

12th Annual Report

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2003-2004

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MANAPPURAM GENERAL FINANCE AND LEASING LIMITED

Corporate Office : V/104 "Manappuram House"
Valappad P.O., Thrissur 680 576, Kerala State
Ph : 0487-2399296, 2399892 Fax : 0487-2399298
E-mail : manappuram@vsnl.com
Website : www.manappuramgroup.com

Half a century of trust, Commitment for ever

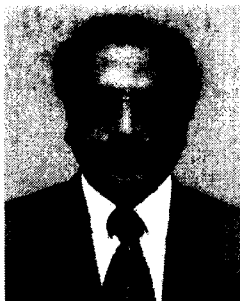


Shri. V.C. Padmanabhan

(1916-1986)

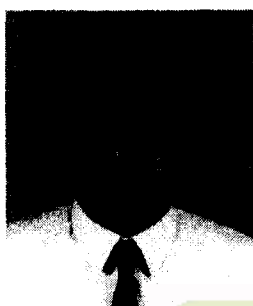
Founder of **Manappuram** Group of Companies

Chairman and Board of Directors

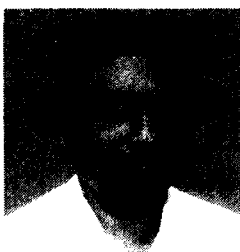


V.P. Nandakumar
Chairman & Managing Director

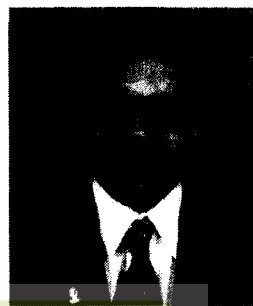
Directors



P.G. Wales



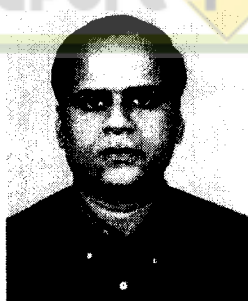
B.N. Raveendra Babu



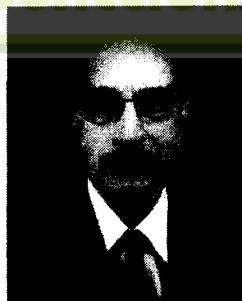
Dr. K.K. Mohandas



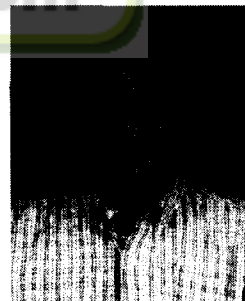
Juguna G. Panikamparambil



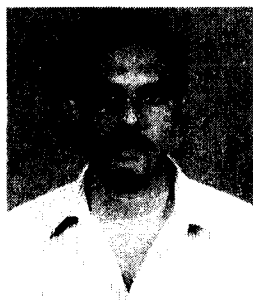
I. Unnikrishnan



T.S. Ramakrishnan



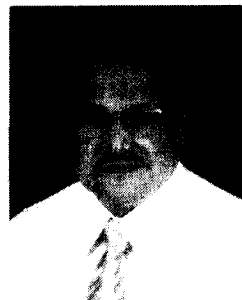
Dr. V.M. Manoharan



Adv. V.R. Ramachandran



Jyothy Prasanna



P. Manomohan



A.R. Sankaranarayanan

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From the Chairmans' Desk

Dear Shareholders,

We have had an eventful year, which posed many challenges that tested our skills and ability to maintain our lead in our core functional areas. Post liberated corporate sector and within this, the financial sector became more and more aggressive in an effort to maintain that elusive spread to re-energize profitability.

This was also a year, which witnessed considerable economic growth propelled by an 8 percent plus GDP growth, a robust stock market, increasing forex reserves and a corporate sector that performed exceedingly well in most of the cases. In spite of the skepticism about the globalization process, our corporate sector as a whole got benefited by increased quality improvements, which became mandatory to retain brand equity and profitability. Better transparency of operations, accounting practices and the emergence of value based corporate governance was another by product of these changes.

The NBFC sector has also witnessed significant growth; especially those focused more on commercial vehicle segment. Declining interest rates provided for reduction in borrowing costs, which translated into wider spreads even with reduced lending rates. However, functional areas became highly competitive and continued profitability will depend on diversified activities that can complement the existing services without sharing the risk. 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.

The year 2003 - 2004 was very notable as far as your company is concerned as we could add 6 more branches to the existing network. Today your company has representation in the states of Kerala, Tamilnadu, Karnataka, Maharashtra and we are in the process of expanding our branch network still further. Very soon we will have a countrywide representation focusing on a clusterized formation in major cities across the nation. We have also diversified our services in to areas like Life and General Insurance Marketing along with full-fledged Forex operations, Instant Money Transfer and Car Loans of ICICI Bank which are carried along with its 100% subsidiary company. Last year also saw us coming out with a rights issue which was whole-heartedly supported by you, shareholders. Your trust was not misplaced. I am proud to announce that the Board of directors has recommended a dividend of 11% in spite of the enlarged company's equity base.

Last year results are in front of you. It amplifies your company's strategic focus and financial prudence in maintaining an increased growth rate in spite of the tough competition from the banking sector. I am confident that the coming years will fortify our strength further and our farsighted strategy of diversification in services and extension of reach across the nation will reward the shareholders adequately for their continued trust and confidence.

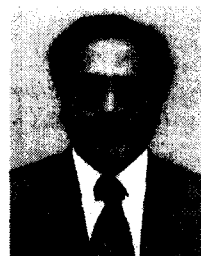
The contribution made by Non-Banking Finance Companies as the financial intermediaries has been very well acknowledged by the Government of India and the RBI. Entire regulatory framework has been revamped now and non-serious players will find it difficult to continue. It is also a matter of pleasure to share with you that efforts are in full swing to form a Self Regulatory Organization for NBFCs to have a more disciplined functioning and more credibility. The concept would become a reality in the near future. It will be a forerunner in motivating the industry players to rise up to the changing times by evolving a proper framework for the future.

I am sure that the future could pose no threat to the NBFCs generally, provided we have the foresight to lookout for new ventures. Manappuram realized the need for this well in advance and the new activities undertaken by the company is the first step in that direction. It goes beyond doubt that a well managed company like yours, keeping close relationship with customers and a highly professional Board to direct the activities could change every constraint into an opportunity and withstand any type of adversities.

I wish to express my appreciation for the valued guidance and unstinted co-operation received from my colleagues on the Board. I also express my grateful thanks to our Bankers and Financial Institutions for their confidence and co-operation. I deeply appreciate the dedication and the zeal that our employees have shown which made it possible for us to increase our profitability by 56.61% from the previous year. Above all I would thank you Shareholders for your continued trust and confidence in your company.

Thank you for your support.

V.P. Nandakumar
Chairman & Managing Director



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. Member of Equipment Leasing Association (India)
2. Mr. P.G. Wales
Independent Director. B.Sc., F.C.A. Chartered Accountant Practising Chartered Accountant with long standing experience
3. Mr. B.N. Raveendra Babu
Non-Executive Director. M.Com., I.C.M.A (Inter). Expert in Information Technology. Also served 12 years in a senior position in the Finance and Accounts department of M/s Blue Marine at UAE.
4. Dr. K.K. Mohandas
Non - Executive Director. MBBS, M.S. Medical Practitioner, Managing Partner of Elite Mission Hospital, Thrissur.
5. Mr. Juguna G.
Panikamparambil
Non-Executive Director. B.Tech (IIT), M.Tech (Cornell University, US). Have 12 years experience as Senior Production Engineer, M/s Abu- Dhabi Petroleum Corporation, UAE.
6. Mr. I. Unnikrishnan
Non-Executive Director. B.Com., F.C.A. Chartered Accountant. Specialized in NBFCs, Company Law matters, Income tax, auditing and other related aspects.
7. Mr. T.S. Ramakrishnan
Independent Director. B.Com., LLB, CAIIB. Former Managing Director of the Dhanalakshmi Bank Limited, Thrissur. Vast experience in the Banking Industry in various capacities.
8. Adv. V.R. Ramachandran
Independent Director. B.Sc., LLB. Advocate. Well known Civil lawyer of the Thrissur Bar
9. Smt. Jyothi Prasannan
Non -Executive Director. M.Sc., B.Ed. Former Managing Director of one of the Group Cos.
10. Mr. P.Manomohanan
Independent Director. Bcom, CAIIB. Former General Manager of Reserve Bank of India. Long experience in the Reserve Bank of India in various capacities.
11. Dr. V.M. Manoharan
Independent Director. Mcom, Phd. Former Dy. Director of Collegiate Education, Thrissur zone, Principal of Government College, Thrissur, Thalassery, Chittur and Manjeswar.
12. Mr. A.R.Sankaranarayanan
Independent Director. MSc; IRS (Retd). Presently GM Arya Vaidya Sala Kottakkal Formerly- MD, Steel Authority International Ltd., Director Federal Bank.

Company Secretary	: C. Radhakrishnan
Auditors	: M/s Mohandas & Associates, Chartered Accountants Door No. TC 25/838, A.R. Menon Road, Thrissur - 680 001
Bankers	: The Catholic Syrian Bank Ltd., Main Branch, Thrissur Canara Bank, Thrissur The Dhanalakshmi Bank Ltd., Main Branch, Thrissur
Registrars & Share Transfer Agents	: M/s SKDC Consultants Limited PB No.2979, No.11, S.N. Layout, Street No.1 West Power House Road, Coimbatore- 91-422-2499574

MANAPPURAM General Finance and Leasing Limited**Regd. Office : V/104, Manappuram House****Valapad, Thrissur - 680 567****Ph: (0487) 2399296, 2399892****E-mail : manappuram@vsnl.com Website - www.manappuramgroup.com****BRANCH NETWORK****TELEPHONE NOS.**

- | | |
|--|---------------------------------------|
| 1. Ernakulam
1st Floor, Regent Court, Iyattil Junction, Opp. Times of India ,
Chittoor Road, Ernakulam, Cochin - 682 011. | 0484-2371525
Mob: 3254885 |
| 2. Thrissur
XXIX/267/6, Brothers Complex Naikanal, Thrissur - 680 001. | 0487- 2335544/2335937
Mob: 3111139 |
| 3. Guruvayur
Athanikkal Arcade, Near Panthayil Temple
Guruvayur, Thrissur - 680 101. | 0487-2554041
Mob: 3111362 |
| 4. Triprayar
Door No. 256C, 1st Floor, Near Private Bus stand,
Thriprayar, Thrissur - 680 566. | 0487- 2392663
Mob: 3451620 |
| 5. Tirur
Punnessery Building, 1st Floor, Opp. SBI, Thazhepalam, Tirur,
Malappuram Dist. 676 101. | 0494-2421440
Mob: 3112220 |
| 6. Manjeri
1st Floor, P.K. Complex, Malappuram Road, Manjeri,
Malappuram Dist - 676 121. | 0483- 2769989/
Mob: 3121623 |
| 7. Palakkad
"Vyapara Bhavan", Near BEM School Junction
Manjakulam Road, Palakkad - 678 014. | 0491- 2528634/2522634
Mob: 3118509 |
| 8. Kalpatta
K.P. Complex, Near Sindhoo Textiles, Main Road, Kalpetta,
Wayanad - 673 121. | 0493- 2604384
Mob: 6310137 |
| 9. Kozhikkode
Fathima Shopping Complex, Vaikom Muhammed Basheer Road,
Kozhikkode - 673 001 | 0495- 2727767
Mob: 3126341 |
| 10. Kozhikkode
1st Floor , Inter City Arcade, Mavoor Road, Kozhikkode | 0495- 2725728
Mob: 3126343 |
| 11. Kozhikkode West Hill
1st Floor, Tamanna Towers, Room No. 38/2564, Edakkad,
P.O. West Hill, Kozhikkode - 673 005 | 0495-3529083 |
| 12. Thamarassery
Sithara Buildings Main Road, Thamarassery, Kozhikkode | 0495- 2222787 |
| 13. Ramanattukara
Door No : 5941, 1st Floor ,
Abdu Rahman Shopping Complex, Ramanattukara, Kozhikkode. | 0495-2441478
Mob: 3126342 |
| 14. Koyilandi
19/2220, "AFIA" Complex, Panthalayani P.O. Koyilandi, Kozhikkode. | 0496 2621904 Mob: 3111996 |
| 15. Vadakara
Misbah Complex, N.H. Road, Near New Bus Stand, Vadakara - 673 101 | 0496- 2517741 Mob: 3112014 |
| 16. Kannur
Safa Complex, T.K. Bus Stop, Thalassery Road, Kannur - 670 012. | 0497 - 2711318 Mob: 3103190 |

17. **Kannur Talap**
1st Floor, Door No. VIII/574, S.R.Complex, Near Koyali Hospital,
Pallikkunnu Post, Talap, Kannur - 670 004 04972-704832
18. **Thalassery**
Thovari Complex, Logans Road, Thalassery - 670 101. 0490 2343860 Mob: 3103186
19. **Kasargode**
KMC 12/225/C-22EMERALD Towers, Near Indian Coffee House, Kasargod. 0499- 2427958 Mob: 311601
20. **Kanhangad**
Sanabil Plaza, Kottachery, Ramnagar Road, Kanhangad - 671 315. 0467-208052 Mob: 310956
21. **Coimbatore**
34/3, Saraswathy Towers, 1st Floor, 10th Street, Gandhipuram,
Coimbatore - 641 012 0422 -22492680
22. **Chennai Theyampet**
Ground Floor, Brindavan Apartments, Door No . 84/2, Eldams Road,
Theyampet, Chennai. 044- 24341839
23. **Chennai Anna Nagar**
Shop Space No. 1, Ground Floor, No. 528, N S K Nagar,
Anna Nagar Main Road, Chennai - 600 040. 044-26203484
Mob: 31146020
24. **Chennai Vadapalani**
Door No. 304, 1st Floor, V K K Complex, Arcot Road, Vadapalani,
Chennai, Tamil Nadu - 600 026 044-32675344
Mob: 044-24727372
25. **Bangalore Ulsoor**
Jaya Mansion, Sadashiva Mudaliar Road, Ulsoor, Bangalore 560 008. 080-36769870
Mob: 080-5575048
26. **Bangalore Rajaji Nagar**
10th Cross Road, 1st N Block, Near Dist. Commissioner of Police Office,
Rajaji Nagar, Bangalore - 560 010 080-36769873
Mob: 080-3577751
27. **Mumbai-Nerul**
Room No. 10 & 11, First Floor, Goodwill Arcade, Plot No. 5, Sector 10
Nerul, Navi Mumbai. Mob.022-31204251
28. **Mumbai-Sakinaka**
Unit No. 8 & 9, Ground Floor,V-1 Building, Mehra Industrial Compound,
Andheri -Kurla Road, Sakinaka, Mumbai -400 072. Mob. 022-31204250
29. **Maharashtra-Kalyan**
Sahkari Graha Nirman Mitra Mandal Co-operative Housing society,
B-Wing, Katemanivali, Kalyan East, Thane District, Maharashtra - 421 358 Mob. 02513467485
30. **Kannur-Payyannur**
1st Floor, Taj Complex, Opp. New Bus Stand, Main Road,
Payyannur P O, Kannur Dist - 670 307 0498-5206455/5360382
31. **Kasaragode-Nileswar**
1st Floor, Raja Road, One Four Centre, Near Nileswar Bus Stand,
Nileswar P O, Kasaragode Dist - 671 314. 0467-2285393
32. **Kasaragode-Manjeshwar**
1st Floor, Door No. MP VI/451/H/PI Paivalige Towers, Hasangadi,
Manjeshwar, Kasaragode - 671 323. 0499-8230038
33. **Mangalore**
1st Floor, Alrahaba Plaza, Kasba Bazar Village, Mangalore - 575 001 0824-2440932
Mob: 0824-3269393

MANAPPURAM General Finance and Leasing Limited**Regd. Office : V/104, Manappuram House****Valapad P.O., Thrissur - 680 567****Ph: (0487) 2399296, 2399892 Fax No. (0487) 2399298****E-mail : manappuram@vsnl.com Website -www.manappuramgroup.com****Notice**

Notice is hereby given that the 12th Annual General Meeting of the Company will be held at Bhavana Auditorium, Valapad, Thrissur - 680 567 on Saturday, September 11, 2004 at 11.00 A.M to transact the following business:

Ordinary Business :

1. To receive, consider and adopt the audited Balance Sheet and Profit and Loss Account of the company as on 31st March, 2004 and Reports of the Board of Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 2004.
3. To appoint a Director in place of Smt. Jyothy Prasannan, who retires by rotation, and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Dr. K.K. Mohandas, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri. I. Unnikrishnan, 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, the retiring auditors be and are hereby reappointed as the auditors of the company to hold office upto the conclusion of 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. Authorization to borrow in excess of Paid-up Capital and Free Reserves**

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 section 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 money as may deem necessary for the purpose of 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 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 the monies may be borrowed by the Board of Directors shall not exceed the sum of Rs. 150 crores (Rupees one hundred and fifty crores only) at any time"

8. 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 the Memorandum and Articles of Association of the company and pursuant to Provisions of Section 81(IA) 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 meeting held on 18-08-2003 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. 100 Crores at such time as the Board may decide and in such tranches 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 finalized by the Board at the time of such issue”.

“RESOLVED FURTHER THAT the consent of the company be and is hereby 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. 100 Crores as above by creation of Charge on the assets, fixed or floating, of the company both present and future, and that the Board of Directors be and are hereby further authorized to take such actions as are necessary for the same”.

“FURTHER RESOLVED THAT the Board of Directors be and are hereby authorized 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 are hereby authorized 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 utilization 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”.

9. Alteration of Articles of Association

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

“RESOLVED THAT pursuant to section 31 and other applicable provisions, if any, of the Companies Act 1956 and subject to such consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies the Articles of Association of the company be and is hereby altered as follows:

To insert the following article after the existing article 73 and to be named as Article 73A.

Article 73A- Notwithstanding anything contained in the Articles of Association of the company, the company do adopt the mode of passing a resolution by the Members of the company by means of a postal ballot and/or other ways as may be prescribed by the Central Government in this behalf in respect of the following, matters instead of transacting such business in a general meeting of the company.

Resolutions relating to such business as the Central Government may by notification declare to be conducted only by postal Ballot.

The company shall comply with the procedure for such postal ballot and/or other ways as may be prescribed by the Central Government in this regard”

10. Increasing the Authorized Capital of the company

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