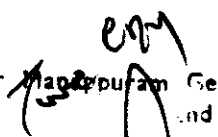


Annual Report 1999 - 2000

For  Manappuram General Finance
and Leasing Ltd.
(C. P. RAJULU)
General Manager - (and) Company Secretary

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Manappuram

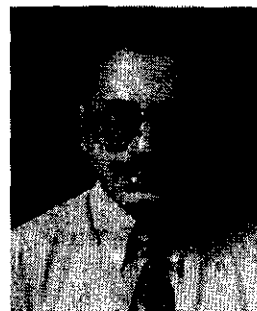
General Finance and Leasing Limited (MAGFIL)

Regd. Office : XXIX/267/6, Brothers' Complex, Naikanal, Thrissur - 680 001
Phone: 335544, 335767, 338658, 335936, 330126, 332569 Fax : 91 487 335937



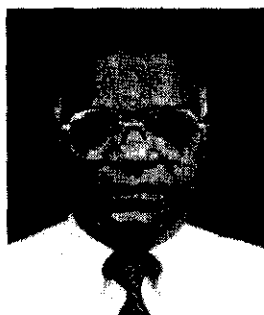
K.P.G. Menon
Chairman

Chairman and Board of Directors

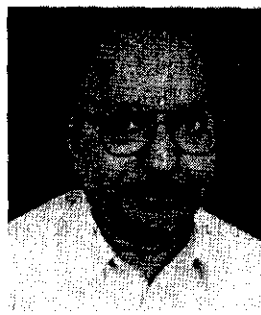


V.P. Nandakumar
Managing Director

Directors



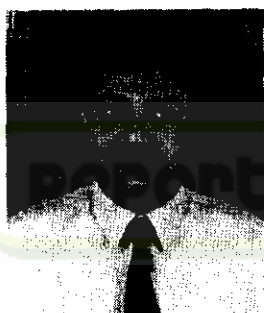
Subhajeelanlal



K. Govindan



B.N. Raveendra Babu



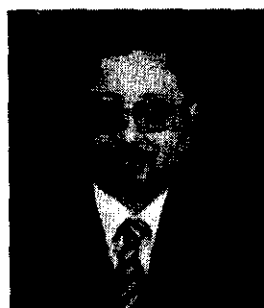
P.G. Wales



P.A. Kunjumaman



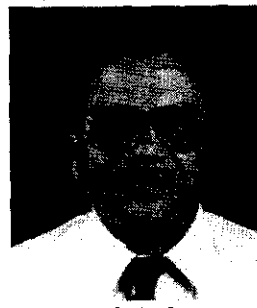
Dr. K.K. Mohandas



T.S. Anantharaman



Juguna G. Panikamparambil



N.R. Bahuleyan
General Manager
cum Company Secretary

Details regarding Board of Directors

NAME	ADDRESS	OCCUPATION
1. Shri. K.P.G. Menon (Chairman)	"Vyjayanthi", Karat Road, West Nadakkavu, Calicut - 673 011	Retired Chairman, Nedungadi Bank Ltd.
2. Shri. V.P. Nandakumar M.Sc. (Managing Director)	Padmasaroj, Vazhappully House, P.O. Valapad, Thrissur - 680 567	Business (7 years experience in different capacities as Officer in Nedungadi Bank)
3. Shri. K. Govindan B.Sc., B.Ed.	Kunnummal House, P.O. Valapad, Thrissur - 680 567	Retd. Principal & Winner of the National Award for Best Teacher
4. Shri. P.G. Wales B.Sc., F.C.A.	Flat No.2, Sudhin Apartments, Aiswarya Lane, Thrissur - 680 001	Chartered Accountant
5. Shri. B.N. Raveendra Babu M.Com., I.C.M.A-Inter	Blangat House, Thalikkulam, Thrissur	Computer Consultant
6. Shri. Subhajeewanlal B.A., L.L.M.	Vazhappully House, P.O. Karayavattom, Via Valapad; Thrissur - 680 567	Lawyer
7. Dr. K.K. Mohandas M.S., D.O.	Kozhiparambil House, IX/30 Medical Practitioner, Kasturba Lane, Koorkkenchery, Thrissur - 680 007	Managing Partner, Elite Hospital, Koorkkenchery, Thrissur
8. Shri. T.S. Anantharaman	"Temple View", Temple Road, Chembukkavu, Thrissur	Chartered Accountant
9. Shri. Juguna G. Panikamparambil	Gokul, Saw Mill Road, Koorkkenchery, Thrissur	Production Engineer, Abu Dhabi Company for Onshore Oil Operations, UAE.



Manappuram General Finance and Leasing Limited

Regd. Office : XXIX/267/6, Brothers' Complex

Naikanal, Thrissur - 680 001

Ph: (0487) 335544/335767/335936, Fax No. (0487) 335937

E-mail : manappuram@vsnl.com, Website - www.manappuramgroup.com

Branches :

1. **Cochin :**
1st Floor, Regent Court
Iyattil Junction, Opp. Times of India
Chittoor Road, Ernakulam
Cochin - 682 011
Tel/Fax: 371525
2. **Coimbatore :**
406-C, Dr. Nanjappa Road
Coimbatore - 641 018
Tel : 231726
3. **Guruvayur :**
S.N. Tourist Home
Opp. Municipal Bus Stand
East Nada, Guruvayur, Thrissur - 680 101
Tel : 554041
4. **Kalpetta**
Jasam Complex, Pinangode Road
Kalpetta, Wayanad Dist - 673 121
Tel/Fax : 604384
5. **Kannur**
Safa Complex, T.K. Bus Stop
Thalassery Road, Kannur - 670 012
Tel/Fax : 711318
6. **Kozhikode :**
Fathima Shopping Complex
Vaikom Muhammed Basheer Road
Kozhikode - 673 001
Tel/Fax: 310767/310940
7. **Manjeri**
1st Floor, P.K. Complex
Malappuram Road, Manjeri
Malappuram Dist - 676 121
Tel/Fax : 769989
8. **Palakkad :**
"Vyapara Bhavan"
Near BEM School Junction
Manjakulam Road
Palakkad - 678 014
Tel : 522634
9. **Triprayar :**
Alpha Building
P.O. Nattika, Thriprayar
Thrissur - 680 566
Tel : 392663
10. **Tirur**
Punnessery Building
1st Floor, Opp. SBI, Thazhepalam
Tirur, Malappuram 676 101
Tel / Fax 421440



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Notice

Notice is hereby given that the Eighth Annual General Meeting of the company will be held at "Perinchery's Conference Hall", 7th Floor, Perinchery's Building, Round North, Thrissur - 680 001 on Monday, September 18, 2000 at 11.00 a.m. to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the audited Balance Sheet and Profit & Loss Account of the Company as at 31st March, 2000 and Reports of the Board of Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 2000.
3. To appoint a Director in place of Shri. K.P.G. Menon, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri. B.N. Raveendra Babu, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri. Subhajeewanlal, 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 Mohandas & Associates, Chartered Accountants, Thrissur - 680 001, the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company and its Branches, wherever situated, on a remuneration of Rs. 25,000/- to hold office from the conclusion of 8th Annual General Meeting till the conclusion of the 9th Annual General Meeting".

Special Business

7. Issue of Redeemable Secured Non-Convertible Debentures (NCDs) :
To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :
"RESOLVED that in accordance with the provisions of Memorandum and Articles of Association of the Company and pursuant to the Provisions of Section 81 (1A) of the Companies Act, 1956, and other relevant statutes, if any, and subject to the approvals, permissions and consents as may be necessary from Securities and Exchange Board of India, Banks, Stock Exchanges, and other Agencies and subject to such terms and conditions as may be required by them while giving consent to the Company and in modification of the Resolutions passed by the General body at its meetings held on 07-03-98, 28-09-98 and 27-09-99, approval be and is hereby accorded to the Board of Directors of the company to create and issue Redeemable Secured Non-Convertible Debentures (NCDs) of the nominal value of Rs. 1,000/- each for an aggregate value of Rs. 1,500 lakhs, at such time as the Board may decide and in such branches for cash at par and on such terms and conditions and carrying such rights and obligations as may be attached thereto in terms of letter of offer/

prospectus as may be finalised by the Board at the time of such issue".

"RESOLVED FURTHER that the consent of the company be and is hereby also granted in terms of Section 293 (1) (a) and all other applicable provisions, if any, of the Companies Act, 1956 to secure Redeemable Secured Non-Convertible Debentures amounting to Rs.1500 lakhs as above by creation of Charge on the assets let on hire/lease by the company alongwith receivables thereon and book debts, both present and future, and that the Board of Directors be and is hereby further authorised to take such actions as are necessary for the same".

"FURTHER RESOLVED that the Board of Directors be and is hereby authorised to issue Redeemable Secured Non-Convertible Debentures as above on private placement/public issue basis as may be considered feasible on the basis of market conditions:

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to settle all questions, difficulties or doubts that may be raised in regard to the issue of Redeemable Secured Non-convertible Debentures as above and utilisation of issue proceeds subject to the guidelines issued by the Government of India, Reserve Bank of India and other agencies, institutions or bodies from time to time in this regard".

Your presence is requested

By order of the Board,

Sd/-

N.R. Bahuleyan

General Manager-cum-Company Secretary

Place : Thrissur

Date : 21/07/2000

Notes :

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself (Proxy Form attached)
2. Such proxy need not be a Member of the Company.
3. The Proxy form duly completed must be sent so as to reach the Registered Office of the Company not later than 48 hours before the time fixed for commencement of the Meeting.
4. The Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956 is annexed.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 08-09-2000 to 18-09-2000 (both days inclusive).
6. Members are requested to : (a) intimate changes, if any, in their registered addresses on or before 18-09-2000, (b) quote ledger folio number in all their correspondence (s) bring their copies of the Annual Report and the Attendance Slips with them at the Annual General Meeting.
7. The dividend on the equity shares as approved by the General Body for the financial year ended 31st March, 2000 will be payable within 42 days from the date of declaration of the dividend to those shareholders whose names will feature on the company's Register of Members on 18th September, 2000.
8. Members who would like to ask questions on the Accounts are requested to send their questions to the Registered Office of the Company atleast 10 days before the Annual general Meeting to enable the Company to prepare suitable replies to such question.

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

Item No. 7

At the General Body Meetings of the company held on 07-03-98, 28-09-98 and 27-09-99, approval of the shareholders was accorded for issue of Redeemable Secured Non-Convertible Debentures (NCDs) of face value of Rs.1000/- each amounting to Rs.1,500 lakhs.

As per the Resolutions passed by the General Body, the NCDs are to be secured by creation of Charge on the assets let on hire/lease by the company alongwith receivables thereon, both present and future. With the commencement of gold loan business by the Company, the total book debts on gold as on 31-03-2000 is Rs.503.15 lakhs. It is proposed to offer the book debts as security for issue of NCDs as above in addition to the assets let on hire/lease by the company alongwith receivables thereon, both present and future, as already approved, Hence the resolution.

The Board recommends approval of the Resolution.

By order of the Board,

Sd/-

N.R. Bahuleyan

General Manager-cum-Company Secretary

Place : Thrissur
Date : 21-07-2000

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DIRECTORS' REPORT

Your Directors have great pleasure in presenting the Eighth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2000.

	Current Year (1999-2000)	Previous Year (1998-99)
	(Rs. in lakhs)	
1. Income from Operations	625.06	589.72
2. Total Expenditure	381.71	352.08
3. Gross Profit before Depreciation & Taxes	243.35	237.64
4. Depreciation	157.79	152.28
5. Provisioning for Taxes	62.74	34.16
6. Net Profit	22.82	51.20
7. Paid-up Capital	300.00	300.00
8. Reserves	97.34	103.80

Dividend :

Your Directors are pleased to recommend a dividend of 8% on the Equity Shares of the Company for the year 1999-2000 after transferring an amount of Rs. 5 lakhs to Statutory Reserves.

Working Results :

During the year, the total disbursements of your company amount to Rs.1378.25 lakhs as compared to Rs.1190 lakhs of last year, representing an increase of 15.80%. The total fund deployed by the Company as on 31-03-2000 amounts to Rs.2075 lakhs as against Rs.1718 lakhs of last year, representing an increase of 20.78%. The Cumulative receivables under Hire Purchase/leasing/Gold loan stood at Rs.2051 lakhs as against Rs.1694 lakhs in the previous year. The income from Operations rose to Rs.625 lakhs as against Rs.590 lakhs during the last year. The Profit before depreciation and tax was Rs.243 lakhs as against Rs.238 lakhs. The net profit during the year ended under review is Rs.22.82 lakhs as against Rs.51.20 lakhs during the previous year mainly on account of higher incidence of depreciation and tax outflow.

Business Outlook :

In the prevailing business environment relating to NBFC industry in our country, those NBFCs having strong fundamentals can only survive. Your Directors are pleased to report that your Company has successfully overcome the adverse business environment and strengthened its position further among the NBFCs in the country by devising appropriate product-mix to suit the requirements of the changed market scenario. During the year under review, the Company has diversified into two wheeler/consumer durable finance in which segment your company has been able to establish its presence.

Gold loan business which is a potential area for deployment of funds and comparatively having very low NPA problem, is presently done from Company's Branches at Calicut, Ernakulam, Palakkad, Tirur and Manjeri. The business will also be commenced from Kannur Branch shortly. The total receivable in gold loan business as on 31-03-2000 is Rs. 503 lakhs. The Branch offices at these places

have been shifted to more spacious premises in the same town providing for infrastructural facilities such as Strong room, computerised operation, etc. These Branches have facilities for advances under HP/leasing, gold loan, two wheeler/consumer durables finance and deposits.

With the above diversified portfolio in our business coupled with measures to increase margin, your Directors are fully confident of improving the profitability of the company during the current year.

Resources

- a) Deposits : During the year, your Company mobilised funds from different sources at competitive rates bringing about reduction in the overall cost of funds. This has helped your company substantially to offset the shrinking margins.

Your company's deposits as at the end of the year stood at Rs.904 lakhs of which Rs.804 lakhs is public deposits as against Rs.702 lakhs and Rs.653 lakhs as at the end of the last year representing a growth of 29% and 23% respectively. Your Directors wish to express their gratitude to the depositors for their continued support and assure them of high quality of service as in the past.

As at the end of the year, 223 deposit receipts amounting to Rs.37.43 lakhs had matured for payment. As a result of close follow up actions taken by the company for repayment/renewals, the figures are currently down to 138 receipts and Rs.18.70 lakhs respectively. Steps are being taken on a continuing basis to arrange for repayment/renewal of these deposits.

Your company continues to enjoy 'MA' rating from ICRA for its public deposits programme indicating 'adequate safety'.

- b) Debentures : As on 31st March, 2000, your Company issued Secured Non- convertible Redeemable Debentures ranging from 12 months to 17 months on private placement basis to the tune of Rs.796.80 lakhs. The amount of debentures outstanding at the end of the year was Rs.407.29 lakhs. During the year, ICRA has assigned 'MA' rating indicating adequate safety to your Company's issue of Secured Non-convertible Redeemable Debenture Programme of Rs.5 Crores.

ICRA has also maintained 'MA' rating given to the company's Non-Convertible Debenture programme of Rs.5 Crores issued during the last year. The Non-Convertible Debentures so issued are secured on the assets let on hire/lease by the Company alongwith receivables thereon.

Bank Finance

As at March 31, 2000, your company enjoys working capital limits from following Banks :

1) Catholic Syrian Bank Limited	- Rs. 250 lakhs
2) Dhanalakshmi Bank Limited	- Rs. 50 lakhs
3) Lord Krishna Bank Limited	- Rs. 25 lakhs
Total	<u>Rs. 325 lakhs</u>

Your company has taken up with the above Banks for increased working capital limits to meet the requirements of its expanded/diversified operations. The company is hopeful of the Banks agreeing to our request.

Compliance with the NBFC Regulations

Your Directors wish to state that your company complied with all the requirements prescribed by the new regulatory framework. The Capital Adequacy Ratio of your Company as on 31-03-2000 stood at 17.7% well above the prescribed minimum of 12%. Standard assets, according to RBI's classification, stood at 98.74% of the total credit exposure of Rs.2132.35 lakhs.

Y2K Compliance

The Company has successfully overcome the Y2K problem and your Directors are pleased to report that we did not face any operational difficulty due to Y2K.

Directors

As required under the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri. K.P.G. Menon, Chairman and Shri. B.N. Raveendra Babu and Shri. Subhajeewanlal, Directors would retire by rotation at the ensuing Annual General Meeting. They are eligible for re-appointment.

Shri P.A. Kunjumaman, a Director of your Company relinquished the office on account of ill health on 21-07-2000. Your Directors wish to place on record their sincere appreciation of the valuable contribution made by him to the growth and development of the Company.

Particulars of Employees :

Particulars of employees as required under Section 217 (2A) of the Companies Act : Nil

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/Outflow :

The Company has no activities relating to conservation of Energy or Technology Absorption. During the year, the Company did not have any foreign exchange earnings/outflow.

Auditors :

M/s Mohandas & Associates, Chartered Accountants will retire as Auditors at the ensuing Annual general Meeting and are eligible for re-appointment.

Acknowledgment :

Your Directors wish to place on record their deep appreciation for the whole-hearted and sincere co-operation the Company received from the Reserve Bank of India, the Catholic syrian Bank Limited, the Dhanalakshmi Bank Limited, the Lord Krishna Bank Limited, customers and shareholders of the Company during the year under report.

Your Directors also wish to thank all the employees of the Company for their unstinted co-operation and dedicated service in achieving good performance of your company during the year under review.

On behalf of the Board of Directors

Place : Thrissur
Date : 21-07-2000

Sd/-
V.P. Nandakumar
Managing Director