

Chairman and Board of Directors



V.P. Nandakumar
Chairman & Managing Director



I. Unnikrishnan
Managing Director

Directors



B.N. Raveendra Babu



Dr. K.K. Mohandas



Juguna G. Panikamparambil



Adv. V.R. Ramachandran



Jyothy Prasannan



P. Manomohan



Dr. V.M. Manoharan



A.R. Sankaranarayanan



Ashvin C Chadha

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From Chairman's Desk

It is once again a great privilege and pleasure to welcome you, on the occasion of the 16th Annual General Meeting of our Company. Our mutual association now spans 16 fruitful years. It is with a sense of immense pride and achievement that I look back at this long and productive association with you. I feel that during this period, our Company has witnessed progressive, all round growth year on year, for which I feel immensely grateful to all our stakeholders who have contributed in no small measure, to this continuing saga of our success.

Macro – economic scenario

The fiscal year 2007-08 started off as one of the most promising year notable for several reasons such as our nation celebrating its 60th year of independence, the country's highest office being adorned by a woman President, increased global recognition of Indian entrepreneurs etc. The overall macro-economic fundamentals of the country continued to be robust. The economy recorded a growth of around 8.5% during the year on the top of 9% growth recorded in the previous two years. Agricultural sector, however, continued to be a laggard with only 2.2% growth which prompted our planners to target a 4% growth for agriculture in the eleventh plan. Besides, the inflation touching a dreaded 12.1% at the end of July 2008 and oil prices rising to a record level caused a very serious concern that triggered a slew of fiscal and monetary measures to try and address the situation. The stock market witnessed a bull rally till December 2007 and sensx which is the barometer of Indian Capital market rose to an all time high level to touch the coverable 21K but tanked by around 6K in January 2008 on account of global cues before it started looking up. Gold prices rose to an all time record surpassing the historic high of \$850 per ounce recorded in 1981 and gold proved to be an investment avenue that outperformed several other investment options. The interest rate cuts announced by US Federal Reserve in aftermath of sub-prime meltdown that rocked US triggered capital flows into India and our forex reserves crossed \$ 313 billion. Meanwhile, Indian political economy witnessed certain initiatives like Affirmative Action, financial inclusion and inclusive growth. In sum, India remained as one of the best-managed economies amidst the turbulence in the international financial arena.

Banking and NBFC sector

Indian financial sector was on a firmer footing and was substantially insulated from the sub-prime crisis in US. Indian Banks are gearing up to meet the BASEL – II norms with a considerable decline in their delinquency levels. NBFC sector witnessed stricter regulatory prescriptions. Non-deposit taking Companies with asset base over Rs.100 crores were rechristened as Systemically Important Non-Deposit Taking NBFCs (SI-NBFCs-ND) and were subjected to prudential

regulations of capital adequacy and credit concentration norms. Besides bank lending to NBFCs were subjected to higher risk weight of 125% forcing NBFCs to look for an alternative funding options. Corporate governance standards were also made mandatory for NBFCs by RBI in May 2007.



About the Company

Fiscal 2007–08 was quite significant for your Company. With the improved availability of working capital finance from banks and financial institutions, we could vigorously pursue our expansion plans and could penetrate and establish branches in Eastern, Western and Northern parts of the country. Today your Company has 320 branches spread across 13 states in the country. The spurt in the gold prices further brightened the profitable operations of your Company. Another noteworthy development was the infusion of equity into the Company by two internationally renowned private equity players viz; Hudson Equity Holdings Limited and Sequoia Capital India Growth Investments I. Thus your Company has the distinction of being the first NBFC in Kerala to receive foreign direct investment.

It is a matter of great pride for us that ICRA, the rating agency has upgraded the rating of your Company to MA+ for its Fixed Deposit Programme. The Company has thus achieved the distinction of being the highest rated NBFC in Kerala. The Company has also been awarded a rating of LA by ICRA for its working capital limit enjoyed from banking system denoting average credit risk for lending Banks. This rating has been awarded as part of BASEL – II discipline which makes it mandatory for corporate borrowers of banks to get themselves rated from the year 2008 – 09. Corporate borrowers like our Company with average credit risk attracts only a lower capital adequacy ratio for Banks. Our Bankers, therefore, enjoy much greater comfort level while lending to us.

Performance of the Company in 2007-08

In the above background your Company could successfully and sustainably meet the challenges and achieve excellent working results. The Company posted a consolidated net profit of Rs. 21.36 crores during the last financial year as against Rs.10 .80 crores during the previous financial year recording an increase of 97.78%. Profit Before Tax for the year is Rs. 32.53 crores as against Rs.16.64 crores in the previous year showing an increase of 95.49%. The gross

income of the Company rose to Rs. 80.58 crores from Rs.44.21 crores during the last financial year. There has also been substantial spurt in the fee-based income of the Company from Rs. 0.63 crores in 2006-07 to Rs. 0.96 crores in the year 2007-08. Earning per share (EPS) of the Company also recorded a significant increase from Rs. 9.48 to Rs. 18.76 this year. Considering the overall improvement, your directors are pleased to recommend a higher dividend of 20% including the interim dividend of 15% declared and paid by the Company in March 2008.

Future Plan

All that I have highlighted above is only a beginning of our growth story and we have much greater plans ahead. We plan to explore new vistas in the field of gold loans about which we have great ambitions. It has all along been our vision to impart liquidity to the vast privately held gold reserves in the country, which is estimated to be around 15,000 tones. We aim to be a major player in this field with at least 10% of the market share. To start with we have an ambitious plan to have a loan size of Rs.2000 crores by the

end of the current financial year. The recent spurt in the price of gold has provided impetus to our plan which we plan to christen and launch as "Mission Rs2.K Crore-9".

It is clearly evident that our Company has made commendable progress during the year under report. This is substantially, on account of invaluable support and patronage of the distinguished stakeholders, the guidance and co-operation from the Company's Board of Directors, and dedicated hard work and enthusiasm of our executives and employees. Let me take this opportunity to express my sincere gratitude to all the stakeholders of the Company. With their continued support and co-operation, the Company is confident of making its dream a reality. Once again I thank each member for the trust and confidence reposed in the management. We look forward to even more success in the year to come.

With warm regards,

Sd/-

V.P.Nandakumar
Chairman

PROFILE OF DIRECTORS

1	Mr. V.P. Nandakumar Chairman and Managing Director	M.Sc., CAIIB (Part I). Chairman and Managing Director. Chief Promoter of Manappuram Group of Companies. Served the Banking Industry in various capacities for a period of 7 years. Vice Chairman of Equipment Leasing Association (India). Chairman of KNBFC Association
2	Mr. I. Unnikrishnan Managing Director	B.Com., FCA. Advisory expert in matters relating to NBFCs.
3	Mr. B.N. Raveendra Babu Non-Executive Director	M. Com., I.C.M.A (Inter). Expertise in Information Technology. Served 12 years in a senior position in the Finance and Accounts Dept. 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. Panikampambal Non-Executive Director	B.Tech (IIT), M.Tech (Cornel University, US). Have 12 years experience as Senior Production Engineer, M/s Abu Dhabi Petroleum Corporation, UAE
6	Adv. V.R. Ramachandran Non-Executive Director	B.Sc., LLB. Advocate. Well known Civil Lawyer of the Thrissur Bar
7	Smt. Jyothi Prasannan Non-Executive Director	M.Sc., B.Ed., Whole time Director of one of the Group Cos.
8	Mr. P. Manomohanam Non-Executive Director	B.Com., CAIIB. Former General Manager of Reserve Bank of India. Long experience in the Reserve Bank of India in various capacities.
9	Dr. V.M. Manoharan Non-Executive Director	M.Com., Phd. Formerly, Dean, KMCT School of Business, Manassery, Kozhikode. Former Dy. Director of Collegiate Education, Thrissur Zone, Principal of Government Colleges, Thrissur, Thalassery, Chittur and Manjeswar. Syndicate Member, University of Calicut.
10	Mr. A.R. Sankaranarayanan Non-Executive Director	M.Sc., IRS (Retd). Presently Advisor Arya Vaidya Sala, Kottakkal. Former MD, Steel Authority International Ltd. Director, Prime Minister's Secretariate. Director Federal Bank.
11	Mr. Ashvin C Chadha Non-Executive Director	BA in Economics from Wesleyan University. Vice President, India Equity Partners Advisors Pvt. Ltd.

Company Secretary : C. Radhakrishnan

Chief Finance Officer : Bindhu A.L.

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

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 - 641 012.
Phone : 91-422-2499856

MANAPPURAM General Finance and Leasing Limited
Regd. Office : V/104, Manappuram House, Valapad, Thrissur - 680 567
 Ph: (0487) 2391306, 2391892
 E-mail : mail@manappuram.com Website - www.manappuram.com

OUR SERVICES AVAILABLE AT

KERALA STATE - THRISSUR		Phone	29. Kothamangalam	0485-3266711	PALAKKAD	Phone	
1.	Naikkanal	0487-2335544	30. Pallikkara	0484-3223720	59. Palakkad	0491- 2528634	
2.	Guruvayur	0487-2554041	31. Thoppumpady	0484-3277665		3257969	
		3252967	32. Thripunithura	0484-3298884	60. Nemmara	04922-244332	
3.	Triprayar	0487- 2392663				3322153	
		3258731	THIRUVANANTHAPURAM			61. Kollengode	0492-264505
4.	Kodakara	0480-2728441	33. Nedumangad	0472-2801525		3322633	
		3295790		3205949	62. Kozhijampara	0492-273091	
5.	Kechery	04885-242644	34. Varkala	0470-2611489		3322779	
		325277		3249075	63. Shornur	0466-223379	
6.	Cherpu	0487-2347666	35. Attingal	0470-2629798		3205955	
		3253496		3209792	64. Alathur	0492-2226251	
7.	Irinjalakuda	0480-2832671	36. Karamana	0471-3216020		2322285	
		3295753		2596563	65. Mannarkkad	04924-223768	
8.	Pazhayannur	04884-226824	37. Neyyattinkara	0471-2222261		321557	
9.	Chirakkal	0487-2272694		095471-3249779	66. Cherupulasseri	0466-2284920	
		3206435	KOLLAM			3207249	
10.	Varandarappilli	0480-2763731	38. Ochira	0476-2698008	67. Kuzhalmannam	04992-272948	
		3202844		3204241		322895	
11.	Thiruvilwamala	04884-283818	39. Chathannoor	0474-2593171	68. Olavakkode	04912-2552591	
12.	Kodali	0480-2744024		3206667		3201265	
13.	Koorkenchery	0487-2428439	40. Ayur	0475-2293002	69. Pudunagaram	0492-251841	
		3244291		3208878		3322770	
14.	Sreenarayanapuram	0480-2859999	41. Kottarakara	0474-2459587	70. Koottanad	0466-3200667	
		3205168		3200131	71. Kanjikode	0491-3209001	
15.	Kattoor	0480-2870016	42. Punalur	0475-3205533	72. Mangalam Dam	0492-2324404	
		3202451	43. Ramapuram	04822322545	MALAPPURAM		
16.	Mullassery	0487-2262784	44. Pathanapuram	0475-3206978	73. Tirur	0494-2421440	
		3246739				3253290	
17.	Pattikkad	0487-2283018	PATHANAMTHITTA			74. Manjeri	0483- 2769989
		3246743	45. Pathanamthitta	0468-2271658		3299300	
18.	Azhikode	0480-2815955		3207818	75. Ponnani	0494-2669086	
		3202593	46. Ranni	0473-5326868		3209050	
19.	Kanjani	0487-2639600	47. Adoor	04734321324	76. Kondotti	0483-3204272	
		3251005	48. Kozhenchery	04683203234		2104730	
20.	Kuttanellur	0487-3269785	49. Pandalam	04734323376	77. Kuttippuram	0494-2609878	
21.	Chazhur (Alappad)	0487-2275188	50. Konni	04683203785		3207097	
		3269752	ALAPUZHA			78. Parappanangadi	0494-2415243
22.	Perumbilavu	04885-320865	51. Alappuzha	0477-2239334		3204692	
23.	Mundoor	0487-2215544		3203007	79. Angadippuram	04933-227373	
		3259732	52. Haripad	0479-2404127		320927	
				3200858	80. Wandur	0493-321414	
ERNAKULAM			53. Kayamkulam	04793249690	81. Payyanangadi	0493-2425328	
24.	Ernakulam	0484-2371525	54. Chengannur	0479-2452675		3207780	
		3238554			82. Tanur	0494-2444490	
25.	Kaloor	0484-2537020	KOTTAYAM			3207530	
		3231578	55. Pala	9548-22323343	83. Changaramkulam	0494-2656088	
26.	Aluva	0484-2629731	56. Erattupetta	04822325255		3207760	
		3213310	57. Erumely	04828322992	84. Kalikavu	04931-321817	
27.	Cherai	0484-2418223	58. Kanjirappally	0482-8323299		258867	
		3246482			85. Karuvarakundu	04931-282324	
28.	Malipuram	0484-3200623				321770	

86. Downhill Malappuram-Tirur road	09548-33208404	116. Nagercoil	04652-226870 321003	141. Coimbatore-Gandhipuram	0422- 2492680 3297899
KOZHICKODE		TIRUNELVELI		142. Avinashi	04296-271270 324422
87. Kozhikode	0495-2727767 3246206	117. Alangulam	04633-270662 324432	THOOTHUKUDI	
88. West Hill	0495-2380713 3246687	118. Ambasamudram	09943632912	143. Thoothukudi	0461-3204595
89. Thamarassery	0495-2222787 3248950	119. Tenkasi	04633322808	NILGIRI	
90. Ramanattukara	0495-2441478 3249349	TIRUVARUR		144. Coonoor	0423-2221332 3200925
91. Koyilandi	0496-2621904 3295326	120. Mannargudi	04367-324544 253903	145. Ootty	0423-2445615 3204277
92. Vadakara	0496-2517741 3295141	121. Nidamangalam	04367-260065 324300	146. Gudalur	09894627783
93. Perambra	0496-2615302 3294836	122. Tiruvarur	04331-250498 320105	ERODE	
94. Feroke	0495-2481057 3222227	NAMAKKAL		147. Kangayam	04257-222040 325521
95. Balussery	0496-2640033 3260067	123. Rasipuram	0428-7326787	148. Sathyamangalam	04295-220051
96. Vellimadukunnu	0495-3222039	THENI		149. Bhavani	04256-320003 233234
97. Medical College	0495-3224848	124. Cumbum	04554-270381 320980	150. Punjaipuliyampatti	04295-269546 320810
98. Kadalundi	0495-3229000	125. Bodinayakkanur	04554-6282436 325828	151. Dharapuram	04258-221081 320882
99. Pallur	0490-3242930	126. Periyakulam	04546-230950 326688	KARUR	
WAYANAD		127. Andipatti	04546-242885 321222	152. Karur	04324-262650 320680
100. Kalpatta	0493- 6204384 324689	128. Theni	04546-327752	THANJAVUR	
KANNUR		MADURAI		153. Papanasam	0437-4320211
101. Kannur	0497-2711318 3253507	129. Arapalayam	0452-3209290 2380133	154. Kumbakonam	0435-2402020 3208877
102. Talap	0497-2704832 3292182	130. Townhall Road	0452-2343069 3205560	155. Tiruvaiyaru	04362-260976 321210
103. Iritty	0490-2491534 3293129	131. Tallakulam	0452-2532303 3208020	TIRUPUR	
104. Thalassery	0490-2343860 3292943	132. Madura West Masi Street	0452-2343069 3202632	156. Tirupur P. N. Road	0421-3260016
105. Payyanur	04985- 206455 325099	DINDIGUL		SALEM	
106. Pappinissery	0497-2788832	133. Batlagundu	04543-264533 320772	157. Salem Five Road	0427-3200440
107. Valapattanam	0497-2776582	134. Oddanchatram	04553-243359 320550	158. Attur	04282-253435 320599
108. Sreekandapuram	0460-2233378	135. Dindigul	0451-2424432 3205030	KRISHNAGIRI	
109. Mattannur	0490-3247800	136. Palani	04545-244055 320069	159. Hosur	04344-245022 325343
110. Kuthuparamba	0490-2365090	137. Natham	0454-4246093 4320111	160. Krishnagiri	04843-235606 324113
KASARGODE		COIMBATORE		DHARMAPURI	
111. Manjeshwar	04998-230038 3252904	138. Udumalpet	04252-232939 320535	161. Dharmapuri	04342-326006
112. Uppala	04998-242001	139. Mettupalayam	04254-220264 320885	162. Hosur Tank Street	
TAMILNADU STATE - KANYAKUMARI		140. Ganapathy	0422-2630255 3255458	VILLUPURAM	
113. Kanniyakumari	04652-247325 321777			163. Villupuram	04146-324998
114. Kolachel	04651-225779 323337			164. Tindivanam	0414-7321717
115. Monday Market	04651-220414 323858				

THIRUVANNAMALAI		VIRUDHU NAGAR		216. J.P.Nagar	080-32478702
165. Chetput	04181-320970 252444	190. Rayapalayam	04563-222153 326030	CHICKMAGALURE	
166. Arni	0417-3322972	KARNATAKA STATE - CHAMRAJNAGAR		217. Chikmagalur	08262-233213 320938
VELLORE		191. Kollegal	08224-256709 320500	218. Tarikere	08261-222096 320933
167. Walajapet	0417-2324361 232595	192. Gundlupet	08229-222857 321539	UDUPPI	
168. Vellore	0416-2211533 3206589	193. Chamrajnagar	08226-222226 3242914	219. Karkala	08258-232388 326219
169. Arcot	0417-2325246	MYSORE		220. Uduppi	0820-2526663 3206667
KANCHIPURAM		194. Devaraj Urs Road	0821-2420243 3205565	TUMKUR	
170. Kanchipuram	044-27234949 37206132	195. Mandimohalla	0821-3264408	221. Tumkur	0816-2277664 3297772
171. Adyar	044-24405542 32521123	MANDYA		222. Tiptur	08134-251124 325970
CHENNAI		196. Mandya	08232-223028 324060	223. Gubbi	08131-222024 321112
172. Theyanmpet	044- 2341839 30962026	DAKSHINA KANNADA		224. Madhugiri	081-37282138 321616
173. Anna Nagar	044-30961982 26203484	197. B C Road	08255-324852 233854	225. Pavagada	09343732521
174. Vadapalani	044-32961983 24727372	198. Sullia	08257-230665 320413	KOLAR	
175. Aynavaram	044-6442092 32006343	199. Thookottu	0824-2460888 3212197	226. Kolar	08152-320922 222193
176. Kaladipet	044-25993895 32536672	200. Kankanady	0824-2430287 3212474	CHITRADURGA	
177. Thiru –Vi –Ka Nagar	044-25592310 32537582	201. Puttur	08251-231036 320564	227. Chitradurga	08194-228850 320979
178. Ramapuram	044-224904224 32538573	HASSAN		228. Hiriyyur	08193-229977 320909
179. Muthamizh Nagar	044-25549096 32538140	202. Hassan	08172-326066 232119	229. Hubli	083-63206824
180. Madavaram High Road	044-25594774 32528438	203. Arsikere	08174-324635 233717	230. Belgaum	0831-2451809
181. Virugampakam	044-32413338	BANGALORE		SHIMOGA	
182. T Nagar	044-32419941	204. Ramamurthy Nagar	080-25661198 32977244	231. Shimoga	0818-2225623 2320065
THIRUVALLUR		205. Kamashipalayam	080-23281124 32978066	RAICHUR	
183. Avadi	044-26556018 32936200	206. Ulsoor	080-25775048 32938013	232. Sindhanur	08535221212
184. Ambatthur	044-26585325 3200199	207. Rajaji Nagar	080-23577751 32938014	BELLARY	
185. Karayanchavadi	044-26490945 3200076	208. Kengeri	080-28484193 32978727	233. Bellary	08392327627
186. Tirittani	044-27885162 37802177	209. Jalahalli	080-32446246	234. Hospet	08394-321988
TUTICORIN		210. Sunkadakatte	080-32446448	UTTAR KARNATAKA	
187. Vilattikulam	04638-234002 320321	211. St. John's Church Road (Coles Park)	080-32447552	235. Karwar	0838-2326980 2226211
188. Nazareth	04639-324445	212. Sreenivas Nagar (Banshankari)	080-32448030	ANDHRA PRADESH STATE - CHITTOOR	
PERAMBALLUR		213. J C Nagar	080-32467475	236. Chittoor	0857-2231716 2320902
189. Jeyangondam	04331-250498 320105	214. Hoskote	081-11329704	237. Tirupathi	0857-2222357 3208990
		215. Kammanahalli	080-32478566	238. Madanapally	0857-1322022
				239. Palamaner	0857-9321116

KURNOOL

240. Kurnool 0851-8313933

NELLORE241. Nellore 0861-3200296
3206022
242. Kavali 0862-6324878**ANANTAPUR**243. Anantapur 08554-275722
324747
244. Hindupur 08556-223172
320707
245. Tadpatri 0855-8320444
246. Guntakal 0855-2325770
247. Kadiri 09390982286**GUNTUR**248. Guntur 0863-3201131
249. Tenali 0864-4325625
250. Vinukonda 9396694099**KRISHNA**251. Governpet 0866-2577173
3209809
252. Benzircle 0866-2471787
3202101
253. One town 0866-2566465
3200404
254. Machavaram 0866-2435356
23207076
255. Nuzvid 0865-6320800**KARIMNAGAR**

256. Sircilla 0872-3326600

RANGAREDDY257. Kamala Nagar 040-27134968
32944605
258. Dilsuknagar 040-24050369
32996881
259. Malkajgiri 040-27052439
32002041
260. Uppal 040-27201590
32002040
261. Kukatpally 040-23051170
32975253
262. Vikarabad 0841-6321262
263. Attapur 04032480044**NIZAMABAD**

264. Kamareddy 08468222777

KHAMMAM265. Khammam 08742322610
266. Kothagudem 08744326009**HYDERABAD - WEST GODAVARI**267. Eluru 08812-227472
320507268. Tadepalligudem 0881-8224211
269. Nidadavole 0881-3324878
270. Hanuman Junction 08656-242223**EAST GODAVARI**271. Jaganathapuram 0884-237435
3205475
272. Devichowk 0883-2462177
3205477
273. Ramachandrapuram 08857-325170
57243533
274. Rajahmundry 08822208088**VISAKAPATTANAM**275. NAD Cross Road 0891-2517432
3207335
276. Dhabagarden 0891-2529876
3209660
277. Vizag 0891-3209660
278. Anakapalle 08924324677
279. Gajuwaka 08913267683**MEDAK**

280. Zahirabad 09397071611

ADILABAD281. Adilabad 0873-2324432
2220729
282. Nirmal 08734324208
283. Kagaznagar 087-38235001**PRAKASAM**

284. Ongole 0859-2324445

MAHARASHTRA STATE - MUMBAI285. Sakinaka 022-28514572
32573539**THANE**286. Kalyan 0251-2337751
3251341
287. Kalyan West 0251-2313775
3249422
288. Nerul 022-65117804
3255776
289. Dombivli 0251-2443578
3299753
290. Thane 022-25399437
32455944
291. Vasai 0250-2348393
3259059292. Mira Road- Mumbai 022-32636803
293. Ambernath 0251-2605612
3246898294. Vashi 022-27655565
32637793
295. Bhiwandi 02522-222724
3206146296. Badlapur 0251-2675722
3208511297. Airoli 022-27603368
298. Ghansoli 022-27546077
32484931**RAIGAD**

299. Navi Mumbai-Khargar 022-32476113

NAGPUR300. Gittikhadan 0712-3255415
2596879
301. Hingana Road 0712-3255158
302. Kamptee 07109-320350
303. Gandhibagh 0712-2309315
2730801
304. Kamalchawk 0712-2630410
3257152**PUNE**305. Khadki 020-25824640
32100054
306. Chinchawad 020-27463349
32601988
307. Shukrawarpeth 020-24486226
308. M.G.Road Pune 020-26334165**GUJARAT**309. Amraiwadi 079-2585069
310. Old Vadaj 079-27552918
311. Sabarmati 079-27516658**AHAMADABAD**

312. Odhav 079-27552918

HARYANA STATE - AMBALA

313. Ambala 0171-3200733

PANCHKULA314. Panchkula 0172-2586217
3203616**PUNJAB STATE - PATIALA**315. Rajapura 01762-240383
322654**SAS NAGAR**316. Mohali 0172-3205443
5013948**RAJASTHAN - Jaipur**317. Jhotwara 0141-3140996
318. Sanganeer 0141-3140995**UTTAR PRADESH STATE - GAZIABAD**319. Gaziabad 0120-2702678
3225010**DELHI- North West Delhi**

320. Rohini 011-32542712

DIRECTORS' REPORT

Dear Members

Your Directors have pleasure to present the 16th Annual Report on the working of the company together with the Audited Accounts and the report of the Auditors for the financial year ended 31st March 2008.

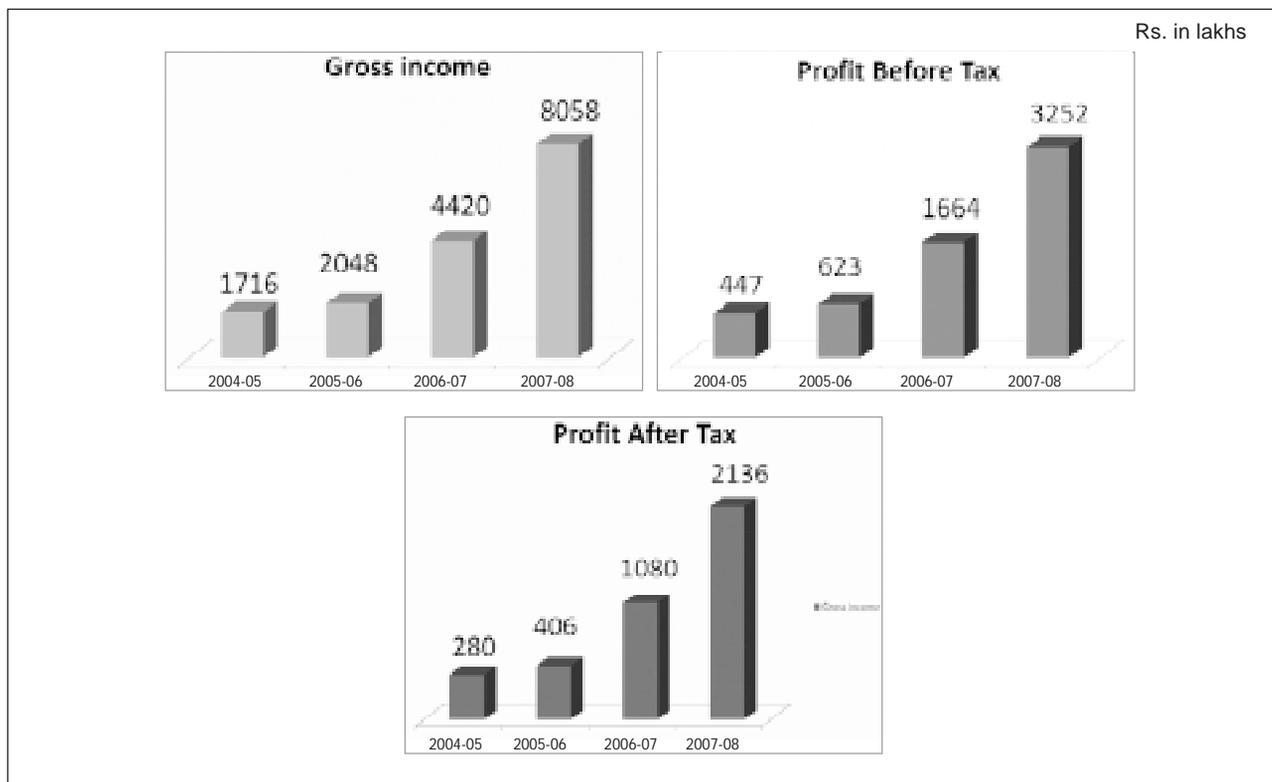
1. Financial Results

(Rupees in lakhs)

Description	2007-08	2006-07	2007-08 (Consolidated)
Income from Operations	7966.00	4365.00	8058.00
Total Expenditure	4770.00	2730.00	4806.00
Profit before Tax	3196.00	1635.00	3252.00
Provision for Taxes/Deferred tax	1097.00	574.00	1116.00
Net Profit	2099.00	1061.00	2136.00
Profit b/f from previous year	61.40	28.00	102.00
Amount available for appropriations	2160.40	1089.20	2238.10
Appropriation			
Transfer to Statutory Reserve	420.00	220.00	420.00
Transfer to General Reserve	1000.00	500.00	1000.00
Transfer to Capital Redemption Reserve	57.15	57.15	57.15
Dividend on Convertible Preference shares	0.65	-	0.65
Dividend on Preference shares	30.00	16.25	30.00
Interim dividend paid	165.00	-	165.00
Proposed equity dividend	55.00*	198.00	55.00
Tax on dividend	42.60	36.40	42.60
Balance carried forward to next year	390.00	61.40	467.70

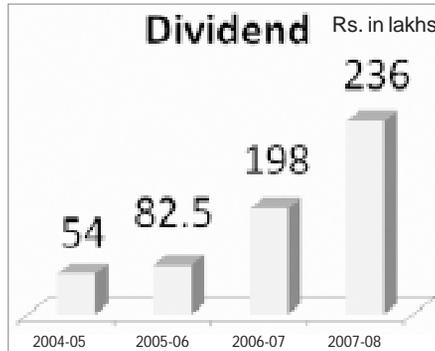
*Excluding the dividend on Converted Equity

CONSOLIDATED FINANCIAL HIGHLIGHTS OVER THE YEARS



2. Dividend

Encouraged by the improved performance of your company during the year, the Board is pleased to recommend a dividend of 20% (ie; Rs.2/- per equity share of Rs.10 each) on the paid up equity capital of the company. The company had already paid an interim dividend of 15% and the remaining 5% would be paid, after the same is passed by the members at the coming Annual General Meeting, to those members whose name appears on the register of members as on the date of book closure. The cash outflow on account of dividend would be Rs. 236 lakhs compared to Rs 198 lakhs during the previous year.



3. Issue of Compulsorily Convertible Preference Shares

As per the approval given by the members at the Extra Ordinary General Meeting of the company held on 05.12.2007, your directors had allotted 2340000 Nos Compulsorily Convertible Preference Shares (CCPS) of Rs. 100 each to M/s Hudson Equity Holding Limited and Sequoia Capital India Growth Investments I respectively. As per the terms of agreement entered into with the investors the CCPS were converted into equity shares at the board meeting held on 21-6-2008 and 3283582 equity shares were allotted to the investors. With the above allotment, the paid up equity share capital of the company has been increased to Rs. 142,835,820.

4. Capital and reserves

Capital and reserves of the company as on 31.03.2008 stood at Rs.9298.28 lakhs. During the year under review the Company transferred Rs.420 lakhs to Statutory Reserve and Rs.1000 lakhs to General Reserve.

5. Working results

The year 2007-08 was a year with excellent financial results as far as your company was concerned. The company has posted a record profit after tax of Rs. 2099 lakhs as against Rs.1061 lakhs during the previous year signifying an increase of 98%. Income from operations also registered an increase of 82% at Rs.7966 lakhs as against Rs.4365 lakhs for the year 2006-07. The consolidated profit after tax was also up by 98% at Rs. 2136 lakhs against Rs.1081 lakhs during the previous year.

Your directors propose to expand the reach of the company still further by opening new branches in all important urban/semi urban locations of the country. Along with this, we also plan to introduce new products and services catering to the needs of different types of customers.

6. Subsidiary Company

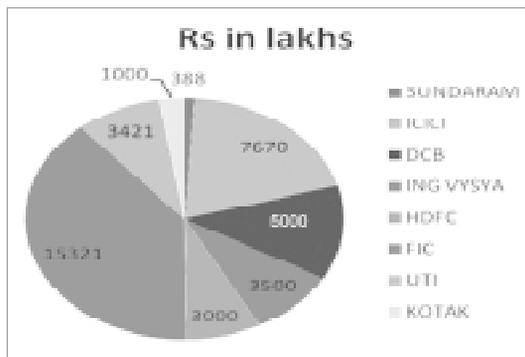
The subsidiary of the company viz; Manappuram Insurance Brokers (P) Limited is active in the field of Insurance broking - both life and general. The company could post an after tax profit of Rs. 37 lakhs during the year under review on a total turnover of Rs. 92.46 Lakhs. The required details pursuant to Section 212 of the Companies Act 1956 relating to subsidiary Companies are given separately and forms part of the report of the Board.

7. Business outlook

Your directors are confident that there exists ample potential for growth for a well run financial service company like yours. Future of a financial service industry depends much on its credibility, efficiency and customer satisfaction. Further, new market segments have to be identified along with strengthening the marketing techniques. Diversification of funding avenues is also highly essential for lowering fund costs. Innovative products, improved relationship management, efficient customer service, better use of technology and reduced operational costs will become the hallmark of successful NBFCs in future. Your directors recognized these facts and worked out suitable action plans well in advance.

8. Resources

As part of the efforts to identify cheaper source of funds, your directors held discussions with many reputed concerns at national and international levels. As a result of the negotiations and discussions, your company could mobilize overseas funds to the tune of Rs.46.80 Crores recently. To meet the expansion plans as also the escalating needs of retail customers, your directors will have to make all out efforts for further mobilization. Efforts in this direction are already on.



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

a) Deposits

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

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

- i) Total number of accounts of public deposits of the company which have not been claimed by the depositors or not paid by the Company after the due date : 4070 nos
- ii) Total amount due under such accounts remaining unclaimed or unpaid beyond the dates referred to in (i) above : 8.09 crore

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

b) Debentures

Your company continues to issue fully secured redeemable non-convertible debentures of Rs 1000/- each on private placement basis. The outstanding balance of Debentures as on 31/03/2008 amounted to Rs.63 crores. The debentures are issued on private placement basis and are secured by a floating charge created on the receivables of Gold Loan and other current assets of the company. The Company has appointed trustees to see that the interests of debenture holders are well protected. Any amount remaining unclaimed is transferred to debenture trustees account after the expiry of sixty days from the date of maturity.

- c) Unsecured Bonds : The company issued unsecured Subordinated Bonds in the nature of Promissory Notes on private placement basis. These Bonds will be treated as Tier II Capital as per RBI norms. The outstanding figure of these bonds as on 31-03-2008 amounted to Rs. 27 crores.

9. New recognitions

Credit Rating

Your directors feel pleasure to inform that the existing MA rating of the company has been upgraded to MA+ by ICRA. Further the company got 'LA' rating from ICRA, Chennai for the working capital limit of Rs 100 Crores under Basel II norms which indicate average credit risk. Your company is the first to get the highest rating in Kerala awarded to an NBFC. The Company was also nominated for Customer Responsiveness Award 2006 instituted by M/s. Avaya Global Connect.

10. Compliance with NBFC regulations

Your Company has complied with all the regulatory provisions framed by Reserve Bank of India for Non-Banking

Financial Companies. The capital adequacy ratio of the company as on 31-03-2008 is 34.21% as against the statutory requirement of 15%.

11. Directors

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

- 1) Sri. Juguna G Panikamparambil
- 2) Dr. K K Mohandas
- 3) Smt. Jyothy Prasannan

Shri. Juguna G Panikamparambil has been associated with the company from 16.08.97 when he was inducted as an additional director. His appointment was confirmed at the Annual General Meeting of the company held on 27.09.97.

Dr. K K Mohandas is a Medical Professional and has been associated with the company from 14.07.93 when he was inducted as an additional director. His appointment was confirmed at the annual general meeting of the company held on 04.09.1993.

Smt. Jyothy Prasannan was appointed as an additional director of the company with effect from 19.04.2002. Her appointment was confirmed by the members at the annual general meeting held on 06.09.2002.

Following Directors have resigned on their own from the directorship of the company with effect from 05.12.2007. Their resignations were accepted by your Board.

Mr. T.S. Ramakrishnan
Mr. P.G. Wales

As per the terms of the agreement for private equity, M/s Hudson Equity Holdings Limited has nominated Mr. Ashvin Chadha as a nominee director on the Board of Your Company. His appointment was made at the Board Meeting dated 31.01.2008.

12. Particulars of Employees

The company has no employees whose remuneration would exceed the limits prescribed under section 217 (2A) of the Companies Act, 1956. The details of remuneration paid to managerial personnel are separately given in the disclosure on Corporate Governance.

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

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

Your company has no activities relating to conservation of energy/technology absorption or foreign exchange earnings and outgo.

14. Directors' Responsibility Statement

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

- a) In the preparation of Annual Accounts for the financial year ended 31/03/2008, applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2007-08 and of the profit of the company for that period.
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the Annual Accounts for the year 2007-08 on a going concern basis.

15. Auditors

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

16. Report on Corporate Governance

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

17. Management discussion and analysis

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

18. Acknowledgement

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

For and on behalf of the Board of Directors

Sd/-

V.P. Nandakumar

Chairman & Managing Director

Place : Valapad
Date : 30.06.2008

Annexure to the Board's Report

Comments/reply to Clause 18.10 of Notes to accounts of the Auditor's report

Company, suomotu, has filed a petition with ROC Kerala for compounding of offence under section 621A of the Companies Act, 1956 for the violation of section 297 of the Act.

For and on behalf of the Board of Directors

Sd/-

V.P. Nandakumar

Chairman & Managing Director

Place : Valapad
Date : 30.06.2008

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Economic outlook

Despite the concerns on inflation touching a dreaded 12% and unprecedented rise in oil prices, Indian economy is expected to sustain its growth in the coming years also. The stock market has also started stabilizing after tanking by 6000 points in January 2008. Unprecedented rise in gold prices and certain degree of volatility have offered both a challenge and an opportunity to financial institutions lending against gold.

2. Industry Structure and Developments

The non banking financial sector in India has recorded considerable growth during the last two decades.

They render a wide range of services catering to the needs of both savers and investors. NBFCs in India are capable of providing services similar to banks. Growing financialisation of savings has given a boost to the development of NBFC sector. There has also been marked improvement in the attitude of commercial banks in the matter of providing financial assistance to NBFCs. Basel – II discipline which imposed mandatory rating on corporate borrowers of banks posed challenges to NBFCs seeking bank finance.

Manappuram General Finance and Leasing Limited with net fixed asset of Rs. 1632 lakhs is one of the leading non-banking finance companies in India. The company, along with its subsidiary company, provides a range of services such as Gold loan, vehicle finance, insurance, forex, distribution of mutual fund and other financial products. Over the years, the company has built a strong presence in the market through its cumulative experience, strong distribution network as well as sound systems and processes. The company's long-term aspiration is to play a significant role in meeting the financial requirements of retail customers as well as medium enterprises.

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

3. Opportunities

The core area of the Company's activities viz. Gold Loan continues to offer immense potential. It is estimated that there are 15000 tonnes of privately held gold in the country. Our vision is to impart liquidity to at least 10% of such privately held gold. Consistent with this vision, we have been establishing branches across the country. During the year the company has taken a number of initiatives to improve the quality of its operations. Several schemes were introduced to meet the needs and preferences of customers. There has also been a perceptible improvement in the attitude of lending institutions and this has substantially alleviated the problems of working capital finances.

4. Threats

The foray of commercial banks and other NBFCs into retail loans continues to be a threat for business growth. Maintenance of regulatory capital (CRAR) at 15% is another challenge towards asset growth. The interest of global investors in Indian Capital Market is however increasing and this can bring in sizable FDI funds. The company is well equipped to explore this potential as exemplified by the recent infusion of foreign private equity into the company. Attrition level in the industry is high on account of growing opportunities in the employment market. Retaining talented professional is therefore a great challenge before the company. In this context there is a paramount need to leverage on the technology to offer prompt customer service.

5. Segment wise performance

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

(Rupees in Lacs)

Description	Asset Finance		Gold Loan and other loans		Fee Based Activities		Unallocated Items	
	As on 31.03.08	As on 31.03.07	As on 31.03.08	As on 31.03.07	As on 31.03.08	As on 31.03.07	As on 31.03.08	As on 31.03.07
Revenue	1844.65	954.83	5992.41	3203.39	188.47	119.30	32.89	143.16
Expense	1123.94	535.87	3371.90	1614.31	51.02	29.34	258.94	576.73
Result	720.71	418.96	2620.51	1589.08	137.45	89.96	(226.05)	(433.57)

(Figures in brackets signify losses/ expenses)

6. Risks and Concerns

The company has put in place a mechanism to minimize operational risk by way of effective internal control systems, constant system of review and an ongoing internal audit programme. The risk management framework of the company aims to identify the diverse risks faced by the company and evolve appropriate mitigation strategies. The Internal Auditors of the Company undertake a comprehensive audit of functional areas and operations at all branches of the Company. The Internal Audit Team reports directly to the Audit Committee of the Board. The Company had engaged M/s. KPMG to conduct a detailed study of its risk perspectives. The Company is in the process of implementing their recommendations.

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

The Company faces currency risks arising out of the accumulation of foreign currencies at branches. To address this, branches have been given proper instructions on the unloading of currencies which are also centrally monitored.

7. Internal Control System and their Adequacy

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

8. Discussion on Financial Performance

The consolidated income from operations rose to Rs. 80.58 crores from Rs 44.21 crores during the financial year ended 31st March 2008. The company posted a consolidated net profit of Rs. 21.36 crores during the year as against Rs 10.80 crores during the previous year recording an increase of 97.78 %. The profit is inclusive of Rs 37 lakhs contributed by the 100% subsidiary of the company viz; Manappuram Insurance Brokers (P) Limited. Board of directors has recommended a dividend of 20 % on the paid up capital of the company considering the improved performance during the year under reference.

9. Human resources and the infrastructure developments

Company's dynamic growth greatly depends on the development and maintenance of an organisation structure and human resources to keep pace with the changing business environment and ensuring staff continuity. The company took a number of initiatives to strengthen human resources during the year to improve several HR practices in the organisation. Towards this the company has also engaged the services of an internationally reputed consultant to advice on matters like Manpower planning, training and development, performance appraisal HR audit and the like.

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

10. Cautionary Statement

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

By order of the Board

Sd/-

V.P. Nandakumar

Chairman and Managing Director

Valapad
30.06.2008

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy

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

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

Board of Directors

The Board of Manappuram comprises eleven directors drawn from varying fields who have mastered their respective areas. The composition of the Board fulfills the prescribed requirements as laid down in Clause 49 of the listing agreement. The composition also fulfills the requirements of the circular issued by the Reserve Bank of India in this regard. Of the total 11 directors, 9 directors are non-executives directors. There are 6 independent directors as detailed in the table below. During the period from 01.04.2007 to 31.03.2008, the Board met on 14 occasions. The dates of board meetings are:-28.04.2007, 12.05.2007, 26.05.2007, 23.06.2007, 28.07.2007, 11.08.2007, 08.09.2007, 27.10.2007, 09.11.2007, 02.12.2007, 05.12.2007, 20.12.2007, 31.01.2008 and 12.03.2008. Details of participation of directors, committee membership etc are also shown in the following table.

Sl No	Name & Status of Director	No. of Meetings	No. of Meetings attended	Whether attended last AGM	Sub- Committee Membership	Directorships in other public limited Companies
1	V.P. Nandakumar <i>Chief Promoter Chairman and Managing Director</i>	14	14	Yes	Nil	4
2	I. Unnikrishnan <i>Managing Director</i>	14	13	Yes	Nil	2
3	B.N. Raveendra Babu <i>Promoter Non-Executive Director</i>	14	13	yes	Nil	1
4	Dr.K.K.Mohandas <i>Non-Executive and Independent Director</i>	14	7	Yes	Grievance Committee (w.e.f. 20-12-2007)	1
5	Juguna G Panikkaparambil <i>Non-Executive and Independent Director</i>	14	5	No	Remuneration Committee	Nil
6	Jyothy Prasanna <i>Non-Executive Director</i>	14	14	Yes	Nil	3
7	Adv. V.R. Ramachandran <i>Non-Executive and Independent Director</i>	14	14	Yes	Audit & Remuneration Committee Grievance (w.e.f. 20.12.2007)	Nil
8	Dr.V.M.Manoharan <i>Non-Executive and Independent Director</i>	14	14	Yes	Audit Committee	2
9	P. Manomohanan <i>Non-Executive and Independent Director</i>	14	14	Yes	Audit Committee	2
10	A.R. Sankaranarayanan <i>Non-Executive and Independent Director</i>	14	12	Yes	Audit and Remuneration Committee	Nil
11	Ashvin Chadha <i>Non-Executive Director (Nominee)</i>	2	2	Appointed on 31.01.08	Audit Committee	Nil

Changes among directors during the year 2007-08.

1. Mr. P.G.Wales and Mr. T.S. Ramakrishnan have resigned from the directorship of the company with effect from 20.12.2007.
2. Mr. Ashvin Chadha was appointed as Nominee Director at the Board meeting held on 31.01.2008.

COMMITTEES OF THE BOARD

a. Audit Committee

The Company has constituted a qualified and independent audit committee as required under section 292 (A) of the companies Act 1956 as also in fulfillment of the requirements of clause 49 of the Listing Agreement. The committee also fulfills the guidelines issued by the Reserve Bank of India in this regard.

Audit committee of the company was reconstituted with effect from 12.03.2008 under the chairmanship of an independent director. The committee has five members who possess sound knowledge of accounts, finance, audit and legal matters. The company secretary acts as the Secretary of the Audit Committee. The terms of reference of the Committee shall be the same as those mentioned in the Listing Agreement as given below:-

Terms of reference:

- 1) Oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 2) Recommending to the Board the appointment, reappointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fee.
- 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- 4) Reviewing, with management the annual financial statements before submission to the Board for approval with particular reference to
 - a) Matters required to be included in the directors responsibility statement to be included in the boards report in terms of clause 2AA of section 217 of the companies act 1956.
 - b) Changes if any in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustment made in the financial statement arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to the financials statements
 - f) Disclosure of any related party transactions.
 - g) Qualifications in the draft audit report
- 5) Reviewing with the management the quarterly financial statements before submission to the board for approval.
- 6) Reviewing with the management performance of the statutory and internal auditors and adequacy of the internal control system.
- 7) Reviewing the adequacy of internal audit function if any including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- 8) Discussion with internal auditors any significant findings and follow up thereon.
- 9) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- 10) Discussion with statutory auditors before audit commences about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- 11) To look into the reasons for substantial defaults in the payments to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors.
- 12) To review the function of whistle blower mechanism in case the same is existing.
- 13) Carrying out any other function as mentioned in the terms of reference of audit committee.

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

Sl. No.	Name of the Member	Position	Status	No. of Meetings held	No. of meetings attended
1	P. Manomohanan	Chairman	Independent and Non Executive	6	6
2	Adv. V.R.Ramachandran	Member	Independent and Non Executive	6	6
3	Dr. V.M.Manoharan	Member	Independent and Non Executive	6	6
4	A.R. Sankaranarayanan	Member	Independent and Non Executive	6	6
5	*Ashvin Chadha	Member	Non Executive (Nominee)	1	1

The audit committee regularly invites such executives as it considers appropriate including the head of finance, head of internal audit and the representative of the statutory auditors to be present at the meetings of the committee. During the period under review, the committee met on 6 occasions on 12.05.2007, 28.07.2007, 27.10.2007, 05.12.2007, 31.01.2008 and 12.03.2008 respectively.

* Mr. Ashvin Chadha was inducted as a member w.e.f. 12-3-2008.

b. Remuneration committee

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

1. Shri. A.R. Sanakaranarayanan : Chairman [Non-Executive and Independent]
2. Shri. Juguna G Panikkaparambil : Member [Non-Executive and Independent]
3. Adv. V.R. Ramachandran : Member [Non Executive and Independent]

Remuneration committee met three times during the period from 01.04.2007 to 31.03.2008 to consider the payment of commission to managerial personnel and payment of commission to non executive directors.

c) Remuneration Policy

The Chairman and Managing Directors are paid a fixed monthly salary and perquisites. They are also eligible for such percentage of commission based on the performance of the company which will be within the overall limits permitted under the Companies Act, 1956 as approved by the members.

Details of Remuneration paid to Directors during the financial year 2007-08. (Amount in Rupees)

SI No	Name of Director	Sitting fees		Salaries and other allowances	Commission	Total
		Board Meeting	Committee Meetings			
1	V.P. Nandakumar	—	—	2400000	1200000	3600000
2	I. Unnikrishnan	—	—	1410000	302775	1712775
3	B.N. Raveendra Babu	—	—	—	—	—
4	*P.G. Wales	50000	500	—	—	50500
5	Dr. K.K. Mohandas	35000	—	—	—	35000
6	Juguna G Panikkaparambil	30000	1000	—	—	31000
7	Jyothy Prasanna	80000	—	—	—	80000
8	*T.S. Ramakrishnan	50000	500	—	—	50500
9	Adv. V.R. Ramachandran	80000	41000	—	—	121000
10	Dr. V.M. Manoharan	80000	40000	—	—	120000
11	P. Manomohanan	80000	55000	—	—	135000
12	A.R. Sankaranarayanan	70000	41000	—	—	111000

Note: Except the Chairman and Managing Director, other Directors are not entitled to any remuneration other than sitting fee for attending meetings of the Board. Remuneration of the Chairman and Managing Director was revised at the Annual General Meeting of the company held on 8/9/2007 as per the provisions of Part I and II of Schedule XIII of the companies Act 1956.

The company has proposed to remunerate the non executive directors by way of commission at a certain percentage of the profits of the company which will be implemented after the same is approved by the members.

c. Shareholders Grievance Committee

The company has constituted a Shareholders Grievance committee to monitor the investor complaints/grievances like non receipt of share certificate, dividend, annual report etc. The committee has been reconstituted with effect from 20.12.2007 as per details shown hereafter. The Committee reviews and redresses shareholders grievances/ complaints. During the period under review the Company has received 32 investor's complaints. All the complaints received as on the date of this report were settled.

Adv. V.R. Ramachandran	Chairman
Dr. K.K. Mohandas	Member
Shri. C. Radhakrishnan	Secretary

Other relevant details are given below:-

Name and designation of compliance officer

C. Radhakrishnan, Joint General Manager & Company Secretary
e-mail : cosecretary@manappuram.com

* Resigned w.e.f. 20-12-2007

d. Other Committees**i. Risk Management Committee**

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

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

ii. Business Planning Development and Monitoring Committee

The above committee was constituted to draw up, review business plans of the Company, analyze expenditure to identify the emerging pattern and also to suggest measures for expenditure control. The committee is headed by the Chairman with three directors as its members.

Business planning and development and monitoring committee shall deliberate on formulating and reviewing business plan, budgeting and review of capital and revenue expenditures, branch opening plans, business promotion activities, review of profitability and major expenditure, expenditure and analysis, setting norms for branch profitability, allocation of expenses etc.

iii. Human Resources Development Committee

The Company has constituted a Human resource Development Committee under the direct responsibility of an independent director with four other member directors. The purpose of the constitution of the committee is to frame policies for man power planning, setting norms for staff productivity, promotion, training schemes, executive remuneration and to oversee their implementation with a view to enhancing productivity, efficiency and profitability of the organization.

iv. Nomination committee

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

General Body Meetings

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

Year	Date	Time and Place	Details of special resolutions passed
2007	08.09.2007	11 AM Anugraha Auditorium PO Valapad, Thrissur - 680 567	Alteration of Articles of Association of the Company Delisting the securities of the company from Madras Stock Exchange Limited
2006	15.07.2006	11AM Anugraha Auditorium PO Valapad, Thrissur - 680 567	Increasing the investment powers of the company to Rs.200 Crores Variation of the terms of appointment of Mr. V.P. Nandakumar, CMD
2005	30.07.2005	11.00 AM Anugraha Auditorium PO Valapad, Thrissur - 680 567	Preferential issue of 1000000 equity shares of Rs.10/- each at a premium of Rs.15 per share aggregating Rs.2.5 crores (Including premium)

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

Year	Date	Time and Place	Details of special resolutions passed
2007	05.12.2007	11.30 AM Anugraha Auditorium PO Valapad, Thrissur- 680 567	Increasing the Authorized Capital Alteration of Articles of Association Preferential issue of Compulsorily Convertible Preference Shares
2008	31.01.2008	11AM Anugraha Auditorium PO Valapad, Thrissur- 680 567	Alteration of Articles of Association of the Company

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

Disclosures

There were no materially significant related party transactions having potential conflict with the interests of company at large. Transactions with related parties are disclosed in Schedule 18 (notes forming part of Accounts - Clause 18.4 in the Annual Report). The Company has complied with all the directives issued by stock exchanges and other statutory authorities. No penalties and strictures were imposed on the company by any regulatory authorities viz; the Stock Exchange, SEBI, Reserve Bank, Registrar of Companies for non-compliance of any law, guidelines and directives during the year.

The Company has fulfilled the following non-mandatory requirements as prescribed by Clause 49 of the listing agreement.

- The Company has constituted a remuneration committee, details of which were given here in before.
- The Company has adopted the code of conduct for the board members and senior management personnel

Means of Communication

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

Code of Conduct

As per the new clause 49 of the Listing Agreement the Company has framed a Code of Conduct for the Directors and Senior managerial persons and the same was up loaded in the website of the Company and can be accessible to the shareholders of the Company. Requisite Certificate from CEO and the Chief Financial Officer as per clause 49 of the Listing agreement was noted by the Board of directors at its meeting held on 08.05.2008.

Declaration on code of conduct

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

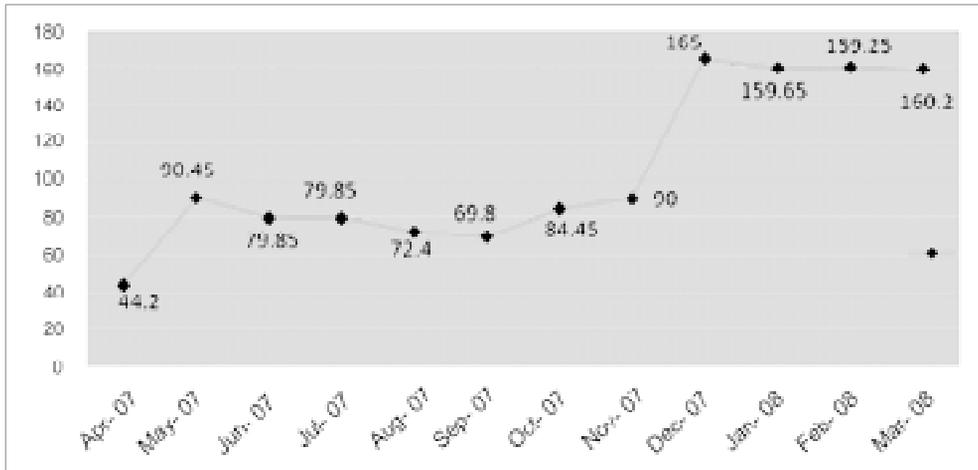
General Shareholder Information

ANNUAL GENERAL MEETING	Date	25.09.2008
	Time	10.30 A.M.
	Place	Anugraha Auditorium, Valapad PO - 680 567, Thrissur
Financial Year	2007-2008	
Date of Book closure	18.09.2008 to 25.09.2008 (both days inclusive)	
Dividend Payment Date	From 15.10.2008	
Listing on Stock Exchanges	Mumbai, Chennai and Cochin	
Stock Code	531213	
Registrar and Share Transfer Agents	M/s SKDC Consultants Limited PB No.2979, No.11, S.N. Layout, Street No.1 West Power House Road, Coimbatore Ph: 0422 2499804	
Compliance Officer	C. Radhakrishnan : Joint General Manager & Company Secretary	
Company Address	Manappuram General Finance and Leasing Limited, V/104 Manappuram House, Valapad PO, Thrissur-680 567, Kerala Phone: 0487- 2391306, 2391892. Fax 0487- 2399298 E-mail: mail@ manappuram.com Website: www.manappuram.com	

Share price movements of the company [BSE] during each month of the financial year 2007-08

Date	Close (Rs.)	No. of Shares	No. of Trades	Net T/O (Rs.)
April 2007	44.20	31513	228	1,414,779.00
May 2007	90.45	251512	1111	17,684,418.00
June 2007	79.85	244080	1208	19,522,984.00
July 2007	79.85	112336	607	8,814,591.00
August 2007	72.40	58178	333	4,290,504.00
September 2007	69.80	139715	767	10,499,635.00
October 2007	84.45	412456	2089	34,099,323.00
November 2007	90.00	314141	1471	27,939,986.00
December 2007	165.00	474264	2234	60,489,726.00
January 2008	159.65	1065031	2805	185,995,801.00
February 2008	160.20	137530	1432	22,365,317.00
March 2008	159.25	297133	1999	44,044,109.00

Share Price Movements



Distribution of shareholding as on 31st March 2008

Equity Shares	Number	% to total	Amount (in Rs)	% to total
Upto 5,000	1787	53.09	3301260	3.00
5,001 10,000	884	26.26	8407090	7.64
10,001 20,000	389	11.56	7041290	6.40
20,001 30,000	64	1.90	1761870	1.61
30,001 40,000	41	1.22	1519900	1.38
40,001 50,000	67	1.99	3273510	2.98
50,001 1,00,000	59	1.75	4457230	4.05
1,00,001 and above	75	2.23	80237850	72.94
TOTAL	3366	100.00	110000000	100.00

Dematerialisation of shares

The shares of the Company are under compulsory Demat trading. The Company has joined as a member of the depository services with National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of its shares. Shareholders can get their shares dematerialized with either NSDL or CDSL. The code number allotted to the company is: INE 522 D01019. Total shares dematerialized as on 31.03.2008 comprised nearly 80%.

Payment of unpaid/ unclaimed dividend

The Company has remitted all unclaimed and unpaid dividends up to the financial year 2000 to the Investor Education and Protection Fund of the Central Government. Dividends relating to the subsequent financial years would be transferred to the said account on the expiry of seven years after transfer of the same to the unpaid dividend account.

Common Agency for Physical and Electronic Transfer

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

On behalf of the Board

Sd/-

V.P. Nandakumar
Chairman and Managing Director

Valapad
Date:30.06.2008

AUDITORS' CERTIFICATE

To
The Members of Manappuram General Finance and Leasing Limited

We have examined the compliance of conditions of Corporate Governance by Manappuram General Finance and Leasing Limited, for the year ended on March 31, 2008, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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

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

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

For S. R. BATLIBOI & ASSOCIATES
Chartered Accountants

Sd/-
per S Balasubrahmanyam
Partner
Membership No.: 053315

City : Chennai
Date : May 8, 2008

AUDITORS' REPORT

S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

TPL House, Second Floor, 3, Cenotaph Road,

Teynampet, Chennai - 600 018

To
The Members of
Manappuram General Finance & Leasing Limited

1. We have audited the attached Balance Sheet of Manappuram General Finance & Leasing Limited ('the Company') as at March 31, 2008 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. Without qualifying our opinion, we draw attention to Note 10 of Schedule 18 to the financial statements regarding the requirement of previous approval of the Central Government in respect of certain transactions for the purchase and sale of services from/to parties covered under Section 297 of the Companies Act, 1956;
 - vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2008;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

Sd/-

per S Balasubrahmanyam

Partner

Membership No.: 053315

Place: Chennai
Date: May 8, 2008

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

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

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- ii) The Company is a non banking finance company engaged in the business of providing loans and does not maintain any inventory. Therefore, the provisions of clause 4(ii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(iii) (b),(c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (b) The Company had taken loans from a director and a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 76.75 crores and the year-end balance taken from such parties was Rs 1.36 crores.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (d) The loans taken are re-payable on demand. As informed, the lenders have not demanded repayment of any such loan during the year, thus, there has been no default on the part of the Company. The payment of interest has been regular.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. The activities of the Company do not involve purchase of inventory and sale of goods.
- v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- ix) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax and other material statutory dues applicable to it. Investor education and protection fund, wealth-tax, customs duty, excise duty and cess are not applicable to the Company
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax and service tax on account of any dispute are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Kerala General Sales Tax Act, 1963	Penalty	690,000	1994-1999	Commissioner (Revision) of Sales Tax, Trivandrum
Kerala Money Lenders Act, 1958	Penalty	30,000	2003-2004	Deputy Commissioner (Revision) of Commercial Tax, Kannur & Malappuram
Income Tax Act, 1961	Disallowance of depreciation	700,000	2000-2001	Income tax Appellate Tribunal

- x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a bank or debenture holders. There are no dues to financial institutions.
- xii) Based on our examination of documents and records, we are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) The Company did not have any term loans outstanding during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has created security or charge in respect of debentures issued.
- xx) The Company has not raised any money by public issues and accordingly, provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xxi) *As more fully discussed in Note 14 of Schedule 18 to the financial statements, we report that, during the year there have been three instances of fraud on the Company by employees where gold loan related misappropriations have occurred for amounts aggregating Rs 24 Lakhs.*

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

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

Sd/-
per S Balasubrahmanyam
Partner
Membership No.: 053315

Place: Chennai
Date: May 8, 2008

MANAPPURAM GENERAL FINANCE AND LEASING LIMITED, VALAPAD
BALANCE SHEET AS ON 31st MARCH, 2008

	Schedule No.	As at 31-03-2008 (Rs.)	As at 31-03-2007 (Rs.)
I. SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	618,000,000	150,000,000
Reserves and surplus	2	311,828,798	131,258,099
Loan funds			
Secured loans	3	1,351,081,230	511,935,739
Unsecured loans	4	393,925,578	420,938,488
Deferred tax liability (net)	5	391,613	956,193
Total		2,675,227,219	1,215,088,519
II. APPLICATION OF FUNDS			
Fixed assets			
Gross block	6	208,119,688	133,713,310
Less : Accumulated depreciation / amortisation		<u>44,911,022</u>	<u>26,831,110</u>
Net block		163,208,666	106,882,200
Investments			
	7	29,278,285	29,007,720
Current Assets, Loans and Advances			
Cash and bank balances	8	672,230,174	215,653,438
Other current assets	9	202,704,232	156,221,456
Loans and advances	10	1,849,330,138	959,100,349
		<u>2,724,264,544</u>	<u>1,330,975,243</u>
Less : Current liabilities and provisions			
Current liabilities	11	216,814,629	217,769,016
Provisions	12	<u>24,709,647</u>	<u>34,007,628</u>
		241,524,276	251,776,644
Net current assets		<u>2,482,740,268</u>	<u>1,079,198,599</u>
Total		2,675,227,219	1,215,088,519
Notes to accounts	18		

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

As per our report of even date

For and on behalf of the Board of Directors

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

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

Sd/-
I. Unnikrishnan
Managing Director

Sd/-
P. Manomohanam
Director

Sd/-
per **S Balasubrahmanyam** (Partner)
Membership No.: 053315

Sd/-
B.N.Raveendra Babu
Director

Sd/-
A.L.Bindu
Chief Financial Officer

Sd/-
C.Radhakrishnan
Company Secretary

Place : Valapad
Date : May 8, 2008

MANAPPURAM GENERAL FINANCE AND LEASING LIMITED, VALAPAD
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2008

	Schedule No.	As at 31-03-2008 (Rs.)	As at 31-03-2007 (Rs.)
INCOME			
Income from services	13	779,595,153	420,325,081
Other income	14	17,000,957	16,174,378
		<u>796,596,110</u>	<u>436,499,459</u>
EXPENDITURE			
Personnel expenses	15	116,374,957	60,607,301
Operating and other expenses	16	198,841,214	111,881,747
Depreciation / amortisation	6	18,259,051	10,658,791
Financial expenses	17	143,506,745	89,837,283
		<u>476,981,967</u>	<u>272,985,122</u>
Profit before tax		319,614,143	163,514,337
Less: Provision for tax			
- Current tax		109,201,427	57,500,000
- Fringe benefit tax		1,081,344	266,453
- Deferred tax		(564,580)	(378,800)
Profit after tax		209,895,952	106,126,684
Balance brought forward from previous year		6,141,103	2,795,599
Profit available for appropriation		216,037,055	108,922,283
Appropriations:			
- Transfer to Statutory Reserve		42,000,000	22,000,000
- Transfer to General Reserve		100,000,000	50,000,000
- Transfer to Capital Redemption Reserve		5,715,000	5,715,000
- Dividend on Convertible Preference Shares		65,390	1,625,000
- Interim Dividend on Equity Shares		16,500,000	-
- Interim Dividend on Redeemable Preference Shares		3,000,000	-
- Proposed Dividend on Equity Shares		5,500,000	19,800,000
- Tax on distributed profit		4,259,863	3,641,180
Net profit carried forward to balance sheet		<u>38,996,802</u>	<u>6,141,103</u>
Earnings per share information -			
- Weighted average number of equity shares			
- Basic		11,000,000	11,000,000
- Diluted		11,915,097	11,000,000
- Basic earnings per share (in Rs.)		18.76	9.48
- Diluted earnings per share (in Rs.)		17.31	9.48
- Nominal value per equity share		Rs 10/-	Rs 10/-

Notes to Accounts

18

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

As per our report of even date

For and on behalf of the Board of Directors

For S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

Sd/-

V.P.Nandakumar

Chairman & Managing Director

Sd/-

I. Unnikrishnan

Managing Director

Sd/-

P. Manomohanam

Director

Sd/-

per **S Balasubrahmanyam** (Partner)

Membership No.: 053315

Sd/-

B.N.Raveendra Babu

Director

Sd/-

A.L.Bindu

Chief Financial Officer

Sd/-

C.Radhakrishnan

Company Secretary

Place : Valapad

Date : May 8, 2008

MANAPPURAM GENERAL FINANCE AND LEASING LIMITED, VALAPAD
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED ON 31st MARCH, 2008

SCHEDULE 1 - Share Capital

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Authorized		
28,000,000 (Previous year - 16,000,000) equity shares of Rs. 10 each	280,000,000	160,000,000
400,000 (Previous year - 400,000) redeemable preference shares of Rs. 100 each	40,000,000	40,000,000
4,800,000 (Previous year - Nil) compulsorily convertible preference shares of Rs. 100 each	480,000,000	-
Issued, subscribed and paid-up		
11,000,000 (Previous year -11,000,000) equity shares of Rs. 10 each fully paid up*	110,000,000	110,000,000
400,000 (Previous year - 400,000) 7.5% redeemable preference shares of Rs. 100 each fully paid up**	40,000,000	40,000,000
4,680,000 (Previous year -Nil) 0.05% compulsorily convertible preference shares of Rs. 100 each fully paid up***	468,000,000	--
Total	618,000,000	150,000,000

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

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

*** The CCPS are convertible into equity shares by September 30, 2008 at a premium to be determined based on terms of the share subscription agreement dated December 19, 2007 between the Company, Sequoia Capital India Growth Investments I and Hudson Equity Holdings Limited.

SCHEDULE 2 - Reserves & Surplus

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Capital redemption reserve		
Opening balance	11,422,500	5,707,500
Add: Transferred from Profit and loss account	5,715,000	5,715,000
	17,137,500	11,422,500
Securities premium account		
Opening balance	-	15,000,000
Less: Transferred to share capital	-	15,000,000
	-	-
Statutory reserve		
Opening balance	50,300,000	28,300,000
Add: Transferred from Profit and loss account	42,000,000	22,000,000
	92,300,000	50,300,000
General reserve		
Opening balance	63,394,496	53,394,496
Less: Transferred to share capital	-	40,000,000
Add: Transferred from Profit and loss account	100,000,000	50,000,000
	163,394,496	63,394,496
Profit & Loss Account	38,996,802	6,141,103
Total	311,828,798	131,258,099

SCHEDULE 3 - Secured Loans

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
653,949 (Previous year - 370,797) 9 - 11.5% Secured Non-convertible Debentures of Rs. 1,000 each redeemable at par at the end of the term of each series of debentures ranging between 1-5 years*	633,375,000	370,797,000
Add: Interest accrued and due thereon	3,246,115	11,825,182
	636,621,115	382,622,182
From bank*		
- Cash credit	372,449,300	128,934,882
- Working Capital Demand Loans	340,037,436	-
Vehicle loans (Secured by hypothecation of vehicles)	1,973,379	378,675
Total	1,351,081,230	511,935,739

*Refer Note 11 to Schedule 18 for details of charge created on assets of the Company

SCHEDULE 4 - Unsecured Loans*

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Deposits (Due within one year - Rs. 33,359,984 (Previous year - Rs. 117,762,876)	80,996,128	240,938,459
Debenture application money	20,574,000	15,956,000
Inter-Corporate Deposits (Due within one year - Rs. 18,285,652 (Previous year - Rs. 4,665,000))	18,285,652	4,665,000
Subordinate bond (Due within one year - Rs. 6,570,051 (Previous year - Rs. 35,456,100))	271,113,000	152,060,100
Interest Accrued and Due	2,956,798	7,318,929
Total	393,925,578	420,938,488

*Deposits from Directors - Rs Nil (Previous year - Rs 33,774,220)

Maximum amount outstanding at any time during the year - Rs. 753,774,220 (Previous year - Rs. 264,100,000)

SCHEDULE 5 - Deferred tax liability (net)

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Deferred Tax Liability Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	12,035,450	6,620,996
Deferred tax asset Provision for loans and advances	(11,643,837)	(5,664,803)
Deferred tax liability (net) Total	391,613	956,193

Depreciation Statement as per Companies Act, 1956
SCHEDULE 6 - Fixed Assets

Description	GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01-04-2007 Rs.	Additions Rs.	Deductions Rs.	As at 31.03.2008 Rs.	As at 01-04-2007 Rs.	For the year Rs.	Deletions Rs.	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
Land *	955,275	700,100	-	1,655,375	-	-	-	1,655,375	955,275
Building	2,722,123	645,748	-	3,367,871	112,881	47,607	-	3,207,383	2,609,242
Office equipment	8,313,954	8,881,156	35,872	17,159,238	2,555,774	2,351,689	2,314	12,254,089	5,758,180
Computer equipment and software	47,410,788	30,086,493	638,872	76,858,409	13,088,532	9,608,619	63,116	54,224,374	34,322,256
Furniture & Fittings	71,029,333	32,574,029	-	103,603,362	10,269,252	5,873,798	-	87,460,312	60,760,081
Vehicle**	3,281,837	2,541,986	348,390	5,475,433	804,671	377,338	113,709	4,407,133	2,477,166
TOTAL	133,713,310	75,429,512	1,023,134	208,119,688	26,831,110	18,259,051	179,139	163,208,666	106,882,200
Previous year	67,173,783	68,627,563	2,088,036	133,713,310	16,233,657	10,658,791	61,338	106,882,200	

* The Company is in the process of registering the title of the land acquired during the year in its name as at March 31, 2008

** Include vehicles taken on finance lease - Gross block Rs. 3,534,766 (Previous year - Rs. 992,770); Net block Rs. 3,229,054 (Previous year - Rs. 851,171)

SCHEDULE 7 - Investments

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Long Term Investments		
<i>(Quoted, at cost)</i>		
A. Other than trade		
Nil (Previous year - 10,000) units of Rs. 100 each in 13.30% APPFCL Bonds	-	1,000,000
17,000 (Previous year - 17,000) units of Rs. 100 each in 6.13% Govt. of India Loan	1,638,800	1,638,800
15,000 (Previous year - 15,000) units of Rs. 100 each in 6.17% Govt of India Loan	1,398,000	1,398,000
53,700 (Previous year - 53,700) units of Rs. 100 each in 6.85% Govt. of India Loan	5,341,860	5,341,860
23,500 (Previous year - 23,500) units of Rs. 100 each in 8% TN Loan	2,460,450	2,460,450
30 (Previous year - 30) units of Rs. 1,00,000 each in 8 % Gujarat Electricity Board	3,000,000	3,000,000
5,000 (Previous year - 5,000) units of Rs. 100 each in 7.00% Govt of India Loan	514,000	514,000
2,960 (Previous year - 2,960) units of Rs. 100 each in 7.50% Govt of India Loan	307,692	307,692
20,000 (Previous year - 20,000) units of Rs. 100 each in 7.33% HAR Loan	1,882,000	1,882,000
62,000 (Previous year - 62,000) units of Rs. 100 each in 7.38% Govt. of India Loan	6,153,500	6,153,500
15,000 (Previous year - 15,000) units of Rs. 100 each in 7.59% Govt. of India Loan	1,502,250	1,502,250
800 (Previous year - 800) equity shares of Rs. 10 each fully paid in Chowgule Steamship	52,755	52,755
500 (Previous year - 500) equity shares of Rs. 10 each fully paid in Sterling Holiday Resorts India Limited	51,455	51,455
100 (Previous year - 100) equity shares of Rs. 10 each fully paid in Raipur Alloys and Steels Limited	2,000	2,000
100 (Previous year - 100) equity shares of Rs. 10 each fully paid in Western Paques India Limited	10,000	10,000
100 (Previous year - 100) equity shares of Rs. 10 each fully paid in Rohit Pulp and Paper Mills Limited	11,000	11,000
100 (Previous year - 100) equity shares of Rs. 10 each fully paid in The Dhanalakshmi Bank Limited	5,000	5,000
400 (Previous year - 400) equity shares of Rs. 10 each fully paid in Global Finance Limited	48,000	48,000
300 (Previous year - 300) equity shares of Rs. 10 each fully paid in Vijaya Bank Limited	7,200	7,200
<i>(Unquoted, at cost)</i>		
A. Other than trade		
1,000 (Previous year - 1,000) equity shares of Rs. 10 each fully paid in The Catholic Syrian Bank Limited	32,000	32,000
B. In Subsidiary Companies		
500,000 (Previous year - 500,000) equity shares of Rs. 10 each fully paid in Manappuram Insurance Brokers Private Limited	5,000,000	5,000,000
Current Investments - Trade (Quoted, at lower of cost and market value)		
1,629 units (previous year - 1,629) of Rs. 20.46 each in Sundaram Mutual Fund	33,323	33,323
	29,451,285	30,451,285
Less: Provision for permanent diminution in the value of investment	173,000	1,443,565
Total	29,278,285	29,007,720
Aggregate book value of unquoted investments	5,032,000	5,032,000
Aggregate book value of quoted investments	24,419,285	25,419,285
Aggregate market value of quoted investments	23,264,250	24,036,239

SCHEDULE 8 - Cash & Bank Balance

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Cash on hand	166,707,353	66,072,243
Balances with scheduled banks		
- on current accounts	213,863,116	56,941,726
- on deposit accounts *	274,702,523	92,131,602
- on unpaid dividend accounts	16,957,182	507,867
Total	672,230,174	215,653,438

* deposit accounts includes

- Collateral deposit towards gold loans assigned (Refer Note 12 to Schedule 18)
- Deposit held as per Section 45(IB) of the Reserve Bank of India Act

SCHEDULE 9 - Other Current Assets

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Interest accrued but not due	190,949,555	153,271,918
Stock of foreign currency	35,474	2,949,538
Others	11,719,203	-
Total	202,704,232	156,221,456

SCHEDULE 10 - Loans and Advances

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Secured, considered good		
Loans:		
- Gold	977,168,728	197,622,016
- Hypothecation	620,173,304	441,046,903
- Stock on Hire	71,383,290	101,286,300
- Others	56,470,843	62,422,898
Unsecured, considered good		
Advances recoverable in cash or kind or for value to be received	33,040,829	4,668,806
Deposits	91,093,144	152,053,426
Unsecured, considered doubtful		
Loans:		
- Gold	6,967,280	6,076,659
- Hypothecation	15,475,163	6,359,690
- Stock on Hire	2,489,364	1,171,187
- Others	4,049,795	1,614,989
Advances recoverable in cash or kind or for value to be received	5,275,052	-
	1,883,586,792	974,322,874
Less: Provision for doubtful loans and advances	34,256,654	15,222,525
Total	1,849,330,138	959,100,349

SCHEDULE 11 - Current Liabilities

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Sundry creditors for expenses*	26,185,994	15,552,161
Interest accrued but not due on loans	17,570,073	23,771,094
Unmatured finance charges	121,030,885	13,289,842
Sundry deposits	22,918,950	13,834,282
Unclaimed dividend	457,182	507,867
Dividend payable	16,500,000	-
Other liabilities	12,151,545	150,813,770
Total	216,814,629	217,769,016

* There are no dues outstanding to any enterprises covered under Micro, Small and Medium Enterprises Development Act, 2006, based on the information available with the Company as at March 31, 2008 and March 31, 2007.

SCHEDULE 12 - Provisions

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Provisions for taxation (net of advance tax and tax deducted at source)	17,688,569	8,859,797
Provision for fringe benefit tax (net of advance tax)	-	81,651
Provision for dividend on preference shares	65,390	1,625,000
Proposed final dividend	5,500,000	19,800,000
Tax on proposed dividend	1,455,688	3,641,180
Total	24,709,647	34,007,628

SCHEDULE 13 - Income from services

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Interest and other income from		
- Gold and other loans*	587,634,968	320,119,137
- Hypothecation loans	182,359,118	93,844,578
Income from fee based activities*	9,601,067	6,361,366
Total	779,595,153	420,325,081

SCHEDULE 14 - Other Income

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Interest (gross)*	12,336,907	12,425,192
Foreign exchange gain (net)	-	219,504
Bad debts recovered	2,101,523	1,638,660
Others	2,562,527	1,891,022
Total	17,000,957	16,174,378

* Taxes deducted at source Rs. 3,091,011 (Previous year - Rs. 1,654,733)

SCHEDULE 15 - Personnel Expenses

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Salaries, wages and bonus	109,885,414	56,628,713
Contribution to provident and other funds	6,120,404	3,929,664
Staff welfare expenses	369,139	48,924
Total	116,374,957	60,607,301

SCHEDULE 16 - Operating and other expenses

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Rent	27,528,503	15,676,893
Electricity	5,622,438	2,993,018
Travel and conveyance	8,437,141	7,151,582
Communication expenses	16,341,704	6,678,004
Advertisement	61,437,551	23,210,944
Directors sitting fees	749,000	392,000
Repairs and maintenance		
- Vehicles	561,756	379,786
- Others	3,855,512	2,074,830
Legal and professional fees	6,834,807	2,313,652
Security charges	15,233,701	6,794,219
Rates and taxes	5,659,698	4,470,937
Printing and stationery	9,681,322	4,017,582
Bad debts	14,685,390	21,320,320
Provision for loans and advances	19,034,129	9,516,516
Miscellaneous expenses	3,178,562	4,891,464
Total	198,841,214	111,881,747

SCHEDULE 17 - Financial Expenses

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Interest		
- on Debentures	46,468,643	33,955,946
- on Deposits	40,928,011	27,235,310
- on Banks	26,734,608	13,401,357
- Others	27,790,851	13,689,322
Bank and other charges	1,584,632	1,555,348
Total	143,506,745	89,837,283

SCHEDULE 18 - Notes to accounts

18.1 Background

Manappuram General Finance and Leasing Limited ('MAGFIL' or 'the Company') was incorporated on July 15, 1992 in Thrissur, Kerala. The Company is a non banking financial company ('NBFC') which provides a wide range of fund based and fee based services including gold loans, hypothecation loans, hire purchase loans, money exchange facilities, etc. The Company currently operates through more than 300 branches spread across the country.

During the current year, the Company has issued and allotted 4,680,000, 0.05% compulsorily convertible preference shares of Rs. 100 each to Hudson Equity Holdings Limited and Sequoia Capital India Investment Holdings I pursuant to an agreement with the aforesaid parties.

18.2 Statement of significant accounting policies

a) Basis of preparation

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

b) Use of estimates

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

c) Change in accounting policy

Adoption of Accounting Standard 15 (Revised) - 'Employee Benefits'

Until March 31, 2007, the Company was providing for gratuity based on actuarial valuation as per certificate from Life Insurance Corporation of India. In the current year, the Company has adopted the Accounting Standard 15 (Revised) [AS 15(R)], which is mandatory from accounting periods commencing on or after from December 7, 2006. Accordingly, the Company has provided for gratuity based on actuarial valuation done as per projected unit credit method. This change does not have a material impact on the profits for the current year and earlier periods.

There are no other employee benefits that have a significant impact on account of adoption of AS 15R.

d) Fixed assets

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

e) Depreciation

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

f) Impairment

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

ii) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

g) Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at

the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

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

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

h) Investments

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

i) Revenues

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

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

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

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

j) Retirement benefits

i. Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective fund is due. There are no other obligations other than the contribution payable to the respective trusts.

ii. Gratuity liability under the Payment of Gratuity Act is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

iii. Short term compensated absences are provided for based on estimates.

k) Foreign currency transactions

i. Initial Recognition

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

ii. Conversion

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

iii. Exchange Differences

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

l) Income Tax

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

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

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

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

m) Earnings per share

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

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

n) Provisions

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

o) Segment reporting

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

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

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

p) Cash and cash equivalents

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

18.3 Segment reporting

Primary Segment: Business Segment

The three identified reportable segments are:

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

Secondary segment information

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

Primary segment information

Particulars	March 31, 2008	March 31, 2007
<u>Segment revenues</u>		
Gold and other loans	599,240,786	330,585,130
Asset financing	184,464,522	95,483,238
Fee based activities	9,601,066	6,580,870
	793,306,374	432,649,238
<u>Segment result</u>		
Gold and other loans	262,051,354	137,288,250
Asset financing	72,071,385	27,429,525
Fee based activities	8,096,034	5,761,013
Unallocable Income	3,289,736	3,850,221
Net unallocable expenditure	(25,894,366)	(10,814,672)
Profit before taxation	319,614,143	163,514,337
Taxes	109,718,191	57,387,653
Profit after taxation	209,895,952	106,126,684
<u>Segment assets</u>		
Gold and other loans	2,137,587,210	865,337,708
Asset financing	743,064,719	567,640,223
Fee based activities	35,474	2,992,741
Unallocable Assets	24,344,889	31,141,694
	2,905,032,292	1,467,112,366
<u>Segment liabilities</u>		
Gold and other loans	157,390,421	37,810,261
Asset financing	33,939,563	33,558,295
Fee based activities	-	-
Unallocated liabilities	1,795,592,713	1,114,485,711
	1,986,922,697	1,185,854,267
<u>Depreciation</u>		
Gold and other loans	15,859,018	8,947,291
Asset financing	2,400,033	1,711,500
Fee based activities	-	-
	18,259,051	10,658,791
<u>Capital expenditure</u>		
Gold and other loans	65,514,796	57,607,920
Asset financing	9,914,716	11,019,643
Fee based activities	-	-
	75,429,512	68,627,563

18.4 Related party transactions

Particulars	Subsidiary		Associates / Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel		Relatives of key management personnel		Total	
	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07
Sale of gold loans	-	-	790,400,000	922,673,943	-	-	-	-	790,400,000	922,673,943
Manappuram Finance Tamilnadu Ltd.	-	-	790,400,000	922,673,943	-	-	-	-	790,400,000	922,673,943
Purchase of gold loans	-	-	151,626,511	800,573,943	-	-	-	-	151,626,511	800,573,943
Manappuram Finance Tamilnadu Ltd.	-	-	122,107,400	800,573,943	-	-	-	-	122,107,400	800,573,943
Manappuram Finance	-	-	29,519,111	-	-	-	-	-	29,519,111	-
Debentures issued during the year	-	-	-	-	275,000	-	-	-	275,000	-
V P Nandakumar	-	-	-	-	275,000	-	-	-	275,000	-
Interest paid	-	-	12,003,967	8,190,092	34,809,413	10,485,760	81,940	98,002	46,895,320	18,773,854
V P Nandakumar	-	-	-	-	34,809,413	10,485,760	-	-	34,809,413	10,485,760

Manappuram Comptech & Consultants (P) Ltd.	-	-	-	1,489	-	-	-	-	-	1,489
Manappuram Finance Tamilnadu Ltd.	-	-	11,487,867	8,188,603	-	-	-	-	11,487,867	8,188,603
Manappuram Asset Finance Ltd.	-	-	516,100	-	-	-	-	-	516,100	-
Jyothi Prasannan	-	-	-	-	-	-	81,940	98,002	81,940	98,002
Interest received	-	-	920,548	9,155,792	-	-	-	-	920,548	9,155,792
Manappuram Finance Tamilnadu Ltd.	-	-	920,548	9,155,792	-	-	-	-	920,548	9,155,792
Deputation of staff to other Companies	-	1,025,756	14,986,100	9,154,969	-	-	-	-	14,986,100	10,180,725
Manappuram Benefit Fund Ltd.	-	-	10,000,000	3,534,849	-	-	-	-	10,000,000	3,534,849
Manappuram Finance Tamilnadu Ltd.	-	-	4,986,100	5,361,534	-	-	-	-	4,986,100	5,361,534
Manappuram Insurance Brokers (P) Ltd.	-	1,025,756	-	-	-	-	-	-	-	1,025,756
Manappuram Comptech & Consultants (P) Ltd.	-	-	-	213,683	-	-	-	-	-	213,683
Manappuram Chits (India) Ltd.	-	-	-	44,903	-	-	-	-	-	44,903
Deputation of staff from other Companies	-	417,788	-	-	-	-	-	-	-	417,788
Manappuram Benefit Fund Ltd.	-	253,531	-	-	-	-	-	-	-	253,531
Manappuram Insurance Brokers (P) Ltd.	-	164,257	-	-	-	-	-	-	-	164,257
Inter Corporate Deposits	-	-	13,685,646	-	-	-	-	-	13,685,646	-
Manappuram Asset Finance Ltd.	-	-	13,685,646	-	-	-	-	-	13,685,646	-
Incentive reimbursement received	-	-	2,396,878	-	-	-	-	-	2,396,878	-
Manappuram Finance Tamilnadu Ltd.	-	-	2,396,878	-	-	-	-	-	2,396,878	-
Subordinate Bond issued during the year	-	-	-	-	-	-	951,000	-	951,000	-
Jyothi Prasannan	-	-	-	-	-	-	951,000	-	951,000	-
Issue of Preference shares										
V.P. Nandakumar						20,000,000				20,000,000
V.P. Nandakumar						20,000,000				20,000,000

Balance outstanding as at the period end:

Amounts payable (net) to related parties	-	-	13,766,253	-	45,432,464	-	955,075	133,000	60,153,792	133,000
Mr V.P.Nandakumar	-	-	-	-	45,432,464	-	-	-	45,432,464	-
Manappuram Asset Finance Ltd.	-	-	13,766,253	-	-	-	-	-	13,766,253	-
Jyothi Prasannan	-	-	-	-	-	-	955,075	133,000	955,075	133,000
Amounts receivable (net) from related parties	-	-	2,396,878	122,100,000	-	-	-	-	2,396,878	122,100,000
Manappuram Finance Tamilnadu Ltd.	-	-	2,396,878	122,100,000	-	-	-	-	2,396,878	122,100,000

1. Names of related parties

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

Manappuram Insurance Brokers Private Limited
 Manappuram Finance Tamilnadu Limited [formerly Manappuram Finance (Tamilnadu) Private Limited]
 Manappuram Benefit Fund Limited
 Manappuram Chits (India) Limited
 Manappuram Comptech & Consultants (P) Limited
 Manappuram Asset Finance Ltd.
 Manappuram Finance (Sole proprietorship)

Key Management Personnel	V P Nandakumar I Unnikrishnan
Relatives of key management personnel	Sushama Nandakumar Sooraj Nandan Shelly Ekalavyan Athira Prasannan Jyothi Prasannan

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

18.5 Employment benefits disclosures:

The amounts of Provident Fund contribution charged to the Profit and Loss Account during the year aggregates to Rs. 3,345,599 (Previous Year - Rs. 2,147,999)

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

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

Profit and Loss account

Net employee benefit expense (recognised in Personnel expenses)

	2008
Current service cost	536,630
Interest cost on benefit obligation	55,148
Expected return on plan assets	(133,199)
Net actuarial gain recognised in the year	(259,670)
Net (benefit) / expense	198,909
Actual return on plan assets	-

Balance sheet

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

	2008
Defined benefit obligation	(926,872)
Fair value of plan assets	1,804,486
Asset/(liability) recognised in the balance sheet	877,614

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

	2008
Opening defined benefit obligation	735,308
Interest cost	55,148
Current service cost	536,630
Benefits paid	(140,544)
Actuarial gains on obligation	(259,670)
Closing defined benefit obligation	926,872

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

	2008
Opening fair value of plan assets	1,275,233
Expected return	133,199
Contributions by employer	536,598
Benefits paid	(140,544)
Actuarial gains / (losses)	-
Closing fair value of plan assets	1,804,486

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

	2008
	%
Discount rate	7.5%
Expected rate of return on assets	7.5%

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

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

18.6 Earnings per share

	2008	2007
Net profit as per profit and loss account	209,895,952	106,126,684
Less: Dividends on preference shares	<u>(3,586,353)</u>	<u>(1,901,169)</u>
Net profit for calculation of basic and diluted EPS	<u>206,309,599</u>	<u>104,225,515</u>
Weighted average number of equity shares in calculating basic EPS	11,000,000	11,000,000
Add: Weighted average equity shares to be issued on conversion of preference shares	<u>915,097</u>	<u>-</u>
Weighted average number of equity shares in calculating diluted EPS	<u>11,915,097</u>	<u>11,000,000</u>

18.7 Lease disclosure

Operating Leases:

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

Finance Leases:

	2008	2007
Total minimum lease payments at the year end	2,236,305	408,319
Less: Amount representing finance charges	<u>262,926</u>	<u>29,644</u>
Present value of minimum lease payments	1,973,379	378,675
Lease payments for the year	549,810	544,116
<i>Minimum Lease Payments:</i>		
Not later than one year [Present value Rs. 745,623 as on March 31, 2008 (Rs. 317,325 as on March 31, 2007)]	902,388	334,327
Later than one year but not later than five years [Present value Rs. 1,227,756 as on March 31, 2008 (Rs. 61,350 as on March 31, 2007)]	1,333,917	73,992

18.8 Commitments and contingent liabilities

Commitments

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

Contingent liabilities

i) Claims against the Company not acknowledged as debts

	2008	2007
Penalty under Kerala General Sales Tax Act and Kerala Money Lenders Act	720,000	720,000
Income tax demand	700,000	-

ii) Others

The Company is contingently liable to banks and other financial institutions with respect to assignment of gold / hypothecation loans to the extent of the collateral deposit / guarantees - Rs. 534,074,694 (previous year - Rs. 263,233,013).

18.9 Assignment of receivables

The Company has assigned a portion of its gold loans / hypothecations loans to banks and financial institutions during the year. The aggregate balance amount lying outstanding as at March 31, 2008 is Rs. 3,930,117,097 (Previous year - Rs. 2,978,739,220), the breakup for which is as given below:

	2008	2007
Sundaram Finance	38,895,669	57,939,430
ICICI Bank	766,969,186	400,000,000
Development Credit Bank	500,000,000	-
ING Vysa Bank	349,998,315	-
HDFC Bank	300,000,000	90,000,000
Fullerton Credit Company Ltd.	1,532,164,176	2,076,809,928
Unit Trust of India	342,089,751	253,989,862
Kotak Mahindra	100,000,000	100,000,000
	<u>3,930,117,097</u>	<u>2,978,739,220</u>

18.10 Transactions with parties covered under section 297 of the Companies Act, 1956

The Company has entered into transactions for the purchase and sale of gold loan with certain parties covered under section 297 of the Companies Act, 1956. In addition, the Company has also entered into transactions with such parties for deputation of employees.

Management believes that transactions for the purchase and sale of gold loans with such parties are at prevailing market prices after considering the specialized nature of the items transacted. The Company is in the process of obtaining necessary approvals/condonations from Central Government, if any that may be required in respect of the various classes of the transactions entered into with parties covered under section 297 of the Companies Act, 1956.

18.11 Charges created on assets of the Company for Secured Loans**A. Non Convertible Secured Debentures**

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

B. From banks

Overdraft accounts have been availed with the following banks and are secured by pledge of assets under original Hire Purchase agreements / Hypothecation Loan agreements including receivables thereon:

- The Catholic Syrian Bank Ltd., Thrissur
- The Dhanalakshmi Bank Ltd., Thrissur
- Canara Bank, Thrissur
- The Catholic Syrian Bank Ltd., TCR FCNR(B) Loan
- Punjab National Bank

Working Capital Demand Loan facilities are secured by gold loan receivables

18.12 Cash Collaterals held with banks

	2008	2007
ICICI Bank	168,512,489	-
Development Corporation Bank	25,000,000	20,052,020
Axis bank	30,000,000	21,000,000
HDFC Bank	36,000,000	12,000,000
Kotak Mahindra Bank	2,500,000	2,500,000
ING Vysya	8,752,000	-
	<u>270,764,489</u>	<u>55,552,020</u>

18.13 Supplementary profit and loss data**a. Legal and professional fees (Schedule 16) includes remuneration to auditors as follows:**

	2008	2007
Statutory audit	750,000	196,630
Tax services	-	33,708
Certification	150,000	144,578
Out of pocket expenses	100,000	-
	<u>1,000,000</u>	<u>374,916</u>

Note: Excludes applicable service taxes

b. Managerial remuneration

	2008	2007
Salary	5,312,774	2,765,892
Contribution to provident fund/superannuation	138,720	74,040
	<u>5,451,494</u>	<u>2,839,932</u>

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

18.14 During the year, there have been three instances of fraud on the Company by employees where gold loan related misappropriations have occurred for amounts aggregating Rs. 24 lakhs. The Company has initiated steps to recover the amounts and have approached the insurance company for the same. The Company has terminated the employment of those involved in the aforesaid incidents.

18.15 Comparatives

The figures of the previous year were audited by a firm of Chartered Accountants other than S. R. Batliboi & Associates. The previous year's figures have been regrouped wherever necessary to conform to current year's classification.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

Sd/-
per **S Balasubrahmanyam** (Partner)
Membership No.: 053315

Place : Valapad
Date : May 8, 2008

For and on behalf of the Board of Directors

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

Sd/-
B.N.Raveendra Babu
Director

Sd/-
I. Unnikrishnan
Managing Director

Sd/-
A.L.Bindu
Chief Financial Officer

Sd/-
P. Manomohanan
Director

Sd/-
C.Radhakrishnan
Company Secretary

MANAPPURAM GENERAL FINANCE AND LEASING LIMITED, VALAPAD
Cash Flow Statement for the year ended 31st March 2008

	Year ended 31-3-2008 (Rs.)	Year ended 31-3-2007 (Rs.)
A. Cash flow from operating activities	319,614,143	163,514,337
Net profit before taxation, and extraordinary items		
Adjustments for:		
Depreciation / amortization	18,259,051	10,658,791
Loss on sale of fixed assets	843,995	976
Write back of diminution in value of investments	(1,270,565)	-
Provision for diminution in value of investments	-	1,269,762
Profit on sale of investments	-	-
Foreign exchange loss (net)	-	-
Interest income	(12,336,907)	(12,425,192)
Dividend income	-	(1,000)
Interest expense	141,922,113	88,281,935
Bad debts written off and provision for doubtful loans and advances	33,719,519	21,320,320
Operating profit before working capital changes	500,751,349	272,619,929
Movements in working capital :		
Decrease / (Increase) in other current assets	(34,763,573)	(117,964,085)
Decrease / (Increase) loans and advances	(923,949,308)	(382,894,534)
Increase / (Decrease) in current liabilities and provisions	(11,335,017)	14,434,873
Cash generated from operations	(469,296,549)	(213,803,817)
Direct taxes paid (net of refunds)	(101,453,999)	(48,942,021)
Net cash from operating activities	(570,750,548)	(262,745,838)
B. Cash flows from investing activities		
Purchase of fixed assets	(75,429,512)	(68,627,563)
Proceeds from sale of fixed assets	-	2,025,722
Deposits with other companies	-	-
Sale / maturity of investments	1,000,000	2,400,000
Purchase of investments	-	(12,344,610)
Interest received	12,336,907	12,425,192
Dividends received	-	1,000
Net cash from investing activities	(62,092,605)	(64,120,259)
C. Cash flows from financing activities		
Proceeds from issuance of share capital	468,000,000	20,000,000
Share issue expenses not written off or adjusted	(11,719,203)	-
Proceeds from long-term borrowings (net)	812,132,581	276,485,767
Interest paid	(148,123,134)	(84,254,512)
Dividends paid	(24,425,000)	(9,750,000)
Tax on dividend paid	(6,445,355)	(1,367,440)
Net cash used in financing activities	1,089,419,889	201,113,815
Net increase in cash and cash equivalents (A + B + C)	456,576,736	(125,752,282)
Cash and cash equivalents at the beginning of the year	215,653,438	341,405,720
Cash and cash equivalents at the end of the year	672,230,174	215,653,438
Components of cash and cash equivalents as at March 31, 2008		
Cash and cheques on hand	166,707,353	66,072,243
With banks		
- on current account	230,820,298	57,449,593
- on deposit account	274,702,523	92,131,602
	672,230,174	215,653,438

As per our report of even date

For and on behalf of the Board of Directors

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

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

Sd/-
I. Unnikrishnan
Managing Director

Sd/-
P. Manomohanam
Director

Sd/-
per **S Balasubrahmanyam** (Partner)
Membership No.: 053315

Sd/-
B.N.Raveendra Babu
Director

Sd/-
A.L.Bindu
Chief Financial Officer

Sd/-
C.Radhakrishnan
Company Secretary

Place : Valapad
Date : May 8, 2008

Statement Pursuant to Section 212 of the Companies Act 1956 relating to Subsidiary Companies

Sl. No.	Name of the Subsidiary	Manappuram Insurance Brokers (P) Ltd
1	Financial Year of the subsidiary	31/03/2008
2	a) No of shares held by the holding company as on the above date b) Extent of interest of the holding company at the end of the financial year of the subsidiary	500000 equity shares of Rs.10 each 100%
3	Date from which it became a subsidiary	24/04/2004
4	The net aggregate amount of profits/losses of the subsidiary so far as they concern the members of the holding company a) Not dealt with in the holding company's Accounts (i) for the financial year of the subsidiary (ii) for the previous financial years of the subsidiary since it became the holding company's subsidiary b) Dealt with in the holding company's accounts (i) for the financial year of the subsidiary (ii) for the previous financial years of the subsidiary since it became the holding company's subsidiary	NIL NIL NIL NIL
5	Changes in the interest of the holding company between the end of the subsidiary's financial year and 31 st March 2008	NA
6	Material changes between the end of the subsidiary's financial year and 31 st March 2008 in (i) Fixed Assets (ii) Investments (iii) Moneys lent by the subsidiary (iv) Moneys borrowed by the subsidiary other than for meeting current liabilities	NA NA NA NA

For and on behalf of the Board of Directors

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

Sd/-
I. Unnikrishnan
Managing Director

Sd/-
P. Manomohan
Director

Sd/-
B.N.Raveendra Babu
Director

Sd/-
A.L.Bindu
Chief Financial Officer

Sd/-
C.Radhakrishnan
Company Secretary

Place : Valapad

Date : May 8, 2008

Schedule to the Balance Sheet of a Non-Banking Financial Company
(as required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

Sl. No.	Particulars	(Rs. in lakhs)	
Liabilities side:			
(1)	Loans and advances availed by the non-banking financial company inclusive of Interest accrued thereon but not paid:	Amount outstanding	Amount overdue
	(a) Debentures : Secured	6,493.24	0.00
	: Unsecured (other than falling within the meaning of public deposits*)	205.74	0.00
	(b) Deferred Credits	0.00	0.00
	(c) Term Loans	19.73	0.00
	(d) Inter-corporate loans and borrowing	189.88	0.00
	(e) Commercial paper	0.00	0.00
	(f) Public deposits*	844.47	
	(g) Other Loans		
	Subordinated Bond	2,747.84	0.00
	Bank	7,124.87	
	*Please see Note 1 below		
(2)	Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid):		
	(a) in the form of Unsecured debentures	0.00	0.00
	(b) in the form of partly secured debentures ie, debentures where there is a shortfall in the value of security	0.00	0.00
	(c) Other Public deposits	844.47	0.00
	*Please see Note 1 below		

Schedule to the Balance Sheet of a Non-Banking Financial Company
(as required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

Assets side:		Amount outstanding	
(3)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
	(a) Secured	12,049.01	0.00
	(b) Unsecured	1,314.69	0.00
(4)	Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	0.00	0.00
	(b) Operating lease	0.00	0.00
	(ii) Stock on Hire including hire charges under sundry debtors:		
	(a) Asset on Hire	719.39	0.00
	(b) Repossessed assets	0.00	0.00
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed		
	(b) Loans other than (a) above	6,257.35	0.00
(5)	<u>Break-up of Investments:</u>		
	<u>Current Investments :</u>		
	1. <u>Quoted</u>		
	(i) Shares: (a) Equity	0.00	0.00
	(b) Preference	0.00	0.00
	(ii) Debentures and Bonds	0.00	0.00
	(iii) Units of mutual funds	0.33	0.00
	(iv) Government securities	0.00	0.00
	(v) Others	0.00	0.00
	2. <u>Unquoted:</u>		
	(i) Shares: (a) Equity	0.00	0.00
	(b) Preference	0.00	0.00
	(ii) Debentures and Bonds	0.00	0.00
	(iii) Units of mutual funds	0.00	0.00
	(iv) Government securities	0.00	0.00
	(v) Others	0.00	0.00
	<u>Long term Investments:</u>		
	1. <u>Quoted</u>		
	(i) Shares: (a) Equity	0.14	0.00
	(b) Preference	0.00	0.00
	(ii) Debentures and Bonds	0.00	0.00
	(iii) Units of mutual funds	0.00	0.00
	(iv) Government securities	241.99	0.00
	(v) Others	0.00	0.00
	2. <u>Unquoted:</u>		
	(i) Shares: (a) Equity	50.32	0.00
	(b) Preference	0.00	0.00
	(ii) Debentures and Bonds	0.00	0.00
	(iii) Units of Mutual funds	0.00	0.00
	(iv) Government securities	0.00	0.00
	(v) Others	0.00	0.00

Schedule to the Balance Sheet of a Non-Banking Financial Company
(as required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(6)	Borrower Group-wise classification of assets financed as in (3) and (4) above: Please see Note 2 below			Rs. in lakhs
	Category	Amount net of provisions		
		Secured	Unsecured	Total
	1. Related Parties**			
	(a) Subsidiaries	0.00	0.00	0.00
	(b) Companies in the same group	0.00	0.00	0.00
	(c) Other related Parties	0.00	0.00	0.00
	2. Other than related parties	19,025.75	1,314.69	20,340.44
	Total	19,025.75	1,314.69	20,340.44
	**As per Accounting Standard of ICAI (Please see Note 3)			
(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below			Rs. in lakhs
	Category	Market value/Break-up or fair value or NAV	Book value (net of Provisions)	
	1. Related Parties**			
	(a) Subsidiaries	50.00	50.00	
	(b) Companies in the same group	Nil	Nil	
	(c) Other related Parties	Nil	Nil	
	2. Other than related parties	232.96	242.78	
	Total	282.96	292.78	
(8)	Other information			Amount outstanding
	(i) <u>Gross Non-Performing Assets</u>			
	(a) Related Parties			0.00
	(b) Other than related parties			1,427.29
	(ii) <u>Net Non-Performing Assets</u>			
	(a) Related Parties			0.00
	(b) Other than related parties			1,084.72
	Asset acquired in satisfaction of debt			7.00

Notes:

- As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (5) above.

MANAPPURAM INSURANCE BROKERS PRIVATE LIMITED

Board of Directors

Shri. V.P. Nandakumar - Chairman
Shri. B.N. Raveendra Babu
Shri. I. Unnikrishnan
Smt. Jyothy Prasannan

Auditors

Mohandas and Associates
Chartered Accountants
Door No. TC 25/838, A.R. Menon Road
Thrissur - 680 001

Registered Office

Manappuram House
Valapad P.O.
Thrissur - 680 567

DIRECTORS REPORT

To
The Members of
Manappuram Insurance Brokers Private Limited.

Your directors are pleased to present the 6th Annual Report on the working of the company for the year ended 31st March 2008 together with the Audited Balance Sheet and Profit and Loss Account and also the report of the Board of Directors and Auditors thereon.

1. Financial Results

(Amount in Rupees)

Sl No	Description	As on 31.03.2008	As on 31.03.2007
1.	Gross receipts during the year	92,45,900.00	55,68,666.00
2.	Total Expenditure	35,29,644.00	25,81,625.00
3.	Profit(+)/Loss(-) before non cash charges	57,16,236.00	29,87,041.00
4.	Depreciation and Preliminary expenses written off	58,848.00	92,438.00
5.	Provision for tax, Deferred tax	19,53,986.00	999,384.00
6.	Net Profit	37,03,402.00	1,895,219.00
7.	Profit b/f from previous year	44,70,530.00	2,575,310.00
8.	Balance profit carried to Balance Sheet	81,73,932.00	4,470,529.00

2. Dividend

Your directors do not recommend any dividend on the equity shares for the financial year ended 31st March 2008.

3. Directors

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the company, Mrs. Jyothy Prasannan retire by rotation and is eligible for reappointment.

4. The Companies (disclosure of particulars in the report of the Board of Directors) Rules, 1988 Conservation of energy, Technology absorption & Foreign exchange earnings and outgo

At present, the Company has no activities relating to conservation of energy or technology absorption. Also there is no foreign exchange transaction causing foreign exchange earnings or outgo.

5. Particulars of Employees

The company has no employees whose remuneration would exceed the limits prescribed under section 217 (2A) of the Companies Act, 1956.

6. Directors' Responsibility Statement :

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

- in the preparation of Annual Accounts for the financial year ended 31/03/2008, applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2007-2008 and of the profit of the company for that period.
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the Directors have prepared the Annual Accounts for the year 2007-08 on a going concern basis.

7. Auditors :

The statutory Auditors M/s Mohandas & Associates, Chartered Accountants, retire at the coming Annual General Meeting of the company and are eligible for re-appointment.

8. Acknowledgement :

Your Directors place on record their sincere thanks and appreciation for the whole-hearted co-operation received from our esteemed Shareholders, Investors, Customers and Well-wishers. The Directors also thank the employees of the Company at all levels for their dedicated and invaluable service during the period under review.

For and on behalf of the Board of Directors

Sd/-

V.P.Nandakumar
Chairman

Place : Valapad
Date : 31.05.2008

COMPLIANCE CERTIFICATE

Registration No. of the Company : U66010KL2002PTC015699

Nominal Capital : Rs.1,00,00,000/-

To
The Members
Manappuram Insurance Brokers (P) Limited
Manappuram House
Valapad - 680 567
Thrissur District

I have examined the registers, records, books and papers of Manappuram Insurance Brokers (P) Limited as required to be maintained under the Companies Act, 1956, and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2008. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year.

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the Rules made there under.
3. The Company being a Private Limited Company, has the minimum paid up capital and its number of members during the said financial year was four excluding its present and past employees and the company during the year under scrutiny
 - i) has not invited to subscribe for its shares or debentures and
 - ii) has not invited or accepted any deposits from persons other than its members, directors or their relatives
4. The Board of Directors duly met six times (See Annexure C) in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the Purpose.
5. The Company was not required to close its Register of Members or Debenture holders during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March, 2007 was held on 07th September, 2007 after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting held during the financial year .
8. The Company has not advanced any loans to its directors or persons or firms or Companies referred to under section 295 of the Act.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificate during the financial year.
13. The Company has
 - i. Not allotted any securities or no transfer or transmission of securities during the year.
 - ii. Not declared any dividend during the year
 - iii. Not applicable as no dividend has been declared.
 - iv. No amount remains in the Unpaid Dividend Account, application money due for refund, matured deposits, matured debentures, and interest accrued thereon required to be transferred to Investor Education and Protection Fund.
 - v. Duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company was duly constituted. During the financial year there is no appointments of Directors, additional directors, alternate directors and directors to fill casual vacancies have been made.
15. The Company has not appointed Managing Director or whole time director during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the central govt., Company Law Board, Regional Director,

Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.

18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued equity shares during the financial year
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transaction necessitating the company to keep in abeyance the right to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Borrowings made by the Company during the financial year are within the limit.
25. The Company has not made any loans or advance or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one State to another during year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny and complied with the provisions of the Act.
28. The Company has not altered the provisions of the Memorandum with respect to the name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company follows the Employees' Provident Fund Act and therefore Section 418 of the Companies Act is not applicable to it.

Sd/-

V K KERALA VARMA, FCA, FCS
Practising Company Secretary
Certificate Practice No. 2262

Thrissur
30.04.2008

ANNEXURE – A
Manappuram Insurance Agents and Brokers (P) Limited

PARAGRAPH – 1

The Company has maintained the following Registers:

	Section
1. Register of members	150/151
2. Register of Directors and their Shareholding	303/307
3. Minutes Book of Board and General Meetings and respective attendance Registers	193
4. Proper Books of Accounts	207
5. Register contracts in which directors are interested	301(1)

The Company has not maintained the following registers, as there are no entries to be made.

1. Register of Investments	49
2. Register of deposits accepted	58A
3. Register of charges	136/143
4. Register of Securities bought back	77A

ANNEXURE – B**PARAGRAPH – 2**

Forms and Returns as filed with Registrar of Companies during the year - 2007-2008

Sl. No.	Form No./ Return	Filed under Section	For Date of filing	Whether filed within prescribed Time (Yes / No)	If delay in filing whether requisite additional fee paid (Yes/No)
1.	Form 66	383	29.10.2007	No	Yes
2.	Form 23AC	220	08.10.2007	Yes	“
3.	Form 20B	159	12.11.2007	No	Yes

ANNEXURE – C

Date of Board Meetings during the year 2007-08

Sl. No.	Date
1.	16.04.2007
2.	10.05.2007
3.	16.08.2007
4.	07.09.2007
5.	04.12.2007
6.	14.02.2008

Sd/-
V K KERALA VARMA, FCA, FCS
Practising Company Secretary
CP No. 2262

Thrissur
30.04.2008

AUDITORS' REPORT

Mohandas and Associates
Chartered Accountants
Door No. TC 25/838, A.R. Menon Road
Thrissur - 680 001
Phone : 0487-2333124
E-mail : ma.auditors@gmail.com

To
The Members of
Manappuram Insurance Brokers Private Limited,
Valapad, Thrissur

1. We have audited the attached Balance Sheet of Manappuram Insurance Brokers Private Limited as at 31st March, 2008 and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section 4A of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
 - iii) The Balance Sheet & Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v) On the basis of written representations received from the directors, as on 31.03.2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31.03.2008 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi) In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008 and
 - ii) In the case of the Profit and Loss Account, of the **Profit** of the Company for the year ended on that date.

For Mohandas & Associates
Chartered Accountants

Sd/-

Mohandas A. (Partner)
Membership No.36726

Thrissur
Dated 22nd April 2008

ANNEXURE TO AUDITORS' REPORT
Referred to in paragraph 3 of our report of even date

- i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such verification.
- c) In our opinion and according to the information and explanation given to us, the company has not disposed off substantial part of fixed assets during the year.
- ii) In our opinion and according to the information and explanation given to us, the company does not hold any inventory. Hence clause No. ii (a), (b) and (c) are not applicable to the company.
- iii) a) The company has granted one loan to Manappuram Finance Tamilnadu (P) Ltd. covered in the register maintained U/s. 301 of the Companies Act, 1956 during the year covered by our audit. The maximum amount involved in this loan is Rs. 47.85 lacs and the year - end balance of loan granted to such company is Rs. 47.85 lacs As per the information and according to the explanation given to us, the company has not taken any loan from firms, companies or other parties covered in the register maintained U/s.301 of the Companies Act, other than above.
- b) As per the information and according to explanation given to us the rate of interest and other terms and conditions of such loans prima facie are not prejudicial to the interest of the company.
- c) The above party is regular in repayment of principal as stipulated and has been regular in the payment of interest.
- d) There is no overdue amount of loans granted to the firm listed in the register maintained U/s.301 of the Companies Act 1956.
- e) The Company has not taken any loan, secured or unsecured from Companies, Firms or other parties covered maintained U/s.301 of the Companies Act 1956. Hence clause No (iii) (f) and (g) are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, there are adequate Internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v) a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are prima facie reasonable having regard to the prevailing market price at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public. Therefore the directives issued by the Reserve Bank of India and Department of Company Affairs and the provision of section 58A and 58AA or any other relevant provisions of the Act and the Rules framed there under, are not applicable. According to the information and explanations given to us the company has not received any order from Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal in this regard.
- vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii) The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for any of the products of the company.
- ix) a) According to the information and explanations given to us and on the basis of records produced before us, for verification, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- b) According to the information and explanation given to us there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
- x) In our opinion, there are no accumulated losses for the company. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) The company has not taken any loan from banks or other financial institution.
- xii) The company has not granted loans and advances on the basis of security by way pledge of shares, debentures and other securities.
- xiii) In our opinion the company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 is not applicable to the company.

- xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv) In our opinion and as per information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.
- xvi) The company has not taken any term loan and hence para 4 (xvi) of the order is not applicable
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act.
- xix) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued debentures.
- xx) In our opinion and according to the information and explanations given to us, the company has not made any public issue of shares during the year.
- xxi) In our opinion and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Mohandas & Associates
Chartered Accountants

Sd/-

Mohandas A. (Partner)
Membership No.36726

Thrissur
Dated 22nd April 2008

MANAPPURAM INSURANCE BROKERS PRIVATE LIMITED
BALANCE SHEET AS ON 31.03.2008

	SCHEDULE NO	As on 31.03.2008 (Rs.)	As on 31.03.2007 (Rs.)
I. SOURCE OF FUNDS			
Share Holder's Fund			
Share Capital	1	5,000,000.00	5,000,000.00
Profit and Loss Account	2	8,173,932.00	4,470,530.00
LOAN FUNDS			
DEFERRED TAX LIABILITY		NIL	NIL
		42,560.00	50,878.00
TOTAL		<u>13,216,492.00</u>	<u>9,521,408.00</u>
II. APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	3	511,922.00	511,922.00
Less: Depreciation		227,863.00	169,015.00
Net Block		284,059.00	342,907.00
CURRENT ASSETS			
Cash and Bank Balances	4.1	6,776,771.00	3,296,320.00
Other Current Assets	4.2	1,732,126.00	1,848,175.00
Loans and advances	4.3	8,015,279.00	7,181,982.00
		<u>16,524,176.00</u>	<u>12,326,477.00</u>
Less: Current Liabilities And Provisions	5	3,591,743.00	3,147,976.00
NET CURRENT ASSETS		12,932,433.00	9,178,501.00
NOTES ON ACCOUNTS	9		
TOTAL		<u>13,216,492.00</u>	<u>9,521,408.00</u>

Schedules 1 to 9 form an integral part of this Financial statement

For and on behalf of the Board

Sd/-
I.Unnikrishnan
(Director)

Sd/-
B.N.Raveendra Babu
(Director)

Sd/-
V.P Nandakumar
(Chairman)

For Mohandas and Associates

Place:Valapad
Date:22 nd April,2008

Sd/-
Mohandas A. (Partner)
Chartered Accountant
Membership No.36726

MANAPPURAM INSURANCE BROKERS PRIVATE LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	SCHEDULE NO	As on 31.03.2008	As on 31.03.2007
INCOME	6	9,245,900.00	5,568,666.00
EXPENDITURE			
Salaries and allowances	7	1,745,227.00	2,230,906.00
Administration Expenses	8	1,784,437.00	350,719.00
TOTAL		3,529,664.00	2,581,625.00
PROFIT BEFORE NON CASH CHARGES		5,716,236.00	2,987,041.00
Less: Non Cash charges			
Depreciation	3	58,848.00	58,848.00
Preliminary expenses written off		NIL	33,590.00
PROFIT BEFORE TAX		5,657,388.00	2,894,603.00
Less: Provision for taxation			
a) Current year		1,941,766.00	984,146.00
b) Deferred tax Income		(8,318.00)	11,288.00
c) Fringe Benefit tax		12,000.00	3,950.00
d) Prior period adjustment		8,538.00	NIL
PROFIT AFTER TAX		3,703,402.00	1,895,219.00
Balance of Profit brought forward from previous years		4,470,530.00	2,575,310.00
		8,173,932.00	4,470,529.00
Appropriations:-			
Balance Carried to Balance Sheet		8,173,932.00	4,470,529.00
TOTAL		8,173,932.00	4,470,529.00
Earnings per share (f)		7.41	3.79

Schedules 1 to 9 form an integral part of this Financial statement

For and on behalf of the Board

Sd/-
I.Unnikrishnan
(Director)

Sd/-
B.N.Raveendra Babu
(Director)

Sd/-
V.P Nandakumar
(Chairman)

For Mohandas and Associates

Place:Valapad
Date:22 nd April,2008

Sd/-
Mohandas A. (Partner)
Chartered Accountant
Membership No.36726

MANAPPURAM INSURANCE BROKERS PRIVATE LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE 1 - SHARE CAPITAL

	As on 31.03.2008 (Rs.)	As on 31.03.2007 (Rs.)
AUTHORISED (10,00,000 Equity Shares of Rs.10 each)	10,000,000.00	10,000,000.00
ISSUED, SUBSCRIBED AND PAID-UP 5,00,000 Equity shares of Rs. 10 each fully paid up	5,000,000.00	5,000,000.00
TOTAL	5,000,000.00	5,000,000.00

SCHEDULE 2 - PROFIT AND LOSS ACCOUNT

	As on 31.03.2008 (Rs.)	As on 31.03.2007 (Rs.)
Balance brought forward from previous year	4,470,530.00	2,575,311.00
Add: Profit during the year	3,703,402.00	1,895,219.00
TOTAL	8,173,932.00	4,470,530.00

SCHEDULE 3 - FIXED ASSETS - Depreciation As Per The Companies Act 1956

Particulars	Gross Block (Rs.)				Rate	Depreciation (Rs.)				Net Block (Rs.)	
	As on 01.04.2007	Addi- tions	Dele- tions	As on 31.03.2008		Up to 31.03.2007	Sale Adj.	For the Year	Up to 31.03.2008	As on 31.03.2008	As on 31.03.2007
Furniture & Fixtures	244,279.00	-	-	244,279.00	6.33%	42,950.00	-	15,463.00	58,413.00	185,866.00	201,329.00
Computer	267,643.00	-	-	267,643.00	16.21%	126,065.00	-	43,385.00	169,450.00	98,193.00	141,578.00
Total	511,922.00	-	-	511,922.00		169,015.00	-	58,848.00	227,863.00	284,059.00	342,907.00
Previous Year	511,922.00	-	-	511,922.00	-	101,167.00	-	58,848.00	169,015.00	342,907.00	401,755.00

SCHEDULE 4 - CURRENT ASSETS, LOANS AND ADVANCES**CURRENT ASSETS****4.1 CASH AND BANK BALANCES**

	As on 31.03.2008 (Rs.)	As on 31.03.2007 (Rs.)
Cash in Hand	8,050.00	46,046.00
Balance with scheduled Banks in Current Accounts		
Canara Bank-285	83,719.00	84,216.00
HDFC	508,045.00	117,735.00
Federal Bank in deposit account	14,008.00	48,323.00
Indusind Bank Limited	1,520,720.00	1,400,000.00
Federal Bank Limited	4,642,229.00	1,600,000.00
TOTAL	6,776,771.00	3,296,320.00

4.2 OTHER CURRENT ASSETS

	As on 31.03.2008 (Rs.)	As on 31.03.2007 (Rs.)
Sundry Debtors:-		
Commission Receivable (Life)	1,394,221.00	1,489,089.00
Commission Receivable (General)	116,760.00	141,207.00
Interest Receivable on deposits	210,758.00	111,101.00
Postal Stamps	387.00	42.00
Other receivables	-	96,736.00
Telephone deposit	10,000.00	10,000.00
TOTAL	1,732,126.00	1,848,175.00

4.3 LOANS AND ADVANCES

	As on 31.03.2008 (Rs.)	As on 31.03.2007 (Rs.)
Inter Corporate Deposit	4,785,000.00	4,362,000.00
Advances recoverable in cash or in kind or for value to be received		
Tax deducted at source	3,230,279.00	2,819,370.00
Advance Fringe Benefit Tax	NIL	612.00
TOTAL	8,015,279.00	7,181,982.00

SCHEDULE 5 - CURRENT LIABILITIES AND PROVISIONS

	As on 31.03.2008 (Rs.)	As on 31.03.2007 (Rs.)
Current Liabilities (A)	824,217.00	1,650,039.00
Provisions (B)	2,767,526.00	1,497,937.00
TOTAL	3,591,743.00	3,147,976.00

A. CURRENT LIABILITIES

Incentive payable	596,501.00	582,847.00
Sundry Creditors *	80,389.00	952,603.00
Suspense Receipts	NIL	74,162.00
T.D.S Payable	15,804.00	789.00
Service Tax Payable	106,326.00	17,728.00
Auditors remuneration payable	25,197.00	21,910.00
TOTAL	824,217.00	1,650,039.00

B. PROVISIONS

Provision for taxation	2,755,526.00	1,495,887.00
Provision for Fringe Benefit tax	12,000.00	2,050.00
TOTAL	2,767,526.00	1,497,937.00

Note:-

Sundry Creditors

Due to SSI undertakings

NIL
80,389.00NIL
952,603.00

Due to Others

* There are no amounts to be credited to Investor Education and Protection Fund.

SCHEDULE 6 - INCOME

	As on 31.03.2008 (Rs.)	As on 31.03.2007 (Rs.)
Commission Received	8,335,186.00	5,085,732.00
Interest Received	836,552.00	480,281.00
Other Income	74,162.00	2,653.00
TOTAL	9,245,900.00	5,568,666.00

SCHEDULE 7 - SALARIES AND ALLOWANCES

	As on 31.03.2008 (Rs.)	As on 31.03.2007 (Rs.)
Salary	795,437.00	1,384,786.00
Incentive paid	949,790.00	846,120.00
TOTAL	1,745,227.00	2,230,906.00

SCHEDULE 8 - ADMINISTRATION EXPENSES

	As on 31.03.2008 (Rs.)	As on 31.03.2007 (Rs.)
Advertisement	99,871.00	95,025.00
Printing and Stationary	16,853.00	28,302.00
Bank Charges	22,370.00	12,207.00
Training Expenses	174,000.00	58,000.00
Licensing fees	20,000.00	3,500.00
Miscellaneous Expenses	1,500.00	7,777.00
Postage and Telephone	104,013.00	18,375.00
Business Promotion Expenses	-	4,370.00
Auditors Remuneration	28,090.00	25,760.00
Insurance charges	-	20,147.00
Travelling expenses	389,242.00	47,349.00
Tax & fees	27,841.00	6,980.00
Service tax	656,106.00	22,927.00
Rent	180,000.00	-
Legal Charges	64,551.00	-
TOTAL	1,784,437.00	350,719.00

SCHEDULE 9 - NOTES FORMING PART OF ACCOUNTS**A) Accounting Convention**

The financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles in India. Revenues are recognised and expenses are accounted with necessary provisions for all known liabilities and losses.

B) Revenue Recognition

Commission from Insurance Companies is being recognised on acceptance of Insurance policies by the Insurance Companies.

C) Fixed Assets

Fixed Assets are stated at Historical cost less Accumulated Depreciation.

D) Depreciation

Depreciation on Fixed Assets is provided on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

E) Earnings Per Share

The Company has followed Accounting Standard 20 issued by the ICAI regarding computation of earnings per share (Basic and diluted) has been computed as under:

	31.03.2008	31.03.2007
a) Net profit after tax	3,703,402.00	1,895,219.00
b) Weighted average number of equity shares for EPS Computation (fully paid up)	500,000.00	500,000.00
c) Earnings per share (face value of Rs.10)	7.41	3.79

F) Deferred Tax

The company has followed Accounting Standard 22 issued by the ICAI on taxes on income in the accounts and accordingly has created deferred tax liability arising on account of timing deference.

The major components of deferred tax liability are:-

	31.03.2008	31.03.2007
Depreciation	42,560.00	50,878.00

G) Segment Reporting

There are no separate reportable segment as per Accounting Standard 17 issued by the Institute of Chartered Accountants of India.

H) Related Party

Details of Related party Disclosure

Sl. No.	Name of Related Party	Relationship
1	Manappuram Finance Tamilnadu (P) Limited	Associate Concern
2	Manappuram Benefit Fund Limited	Associate Concern
3	Manappuram General Finance and Leasing Limited	Holding Company
4	Manappuram Comptech and Consultant (P) Ltd.	Associate Concern

I. Naure of transactions

	Paid	Outstanding	Total
Interest from Manappuram Finance Tamilnadu (P) Limited	435,820.00	44,759.00	480,579.00
Inter Corporate Deposit with Manappuram Finance Tamilnadu (P) Ltd.	4,785,000.00	-	4,785,000.00
Salary of Deputed staff receipts			
Manappuram Benefit Fund Limited	123,495.00	-	123,495.00
Manappuram General Ffinance and Leasing Limited	61,441.00	-	61,441.00
Manappuram Comptech and Consultant (P) Limited	5,994.00	-	5,994.00
Manappuram Finance Tamilnadu (P) Limited	48,737.00	-	48,737.00
Salary paid to Deputed staff of			
Manappuram Benefit Fund Limited	441,322.00	-	441,322.00
Manappuram General Finance and Leasing Limited	1,105,809.00	-	1,105,809.00
Rent paid to			
Manappuram General Finance and Leasing Limited	180,000.00	-	180,000.00
Incentive Travelling Allowance, Telephone Expense met by			
Manappuram General Finance and Leasing Limited	2,179,555.00	-	2,179,555.00
Reimbursement of Incentive			
Manappuram Comptech and Consultant (P) Limited	1,521,252.00	-	1,521,252.00

II. Particulars of Loans and Advances

	31.03.2008	31.03.2007
a) Loans and advances considered good in respect of which the company is fully secured	NIL	NIL
b) Loans and advances considered good and unsecured	3,230,279.00	2,819,370.00
c) Loans and advances considered bad and doubtful	NIL	NIL
d) Loans and advances due by directors or officers or any of them either severally or jointly with others	NIL	NIL
e) Loans and advances due by companies under the same management	4,785,000.00	NIL

f) Loans and Advances due by firms or private companies in which any director is a partner or a director or a member	NIL	NIL
g) Maximum amount due by directors or officers at any time during the year	NIL	NIL
III. Particulars of Sundry Debtors		
Debts outstanding for a period exceeding 6 months	NIL	NIL
Others	1,394,221.00	1,489,251.00
Total	1,394,221.00	1,489,251.00
a) Sundry Debtors considered good in respect of which the company is fully secured	NIL	NIL
b) Sundry Debtors considered good and unsecured	1,394,221.00	1,489,251.00
c) Sundry Debtors considered bad and doubtful	NIL	NIL
d) Sundry Debtors due by directors or officers or any of them either severally or jointly with others	NIL	NIL
e) Sundry Debtors due by companies under the same management	NIL	NIL
f) Sundry Debtors due by firms or private companies in which any director is a partner or a director or a member	NIL	NIL
g) Maximum amount due by directors or officers at any time during the year	NIL	NIL
IV. Estimated amount of contracts remaining to be executed on capital account and not provided for	NIL	NIL
V. Contingent liabilities not provided for	NIL	NIL
VI. Claims against the Company not acknowledged as debt	NIL	NIL
VII. Earnings in foreign Currency	NIL	NIL
VIII. Expenditure in foreign currency	NIL	NIL
IX. Auditors Remuneration		
For Statutory Audit	16,854.00	13,483.00
For Audit U/s 44 AB of the Income Tax Act	11,236.00	8,427.00
X. Tax Deducted at source on Interest and Commission Received	1,783,543.00	818,989.00
XI. Directors Remuneration	NIL	NIL
XII. Previous years figures are regrouped or rearranged wherever necessary		

For and on behalf of the Board

Sd/-
I.Unnikrishnan
(Director)

Sd/-
B.N.Raveendra Babu
(Director)

Sd/-
V.P Nandakumar
(Chairman)

For Mohandas and Associates

Place:Valapad
Date:22 nd April,2008

Sd/-
Mohandas A. (Partner)
Chartered Accountant
Membership No.36726

MANAPPURAM INSURANCE BROKERS PVT LTD: VALAPAD

**Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile**

Registration Details:

Registration No.	U66010KL2002PTCO15699
State Code	9.00
Balance Sheet Date	31.03.2008
Capital Raised During the year(Rs. In Thousands)	
Public issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

Position Mobilization and Deployment of Funds:(Rs. In 000's)

Total Liabilities	16808.00
Total Assets	16808.00

Source of Funds:

Paid up capital	5000.00
Reserves and surplus	8173.00
Secured loans	Nil
Unsecured loans	Nil
Deferred Tax Liability	43.00

Application of Funds:

Net Fixed Assets	284.00
Investments	Nil
Net Current Assets	12932.00
Miscellaneous Expenditure	Nil
Accumulated Loss	Nil

Performance of the Company(Rs. In 000's)

Turn Over	9246.00
Total Expenditure	3588.00
Profit/Loss before Tax	5657.00
Profit/Loss after Tax	3703.00
Earnings per share	7.41
Dividend Rate (%)	Nil

Generic Names of three principal Products/services of Company
(As per Monetary Terms)

ITEMS CODE No.(ITC CODES)	Nil
PRODUCT DESCRIPTION	Insurance Brokers

As per our separate report of even date attached

For and on behalf of the Board

Sd/-
V.P. Nandakumar
(Chairman)

Sd/-
I. Unnikrishnan
(Director)

Sd/-
B.N. Raveendra Babu
(Director)

As per our Report of even date attached

For Mohandas & Associates
Chartered Accountants
Sd/-

Mohandas A. (Partner)
Membership No. 36726

Place : Valapad
Date : 22-04-2008

Auditor's Report on the Consolidated Financial Statements

The Board of Directors
Manappuram General Finance & Leasing Limited

1. We have audited the attached consolidated balance sheet of Manappuram General Finance & Leasing Limited ('the Company') and its subsidiary, Manappuram Insurance Brokers Private Limited, as at March 31, 2008, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of Rs. 13,216,492 as at March 31, 2008, the total revenue of Rs. 9,245,900 and cash flows amounting to Rs. 3,480,451 for the year then ended. Such financial statements and other financial information have been audited by another auditor whose report has been furnished to us, and our opinion is based solely on the report of such other auditor.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 – 'Consolidated financial statements' issued by the Institute of Chartered Accountants of India.
5. Without qualifying our opinion, we draw attention to Note 10 of Schedule 18 to the financial statements regarding the requirement of previous approval of the Central Government in respect of certain transactions for the purchase and sale of services from/to parties covered under Section 297 of the Companies Act, 1956.
6. Based on our audit and on consideration of the report of the other auditor on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated balance sheet, of the state of affairs as at March 31, 2008;
 - (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

Sd/-
per S Balasubrahmanyam
Partner
Membership No.: 053315

Place: Chennai
Date: May 8, 2008

MANAPPURAM GENERAL FINANCE AND LEASING LIMITED, VALAPAD
CONSOLIDATED BALANCE SHEET AS ON 31st MARCH, 2008

	SCHEDULE No.	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	618,000,000	150,000,000
Reserves and surplus	2	320,002,729	135,728,629
Loan funds			
Secured loans	3	1,351,081,230	511,935,739
Unsecured loans	4	393,925,578	420,938,488
Deferred tax liability (net)	5	434,174	1,007,071
		2,683,443,711	1,219,609,927
APPLICATION OF FUNDS			
Fixed assets			
Gross block	6	208,631,610	134,225,232
Less : Accumulated depreciation		45,138,885	27,000,125
Net block		163,492,725	107,225,107
Investments	7	24,278,285	24,007,720
Current Assets, Loans and Advances			
Cash and bank balances	8	679,007,332	218,949,800
Other current assets	9	202,914,990	156,332,557
Loans and advances	10	1,856,110,872	966,522,864
		2,738,033,194	1,341,805,221
Less : Current liabilities and provisions			
Current liabilities	11	217,638,846	219,419,055
Provisions	12	24,721,647	34,009,066
		242,360,493	253,428,121
Net current assets		2,495,672,701	1,088,377,100
		2,683,443,711	1,219,609,927
Notes to accounts	18		

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

As per our report of even date

For and on behalf of the Board of Directors

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

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

Sd/-
I. Unnikrishnan
Managing Director

Sd/-
P. Manomohanam
Director

Sd/-
per **S Balasubrahmanyam** (Partner)
Membership No.: 053315

Sd/-
B.N.Raveendra Babu
Director

Sd/-
A.L.Bindu
Chief Financial Officer

Sd/-
C.Radhakrishnan
Company Secretary

Place : Valapad
Date : May 8, 2008

MANAPPURAM GENERAL FINANCE AND LEASING LIMITED, VALAPAD
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2008

	SCHEDULE No.	As on 31.03.2008 Rs.	As on 31.03.2007 Rs.
INCOME			
Income from services	13	787,930,339	425,410,813
Other income	14	17,911,671	16,657,312
Total		805,842,010	442,068,125
EXPENDITURE			
Personnel expenses	15	118,120,184	62,896,207
Operating and other expenses	16	200,611,819	112,162,259
Depreciation / amortization	6	18,317,899	10,717,639
Financial expenses	17	143,529,115	89,849,490
Total		480,579,017	275,625,595
Profit before tax		325,262,993	166,442,530
Less: Provision for tax			
- Current tax		111,143,193	58,484,146
- Fringe benefit tax		1,093,344	270,403
- Deferred tax		(572,897)	(367,512)
Profit after tax		213,599,353	108,055,493
Balance brought forward from previous year		10,213,912	4,939,599
Profit available for appropriation		223,813,265	112,995,092
Appropriations:			
- Transfer to Statutory Reserve		42,000,000	22,000,000
- Transfer to General Reserve		100,000,000	50,000,000
- Transfer to Capital Redemption Reserve		5,715,000	5,715,000
- Dividend on Convertible Preference Shares		65,390	1,625,000
- Interim Dividend on Equity Shares		16,500,000	-
- Interim Dividend on Redeemable Preference Shares		3,000,000	-
- Proposed Dividend on Equity Shares		5,500,000	19,800,000
- Tax on distributed profit		4,259,863	3,641,180
Net profit carried forward to balance sheet		46,773,012	10,213,912
Earnings per share information -			
- Weighted average number of equity shares			
- Basic		11,000,000	11,000,000
- Diluted		11,915,097	11,000,000
- Basic earnings per share (in Rs.)		19.09	9.65
- Diluted earnings per share (in Rs.)		17.63	9.65
- Nominal value per equity share		Rs 10/-	Rs 10/-

Notes to Accounts

18

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

As per our report of even date

For and on behalf of the Board of Directors

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

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

Sd/-
I. Unnikrishnan
Managing Director

Sd/-
P. Manomohanam
Director

Sd/-
per **S Balasubrahmanyam** (Partner)
Membership No.: 053315

Sd/-
B.N.Raveendra Babu
Director

Sd/-
A.L.Bindu
Chief Financial Officer

Sd/-
C.Radhakrishnan
Company Secretary

Place : Valapad
Date : May 8, 2008

MANAPPURAM GENERAL FINANCE AND LEASING LIMITED, VALAPAD
CONSOLIDATED SCHEDULES FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED ON 31st MARCH, 2008

SCHEDULE 1 : Share capital

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Authorized		
28,000,000 (Previous year - 16,000,000) equity shares of Rs. 10 each	280,000,000	160,000,000
400,000 (Previous year - 400,000) redeemable preference shares of Rs. 100 each	40,000,000	40,000,000
4,800,000 (Previous year - Nil) compulsorily convertible preference shares of Rs. 100 each	480,000,000	-
Issued, subscribed and paid-up		
11,000,000 (Previous year -11,000,000) equity shares of Rs. 10 each fully paid up*	110,000,000	110,000,000
400,000 (Previous year - 400,000) 7.5% redeemable preference shares of Rs. 100 each fully paid up**	40,000,000	40,000,000
4,680,000 (Previous year -Nil) 0.05% compulsorily convertible preference shares of (CCPS) Rs. 100 each fully paid up***	468,000,000	-
Total	618,000,000	150,000,000

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

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

*** The CCPS are convertible into equity shares by September 30, 2008 at a premium to be determined based on terms of the share subscription agreement dated December 19, 2007 between the Company, Sequoia Capital India Growth Investments I and Hudson Equity Holdings Limited.

SCHEDULE 2 : Reserves and Surplus

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Capital reserve	397,721	397,721
Capital redemption reserve		
Opening balance	11,422,500	5,707,500
Add: Transferred from Profit and loss account	5,715,000	5,715,000
	17,137,500	11,422,500
Securities premium account		
Opening balance	-	15,000,000
Less: Transferred to share capital	-	15,000,000
	-	-
Statutory reserve		
Opening balance	50,300,000	28,300,000
Add: Transferred from Profit and loss account	42,000,000	22,000,000
	92,300,000	50,300,000
General reserve		
Opening balance	63,394,496	53,394,496
Less: Transferred to share capital	-	40,000,000
Add: Transferred from Profit and loss account	100,000,000	50,000,000
	163,394,496	63,394,496
Profit & Loss Account	46,773,012	10,213,912
Total	320,002,729	135,728,629

SCHEDULE 3 : Secured loans

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
653,949 (Previous year - 370,797) 9 - 11.5% Secured Non-convertible Debentures of Rs. 1,000 each redeemable at par at the end of the term of each series of debentures ranging between 1-5 years*	633,375,000	370,797,000
Add: Interest accrued and due thereon	3,246,115	11,825,182
	636,621,115	382,622,182
From bank*		
- Cash credit	217,547,010	128,934,882
- Working Capital Demand Loans	494,939,726	-
Vehicle loans (Secured by hypothecation of vehicles)	1,973,379	378,675
Total	1,351,081,230	511,935,739

* Refer Note 11 to Schedule 18 for details of charge created on assets of the Company

SCHEDULE 4 : Unsecured loans

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Deposits	80,996,128	240,938,459
Debenture application money	20,574,000	15,956,000
Inter-Corporate Deposits	18,285,652	4,665,000
Subordinate bond	271,113,000	152,060,100
Interest Accrued and Due	2,956,798	7,318,929
Total	393,925,578	420,938,488

SCHEDULE 5 : Deferred tax liability (net)

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Deferred Tax Liability Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	12,035,450	6,671,874
Deferred tax asset Provision for doubtful debts/advances	(11,601,276)	(5,664,803)
Deferred tax liability (net)	434,174	1,007,071

SCHEDULE 6 : Fixed Assets

Description	GROSS BLOCK			DEPRECIATION/AMORTIZATION			NET BLOCK	
	As at 01.04.2007	Additions	Deductions	As at 31.03.2008	For the year	Deletions	As at 31.03.2008	As at 31.03.2007
Land *	955,275	700,100	-	1,655,375	-	-	1,655,375	955,275
Building	2,722,123	645,748	-	3,367,871	47,607	-	3,207,383	2,609,242
Office equipment	8,313,954	8,881,156	35,872	17,159,238	2,351,689	2,314	12,254,089	5,758,180
Computer equipment & software	47,678,431	30,086,493	638,872	77,126,052	9,652,004	63,116	54,322,567	34,463,834
Furniture & Fittings	71,273,612	32,574,029	-	103,847,641	5,889,261	-	87,646,178	60,961,410
Vehicle **	3,281,837	2,541,986	348,390	5,475,433	377,338	113,709	4,407,133	2,477,166
TOTAL	134,225,232	75,429,512	1,023,134	208,631,610	18,317,899	179,139	163,492,725	107,225,107
Previous year	67,685,705	68,627,563	2,088,036	134,225,232	10,717,639	61,338	107,225,107	107,225,107

* The Company is in the process of registering the title of the land acquired during the year in its name as at March 31, 2008

** Include vehicles taken on finance lease - Gross block Rs. 3,534,756 (Previous year - Rs. 992,770); Net block Rs. 3,229,054 (Previous year - Rs. 851,171)

SCHEDULE 7 - Investments

	As at 31-03-2008	As at 31-03-2007
	Rs.	Rs.
Long Term Investments (Quoted at cost)		
A. Other than trade		
Nil (Previous year - 10,000) units of Rs. 100 each in 13.30% APPFCL Bonds	-	1,000,000
17,000 (Previous year - 17,000) units of Rs. 100 each in 6.13% Govt. of India Loan	1,638,800	1,638,800
15,000 (Previous year - 15,000) units of Rs. 100 each in 6.17% Govt of India Loan	1,398,000	1,398,000
53,700 (Previous year - 53,700) units of Rs. 100 each in 6.85% Govt. of India Loan	5,341,860	5,341,860
23,500 (Previous year - 23,500) units of Rs. 100 each in 8% TN Loan	2,460,450	2,460,450
30 (Previous year - 30) units of Rs. 1,00,000 each in 8% Gujarat Electricity Board	3,000,000	3,000,000
5,000 (Previous year - 5,000) units of Rs. 100 each in 7.00% Govt of India Loan	514,000	514,000
2,960 (Previous year - 2,960) units of Rs. 100 each in 7.50% Govt of India Loan	307,692	307,692
20,000 (Previous year - 20,000) units of Rs. 100 each in 7.33% HAR Loan	1,882,000	1,882,000
62,000 (Previous year - 62,000) units of Rs. 100 each in 7.38% Govt. of India Loan	6,153,500	6,153,500
15,000 (Previous year - 15,000) units of Rs. 100 each in 7.59% Govt. of India Loan	1,502,250	1,502,250
800 (Previous year - 800) equity shares of Rs. 10 each fully paid in Chowgule Steamship	52,755	52,755
500 (Previous year - 500) equity shares of Rs. 10 each fully paid in Sterling Holiday Resorts India Limited	51,455	51,455
100 (Previous year - 100) equity shares of Rs. 10 each fully paid in Raipur Alloys and Steels Limited	2,000	2,000
100 (Previous year - 100) equity shares of Rs. 10 each fully paid in Western Paques India Limited	10,000	10,000
100 (Previous year - 100) equity shares of Rs. 10 each fully paid in Rohit Pulp and Paper Mills Limited.	11,000	11,000
100 (Previous year - 100) equity shares of Rs. 10 each fully paid in The Dhanalakshmi Bank Limited.	5,000	5,000
400 (Previous year - 400) equity shares of Rs. 10 each fully paid in Global Finance Limited.	48,000	48,000
300 (Previous year - 300) equity shares of Rs. 10 each fully paid in Vijaya Bank Limited	7,200	7,200
<i>(Unquoted at cost)</i>		
Other than trade		
1,000 (Previous year - 1,000) equity share of Rs. 10 each fully paid in The Catholic Syrian Bank Ltd.	32,000	32,000
Current Investments - Trade (Quoted, at lower of cost and market value)		
1,629 units (previous year - 1,629) of Rs. 20.46 each in Sundaram Mutual Fund	33,323	33,323
	24,451,285	25,451,285
Less: Provision for permanent diminution in the value of investment	173,000	1,443,565
Total	24,278,285	24,007,720
Aggregate book value of unquoted investments	32,000	32,000
Aggregate book value of quoted investments	24,419,285	25,419,285
Aggregate market value of quoted investments	23,264,250	24,036,239

SCHEDULE 8 : Cash & Bank Balances

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Cash on hand	166,715,790	66,118,331
Balances with scheduled banks		
- on current accounts	214,468,888	57,192,000
- on deposit accounts *	280,865,472	95,131,602
- on unpaid dividend accounts	16,957,182	507,867
Total	679,007,332	218,949,800

* deposit accounts includes

- Collateral deposit towards gold loans assigned (Refer Note 12 to Schedule 18)

- Deposit held as per Section 45(IB) of the Reserve Bank of India Act

SCHEDULE 9 : Other current assets

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Interest accrued but not due	191,160,313	153,383,019
Stock of foreign currency	35,474	2,949,538
Others	11,719,203	-
Total	202,914,990	156,332,557

SCHEDULE 10 : Loans and advances

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Secured, considered good		
Loans:		
- Gold	977,168,728	197,622,016
- Hypothecation	620,173,304	441,046,903
- Stock on Hire	71,383,290	101,286,300
- Others	57,981,824	64,053,194
Unsecured, considered good		
Advances recoverable in cash or kind or for value to be received	33,040,829	4,668,806
Deposits	95,888,144	156,425,426
Others	-	96,736
Advance tax and tax deducted at source, net of provision for tax	474,753	1,323,483
Unsecured, considered doubtful		
Loans:		
- Gold	6,967,280	6,076,659
- Hypothecation	15,475,163	6,359,690
- Stock on Hire	2,489,364	1,171,187
- Others	4,049,795	1,614,989
Advances recoverable in cash or kind or for value to be received	5,275,052	-
	1,890,367,526	981,745,389
Less: Provision for doubtful loans and advances	34,256,654	15,222,525
Total	1,856,110,872	966,522,864

SCHEDULE 11 : Current liabilities

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Sundry creditors for expenses	26,291,580	17,183,683
Interest accrued but not due on loans	17,570,073	23,771,094
Unmatured finance charges	121,030,885	13,289,842
Sundry deposits	22,918,950	13,834,282
Unclaimed dividend	457,182	507,867
Dividend payable	16,500,000	-
Other liabilities	12,870,176	150,832,287
Total	217,638,846	219,419,055

SCHEDULE 12 : Provisions

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Provisions for taxation (net of advance tax and tax deducted at source)	17,688,569	8,859,797
Provision for fringe benefit tax (net of advance tax)	12,000	83,089
Provision for dividend on preference shares	65,390	1,625,000
Proposed final dividend	5,500,000	19,800,000
Tax on proposed dividend	1,455,688	3,641,180
Total	24,721,647	34,009,066

SCHEDULE 13 : Income from services

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Interest and other income from		
- Gold loans	587,634,968	320,119,137
- Hypothecation loans	182,359,118	93,844,578
Income from fee based activities	17,936,253	11,447,098
Total	787,930,339	425,410,813

SCHEDULE 14 : Other income

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Interest (gross)	13,173,459	12,905,473
Foreign exchange gain (net)	-	219,504
Bad debts recovered	2,101,523	1,638,660
Others	2,636,689	1,893,675
Total	17,911,671	16,657,312

SCHEDULE 15 : Personnel expenses

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Salaries, wages and bonus	111,630,641	58,859,619
Contribution to provident and other funds	6,120,404	3,929,664
Staff welfare expenses	369,139	106,924
Total	118,120,184	62,896,207

SCHEDULE 16 : Operating and other expenses

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Rent	27,708,503	15,676,893
Electricity	5,622,438	2,993,018
Travel and conveyance	8,826,383	7,198,931
Communication expenses	16,445,717	6,696,379
Advertisement	61,537,422	23,310,339
Directors sitting fees	749,000	392,000
Repairs and maintenance		
- Vehicles	561,756	379,786
- Others	3,855,512	2,074,830
Legal and professional fees	7,101,448	2,339,412
Security charges	15,233,701	6,794,219
Rates and taxes	6,363,645	4,504,344
Printing and stationery	9,698,175	4,045,884
Bad debts	14,685,390	21,320,320
Provision for doubtful loans and advances	19,034,129	9,516,516
Miscellaneous expenses	3,188,600	4,919,388
Total	200,611,819	112,162,259

SCHEDULE 17 : Financial expenses

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Interest		
- on Debentures	46,468,643	33,955,946
- on Deposits	40,928,011	27,235,310
- on Banks	26,734,608	13,401,357
- Others	27,790,851	13,689,322
Bank and other charges	1,607,002	1,567,555
Total	143,529,115	89,849,490

SCHEDULE 18 - Notes to accounts**18.1 Background**

Manappuram General Finance and Leasing Limited ('MAGFIL' or 'the Company') was incorporated on July 15, 1992 in Thrissur, Kerala. The Company is a non-banking financial company ('NBFC') which provides a wide range of fund based and fee based services including gold loans, hypothecation loans, hire purchase loans, money exchange facilities, etc. The Company currently operates through more than 300 branches spread across the country.

During the current year, the Company has issued and allotted 4,68,000, 0.05% compulsorily convertible preference shares of Rs. 100 each to Hudson Equity Holdings Limited and Sequoia Capital India Investment Holdings I pursuant to an agreement with the aforesaid parties.

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

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

18.2 Statement of significant accounting policies:**a) Principles of consolidation**

- i. The excess of MAGFIL's portion of equity of MAIBRO, at the date of investment over the cost of such investment has been accounted as Capital Reserve in the Consolidated Financial Statements ('CFS').
- ii. The CFS of the Group have been prepared based on a line-by-line consolidation of the balance sheet as at March 31, 2008 and statement of profit and loss and cash flows of the Group for the year ended March 31, 2008.
- iii. The financial statements of the Subsidiary considered for the purpose of consolidation are drawn for the same reporting period as that of the Company i.e. year ended March 31, 2008.
- iv. The CFS have been prepared using uniform accounting policies, except as stated otherwise, for similar transactions and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- v. All material inter-company transactions and balances between the entities included in the CFS have been eliminated on consolidation.

b) Basis of preparation

The consolidated financial statements have been prepared to comply in all material respects with the mandatory Accounting standard issued by the Institute of Chartered Accountants of India, the relevant provisions of the Companies Act, 1956 ('the Act') and the guidelines issued by the Reserve Bank of India as applicable to a NBFC to reflect the financial position and the results of operations of the Group. The consolidated financial statements have been prepared under the historical cost convention and on an accrual basis. Further, the financial statements are presented in the general format specified in Schedule VI to the Act. However, as these financial statements are not statutory financial statements, full compliance with the above Act are not required and so they may not reflect all the disclosure requirements of the Act.

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

c) Use of estimates

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

d) Change in accounting policy

Adoption of Accounting Standard 15 (Revised) - 'Employee Benefits'

Until March 31, 2007, the Company was providing for gratuity based on actuarial valuation as per certificate from Life Insurance Corporation of India. In the current year, the Company has adopted the Accounting Standard 15 (Revised) [AS 15(R)], which is mandatory from accounting periods commencing on or after from December 7, 2006. Accordingly, the Company has provided for gratuity based on actuarial valuation done as per projected unit credit method. This change does not have a material impact on the profits for the current year and earlier periods.

There are no other employee benefits that have a significant impact on account of adoption of AS 15R.

e) Fixed assets

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

f) Depreciation

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

g) Impairment

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

ii) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

h) Leases

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

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

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

i) Investments

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

j) Revenues

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

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

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

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

k) Retirement benefits

i. Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective fund is due. There are no other obligations other than the contribution payable to the respective trusts.

ii. Gratuity liability under the Payment of Gratuity Act is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

iii. Short term compensated absences are provided for based on estimates.

l) Foreign currency transactions**i. Initial Recognition**

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

ii. Conversion

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

iii. Exchange Differences

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

m) Income Tax

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

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

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

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

n) Earnings per share

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

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

o) Provisions

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

p) Segment reporting

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

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

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

q) Cash and cash equivalents

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

18.3 Segment reporting

Primary Segment: Business Segment

The three identified reportable segments are:

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

Secondary segment information

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

Primary segment information

Particulars	March 31, 2008	March 31, 2007
<u>Segment revenues</u>		
Gold and other loans	599,240,786	320,338,641
Asset financing	184,464,522	95,483,238
Fee based activities	18,846,966	11,930,032
	802,552,274	427,751,911
<u>Segment result</u>		
Gold and other loans	262,051,354	158,908,109
Asset financing	72,071,385	41,895,599
Fee based activities	13,744,884	8,996,335
Unallocable Income	3,289,736	14,316,214
Net unallocable expenditure	(25,894,366)	(57,673,727)
Profit before taxation	325,262,993	166,442,530
Taxes	111,663,640	58,387,037
Profit after taxation	213,599,353	108,055,493
<u>Segment assets</u>		
Gold and other loans	2,137,587,210	865,337,708
Asset financing	743,064,719	567,640,223
Fee based activities	16,843,709	15,662,125
Unallocable Assets	19,344,889	26,141,694
	2,916,840,527	1,474,781,750
<u>Segment liabilities</u>		
Gold and other loans	157,390,421	37,810,261
Asset financing	33,939,563	33,558,295
Fee based activities	3,634,304	3,198,854
Unallocated liabilities	1,795,592,713	1,114,485,711
	1,990,557,001	1,189,053,121
<u>Depreciation</u>		
Gold and other loans	15,859,018	8,947,291
Asset financing	2,400,033	1,711,500
Fee based activities	58,848	58,848
	18,317,899	10,717,639
<u>Capital expenditure</u>		
Gold and other loans	65,514,796	57,607,920
Asset financing	9,914,716	11,019,643
Fee based activities	-	-
	75,429,512	68,627,563

18.4 Related party transactions

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel		Relatives of key management personnel		Total	
	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07
Sale of gold loans	790,400,000	922,673,943	-	-	-	-	790,400,000	922,673,943
Manappuram Finance Tamilnadu Ltd.	790,400,000	922,673,943	-	-	-	-	790,400,000	922,673,943
Purchase of gold loans	151,626,511	800,573,943	-	-	-	-	151,626,511	800,573,943
Manappuram Finance Tamilnadu Ltd.	122,107,400	800,573,943	-	-	-	-	122,107,400	800,573,943
Manappuram Finance	29,519,111	-	-	-	-	-	29,519,111	-
Debentures issued during the year	-	-	275,000	-	-	-	275,000	-
V P Nandakumar	-	-	275,000	-	-	-	275,000	-
Interest paid	12,003,967	8,190,092	34,809,413	10,485,760	81,940	98,002	46,895,320	18,773,854
V P Nandakumar	-	-	34,809,413	10,485,760	-	-	34,809,413	10,485,760
Manappuram Comptech & Consultants (P) Ltd.	-	1,489	-	-	-	-	-	1,489
Manappuram Finance Tamilnadu Ltd.	11,487,867	8,188,603	-	-	-	-	11,487,867	8,188,603
Manappuram Asset Finance Ltd.	516,100	-	-	-	-	-	516,100	-
Jyothi Prasannan	-	-	-	-	81,940	98,002	81,940	98,002
Interest received	1,401,127	9,600,656	-	-	-	-	1,401,127	9,600,656
Manappuram Finance Tamilnadu Ltd.	1,401,127	9,600,656	-	-	-	-	1,401,127	9,600,656
Deputation of staff to other Companies	15,164,326	9,327,513	-	-	-	-	15,164,326	9,327,513
Manappuram Benefit Fund Ltd.	10,123,495	3,610,657	-	-	-	-	10,123,495	3,610,657
Manappuram Finance Tamilnadu Ltd.	5,034,837	5,395,195	-	-	-	-	5,034,837	5,395,195
Manappuram Comptech & Consultants (P) Ltd.	5,994	276,758	-	-	-	-	5,994	276,758
Manappuram Chits (India) Ltd.	-	44,903	-	-	-	-	-	44,903
Deputation of staff from other Companies	441,322	763,113	-	-	-	-	441,322	763,113
Manappuram Benefit Fund Ltd.	441,322	549,430	-	-	-	-	441,322	549,430
Manappuram Comptech & Consultants (P) Ltd.	-	213,683	-	-	-	-	-	213,683
Inter Corporate Deposits given	13,685,646	-	-	-	-	-	13,685,646	-
Manappuram Asset Finance Ltd.	13,685,646	-	-	-	-	-	13,685,646	-
Inter Corporate Deposits taken	4,785,000	4,362,000	-	-	-	-	4,785,000	4,362,000
Manappuram Finance Tamilnadu Ltd.	4,785,000	4,362,000	-	-	-	-	4,785,000	4,362,000
Incentive reimbursement received	2,396,878	-	-	-	-	-	2,396,878	-
Manappuram Finance Tamilnadu Ltd.	2,396,878	-	-	-	-	-	2,396,878	-
Incentive reimbursement paid	1,521,252	1,236,091	-	-	-	-	1,521,252	1,236,091
Manappuram Comptech & Consultants (P) Ltd.	1,521,252	1,236,091	-	-	-	-	1,521,252	1,236,091
Subordinate Bond issued during the year	-	-	-	-	951,000	-	951,000	-
Jyothi Prasannan	-	-	-	-	951,000	-	951,000	-
Issue of preference shares	-	-	-	-	-	20,000,000	-	20,000,000
V.P. Nandakumar	-	-	-	-	-	20,000,000	-	20,000,000
Balance outstanding as at the period end:								
Amounts payable (net) to related parties	13,766,253	220,091	45,432,464	-	955,075	133,000	60,153,792	353,091
Mr V.P.Nandakumar	-	-	45,432,464	-	-	-	45,432,464	-
Manappuram Asset Finance Ltd.	13,766,253	-	-	-	-	-	13,766,253	-
Jyothi Prasannan	-	-	-	-	955,075	133,000	955,075	133,000
Manappuram Benefit Fund Ltd.	-	220,091	-	-	-	-	-	220,091
Amounts receivable (net) from related parties	2,441,637	120,960,645	-	-	-	-	2,441,637	120,960,645
Manappuram Finance Tamilnadu Ltd.	2,441,637	120,897,570	-	-	-	-	2,441,637	120,897,570
Manappuram Comptech & Consultants (P) Ltd.	-	63,075	-	-	-	-	-	63,075

1. Names of related parties

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

Manappuram Finance Tamilnadu Limited [formerly Manappuram Finance (Tamilnadu) Private Limited]
Manappuram Benefit Fund Limited
Manappuram Chits (India) Limited
Manappuram Comptech & Consultants (P) Limited

Key Management Personnel	Manappuram Asset Finance Limited Manappuram Finance (Sole proprietorship) V P Nandakumar I Unnikrishnan
Relatives of key management personnel	Sushama Nandakumar Sooraj Nandan Rajalakshmi P.K. Shelly Ekalavyan Athira Prasannan Jyothi Prasannan

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

18.5 Gratuity:

The amounts of Provident Fund contribution charged to the Profit and Loss Account during the year aggregates to Rs. 3,345,599 (Previous Year - Rs. 2,147,999)

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

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

Profit and Loss account

Net employee benefit expense (recognised in Personnel expenses)

	2008
Current service cost	536,630
Interest cost on benefit obligation	55,148
Expected return on plan assets	(133,199)
Net actuarial gain recognised in the year	(259,670)
Net (benefit) / expense	198,909

Balance sheet

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

	2008
Defined benefit obligation	(926,872)
Fair value of plan assets	1,804,486
Asset/(liability) recognised in the balance sheet	877,614

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

	2008
Opening defined benefit obligation	735,308
Interest cost	55,148
Current service cost	536,630
Benefits paid	(140,544)
Actuarial gains on obligation	(259,670)
Closing defined benefit obligation	926,872

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

	2008
Opening fair value of plan assets	1,275,233
Expected return	133,199
Contributions by employer	536,598
Benefits paid	(140,544)
Actuarial gains / (losses)	-
Closing fair value of plan assets	1,804,486

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

	2008
	%
Discount rate	7.5%
Expected rate of return on assets	7.5%

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

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

18.6 Earnings per share

	2008	2007
Net profit as per profit and loss account	213,599,353	108,055,493
Less: Dividends on preference shares	(3,586,353)	(1,901,169)
Net profit for calculation of basic and diluted EPS	210,013,000	106,154,324
Weighted average number of equity shares in calculating basic EPS	11,000,000	11,000,000
Add: Weighted average equity shares to be issued on conversion of preference shares	915,097	-
Weighted average number of equity shares in calculating diluted EPS	11,915,097	11,000,000

18.7 Lease disclosure

Operating Leases:

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

Finance Leases:

	2008	2007
Total minimum lease payments at the year end	2,236,305	408,319
Less: Amount representing finance charges	262,926	29,644
Present value of minimum lease payments	1,973,379	378,675
Lease payments for the year	549,810	544,116

Minimum Lease Payments:

Not later than one year [Present value Rs. 745,623 as on March 31, 2008 (Rs. 317,325 as on March 31, 2007)]	902,388	334,327
Later than one year but not later than five years [Present value Rs. 1,227,756 as on March 31, 2008 (Rs. 61,350 as on March 31, 2007)]	1,333,917	73,992

18.8 Commitments and contingent liabilities

Commitments

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

Contingent liabilities

i) Claims against the Company not acknowledged as debts

	2008	2007
Penalty under Kerala General Sales Tax Act and Kerala Money Lenders Act	720,000	720,000
Income tax demand	700,000	-

ii) Others

The Company is contingently liable to banks and other financial institutions with respect to assignment of gold / hypothecation loans to the extent of the collateral deposit / guarantees - Rs. 534,074,694 (previous year - Rs. 263,233,013).

18.9 Assignment of receivables

The Company has assigned a portion of its gold loans / hypothecations loans to banks and financial institutions during the year. The aggregate balance amount lying outstanding as at March 31, 2008 is Rs. 3,930,117,097 (Previous year - Rs. 2,978,739,220), the breakup for which is as given below:

	2008	2007
Sundaram Finance	38,895,669	57,939,430
ICICI Bank	766,969,186	400,000,000
Development Credit Bank	500,000,000	-
ING Vysa Bank	349,998,315	-
HDFC Bank	300,000,000	90,000,000
Fullerton Credit Company Ltd.	1,532,164,176	2,076,809,928
Unit Trust of India	342,089,751	253,989,862
Kotak Mahindra	100,000,000	100,000,000
	3,930,117,097	2,978,739,220

18.10 Transactions with parties covered under section 297 of the Companies Act, 1956

The Company has entered into transactions for the purchase and sale of gold loan with certain parties covered under section 297 of the Companies Act, 1956. In addition, the Company has also entered into transactions with such parties for deputation of employees.

Management believes that transactions for the purchase and sale of gold loans with such parties are at prevailing market prices after considering the specialized nature of the items transacted. The Company is in the process of obtaining necessary approvals/condonations from Central Government, if any that may be required in respect of the various classes of the transactions entered into with parties covered under section 297 of the Companies Act, 1956.

18.11 Charges created on assets of the Company for Secured Loans

A. Non Convertible Secured Debentures

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

B. From banks

Overdraft accounts have been availed with the following banks and are secured by pledge of assets under original Hire Purchase agreements / Hypothecation Loan agreements including receivables thereon:

- The Catholic Syrian Bank Ltd., Thrissur
- The Dhanalakshmi Bank Ltd., Thrissur
- Canara Bank, Thrissur
- The Catholic Syrian Bank Ltd., TCR FCNR(B) Loan
- Punjab National Bank

Working Capital Demand Loan facilities are secured by gold loan receivables

18.12 Cash Collaterals held with banks

	2008	2007
ICICI Bank	168,512,489	-
Development Corporation Bank	25,000,000	20,052,020
Axis bank	30,000,000	21,000,000
HDFC Bank	36,000,000	12,000,000
Kotak Mahindra Bank	2,500,000	2,500,000
ING Vysya	8,752,000	-
	<u>270,764,489</u>	<u>55,552,020</u>

18.13 During the year, there have been three instances of fraud on the Company by employees where gold loan related misappropriations have occurred for amounts aggregating Rs. 24 lakhs. The Company has initiated steps to recover the amounts and have approached the insurance company for the same.

18.14 Comparatives

The figures of the previous year were audited by a firm of Chartered Accountants other than S. R. Batliboi & Associates. The previous year's figures have been regrouped wherever necessary to conform to current year's classification.

As per our report of even date

For and on behalf of the Board of Directors

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

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

Sd/-
I. Unnikrishnan
Managing Director

Sd/-
P. Manomohan
Director

Sd/-
per **S Balasubrahmanyam** (Partner)
Membership No.: 053315

Sd/-
B.N.Raveendra Babu
Director

Sd/-
A.L.Bindu
Chief Financial Officer

Sd/-
C.Radhakrishnan
Company Secretary

Place : Valapad
Date : May 8, 2008

MANAPPURAM GENERAL FINANCE AND LEASING LIMITED, VALAPAD
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2008

	Year ended 31-03-2008 (Rs)	Year ended 31-03-2007 (Rs)
A. Cash flow from operating activities	325,262,993	166,442,530
Net profit before taxation, and extraordinary items		
Adjustments for:		
Depreciation / amortization	18,317,899	10,717,639
Loss on sale of fixed assets	843,995	976
Write back of diminution in value of investments	(1,270,565)	-
Provision for diminution in value of investments	-	1,269,762
Interest income	(13,173,459)	(12,905,473)
Dividend income	-	(1,000)
Interest expense	141,922,113	88,281,935
Bad debts written off and provision for doubtful loans and advances	33,719,519	21,320,320
Operating profit before working capital changes	505,622,495	275,126,689
Movements in working capital :		
Decrease / (Increase) in other current assets	(37,624,517)	(118,075,186)
Decrease / (Increase) loans and advances	(923,307,527)	(382,532,474)
Increase / (Decrease) in current liabilities and provisions	(12,150,277)	13,064,458
Cash generated from operations	(467,459,826)	(212,416,513)
Direct taxes paid (net of refunds)	(103,407,765)	(48,441,277)
Net cash from operating activities	(570,867,591)	(260,857,790)
B. Cash flows from investing activities		
Purchase of fixed assets	(75,429,512)	(68,627,563)
Proceeds from sale of fixed assets	-	2,025,722
Sale / maturity of investments	1,000,000	2,400,000
Purchase of investments	-	(12,344,610)
Interest received	15,934,746	12,905,473
Dividends received	-	1,000
Net cash from investing activities	(58,494,766)	(63,639,978)
C. Cash flows from financing activities		
Proceeds from issuance of share capital	468,000,000	20,000,000
Share issue expenses not written off or adjusted	(11,719,203)	-
Proceeds from long-term borrowings (net)	812,132,581	276,485,767
Interest paid	(148,123,134)	(84,254,512)
Dividends paid	(24,425,000)	(9,750,000)
Tax on dividend paid	(6,445,355)	(1,367,440)
Net cash used in financing activities	1,089,419,889	201,113,815
Net increase in cash and cash equivalents (A + B + C)	460,057,532	(123,383,953)
Cash and cash equivalents at the beginning of the year	218,949,800	342,333,753
Cash and cash equivalents at the end of the year	679,007,332	218,949,800
Components of cash and cash equivalents:		
Cash and cheques on hand	166,715,790	66,118,331
With banks		
- on current account	231,426,070	57,699,867
- on deposit account	280,865,472	95,131,602
	679,007,332	218,949,800

As per our report of even date

For and on behalf of the Board of Directors

For S.R. BATLIBOI & ASSOCIATES
Chartered AccountantsSd/-
V.P.Nandakumar
Chairman & Managing DirectorSd/-
I. Unnikrishnan
Managing DirectorSd/-
P. Manomohanam
DirectorSd/-
per **S Balasubrahmanyam** (Partner)
Membership No.: 053315Sd/-
B.N.Raveendra Babu
DirectorSd/-
A.L.Bindu
Chief Financial OfficerSd/-
C.Radhakrishnan
Company SecretaryPlace : Valapad
Date : May 8, 2008

Balance Sheet Abstract and Company's General Business Profile As per part IV to schedule VI to the companies Act, 1956

I Registration details

Registration No.

			0	6	6	2	3
--	--	--	---	---	---	---	---

State Code

0	9
---	---

Balance Sheet Date

3	1	0	3	2	0	0	8
Date	Month	Year					

II Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

					N	i	l
--	--	--	--	--	---	---	---

Right Issue

					N	i	l
--	--	--	--	--	---	---	---

Bonus Issue

		N	i	l
--	--	---	---	---

Private Placement*

--	--	--	--	--

III Position of mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities

	2	9	1	6	7	5	1
--	---	---	---	---	---	---	---

Total Assets

	2	9	1	6	7	5	1
--	---	---	---	---	---	---	---

Source of Funds

Paid-up Capital

		6	1	8	0	0	0
--	--	---	---	---	---	---	---

Reserves & Surplus

		3	1	1	8	2	9
--	--	---	---	---	---	---	---

Secured Loans

	1	3	5	1	0	8	1
--	---	---	---	---	---	---	---

Unsecured Loans

		3	9	3	9	2	5
--	--	---	---	---	---	---	---

Deferred tax liability (net)

		3	9	1
--	--	---	---	---

Application of Funds

Net Fixed Assets

		1	6	3	2	0	9
--	--	---	---	---	---	---	---

Investments

		2	9	2	7	8
--	--	---	---	---	---	---

Net Current Assets

	2	4	8	2	7	4	0
--	---	---	---	---	---	---	---

Misc. Expenditure

--	--	--	--	--	--	--	--

Accumulated Losses

					N	i	l
--	--	--	--	--	---	---	---

IV Performance of Company (Amount in Rs. Thousands)

Turnover

		7	9	6	5	9	6
--	--	---	---	---	---	---	---

Total Expenditure

		4	7	6	9	8	2
--	--	---	---	---	---	---	---

✓

+	-
---	---

 Profit/Loss Before Tax

		3	1	9	6	1	4
--	--	---	---	---	---	---	---

✓

+	-
---	---

 Profit/Loss After Tax

		2	0	9	8	9	6
--	--	---	---	---	---	---	---

Earnings per Share in Rs.

		1	8	7	6
--	--	---	---	---	---

Dividend Rate%

		2	0
--	--	---	---

V Generic Names of Three Principal Products/Services

of Company (As per Monetary Terms)

Hire Purchase, Leasing, Bill Discounting Gold Loan

					N	A
--	--	--	--	--	---	---

*Company has made an issue of 4680000,0.5% Compulsorily convertible preference shares of Rs 100/- each.

MANAPPURAM General Finance and Leasing Limited

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

ATTENDANCE SLIP

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

I hereby record my presence at the 16th Annual General Meeting of the company held on Thursday, the 25th September 2008 at 10.30 AM at Anugraha Auditorium, Valapad, Thrissur - 680 567.

.....
Signature of Member/Proxy

Notes:

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

MANAPPURAM General Finance and Leasing Limited

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

PROXY FORM

Members Folio No/ Client ID

I/We..... of
in the district of being a member/members of **Manappuram
General Finance and Leasing Limited** hereby appointof
..... in the district ofor failing
him/her ofof
in the district of as my/ our proxy to vote for me/us on my/our
behalf at the annual general meeting of the company to be held on Thursday, the 25th day of September 2008 at
10.30 AM and any adjournment thereof.

Signed this day of 2008



Note:

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

MANAPPURAM General Finance and Leasing Limited
Regd. Office : V/104, Manappuram House, Valapad P.O., Thrissur - 680 567
Ph: (0487) 2391306, 2391892 Fax No. (0487) 2399301/2396973
E-mail : mail@manappuram.com, Website - manappuram.com

25-8-2008

Dear Shareholder,

Sub : "MAGFIL" Award

I am very happy to inform you that Manappuram General Finance and Leasing Ltd. will annually award five MAGFIL Awards as given below for the children of its shareholders, based on the marks obtained in the S.S.L.C./equivalent examination:

First Prize	:	Rs. 3,000/-
Second Prize	:	Rs. 2,000/-
Third Prize	:	Rs. 1,000/- (3 Nos.)

He/She should pursue higher education. The child also should have a consistently high academic record. For a child to be eligible for this award, his/her parent should have been a shareholder of Manappuram General Finance and Leasing Ltd., as on 31st March 2008.

The prizes for the Academic Year 2007-2008 will be awarded at our Annual General Meeting which will be held at **ANUGRAHA AUDITORIUM**, Valapad P.O., Thrissur 680 567 on Thursday, 25th September 2008 at 10.30 A.M. Interested shareholders are requested to forward a written application along with copy of the supporting mark list duly attested by a gazetted officer to Shri. C. Radhakrishnan, Company Secretary at the above address. The completed application with phone number should reach the Registered Office of the Company Latest by 22nd September 2008.

The decision of the Board will be final in this regard.

Yours sincerely,

Sd/-

V.P. Nandakumar
Chairman & Managing Director



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 **SIXTEENTH** Annual General Meeting of the Shareholders of Manappuram General Finance and Leasing Limited will be held on **Thursday 25th September 2008 at 10.30 AM** 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 2008 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, 2008
3. To consider the retirement of Smt. Jyothy Prasannan, Director, who retires by rotation, and being eligible, offers herself for re-appointment.
4. To consider the retirement of Dr.K.K.Mohandas, Director, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To consider the retirement of Mr.Juguna G. Panikkaparambil, 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.Ashvin Chadha 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 Shri.Ashvin Chadha be and is hereby appointed as Director of the company whose term of office shall be liable to termination by retirement of Directors by rotation.”

8. Appointment of Mr.Sooraj Nandan as Vice President

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

“RESOLVED pursuant to section 314 of the Companies Act 1956, that Mr.Sooraj Nandan, Son of Mr.V.P.Nandakumar, Chairman and Managing Director, be and is hereby appointed to hold an office of profit under the company as **VICE PRESIDENT** with effect from 15.04.2008 as per the terms and conditions detailed below:-

Basic Salary	:	Rs 35,000/-
Contribution to PF	:	12% of salary
Bonus, Gratuity and leave encashment	:	As per the rules of the company

Item No. 9. Commission to Non Executive Directors of the Company

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

“RESOLVED THAT pursuant to the provisions of Section 198, 309, 349, 350 and other applicable provisions, if any, of the Companies Act 1956, approval of the company be and is hereby accorded to the payment of commission to such of the non executive directors of the company, over and above the sitting fee for attending the meetings of the Board and other committees, at a rate not exceeding 1% of the net profits of the company as the board may decide from time to time on the recommendation of the remuneration committee of the company”.

10. 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. 3000 crore (Rupees Three 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.”

11. Accepting investment by FII more than 24%

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

“RESOLVED THAT pursuant to applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA), the Companies Act, 1956 and all other applicable Rules, Regulations, Guidelines and laws (including any statutory modification or re-enactment thereof for the time being in force) and subject to all requisite approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions, which may be agreed to by the Board of Directors of the Company and / or a duly authorized committee thereof for the time being exercising the powers conferred by the Board of Directors (herein after referred to as “The Board”), the consent of the Company be and is hereby accorded for raising the ceiling of 24% of the total paid up Equity capital of the company on investments in securities by Foreign institutional Investors (FIIs) to 49 % of the paid up Equity share capital of the company, subject to the other conditions as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith and incidental thereto.”

12. Amending the Capital Clause of Memorandum of Association of the company

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

“RESOLVED THAT pursuant to the provisions of Section 94(1)(a) and any other applicable provisions of the Companies Act, 1956, the Authorized Capital of the company be and is hereby reclassified from the present Rs.80,00,00,000/- (Rupees eighty crores) divided into 2,80,00,000 (Two crore eighty lakh) equity shares of Rs.10/- (Rupees ten) each and 48,00,000 (forty eight lakh) Compulsorily Convertible Preference Shares of Rs.100/- (Rupees one hundred) each and 4,00,000 (Four lakh) redeemable preference shares of Rs. 100/- (Rupees one hundred) each to Rs.80,00,00,000 (Rupees eighty crore) divided into 2,60,00,000 (two crore sixty lakh) equity shares of Rs.10 each and 50,00,000 (fifty lakh) Compulsorily Convertible Preference Shares of Rs.100/- (Rupees one hundred) each and 4,00,000 (Four lakh) Redeemable preference shares of Rs. 100/- (Rupees one hundred) each.

“RESOLVED FURTHER THAT subject to the provisions of Section 16 of the Companies Act, 1956, clause V of the Memorandum of Association of the company be and is hereby amended by substituting the existing clause with the following clause:

The authorized share capital of the company is Rs.80,00,00,000/- (Rupees eighty crores) divided into 2,60,00,000 (Two crore sixty lakh) equity shares of Rs.10/- (Rupees ten) each and 50,00,000 (Fifty lakh) Compulsorily Convertible Preference Shares of Rs.100/- (Rupees one hundred only) each and 4,00,000 (Four lakh) redeemable preference shares of Rs. 100/- (Rupees one hundred) each.

13. Alteration of Articles of Association of the company.

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

“RESOLVED THAT Article 3 of the Articles of Association of the company be amended by substituting the existing Article 3 with the following Article:

Article 3. Share Capital

3. The authorized share capital of the company is Rs.80,00,00,000/- (Rupees eighty crores) divided into 2,60,00,000 (Two crore sixty lakh) equity shares of Rs.10/- (Rupees ten) each and 50,00,000 (Fifty lakh) Compulsorily Convertible Preference Shares of Rs.100/- (Rupees one hundred) each and 4,00,000 (Four lakh) redeemable preference shares of Rs. 100/- (Rupees one hundred) each. The company has power from time to time to increase or reduce its capital and to divide the shares in the original or increased capital for the time being into several classes and to attach thereto respectively such preferential, special, deferred or qualified rights, privileges or conditions as regards to dividends, distribution of assets, repayment or reduction of capital voting or otherwise or sub divide them and generally on such terms as the company from time to time determine and to vary the articles of association of the company as far as necessary to give effect to the same subject to the provisions of law”.

14. Preferential Issue of Convertible Preference Shares

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

“RESOLVED THAT pursuant to Section 81 (1A) and all other applicable provisions, if any, of the Companies Act 1956 (including any statutory modifications or re-enactment thereof, for the time being in force), the Memorandum and Articles of Association of the Company, Listing Agreements entered into by the Company with the Stock Exchange where the shares of the Company are listed, Disclosure and Investor Protection Guidelines issued by the Securities and Exchange Board of India (SEBI) and other applicable Regulations / Guidelines and subject to the approval of Reserve Bank of India (RBI), wherever applicable, such other approvals, permissions, sanctions, consents as may be necessary or expedient under the applicable laws, rules and regulations and subject to such terms, conditions, alterations and modifications as may be considered appropriate by the Board of Directors, (hereinafter the “Board” which shall include any Committee of Directors) consent of the Company be and is hereby accorded to the Board to offer, issue and allot up to a maximum of 49,52,500 (Forty Nine Lakhs Fifty two Thousand Five Hundred only) Compulsorily Convertible Preference Shares of Rs.100/- each in one or more tranches for cash on preferential basis to the following allottees as per list enclosed and/or their respective nominees and/or affiliates, which would be convertible into a maximum of 29,72,246 equity shares at a minimum price of Rs.166.62 per equity share (including premium of Rs.156.62/- per share), which price is in excess of the price specified as per SEBI (Disclosure and Investor Protection) Guidelines on Preferential Issue, where such conversion will take place on or before 30.09.2009, and that the Board be and is hereby authorized to finalize all matters incidental thereto as it may in its absolute discretion think fit, in accordance with all applicable laws, rules and regulations for the time being in force in that behalf.

Name of the Allottee	Maximum Amount to be Invested	Maximum No. of Compulsorily Convertible Preference Shares to be allotted	Maximum no: of Equity Shares to be allotted upon conversion of the Compulsorily Convertible Preference Shares
Hudson Equity Holdings Limited C/o. India Management Services Ltd. 7 th Floor, Happy World, 37, Sir William Newton Street Port Louis, Mauritius	Rs. 11,46,25,000	Up to 11,46,250 Compulsorily Convertible Preference Shares of Rs.100/- each	Up to 6,87,923 Equity Shares of Rs. 10/- each
Sequoia Capital India Growth Investments I 608 St.James Court, St.Denis Street Port Louis, Mauritius	Rs.11,46,25,000	Upto 11,46,250 Compulsorily Convertible Preference Shares of Rs. 100/- each	Up to 6,87,923 Equity Shares of Rs. 10/- each
AA Development Capital India Fund I LLC 10,Frere Felix De Valois Street Port Louis, Mauritius	Rs.22,40,00,000	Up to 22,40,000 Compulsorily Convertible Preference Shares of Rs. 100/- each	Up to 13,44,337 Equity Shares of Rs. 10/- each
GHIOF Mauritius C/o DTOS Ltd 4 th Floor, IBL House, Caudan Port Louis, Mauritius	Rs.4,20,00,000	Up to 4,20,000 Compulsorily Convertible Preference Shares of Rs. 100/- each	Up to 2,52,063 Equity Shares of Rs. 10/- each

RESOLVED FURTHER THAT the “Relevant Date” under the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 in relation to issue of shares on preferential basis for the purpose of determining the issue price shall be 26th August 2008 being the date, 30 days prior to the date of passing this resolution in terms of Section 81(1A) of the Companies Act, 1956, to consider the proposed issue.

RESOLVED FURTHER THAT the Compulsorily Convertible Preference shares so issued and allotted shall be locked in for period of one year from date of such allotment of shares;

RESOLVED FURTHER THAT the equity shares to be issued and allotted consequent to conversion shall rank pari passu with the existing equity shares of the Company in all respects including payment of dividend.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to agree, make and accept all such term(s), condition(s), modification(s) and alteration(s) as it may deem fit, including without being limited to the granting of various investor protection rights in favour of the allottees pursuant to the allotment of such Compulsorily Convertible Preference Shares to the allottees, and including, condition(s), modifications(s) and alteration(s) stipulated or required by any relevant authorities or by their bye-laws, rules, regulations or guidelines, and the Board is also hereby authorized to resolve and settle all questions, difficulties or doubts that may arise in regard to such offer, issue and allotment, to finalize and execute all agreements, documents and writings and to do all acts, deeds and things in this connection and incidental as the Board in its absolute discretion deem fit without being required to seek any further consent or approval of the Company or otherwise to the end and intent that they shall be deemed to have given approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the offer, issue and allotment of the Compulsorily Convertible Preference Shares shall be made within 15 days from the date of passing of this resolution subject however to the applicable statutory regulatory provisions approvals if any and the Guidelines issued by the SEBI.

RESOLVED FURTHER THAT the Board shall also seek listing of the equity shares issued upon the conversion of the preference shares at the Bombay Stock Exchange (BSE).

FURTHER RESOLVED THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of Directors or any Director or Officer or Officers of the Company to give effect to the aforesaid resolution”.

15. Issue of Warrants

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

RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force), the Memorandum and Articles of Association of the Company, Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed, SEBI (Disclosure and Investor Protection) Guidelines, 2000 (as amended from time to time) issued by the Securities and Exchange Board of India (“**SEBI**”), and amendments thereto, and other applicable regulations/ guidelines, if any, and subject to the approval of Reserve Bank of India (“**RBI**”), wherever applicable, and of Government of India (“**GOI**”) or any other relevant authority, and clarification thereon issued from time to time, if any, and subject to all such other statutory, regulatory and government approvals, permissions, sanctions, consents as may be necessary or expedient or prescribed or imposed by any of them while granting such approvals, permissions or sanctions, under the applicable laws, rules and regulations and subject to such terms, conditions, alterations and modifications as may be considered appropriate or agreed to by the Board of Directors, (hereinafter called the “**Board**” which shall include any Committee of Directors), consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot up to a maximum of 15,64,892 Nos warrants consideration aggregating to Rs.26,07,50,000 convertible into a maximum 15,64,892 equity shares of face value of Rs.10/- each at a minimum price of Rs.166.62 per equity shares of the Company (including premium of Rs.156.62 per share), to Mr. Vazhappully Padmanabhan Nandakumar jointly with Smt. Sushama Nandakumar on preferential allotment basis, at such time or times in one or more tranches and in such manner as may be decided by the Board in this behalf.

RESOLVED FURTHER THAT the warrant holders shall, subsequent to the terms of allotment of warrants, and the Articles of Association of the Company have the discretion to exercise conversion of the warrants in one or more tranches within the currency of the warrants which is 18 months from the date of allotment of the warrants, as may be deemed fit by the warrant holders.

RESOLVED FURTHER THAT,

- a) The “Relevant Date” for the purpose of pricing of the issue of the equity shares arising out of the Warrants, in accordance with the SEBI (Disclosure and Investor Protection) Guidelines, 2000, and amendments thereof, be fixed as 26th August 2008 being the date, 30 days prior to the date of the Annual General meeting of the shareholders of the Company convened to pass this Resolution in terms of Section 81(1A) of the Companies Act, 1956, to consider the proposed issue of the Warrants and the equity shares arising from the exercise of the Warrants and the “stock exchange” for the same purpose be fixed as the Bombay Stock Exchange.
- b) In consideration of the Warrants being offered to the Promoters, the Promoter shall deposit with the Company a sum of Rs. 19.16 per Warrant offered to them, which amount shall be adjusted against the issue price at the time of allotment of the equity shares. The deposit shall not bear any interest and the Board shall forfeit such deposit in the event the Warrant holders do not exercise their option.

- c) The Warrants shall not be transferred or otherwise disposed of to any third party save and except that within the promoter group the option may be exercised in such manner and in such proportion as they may at their discretion decide.
- d) The Promoters are entitled to exercise their option in full or in part or may decline to exercise the option in which case the offer shall be deemed to have lapsed.
- e) The equity shares issued on conversion of the warrants shall rank pari passu in all respects, including as to dividend, with the existing issued and paid up equity shares of the Company.
- f) The Board be and is hereby authorized to issue and allot the Warrants and the equity shares on conversion thereof as it may deem expedient without being required to seek any further consent or approval of the Company in a General Meeting.
- g) For the purpose of giving effect to the above, the Board be and is hereby authorized to take such steps and to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental to this resolution and to agree, make and accept all such term(s), condition(s), modification(s) and alteration(s) as it may deem fit, including, condition(s), modification(s), and alteration(s) stipulated or required by any relevant authorities or by their bye-laws, rules, regulations or guidelines and the Board is also hereby authorized to resolve and settle all questions, difficulties or doubts that may arise from time to time in regard to such offer, issue and allotment of the Warrants or equity shares arising thereof and the utilization of proceeds of the issue of Warrants or the equity shares arising thereof, to prescribe the forms of applications, finalize and execute all agreements or other instruments, documents and writings and to do all acts, deeds and things in this connection and incidental as the Board in its absolute discretion deem fit or desirable and to obtain any approval, permissions, sanctions which may be necessary or desirable as they may deem fit without being required to seek any further consent or approval of the Company or otherwise to the end and intent that they shall be deemed to have given approval thereto expressly by the authority of this resolution.
- h) The offer, issue and allotment of the aforesaid Warrants shall be made within 15 days of the date of this resolution. Provided that where the allotment is pending on account of pendency of any regulatory or Central Government approval(s), the allotment shall be completed within 15 days of such approval(s).
- i) The Board be and is hereby authorized to accept any amendments, modifications, variations, alterations as the GOI / RBI / SEBI or any other regulatory authority may stipulate in that behalf

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 attached with the annual report.**
2. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item Nos. 7 to 15 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 18.09.2008 to 25.09.2008 (both days inclusive.)
4. Members are requested to: (a) intimate changes, if any, in the registered addresses on or before 20.09.2008 (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, 2008 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 25.09.2008. 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. Pursuant to the provisions of Section 205(A) of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 2001 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 are requested to make their claim to the company.
8. Members who would like to ask questions on Accounts are requested to send their questions to the Registered Office of the company at least 10 days before the Annual General Meeting to enable the company to prepare suitable replies to such questions.

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

Item No.7

Mr. Ashvin Chadha was inducted to the Board of the company as an additional director under Section 260 of the Companies Act 1956 at the meeting held on 31.01.2008 as the nominee of Hudson Equity Holdings Limited. Ashvin Chadha is currently the Vice President of India Equity Partners (IEP) where he joined in 2006 from General Atlantic (GA) a world wide private equity firm. He was based in New York and Greenwich offices of the General Atlantic. He has extensive experience, investing in growth companies with specific expertise in working with consumer financial services and media companies. Previously Mr.Ashvin was an observer on the Board at Dice and Webloyalty and was an Investment Banker with Morgan Stanley in New York where he worked with the firm's financial institutions' clients. He received his B.A. in Economics from Wesleyan University and spent a year at the London School of Economics.

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.Ashvin Chadha as a director of the company. Your directors are sure that the rich and varied experience of Mr.Ashvin can go a long way in the future growth of the company. The Board recommend to pass the resolution as an ordinary resolution. None of the directors except Mr.Ashvin Chadha is interested or concerned in the resolution.

Item No.8

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

Mr. Sooraj holds **Honours Degree in Business Studies** from East London University & **Diploma in Business Computing** from Robert Gordon University, Aberdeen, UK. He has been taking active participation in the business review meetings of the company and was making good suggestions for improvement of existing system. Besides he has participated in various business discussions held at other companies. It is thought that his talents can make significant contributions in the growth and expansion of the business of the company. He was interviewed by the sub committee of independent directors and an outside expert. The selection committee has recommended his appointment. Necessary declaration from the incumbent has been received suggesting his relationship with the chairman.

Appointment of a relative of a director to an office or place of profit requires the approval of the company by way of special resolution in case the total monthly remuneration is not less than Rs.20,000/-. As such the resolution is placed before the members for acceptance. Your Board recommend passing the same as a special resolution. Mr.V.P.Nandakumar and Smt. Jyothy Prasannan are deemed to be concerned or interested in the resolution.

Item No.9

As the members are aware, the size and volume of business of the company has grown manifold during the past few years. The company could make significant progress in overall terms under the able leadership of the Board of directors of the company. The non executive directors of the company are providing significant contributions in all areas of the business of the company apart from their participation in the meetings of the Board. As such, it is proposed to remunerate the non executive directors of the company as provided in Section 309(4) of the Companies Act 1956 by way of commission not exceeding 1% of the net profits of the company as may be recommended by the remuneration committee of the company and as decided by the Board from time to time.

The payment of above commission will surely motivate the directors of the company to further contribute in the important areas of the business of the company. As such, your directors recommend passing the resolution as a special resolution. All non executive directors are deemed to be concerned or interested in the resolution to the extent of the commission receivable to them.

Item No.10

The shareholders at the Annual General Meeting held on 08.09.2007 authorized the Board to borrow money from the banks, financial institutions etc., to the extent of Rs.1000 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.3000 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) exceed 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.11

Your directors propose to enhance the ceiling on investments by Foreign Institutional Investors (FIIs) in the company to 49% to enable the FIIs and their sub-accounts to invest in the Company. Hence, the approval of the shareholders is sought by a Special Resolution approving the investment by FIIs and their sub-accounts as above, in accordance with the regulations framed under the Foreign Exchange Management Act, 1999. Therefore, the resolution is proposed for acceptance of the members. Board recommends passing the same as a special resolution. No director is interested or concerned in the resolution.

Item No.12 & 13

As the members are aware, the company is infusing funds from overseas investors by way of private equity. The investment is by way of subscription to compulsorily convertible preference shares which will be converted in to equity shares as per the terms of agreement within a prescribed period. Thus, the authorized capital should be sufficient to accommodate the additional preference shares being issued to the investors.

The availability of convertible preference shares as per the capital clause of the memorandum of association is Rs.48 Crore which is insufficient to meet the present requirement. Whereas, the equity capital available is more than requirement. In the circumstance, your directors thought it desirable to change the structure of convertible preference and equity capital without changing the amount of authorized capital. Therefore, the resolution is proposed for acceptance of the members. Corresponding changes in the articles of association will also be made. Your directors recommend passing the resolution as a special resolution. None of the directors is interested or concerned in the resolution.

Item No.14

Your Company proposes to raise funds required for Meeting the expected credit growth of the company through Preferential issue up to a maximum of 29,72,246 (Twenty nine lakh seventy two thousand two hundred and forty six only) Equity Shares of Rs.10/- each at a price of 166.62 each constituting a maximum of 17.22 % of the enhanced paid up Share Capital of the Company to the following person(s) and/or their respective nominees and/or affiliates (Hereinafter referred to as the "Proposed allottee(s)").

Name of the Allottee	Maximum Amount Invested	Maximum no. of Compulsorily Convertible Preference Shares allotted	Maximum no. of Equity Shares to be allotted upon conversion of the Compulsorily Convertible Preference Shares
Hudson Equity Holdings Limited C/o.India Management Services Ltd 7 th Floor, Happy World, 37, Sir William Newton Street Port Louis, Mauritius	Rs. 11,46,25,000	Up to 11,46,250 Compulsorily Convertible Preference Shares of Rs.100/- each	Up to 6,87,923 Equity Shares of Rs. 10/- each
Sequoia Capital India Growth Investments I 608 St.James Court St.Denis Street Port Louis, Mauritius	Rs.11,46,25,000	Upto 11,46,250 Compulsorily Convertible Preference Shares of Rs. 100/- each	Up to 6,87,923 Equity Shares of Rs. 10/- each
AA Development Capital India Fund I LLC 10,Frere Felix De Valois Street Port Louis, Mauritius	Rs.22,40,00,000	Upto 22,40,000 Compulsorily Convertible Preference Shares of Rs. 100/- each	Upto 13,44,337 Equity Shares of Rs. 10/- each
GHIOF Mauritius C/o DTOS Ltd 4 th Floor, IBL House, Caudan Port Louis, Mauritius	Rs.4,20,00,000	Up to 4,20,000 Compulsorily Convertible Preference Shares of Rs. 100/- each	Up to 2,52,063 Equity Shares of Rs. 10/- each

The present resolution is proposed to be passed in order to enable the Board of Directors of the Company to make the above-mentioned preferential issue of shares as required under Section 81(1A) of the Companies Act, 1956. The aforesaid issue and allotment of Equity Shares will be governed by the provision of SEBI (Disclosure and Investor Protection) Guidelines, 2000 ("SEBI Guidelines").

As per the SEBI Guidelines, an issue of shares on a preferential basis can be made only at a price which is not less than the higher of the following:

- The average of the weekly high and low of the closing prices of the shares quoted on the stock exchange during the six months preceding the "relevant date"; or

- The average of the weekly high and low of the closing prices of the shares quoted on a stock exchange during the two weeks preceding the “relevant date”.

The “relevant date” for the above purpose means the date 30 days prior to the date on which the General Meeting is held to consider the proposed issue under Section 81(1A) of the Companies Act, 1956. As the date of the Annual General Meeting (AGM) of shareholders is September 25, 2008, the “relevant date” is August 26, 2008. The Compulsorily Convertible Preference Shares to be allotted shall be subject to the Memorandum and Articles of Association of the Company and the terms of issue as decided by the Board. The Equity Shares issued on conversion of the Compulsorily Convertible Preference Shares shall rank pari-passu in all respects with, and carry the same rights as the existing Equity Shares.

The Company will enter into definitive agreements with the allottees which will set out the terms and conditions of the issue and allotment of the Compulsorily Convertible Preference Shares and their conversion into Equity Shares including various investor protection rights to be granted in favour of the allottees. The Company will also be required to amend its Articles of Association, subject to applicable laws and obtaining necessary approvals, to reflect the terms and conditions of such definitive agreements.

Information as required under Clause 13.1A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 for Preferential Allotment:

1. Objects of the Issue

The main objects of the issue of additional shares is to meet the expected credit growth of the company.

2. Intention of the Promoters/Directors/Key Management Persons to subscribe to the Offer

The compulsorily convertible preference shares are not proposed to be issued to either promoters or directors or director's relatives or key management persons.

3. Shareholding Pattern/Voting Rights before and after the proposed offers

The following are the details of the Shareholding pattern before and after the allotment of the proposed shares.

Sl. No.	Category	Pre-issue		Post-issue	
		No. of Shares held	% of shares held	Maximum no. of Shares held	Maximum % of shares held
1	Promoters & Promoter Group	4778071	33.451	4778071	27.689
2	Public share holding				
	• FIIs/Banks	457033	3.199	457033	2.648
	• Bodies corporate	38115	0.266	38115	0.220
	• Individuals-upto 1 lakh	2651293	18.561	2651293	15.364
	• Individuals-above 1 lakh	1663936	11.649	1663936	9.642
	• Mutual Funds	266133	1.863	266133	1.542
	• Others	1145419	8.019	1145419	6.637
	• Hudson Equity Holdings Ltd	1641791	11.494	2329714	13.501
	• Sequoia Capital India Growth Investments I	1641791	11.494	2329714	13.501
	• AA Development Capital India Fund I LLC	NIL	NIL	13,44,337	7.790
	• GHIOF Mauritius	NIL	NIL	2,52,063	1.460
	Total	14283582	100	17255828	100

Notes:

1. The above shareholding pattern has been prepared on the basis of Shareholding as on 30th June 2008.
2. The post issue shareholding pattern in the above table has been prepared on the basis that the proposed allottees would have subscribed to and been allotted the shares of the company and the shares are fully converted into equity shares. In the event for any reason, the proposed allottees do not or unable to subscribe to and or is not allotted, or the shares are not converted fully, the shareholding pattern in the above table would undergo corresponding changes.

4. Proposed time within which the allotment shall be completed

The Company will complete the allotment within 15 days of the date of the passing of the resolution by the Shareholders, or the date on which the Company obtains all the applicable Government approvals for consummating transaction contemplated herein, whichever is later.

5. Identity of the proposed allottees and the price at which allotment is proposed

Name of the Allottee	Amount Invested	Maximum no. of Compulsorily Convertible Preference Shares allotted	Maximum no. of Equity Shares to be allotted upon conversion of the Compulsorily Convertible Preference Shares/Warrants
Hudson Equity Holdings Limited C/o.India Management Services Ltd 7 th Floor, Happy World 37, Sir William Newton Street Port Louis, Mauritius	Rs. 11,46,25,000	Up to 11,46,250 Compulsorily Convertible Preference Shares of Rs.100/- each	Up to 6,87,923 Equity Shares of Rs. 10/- each
Sequoia Capital India Growth Investments I 608 St.James Court St.Denis Street Port Louis, Mauritius	Rs. 11,46,25,000	Up to 11,46,250 Compulsorily Convertible Preference Shares of Rs. 100/- each	Up to 6,87,923 Equity Shares of Rs. 10/- each
AA Development Capital India Fund I LLC 10,Frere Felix De Valois Street Port Louis, Mauritius	Rs. 22,40,00,000	Up to 22,40,000 Compulsorily Convertible Preference Shares of Rs. 100/- each	Upto 13,44,337 Equity Shares of Rs. 10/- each
GHIOF Mauritius C/o DTOS Ltd 4 th Floor, IBL House, Caudan Port Louis, Mauritius	Rs.4,20,00,000	Up to 4,20,000 Compulsorily Convertible Preference Shares of Rs. 100/- each	Up to 2,52,063 Equity Shares of Rs. 10/- each

6. Price at which the allotment is proposed

- As per the Preferential Issue guidelines of SEBI, (DIP) Guidelines 2000 the minimum issue price works out to Rs. 147.68 per one equity share. However, the Preferential Issue is being made at a minimum price of Rs.166.62 per equity share including a premium of Rs.156.62
- This price for the aforesaid preferential issue is more than the minimum issue price stated hereinabove and the same is in compliance of the preferential issue guidelines of the SEBI.
- The Statutory Auditors of the Company have certified that the proposed issue of Compulsorily Convertible Preference Shares is in accordance with the requirements specified in the Preferential Issue Guidelines of the SEBI.

7. Board of Directors/Control/Management

On allotment of the shares as stated hereinabove, there will be change in the constitution of the Board of Directors and/or control and / or management of the Company. The voting rights will change correspondingly with the shareholding pattern as stated hereinabove on allotment of the fully paid equity shares.

8. Auditor's Certificate

M/s S.R. Batliboi & Associates, Chartered Accountants, Statutory Auditors of the Company, certified that the preferential issue is being made in accordance with the requirements contained in the "SEBI DIP Guidelines" for preferential issue. A copy of the Certificate will be placed before the Shareholders.

The provisions of the Companies Act, 1956 contemplate consent of the members by way of special resolution in General Meeting for further issue of shares to persons other than existing shareholders. The consent of the Members is therefore sought to authorize the Board of Directors of the Company to offer, issue and allot up to 49,52,500 Compulsorily Convertible Preference Shares in the manner set out in the Special Resolution. None of the directors is interested or concerned in the resolution.

Item No.15

Your Company proposes to raise funds required for meeting the cost of the expected credit growth of the company through the issue of share warrants up to a maximum of 15,64,892 (Fifteen lakh sixty four thousand eight hundred and ninety two only) at a price of Rs.166.62 each constituting a maximum of 8.31% of the enhanced paid up Share Capital of the Company to the following person(s) (Hereinafter referred to as the "Proposed allottee(s)").

Name of the Allottee	Amount Invested	Maximum no. of warrants allotted	Maximum no. of Equity Shares to be allotted upon conversion of the warrants
Vazhappully Padmanabhan Nandakumar Jointly with Sushama Nandakumar "Padmasaroj", Vazhappully House Valapad, Thrissur - 680 567	Rs. 26,07,50,000	Up to 15,64,892 convertible warrants of Rs.166.62 each	Up to 15,64,892 Equity Shares of Rs. 10/- each

The present resolution is proposed to be passed in order to enable the Board of Directors of the Company to make the above-mentioned preferential issue of warrants as required under Section 81(1A) of the Companies Act, 1956. The aforesaid issue and allotment of Equity Shares will be governed by the provisions of SEBI (Disclosure and Investor Protection) Guidelines, 2000 ("SEBI Guidelines").

As per the SEBI Guidelines, an issue of the warrants on a preferential basis can be made only at a price which is not less than the higher of the following:

- The average of the weekly high and low of the closing prices of the shares quoted on the stock exchange during the six months preceding the "relevant date"; or
- The average of the weekly high and low of the closing prices of the shares quoted on a stock exchange during the two weeks preceding the "relevant date".

The "relevant date" for the above purpose means the date 30 days prior to the date on which the General Meeting is held to consider the proposed issue under Section 81(1A) of the Companies Act, 1956. As the date of the Annual General Meeting (AGM) of shareholders is September 25, 2008, the "relevant date" is August 26, 2008. The warrants to be allotted shall be subject to the Memorandum and Articles of Association of the Company and the terms of issue as decided by the Board. The Equity Shares issued on conversion of the warrants shall rank pari-passu in all respects with, and carry the same rights as the existing Equity Shares.

The Company will enter into definitive agreements with the allottees which will set out the terms and conditions of the issue and allotment of the warrants and their conversion into Equity Shares including various investor protection rights to be granted in favour of the allottees. The Company will also be required to amend its Articles of Association, subject to applicable laws and obtaining necessary approvals, to reflect the terms and conditions of such definitive agreements.

Information as required under Clause 13.1A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 for Preferential Allotment:

1. Objects of the Issue

The main object of the issue of additional shares is meeting the expected credit growth of the company.

2. Intention of the Promoters/Directors/Key Management Persons to subscribe to the Offer

The convertible warrants are proposed to be issued to promoters and/ or relatives of promoters.

3. Shareholding Pattern/Voting Rights before and after the proposed offers

The following are the details of the Shareholding pattern before and after the allotment of the proposed warrants.

Sl. No.	Category	Pre-issue		Post-issue	
		No. of Shares held	% of shares held	Maximum no. of Shares held	Maximum % of shares held
1	Promoters & Promoter Group	4778071	33.451	6342963	33.702
2	Public share holding				
	• FIs/Banks	4,57,033	3.199	457033	2.428
	• Bodies corporate	38115	0.267	38115	0.202
	• Individuals-upto 1 lakh	2651293	18.561	2651293	14.087
	• Individuals-above 1 lakh	1663936	11.649	1663936	8.840
	• Mutual Funds	266133	1.863	266133	1.414
	• Others	1145419	8.019	1145419	6.085
	• Hudson Equity Holdings Ltd*	1641791	11.494	*2329714	12.378
	• Sequoia Capital India Growth Investments I*	1641791	11.494	*2329714	12.378
	• AA Development Capital India Fund I LLC	NIL	NIL	13,44,337	7.142
	• GHIOF Mauritius	NIL	NIL	2,52,063	1.339
	Total	14283582	100	18820720	100

*including the number of equity shares to be allotted as per resolution 14 of this notice

Notes:

1. The above shareholding pattern has been prepared on the basis of Shareholding as on 30th June 2008.
2. The post issue shareholding pattern in the above table has been prepared on the basis that the proposed allottees would

have subscribed to and been allotted the warrants of the company and the warrants are fully converted into equity shares. In the event for any reason, the proposed allottees do not or are unable to subscribe to and or the warrants are not allotted, or the warrants are not converted fully, the shareholding pattern in the above table would undergo corresponding changes.

3. The shareholding pattern in the above table has been prepared on the basis that the preferential allotment of the Compulsorily Convertible Preference Shares to the allottees as per Item No.14 above shall be made simultaneously with the preferential allotment to the allottees as per this Item No.15.

4. Proposed time within which the allotment shall be completed

The Company will complete the allotment within 15 days of the date of the passing of the resolution by the Shareholders, or the date on which the Company obtains all the applicable Government approvals for consummating transaction contemplated herein, whichever is later.

5. Identity of the proposed allottees and the price at which allotment is proposed

Name of the Allottee	Amount Invested	Maximum no. of warrants allotted	Maximum no. of Equity Shares to be allotted upon conversion of the warrants
Vazhappully Padmanabhan Nandakumar Jointly with Sushama Nandakumar "Padmasaroj", Vazhappully House Valapad, Thrissur - 680 567	Rs. 26,07,50,000	Up to 15,64,892 warrants of Rs.166.62 each	Upto 15,64,892 Equity Shares of Rs. 10/- each

6. Price at which the allotment is proposed

- As per the Preferential Issue guidelines of SEBI, the minimum issue price works out to Rs.147.68 per one equity share. However, the Preferential Issue is being made at a minimum price of Rs.166.62 per equity share including a premium of Rs.156.62
- This price for the aforesaid preferential issue is more than the minimum issue price stated hereinabove and the same is in compliance of the preferential issue guidelines of the SEBI.
- The Statutory Auditors of the Company have certified that the proposed issue of Convertible warrants is in accordance with the requirements specified in the Preferential Issue Guidelines of the SEBI.

7. Board of Directors/Control/Management

On allotment of the shares as stated hereinabove, there will be change in the control and / or management of the Company. The voting rights will change correspondingly with the shareholding pattern as stated hereinabove on allotment of the fully paid equity shares.

8. Auditor's Certificate

M/s S.R. Batliboi & Associates, Chartered Accountants, Statutory Auditors of the Company, certified that the preferential issue is being made in accordance with the requirements contained in the "SEBI DIP Guidelines" for preferential issue. A copy of the Certificate will be placed before the Shareholders.

The provisions of the Companies Act, 1956 contemplate consent of the members by way of special resolution in General Meeting for further issue of shares to persons other than existing shareholders. The consent of the Members is therefore sought to authorize the Board of Directors of the Company to offer, issue and allot up to 15,64,892 warrants in the manner set out in the Special Resolution. None of the directors other than Shri.V.P. Nandakumar is interested or concerned in the resolution.

By order of the Board

Sd/-

**C. Radhakrishnan
Company Secretary**

Place : Valapad
Date : 25.08.2008