7.5%     |

The fund is administered by Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

### 18.8 Earnings per share ('EPS')

|  | 2009        | 2008        |
|--|-------------|-------------|
| Net profit as per profit and loss account  | 302,958,202 | 209,895,952 |
| Less : Dividends on preference shares  | 3,509,850   | 3,586,353   |
| Net profit for calculation of basic and diluted EPS                                  | 299,448,352 | 206,309,599 |
| Weighted average number of equity shares in calculating basic EPS                    | 13,685,187  | 11,000,000  |
| Add : Weighted average equity shares to be issued on conversion of preference shares |             | 915,097     |
| Weighted average number of equity shares in calculating diluted EPS                  | 13,685,187  | 11,915,097  |

### 18.9 Lease disclosure

#### **Operating leases:**

Office premises are obtained on operating lease which are cancellable in nature.

#### **Finance leases:**

|  | 2009      | 2008      |
|--|-----------|-----------|
| Total minimum lease payments at the year end | 3,319,706 | 2,236,305 |
| Less : amount representing finance charges   | 381,913   | 262,926   |
| Present value of minimum lease payments      | 2,937,793 | 1,973,379 |
| Lease payments for the year                  | 964,414   | 549,810   |

#### **Minimum Lease Payments:**

|  |           |           |
|--|-----------|-----------|
| Not later than one year [Present value Rs.1,003,443 as on March 31, 2009 (Rs. 745,623 as on March 31, 2008)]                             | 1,344,414 | 902,388   |
| Later than one year but not later than five years [Present value Rs.1,934,349 as on March 31, 2009 (Rs. 1,227,756 as on March 31, 2008)] | 1,975,292 | 1,333,917 |

### 18.10 Commitments and contingent liabilities

#### **Commitments**

Estimated amount of contracts remaining to be executed on capital account, net of advances is Rs. Nil/- (Previous year - Rs. Nil).

#### **Contingent liabilities**

|   | 2009    | 2008    |
|---|---------|---------|
| <b>(i) Claims against the Company not acknowledged as debts</b>         |         |         |
| Penalty under Kerala General Sales Tax Act and Kerala Money Lenders Act | 720,000 | 720,000 |
| Income tax demand   |         | 700,000 |

#### **(ii) Others**

The Company is contingently liable to banks and other financial institutions with respect to assignment of gold / hypothecation loans to the extent of the collateral deposit / guarantees - Rs. 1,258,380,193/- (previous year - Rs. 534,074,694 ).

### 18.11 Loan portfolio and Provision for Non Performing Assets for major categories of loan portfolio

| Asset Classification  | Gross loan outstanding |                      | Loan Outstanding<br>Provision for Non Performing Assets |                   | Net loan outstanding |                      |
|-----------------------|------------------------|----------------------|---|-------------------|----------------------|----------------------|
|                       | 2009                   | 2008                 | 2009  | 2008              | 2009                 | 2008                 |
| Gold loan             |                        |                      |   |                   |                      |                      |
| - Standard assets     | 3,965,950,578          | 968,114,458          | -   | -                 | 3,965,950,578        | 968,114,458          |
| - Sub-standard assets | 13,227,978             | 9,054,270            | 1,322,798   | 905,427           | 11,905,180           | 8,148,843            |
| - Doubtful assets     | 140,359                | 6,967,280            | 39,014  | 6,061,853         | 101,345              | 905,427              |
| - Loss assets         | -                      | -                    | -   | -                 | -                    | -                    |
| Hypothecation loan    |                        |                      |   |                   |                      |                      |
| - Standard assets     | 249,665,328            | 537,583,661          | -   | -                 | 249,665,328          | 537,583,661          |
| - Sub-standard assets | 153,934,666            | 96,842,659           | 48,103,648  | 14,253,016        | 105,831,018          | 82,589,643           |
| - Doubtful assets     | 5,395,052              | 1,222,147            | 5,395,052   | 1,222,147         | -                    | -                    |
| - Loss assets         | -                      | -                    | -   | -                 | -                    | -                    |
|                       | <b>4,388,313,961</b>   | <b>1,619,784,475</b> | <b>54,860,512</b>                                       | <b>22,442,443</b> | <b>4,333,453,449</b> | <b>1,597,342,032</b> |

### 18.12 Assignment of receivables

The Company has assigned a portion of its gold loans / hypothecations loans to banks and financial institutions during the year. The aggregate amount assigned as at March 31, 2009 is Rs. 5,381,418,154/- (Previous year - Rs. 3,930,117,097/-) in which assignment of hypothecation loans include only Sundaram Finance Limited and the balance represents gold loan assignments. These amounts have been reduced from the gross gold loan and hypothecation loan balances.

### 18.13 Charges created on assets of the Company for Secured Loans

#### A. Non Convertible Secured Debentures

Non convertible secured debentures are secured by floating charge on the specified hire purchase receivables, Gold loan including receivables thereon and other unencumbered assets both present and future.

#### B. From banks

Overdraft / Working Capital Demand Loan / Short Term Loan accounts have been availed with the following banks and are secured by Gold Loan receivables

|                                 |                                   |
|---------------------------------|-----------------------------------|
| HDFC Bank Limited               | Oriental Bank of Commerce Limited |
| ICICI Bank Limited              | YES Bank Limited                  |
| State Bank of Mauritius Limited | Lakshmi Vilas Bank Limited        |
| South Indian Bank Limited       | Allahabad Bank Limited            |
| Punjab National Bank Limited    | Syndicate Bank Limited            |
| IDBI Bank Limited               | Axis Bank Limited                 |

### 18.14 Cash Collateral deposits held with banks

|                                 |                    |                    |
|---------------------------------|--------------------|--------------------|
|                                 | <b>2009</b>        | <b>2008</b>        |
| ICICI Bank Limited              | 338,171,099        | 168,512,489        |
| Development Credit Bank Limited | 28,089,954         | 25,000,000         |
| Axis Bank Limited               | 34,493,237         | 30,000,000         |
| HDFC Bank Limited               | 25,000,000         | 36,000,000         |
| Kotak Mahindra Bank Limited     | 30,183,639         | 2,500,000          |
| ING Vysya Bank Limited          | 21,925,315         | 8,752,000          |
| Catholic Syrian Bank Limited    | 20,000,000         | -                  |
| Federal Bank Limited            | 25,000,000         | -                  |
| Punjab National Bank Limited    | 50,000,000         | -                  |
| South Indian Bank Limited       | 50,000,000         | -                  |
| IDBI Bank Limited               | 25,000,000         | -                  |
| YES Bank Limited                | 5,000,000          | -                  |
| Allahabad Bank Limited          | 50,000,000         | -                  |
|                                 | <b>702,863,244</b> | <b>270,764,489</b> |

### 18.15 Supplementary profit and loss data

#### a. Legal and professional fees (Schedule 16) includes remuneration to auditors as follows:

|                        | 2009             | 2008             |
|------------------------|------------------|------------------|
| Statutory audit        | 1,200,000        | 450,000          |
| Other services         | 900,000          | 300,000          |
| Certification          | 375,000          | 150,000          |
| Out of pocket expenses | 130,000          | 100,000          |
|                        | <u>2,605,000</u> | <u>1,000,000</u> |

#### Note:

Excludes applicable service taxes

#### b. Managerial remuneration

|  | 2009              | 2008             |
|--|-------------------|------------------|
| Salary to whole time directors   | 4,002,400         | 3,767,763        |
| Commission to whole time directors                                     | 5,789,707         | 1,545,011        |
| Commission to Non - whole time directors                               | 1,173,666         | -                |
| Contribution to provident fund/superannuation for whole time directors | 254,520           | 138,720          |
|  | <u>11,220,293</u> | <u>5,451,494</u> |

#### Note:

Provisions for/contribution to employee retirement/post retirement and other employee benefits which are based on actuarial valuations done on an overall Company basis are excluded above.

#### **Computation of Net Profit in accordance with section 349 of the Companies Act, 1956 for calculation of commission payable to directors**

|  | 2009                      | 2008                      |
|--|---------------------------|---------------------------|
| Profit before tax (as per Profit and Loss Account)                               | 462,823,818               | 319,614,143               |
| Add:   |                           |                           |
| Directors' remuneration  | 11,220,293                | 5,451,494                 |
| Depreciation as per Profit and Loss account                                      | 33,705,614                | 18,259,051                |
| Provision for doubtful debts and advances  | 60,318,082                | 19,034,129                |
| Loss on disposal of investments  | 583,399                   | -                         |
| Loss on sale of fixed assets (net) as per Profit and Loss account                | -                         | -                         |
| Less:  |                           |                           |
| Depreciation (to the extent specified in section 350 of the Companies Act, 1956) | (33,705,614)              | (18,259,051)              |
| <b>Net profit as per Section 349 of the Companies Act, 1956</b>                  | <u><b>534,945,592</b></u> | <u><b>344,099,766</b></u> |

#### **Maximum amount of Commission and Salary payable to Managing and Wholetime directors at 10% of the net profits as calculated**

|  |                   |                   |
|--|-------------------|-------------------|
|  | <b>53,494,559</b> | <b>34,409,977</b> |
|--|-------------------|-------------------|

#### **Maximum amount of Commission payable to other directors at 1%**

|  |                  |                  |
|--|------------------|------------------|
|  | <b>5,349,456</b> | <b>3,440,998</b> |
|--|------------------|------------------|

**18.16** During the year, there have been instances of fraud on the Company by employees / third parties where gold loan and cash related misappropriations have occurred for amounts aggregating Rs 4,068,624. The Company has taken necessary action including claims from insurance companies. Further, appropriate actions have been taken against such employees / third parties.

# Cash Flow Statement for the year ended 31<sup>st</sup> March 2009

|  | Year Ended<br>March 31, 2009 | Year Ended<br>March 31, 2008 |
|--|------------------------------|------------------------------|
| <b>A. Cash flow from operating activities</b>  |                              |                              |
| <b>Net profit before taxation</b>  | 462,823,818                  | 319,614,143                  |
| Adjustments for:   |                              |                              |
| Depreciation / amortization  | 33,705,614                   | 18,259,051                   |
| Loss on sale of fixed assets   | 2,324,757                    | 843,995                      |
| Write back of diminution in value of investments                                       | -                            | (1,270,565)                  |
| (Profit) / Loss on sale of investments   | (417,969)                    | -                            |
| Interest income  | (41,947,773)                 | (12,336,907)                 |
| Dividend income  | (6,255,150)                  | -                            |
| Interest expense   | 355,866,769                  | 141,922,113                  |
| Bad debts written off and provision for loans and advances                             | 177,858,339                  | 33,719,519                   |
| <b>Operating profit before working capital changes</b>                                 | <b>983,958,405</b>           | <b>500,751,349</b>           |
| Movements in working capital :   |                              |                              |
| Decrease / (Increase) in other current assets  | (473,208,225)                | (34,763,573)                 |
| Decrease / (Increase) in loans and advances  | (2,810,818,893)              | (923,949,308)                |
| Increase / (Decrease) in current liabilities and provisions                            | 125,592,533                  | (11,335,017)                 |
| <i>Cash generated from operations</i>  | <i>(2,174,476,180)</i>       | <i>(469,296,549)</i>         |
| Direct taxes paid (net of refunds)   | (177,358,004)                | (101,453,999)                |
| <b>Net cash from operating activities</b>  | <b>(2,351,834,184)</b>       | <b>(570,750,548)</b>         |
| <b>B. Cash flows from investing activities</b>   |                              |                              |
| Purchase of fixed assets   | (153,193,386)                | (75,429,512)                 |
| Sale / maturity of investments   | 18,923,971                   | 1,000,000                    |
| Interest received  | 41,947,773                   | 12,336,907                   |
| Dividends received   | 6,255,150                    | -                            |
| <b>Net cash from investing activities</b>  | <b>(86,066,492)</b>          | <b>(62,092,605)</b>          |
| <b>C. Cash flows from financing activities</b>   |                              |                              |
| Proceeds from issuance of share capital  | 525,233,331                  | 468,000,000                  |
| Share issue expenses adjusted against securities premium / not written off or adjusted | (23,388,533)                 | (11,719,203)                 |
| Proceeds from long-term borrowings (net)   | 2,761,393,485                | 812,132,581                  |
| Interest paid  | (338,225,382)                | (148,123,134)                |
| Dividends paid   | (23,641,791)                 | (24,425,000)                 |
| Tax on dividend paid   | (1,739,805)                  | (6,445,355)                  |
| <b>Net cash used in financing activities</b>   | <b>2,899,631,305</b>         | <b>1,089,419,889</b>         |
| <b>Net increase in cash and cash equivalents (A + B + C)</b>                           | <b>461,730,629</b>           | <b>456,576,736</b>           |
| <b>Cash and cash equivalents at the beginning of the year</b>                          | <b>672,230,174</b>           | <b>215,653,438</b>           |
| <b>Cash and cash equivalents at the end of the year</b>                                | <b>1,133,960,803</b>         | <b>672,230,174</b>           |

Components of cash and cash equivalents as at March 31, 2009

|                                 |               |             |
|---------------------------------|---------------|-------------|
| Cash and cheques on hand        | 182,620,110   | 166,707,353 |
| With banks                      |               |             |
| - on current account            | 126,723,197   | 213,863,116 |
| - on deposit account*           | 823,378,248   | 274,702,523 |
| - on unpaid dividend accounts** | 1,239,248     | 16,957,182  |
|                                 | 1,133,960,803 | 672,230,174 |

\* Includes cash collateral deposits held with banks Rs. 702,863,244 (previous year Rs 270,764,489) which are not available for use by the Company

\*\*These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities

## 18.17 Comparatives

Previous year comparatives have been reclassified to conform to current year's presentation, wherever applicable.

**As per our report of even date**

**For S. R. BATLIBOI & ASSOCIATES**  
Chartered Accountants

**per S Balasubrahmanyam**  
Partner  
Membership No.: 053315  
Place : Chennai  
Date : April 30, 2009

**For and on behalf of the Board of Directors**

**V.P.Nandakumar**  
Chairman & Managing Director  
Place : Valapad  
Date : April 30, 2009

**I. Unnikrishnan**  
Managing Director

**A.L.Bindu**  
Chief Financial Officer

**P.Manomohanam**  
Director

**C.Radhakrishnan**  
Company Secretary



# Manappuram General Finance and Leasing Limited

Balancesheet in terms of Paragraph 13

Schedule to the  
Balance Sheet of a non-deposit taking non-banking financial company  
(as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding)  
Companies Prudential Norms (Reserve Bank) Directions, 2007)

| SI No                     | Particulars   | (Rs. in lakhs)     |                |
|---------------------------|---|--------------------|----------------|
| <b>Liabilities side :</b> |   |                    |                |
| (1)                       | Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid: | Amount Outstanding | Amount Overdue |
|                           | (a) Debentures : Secured  | 7,546.35           |                |
|                           | : Unsecured   | 972.71             |                |
|                           | (other than falling within the meaning of public deposits*)   |                    |                |
|                           | (b) Deferred Credits  | -                  |                |
|                           | (c) Term Loans  | 29.38              |                |
|                           | (d) Inter-corporate loans and borrowing   | 81.29              |                |
|                           | (e) Commercial Paper  | -                  |                |
|                           | (f) Public Deposits*  | 504.95             |                |
|                           | (g) Other Loans:  |                    |                |
|                           | Subordinate bond  | 6,488.61           |                |
|                           | Bank  | 29,786.84          |                |
|                           | * Please see Note 1 below   |                    |                |
| (2)                       | Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):          |                    |                |
|                           | (a) In the form of Unsecured debentures   | -                  |                |
|                           | (b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security    | -                  |                |
|                           | (c) Other public deposits   | 504.95             |                |
|                           | * Please see Note 1 below   |                    |                |
| <b>Assets side :</b>      |   |                    |                |
|                           |   | (Rs. in lakhs)     |                |
|                           |   | Amount outstanding |                |
| (3)                       | Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :               |                    |                |
|                           | (a) Secured   | 46,614.55          |                |
|                           | (b) Unsecured   | 764.20             |                |
| (4)                       | Break up of Leased Assets and stock on hire and other assets counting towards AFC activities                        |                    |                |
|                           | (i) Lease assets including lease rentals under sundry debtors :   |                    |                |
|                           | (a) Financial lease   | -                  |                |
|                           | (b) Operating lease   | -                  |                |
|                           | (ii) Stock on hire including hire charges under sundry debtors:   |                    |                |
|                           | (a) Assets on hire  | 294.01             |                |
|                           | (b) Repossessed Assets  | -                  |                |
|                           | (iii) Other loans counting towards AFC activities   | -                  |                |
|                           | (a) Loans where assets have been repossessed  | -                  |                |
|                           | (b) Loans other than (a) above  | 3,579.15           |                |

|      |                                  |                       |      |
|------|----------------------------------|-----------------------|------|
| (5)  | <b>Break-up of Investments :</b> |                       |      |
|      | <u>Current Investments:</u>      |                       |      |
|      | 1                                | <u>Quoted :</u>       |      |
|      | (i)                              | Shares : (a) Equity   | -    |
|      |                                  | (b) Preference        | -    |
|      | (ii)                             | Debentures and Bonds  | -    |
|      | (iii)                            | Units of mutual funds | 0.33 |
|      | (iv)                             | Government Securities | -    |
|      | (v)                              | Others                | -    |
|      | 2                                | <u>Unquoted :</u>     |      |
|      | (i)                              | Shares : (a) Equity   | -    |
|      | (b)                              | Preference            | -    |
| (ii) | Debentures and Bonds             | -                     |      |

| <b>Assets side :</b> |   | <b>(Rs. in lakhs)</b>     |               |                  |
|----------------------|---|---------------------------|---------------|------------------|
|                      |   | <b>Amount outstanding</b> |               |                  |
|                      | (iii) Units of mutual funds   | -                         |               |                  |
|                      | (iv) Government Securities  | -                         |               |                  |
|                      | (v) Others  | -                         |               |                  |
|                      | <u>Long Term investments:</u>   |                           |               |                  |
|                      | 1 <u>Quoted :</u>   |                           |               |                  |
|                      | (i) Shares : (a) Equity   | 0.14                      |               |                  |
|                      | (b) Preference  | -                         |               |                  |
|                      | (ii) Debentures and Bonds   | -                         |               |                  |
|                      | (iii) Units of mutual funds   | -                         |               |                  |
|                      | (iv) Government Securities  | 106.93                    |               |                  |
|                      | (v) Others  | -                         |               |                  |
|                      | 2 <u>Unquoted :</u>   |                           |               |                  |
|                      | (i) Shares : (a) Equity   | 0.32                      |               |                  |
|                      | (b) Preference  | -                         |               |                  |
|                      | (ii) Debentures and Bonds   | -                         |               |                  |
|                      | (iii) Units of mutual funds   | -                         |               |                  |
|                      | (iv) Government Securities  | -                         |               |                  |
|                      | (v) Others  | -                         |               |                  |
| (6)                  | Borrower group-wise classification of assets financed as in (3) and (4) above : |                           |               |                  |
|                      | Please see Note 2 below   |                           |               |                  |
|                      | Category  | Amount net of provisions- |               |                  |
|                      |   | Secured                   | Unsecured     | Total            |
|                      | 1. Related Parties **   |                           |               |                  |
|                      | (a) Subsidiaries  | -                         | -             | -                |
|                      | (b) Companies in the same group   | -                         | -             | -                |
|                      | (c) Other related parties   | -                         | -             | -                |
|                      | 2. Other than related parties   | 50,487.71                 | 764.20        | 51,251.91        |
|                      | <b>Total</b>  | <b>50,487.71</b>          | <b>764.20</b> | <b>51,251.91</b> |

\*\* As per Accounting Standard of ICAI (please see Note 3)

| (Rs. in lakhs)                  |  |   |                                     |
|---------------------------------|--|---|-------------------------------------|
| (7)                             | <b>"Investor group-wise classification of all investments (current and long term) in</b> |   |                                     |
|                                 | Please see note 3 below  |   |                                     |
|                                 | Category   | "Market Value / Break up<br>or fair value or NAV" | "Book Value<br>(Net of Provisions)" |
|                                 | 1. Related Parties **  |   |                                     |
|                                 | (a) Subsidiaries   | -   | -                                   |
| (b) Companies in the same group | -  | -   |                                     |
| (c) Other related parties       | -  | -   |                                     |
| 2. Other than related parties   | 105.99   | 107.72  |                                     |
| <b>Total</b>                    | <b>105.99</b>  | <b>107.72</b>                                     |                                     |

|   |                                 |                    |
|---|---------------------------------|--------------------|
| (8)                                     | <b>Other Information :</b>      |                    |
|   |                                 | Amount outstanding |
|   | (i) Gross Non-Performing Assets |                    |
|   | (a) Related parties             | -                  |
|   | (b) Other than related parties  | 2,359.74           |
|   | (ii) Net Non-Performing Assets  |                    |
|   | (a) Related parties             | -                  |
| (b) Other than related parties          | 1,392.77                        |                    |
| Assets acquired in satisfaction of debt | -                               |                    |

**Notes:**

1. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

2. Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (5) above.

**For and on behalf of Board of Directors**

**V.P. Nandakumar**  
Chairman & Managing Director

**I. Unnikrishnan**  
Managing Director

**P. Manomohan**  
Director

**A.L. Bindu**  
Chief Financial Officer

**C. Radhakrishnan**  
Company Secretary

## Auditor's Report on the Consolidated Financial Statements

### The Board of Directors

### Manappuram General Finance and Leasing Limited

1. We have audited the attached consolidated balance sheet of Manappuram General Finance and Leasing Limited ('the Company') and its subsidiary, Manappuram Insurance Brokers Private Limited (upto the date of disposal dated November 4, 2008), as at March 31, 2009, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 'Consolidated financial statements' notified pursuant to the Companies (Accounting Standards) Rules, 2006.

4. Based on our audit and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated balance sheet, of the state of affairs as at March 31, 2009;
- (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

### For S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

per S Balasubrahmanyam

Partner

Membership No.: 053315

Place: Valapad

Date: April 30, 2009

**Consolidated Financial Statements for the year ended March 31, 2009**  
**Balance Sheet as at March 31, 2009**

(All amounts are in Indian rupees unless otherwise stated)

|  | Schedule | As at<br>March 31, 2009 | As at<br>March 31, 2008 |
|--|----------|-------------------------|-------------------------|
| <b>SOURCES OF FUNDS</b>                          |          |                         |                         |
| <b>Shareholders' funds</b>                       |          |                         |                         |
| Share capital                                    | 1        | 212,558,280             | 618,000,000             |
| Share warrants                                   |          | 29,983,331              | -                       |
| Reserves and surplus                             | 2        | 1,436,183,439           | 320,002,729             |
| <b>Loan funds</b>                                |          |                         |                         |
| Secured loans                                    | 3        | 3,712,438,627           | 1,351,081,230           |
| Unsecured loans                                  | 4        | 798,459,621             | 393,925,578             |
| Deferred tax liability (net)                     | 5        | -                       | 434,174                 |
|  |          | <u>6,189,623,298</u>    | <u>2,683,443,711</u>    |
| <b>APPLICATION OF FUNDS</b>                      |          |                         |                         |
| <b>Fixed assets</b>                              |          |                         |                         |
| Gross block                                      | 6        | 355,649,104             | 208,631,610             |
| Less: Accumulated depreciation / amortisation    |          | 77,877,423              | 45,138,885              |
| Net block  |          | 277,771,681             | 163,492,725             |
| Capital work in progress including advances      |          | 2,600,000               | -                       |
| Deferred tax asset (net)                         | 5        | 13,585,351              | -                       |
| Investments                                      | 7        | 10,772,283              | 24,278,285              |
| <b>Current Assets, Loans and Advances</b>        |          |                         |                         |
| Cash and bank balances                           | 8        | 1,133,960,803           | 679,007,332             |
| Other current assets                             | 9        | 675,912,457             | 202,914,990             |
| Loans and advances                               | 10       | 4,486,025,187           | 1,859,845,367           |
|  |          | 6,295,898,447           | 2,741,767,689           |
| <b>Less : Current liabilities and provisions</b> |          |                         |                         |
| Current liabilities                              | 11       | 342,850,454             | 221,373,341             |
| Provisions                                       | 12       | 68,154,010              | 24,721,647              |
|  |          | 411,004,464             | 246,094,988             |
| <b>Net current assets</b>                        |          | 5,884,893,983           | 2,495,672,701           |
|  |          | <u>6,189,623,298</u>    | <u>2,683,443,711</u>    |
| Notes to accounts                                | 18       |                         |                         |

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.

**As per our report of even date**

**For S. R. BATLIBOI & ASSOCIATES**  
Chartered Accountants

**For and on behalf of the Board of Directors**

per S Balasubrahmanyam  
Partner  
Membership No.: 053315

V.P.Nandakumar  
Chairman & Managing Director

I. Unnikrishnan  
Managing Director

P.Manomohanan  
Director

Place: Chennai  
Date: April 30, 2009

Place: Valapad  
Date: April 30, 2009

A.L.Bindu  
Chief Financial Officer

C.Radhakrishnan  
Company Secretary

**Consolidated Financial Statements for the year ended March 31, 2009**  
**Profit and loss Account for the year ended March 31, 2009**

(All amounts are in Indian rupees unless otherwise stated)

|  | Schedule | Year ended<br>March 31, 2009 | Year ended<br>March 31, 2008 |
|--|----------|------------------------------|------------------------------|
| <b>INCOME</b>  |          |                              |                              |
| Income from services   | 13       | 1,610,055,425                | 787,930,339                  |
| Other income   | 14       | 49,349,910                   | 17,911,671                   |
|  |          | <u>1,659,405,335</u>         | <u>805,842,010</u>           |
| <b>EXPENDITURE</b>   |          |                              |                              |
| Personnel expenses   | 15       | 280,562,468                  | 116,575,173                  |
| Operating and other expenses   | 16       | 502,849,188                  | 202,156,830                  |
| Depreciation / amortization  | 6        | 33,740,600                   | 18,317,899                   |
| Financial expenses   | 17       | 385,904,291                  | 143,529,115                  |
|  |          | <u>1,203,056,547</u>         | <u>480,579,017</u>           |
| <b>Profit before tax</b>   |          | <b>456,348,788</b>           | <b>325,262,993</b>           |
| <b>Less: Provision for tax</b>   |          |                              |                              |
| - Current tax (including tax related to earlier years - Rs 2,000,000, previous year - Nil) |          | 171,667,538                  | 111,143,193                  |
| - Deferred tax   |          | (13,981,314)                 | (572,897)                    |
| - Fringe benefit tax   |          | 2,407,762                    | 1,093,344                    |
| Profit after tax   |          | 296,254,802                  | 213,599,353                  |
| Balance brought forward from previous year   |          | 46,773,012                   | 10,213,912                   |
| <b>Profit available for appropriation</b>  |          | <b>343,027,814</b>           | <b>223,813,265</b>           |
| <b>Appropriations:-</b>  |          |                              |                              |
| Transfer to Statutory Reserve  |          | 60,600,000                   | 42,000,000                   |
| - Transfer to General Reserve  |          | 31,000,000                   | 100,000,000                  |
| - Transfer to Capital Redemption Reserve   |          | 5,715,000                    | 5,715,000                    |
| - Dividend on Convertible Preference Shares  |          |                              | 65,390                       |
| - Interim Dividend on Equity Shares  |          | 1,641,791                    | 16,500,000                   |
| - Dividend on Redeemable Preference Shares   |          | 3,000,000                    | 3,000,000                    |
| - Proposed Dividend on Equity Shares   |          | 43,139,570                   | 5,500,000                    |
| - Tax on distributed profit  |          | 9,198,197                    | 4,259,863                    |
| <b>Net profit carried forward to balance sheet</b>   |          | <b>188,733,256</b>           | <b>46,773,012</b>            |
| <b>Earnings per share information -</b>  |          |                              |                              |
| - Weighted average number of equity shares   |          |                              |                              |
| - Basic  |          | 13,685,187                   | 11,000,000                   |
| - Diluted  |          | 13,685,187                   | 11,915,097                   |
| - Basic earnings per share (in Rs.)  |          | 21.39                        | 19.09                        |
| - Diluted earnings per share (in Rs.)  |          | 21.39                        | 17.63                        |
| - Nominal value per equity share   |          | Rs 10/-                      | Rs 107/-                     |

**Notes to Accounts**

18

The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account.

**As per our report of even date**

**For S. R. BATLIBOI & ASSOCIATES** For and on behalf of the Board of Directors

Chartered Accountants

per **S. Balasubrahmanyam**  
Partner  
Membership No.: 053315

**V.P. Nandakumar**  
Chairman & Managing Director

**I. Unnikrishnan**  
Managing Director

**P. Manomohanam**  
Director

Place: Chennai  
Date: April 30, 2009

Place: Valapad  
Date: April 30, 2009

**A.L. Bindu**  
Chief Financial Officer

**C. Radhakrishnan**  
Company Secretary

# Consolidated Financial Statements for the year ended March 31, 2009

## Schedules to Accounts

(All amounts are in Indian rupees unless otherwise stated)

|  | As at<br>March 31, 2009 | As at<br>March 31, 2008 |
|--|-------------------------|-------------------------|
| <b>Schedule 1: Share capital</b>   |                         |                         |
| <i>Authorized</i>  |                         |                         |
| 26,000,000 (Previous year - 28,000,000) equity shares of Rs. 10 each   | 260,000,000             | 280,000,000             |
| 400,000 (Previous year - 400,000) redeemable preference shares of Rs. 100 each   | 40,000,000              | 40,000,000              |
| 5,000,000 (Previous year - 4,800,000) compulsorily convertible preference shares of Rs. 100 each   | 500,000,000             | 480,000,000             |
| <i>Issued, subscribed and paid-up</i>  |                         |                         |
| 17,255,828 (Previous year -11,000,000) equity shares of Rs. 10 each fully paid up *  | 172,558,280             | 110,000,000             |
| 400,000 (Previous year - 400,000) 7.5% redeemable preference shares of Rs. 100 each fully paid up **   | 40,000,000              | 40,000,000              |
| Nil (Previous year - 4,680,000) 0.05% compulsorily convertible preference shares of Rs. 100 each fully paid up (Refer Note 1 to Schedule 18) |                         | 468,000,000             |
|  | <b>212,558,280</b>      | <b>618,000,000</b>      |

\* Out of the above, 5,500,000 (Previous year - 5,500,000) equity shares of Rs.10 each are allotted as fully paid up bonus shares by capitalisation of General Reserve - Rs. 40,000,000 (Previous year - Rs. 40,000,000) and Securities Premium -Rs. 15,000,000 (Previous year-Rs. 15,000,000)

\*\* Out of the above 400,000 (Previous year - 400,000) 7.5% redeemable preference shares of Rs. 100 each fully paid up:

- 200,000 preference shares issued on September 11, 2004 are redeemable at par by September 10, 2011  
 - 200,000 preference shares issued on September 30, 2004 are redeemable at par by September 29, 2011

The shareholders have a right to early redemption but not earlier than 2 years from the date of allotment.

## Schedule 2: Reserves and surplus

|   |                      |                    |
|---|----------------------|--------------------|
| <i>Capital reserve</i>  |                      |                    |
| Opening balance   | 397,721              | 397,721            |
| Less: Loss on sale of asset adjusted against capital reserve    | (397,721)            | -                  |
|   |                      | 397,721            |
| <i>Capital redemption reserve</i>                               |                      |                    |
| Opening balance   | 17,137,500           | 11,422,500         |
| Add: Transferred from Profit and loss account                   | 5,715,000            | 5,715,000          |
|   | 22,852,500           | 17,137,500         |
| <i>Securities premium account</i>                               |                      |                    |
| Opening balance   |                      |                    |
| Add: Securities premium on issue of shares                      | 900,691,720          | -                  |
| Less: Share issues expenses adjusted against securities premium | 23,388,533           | -                  |
|   | 877,303,187          | -                  |
| <i>Statutory reserv</i>   |                      |                    |
| Opening balance   | 92,300,000           | 50,300,000         |
| Add: Transferred from Profit and loss account                   | 60,600,000           | 42,000,000         |
|   | 152,900,000          | 92,300,000         |
| <i>General reserve</i>  |                      |                    |
| Opening balance   | 163,394,496          | 63,394,496         |
| Add: Transferred from Profit and loss account                   | 31,000,000           | 100,000,000        |
|   | 194,394,496          | 163,394,496        |
| Profit & Loss Account   | 188,733,256          | 46,773,012         |
|   | <b>1,436,183,439</b> | <b>320,002,729</b> |

# Consolidated Financial Statements for the year ended March 31, 2009

## Schedules to Accounts

(All amounts are in Indian rupees unless otherwise stated)

|  | As at<br>March 31, 2009 | As at<br>March 31, 2008 |
|--|-------------------------|-------------------------|
| <b>Schedule 3: Secured loans</b>   |                         |                         |
| 723,280 (Previous year - 633,375) 9% - 14.5% Secured Non-convertible Debentures of Rs. 1,000 each redeemable at par at the end of the term of each series of debentures ranging between 1-5 years* | 723,280,000             | 633,375,000             |
| Add: Interest accrued and due thereon  | <u>7,536,484</u>        | <u>3,246,115</u>        |
|  | <b>730,816,484</b>      | <b>636,621,115</b>      |
| From bank*   |                         |                         |
| - Cash credit  | 1,079,409,063           | 217,547,010             |
| - Working Capital Demand Loans   | <u>1,899,275,287</u>    | <u>494,939,726</u>      |
| Vehicle loans<br>(Secured by hypothecation of vehicles)  | <u>2,937,793</u>        | <u>1,973,379</u>        |
|  | <b>3,712,438,627</b>    | <b>1351,08 1,230</b>    |

\* Refer Note 12 to Schedule 18 for details of charge created on assets of the Company

### Schedule 4: Unsecured loans

|                             |                    |                    |
|-----------------------------|--------------------|--------------------|
| Deposits                    | 48,682,220         | 80,996,128         |
| Debenture application money | 97,271,000         | 20,574,000         |
| Inter-Corporate Deposits    | 7,760,017          | 18,285,652         |
| Subordinate bond            | 641,582,000        | 271,113,000        |
| Interest Accrued and Due    | <u>3,164,384</u>   | <u>2,956,798</u>   |
|                             | <b>798,459,621</b> | <b>393,925,578</b> |

### Schedule 5: Deferred tax liability / (Asset)

#### Deferred Tax Liability

Differences in depreciation and other differences in block of fixed assets as per tax books and financial books

|            |            |
|------------|------------|
| 21,022,210 | 12,035,450 |
|------------|------------|

#### Deferred tax asset

Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years

|             |   |
|-------------|---|
| (1,740,162) | - |
|-------------|---|

Provision for loans and advances

|              |              |
|--------------|--------------|
| (32,867,399) | (11,601,276) |
|--------------|--------------|

#### Net Deferred tax (asset) / liability

|                     |                |
|---------------------|----------------|
| <u>(13,585,351)</u> | <u>434,174</u> |
|---------------------|----------------|



**Schedule 6: Fixed Assets**

| DESCRIPTION                   | GROSS BLOCK        |                    |                  |                                 | DEPRECIATION/ AMORTIZATION |                    |                   |                |                                 | NET BLOCK           |                     |                     |
|-------------------------------|--------------------|--------------------|------------------|---------------------------------|----------------------------|--------------------|-------------------|----------------|---------------------------------|---------------------|---------------------|---------------------|
|                               | As at April 1 2008 | Additions          | Deductions       | Deletions on sale of subsidiary | As at April 31 2009        | As at April 1 2008 | For the Year      | Deletions      | Deletions on sale of subsidiary | As at March 31 2009 | As at March 31 2009 | As at March 31 2008 |
| Land*                         | 1,655,375          | -                  | -                | -                               | 1,655,375                  | -                  | -                 | -              | -                               | -                   | 1,655,375           | 1,655,375           |
| Building                      | 3,367,871          | -                  | -                | -                               | 3,367,871                  | 160,488            | 54,896            | -              | -                               | 215,384             | 3,152,487           | 3,207,383           |
| Office equipment              | 17,159,238         | 13,841,003         | -                | -                               | 31,000,241                 | 4,905,149          | 2,741,430         | -              | -                               | 7,646,579           | 23,353,662          | 12,254,089          |
| Computer equipment            | 65,105,891         | 59,899,820         | 3,062,120        | 267,643                         | 121,675,948                | 19,950,929         | 15,600,792        | 739,213        | 195,243                         | 34,617,265          | 87,058,683          | 45,154,962          |
| Furniture and Fittings        | 103,847,641        | 67,130,928         | 1,850            | 244,279                         | 170,732,440                | 16,201,463         | 11,994,364        | -              | 67,606                          | 28,128,221          | 142,604,219         | 87,646,178          |
| Vehicle **                    | 5,475,433          | 2,668,248          | -                | -                               | 8,143,681                  | 1,068,300          | 669,527           | -              | -                               | 1,737,827           | 6,405,854           | 4,407,133           |
| <b>Intangibles</b>            |                    |                    |                  |                                 |                            |                    |                   |                |                                 |                     |                     |                     |
| Computer Software             | 12,020,161         | 7,053,387          | -                | -                               | 19,073,548                 | 2,852,556          | 2,679,591         | -              | -                               | 5,532,147           | 13,541,401          | 9,167,605           |
| <b>TOTAL</b>                  | <b>208,631,610</b> | <b>150,593,386</b> | <b>3,063,970</b> | <b>511,922</b>                  | <b>355,649,104</b>         | <b>45,138,885</b>  | <b>33,740,600</b> | <b>739,213</b> | <b>262,849</b>                  | <b>77,877,423</b>   | <b>277,771,681</b>  | <b>163,492,725</b>  |
| Figures for the previous year | 133,713,310        | 75,429,512         | 1,023,134        | -                               | 208,119,688                | 26,831,110         | 18,259,051        | 179,139        | -                               | 44,911,022          | 163,208,666         | -                   |

\* The Company is in the process of registering the title of the land acquired during the year in its name as at March 31, 2009

\*\* Include vehicles taken on finance lease - Gross block Rs. 5,210,234 (Previous year - Rs. 3,534,756); Depreciation for the year Rs. 392,585 (previous year - Rs 69,532) and Net block Rs. 4,748,118 (Previous year - Rs. 3,229,054)

# Consolidated Financial Statements for the year ended March 31, 2009

## Schedules to Accounts

(All amounts are in Indian rupees unless otherwise stated)

|  | As at<br>March 31, 2009 | As at<br>March 31, 2008 |
|--|-------------------------|-------------------------|
| <b>Schedule 7: Investments</b>   |                         |                         |
| <b>Long Term Investments</b>   |                         |                         |
| <i>(Quoted, at cost)</i>   |                         |                         |
| <b>A. Other than trade</b>   |                         |                         |
| 17,000 (Previous year -17,000) units of Rs. 100 each in 6.13% Govt. of India Loan                        | 1,638,800               | 1,638,800               |
| 15,000 (Previous year -15,000) units of Rs. 100 each in 6.17% Govt of India Loan                         | 1,398,000               | 1,398,000               |
| Nil (Previous year - 53,700) units of Rs. 100 each in 6.85% Govt. of India Loan                          | -                       | 5,341,860               |
| Nil (Previous year - 23,500) units of Rs. 100 each in 8% TN Loan   | -                       | 2,460,450               |
| Nil (Previous year - 30) units of Rs. 1,00,000 each in 8 % Gujarat Electricity Board                     | -                       | 3,000,000               |
| Nil (Previous year - 5,000) units of Rs. 100 each in 7.00% Govt of India Loan                            | -                       | 514,000                 |
| Nil (Previous year - 2,960) units of Rs. 100 each in 7.50% Govt of India Loan                            | -                       | 514,000                 |
| Nil (Previous year - 20,000) units of Rs. 100 each in 7.33% HAR Loan                                     | -                       | 1,882,000               |
| 62,000 (Previous year - 62,000) units of Rs. 100 each in 7.38% Govt. of India Loan                       | 6,153,500               | 6,153,500               |
| 15,000 (Previous year -15,000) units of Rs. 100 each in 7.59% Govt. of India Loan                        | 1,502,250               | 1,502,250               |
| 800 (Previous year - 800) equity share of Rs.  | 52,755                  | 52,755                  |
| 500 (Previous year - 500) equity share of Rs.  | 51,455                  | 51,455                  |
| Resorts India Limited  |                         |                         |
| 100 (Previous year -100) equity share of Rs.   | 2,000                   | 2,000                   |
| Steels Limited   |                         |                         |
| 100 (Previous year -100) equity share of Rs.   | 10,000                  | 10,000                  |
| Limited  |                         |                         |
| 100 (Previous year -100) equity share of Rs.   | 11,000                  | 11,000                  |
| Mills Limited.   |                         |                         |
| 100 (Previous year -100) equity share of Rs.   | 5,000                   | 5,000                   |
| Bank Limited.  |                         |                         |
| 400 (Previous year - 400) equity share of Rs.  | 48,000                  | 48,000                  |
| Limited.   |                         |                         |
| 300 (Previous year - 300) equity share of Rs.  | 7,200                   | 7,200                   |
| <i>(Unquoted, at cost)</i>   |                         |                         |
| <b>Other than trade</b>  |                         |                         |
| 1,000 (Previous year -1,000) equity share of Rs. 10 each fully paid in The Catholic Syrian Bank Limited. | 32,000                  | 32,000                  |
| <b>Current Investments - Trade</b> (Quoted, at lower of cost and market value)                           |                         |                         |
| 1,629 units (previous year - 1,629) of Rs. 20.46 each in Sundaram Mutual Fund                            | 33,323                  | 33,323                  |
|  | <b>10,945,283</b>       | <b>24,451,285</b>       |
| Less: Provision for permanent diminution in the value of investment                                      | 173,000                 | 173,000                 |
|  | <b>10,772,283</b>       | <b>24,278,285</b>       |
| Aggregate book value of unquoted investments   | 32,000                  | 32,000                  |
| Aggregate book value of quoted investments   | 10,913,283              | 24,419,285              |
| Aggregate market value of quoted investments   | 10,566,600              | 23,264,250              |

**Consolidated Financial Statements for the year ended March 31, 2009**

**Schedules to Accounts**

(All amounts are in Indian rupees unless otherwise stated)

|  | <b>As at<br/>March 31, 2009</b> | <b>As at<br/>March 31, 2008</b> |
|--|---------------------------------|---------------------------------|
| <b>Schedule 8: Cash and bank balances</b>  |                                 |                                 |
| Cash on hand   | 182,620,110                     | 166,715,790                     |
| Balances with scheduled banks  |                                 |                                 |
| - on current accounts  | 126,723,197                     | 214,468,888                     |
| - on deposit accounts *  | 823,378,248                     | 280,865,472                     |
| - on unpaid dividend accounts  | 1,239,248                       | 16,957,182                      |
|  | <u>1,133,960,803</u>            | <u>679,007,332</u>              |
| * deposit accounts includes  |                                 |                                 |
| - Collateral deposit towards gold loans assigned (Refer Note 13 to Schedule 18)    |                                 |                                 |
| <b>Schedule 9: Other current assets</b>  |                                 |                                 |
| Interest accrued but not due   | 661,442,129                     | 191,160,313                     |
| Stock of foreign currency  | 7,827                           | 35,474                          |
| Stock of Gold Coin   | 14,462,501                      | -                               |
| Others   | -                               | 11,719,203                      |
|  | <u>675,912,457</u>              | <u>202,914,990</u>              |
| <b>Schedule 10: Loans and advances (Refer Note 18.10 and 18.11 to Schedule 18)</b> |                                 |                                 |
| <b>Secured, considered good</b>  |                                 |                                 |
| Loans:   |                                 |                                 |
| -Gold  | 3,977,957,103                   | 977,168,728                     |
| - Hypothecation  | 355,496,346                     | 620,173,304                     |
| - Stock on Hire  | 29,229,113                      | v                               |
| - Others   | 49,653,938                      | 57,981,824                      |
| <b>Unsecured, considered good</b>  |                                 |                                 |
| Advances recoverable in cash or kind or for value to be received                   | 9,360,645                       | 36,775,324                      |
| Advance tax and tax deducted at source, net of provision for tax                   | -                               | 474,753                         |
| Deposits   | 64,328,042                      | 95,888,144                      |
|  | 4,486,025,187                   | 1,859,845,367                   |
| <b>Unsecured, considered doubtful</b>  |                                 |                                 |
| Loans:   |                                 |                                 |
| -Gold  | 1,361,812                       | 6,967,280                       |
| - Hypothecation  | 53,498,700                      | 15,475,163                      |
| - Stock on Hire  | 8,638,678                       | 2,489,364                       |
| - Others   | 6,783,954                       | 4,049,795                       |
| Advances recoverable in cash or kind or for value to be received                   | 26,414,118                      | 5,275,052                       |
|  | 96,697,262                      | 34,256,654                      |
| Less: Provision for doubtful loans and advances                                    | <u>96,697,262</u>               | <u>34,256,654</u>               |
|  | <u>4,486,025,187</u>            | <u>1,859,845,367</u>            |

## Consolidated Financial Statements for the year ended March 31, 2009

### Schedules to Accounts

(All amounts are in Indian rupees unless otherwise stated)

|   | As at<br>March 31, 2009 | As at<br>March 31, 2008 |
|---|-------------------------|-------------------------|
| <b>Schedule 11: Current liabilities</b>   |                         |                         |
| Sundry creditors for expenses*  | 91,089,596              | 30,026,075              |
| Book overdraft  | 8,448,200               | -                       |
| Interest accrued but not due on loans   | 30,713,505              | 17,570,073              |
| Unmatured finance charges   | 155,415,469             | 121,030,885             |
| Sundry deposits   | 21,217,550              | 22,918,950              |
| Investor Education and Protection Fund shall be credited by following amounts (as and when due) |                         |                         |
| a) Unclaimed dividend   | 1,239,248               | 457,182                 |
| Dividend payable  | -                       | 16,500,000              |
| Other liabilities   | 34,726,886              | 12,870,176              |
|   | <u>342,850,454</u>      | <u>221,373,341</u>      |

\* There are no dues outstanding to any enterprises covered under Micro, Small and Medium Enterprises Development Act, 2006, based on the information available with the Group during the year and as at March 31, 2009 and March 31, 2008.

### Schedule 12: Provisions

|   |                   |                   |
|---|-------------------|-------------------|
| Provisions for taxation (net of advance tax and tax deducted at source) | 14,173,145        | 17,700,569        |
| Provision for dividend on preference shares                             | 3,000,025         | 65,390            |
| Proposed final dividend   | 43,139,570        | 5,500,000         |
| Tax on proposed dividend  | 7,841,270         | 1,455,688         |
|   | <u>68,154,010</u> | <u>24,721,647</u> |

## Consolidated Financial Statements for the year ended March 31, 2009

### Schedules to Accounts

(All amounts are in Indian rupees unless otherwise stated)

|  | Year ended<br>March 31, 2009 | Year ended<br>March 31, 2008 |
|--|------------------------------|------------------------------|
| <b>Schedule 13: Income from services</b>         |                              |                              |
| Interest and other income from                   |                              |                              |
| - Gold and other loans                           | 1,431,841,100                | 564,924,508                  |
| - Business loans                                 | 2,860,368                    | 9,714,665                    |
| - Personal loans                                 | 8,181,460                    | 11,398,130                   |
| - Hypothecation and hire purchase loans          | 139,675,396                  | 182,359,118                  |
| - Others   | 2,342,046                    | 1,597,665                    |
| Income from fee based activities                 |                              |                              |
| - Money transfer                                 | 18,845,387                   | 9,276,823                    |
| - Others   | 6,309,668                    | 8,659,430                    |
|  | <b>1,610,055,425</b>         | <b>787,930,339</b>           |
| <b>Schedule 14: Other income</b>                 |                              |                              |
| Interest (gross)                                 | 42,644,771                   | 13,173,459                   |
| Foreign exchange gain / (loss) (net)             | (203,844)                    | -                            |
| Bad debts recovered                              | 3,150,463                    | 2,101,523                    |
| Others   | 3,758,520                    | 2,636,689                    |
|  | <b>49,349,910</b>            | <b>17,911,671</b>            |
| <b>Schedule 15: Personnel expenses</b>           |                              |                              |
| Salaries, wages and bonus                        | 263,146,054                  | 110,085,630                  |
| Contribution to provident and other funds        | 16,902,450                   | 6,120,404                    |
| Staff welfare expenses                           | 513,964                      | 369,139                      |
|  | <b>280,562,468</b>           | <b>116,575,173</b>           |
| <b>Schedule 16: Operating and other expenses</b> |                              |                              |
| Rent   | 54,593,653                   | 27,708,503                   |
| Electricity                                      | 11,548,558                   | 5,622,438                    |
| Travel and conveyance                            | 21,730,010                   | 8,826,383                    |
| Communication expenses                           | 28,082,287                   | 16,445,717                   |
| Advertisement                                    | 81,734,052                   | 61,537,422                   |
| Directors sitting fees                           | 819,900                      | 749,000                      |
| Repairs and maintenance                          |                              |                              |
| - Vehicles                                       | 913,014                      | 561,756                      |
| - Others   | 7,949,898                    | 3,855,512                    |
| Legal and professional fees                      | 23,743,395                   | 7,101,448                    |
| Security charges                                 | 29,872,890                   | 15,233,701                   |
| Rates and taxes                                  | 18,295,956                   | 6,363,645                    |
| Printing and stationery                          | 13,346,357                   | 9,698,175                    |
| Commission to directors                          | 6,965,465                    | 1,545,011                    |
| Bad debts  | 117,540,257                  | 14,685,390                   |
| Provision for loans and advances                 | 60,318,082                   | 19,034,129                   |
| Miscellaneous expenses                           | 25,395,414                   | 3,188,600                    |
|  | <b>502,849,188</b>           | <b>202,156,830</b>           |
| <b>Schedule 17: Financial expenses</b>           |                              |                              |
| Interest   |                              |                              |
| - on Debentures                                  | 105,690,663                  | 46,468,643                   |
| - on Deposits                                    | 6,256,813                    | 40,928,011                   |
| - on Banks                                       | 188,790,246                  | 26,734,608                   |
| - Others   | 55,129,047                   | 27,790,851                   |
| Bank and other charges                           | 30,037,522                   | 1,607,002                    |
|  | <b>385,904,291</b>           | <b>143,529,115</b>           |

## Consolidated Financial Statements for the year ended March 31, 2009

### Schedule 18: Notes to accounts

(All amounts are in Indian rupees unless otherwise stated)

#### 18.1 Background

Manappuram General Finance and Leasing Limited ('MAGFIL' or 'the Company') was incorporated on July 15, 1992 in Thrissur, Kerala. The Company is a non banking financial company ('NBFC'), which provides a wide range of fund based and fee based services including gold loans, hypothecation loans, hire purchase loans, money exchange facilities etc. The Company currently operates through more than 500 branches spread across the country.

During the current year, the Company has converted the compulsorily convertible preference shares aggregating Rs 468 million issued to Hudson Equity Holdings Limited and Sequoia Capital India Investment Holdings I into 3,283,582 equity shares of Rs 10 each at a premium of Rs 132.53 per share on June 21, 2008.

Pursuant to share subscription agreements dated November 4, 2008, the Company made a further issue of compulsorily convertible preference shares aggregating Rs 495.25 million to Hudson Equity Holdings Limited, Sequoia Capital India Investment Holdings I, AA Development Capital India Fund I LLC and GHIOF Mauritius, which are convertible into 2,972,246 equity shares at a premium of Rs 156.62. These compulsorily convertible preference shares have been converted into equity shares at the Board Meeting of the Company on March 16, 2009.

Further, the Company has in terms of the Warrant Subscription Agreement dated November 4, 2008 issued 1,564,892 conditionally convertible warrants which shall be convertible into 1,564,892 equity shares at a price of Rs 166.62 to its promoter. In accordance with the agreement and relevant SEBI (Securities and Exchange Board of India) regulations, the promoters have paid a sum of Rs 29 million as deposit which will be adjusted at the time of allotment of equity shares upon conversion of the warrants. The holders of the warrants have an option to apply for and be allotted one equity share of the Company per warrant at any time before eighteen months from the date of maturity.

Subsequent to the year end, the Company has acquired the entire assets and liabilities of Manappuram Printers, a sole proprietorship, which is in the business of trading in stationery items, for a total consideration of Rs 10 million.

The Company had acquired 100% equity interest in its wholly owned subsidiary Manappuram Insurance Brokers Private Limited ('MIABRO' or 'the Subsidiary') on April 24, 2004, which is located in the Thrissur, Kerala. The Subsidiary is engaged primarily in the business of providing insurance brokerage services on behalf of both life and general insurance companies.

During the current year, the Company has sold its entire investment in its subsidiary, Manappuram Insurance Brokers Private Limited ('MIABRO'), on November 4, 2008, to one of the Directors' of the Company for an amount of Rs. 5.86 million. Consequently, the consolidated financial statements ('CFS') of the Group reflect the results of subsidiary until the date of sale.

MAGFIL, along with MIABRO, shall hereinafter, be collectively referred to as 'the Group'.

#### 18.2 Statement of significant accounting policies

##### (a) Principles of consolidation

- i. The CFS of the Group have been prepared based on a line-by-line consolidation of statement of profit and loss and cash flows until the date of cessation of the parent-subsidiary relationship ie. November 4, 2008.
- ii. The difference between the proceeds from disposal of investment in the subsidiary and the carrying amount of its assets less liabilities as at the date of disposal is recognized as a profit or loss on disposal of investment in subsidiary.
- iii. The CFS have been prepared using uniform accounting policies, except as stated otherwise, for similar transactions and are presented to the extent possible, in the same manner as the Company's standalone financial statements.
- iv. All material inter-company transactions between the entities included in the CFS have been eliminated on consolidation.

##### (b) Basis of preparation

The CFS has been prepared to comply in all material respects in respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006, the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Reserve Bank of India as applicable to a NBFC. The CFS has been prepared under the historical cost convention and on an accrual basis. Further, CFS is presented in the general format specified in Schedule VI to the Act. However, as these financial statements are not statutory financial statements, full compliance with the above Act are not required and so they may not reflect all the disclosure requirements of the Act.

The significant accounting policies adopted by the Group in respect of the consolidated financial statements are given below.

## **18.1 Background**

Manappuram General Finance and Leasing Limited ('MAGFIL' or 'the Company') was incorporated on July 15, 1992 in Thrissur, Kerala. The Company is a non banking financial company ('NBFC'), which provides a wide range of fund based and fee based services including gold loans, hypothecation loans, hire purchase loans, money exchange facilities etc. The Company currently operates through more than 500 branches spread across the country.

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Pursuant to share subscription agreements dated November 4, 2008, the Company made a further issue of compulsorily convertible preference shares aggregating Rs 495.25 million to Hudson Equity Holdings Limited, Sequoia Capital India Investment Holdings I, AA Development Capital India Fund I LLC and GHIOF Mauritius, which are convertible into 2,972,246 equity shares at a premium of Rs 156.62. These compulsorily convertible preference shares have been converted into equity shares at the Board Meeting of the Company on March 16, 2009.

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Subsequent to the year end, the Company has acquired the entire assets and liabilities of Manappuram Printers, a sole proprietorship, which is in the business of trading in stationery items, for a total consideration of Rs 10 million.

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- ii. The difference between the proceeds from disposal of investment in the subsidiary and the carrying amount of its assets less liabilities as at the date of disposal is recognized as a profit or loss on disposal of investment in subsidiary.
- iii. The CFS have been prepared using uniform accounting policies, except as stated otherwise, for similar transactions and are presented to the extent possible, in the same manner as the Company's standalone financial statements.
- iv. All material inter-company transactions between the entities included in the CFS have been eliminated on consolidation.

### **(b) Basis of preparation**

The CFS has been prepared to comply in all material respects in respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006, the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Reserve Bank of India as applicable to a NBFC. The CFS has been prepared under the historical cost convention and on an accrual basis. Further, CFS is presented in the general format specified in Schedule VI to the Act. However, as these financial statements are not statutory financial statements, full compliance with the above Act are not required and so they may not reflect all the disclosure requirements of the Act.

The significant accounting policies adopted by the Group in respect of the consolidated financial statements are given below.

**(c) Use of estimates**

The preparation of CFS in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**(d) Fixed assets**

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use.

**(e) Depreciation**

Depreciation is provided using the straight line method at the rates prescribed under schedule XIV of the Companies Act, 1956, except for computer software (depreciated at the rate of 16.21%) which is management's estimate of the useful lives of the assets.

**(f) Impairment**

- i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- ii) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

**(g) Leases**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

**(h) Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

**(i) Revenues**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest income on loans given is recognised under the internal rate of return method. Such interests, where instalments are overdue in respect of non performing assets are recognised on realization basis. Any such income recognised and remaining unrealized after the installments become overdue with respect to non performing assets is reversed.



## **(n) Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on Management estimate of amounts required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current Management estimates.

## **(o) Segment reporting**

### ***Identification of segments:***

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. As the Group operates only in India it has a single geographical segment.

### ***Allocation of common costs***

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

### ***Unallocated items***

Unallocable costs include general corporate income and expense items which are not allocated to any business segment.

## **(p) Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

## **18.3 Proposed merger with Manappuram Finance (Tamil Nadu) Limited(MAFIT)**

The Board of Directors of the Company at their meeting held on March 16, 2009 has approved a Scheme of Amalgamation ('the Scheme') of the Company and MAFIT with retrospective effect from April 1, 2008 based on an exchange ration of 2.1:1 (2.1 shares in MAGFIL for every share in MAFIT).

The merger would require the approval of the shareholders of the respective companies and the Hon'ble High Courts in Chennai and Kerala apart from approvals from the Government of India and SEBI. The scheme is currently pending approval of the Mumbai Stock Exchange.

**Schedule 18: Notes to accounts (continued..)**

(All amounts are in Indian rupees unless otherwise stated)

**18.4 Segment reporting**

Primary Segment: Business Segment

The three identified reportable segments are:

1. Gold and other loans - Financing of loans against pledging of gold and gold ornaments
2. Asset financing - Financing of loans against hypothecation of vehicles
3. Fee based activities - Money transfer, foreign currency exchange

Secondary segment information

The Company has no reportable geographical segment as it renders its services entirely in India.

**Primary segment information**

| <b>Particulars</b>            | <b>March 31, 2009</b> | <b>March 31, 2008</b> |
|-------------------------------|-----------------------|-----------------------|
| <u>Segment revenues</u>       |                       |                       |
| Gold and other loans          | 1,487,480,954         | 599,890,733           |
| Asset financing               | 142,820,249           | 184,464,522           |
| Fee based activities          | 25,344,653            | 18,850,066            |
| Unallocable revenues          | 3,759,479             | 2,636,689             |
|                               | <b>1,659,405,335</b>  | <b>805,842,010</b>    |
| <u>Segment result</u>         |                       |                       |
| Gold and other loans          | 623,739,675           | 262,051,354           |
| Asset financing               | (88,158,625)          | 72,071,385            |
| Fee based activities          | 16,761,039            | 13,744,034            |
| Unallocable Income            | 3,759,479             | 2,636,689             |
| Net unallocable expenditure   | (99,752,780)          | (25,240,469)          |
| <b>Profit before taxation</b> | <b>456,348,788</b>    | <b>325,262,993</b>    |
| Taxes                         | 160,093,986           | 111,663,640           |
| <b>Profit after taxation</b>  | <b>296,254,802</b>    | <b>213,599,353</b>    |
| <u>Segment assets</u>         |                       |                       |
| Gold and other loans          | 6,117,022,896         | 2,137,587,210         |
| Asset financing               | 457,721,432           | 743,064,719           |
| Fee based activities          | 7,827                 | 16,843,709            |
| Unallocable Assets            | 25,875,607            | 19,344,889            |
|                               | <b>6,600,627,762</b>  | <b>2,916,840,527</b>  |
| <u>Segment liabilities</u>    |                       |                       |
| Gold and other loans          | 309,529,919           | 157,390,421           |
| Asset financing               | 25,208,554            | 33,939,563            |
| Fee based activities          | -                     | 3,634,304             |
| Unallocated liabilities       | 4,587,164,239         | 1,795,592,713         |
|                               | <b>4,921,902,712</b>  | <b>1,990,557,001</b>  |
| <u>Depreciation</u>           |                       |                       |
| Gold and other loans          | 32,141,053            | 15,859,018            |
| Asset financing               | 1,564,561             | 2,400,033             |
| Fee based activities          | 34,986                | 58,848                |
|                               | <b>33,740,600</b>     | <b>18,317,899</b>     |
| <u>Capital expenditure</u>    |                       |                       |
| Gold and other loans          | 146,082,394           | 65,514,796            |
| Asset financing               | 7,110,992             | 9,914,716             |
| Fee based activities          | -                     | -                     |
|                               | <b>153,193,386</b>    | <b>75,429,512</b>     |

## 18.5 Related party transactions

| Particulars                                   | Associates / Enterprises owned or significantly influenced by key management personnel or their relatives |                    | Key Management Personnel |                   | Relatives of key management personnel |               | Total                |                    |
|---|---|--------------------|--------------------------|-------------------|---------------------------------------|---------------|----------------------|--------------------|
|   | 31-Mar-09   | 31-Mar-08          | 31-Mar-09                | 31-Mar-08         | 31-Mar-09                             | 31-Mar-08     | 31-Mar-09            | 31-Mar-08          |
| <b>Sale of gold loans</b>                     | <b>7,915,800,000</b>  | <b>790,400,000</b> | -                        | -                 | -                                     | -             | <b>7,915,800,000</b> | <b>790,400,000</b> |
| Manappuram Finance Tamilnadu Limited          | 7,915,800,000   | 790,400,000        | -                        | -                 | -                                     | -             | 7,915,800,000        | 790,400,000        |
| <b>Purchase of gold loans</b>                 | <b>705,200,000</b>  | <b>151,626,511</b> | -                        | -                 | -                                     | -             | <b>705,200,000</b>   | <b>151,626,511</b> |
| Manappuram Finance Tamilnadu Limited          | 705,200,000   | 122,107,400        | -                        | -                 | -                                     | -             | 705,200,000          | 122,107,400        |
| Manappuram Finance                            | -   | 29,519,111         | -                        | -                 | -                                     | -             | -                    | 29,519,111         |
| <b>Debentures issued during the year</b>      | -   | -                  | -                        | <b>275,000</b>    | -                                     | -             | -                    | <b>275,000</b>     |
| Mr. V.P.Nandakumar                            | -   | -                  | -                        | 275,000           | -                                     | -             | -                    | 275,000            |
| <b>Interest paid</b>                          | <b>64,611,558</b>   | <b>12,003,967</b>  | <b>5,663,638</b>         | <b>34,809,413</b> | <b>89,286</b>                         | <b>81,940</b> | <b>70,364,482</b>    | <b>46,895,320</b>  |
| Mr. V.P.Nandakumar                            | -   | -                  | 5,663,638                | 34,809,413        | -                                     | -             | 5,663,638            | 34,809,413         |
| Manappuram Comptech & Consultants (P) Limited | -   | -                  | -                        | -                 | -                                     | -             | -                    | -                  |
| Manappuram Finance Tamilnadu Limited          | 63,214,414  | 11,487,867         | -                        | -                 | -                                     | -             | 63,214,414           | 11,487,867         |
| Manappuram Asset Finance Limited              | 1,114,333   | 516,100            | -                        | -                 | -                                     | -             | 1,114,333            | 516,100            |
| Manappuram Chits (India) Limited              | 282,811   | -                  | -                        | -                 | -                                     | -             | 282,811              | -                  |
| Mrs. Jyothi Prasannan                         | -   | -                  | -                        | -                 | -                                     | 81,940        | -                    | 81,940             |
| Mrs. Sushama Nandakumar                       | -   | -                  | -                        | -                 | 89,286                                | -             | 89,286               | -                  |
| Salary paid to Sooraj Nandan                  | -   | -                  | -                        | -                 | 403,667                               | -             | 403,667              | -                  |
| <b>Interest received</b>                      | <b>4,558,552</b>  | <b>920,548</b>     | -                        | -                 | -                                     | -             | <b>4,558,552</b>     | <b>920,548</b>     |
| Manappuram Finance Tamilnadu Limited          | 4,558,552   | 920,548            | -                        | -                 | -                                     | -             | 4,558,552            | 920,548            |
| <b>Deputation of staff to other Companies</b> | -   | <b>14,986,100</b>  | -                        | -                 | -                                     | -             | -                    | <b>14,986,100</b>  |
| Manappuram Benefit Fund Limited               | -   | 10,000,000         | -                        | -                 | -                                     | -             | -                    | 10,000,000         |
| Manappuram Finance Tamilnadu Limited          | -   | 4,986,100          | -                        | -                 | -                                     | -             | -                    | 4,986,100          |
| <b>Inter Corporate Deposits accepted</b>      | <b>5,450,000</b>  | <b>13,685,646</b>  | -                        | -                 | -                                     | -             | <b>5,450,000</b>     | <b>13,685,646</b>  |
| Manappuram Asset Finance Limited              | -   | 13,685,646         | -                        | -                 | -                                     | -             | -                    | 13,685,646         |
| Manappuram Chits (India) Limited              | 5,450,000   | -                  | -                        | -                 | -                                     | -             | 5,450,000            | -                  |
| <b>Inter Corporate Deposits redeemed</b>      | <b>13,685,646</b>   | -                  | -                        | -                 | -                                     | -             | <b>13,685,646</b>    | -                  |
| Manappuram Asset Finance Limited              | 13,685,646  | -                  | -                        | -                 | -                                     | -             | 13,685,646           | -                  |
| <b>Incentive reimbursement received</b>       | -   | <b>2,396,878</b>   | -                        | -                 | -                                     | -             | -                    | <b>2,396,878</b>   |
| Manappuram Finance Tamilnadu Limited          | -   | 2,396,878          | -                        | -                 | -                                     | -             | -                    | 2,396,878          |

18.5 Related party transactions

| Particulars  | Associates / Enterprises owned or significantly influenced by key management personnel or their relatives |                   | Key Management Personnel |                   | Relatives of key management personnel |                | Total             |                   |
|--|---|-------------------|--------------------------|-------------------|---------------------------------------|----------------|-------------------|-------------------|
|  | 31-Mar-09   | 31-Mar-08         | 31-Mar-09                | 31-Mar-08         | 31-Mar-09                             | 31-Mar-08      | 31-Mar-09         | 31-Mar-08         |
| <b>Subordinate Bond issued during the year</b>       | -   | -                 | -                        | -                 | <b>849,000</b>                        | <b>951,000</b> | <b>849,000</b>    | <b>951,000</b>    |
| Mrs. Sushama Nandakumar                              | -   | -                 | -                        | -                 | 849,000                               | -              | 849,000           | -                 |
| Mrs. Jyothi Prasanna                                 | -   | -                 | -                        | -                 | -                                     | 951,000        | -                 | 951,000           |
| <b>Subscription to share warrant</b>                 | -   | -                 | <b>29,983,331</b>        | -                 | -                                     | -              | -                 | <b>29,983,331</b> |
| Mr. V. P. Nandakumar                                 | -   | -                 | <b>29,983,331</b>        | -                 | -                                     | -              | -                 | <b>29,983,331</b> |
| <b>Rent received</b>                                 | 184,000   | -                 | -                        | -                 | -                                     | -              | 184,000           | -                 |
| Manappuram Jewellers Private Limited                 | 4,000   | -                 | -                        | -                 | -                                     | -              | 4,000             | -                 |
| Manappuram Insurance Brokers Private Limited         | 180,000   | -                 | -                        | -                 | -                                     | -              | 180,000           | -                 |
| <b>Rent Paid</b>                                     | -   | -                 | <b>510,000</b>           | -                 | -                                     | -              | <b>510,000</b>    | -                 |
| Mr.V. P. Nandakumar                                  | -   | -                 | 510,000                  | -                 | -                                     | -              | 510,000           | -                 |
| <b>Sale of gold</b>                                  | <b>13,888,668</b>   | -                 | -                        | -                 | -                                     | -              | <b>13,888,668</b> | -                 |
| Manappuram Jewellers Private Limited                 | 13,888,668  | -                 | -                        | -                 | -                                     | -              | 13,888,668        | -                 |
| <b>Purchase of stationery</b>                        | <b>1,048,961</b>  | -                 | -                        | -                 | -                                     | -              | <b>1,048,961</b>  | -                 |
| Manappuram Printers                                  | 1,048,961   | -                 | -                        | -                 | -                                     | -              | 1,048,961         | -                 |
| <b>Purchase of assets</b>                            | <b>663,893</b>  | -                 | -                        | -                 | -                                     | -              | <b>663,893</b>    | -                 |
| Manappuram Healthcare                                | 663,893   | -                 | -                        | -                 | -                                     | -              | 663,893           | -                 |
| <b>Balance outstanding as at the period end:</b>     |   |                   |                          |                   |                                       |                |                   |                   |
| <b>Amounts payable (net) to related parties</b>      | <b>5,713,367</b>  | <b>13,766,253</b> | <b>29,983,331</b>        | <b>45,707,464</b> | <b>849,000</b>                        | <b>955,075</b> | <b>36,545,698</b> | <b>60,428,792</b> |
| Mr. V.P.Nandakumar                                   | -   | -                 | 29,983,331               | 45,707,464        | -                                     | -              | 29,983,331        | 47,707,464        |
| Manappuram Asset Finance Limited                     | -   | 13,766,253        | -                        | -                 | -                                     | -              | -                 | 13,766,253        |
| Manappuram Chits (India) Limited                     | 5,713,367   | -                 | -                        | -                 | -                                     | -              | 5,713,367         | -                 |
| Mrs. Jyothi Prasanna                                 | -   | -                 | -                        | -                 | -                                     | 955,075        | -                 | 955,075           |
| Mrs. Sushama Nandakumar                              | -   | -                 | -                        | -                 | 849,000                               | -              | 849,000           | -                 |
| <b>Amounts receivable (net) from related parties</b> | -   | <b>2,396,878</b>  | -                        | -                 | -                                     | -              | -                 | <b>2,396,878</b>  |
| Manappuram Finance Tamilnadu Limited                 | -   | 2,396,878         | -                        | -                 | -                                     | -              | -                 | 2,396,878         |

**Consolidated Financial Statements for the year ended March 31, 2009**

**Schedule 18: Notes to accounts (continued..)**

**18.5 Related party transactions**

**1. Names of related parties**

Associates / Enterprises owned  
or significantly influenced by key management  
personnel or their relatives

Manappuram Finance Tamilnadu Limited [formerly  
Manappuram Finance (Tamilnadu) Private Limited]  
Manappuram Benefit Fund Limited  
Manappuram Chits (India) Limited  
Manappuram Comptech & Consultants (P) Limited  
Manappuram Asset Finance Limited  
Manappuram Finance (sole proprietorship)  
Manappuram Insurance Brokers Private Limited  
Manappuram Jewellers Private Limited  
Manappuram Printers  
Manappuram Healthcare

Key Management Personnel

Mr. V P Nandakumar  
Mr. I Unnikrishnan

Relatives of key management personnel

Mrs. Sushama Nandakumar  
Sooraj Nandan  
Shelly Ekalavyan  
Athira Prasannan  
Mrs. Jyothi Prasannan

2. Remuneration paid to directors is disclosed under note 18.14(a) in the CFS.

**Schedule 18: Notes to accounts (continued..)**

(All amounts are in Indian rupees unless otherwise stated)

**18.6 Employment benefits disclosures:**

The amounts of Provident fund contribution charged to the Profit and loss account during the year aggregates to Rs. 9,952,606 (Previous year - Rs. 3,345,599)..

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the gratuity plan.

**Profit and Loss account**

Net employee benefit expense (recognised in Personnel expenses)

|   | 2009      | 2008      |
|---|-----------|-----------|
| Current service cost                      | 536,630   | 536,630   |
| Interest cost on benefit obligation       | 74,150    | 55,148    |
| Expected return on plan assets            | (185,073) | (133,199) |
| Net actuarial gain recognised in the year | 24,018    | (259,670) |
| Net (benefit) / expense                   | 449,725   | 198,909   |
| Actual return on plan assets              | 185,073   | 133,199   |

**Balance sheet**

Reconciliation of present value of the obligation and the fair value of plan assets:

|   | 2009        | 2008      |
|---|-------------|-----------|
| Defined benefit obligation                        | (1,530,018) | (926,872) |
| Fair value of plan assets                         | 2,414,778   | 1,804,486 |
| Asset/(liability) recognised in the balance sheet | 884,760     | 877,614   |

Changes in the present value of the defined benefit obligation are as follows:

|                                    | 2009      | 2008      |
|------------------------------------|-----------|-----------|
| Opening defined benefit obligation | 926,872   | 735,308   |
| Interest cost                      | 74,150    | 55,148    |
| Current service cost               | 536,630   | 536,630   |
| Benefits paid                      | (31,652)  | (140,544) |
| Actuarial gains on obligation      | 24,018    | (259,670) |
| Closing defined benefit obligation | 1,530,018 | 926,872   |

Changes in the fair value of plan assets are as follows:

|                                   | 2009      | 2008      |
|-----------------------------------|-----------|-----------|
| Opening fair value of plan assets | 1,804,486 | 1,275,233 |
| Expected return                   | 185,073   | 133,199   |
| Contributions by employer         | 456,871   | 536,598   |
| Benefits paid                     | (31,652)  | (140,544) |
| Actuarial gains / (losses)        | -         | -         |
| Closing fair value of plan assets | 2,414,778 | 1,804,486 |

**Schedule 18: Notes to accounts (continued..)**

(All amounts are in Indian rupees unless otherwise stated)

**18.6 Employment benefits disclosures:**

The Group expects to contribute Rs 650,000 to gratuity in 2009-10

The principal assumptions used in determining gratuity obligations for the Group's plans are shown below:

|                                   | 2009 | 2008 |
|-----------------------------------|------|------|
| Discount rate                     | 8.0% | 7.5% |
| Expected rate of return on assets | 8.0% | 7.5% |

The fund is administered by Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**Schedule 18: Notes to accounts (continued..)**

(All amounts are in Indian rupees unless otherwise stated)

| <b>18.7 Earnings per share ('EPS')</b>   | <b><u>2009</u></b> | <b><u>2008</u></b> |
|--|--------------------|--------------------|
| Net profit as per profit and loss account  | 296,254,802        | 213,599,353        |
| Less : Dividends on preference shares  | 3,509,850          | 3,586,353          |
| Net profit for calculation of basic and diluted EPS                                  | <b>292,744,952</b> | <b>210,013,000</b> |
| Weighted average number of equity shares in calculating basic EPS                    | 13,685,187         | 11,000,00          |
| Add : Weighted average equity shares to be issued on conversion of preference shares | -                  | 915,097            |
| Weighted average number of equity shares in calculating diluted EPS                  | <b>13,685,187</b>  | <b>11,915,097</b>  |

**18.8 Lease disclosure**

***Operating leases:***

Office premises are obtained on operating lease which are cancellable in nature.

***Finance leases:***

|  | <b><u>2009</u></b> | <b><u>2008</u></b> |
|--|--------------------|--------------------|
| Total minimum lease payments at the year end | 3,319,706          | 2,236,305          |
| Less : amount representing finance charges   | 381,913            | 262,926            |
| Present value of minimum lease payments      | 2,937,793          | 1,973,379          |
| Lease payments for the year                  | 964,414            | 549,810            |

***Minimum Lease Payments :***

|   |           |           |
|---|-----------|-----------|
| Not later than one year [Present value Rs. 1,003,443 as on March 31, 2009 (Rs. 745,623 as on March 31, 2008)]                             | 1,344,414 | 902,388   |
| Later than one year but not later than five years [Present value Rs. 1,934,349 as on March 31, 2009 (Rs. 1,227,756 as on March 31, 2008)] | 1,975,292 | 1,333,917 |

**18.9 Commitments and contingent liabilities**

**Commitments**

Estimated amount of contracts remaining to be executed on capital account, net of advances is Rs. Nil/- (Previous year - Rs. Nil).

**Contingent liabilities**

**(i) Claims against the Company not acknowledged as debts**

|   | <b><u>2009</u></b> | <b><u>2008</u></b> |
|---|--------------------|--------------------|
| Penalty under Kerala General Sales Tax Act and Kerala Money Lenders Act Income tax demand | 720,000            | 720,000            |
|   | -                  | 700,000            |

**(ii) Others**

The Company is contingently liable to banks and other financial institutions with respect to assignment of gold / hypothecation loans to the extent of the collateral deposit / guarantees - Rs. 1,258,380,1937- (previous year - Rs.534,074,694 ).



**18.10 Loan portfolio and Provision for Non Performing Assets for major categories of loan portfolio**

| Asset Classification      | Gross loan outstanding |                      | Loan Outstanding<br>Provision for Non Performing Assets |                   | Net loan outstanding |                      |
|---------------------------|------------------------|----------------------|---|-------------------|----------------------|----------------------|
|                           | 2009                   | 2008                 | 2009  | 2008              | 2009                 | 2008                 |
| <b>Gold loan</b>          |                        |                      |   |                   |                      |                      |
| - Standard assets         | 3,965,950,578          | 968,114,458          | -   | -                 | 3,965,950,578        | 968,114,458          |
| - Sub-standard assets     | 13,227,978             | 9,054,270            | 1,322,798   | 905,427           | 11,905,180           | 8,148,843            |
| - Doubtful assets         | 140,359                | 6,967,280            | 39,014  | 6,061,853         | 101,345              | 905,427              |
| - Loss assets             |                        |                      |   |                   |                      |                      |
| <b>Hypothecation loan</b> |                        |                      |   |                   |                      |                      |
| - Standard assets         | 249,665,328            | 537,583,661          | -   | -                 | 249,665,328          | 537,583,661          |
| - Sub-standard assets     | 153,934,666            | 96,842,659           | 48,103,648  | 14,253,016        | 105,831,018          | 82,589,643           |
| - Doubtful assets         | 5,395,052              | 1,222,147            | 5,395,052   | 1,222,147         | -                    | -                    |
| - Loss assets             |                        |                      |   |                   |                      |                      |
|                           | <b>4,388,313,961</b>   | <b>1,619,784,475</b> | <b>54,860,512</b>                                       | <b>22,442,443</b> | <b>4,333,453,449</b> | <b>1,597,342,032</b> |

**Schedule 18: Notes to accounts (continued..)**

(All amounts are in Indian rupees unless otherwise stated)

**18.11 Assignment of receivables**

The Group has assigned a portion of its gold loans / hypothecations loans to banks and financial institutions during the year. The aggregate amount assigned as at March 31, 2009 is Rs. 5,381,418,1547- (Previous year - Rs. 3,930,117,0977-) in which assignment of hypothecation loans include only Sundaram Finance Limited and the balance represents gold loan assignments. These amounts have been reduced from the gross gold loan and hypothecation loan balances.

**18.12 Charges created on assets of the Group for Secured Loans**

**A. Non Convertible Secured Debentures**

Non convertible secured debentures are secured by floating charge on the specified hire purchase receivables, Gold loan including receivables thereon and other unencumbered assets both present and future.

**B. From banks**

Overdraft 7 Working Capital Demand Loan 7 Short Term Loan accounts have been availed with the following banks and are secured by Gold

|                                 |                                   |
|---------------------------------|-----------------------------------|
| Loan receivables                |                                   |
| HDFC Bank Limited               | Oriental Bank of Commerce Limited |
| ICICI Bank Limited              | YES Bank Limited                  |
| State Bank of Mauritius Limited | Lakshmi Vilas Bank Limited        |
| South Indian Bank Limited       | Allahabad Bank Limited            |
| Punjab National Bank Limited    | Syndicate Bank Limited            |
| IDBI Bank Limited               | Axis Bank Limited                 |

**18.13 Cash Collateral deposits held with banks**

|                                     | <u>2009</u>        | <u>2008</u>        |
|-------------------------------------|--------------------|--------------------|
| ICICI Bank Limited                  | 338,171,099        | 168,512,489        |
| Development Credit Bank Limited     | 28,089,954         | 25,000,000         |
| Axis Bank Limited HDFC Bank Limited | 34,493,237         | 30,000,000         |
| Kotak Mahindra Bank Limited         | 25,000,000         | 36,000,000         |
| ING Vysya Bank Limited              | 30,183,639         | 2,500,000          |
| Catholic Syrian Bank Limited        | 21,925,315         | 8,752,000          |
| Federal Bank Limited                | 20,000,000         | -                  |
| Punjab National Bank Limited        | 25,000,000         | -                  |
| South Indian Bank Limited           | 50,000,000         | -                  |
| IDBI Bank Limited                   | 50,000,000         | -                  |
| YES Bank Limited                    | 25,000,000         | -                  |
| Allahabad Bank Limited              | 5,000,000          | -                  |
|                                     | 50,000,000         | -                  |
|                                     | <b>702,863,244</b> | <b>270,764,489</b> |

**18.14 Supplementary profit and loss data**

**a. Managerial remuneration**

|  | <u>2009</u>       | <u>2008</u>      |
|--|-------------------|------------------|
| Salary to whole time directors   | 4,002,400         | 3,767,763        |
| Commission to whole time directors                                     | 5,789,707         | 1,545,011        |
| Commission to Non - whole time directors                               | 1,173,666         | -                |
| Contribution to provident fund/superannuation for whole time directors | 254,520           | 138,720          |
|  | <b>11,220,293</b> | <b>5,451,494</b> |

**Note:**

Provisions for/contribution to employee retirement/post retirement and other employee benefits which are based on actuarial valuations done on an overall Group basis are excluded above.

**Consolidated Financial Statements for the year ended March 31, 2009**

**Schedule 18: Notes to accounts (continued..)**

(All amounts are in Indian rupees unless otherwise stated)

**18.15** During the year, there have been instances of fraud on the Company by employees / third parties where gold loan and cash related misappropriations have occurred for amounts aggregating Rs 4,068,624. The Company has taken necessary action including claims from insurance companies. Further, appropriate actions have been taken against such employees / third parties.

**18.16 Comparatives**

Previous year comparatives have been reclassified to conform to current year's presentation, wherever applicable.

**As per our report of even date**

**For S. R. BATLIBOI & ASSOCIATES**  
Chartered Accountants

**For and on behalf of the Board of Directors**

**per S Balasubrahmanyam**  
Partner  
Membership No.: 053315

**V.P.Nandakumar**  
Chairman & Managing Director

**I. Unnikrishnan**  
Managing Director

**P.Manomohanan**  
Director

Place: Chennai  
Date: April 30, 2009

Place: Valapad  
Date: April 30, 2009

**A.L.Bindu**  
Chief Financial Officer

**C.Radhakrishnan**  
Company Secretary

**Consolidated Cash Flow Statement for the year ended 31-03-2009**

|   | <b>Year ended<br/>March 31, 2009</b> | <b>Year ended<br/>March 31, 2008</b> |
|---|--------------------------------------|--------------------------------------|
| <b>A. Cash flow from operating activities</b>   |                                      |                                      |
| Net profit before taxation  | 456,348,788                          | 325,262,993                          |
| Adjustments for:  |                                      |                                      |
| Depreciation / amortization   | 33,740,600                           | 18,317,899                           |
| Loss on sale of fixed assets  | 2,573,830                            | 843,995                              |
| Deferred tax  | (38,211)                             |                                      |
| Write back of diminution in value of investments                                      | -                                    | (1,270,565)                          |
| (Profit) / Loss on sale of investments  | (417,969)                            | -                                    |
| Interest income   | (42,644,771)                         | (13,173,459)                         |
| Interest expense  | 355,866,769                          | 141,922,113                          |
| Bad debts written off and provision for bad debts                                     | 177,858,339                          | 33,719,51                            |
| <b>Operating profit before working capital changes</b>                                | <b>983,287,375</b>                   | <b>505,622,495</b>                   |
| Movements in working capital :  |                                      |                                      |
| Decrease / (Increase) in other current assets   | (472,997,467)                        | (37,624,517)                         |
| Decrease / (Increase) loans and advances  | (2,804,038,159)                      | (923,307,527)                        |
| Increase / (Decrease) in current liabilities and provisions                           | 124,051,615                          | (12,150,277)                         |
| Cash generated from operations  | (2,169,696,636)                      | (467,459,826)                        |
| Direct taxes paid (net of refunds)  | (177,602,724)                        | (103,407,765)                        |
| <b>Net cash from operating activities</b>   | <b>(2,347,299,360)</b>               | <b>(570,867,591)</b>                 |
| <b>B. Cash flows from investing activities</b>  |                                      |                                      |
| Purchase of fixed assets  | (153,193,386)                        | (75,429,512)                         |
| Sale / maturity of investments  | 13,923,971                           | 1,000,000                            |
| Interest received   | 42,644,771                           | 15,934,746                           |
| <b>Net cash from investing activities</b>   | <b>(96,624,644)</b>                  | <b>(58,494,766)</b>                  |
| <b>C. Cash flows from financing activities</b>  |                                      |                                      |
| Proceeds from issuance of share capital   | 525,233,331                          | 468,000,000                          |
| Share issue expenses adjusted against securities premium, not written off or adjusted | (23,388,533)                         | (11,719,203)                         |
| Capital reserve adjusted against loss on sale of subsidiary                           | (397,721)                            |                                      |
| Proceeds from long-term borrowings (net)  | 2,761,393,485                        | 812,132,581                          |
| Interest paid   | (338,225,382)                        | (148,123,134)                        |
| Dividends paid  | (22,925,090)                         | (24,425,000)                         |
| Tax on dividend paid  | (2,812,615)                          | (6,445,355)                          |
| <b>Net cash used in financing activities</b>  | <b>2,898,877,475</b>                 | <b>1,089,419,889</b>                 |
| <b>Net increase in cash and cash equivalents (A + B + C)</b>                          | <b>454,953,471</b>                   | <b>460,057,532</b>                   |
| <b>Cash and cash equivalents at the beginning of the year</b>                         | <b>679,007,332</b>                   | <b>218,949,800</b>                   |
| <b>Cash and cash equivalents at the end of the year</b>                               | <b>1,133,960,803</b>                 | <b>679,007,332</b>                   |
| Components of cash and cash equivalents as at March 31, 2009                          |                                      |                                      |
| Cash and cheques on hand  | 182,620,110                          | 166,715,790                          |
| With banks  |                                      |                                      |
| - on current account  | 126,723,197                          | 214,468,888                          |
| - on deposit account*   | 823,378,248                          | 280,865,472                          |
| - on unpaid dividend accounts**   | 1,239,248                            | 16,957,182                           |
|   | 1,133,960,803                        | 679,007,332                          |

\* Includes cash collateral deposits held with banks Rs. 702,863,244 (previous year Rs 270,764,489) which are not available for use by the Company

\*\*These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities

**As per our report of even date**

**For S. R. BATLIBOI & ASSOCIATES**

Chartered Accountants

**per. S Balasubrahmanyam**  
Partner  
Membership No.: 053315

**V.P.Nandakumar**  
Chairman & Managing Director

**For and on behalf of the Board of Directors**

**I. Unnikrishnan**  
Managing Director

**P.Manomohanam**  
Director

Place: Chennai  
Date: April 30, 2009

Place: Valapad  
Date: April 30, 2009

**A.L.Bindu**  
Chief Financial Officer

**C.Radhakrishnan**  
Company Secretary

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**  
 As per Part IV to schedule VI to the Companies Act, 1956

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

As per Part IV to schedule VI to the Companies Act, 1956

REGISTRATION DETAILS

Registration No

State code

Balance sheet date

**II. CAPITAL RAISED DURING THE YEAR (Amount in RS. )**

Public issue

Right issue

Bonus issue

Private placement\*

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (amount in RS.)**

Total Liabilities

Paid up capital

Secured Loan

Application of funds Net fixed assets

Current Assets

Misc. Expenditure

Total Assets

Reserves & surplus

Unsecured Loans

Investments

Current Liabilities

Accumulated Losses

**IV. PERFORMANCE OF COMPANY (Amount in Rs.)**

Total income

Profit & Loss before tax

Earnings per share in RS

Total Expenditure

Profit & Loss after tax

Dividend rate%

**V.GENERIC NAMES OF THREE PRINCIPLE PRODUCTS/SERVICE OF COMPANY**

Item code No (ITC)

    NIL

Product description

FINANCE

\*The Company had issued 4952499 Compulsorily Convertible Preference shares to Four foreign entities on 05.11.08 which are converted on 16.03.2009 in to 3255828 Equity shares .

**V.GENERIC NAMES OF THREE PRINCIPLE PRODUCTS/SERVICE OF COMPANY**

Item code No (ITC)

    NIL

FINANCE

Product description

\*The Company had issued 4952499 Compulsorily Convertible Preference shares to Four foreign entities on 05.11.08 which are converted on 16.03.2009 in to 3255828 Equity shares .



17 Mangada 04933-273172/312815  
 118 Vazhikadavu 04931-318090/274330  
 119 Edavana 0483-3268880/2700720  
 120 Pandikkad 04833-268444/2785151  
 121 Chungathara 04931-232951 318393  
 122 Areakode 0483-2853311 3268620

**PALAKKAD DISTRICT**

123 Nenmara 04923-244332/322153  
 124 Kollengode 04923-264505/322633  
 125 Kozhinjampara 04923-273091/322779  
 126 Shornur 0466-2223379/3205955  
 127 Alathur 04922-226251/322285  
 128 Pudunagaram 04923-251841/322770  
 129 Mannarkad 04924-223768/321557  
 130 Cherpulassery 0466-2284920/3207249  
 131 Kuzhalmannam 04922-272948/322895  
 132 Palakkad Olavakode 0491-2552591/3201265  
 133 Koottanad 0466-2371971/3200667  
 134 Kanjikode 0491-2569144/3209001  
 135 Mangalam Dam 04922-263416/324404  
 136 Kongad 0491-2847951/3261011  
 137 Sreekrishnapuram 0466-2260265/3213281  
 138 Alanallur 04924-262645/322996  
 139 Koduvayur 0492-3254343/3312553  
 140 Koppam 0466-2264534/3214056  
 141 Parli 0491-2858401/3262618  
 142 Palakad Town RS Road 0491-2504795/3262449  
 143 Chandra Nagar 0491-2570514/3262953  
 144 Ambalapara 0466-2401048, 3214585  
 145 Kalladikode 04924-247466/310033  
 146 Melamuri 0491-2543388

**PATHANAMTHITTA DISTRICT**

147 Pathanamthitta 0468-2271658/3207818  
 148 Ranni 04735-227622/326868  
 149 Adoor 04734-220992/321324  
 150 Kozhenchery 0468-2215019/3203234  
 151 Pandalam 04734-256683/323376  
 152 Konni 0468-2241036/3203785

**THIRUVANANTHAPURAM DISTRICT**

153 Fort 0471-2463853/3249895  
 154 Varkala 0470-2611489/3249075  
 155 Attingal 0470-2629798/3209792  
 156 Karamana 0471-2341765/3216020  
 157 Neyyattinkara 0471-2222261/3249779  
 158 Medical College 0471-2552085/3221615  
 159 Vattiyoorkavu 0471-2365161/3221821  
 160 Kattakada 0471-2291280/3217272  
 161 Vattapara 04722-586410/3241308  
 162 Kilimanoor 0470-2672979/3255043

**THRISSUR DISTRICT**

163 Naikanal 0487-2335544/3255966  
 164 Guruvayur 0487-2554041/3252967  
 165 Triprayar 0487-2392663/3258731  
 166 Irinjalakuda 0480-2832671/3295753  
 167 Kechery 04885-242644/325277  
 168 Kodakara 0480-2728441/3295790  
 169 Cherpu (Perumpullissery) 0487-2347666/3253496  
 170 Pazhayannur 04884-226824/324024  
 171 Chirakkal 0487-2272694/3206435  
 172 Varanatharapilly 0480-2763731/3202844  
 173 Thiruvilwamala 04884-283818/324949  
 174 Kodali 0480-2744024/3208232  
 175 Koorkenchery 0487-2428439/3244291

176 Sreenarayanapuram 0480-2859999/3205168  
 177 Kattoor 0480-2870016/3202451  
 178 Mullassery 0487-2262784/3246739  
 179 Pattikkad 0487-2283018/3246743  
 180 Azhikode 0480-2815955/3202593  
 181 Kanjani 0487-2639600/3251005  
 182 Kuttanellur 0487-2354298/3269785  
 183 Chazhur 0487-2275188/3269757  
 184 Perumbilavu 04885-289272/320855  
 185 Mundoor 0487-2215544/3259732  
 186 Thalikulam 0487-2392141/3252800  
 187 TKS Puram 0480-2811413/3208636  
 188 Elanad 04884-288558/326570  
 189 Anthikkad 0487-2634536/3211809  
 190 Palakkal 0487-2346799/3211021  
 191 Erumapetty 04885-266117/322670  
 192 Vellangalore 0480-867358/3274744  
 193 Paramelpadi 04884-321762/286788  
 194 Mapranam 0480-2822202 3256264  
 195 Eravu 0487-2311060/3256200  
 196 Pazhuvil 0487-2270411/3254642  
 197 Karalam 0480-2887799/ 3256097  
 198 Deshamanagalam 04884-280707/322880  
 199 Peramba 0480-2723103/3275717  
 200 Sakthan Bus Stand 0487-2442085/3256254  
 201 Muthenmavu 0487-2502405/3248516  
 202 Muthuvara 0487-2304997/3243946  
 203 Meloor 0480-2739250  
 204 Thiroor Tcr 0487-2206710/3243931  
 205 Annamanada 0480-2773861/3276436  
 206 Thrithallur 0487-2606525/3264636  
 207 Eriyad 0480-2816444/3276363

**WAYANAD DISTRICT**

208 Kalpetta 04936-204384/324689  
 209 Pulpally 04936-240004/319500

**ANDHRA PRADESH  
 ADILABAD DISTRICT**

210 Adilabad 08732-220729/324432  
 211 Nirmal 08734-242118/324208  
 212 Kagaz Nagar 08738-235001/09391059825

**ANANTHAPUR DISTRICT**

213 Ananthapur Rajeev ( Road ) 08554-275722/320855  
 214 Hindupur 08556-223172/320707  
 215 Tadpatri 08558-224034/320444  
 216 Guntakal 08552-222187/325770  
 217 Kadiri 08494-220334/09390982286

**CHITTOOR District**

218 Chittoor 08572-231716/320902  
 219 Tirupathi 0877-2222357/3208990  
 220 Madanappally 08571-220050/322022  
 221 Palamaner 08579-253101/321116  
 222 Nellore Trunk Road 0861-3204979  
 223 Greenpet Chittoor 08572-325649

**EAST GODAVARI DISTRICT**

224 Kakinada (Jagannathapuram) 0844-2374035/3205475  
 225 Rajahmundry (Devi Chowk) 0883-2473212/32577595  
 226 Ramachandrapuram 08857-243533/325170  
 227 Rajahmundry (Kottipally) 0883-2460787/3208088  
 228 Rajahmundry II 0883-2462177/32473212  
 229 Amalapuram 08856-2317617/325636



**GUNTUR DISTRICT**

|                     |                             |
|---------------------|-----------------------------|
| 230 Guntur One Town | 0863 - 2262522 / 3201131    |
| 231 Guntur Two Town | 0863 - 2263263 / 3201434    |
| 232 Tenali          | 08644 - 221200 / 325625     |
| 233 Vinukonda       | 08646 - 274245 / 9396694099 |

**HYDERABAD DISTRICT**

|                              |                           |
|------------------------------|---------------------------|
| 234 Kamalanagar              | 040 - 27134968 / 32944605 |
| 235 Secunderabad Subhash Rd. | 040 - 32571262            |
| 236 Afsal Gung               | 040 - 24730070 / 32570625 |
| 237 Marreedapally            | 040 - 32577358            |
| 238 Chindal                  | 040 - 23080798 / 32577640 |
| 239 New Bowinpalli           | 040 - 27752036 / 32578026 |
| 240 Ramanthapur              | 040 - 27034131 / 32577120 |
| 241 Tolichowki               | 040 - 23560487 / 32577613 |
| 242 Malakpet                 | 040 - 24551063 / 32578235 |
| 243 Bhadurapura              | 040 - 24473313 / 32577251 |
| 244 Amberpet                 | 040 - 27403378 / 32577853 |
| 245 Borabanda                | 040 - 23844080 / 32577298 |

**KARIMNAGAR DISTRICT**

|              |                         |
|--------------|-------------------------|
| 246 Sircilla | 08723 - 233134 / 326600 |
|--------------|-------------------------|

**KHAMMAM DISTRICT**

|                |                         |
|----------------|-------------------------|
| 247 Khammam    | 0874 - 222984 / 322610  |
| 248 Kothagudem | 08744 - 242439 / 326009 |

**KRISHNA DISTRICT**

|                   |                          |
|-------------------|--------------------------|
| 249 Benzcircle    | 0866 - 2471787 / 3202101 |
| 250 Governorpet   | 0866 - 2577173 / 3209809 |
| 251 One Town      | 0866 - 2566465 / 3200404 |
| 252 Gudivada      | 08674 - 244945 / 320487  |
| 253 Machavaram    | 0866 - 2435356 / 3207076 |
| 254 Nuzvid        | 08656 - 235842 / 320800  |
| 255 Tanuku        | 08819 - Nil / 322559     |
| 256 Pancha Centre | 0866 - Nil / 3200544     |

**KURNOOL DISTRICT**

|                             |                         |
|-----------------------------|-------------------------|
| 257 Kurnool                 | 08518 - 223337 / 313933 |
| 258 Ananthpur RTC Bus Stand | 08554 - 275722 / 320855 |

**MEDAK DISTRICT**

|                |                               |
|----------------|-------------------------------|
| 259 Zahirabad  | 08451 - 275025 / 320999       |
| 260 Patencheru | 08455 - 245968 / 08452-324320 |

**NELLORE DISTRICT**

|             |                          |
|-------------|--------------------------|
| 261 Nellore | 0861 - 2300296 / 3206022 |
| 262 Kavali  | 08626 - 240488 / 324878  |

**NIZAMABAD DISTRICT**

|               |                         |
|---------------|-------------------------|
| 263 Kamareddy | 08468 - 222777 / 329060 |
|---------------|-------------------------|

**PRAKASAM DISTRICT**

|            |                         |
|------------|-------------------------|
| 264 Ongole | 08592 - 227447 / 324445 |
|------------|-------------------------|

**RANGAREDDY DISTRICT**

|                  |                           |
|------------------|---------------------------|
| 265 Dilsukhnagar | 040 - 24050369 / 32996881 |
| 266 Kukatapally  | 040 - 23051170 / 32975253 |
| 267 Malkajgiri   | 040 - 27052439 / 32002041 |
| 268 Uppal        | 040 - 27201590 / 32002040 |
| 269 Vikarabad    | 08416 - 252137 / 321262   |
| 270 Attapur      | 040 - 24002550 / 32480044 |
| 271 Bala Nagar   | 040 - 23872201 / 32570414 |
| 272 Medipattanam | 040 - 20030049 / 32570602 |
| 273 Chanda Nagar | 040 - 40212459 / 32571576 |
| 274 Safal Guda   | 040 - 27223201 / 32577595 |
| 275 Bandlaguda   | 040 - 24443300 / 32577746 |
| 276 Banjarahills | 040 - 32580890            |

|                    |                |
|--------------------|----------------|
| 277 Warasiguda     | 040 - 32580922 |
| 278 Alwal          | 040 - 32581127 |
| 279 Moghal Nagar   | 040 - 32581718 |
| 280 Moula Ali      | 04032-588667   |
| 281 Ramnagar       | 040 - 32588323 |
| 282 Lal Bazar      | 040 - 32583022 |
| 283 Santhosh Nagar | 040 - 32583011 |
| 284 Khairabad      | 040 - 32434340 |
| 285 Kishanbag      | 040 - 32560843 |

**VISHAKAPATNAM DISTRICT**

|                             |                          |
|-----------------------------|--------------------------|
| 286 NAD Cross Road          | 0891 - 2517432 / 3207335 |
| 287 Dhabagarden             | 0891 - 2798599 / 3249440 |
| 288 Vishakapatnam ( Vizag ) | 0891 - 2529876 / 3209660 |
| 289 Anakapalle              | 08924 - 225422 / 324677  |
| 290 Gajuwaka                | 0891-3267683/2543505     |
| 291 Poorna Market           | 0891 - 2713437 / 3268486 |
| 292 NAD Cross road II       | 0891 - 2575691 / 3247592 |

**WEST GODAVARI DISTRICT**

|                      |                         |
|----------------------|-------------------------|
| 293 Eluru            | 08812 - 227472 / 320507 |
| 294 Tadepalligudem   | 08818 - 229900 / 324211 |
| 295 Nidadavole       | 08813 - 223500 / 324878 |
| 296 Hanuman Junction | 08656 - 242223 / 320711 |

**GUJARAT****AHMADABAD DISTRICT**

|                |                           |
|----------------|---------------------------|
| 297 Amraiwadi  | 079 - 25850694 / 32422511 |
| 298 Old Vadaj  | 079 - 27552919 / 32416300 |
| 299 Sabarmathi | 079 - 27516658 / 32422249 |
| 300 Odhav      | 079 - 22892623 / 32421718 |

**HARYANA****AMBALA DISTRICT**

|            |                          |
|------------|--------------------------|
| 301 Ambala | 0171 - 2534384 / 3200733 |
|------------|--------------------------|

**KARNATAKA****BANGALORE DISTRICT**

|                                      |                           |
|--------------------------------------|---------------------------|
| 302 Ulsoor                           | 080 - 25575048 / 32938013 |
| 303 Rajaji Nagar                     | 080 - 23577751 / 32938014 |
| 304 Ramamurthi Nagar                 | 080 - 25661198 / 32977244 |
| 305 Kamakshihalayam                  | 080 - 23281124 / 32978066 |
| 306 Kengeri                          | 080 - 28484193 / 32978727 |
| 307 Jalahalli                        | 080 - 28399389 / 32446246 |
| 308 Sunkadakatte                     | 080 - 23487816 / 32446448 |
| 309 Coles Park St. John's Church Rd. | 080 - 25554848 / 32447552 |
| 310 Banshankari ( Sreenivas Nagar )  | 080 - 26796628 / 32448030 |
| 311 J.C. Nagar                       | 080 - 23331728 / 32467475 |
| 312 Kammanahalli                     | 080 - 25464848 / 32478566 |
| 313 J. P. Nagar                      | 080 - 32478702            |
| 314 Wilson Garden                    | 080 - 22133203 / 32488639 |
| 315 Mysore Road-Sirfi Circle         | 080 - 26740827 / 32489144 |
| 316 Magadi Road                      | 080 - 23153315 / 32485165 |
| 317 Rajaji Rajkumar Road             | 080 - 23153133 / 32489774 |
| 318 Krishnarajapuram                 | 080 - 25619626 / 32487333 |
| 319 Basavanagudi                     | 080 - 26763426 / 32487546 |
| 320 R. T. Nagar                      | 080 - 32487711            |
| 321 Basaveswara Nagar                | 080 - 23580456 / 32410555 |
| 322 Vijayanagar                      | 080 - 23153466 / 32488079 |
| 323 Somsundarapalayam                | 080 - 32488104            |
| 324 Electronic city                  | 080 - 32487590            |
| 325 Arekere bannarkatte              | 080 - 32487587            |
| 326 Mathikare                        | 080 - 23475994 / 32490157 |
| 327 HSR Layout                       | 080 - 32490675            |
| 328 Vidhyaranyapura                  | 080 - 23642362 / 32491140 |
| 329 Garbavipalaya                    | 080 - 32490998            |
| 330 Udayanagar                       | 080 - 32492933            |
| 331 Malleshswaram                    | 080 - 23468937 / 32490595 |

332 Bhuvanewari Nagar 080-32490623  
 333 Mahalakshmi Layout 08032-488048  
 334 Arekere Main Road 08032-023103  
 335 Gnanaganaganagar 080-32013252  
 336 V.V Puram 080-32488206  
 337 Yelahanka 080-28463255/32485220  
 338 M.K.K Road 080-23327382/32028188  
 339 Bensankari Second Stage 080-26712884/32490242  
 340 Sanjivini Nagar 080-23154353/32419483  
 341 Ganganagar 080-32011929  
 342 Hosa Road 080-32028233  
 343 Jayanagar 080-32014980  
 344 Uttarahally 080-32015016  
 345 Attur Layout 080-32014983  
 346 Thavarekara 080-32012344  
 347 Thalagattupura 080-32210500  
 348 Padmanabha Nagar 080-32210051  
 349 Bommanahalli 080-32028188

**BELGUM DISTRICT**

350 Belgaum 0831-2451809/3206949  
 351 Gokak 08332-224047/322310  
 352 Nipani 08338-223964/322997  
 353 Bailhongal 08288-236104/320011

**BELLARY DISTRICT**

354 Bellary 08392-270465/327627  
 355 Hospet 08394-220771/321988

**CHAMRAJ NAGAR DISTRICT**

356 Kollegal 08224-256709/320500  
 357 Gundlupet 08229-222857/321539  
 358 Chamraj Nagar 08226-222226/320722

**CHICKMANGLORE DISTRICT**

359 Chickmagalure 08262-233213/320938  
 360 Tarikere 08261-222096/320933

**CHITRADURGA DISTRICT**

361 Chitradurga 08194-228851/320979  
 362 Hiriyur 08193-229977/320909

**DAKSHINA KANNADA DISTRICT**

363 Nellikai Road 0824-2440932/3255572  
 364 Puttur 08251-231036/320564  
 365 B.C. Road 08255-233854/324852  
 366 Sullia 08257-230665/320413

**HASSAN DISTRICT**

367 Arsikere 08174-233717/324635  
 368 Hassan 08172-232119/326066

**HOSKOTE DISTRICT**

369 Hoskote 080-27934528/08111-329704

**HUBLI-DARWAD DISTRICT**

370 Hubli 0836-2361118/3206824

**KODAGU DISTRICT**

371 Madikeri 08272-220530/323031

**KOLAR DISTRICT**

372 Kolar 08152-222193/320922

**MANDYA DISTRICT**

373 Mandya 08232-223028/324060  
 374 Malavalli 0823-1244793

**MYSORE**

375 Devraj U. R. S. Road 0821-2420243/3205565  
 376 Mandimohalla 0821-2444425/3264408  
 377 Hunsur 08222-251122/321971  
 378 Chamraj Nagar - II 08226-222476/323959  
 379 K.R Nagar 0822 Nil/3262544

**RAICHUR**

380 Sindhanur 08535-221212/9341891313

**RAMANAGAR**

381 Chennapatna 080-7252614/32481667

**SHIMOGA**

382 Shimoga 08182-225623/320065

**TUMKUR**

383 Tumkur 0816-2277664/3297772  
 384 Tiptur 08134-251124/325970  
 385 Gubbi 08131-222024/321112  
 386 Madhugiri 08137-282138/321616  
 387 Pavagada 08136-245846/09342444403

**UDUPPI**

388 Uduppi 0820-2526663/3206667  
 389 Karkala 08258-232388/326219

**UTTERA KANNADA**

390 Karwar 08382-226211/326980

**T.DASARAHALLY**

391 T. Dasarahally 080-23720123/32485940

**MADHYA PRADESH**

**BOPAL**

392 Hamidia Road 0755- Nil/3260301  
 393 Chunabathi 0755-2411002/3208980

**MAHARASHTRA**

**KAMPTEE**

394 Kamptee 0719-282536/320350

**MUMBAI**

395 Sakkinaka 022-28514572/32573539

**NAGPUR**

396 Gittikhadan 0712-2596879/3255415  
 397 Hingana Road 0712-3255158  
 398 Gandhibagh 0712-2730801/3209315  
 399 KamalChawk 0712-2630410/3257152

**PUNE**

400 Khadki 020-25824640/32100054  
 401 Chinchwad 020-27463349/32601988  
 402 Shukrawarpeeth 020-24486226/32326747  
 403 M.G Road Pune 020-26334165/32338897

**RAIGAD**

404 Kharghar 022-27741115/32476113

**THANE**

405 Kalyan East 0251-2337757/3251341  
 406 Nerul 022-65117804/32557776  
 407 Thane 022-25393636/32455944  
 408 Dombivili 0251-2443578/3299753  
 409 Ambernath 0251-2605612/3246898  
 410 Vasai 0250-2348393/3259059  
 411 Mira Road 022-28122243/32636803

412 Vashi 022-27655565/32637793  
 413 Bhiwandi 02522-222724/310717  
 414 Badlapur 0251-2675722/3208511  
 415 Kalyan West 0251-2313775/3249422  
 416 Airoli 022-27603368/32479068  
 417 Ghansoli 022-27546077/32484931  
 418 Kopperkhairne 022-27545608/32523258  
 419 Virar 0250 Nil/3211468  
 420 Bhyandher 022-Nil/32207986

**PONDICHERY  
 PONDICHERY**

421 Pondicherry 0413-2204081/3203848  
 422 Pallur (Mahe) 0490-2337576/3242930

**PUNJAB  
 SAS NAGAR**

423 Mohali 0172-5013948/3205443

**RAJASTHAN  
 JAIPUR**

424 Jhotwara 0141-2343818/3140996  
 425 Sanganeer 0141-2732980/3140995

**TAMILNADU  
 ARIYALLOR**

426 Jayankondam Cholapuram 04331-250498/320105

**CHENNAI**

427 Nanganallure 044-43588497/32017173  
 428 Teynampet 044-24341839/32962026  
 429 Annangar 044-26203484/32961982  
 430 Vadapalani 044-24727372/32961983  
 431 Avadi 044-26556018/32936200  
 432 Karayanchavadi 044-26490945/32000776  
 433 Ayanavaram 044-26442092/32006343  
 434 Ambattur 044-26585325/32000199  
 435 Adayar 044-24405542/32521123  
 436 Madhavaram High Road 044-25594774/32528438  
 437 Kaladipet 044-25993895/32536672  
 438 Thiru-Vi-Ka-Nagar 044-25592310/32537582  
 439 Ramapuram 044-22490424/32538573  
 440 Muthamizh Nagar 044-25549096/32538140  
 441 Virugampakam 044-23772199/32413338  
 442 T Nagar 044-24338140/32419941  
 443 Parrys 044-25380489/32476099  
 444 Chormpet 044-22386066/32964547  
 445 Mogappair 044-26530940/32477364  
 446 Villivakkam 044-26176411/32010942  
 447 Rangarajapuram 044-28484903/32012382

**COIMBATHORE**

448 Gandhipuram 0422-2492680/3297899  
 449 Pollachi 04259-223492/325906  
 450 Udumalpett 04252-232939/320535  
 451 Mettupalayam 04254-220264/320885  
 452 Ganapathy 0422-2530255/3255458  
 453 Saibaba Colony 0422-2458086/3207037  
 454 Avinashi 04296-271270/324422  
 455 Tiruppur P.N Road 0421-2474639/3260016

**CUDDALORE**

456 Vrindachalam 04143-232266/Nil  
 457 Cuddalor 04142-289299/329195

**DINDIGAL**

458 Palani 04545-244055/320069  
 459 Oddanchatram 04553-243359/320550

460 Thiruvalluvar Safai 0451-2440789/3204887  
 461 Natham 04544-246093/320111  
 462 Palani II 04545-244054/326990

**ERODE**

463 Kangayam 04257-222040/325521  
 464 Sathyamangalam 04295-220051/320655  
 465 Dharapuram 04258-221081/320882  
 466 Bhavani 04256-233234/320003  
 467 Punjaipuliyampatti 04295-269546/320810

**KANCHIPURAM**

468 Kanchipuram 044-27234949/37206132

**KANYAKUMARI**

469 Kanyakumari 04652-247325/321777  
 470 Kolachel 04651-225779/323337  
 471 Monday Market 04651-220414/323858  
 472 Nagercoil 04652-226870/321003

**KRISHNAGIRI**

473 Hosur 04344-245022/325343  
 474 Krishnagiri 04343-235606/324113  
 475 Dharmapuri 04342-260797/326006  
 476 Hosur Tank Street 04344-244080/311293

**MADURAI**

477 Arapalayam 0452-2380133/3209290  
 478 Town Hall Road 0452-2342190/3205560  
 479 West Masi Street 0452-2343069/3202632

**NAMAKKAL**

480 Rasipuram 04287-223303/326787

**NILGIRI**

481 Coonor 0423-2221332/3200925  
 482 Ooty 0423-2445615/3204277  
 483 Gudalur 04262-260624/09344221242

**SALEM**

484 Salem Five Road 0427-2446445/3200440

**THANJAVUR**

485 Tiruvaiyaru 04362-260976/321210  
 486 Papanasam 04374-220405/320211  
 487 Kumbakonam 0435-2402020/3208877

**THENI**

488 Cumbum 04554-270380/320980  
 489 Bodinayakanur 04546-282436/325828  
 490 Periyakulam 04546-230950/326688  
 491 Andipatty 04546-242885/321222  
 492 Theni 04546-253044/327752

**THIRUNALVELI**

493 Alangulam 04633-270662/324432  
 494 Ambasamudram 04634-255659/324994  
 495 Tenkasi 04633-222322/322808

**THIRUVALLUR**

496 Tiruttani 044-27885162/37802177

**THIRUVANNAMALAI**

497 Chetput 04181-252444/320970  
 498 Arni 04173-225606/322972

**THIRUVARUR**

499 Tiruvarur 04366-225920/324458

500 Nidamangalam 04367-260065/324300  
501 Mannargudi 04367-253903/324544

**TUTICORIN**

502 Vilathikulam 04638-234002/320321  
503 Nazareth 04639-279859/324445  
504 Thoothukudi 0461-2332711/3204595

**VELLORE**

505 Vellore 0416-2211533/3206589  
506 Walajapet 04172-232595/324361  
507 Arcot 04172-235626/325246

**VILLUPURAM**

508 Villupuram 04146-222167/324998  
509 Tindivanam 04147-225466/321717

**VIRUDHUNAGAR**

510 Rajapalayam 04563-222110/326030  
511 Sivakasi 04562-227290/04563-322778  
512 Virudhunagar 004562-2423457/310188

**UTTAR PRADESH**

**GAZIABAD**

513 Gaziabad 0120-2702678/3225010

**WEST BENGAL**

**HOWRAH**

514 Howrah Maidan 0333-2602356

**KOLKATA**

515 Bow Bazar 033-22377146/32458003  
516 Nagar Bazar 033-25399853/32459585  
517 Dünlop Bridge 033-Nil/3256274  
518 Barasat 0333-2569522/Nil  
519 Dum Dum 033-2561540/Nil  
520 Salkiya 033-26554569/32560928  
521 Barrackpore 0333-2561155

**SODEPUR**

522 Sodepur 033-Nil/32427163

For further details please refer to the following pages

Company Secretary  
C. Prabhakaran

## CORPORATE INFORMATION

### Registered Office

V/104, Manappuram House  
Valapad P.O., Thrissur - 680 567

### Chairman

Mr. V.P. Nandakumar

### Managing Director

Mr. I. Unnikrishnan

### Board Members

Mr. Shailesh J. Mehta  
Mr. M. Anandan  
Mr. Juguna G. Panikamparambil  
Adv. V.R. Ramachandran  
Mr. Gautam Saigal  
Mr. P. Manomohanan  
Dr. V.M. Manoharan  
Mr. A.R. Sankaranarayanan  
Mr. Ashvin C. Chadha  
Mr. K.P. Balaraj

### Vice President

Mr. Sooraj Nandan

### Senior General Manager

Mr. N.R. Bahuleyan

### Chief Technical Advisor

Mr. K.B. Brahmadathan  
(Retd. Chief General Manager BSNL)

### Registrar & Share Transfer Agents

M/s S.K.D.C. Consultants Limited  
PB No. 2979, No.11  
S.N. Layout, Street No.1  
West Power House Road  
Coimbatore - 641 012  
Phone: 91-422-2499856

### Auditors

M/s S.R. Batliboi & Associates  
Chartered Accountants  
TPL House, Second Floor, 3  
Cenotaph Road, Teynampet  
Chennai - 600 018

### Listed at

Mumbai Stock Exchange  
Madras Stock Exchange  
Cochin Stock Exchange

### BSE Scrip Code

531213

### Company Registration No.

09 - 06623

### RBI Registration No.

16.00029

### Bankers

Syndicate Bank  
The Catholic Syrian Bank Ltd., Thrissur  
The South Indian Bank Ltd., Thrissur  
Kotak Mahindra Bank Ltd.  
Punjab National Bank Ltd.  
Oriental Bank of Commerce  
IDBI Bank  
State Bank of Mauritius Ltd.  
Axis Bank Ltd.  
HDFC Bank Ltd.  
Development Credit Bank Ltd.  
ING Vysya Bank  
The Federal Bank Ltd.  
Indusind Bank, Thrissur  
ICICI Bank  
Lakshmililas Bank Ltd.  
Karur Vysa Bank Ltd.  
Allahabad Bank  
Yes Bank

TRUE COPY

For Manappuram General Finance and Leasing Limited

  
C Radhakrishnan  
Company Secretary

## **FORWARDING LOOKING STATEMENT**

*In this Annual Report, we may have disclosed forward - looking information to enable investors to comprehend our prospectus and take informed investment decisions. This report and other statements written and oral that we periodically make, may contain forward - looking statements that set out anticipated results based on the Management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as ' anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.*

*We cannot guarantee that these forward- looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.*

*We undertake no obligation to publically update any forward looking statements, whether as a result of new information, future events or otherwise.*



**MANAPPURAM**  
GENERAL FINANCE AND LEASING LIMITED