

15th ANNUAL REPORT

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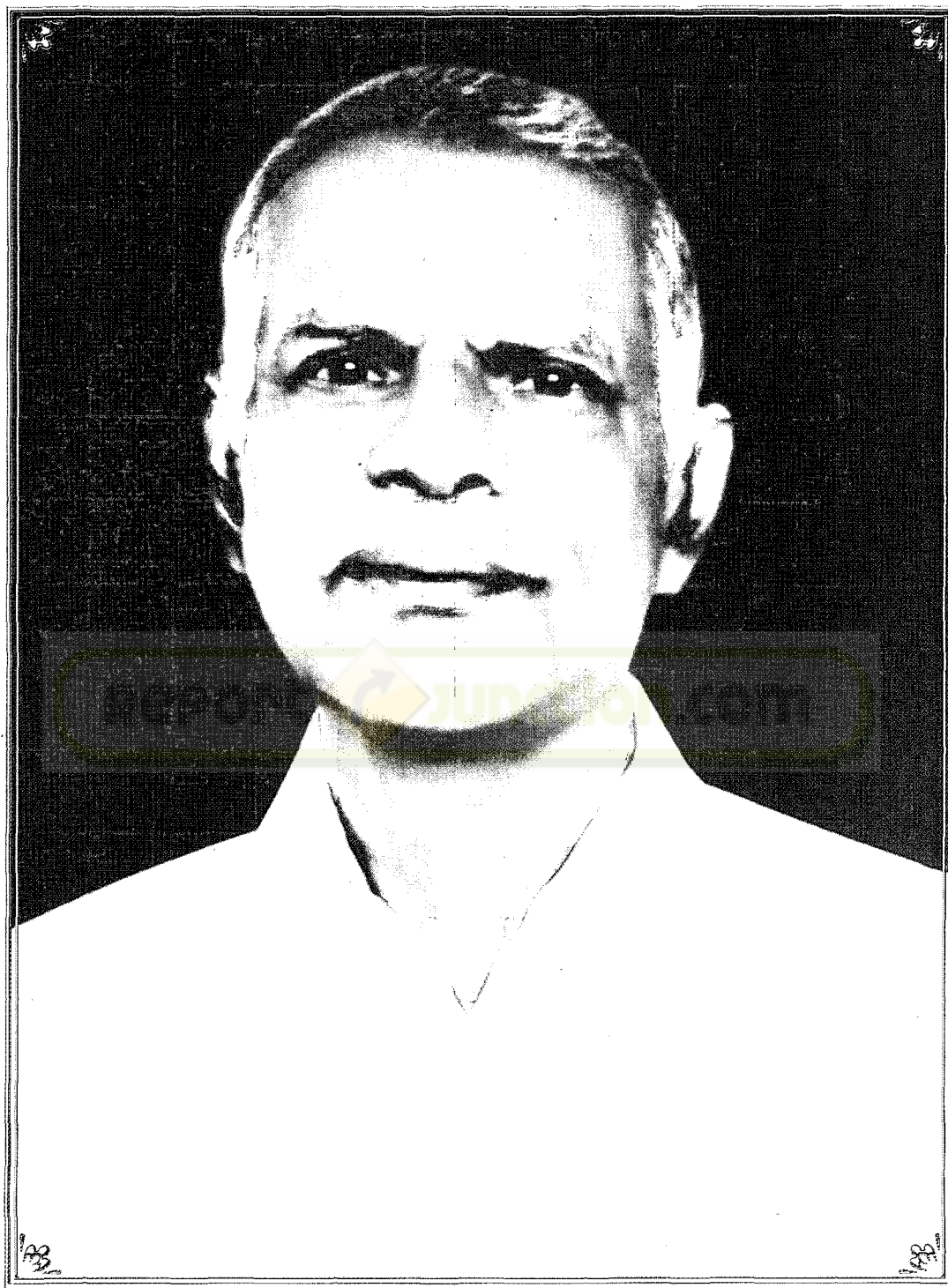
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FOREX
INSURANCE
VEHICLE FINANCING
INSTANT MONEY TRANSFER
GOLD LOAN



MANAPPURAM

GENERAL FINANCE AND LEASING LIMITED



Shri. V.C. Padmanabhan

(1916-1986)

Founder of **Manappuram** Group of Companies

MANAPPURAM GENERAL FINANCE AND LEASING LIMITED

Regd. Office : V/104, Manappuram House

Valappad P.O., Thrissur - 680 567

Phone : 0487 - 2391306, 2391892 Fax : 0487 - 2399301, 2396973

E-mail : mail@manappuram.com Website : www.manappuram.com

Notice

Notice is hereby given that the **FIFTEENTH** Annual General Meeting of the Shareholders of Manappuram General Finance and Leasing Limited will be held on Saturday, the 8th September 2007 at 11.30 A.M. at Anugraha Auditorium, Valappad, 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 31st March 2007 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 31st March, 2007.
3. To consider the retirement of Shri T.S. Ramakrishnan, Director, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To consider the retirement of C.A. P.G. Wales, Director, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To consider the retirement of Adv. V.R. Ramachandran 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 and Associates, Chartered Accountants, TPL House, Second Floor, 3, Cenotaph Road, Teynampet, Chennai - 600 018 be and are hereby appointed as the auditors of the company to hold office from the conclusion of this Annual General Meeting till 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. 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 consent of the company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions if any of the companies Act 1956, to mortgaging and or charging by the Board of directors of the company of all the movable/immovable properties of the company wherever situate both present and future and the whole of the undertaking of the company.

RESOLVED FURTHER THAT the Board of Directors of the company be and are 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"

8. 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. 1000 crore (Rupees one thousand Crore 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."

9. Renewal and variation of the terms of appointment of Chairman and Managing Director

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

"RESOLVED THAT approval of the members be and is hereby accorded for extending the term of appointment of Shri.V.P.Nandkumar, Chairman and Managing Director of the Company, and varying the terms of his appointment for a further period of 5 years with effect from 29th July 2007 to 28th July 2012 on the following terms and conditions:

Salary. : Rs 2,00,000/- (Rupees Two lakhs) per month including DA and other allowances
 Commission : not exceeding 1% on the net profits of the Company

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 where ever so required.

RESOLVED FURTHER THAT the Board on the recommendation of the committee of directors shall have the power to vary the remuneration and commission payable to the Chairman and Managing Director subject to the limit prescribed by the Companies Act 1956.

All other terms and conditions of his appointment as approved by the members at the meeting held on 15.07.2006 remain unchanged".

10. Appointment of Mr.I.Unnikrishnan as Managing Director

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

"RESOLVED subject to the provisions of Section 198, 269, 309, 310 and all other applicable provisions if any, of the Companies Act 1956 read with Schedule XIII and further subject to such approvals as may be required from the Government, Stock exchanges, Reserve Bank of India, that Mr.I Unnikrishnan, be and is hereby appointed as the Managing Director of the Company for a period of five years with effect from 01.10.2006 on a monthly remuneration as detailed hereafter plus commission not exceeding 1% of the net profits of the company as decided by the Board on the recommendation of the Committee of Directors constituted for this purpose and computed as per the provisions of the Companies Act 1956, so however that the total remuneration shall not exceed the overall limit prescribed under section 198 and 309 of the Companies Act, 1956. Following are the split up details of his appointment:-

Basic Salary	:	Rs 1,10,000/- (Rupees One lakh ten thousand) per month with annual increment of Rs 15,000/-
Contribution to PF	:	12% of salary
Bonus, Gratuity and leave encashment	:	As per the rules of the company.
Commission	:	Not Exceeding 1% of net profit as may be approved by the Board on the recommendation of the committee of directors constituted for the purpose

Perquisites:

Provision of car and mobile phone for official purposes of the company. However, these shall not be included in the computation of ceiling; if any; prescribed by the committee of directors from time to time for perquisites and other allowances.

Others

Accommodation will also be provided by the company for which the actual rent will be recovered from the Managing Director. Subject to the overall ceiling on remuneration mentioned hereinabove, the Managing Director may be given any other allowances benefits and perquisites as the Board may decide from time to time.

The total remuneration to Mr. I. Unnikrishnan as detailed above inclusive of the value of perquisites shall be subjected to the rules/regulations/ceiling if any; prescribed under the Companies Act 1956.

RESOLVED FURTHER THAT the Managing Director be and is hereby delegated with the powers to look after the day to day operations of the company and he will function under the control and supervision of the Chairman and Managing Director who is the Chief Executive Officer and that he shall not be subject to retirement by rotation and shall not be considered for the purpose of computing the one third of the total number liable to retire by rotation under section 255 of the companies Act, 1956.

RESOLVED FURTHER THAT in the event of loss, absence or inadequacy of profits in any financial year, the Managing Director shall be paid Rs. 1,10,000/- as minimum remuneration subject to the approval of the Central Government if and as may be required.

RESOLVED FURTHER THAT the Board on the recommendation of the committee of directors shall have the power to vary the % of commission payable to the Managing Director subject to the maximum limit as specified herein above.

11. Alteration of Articles of Association of the company

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

"RESOLVED THAT Article 104 (b) of the Articles of Association of the Company be altered by substituting the existing Article 104 (b) with the following Article.

104 (b) The Directors may whenever they appoint more than one Managing Director, designate one or more of them as "Managing Director/(s) or Joint Managing Directors or Deputy Managing Director" as the case may be.

12. To delist the securities of the company from Madras Stock Exchange Limited

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

"RESOLVED pursuant to all applicable provisions of the Companies Act 1956, Securities Contracts (Regulation) Act 1956 and Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, Listing agreements of stock exchanges and other applicable laws, regulations, rules and guidelines and further subject to such approvals, permissions and sanctions as may be necessary by the competent authority(ies) and subject to such conditions and modifications as may be prescribed or imposed by any such authority(ies) while granting such approvals, permission and sanctions which may be agreed to by the Board of directors of the company, approval of the company be and is hereby accorded to the Board for delisting of the equity shares of the company from the Madras Stock Exchange Ltd.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to take all necessary steps in this regard and do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and settle any question, difficulty or doubt that may arise in regard to delisting of equity shares from the Madras Stock Exchange limited and to execute all such deeds, documents, writings as may be necessary, expedient or desirable as it may deem fit and for this purpose delegate the authority duly vested in it by virtue hereof to any director or company secretary or any other person who it may consider suitable to do the acts, deeds and things required to give effect to this 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 12 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 05.09.2007 to 08.09.2007 (both days inclusive.)
4. Members are requested to: (a) intimate changes, if any, in the registered addresses on or before 31.08.2007 (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 31st March, 2007 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 08.09.2007. Members may please note that the Dividend warrants are payable at par at the designated Branches of the Bank printed on the reverse of the warrant 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. Pursuant to the provisions of Section 205(A) of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 2000 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 1999-2000 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

Your company as part of its expansion, propose to avail term loans /other financial arrangements from leading institutions. The financial assistance sometimes may require mortgaging/charging the movable/immovable properties of the company, both present and future ranking pari passu with the charges created/to be created in favour of the existing charge holders.

In terms of 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.

The resolution as stated is an enabling one in the sense that the company can take up such eventualities with lesser hassles when such situations arise. The actual charge/mortgage will be subject to the applicable provisions of the Companies

(Passing of the resolutions by postal Ballot) Rules 2001. Your directors recommend passing the resolution as an ordinary resolution. None of the directors is concerned or interested in the resolution.

Item No. 8

The shareholders at the Annual General Meeting held on 15.07.2006 authorized the Board to borrow money from the banks, financial institutions etc., to the extent of Rs.800 crores. Due to the increased volume of business, it has become necessary to fix the limit at a higher pedestal. Therefore, your directors propose to set a limit of Rs.1000 crores for the company. As per the section 293 (1) (d) of the Companies Act, 1956 the board of directors of a company, except with the consent of the shareholders shall not borrow where the money to be borrowed, together with the money already borrowed by the company (apart from temporary loan obtained from the company's bankers in the ordinary course of business) in excess of the paid-up capital and free reserves of the company; that is to say, reserves not set apart for any specific purpose. Hence the resolution is proposed for member's acceptance.

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

Item No. 9

Shri. V.P. Nandakumar was appointed as the Chairman and Managing Director of the company for a period of five years at the annual general meeting held on 06.09.2002 with effect from 29.07.2002. The members approved a revision to his remuneration at their meeting held on 15.07.2006. The board further varied his terms of appointment by providing a commission not exceeding 1% at the meeting held on 28.10.2006. As the tenure of Mr.Nandakumar as the CMD expires on 28.07.2007, the Board at its meeting held on 28.07.2007 renewed his term for a period of 5 years with effect from 29.07.2007. There is no change in other terms and conditions of his appointment. The renewal of the term of appointment of Shri.V.P.Nandakumar is in line with the provisions of the companies act 1956 read with Schedule XIII.

Considering the present industry standards in Managerial remuneration, the provision of commission not exceeding 1% of the net profits of the company to Shri. Nandakumar is only just and equitable as the company could perform exceedingly well under his able leadership. The present proposal, if approved would enable him to avail commission at a rate not exceeding 1% of net profits which is also within the limits of managerial remuneration as provided in Section 198,269,309,310 and Schedule XIII of the Companies Act. Your directors recommends passing the resolution as an ordinary resolution. Except Shri. V.P. Nandakumar and Smt. Jyothy Prasannan, no other director is interested or concerned in the resolution.

Item No.10

Shri. I. Unnikrishnan was inducted to the Board of Manappuram at the 10th Annual General Meeting of the Company. He is Chartered Accountant with long experience particularly in the NBFC field. He was keeping a close association with the company right from his induction to the Board of Manappuram as an additional director wef.the year 2001. Considering the growth and the plan of expansion of the company the Board appointed Mr.I.Unnikrishnan as Managing Director of the Company with effect from 01.10.2006 on the terms and conditions stated in the notice. His remuneration and perquisites has been approved by the remuneration committee of the company.

Your directors recommend passing the resolution as an ordinary resolution. Except Mr. I. Unnikrishnan, no other director is concerned or interested in the resolution.

Item No. 11

The articles of association of the company permits the appointment of more than one managerial person designated as Joint Managing Directors or Deputy Managing Director. Hence the Article 104(b) of the Articles of Association is amended so as to designate the additionally appointed Managing Director also as 'Managing Director'. Your directors recommend passing of the resolution as a special resolution. Mr. I. Unnikrishnan is deemed to be concerned or interested in the resolution. No other director is concerned or interested in the resolution.

Item No. 12

The shares of the company are listed in Mumbai, Chennai and Cochin Stock Exchanges and are actively traded through the Mumbai stock exchange. Trading of the shares of the company through Chennai and Cochin stock exchanges are practically nil for the past years. Thus the directors propose to delist the shares of the company from the madras stock exchange. More over it is also proposed to list the shares of the company at NSE to provide more facility to trading members. Hence the resolution is proposed for approval of members. Your directors recommend passing the resolution as a special resolution. None of the directors is concerned or interested in the resolution.

By order of the Board

Sd/-

C. Radhakrishnan
Company Secretary

Place : Valapad
Date : 11.08.2007

Chairman and Board of Directors



V.P. Nandakumar
Chairman & Managing Director



I. Unnikrishnan
Managing Director

Directors



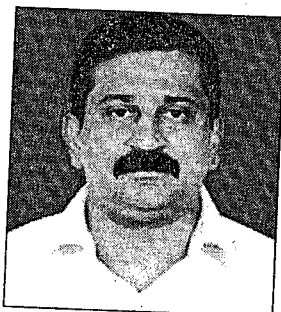
P.G. Wales



B.N. Raveendra Babu



Dr. K.K. Mohandas



Juguna G. Panikamparambil



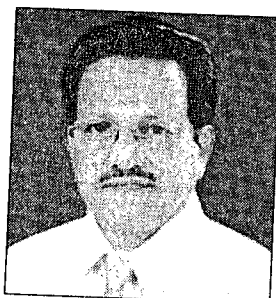
T.S. Ramakrishnan



Adv. V.R. Ramachandran



Jyothy Prasannan



P. Manomohan



Dr. V.M. Manoharan



A.R. Sankaranarayanan

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From Chairman's Desk

Dear Member,

It is with great pleasure that I welcome you to the 15th Annual General Meeting of your Company, which also marks the completion of 15 years of our fruitful association. I feel immensely grateful to all the stakeholders for their valuable contributions towards the enviable growth of the company over the years.

The fiscal year 2006-07 was generally a stable one. The overall macro-economic fundamentals of the country are robust, particularly the tangible progress towards fiscal consolidation and a strong balance of payment position. The GDP growth is placed at a formidable 9.2% which comes on the top of 9% growth recorded in the previous year. There was also a sharp increase in the savings and investment levels. While industrial growth touched 11%, agricultural sector delivered a lackluster performance which has implications on the inclusive growth contemplated by policy makers. The rising inflation which remained stubbornly above 6% during the last quarter of the year and peaked at 6.7% in January, 2007 was a cause for concern. While a slew of fiscal and monetary steps initiated by Government and RBI, along with supply-side measures, could rein in inflation without dampening the growth, monetary measures such as hike in CRR and Repo rates signalled a sharp increase in the interest rates which already had an upward bias. With the softening of international oil prices, the Government could also effect a reduction in the domestic prices of petroleum products. The year also witnessed certain initiatives taken by RBI for 'financial inclusion', in the light of the fact that only 27% of the Indian population had access to banking facilities. This paved the way for "no frill" bank accounts, etc. Besides, as a part of the progressive financial liberalization, Banking Laws Amendments bill was passed, removing the floor and ceilings on Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) applicable to banks, which provides more operational flexibility to RBI in fixing these ratios. The Government took over the stakes held by RBI in certain institutions viz, State Bank of India, NABARD and National Housing Bank in order to segregate ownership and regulatory functions of RBI.

The economy also witnessed a retail revolution which marked the entry of MNCs and big corporates to the retail sector. The year also demonstrated the capability of Indian entrepreneurs, who could make a global impact with substantial acquisition of Arcelor and Corus by L.N. Mittal and Tata respectively. The external sector performed satisfactorily despite a slight deceleration of mercantile

imports and exports. The strength of Invisible Account and steady capital flows could sustainably finance the moderate level of current account deficit.

The capital market continued to be upbeat and the Sensex which is the barometer of the Indian Capital Market recorded a growth of



over 6000 points during the year. Capital market also witnessed certain regulatory initiatives by SEBI, especially the introduction of Indian Depository Receipts (IDRs) paving way for overseas companies to list on Indian Stock Exchanges. Listed Companies were also permitted by SEBI to mobilize funds from the domestic market, by way of placement of shares to Qualified Institutional Borrowers (QIBs).

The year presented mixed fortunes to the NBFC sector. Positive factors included a perceptible change in the attitude of lending Banks / Institutions in providing working capital finance to well-run NBFCs. There were also certain initiatives on the part of RBI to make NBFCs as extended arms of banks to improve the outreach of the banking system in a cost-effective manner. However, there was further tightening of regulations seemingly to arrest regulatory arbitrage on the part of foreign Financial Institutions. These took the form of increased provisioning and reduced exposure limit by the banking sector in respect of their lendings to NBFCs. A higher capital adequacy ratio was also prescribed for systemically important Non Deposit taking NBFCs which were hitherto exempted from CRAR and credit concentration norms. These measures are bound to increase the cost and reduce the availability of resources to the NBFC sector from banks. Thus, there are tough challenges awaiting the NBFC sector in the area of resource mobilization. As a saving grace, RBI has raised the cap of interest rate payable by NBFCs (Other than RNBCs) by 150 basis points. However, reduced risk weight on gold loans of commercial banks is yet to be made applicable to NBFCs.

For our Company, the year 2006 was a turning point in its history. With the easier availability of institutional finance, especially from Fullerton India, we could go ahead with aggressive expansion and diversification plans. We could

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open around 153 branches during the year, which took the branch network of the Company to 220 at the end of the year. Presently, the Company has representation in 12 states. Business volume of the Company also went up sizably to over Rs. 457 Crores during the year. Manappuram Insurance Brokers (P) Limited (MAIBRO), the broking arm of our Company received insurance broking license from IRDA, which enabled it to represent any Insurance Company and therefore offer its customers a variety of investment options. As a part of the progressive financial sector liberalization of foreign exchange transactions, RBI had decided to issue AD-2 licenses to select NBFCs which would enable them to effect a wide range of non trade remittances, apart from conducting currency exchange transactions. We are really proud of the fact that MAGFIL is the only NBFC in Kerala to receive this permission. Reflecting the inherent financial strength, the share prices of MAGFIL which are presently listed in Bombay, Cochin and Madras stock exchanges rose to unprecedented levels. The Company also came out with an issue of bonus shares in the ratio of 1:1, thereby achieving the unique distinction of being the first NBFC in Kerala to issue bonus shares. We are surging ahead with aggressive expansion and diversification plans, consistent with our vision to be a national player and a full-fledged one stop financial super market.

In this background, your company could successfully and sustainably meet the challenges and achieve excellent working results. Your company posted a net profit of Rs. 10.61 Crores during the Financial Year as against Rs. 3.95 Crores during 2005-06, an increase of 168%. Profit before tax during the year is Rs. 16.35 Crores as against Rs. 6.06 Cores for the previous year recorded an increase of 169%.

The Gross income of the Company rose to Rs. 43.65 Crores as against Rs. 19.74 Crores during the year showing an increase of 121%. If the net profit of the wholly owned subsidiary of the Company, MAIBRO is also taken to account the net profit of the Company would be Rs. 10.80 Crores. There has also been a substantial spurt in the fee-based income of the Company. The Earning Per Share (EPS) of the Company showed a substantial increase from Rs. 3.44/- to Rs. 9.48/- (post bonus). Considering the overall improvement, your Directors have recommended a higher dividend of 18% on the enhanced equity capital of the Company subsequent to the bonus issue.

It will be seen from the foregoing that the Company has made commendable progress during the year under report. This is in no small measure due to the invaluable support and patronage of the distinguished shareholders. Let me take this opportunity to express my sincere gratitude for the guidance and co-operation received from the Board of Directors. Your company has a team of dedicated executives and employees and I acknowledge their enthusiasm and hard work for the growth of the Company. Let me take this opportunity to thank all employees of the Company for their dedication and hard work. With the continued support and co-operation of the stake holders, your company is confident of scaling even greater heights. Once again let me thank each member for the trust and confidence reposed in us.

With warm regards,

Sd/-

V.P. Nandakumar
Chairman