

Manappuram General Finance & Leasing Limited
Financial Statements for the six months ended September 30, 2010

Balance sheet as at September 30, 2010

(All amounts are in millions of Indian rupees unless otherwise stated)

	Schedule	As at September 30, 2010	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	714.13	340.39
Reserves and surplus	2	7,569.71	5,765.21
Loan funds			
Secured loans	3	30,056.19	16,500.50
Unsecured loans	4	6,681.31	1,856.12
		45,021.34	24,462.22
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	998.15	715.83
Less : Accumulated depreciation / amortisation		199.23	148.11
Net block		798.92	567.72
Capital work in progress including advances		78.04	1.23
Investments	6	6.20	1,406.70
Deferred tax asset (net)	7	30.63	33.35
Current Assets, Loans and Advances			
Cash and bank balances	8	5,027.30	2,682.08
Other current assets	9	2,625.74	1,878.88
Loans and advances	10	37,418.29	18,907.13
		45,071.33	23,468.09
Less : Current liabilities and provisions			
Current liabilities	11	957.40	810.28
Provisions	12	6.38	204.59
		963.78	1,014.87
Net current assets		44,107.55	22,453.22
		45,021.34	24,462.22
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 S. R. BATLIBOI & ASSOCIATES
Firm Registration Number: 101049W
Chartered Accountants

For and on behalf of the Board of Directors

per S Balasubrahmanyam
Partner
Membership No.: 053315

V.P.Nandakumar
Executive Chairman

I. Unnikrishnan
Managing Director

B.N Raveendra Babu
Joint Managing Director

Place: Chennai
Date: October 15, 2010

A.L.Bindu
Chief Financial Officer

C.Radhakrishnan
Company Secretary

Manappuram General Finance & Leasing Limited
Financial Statements for the six months ended September 30, 2010

Profit and Loss Account for the period ended September 30, 2010
(All amounts are in millions of Indian rupees unless otherwise stated)

	Schedule	Six months ended September 30, 2010	Six months ended September 30, 2009
INCOME			
Income from services	13	4,246.35	1,504.13
Other income	14	59.67	39.17
		4,306.02	1,543.30
EXPENDITURE			
Personnel expenses	15	577.41	181.60
Operating and other expenses	16	1,003.23	356.46
Depreciation / amortization	5	54.83	20.85
Financial expenses	17	1,078.61	487.10
		2,714.08	1,046.01
Profit before tax		1,591.94	497.29
Less: Provision for tax			
- Current tax		525.93	176.79
- Deferred tax		2.72	1.23
- Fringe benefit tax		-	(7.48)
Profit after tax		1,063.29	326.75
Balance bought forward from March 31, 2010		917.11	188.73
Net profit carried forward to balance sheet		1,980.40	515.48

Earnings per share (EPS) information

- Weighted average number of equity shares			
- Basic		342,561,276	172,558,280
- Diluted		345,380,016	172,558,280
- Basic earnings per share (in Rs.)		3.11	1.89
- Diluted earnings per share (in Rs.)		3.08	1.89
Nominal value of equity shares		Rs. 2/-	Rs. 2/-

Notes to Accounts **18**

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

For S. R. BATLIBOI & ASSOCIATES
Firm Registration Number: 101049W
Chartered Accountants

For and on behalf of the Board of Directors

per S Balasubrahmanyam
Partner
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V.P.Nandakumar
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Manappuram General Finance & Leasing Limited
Financial Statements for the six months ended September 30, 2010

Cash Flow Statement for the period ended September 30, 2010
(All amounts are in millions of Indian rupees unless otherwise stated)

	Period ended September 30, 2010	Period ended September 30, 2009
A. Cash flow from operating activities		
Net profit before taxation, and extraordinary items	1,591.94	497.29
Adjustments for:		
Depreciation / amortization	54.83	20.85
Loss on sale of fixed assets	1.27	0.45
Interest income	(44.44)	(29.48)
Dividend income	(3.24)	-
Interest expense	1,028.44	436.44
Bad debts written off and provision for bad debts	79.01	57.58
Operating profit before working capital changes	2,707.81	983.13
Movements in working capital :		
Decrease / (Increase) in other current assets	(746.88)	(542.23)
Decrease / (Increase) loans and advances	(18,590.16)	(5,426.32)
Increase / (Decrease) in current liabilities and provisions	104.92	(88.97)
Cash generated from operations	(16,524.31)	(5,074.39)
Direct taxes paid (net of refunds)	(525.64)	(158.33)
Net cash from operating activities	(17,049.95)	(5,232.72)
B. Cash flows from investing activities		
Purchase of fixed assets	(365.59)	(114.89)
Proceeds from sale of fixed assets	1.45	0.94
Sale / maturity of investments	1,400.51	-
Interest received	44.44	29.48
Dividends received	3.24	-
Net cash from investing activities	1,084.05	(84.47)
C. Cash flows from financing activities		
Proceeds from issuance of share capital	1,114.95	-
Proceeds from borrowings (net)	18,396.90	6,105.86
Proceeds from vehicle loans	11.01	-
Repayment of vehicle loans	(1.55)	(0.67)
Interest paid	(1,011.72)	(425.55)
Dividends paid	(170.19)	(46.14)
Tax on dividend paid	(28.27)	(6.78)
Net cash used in financing activities	18,311.13	5,626.72
Net increase in cash and cash equivalents (A + B + C)	2,345.23	309.53
Cash and cash equivalents at the beginning of the year	2,682.07	1,133.96
Cash and cash equivalents at the end of the year	5,027.30	1,443.49

Components of cash and cash equivalents as at September 30, 2010

Cash and cheques on hand	1,430.01	174.18
With banks	-	-
- on current account	1,521.39	799.33
- on deposit account*	2,073.77	468.74
- on unpaid dividend accounts**	2.13	1.24
	5,027.30	1,443.49

* Includes cash collateral deposits held with banks Rs 2,064.16 (September 30, 2009: Rs 468.67) which are not available for use by the Company.

**These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

For S. R. BATLIBOI & ASSOCIATES
Firm Registration Number: 101049W
Chartered Accountants

For and on behalf of the Board of Directors

per S Balasubrahmanyam
Partner
Membership No.: 053315

V.P.Nandakumar **I. Unnikrishnan** **B.N Raveendra Babu**
Executive Chairman Managing Director Joint Managing Director

Place: Chennai
Date: October 15, 2010

A.L.Bindu **C.Radhakrishnan**
Chief Financial Officer Company Secretary

Manappuram General Finance & Leasing Limited
Financial Statements for the six months ended September 30, 2010

Schedules to accounts

(All amounts are in millions of Indian rupees unless otherwise stated)

	As at September 30, 2010	As at March 31, 2010
Schedule 1: Share capital		
<i>Authorized</i>		
530,000,000 equity shares of Rs. 2/- each (March 2010 - 106,000,000 equity shares of Rs. 10/- each)	1,060.00	1,060.00
400,000 (March 2010 - 400,000) redeemable preference shares of Rs. 100/- each	40.00	40.00
	<u>714.13</u>	<u>340.39</u>
<i>Issued, subscribed and paid-up</i>		
357,066,259 equity shares of Rs. 2/- each (March 2010 - 34,038,522 equity shares of Rs. 10/- each) fully paid up*	714.13	340.39
	<u>714.13</u>	<u>340.39</u>
*Of the above:		
(i) 27,500,000 equity shares of Rs 2/- each (March 2010 - 5,500,000 equity shares of Rs 10/- each) are allotted as fully paid up bonus shares by capitalisation of General Reserve - Rs. 40 (Previous year - Rs. 40) and Securities Premium - Rs. 15 (Previous year - Rs. 15) in an earlier year.		
(ii) 340,385,220 (March 2010 - Nil) equity shares of Rs.2/- each are allotted as fully paid up bonus shares by capitalisation of Capital redemption reserve - Rs 40 (Previous year - Nil) and Securities Premium Account - Rs 300.39 (Previous year - Nil).		
Also refer note 18.3		
Schedule 2: Reserves and surplus		
Capital redemption reserve		
Opening balance	40.00	22.85
Add: Transferred from Profit and loss account	-	17.15
Less: Capitalised for bonus issue	(40.00)	-
	<u>-</u>	<u>40.00</u>
Securities premium account		
Opening balance	3,988.96	877.30
Add: Securities premium on merger of MAFIT as at April 1, 2008	-	4.22
Add: Securities premium of MAFIT from April 1, 2008 to March 31, 2009 (net of share issues expenses)	-	527.51
Add: Securities premium on issue of shares	1,081.60	2,656.12
Less: Capitalised for bonus issue	(300.39)	-
Less: Share issues expenses adjusted against securities premium	-	(76.19)
	<u>4,770.17</u>	<u>3,988.96</u>
Statutory reserve		
Opening balance	450.75	152.90
Add: Statutory Reserve on merger of MAFIT as at April 1, 2008	-	23.60
Add: Statutory Reserve of MAFIT from April 1, 2008 to March 31, 2009	-	34.80
Add: Transferred from Profit and loss account	-	239.45
	<u>450.75</u>	<u>450.75</u>
General reserve		
Opening balance	368.39	194.39
Add: General Reserve on merger of MAFIT - as at April 1, 2008	-	80.65
Add: General Reserve of MAFIT from April 1, 2008 to March 31, 2009	-	34.80
Less: Adjustment to General Reserve on merger with MAFIT	-	(61.17)
Add: Transferred from Profit and loss account	-	119.72
	<u>368.39</u>	<u>368.39</u>
Profit & Loss Account		
	1,980.40	904.65
Add: Profit & Loss account on merger of MAFIT as at March 31, 2008	-	12.46
	<u>1,980.40</u>	<u>917.11</u>
	<u>7,569.71</u>	<u>5,765.21</u>

Manappuram General Finance & Leasing Limited
Financial Statements for the six months ended September 30, 2010

Schedules to accounts

(All amounts are in millions of Indian rupees unless otherwise stated)

	As at September 30, 2010	As at March 31, 2010
Schedule 3:Secured loans		
3,420,960 (March 2010 - 2,619,833) 7.5% - 13% (March 2010 9% - 14.5%) Secured Non-convertible Debentures of Rs. 1,000/- - Rs 1,000,000/- each redeemable at par at the end of the term of each series of debentures ranging between 1-5 years*	3,420.96	2,619.84
Add: Interest accrued and due thereon	3.49	19.52
	3,424.45	2,639.36
From bank		
- Cash credit*	183.87	257.93
- Working Capital Loans*	25,935.99	13,400.66
From Others		
- Working Capital Loans*	500.00	200.00
Vehicle loans (Secured by hypothecation of vehicles)	11.88	2.55
	30,056.19	16,500.50

* Refer note 18.12

Schedule 4:Unsecured loans

Deposits	15.60	18.54
Debenture application money	-	2.49
Inter-Corporate Deposits	1.68	2.84
Commercial Paper	5,185.73	650.73
Subordinate bond	1,471.36	1,165.14
Interest Accrued and Due	6.94	16.38
	6,681.31	1,856.12

Manappuram General Finance & Leasing Limited
Financial Statements for the six months ended September 30, 2010

Schedules to accounts

(All amounts are in millions of Indian rupees unless otherwise stated)

Schedule 5: Fixed Assets

Asset	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on April 1, 2010	Additions	Deletions	As on September 30, 2010	As on April 1, 2010	For the Period	Sale Adj	As on September 30, 2010	As on September 30, 2010	As on March 31, 2010
Computer Equipment	168.81	64.97	4.89	228.89	62.70	18.12	2.92	77.90	150.99	106.11
Office Equipments	60.19	25.33	0.24	85.28	13.60	10.98	0.15	24.43	60.85	46.59
Vehicles**	9.55	13.01	0.99	21.57	2.52	0.48	0.44	2.56	19.01	7.03
Furniture and Fittings	383.91	182.19	0.31	565.79	56.38	21.38	0.20	77.56	488.23	327.53
Freehold Land*	31.32	-	-	31.32	-	-	-	-	31.32	31.32
Buildings	15.12	-	-	15.12	0.41	0.12	-	0.53	14.59	14.71
Plant & Machinery	0.90	0.25	-	1.15	0.02	-	-	0.02	1.13	0.88
Total	669.80	285.75	6.43	949.12	135.63	51.08	3.71	183.00	766.12	534.17
Computer software	46.03	3.00	-	49.03	12.48	3.75	-	16.23	32.80	33.55
Grand Total	715.83	288.75	6.43	998.15	148.11	54.83	3.71	199.23	798.92	567.72
Figures for the previous year	355.65	369.12	8.94	715.83	77.88	74.08	3.85	148.11	567.72	-

* The Company is in the process of registering the title of the land acquired in an earlier year for Rs 0.7 in its name.

** Includes vehicles taken on finance lease/hire purchase - Gross block Rs 18.20 (March 2010 Rs 6.62); Depreciation for the period Rs 0.42 (March 2010 Rs 0.50) and Net Block Rs 17.14 (March 2010 Rs 5.65)

Manappuram General Finance & Leasing Limited
Financial Statements for the six months ended September 30, 2010

Schedules to accounts

(All amounts are in millions of Indian rupees unless otherwise stated)

	As at September 30, 2010	As at March 31, 2010
Schedule 6: Investments		
Long Term Investments		
<i>(Quoted, at cost)</i>		
A. Other than trade		
62,000 (March 2010 - 62,000) units of Rs. 100 each in 7.38% Govt. of India Loan	6.15	6.15
100 (March 2010 - 100) equity share of Rs. 10 each fully paid in Raipur Alloys and Steels Limited	-	-
100 (March 2010 - 100) equity share of Rs. 10 each fully paid in Dhanalakshmi Bank Limited.	0.01	0.01
300 (March 2010 - 300) equity share of Rs. 10 each fully paid in Vijaya Bank Limited	0.01	0.01
<i>(Unquoted, at cost)</i>		
A. Other than trade		
1,000 (March 2010 - 1,000) equity share of Rs. 10 each fully paid in The Catholic Syrian Bank Limited.	0.03	0.03
Current Investments - Trade (Quoted, at lower of cost and market value)		
Nil (March 2010 - 1,629) of Rs. 20.46 each in Sundaram Mutual Fund	-	0.03
Nil (March 2010 - 279,730 units) of Rs. 1,001.29 each in Reliance Money Manager Fund - Institutional Option - Daily Dividend	-	280.09
Nil (March 2010 - 13,978,308 units) of Rs. 10.0179 each in DWS Ultra Short Term Fund - Institutional Daily Dividend - Reinvest	-	140.03
Nil (March 2010 - 98,035,440 units) of Rs. 10 each in LICMF - Floating Rate Fund - Short term plan - Daily Dividend Plan	-	980.35
	6.20	1,406.70
Aggregate amount of quoted investments	6.17	1,406.68
Market value of quoted investments	6.47	1,406.68
Aggregate amount of unquoted investments	0.03	0.03
Refer Note 5 of Schedule 18 for details of investments purchased and sold during the year.		
Schedule 7: Deferred tax (liability) / asset (net)		
Deferred tax liability		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	(61.34)	(34.76)
Deferred tax asset		
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	7.54	4.29
Provision for loans and advances	84.43	63.82
Net Deferred tax (asset) / liability	30.63	33.35

Manappuram General Finance & Leasing Limited
Financial Statements for the six months ended September 30, 2010

Schedules to accounts

(All amounts are in millions of Indian rupees unless otherwise stated)

	As at September 30, 2010	As at March 31, 2010
Schedule 8: Cash and bank balances		
Cash on hand	1,430.01	644.98
Balances with scheduled banks		
- on current accounts	1,521.39	841.12
- on deposit accounts	2,073.77	1,193.85
- on unpaid dividend accounts	2.13	2.13
	5,027.30	2,682.08
Schedule 9: Other current assets		
Interest accrued	2,563.79	1,827.89
Stock of foreign currency	0.48	-
Auction gold	59.80	48.53
Others	1.67	2.46
	2,625.74	1,878.88
Schedule 10: Loans and advances		
Secured, considered good		
Loans:		
- Gold	36,801.50	18,456.23
- Hypothecation	73.26	172.38
- Stock on Hire	3.02	8.24
- Others	63.30	57.52
Unsecured, considered good		
Advances recoverable in cash or kind or for value to be received	231.16	62.15
Deposits	246.05	150.61
	37,418.29	18,907.13
Secured, considered doubtful		
Loans:		
- Gold	64.76	56.03
- Hypothecation	165.09	114.40
- Stock on Hire	16.48	14.15
- Others	6.01	5.73
Unsecured, considered doubtful		
Advances recoverable in cash or kind or for value to be received	1.81	1.81
	254.15	192.12
Less: Provision for doubtful loans and advances	254.15	192.12
	37,418.29	18,907.13

Manappuram General Finance & Leasing Limited
Financial Statements for the six months ended September 30, 2010

Schedules to accounts

(All amounts are in millions of Indian rupees unless otherwise stated)

	As at September 30, 2010	As at March 31, 2010
Schedule 11: Current liabilities		
Sundry creditors for expenses	316.53	148.81
Book overdraft	18.99	6.68
Interest accrued	211.31	169.11
Unmatured finance charges	105.99	339.17
Sundry deposits	21.53	20.08
Investor Education and Protection Fund shall be credited by following amounts (as and when due)		
a) Unpaid dividends	2.13	2.13
b) Unpaid matured Deposits	0.98	4.58
Other liabilities	279.94	119.72
	957.40	810.28

Schedule 12: Provisions

Provisions for taxation (net of advance tax and tax deducted at source)	6.38	6.13
Proposed final dividend	-	170.19
Tax on proposed dividend	-	28.27
	6.38	204.59

Manappuram General Finance & Leasing Limited
Financial Statements for the six months ended September 30, 2010

Schedules to accounts

(All amounts are in millions of Indian rupees unless otherwise stated)

	Six months ended September 30, 2010	Six months ended September 30, 2009
Schedule 13: Income from services		
Interest and other income from		
- Gold and other loans	4,196.34	1,448.51
- Business loans	0.39	1.11
- Personal loans	0.08	1.83
- Hypothecation and hire purchase loans	35.01	38.77
- Others	2.58	0.73
Income from fee based activities		
- Money transfer	11.53	10.76
- Others	0.42	2.42
	4,246.35	1,504.13
Schedule 14: Other income		
Interest (gross)	44.44	29.48
Foreign exchange gain (net)	0.01	-
Bad debts recovered	1.75	1.83
Others	13.47	7.86
	59.67	39.17
Schedule 15: Personnel expenses		
Salaries, wages and bonus	521.53	164.13
Contribution to provident and other funds	53.73	17.35
Staff welfare expenses	2.15	0.12
	577.41	181.60
Schedule 16: Operating and other expenses		
Rent	127.11	39.30
Electricity	14.42	5.29
Insurance	11.40	1.14
Travel and conveyance	39.79	24.14
Communication expenses	13.02	13.55
Advertisement	568.93	161.89
Directors sitting fees	0.67	0.40
Repairs and maintenance		
- Vehicles	0.96	0.78
- Others	18.16	6.62
Legal and professional fees	36.90	4.14
Security charges	51.40	17.32
Rates and taxes	8.30	2.07
Printing and stationery	9.01	10.26
Bad debts	16.98	22.89
Provision for loans and advances	62.03	34.68
Miscellaneous expenses	24.15	11.99
	1,003.23	356.46

Manappuram General Finance & Leasing Limited
Financial Statements for the six months ended September 30, 2010

Schedules to accounts

(All amounts are in millions of Indian rupees unless otherwise stated)

	Six months ended	Six months ended
	September 30, 2010	September 30, 2009
Schedule 17: Financial expenses		
Interest		
- on Debentures	139.25	66.37
- on Deposits	0.73	2.50
- on Bank Borrowings	676.19	310.35
- on Subordinate Bonds	87.51	53.92
- on Commercial Papers	124.30	0.89
- Others	0.46	2.41
Bank and other charges	50.17	50.66
	1,078.61	487.10

Manappuram General Finance & Leasing Limited

Financial statements for the six months ended September 30, 2010

Schedule 18: Notes to accounts

(All amounts are in millions of Indian Rupees unless otherwise stated)

18.1 Statement of significant accounting policies

a) Basis of preparation

These financial statements have been prepared and presented from April 1, 2010 to September 30, 2010 in accordance with the Accounting Standards notified by the Companies (Accounting Standard) Rules 2006, (as amended) including the requirements of Accounting Standard 25 – Interim Financial Reporting (AS-25) and the guidelines issued by the Reserve Bank of India as applicable to a Non Banking Financial Company ('NBFC'). The interim 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 are consistent with those used in the previous year/period.

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) 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.

d) Depreciation

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

e) 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.

Manappuram General Finance & Leasing Limited

Financial statements for the six months ended September 30, 2010

Schedule 18: Notes to accounts

(All amounts are in millions of Indian Rupees unless otherwise stated)

f) 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 term, 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.

g) 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.

h) 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 recognised under the internal rate of return method (coupon rate). Such interests, where instalments are overdue in respect of non-performing assets are recognised on realization basis. Any such income recognised and remaining unrealized after the installments become overdue with respect to non-performing assets is reversed.

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

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

Gains arising on direct assignment of assets is recognized over the tenure of agreements and, losses, if any are recognised upfront.

Manappuram General Finance & Leasing Limited

Financial statements for the six months ended September 30, 2010

Schedule 18: Notes to accounts

(All amounts are in millions of Indian Rupees unless otherwise stated)

i) Employee benefits

- i. Retirement benefits in the form of Provident Fund are defined contribution scheme and the contributions are charged to the Profit and Loss Account of the period when the contributions to the fund maintained by the Central Government 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 which is a defined benefit scheme 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 / period. Gratuity for the interim period ended September 30, 2010 is accrued on estimate basis.
- iii. Short term compensated absences are provided for based on estimates.

j) 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 period in which they arise.

k) Income Tax

Tax expense comprises current and deferred tax. Current income 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 period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years / periods.

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 recognised only to the extent that there is reasonable certainty

Manappuram General Finance & Leasing Limited

Financial statements for the six months ended September 30, 2010

Schedule 18: Notes to accounts

(All amounts are in millions of Indian Rupees unless otherwise stated)

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.

l) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) 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.

m) Provisions

- a) 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.
- b) Secured loans are classified / provided for, as per management estimates, subject to the minimum provision required as per Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as follows:

Classification of loans (Gold and other loans)

Asset Classification	Provisioning policy
Standard Assets*	Nil
Sub-standard assets	10%
Doubtful assets	100% of unsecured portion + 20 to 50% of secured portion.
Loss assets	100% provided if not written off in books.

* No provision is made as the loans are secured by underlying security.

Manappuram General Finance & Leasing Limited

Financial statements for the six months ended September 30, 2010

Schedule 18: Notes to accounts

(All amounts are in millions of Indian Rupees unless otherwise stated)

Classification of loans (Hypothecation and Stock on Hire)

Asset Classification	Provisioning policy
Standard Assets	Nil
Sub-standard assets	10%
Doubtful assets*	100% provided
Loss assets	100% provided if not written off in books.

* Company considers all loans overdue for more than 18 months as doubtful.

n) Segment reporting

The Company primarily operates in the business of "Gold loan" in India. It operates in a single business and geographical segment.

o) 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.

p) Finance expenses

Expenditure incurred for raising borrowed funds in the nature of ancillary borrowing costs is amortised over the period of the borrowing / arrangement.

q) Share issue expenses

Expenses incurred in connection with issue of shares are adjusted (net of tax effects, if any) against the securities premium account in accordance with Section 78 of the Companies Act, 1956 ('Act').

r) Insurance claims

Insurance claims are accrued for on the basis of claims admitted and/or to the extent there is no uncertainty in receiving the claims.

Manappuram General Finance & Leasing Limited

Financial statements for the six months ended September 30, 2010

Schedule 18: Notes to accounts

(All amounts are in millions of Indian Rupees unless otherwise stated)

18.2 Nature of operations

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, money exchange facilities etc. The Company currently operates through more than 1,350 branches spread across the country.

18.3 Share Capital

Issue of equity shares to promoters on preferential basis

During the current period, the Company has issued 13,210,039 shares to its promoters on preferential basis at a price of Rs 75.70/- per share at a premium of Rs 73.70/- per share. The approval of the Board of Directors and shareholders has been taken and necessary regulatory requirements have been complied with by the Company.

Bonus and share split

The shareholders of the Company have on April 22, 2010 through a resolution, approved the sub-division of one fully paid equity share of Rs 10/- each of the Company into five equity shares of Rs 2/- each fully paid pursuant to Section 94 of the Act. Further, the shareholders of the Company have through a resolution passed on April 22, 2010 approved the issuance of equity shares of Rs 2/-each, fully paid up, as bonus shares (after considering the stock split as above) in the ratio of 1:1 to the shareholders existing as on the record date. These changes have been given effect to in the current period.

Further, as per the requirements of paragraph 44 read with paragraph 24 of Accounting Standard 20 – 'Earnings per share' (AS-20), the number of equity shares outstanding as at September 30, 2009 has been adjusted for the amount of such bonus shares and sub-divided shares in the computation of the weighted average number of shares for the computation of EPS for all periods presented.

Employee Stock Option Scheme (ESOS), 2009

The shareholders at the Annual General Meeting held on August 17, 2009, have approved an Employee Stock Option Scheme 2009 (ESOS 2009) which provides for an issue of 1,000,000 options to the employees. Consequently, the compensation committee had granted the 829,500 options on August 17, 2009 at an exercise price of Rs. 331.15/- per share (face value – Rs 10/-).

Manappuram General Finance & Leasing Limited

Financial statements for the six months ended September 30, 2010

Schedule 18: Notes to accounts

(All amounts are in millions of Indian Rupees unless otherwise stated)

The Company has adopted the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India, and has recorded a compensation expense using the intrinsic value method as set out in those guidelines. The summary of the movements in options is given below:

Particulars	As at September 30, 2010	As at March 31, 2010
Options outstanding, beginning of period / year		
Options granted during the period / year	829,500	829,500
Options exercised during the period / year	347,100	-
Options lapsed during the period / year	44,500	44,500
Options outstanding, end of period / year	437,900	785,000
Options outstanding at the year end comprise of :		
- Options eligible for exercise at period / year end	45,400	-
- Options not eligible for exercise at period / year end	392,500	785,000
Particulars	As at September 30, 2010	As at March 31, 2010
Weighted average remaining contract life of options	2 years 9 month	3 years 5 month
Vesting period of options		
- 50% of the options – one year from the date of grant		
- 50% of the options – two years from the date of grant		

Pro-forma Disclosures for ESOS 2009

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for ESOS 2009 been recognized based on the fair value at the date of grant in accordance with Black-Scholes method, the amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	Profit after tax	Basic EPS (Rs.)	Diluted EPS (Rs.)
Period ended September 30, 2010			
- Amounts as reported	1,063.29	3.11	3.08
- Amounts as per pro-forma	1,019.96	2.98	2.95

Manappuram General Finance & Leasing Limited

Financial statements for the six months ended September 30, 2010

Schedule 18: Notes to accounts

(All amounts are in millions of Indian Rupees unless otherwise stated)

The fair value of options was estimated at the date of grant using the Black-Scholes method with the following assumptions:

Particulars	Vesting I August 16, 2010 50%	Vesting II August 16, 2011 50%
Risk-free interest rate	6.15%	6.53%
Expected life	3 years	4 years
Expected volatility	67.11%	66.62%
Expected dividend yield	2.76%	2.76%
Share price on the date of grant (Face value – Rs 10/-)	Rs. 331.15 /-	Rs. 331.15 /-

Manappuram General Finance & Leasing Limited
Financial Statements for the six months ended September 30, 2010
(All amounts are in millions of Indian rupees unless otherwise stated)

18.4 Loan portfolio and Provision for Non Performing Assets for major categories of loan portfolio

Asset Classification	Gross loan outstanding		Loan Outstanding Provision for Non Performing Assets		Net loan outstanding	
	Sept 2010	Mar 2010	Sept 2010	Mar 2010	Sept 2010	Mar 2010
Gold loan						
- Standard assets	36,752.18	18,410.61	-	-	36,752.18	18,410.61
- Sub-standard assets	53.32	48.25	5.33	4.83	47.99	43.42
- Doubtful assets	60.76	53.40	59.43	51.20	1.33	2.20
- Loss assets	-	-	-	-	-	-
Hypothecation loan						
- Standard assets	50.87	91.55	-	-	50.87	91.55
- Sub-standard assets	54.02	124.52	31.63	43.69	22.39	80.83
- Doubtful assets	133.46	70.71	133.46	70.71	-	-
- Loss assets	-	-	-	-	-	-
	37,104.61	18,799.04	229.85	170.43	36,874.76	18,628.61

18.5 Details of investments purchased and sold during the year

September 30, 2010

Particulars	Purchased			Sold		
	Units	Rate	Total	Units	Rate	Total
	-	-	-	-	-	-

March 31, 2010

Particulars	Purchased			Sold		
	Units	Rate	Total	Units	Rate	Total
Reliance Liquidity Fund - Daily Dividend Reinvestment Option	32.99	10.00	330	32.99	10.00	330
LICMF - Liquid Fund Dividend Plan	89.26	10.98	980	89.26	10.98	980

Manappuram General Finance & Leasing Limited
Financial Statements for the period ended September 30, 2010
(All amounts are in millions of Indian rupees unless otherwise stated)
18.6 Related Party Transactions

Particulars	Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel		Relatives of key management personnel		Total	
	30-Sep-10	30-Sep-09	30-Sep-10	30-Sep-09	30-Sep-10	30-Sep-09	30-Sep-10	30-Sep-09
Debentures issued during the period	-	-	41.86	105.00	0.28	-	42.14	105.00
Mr. V.P.Nandakumar	-	-	41.86	105.00	-	-	41.86	105.00
Mrs. Jyothi Prasannan	-	-	-	-	-	-	-	-
Mrs. Shelly Ekalavyan	-	-	-	-	0.22	-	0.22	-
Mrs. Geeta Ravi	-	-	-	-	-	-	-	-
Mrs. Sathyalekshmy	-	-	-	-	0.06	-	0.06	-
Debentures redeemed during the period	-	-	-	-	0.62	-	0.62	-
Mrs. Jyothi Prasannan	-	-	-	-	0.10	-	0.10	-
Mrs. Shelly Ekalavyan	-	-	-	-	0.11	-	0.11	-
Mrs. Geeta Ravi	-	-	-	-	0.36	-	0.36	-
Mrs. Sathyalekshmy	-	-	-	-	0.05	-	0.05	-
Subordinate Bond issued during the period	-	-	-	-	-	0.68	-	0.68
Mrs. Sushama Nandakumar	-	-	-	-	-	0.58	-	0.58
Mrs. Geeta Ravi	-	-	-	-	-	0.10	-	0.10
Mrs. Rajalakshmi Raveendra Babu	-	-	-	-	-	-	-	-
Mrs. Sathyalekshmy	-	-	-	-	-	-	-	-
Interest paid	-	0.21	-	2.80	0.05	0.05	0.05	3.06
Mr. V.P.Nandakumar	-	-	-	2.80	-	-	-	2.80
Manappuram Insurance Brokers Private Limited	-	-	-	-	-	-	-	-
Manappuram Chits (India) Limited	-	0.21	-	-	-	-	-	0.21
Mrs. Shelly Ekalavyan	-	-	-	-	-	-	-	-
Mrs. Jyothi Prasannan	-	-	-	-	0.01	0.01	0.01	0.01
Mrs. Rajalakshmi Raveendra Babu	-	-	-	-	-	-	-	-
Mrs. Sushama Nandakumar	-	-	-	-	0.04	0.04	0.04	0.04
Salary to Sooraj Nandan	-	-	-	-	-	0.21	0.11	0.21
Directors' Remuneration	-	-	16.13	8.35	-	-	16.13	8.35
Mr. V P Nandakumar	-	-	10.08	5.04	-	-	10.08	5.04
Mr. I Unnikrishnan	-	-	3.36	1.72	-	-	3.36	1.72
Mr. B.N Raveendra Babu	-	-	2.69	1.58	-	-	2.69	1.58
Inter Corporate Deposits accepted	-	5.15	-	-	-	-	-	5.15
Manappuram Asset Finance Limited	-	-	-	-	-	-	-	-
Manappuram Chits (India) Limited	-	5.15	-	-	-	-	-	5.15

Manappuram General Finance & Leasing Limited
Financial Statements for the period ended September 30, 2010
(All amounts are in millions of Indian rupees unless otherwise stated)
18.6 Related Party Transactions

Particulars	Enterprises owned or significantly influenced by key management		Key Management Personnel		Relatives of key management personnel		Total	
	30-Sep-10	30-Sep-09	30-Sep-10	30-Sep-09	30-Sep-10	30-Sep-09	30-Sep-10	30-Sep-09
Inter Corporate Deposits redeemed	-	3.45	-	-	-	-	-	3.45
Manappuram Asset Finance Limited	-	-	-	-	-	-	-	-
Manappuram Chits (India) Limited	-	3.45	-	-	-	-	-	3.45
Advances made	-	-	-	-	0.90	-	0.90	-
Mrs. Jyothi Prasanna	-	-	-	-	0.64	-	0.64	-
Sooraj Nandan	-	-	-	-	0.26	-	0.26	-
Manappuram Foundations	-	-	-	-	-	-	-	-
Subscription to Equity Shares	-	-	1,000.00	-	-	-	1,000.00	-
Mrs. Sushama Nandakumar	-	-	1,000.00	-	-	-	1,000.00	-
Donation made	1.78	-	-	-	-	-	1.78	-
Manappuram Foundations	1.78	-	-	-	-	-	1.78	-
Rent Paid	-	-	0.26	0.26	-	-	0.26	0.26
Mr. V.P.Nandakumar	-	-	0.26	0.26	-	-	0.26	0.26
Rent Received	0.11	0.08	-	-	-	-	0.11	0.08
Manappuram Jewellers Private Limited	0.01	0.01	-	-	-	-	0.01	0.01
Manappuram Asset Finance Limited	0.01	-	-	-	-	-	0.01	-
Manappuram Insurance Brokers Private Limited	0.09	0.07	-	-	-	-	0.09	0.07
Sale of gold	552.56	9.25	-	-	-	-	552.56	9.25
Manappuram Jewellers Private Limited	552.56	9.25	-	-	-	-	552.56	9.25
Sale of stationery	0.16	0.04	-	-	-	-	0.16	0.04
Manappuram Benefit Fund Limited	0.04	0.04	-	-	-	-	0.04	0.04
Manappuram Jewellers Private Limited	0.03	-	-	-	-	-	0.03	-
Manappuram Asset Finance Limited	0.02	-	-	-	-	-	0.02	-
Manappuram Healthcare Limited	-	-	-	-	-	-	-	-
Manappuram Chits (India) Limited	0.04	-	-	-	-	-	0.04	-
Manappuram Finance	0.02	-	-	-	-	-	0.02	-
Manappuram Foundations	0.01	-	-	-	-	-	0.01	-
Purchase of assets	-	-	-	15.24	-	12.16	-	27.40
Manappuram Healthcare Limited	-	-	-	-	-	-	-	-
Mr. V.P.Nandakumar	-	-	-	15.24	-	-	-	15.24
Mrs. Sushama Nandakumar	-	-	-	-	-	6.86	-	6.86
Mrs. Sumitha Nandakumar	-	-	-	-	-	5.30	-	5.30

Manappuram General Finance & Leasing Limited

Financial Statements for the period ended September 30, 2010

(All amounts are in millions of Indian rupees unless otherwise stated)

18.6 Related Party Transactions

Particulars	Enterprises owned or significantly		Key Management Personnel		Relatives of key management		Total	
	30-Sep-10	31-Mar-10	30-Sep-10	31-Mar-10	30-Sep-10	31-Mar-10	30-Sep-10	31-Mar-10
Balance outstanding as at the period end:								
Amounts payable (net) to related parties	-	-	63.32	17.39	3.32	3.37	66.64	20.76
Mr. V.P.Nandakumar	-	-	63.32	17.39	-	-	63.32	17.39
Manappuram Chits (India) Limited	-	-	-	-	-	-	-	-
Mrs. Rajalakshmi Raveendra Babu	-	-	-	-	0.63	0.56	0.63	0.56
Mrs. Shelly Ekalavyan	-	-	-	-	0.04	0.02	0.04	0.02
Mrs. Geeta Ravi	-	-	-	-	0.11	0.24	0.11	0.24
Mrs. Jyothi Prasannan	-	-	-	-	0.87	0.88	0.87	0.88
Mrs. Sushama Nandakumar	-	-	-	-	1.04	1.03	1.04	1.03
Mrs. Sathyalekshmy	-	-	-	-	0.63	0.65	0.63	0.65
	-	-	-	-	-	-	-	-
Amounts receivables (net) from related parties	0.02	1.79	-	-	2.01	1.20	2.03	2.99
Manappuram Jewellers Private Limited	-	-	-	-	-	-	-	-
Manappuram Asset Finance Limited	-	-	-	-	-	-	-	-
Manappuram Insurance Brokers Private Limited	0.02	0.02	-	-	-	-	0.02	0.02
Mr.Sooraj Nandan	-	-	-	-	0.17	-	0.17	-
Mrs. Jyothi Prasannan	-	-	-	-	1.84	1.20	1.84	1.20
Manappuram Foundations	-	1.78	-	-	-	-	-	1.78

1. Names of related parties

Enterprises owned or significantly influenced
by key management personnel or their relatives

Manappuram Benefit Fund Limited
Manappuram Chits (India) Limited
Manappuram Asset Finance Limited
Manappuram Finance (sole proprietorship)
Manappuram Insurance Brokers Private Limited
Manappuram Jewellers Private Limited
Manappuram Healthcare
Manappuram Foundations (charitable trust)

Key Management Personnel

Mr. V P Nandakumar
Mr. I Unnikrishnan
Mr. B.N Raveendra Babu

Relatives of key management personnel

Mrs. Sushama Nandakumar
Mr. Sooraj Nandan
Mrs Sumitha Nandakumar
Mrs. Jyothi Prasannan
Mrs. Shelly Ekalavyan
Mrs. Geetha Ravi
Mrs. Rajalakshmi Raveendra Babu
Mrs. Sathyalekshmy

Manappuram General Finance & Leasing Limited
Financial Statements for the period ended September 30, 2010

Schedule 18: Notes to accounts (continued..)

(All amounts are in millions of Indian rupees unless otherwise stated)

18.7 Employment benefits disclosures:

The amounts of Provident fund contribution charged to the Profit and loss account during the period aggregates to Rs. 34.80 (Previous period - Rs. 12.01).

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 gratuity plan.

Profit and Loss account

Net employee benefit expense (recognised in Personnel expenses)

	September 2010	March 2010
Current service cost	7.08	0.54
Interest cost on benefit obligation	0.24	0.12
Expected return on plan assets	0.50	(0.29)
Net actuarial gain recognised in the year	-	1.73
Net (benefit) / expense	7.82	2.10
Actual return on plan assets	0.29	0.29

Balance sheet

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

	September 2010	March 2010
Defined benefit obligation	(11.20)	(3.88)
Fair value of plan assets	37.70	4.06
Asset/(liability) recognised in the balance sheet	26.50	0.18

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

	September 2010	March 2010
Opening defined benefit obligation	3.88	1.53
Interest cost	0.24	0.12
Current service cost	7.08	0.54
Benefits paid	-	(0.04)
Actuarial gains on obligation	-	1.73
Closing defined benefit obligation	11.20	3.88

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

Manappuram General Finance & Leasing Limited
Financial Statements for the period ended September 30, 2010

Schedule 18: Notes to accounts (continued..)

(All amounts are in millions of Indian rupees unless otherwise stated)

	September 2010	March 2010
Opening fair value of plan assets	4.06	2.41
Expected return	0.50	0.29
Contributions by employer	33.14	1.40
Benefits paid	-	(0.04)
Actuarial gains / (losses)	-	-
Closing fair value of plan assets	37.70	4.06

The Company expects to contribute Rs 3 to gratuity in 2010-11. The present value of defined benefit obligation as at March 31, 2008 was Rs 0.93 and fair value of plan assets as at that date was Rs 1.80 resulting in a surplus of Rs 0.87.

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

	September 2010	March 2010
	%	%
Discount rate	8.0%	8.0%
Expected rate of return on assets	5.0%	5.0%

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.

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Manappuram General Finance & Leasing Limited
Financial Statements for the period ended September 30, 2010

Schedule 18: Notes to accounts (continued..)

(All amounts are in millions of Indian rupees unless otherwise stated)

18.8 Earnings per share

Particulars	Sep-10	Sep-09
Net profit as per profit and loss account	1,063.29	326.75
Less : Dividends on preference shares	-	-
Net profit for calculation of basic and diluted EPS	1,063.29	326.75
Weighted average number of equity shares in calculating basic EPS (Nos.)	342,561,276	172,558,280
Weighted average number of equity shares in calculating Dilutive EPS (Nos.)		
Weighted average number of equity shares in calculating basic EPS (Nos.)	342,561,276	172,558,280
Add: Number of dilutive shares under Employees Stock Options (Nos.)	2,818,740	-
Weighted average number of equity shares in calculating diluted EPS (Nos.)	345,380,016	172,558,280

18.9 Lease disclosure

Operating leases:

The Company has taken various office premises under operating lease. The lease payments recognised in the profit and loss account are Rs 127.11 (previous period - Rs 39.30). The operating leases are cancellable in nature and the lease agreements are in the range of 12-36 months. There are no restrictions imposed by the lease arrangements. There are no sub leases.

Finance leases:

	<u>Sep-10</u>	<u>Mar-10</u>
Total minimum lease payments at the year end	13.60	2.83
Less : amount representing finance charges	1.72	0.28
Present value of minimum lease payments	11.88	2.55
Lease payments for the year	1.83	1.78

Minimum Lease Payments :

Not later than one year [Present value Rs. 3.93 as on September 30, 2010 (Rs. 1.57 as on March 31, 2010)]	4.59	1.79
Later than one year but not later than five years [Present value Rs. 8.11 as on September 30, 2010 (Rs.0.97 as on March 31, 2010)]	9.01	1.04
Later than five years [Present value Rs. Nil as on September 30, 2010 (Rs. Nil as on March 31, 2010)]	-	-

18.10 Commitments and contingent liabilities

Contingent liabilities

	<u>Sep-10</u>	<u>Mar-10</u>
i) 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.	2,976.42	707.17
Total	2,976.42	707.17

(ii) Applicability of Kerala Money Lenders' Act

The Company has challenged in the Hon'ble Supreme Court the order of Hon'ble Kerala High Court upholding the applicability of Kerala Money Lenders Act to NBFCs. The Hon'ble Supreme Court has directed that a status quo on the matter shall be maintained and the matter is currently pending with the Supreme court. The Company has taken legal opinion on the matter and based on such opinion the management is confident of a favourable outcome. Pending the resolution of the same, no adjustments have been made in the financial statements for the required license fee and Security deposits.

Manappuram General Finance & Leasing Limited

Financial Statements for the period ended September 30, 2010

Schedule 18: Notes to accounts (continued..)

(All amounts are in millions of Indian rupees unless otherwise stated)

18.11 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 amount assigned as at September 30, 2010 is Rs. 11,879.49 (March 31, 2010 - Rs. 7,077.02). These amounts have been reduced from the gross gold loan and hypothecation loan balances.

18.12 Charges created on assets of the Company for Secured Loans

A. Secured Non Convertible Debentures

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

B. From banks

Overdraft / Working Capital Loan accounts have been availed with the following banks and are secured by Gold Loan receivables.

State Bank of India	Syndicate Bank
Corporation Bank	The Karur Vysya Bank Limited
South Indian Bank Limited	Bank of Rajasthan Limited
Punjab National Bank	Axis Bank Limited
YES Bank Limited	IDBI Bank Limited
Central Bank of India	Catholic Syrian Bank Limited
HDFC Bank Limited	ING Vysya Bank Limited
IndusInd Bank Limited	Lakshmi Vilas Bank Limited
Dhanalakshmi Bank Limited	Kotak Mahindra Bank Limited
Oriental Bank of Commerce	ICICI Bank Limited
Union Bank of India	Allahabad Bank Limited
Indian Overseas Bank Limited	Barclays Bank
United Bank of India	DBS Cholamandalam

The Company is in the process of creating a charge on the debentures placed with Bank of India on private placement basis aggregating Rs 250.

18.13 Deposits with banks include cash collateral deposits aggregating Rs 2,064.16 (March 31, 2010: Rs 1,184.38) towards assignments and other approved facilities.

18.14 During the period, there have been instances of fraud on the Company by employees / third parties where gold loan and cash related misappropriations have occurred for amounts aggregating Rs 3.32. The Company has taken necessary action including claims from insurance companies. Further, appropriate actions have been taken against such employees / third parties.

18.15 Comparatives

The figures for half year ended September 30, 2009 do not include the results of Manappuram Finance (Tamil Nadu) Limited (MAFIT) which merged with the Company. The merger has been given effect to from the quarter ended December 31, 2009 and accordingly the figures of half year ended September 30, 2009 are not comparable with the figures for the half year ended September 30, 2010. Figures of previous period/year have been regrouped / reclassified, wherever necessary to conform to current period's classification.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES

Firm Registration Number: 101049W

Chartered Accountants

For and on behalf of the Board of Directors

per S Balasubrahmanyam

Partner

Membership No.: 053315

V.P.Nandakumar

Executive Chairman

I. Unnikrishnan

Managing Director

B.N Raveendra Babu

Joint Managing Director

Place : Chennai

Date: October 15, 2010

A.L.Bindu

Chief Financial Officer

C.Radhakrishnan

Company Secretary