



Report Junction.com

Energising Gold



17th
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

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

Ph: (0487) 2391306, 2391892, 2399303 Fax No. (0487) 2399298

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



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, 17th 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 31st 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 31st March, 2009.
3. To appoint a director in the place of Mr.P.Manomohanan, 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.

- 2 -

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 15th Annual General Meeting of the Company held on 24th 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 31st 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 31st 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.

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 Prasannan 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-Prasannan 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