

Inspiring vision



V.C. Padmanabhan (1916 -1986)

1949. A small fishing village in Valapad, along the coast of Kerala. A vision drives one person to greater heights of entrepreneurial excellence. His efforts provide affordable and hassle-free loans to farmers and fishermen.

From modest beginnings, that vision of Mr. V.C Padmanabhan, our late founder, has helped us create a future-focused and vibrant organisation. In 1992 Manappuram General Finance and Leasing Limited was incorporated and then renamed as Manappuram Finance Limited (Manappuram) in 2011.

Today, Manappuram is one of the largest asset-based NBFCs in the country, supporting people's aspirations and transforming their lives.





**Gold is different things to different people.
Beauty. Divinity. Glory. Empowerment. Achievement.
Infinite associations, timeless appeal.**

No matter what the overriding emotion attached to gold is, it is always a positive force. To be harnessed and utilised for economic growth and prosperity.

In a developing country like India, gold is a reliable asset, especially for those at the lower end of the social pyramid. While gold can be monetised during distress, micro enterprises can mobilise capital through gold loans.

At Manappuram, we help transform people's lives by harnessing the positivity of gold. For more than six decades, we have helped improve people's lives and capacities by our affordable gold loans.

Our business harmonises traditional belief and contemporary insight. It revolves around one simple certainty:

Good things start with gold.



At Manappuram, we help transform
people's lives by harnessing the
positivity of gold.

Rendezvous with gold

At Manappuram, our tryst with gold started in 1949. Today, we are among India's largest and fastest growing gold loan companies.

Find us anywhere in India

3,295

Branches across India

We have 2,320 branches in South, 360 in West, 447 in North and 168 branches in the East across 22 states and four Union Territories.

Trusted custodian

99.9%

Assets under management (AUM) comprise gold loans as on March 31, 2013

We are the first NBFC from Kerala to be given the Authorised Dealer (AD) license (Category II) by the Reserve Bank of India (RBI). It is permitted by Foreign Exchange Management Act (FEMA) and authorised by RBI for various money transfers.

Not just gold

3

Business segments

Apart from our core business of providing cash loan against gold pledge, we also offer our customers with money transfers and foreign exchange services.

Fund security

₹ 24,429 MILLIONS

Net worth as on March 31, 2013

We source our funding from more than 37 banks and financial institutions at low costs. Besides, we launched NCDs, bonds and commercial paper, reducing our dependence on banks.

Customer first

1.52 MILLIONS

Total customers as on
March 31, 2013

Powered by a dedicated and experienced team, we address the queries of customers in the shortest possible time

Built on transparency

51.4 TONNES

Gold assets as on
March 31, 2013

We stand for transparency – from valuation of gold to being a safe custodian, to rotating employees and conducting regular audits.

Intellectual capital

18,210

Total number of
employees at
Manappuram

Our experienced and knowledgeable team drives our operational efficiencies, customer focus and organisational sustainability.

Matter of minutes

5 MINUTES

Average time taken for loan disbursement

Processing a gold loan at any of the Manappuram offices (with proper documentation and certified assets) takes few minutes. This ensures our customer walks away with the loan amount with ease and comfort.

Trust is timeless as gold

At Manappuram, we have reinforced trust for decades through our customer-centric approach and speedy response. We are primarily engaged in providing loans against household jewellery pledged by our customers.

What sets us apart

Customer first strategy

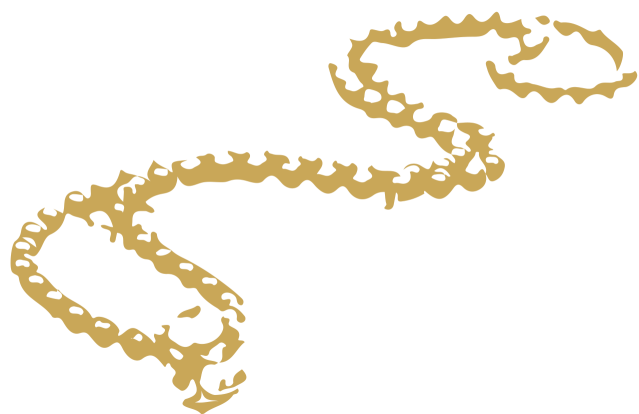
Our products aim at delivering value to the customer, irrespective of social status. We believe time is precious and everyone is entitled to courtesy and prompt service with transparency.

Integrity

We set great store by ethical values and practices in all our dealing. We believe in transparency and in following the laws of the land without ambiguity. We value the contributions of all our stakeholders and take special pride in recognising those contributions.

Cutting-edge technology

As a pioneer in the introduction of technology into the gold loan sector, we believe in constantly updating our technology to keep our costs low and deliver better service for our customers. We have standardised our processes to allow us better and more cost-effective access to our customers. And we believe in fostering innovation to deliver ever greater value to our customers.



Business domains

- Gold loan
- Money transfer
- Foreign exchange

Credit history

- Credit rating history of 17 years (has investment grade rating since 1995)
- Short-term debt raising programme rated A1+ by Crisil (subsidiary of S&P) and ICRA (associate of Moody's)

Fund sources

- Credit lines from 30+ banks
- Healthy pipeline of un-utilised limits with banks and financial institutions
- Commercial papers from short-term money markets
- Retail Non-convertible Debentures (NCD) and bonds

For shareholders

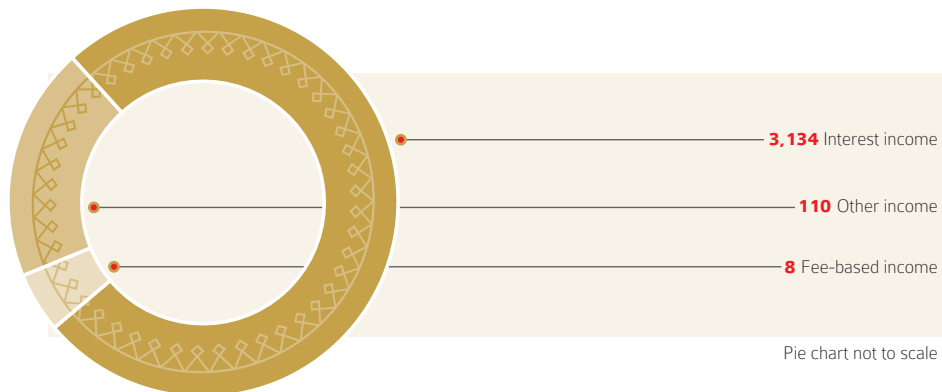
NSE Ticker: MANAPPURAM

BSE Ticker: 531213

Dividend: ₹ 1.50 per share (Face value: ₹ 2)

Market capitalisation: ₹ 18,254.10 million as on March 31, 2013

Income spread 2012-13 (₹ in million)

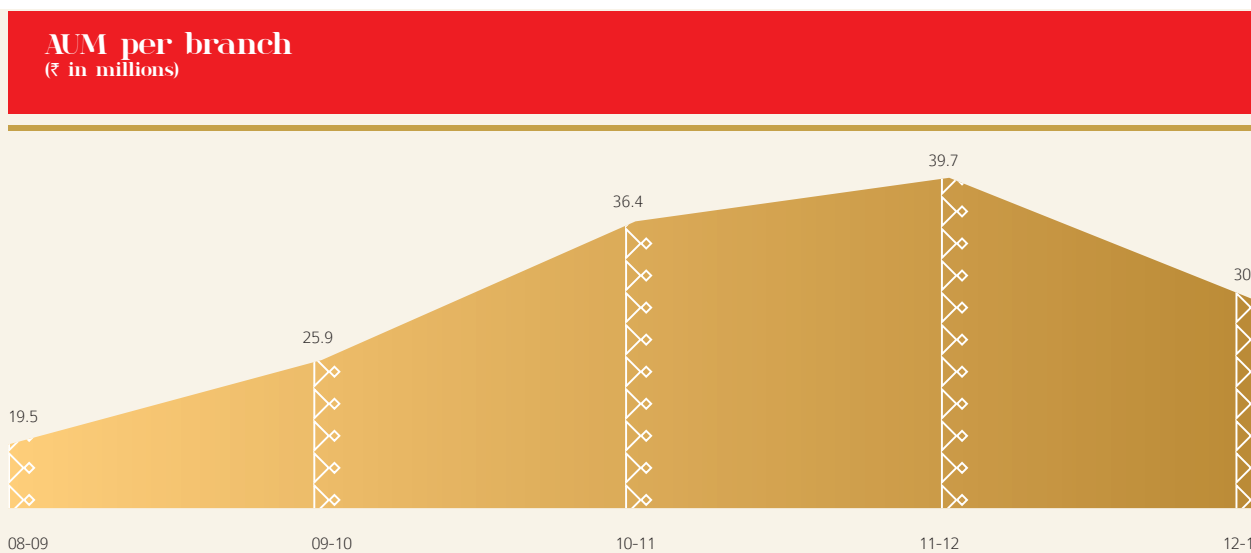
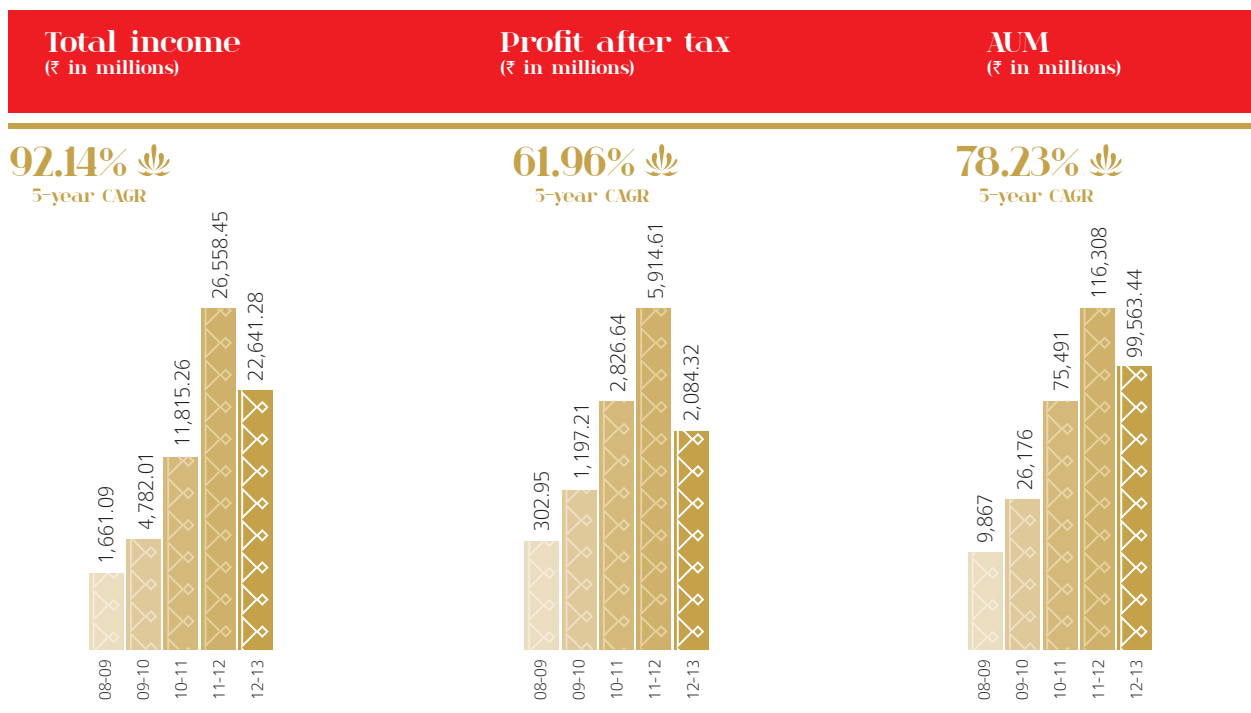


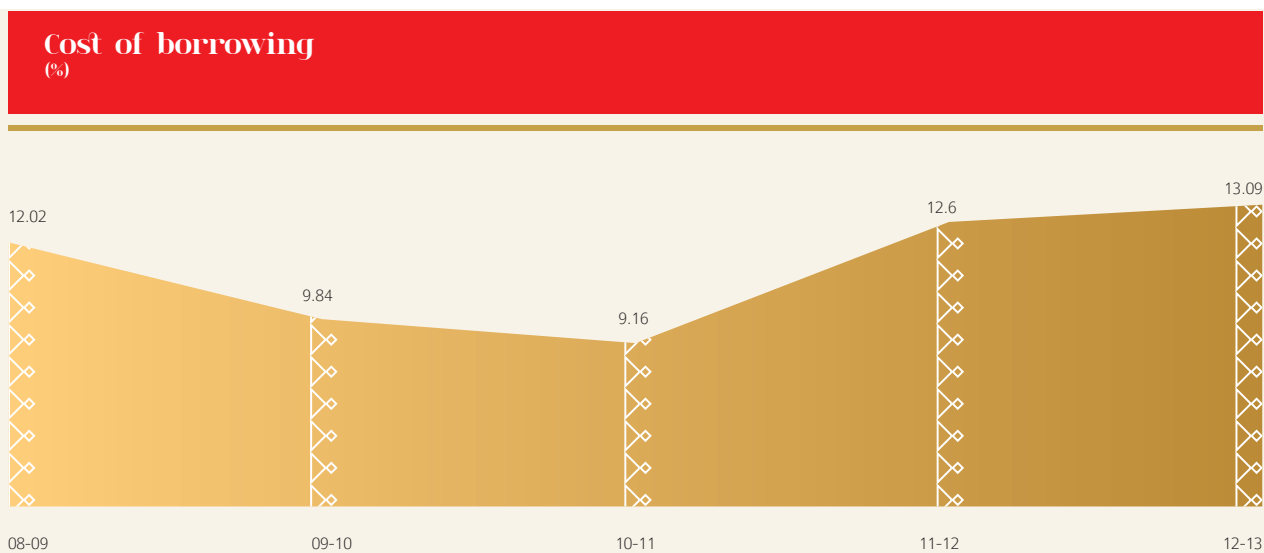
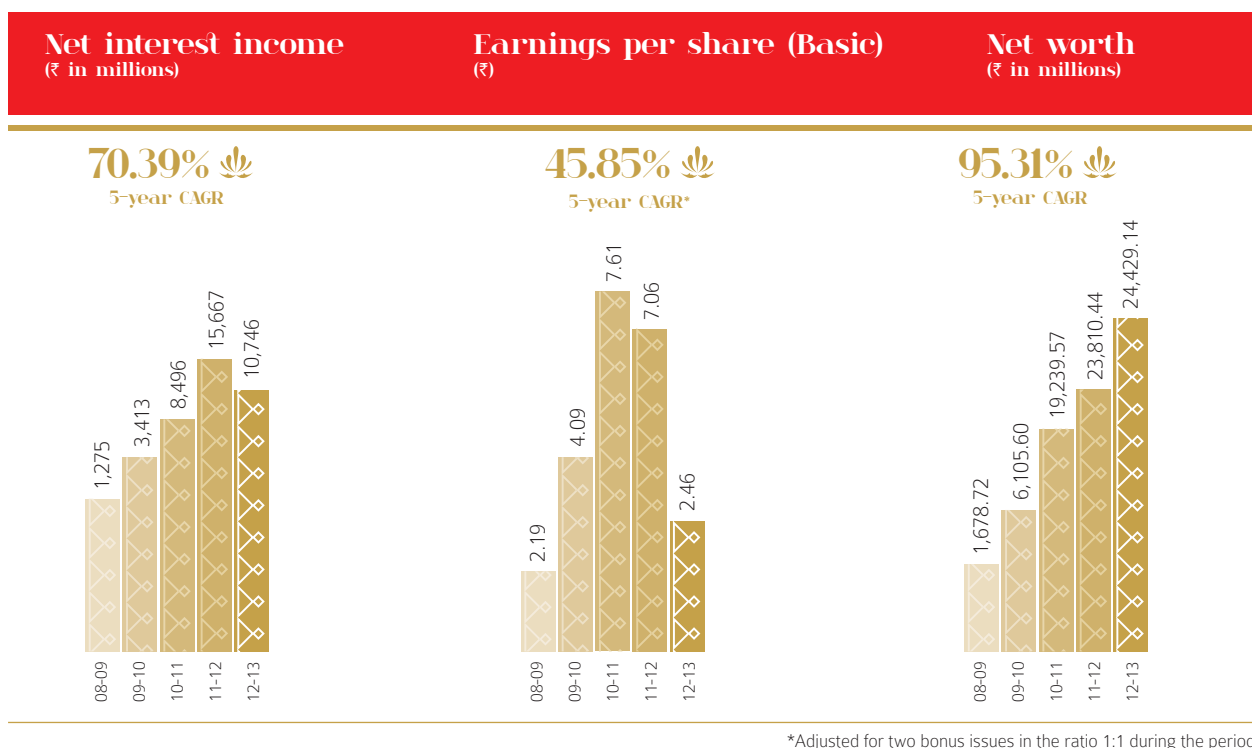
Indian coverage



● The figure beside each location denotes the number of branches

Financial performance





Graphs not to scale

Ratios 2012-13	Net NPA	Return on Assets	Return on Equity	Capital Adequacy Ratio
	0.77%	1.58%	7.91%	22.67

MD and CEO's Letter



V.P. Nandakumar, MD & CEO

I am privileged to present to you our 21st Annual Report for the year ended March 31, 2013.

Last year in my communication, I had said that your Company was moving into a phase of consolidation after years of growth. It was clear even then that the market conditions had changed and that the environment for gold loans was not as conducive to growth as before. Today, it is also evident that the process of consolidation can have its stresses too. Our profits have declined and our business volumes have stagnated. But the good thing that deserves mention is that having endured hardship, we are now more resilient and better positioned to face future challenges.

Economic outlook

I'll restrict myself to a couple of issues that have brightened the outlook for the gold loans sector. India today presents a credible picture of an economy on the mend, facilitated by the renewed thrust on reforms. While our fiscal and current account deficits together with a weakening rupee are a major concern, the

outcome of reforms, assuming the momentum is sustained, will take some time to reflect in the real economy.

FII inflows into the Indian markets are looking up and stood at a record US\$26 billion (₹ 1.4 lakh crores) during the last fiscal year. India's WPI inflation appears to be finally under control, falling below the 5% level for the first time in April 2013 since 2009. There are welcome signals from the RBI that further monetary easing will ensue.

In April 2013, we saw a crash in the price of gold in the international markets, falling nearly 15% over the course of two working days. The outlook for gold turned bearish and doubts were expressed about how the gold loan companies would fare. As it happened, the fall in prices was accompanied by a surge in physical gold purchases in both India and China, the two largest gold markets. It reaffirmed what we have known all along: no matter what the pundits say, ordinary people in countries like India and China continue to repose great faith in the future of gold.

Outlook for Gold Loans NBFCs

India's organised gold loan industry has grown at a rapid pace in the last two decades. However, fiscal year 2012-13 turned out to be an exception with the industry facing strong headwinds. New regulations introduced in March 2012, especially the cap of 60% on new gold loans by NBFCs, altered the rules of the game almost overnight. Inevitably, there was some turbulence to follow. Besides, the impression gained ground that India's regulatory establishment was sceptical about the larger purpose served by gold loans.

Around this time, the RBI had constituted a working group headed by Mr. K.U.B. Rao to look into a range of issues about India's gold loans sector. The final report of the committee was presented in February 2013 and its release came as a much needed morale booster for the gold loans NBFCs.

For the first time ever, there was official acknowledgement in India that the NBFCs engaged in gold loans were doing work which had social relevance. Moreover, the report has categorically cleared misgivings about gold loans contributing to India's high levels of gold imports and therefore to macro-economic imbalances, particularly the high CAD. After the release of the K.U.B. Rao Committee report, the outlook for the gold loan NBFCs has improved perceptibly and market sentiment has become more positive.

I may reiterate that the gold loans business model is old and time-tested. The business has survived multiple volatilities in gold prices. It worked well all these years because of the extra cushion available to the lender in the form of making charges, and the sentimental value of the jewellery to the borrower, which acts as a check on wilful defaults. We believe (and it is borne out of experience) that this premise continues to hold true.

Performance

Fiscal year 2012-13 was challenging as your Company had faced higher incidence of defaults in a specific pool of its portfolio disbursed (at higher LTV) during the period between August 2011 and January 2012.

Consequently, profit after tax stood at ₹ 2,084.3 million, a sharp decline from ₹ 5,914.6 million in the previous year. Reflecting the realignment of the LTV and consequent changes in the liability

India today presents a credible picture of an economy on the mend, facilitated by the renewed thrust on reforms. While our fiscal and current account deficits together with a weakening rupee are a major concern, the outcome of reforms, assuming the momentum is sustained, will take some time to reflect in the real economy.

profile of the Company, the Company's Assets under Management (AUM) declined to ₹ 99,560 million from ₹ 116,308.0 million on March 31, 2012. Accordingly, the interim dividend of ₹ 1.50 per share (of face value of ₹ 2) declared in March 2013, is now proposed as the final dividend for the year, subject to approval by shareholders in the forthcoming AGM.

We are convinced that increase in the incidence of defaults owing to a mix of factors --- stepped up disbursements at higher LTV followed by a change in the regulatory regime --- is unlikely to recur in future. At the same time, considering the current market dynamics, the Company has introduced new measures to strengthen its collection mechanism. Borrowers are now encouraged to pay the accrued interest periodically, preferably on a monthly basis. We have taken steps to ensure closer monitoring of accounts at risk. The auction process has been streamlined to enable faster auctions in a time-bound manner and with due compliance of formalities. Besides, gold prices are monitored continuously so that LTV can be lowered whenever the situation warrants.

Community focus

I am happy to report that your Company's CSR initiatives continue to gather pace. You will recall that the Manappuram Foundation was set up in 2009 to spearhead our CSR vision. Its landmark initiative was the 'Janaraksha - Manappuram Free Health Insurance Scheme' providing free health insurance to about 20,000 BPL families in seven identified Panchayats around Valapad in the coastal belt of Thrissur District. Today, the scheme is so successful that it has been extended to two more wards within the Thrissur Corporation on popular request.

In its latest initiative, the Foundation has now set up the Manappuram Academy, which provides free coaching for professional courses to young talents from economically weaker sections of society. Our active CSR profile has generated much goodwill for your Company. We are now considered a model corporate citizen in Kerala.

Looking forward

I began with a reference to our resilience. Recent challenges have helped us evolve into a more risk-focused and resilient organisation and with the recent experiences in mind, we will continue to operate with caution and prudence.

The Reserve Bank of India has been a steadying, calming influence at a time of great volatility, and all of us in the gold loans business owe a debt of gratitude to this great institution.

I am indebted to all our stakeholders—the distinguished shareholders, employees, our lending banks and financial institutions, our foreign and domestic investors, the regulatory bodies, and the government—for their support and guidance.

Powered by the contributions and good wishes of all its stakeholders, Manappuram is well positioned to achieve its true potential in the years to come.

With best wishes,

V.P. Nandakumar
MD & CEO





Gold has forever stirred positive emotion, energy and entrepreneurship. Here are a few anecdotes of courage and commitment, to reinforce the belief that good things start with gold.

Homemaker turns newsmaker

"I ran a beauty parlour long back. Nevertheless, after marriage, I chose to be a traditional homemaker. However, the aspiration to do something on my own was always there. After my children began going to school, I had more free time and was keen to engage myself in a productive vocation. Manappuram has brought good things to my life."

Aneesha Binu,
40, customer of
Rajakumari Branch,
Idukki District, Kerala



The beauty-care business has always had a special appeal for Aneesha Binu. Therefore, she wanted to restart a beauty parlour in Rajakumari, where she was married.

Aspirations, however, need to be backed by financial support. Luckily for Aneesha Binu, she saw something that eventually helped her realise her dreams. She saw an advertisement for Manappuram Gold loan, and the way ahead was clear to her. Today, she is a confident entrepreneur, with growing number of customers and rising income from her beauty parlour.

In 2012, Aneesha's achievement received media coverage. The November 30, 2012 issue of The Economic Times carried a news report on its front page about how gold loans were helping ordinary people transform their lives. It featured prominently Aneesha Binu's entrepreneurial endeavours. At Manappuram, we are happy to partner her achievement.

Honesty earns gold

There is an old Jewish folklore, which recognises honesty with gold.

A stitch in time...



"I consider my association with Manappuram as a good turn in my career. My frequent cash requirements are now met by gold loans and I can look forward to a better future."

Ramanji Chikredappa, 27, customer of Manappuram's Gownipally Branch, Kolar District, Karnataka

Ramanji never counts the stitches when he executes the orders of his clients, but a decisive stitch in time has saved him a lot of hardship and brought regular income for the household.

The decision was to partner with Manappuram. The result: although Ramanji belongs to the farming and farm labour community, he has now taken up tailoring as a better means of livelihood. Initially, he used to depend on informal loans or tried to manage without external financial assistance. But, as business flourished he modernised his shop with a gold loan from Manappuram. The shop provides him with a monthly income of about ₹ 7,000. Easy availability and the relatively low interest rate for gold loans from Manappuram --- compared to the loans from moneylenders --- has improved the quality of life for his family. How is Ramanji's business doing these days? The answer is obvious from the buzz at the Rama Tailoring Shop.

One day, a beggar was sitting under the shade of a tree seeking alms from passersby. He was tired and hungry, but nobody paid attention to his plight. Suddenly, he spotted a leather purse lying on the road. He took the purse, opened it and discovered 100 pieces of gold. Then he heard a merchant shout, "A reward! A reward to the person, who finds my leather purse!" The beggar returned the purse to the merchant and demanded the reward.

"What reward?" shouted the merchant. "The purse I dropped had 200 pieces of gold. You've already stolen more than the reward!"

"Let us take this matter to the court," said the honest beggar defiantly.

In court, the judge patiently listened to both sides of the story and said, "I believe you both. Justice is possible! Merchant, you

stated that the purse you lost contained 200 pieces of gold. That's a considerable sum. But, the purse this beggar found had only 100 pieces of gold. Therefore, it couldn't be the one you lost."

The judge gave the purse and all the gold to the beggar.

Good fizz with gold

"I am a regular customer of Manappuram and use the money availed by pledging gold for my day-to-day business requirements. My short-term working capital requirements are now met without any hassle. My good wishes go with Manappuram."

Madhu M.C., 32, customer of Manappuram's Mullasery Branch, Thrissur District, Kerala

Madhu has always been ambitious and hardworking, aspiring to take his father's business of carbonated beverages to new heights. But emergency short-term cash requirements often made him concerned about the sustainability of the business.

Today, he doesn't have to bother. Manappuram stands by him in his hour of need. The short-term cash requirements are now met through gold loans. Today, he earns an income of ₹ 20,000 per month on an average, with much higher earnings during summer times and festivals.

With two employees under him and two soda-making machines, Madhu runs his business with confidence. He also owns a transport vehicle and an old Ambassador car. Thanks to the positivity of gold, there's an added fizz to his life.

Heart of gold

An old Chinese fable recounts the story of Han-shin and his heart of gold.

Prudence to prosperity



"I found Manappuram Gold loan Schemes most suitable for my business as I am able to release the pledged gold within 60 days. Now my farm fetches me an annual income of over two and a half lakh rupees. I can now send my two children to school and keep my family in reasonable comfort."

**Ramesh C.M.,
42, customer of
Manappuram's
Brahmins Street
Branch, Kolar,
Karnataka**

The uncertainties, challenges and hardship of being a farmer made Ramesh rethink about his career. The result was a prudent decision to take up poultry business in addition to farming. But he worried about finance. Manappuram came forward to support Ramesh's aspirations.

Today, Ramesh maintains two rows of long cages, where over 10,000 broiler chicks are reared on behalf of Godrej Agrovet Ltd. The Company provides the chicks and the feed free of cost. The farmer is required to spend on the upkeep and lighting charges besides the labour costs involved. By the 60th day, the Company takes back the fully grown birds and pays him three rupees per kilogram.

Han-Shin was a poor boy and his family had nothing to eat. Every day, Han-Shin went to the river to fish. He sat and sat, but there were no fish.

One day, a few women were washing clothes in the river. One old woman looked at Han-Shin. "That boy is as skinny as the stick in his hand!" she said. She walked over to Han-Shin and said, "You look hungry my child. Please eat this bowl of rice." Han-Shin bowed down and thanked her.

Every day, the old woman gave Han-Shin a bowl of rice. "I will find a way to pay you back," said Han-Shin.

Han-Shin grew up to be brave and kind and was eventually crowned the king of his land. Now he had everything one could wish for. But he never forgot his promise to the old woman. He looked far and wide for her. And at last, he found her.

He took the old woman to his palace and bowed down to her, saying "I promised I

would pay you back someday. Please take these thousand pieces of gold."

The old woman thanked Han-Shin for the gold and said, "You've already paid me back by becoming a strong and kind man."

In China, when someone repays somebody for kindness with rich reward, you might say, "One Rice Thousand Gold".

Tryst with stardom

Brand Manappuram is endorsed by film industry icons from all major regions of India. They stand for us because we stand for our customers.



Venkatesh

Mohan Lal

**Puneeth
Rajkumar**

Vikram



Akshay Kumar

**Mithun
Chakrabarty**

**Sachin
Khedekar**

**Uttam
Mohanty**

Technology enables smooth operations

Our robust information technology architecture ensures efficient and secure pan-India operations.

Security foremost

We are the custodian of the assets of millions of our customers. Therefore, to provide enhanced security, we have strengthened our central monitoring (camera) vigilance. Over 2,400 additional branches were brought under the ambit of camera vigilance. We are also implementing a centralised burglar alarm system, which will function across all our branches.

Strengthening HRM

To strengthen our human resource integrity, we have started making way for SaaS-enabled human resource management (HRM) system. This centralised and effective procedure makes the entire HRM system web enabled.



Customer comfort

We propose to upgrade our technologies to connect with millions of customers over the internet, providing them access to their online accounts. We also propose to increased customer comfort by implementing an online payment gateway for easy interest and principal remittance.

IT partners

Our IT infrastructure is powered by our long-term partnership with IBM, and backed by Dell, Sun Microsystems, Oracle and CISCO, among others.

Services that bring smiles

Our outstanding customer services help transform the lives of millions of customers. The services and offerings have enabled brand Manappuram to emerge as a symbol of trust.



One-call assistance

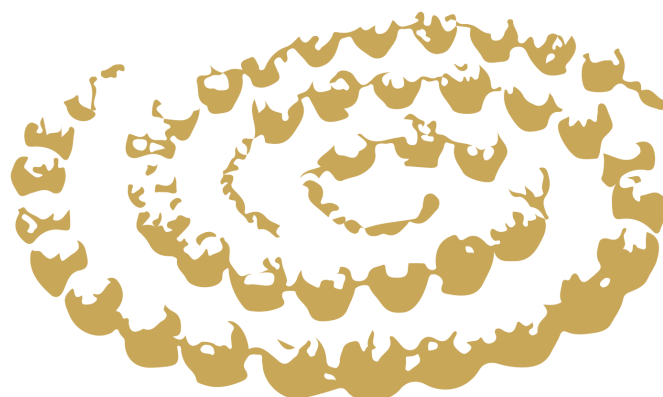
We have implemented the Reserve Bank of India's guidelines on Fair Practice Code (FPC) by forming three different levels of customer redressal. Customer grievances are registered through phone (with the help of a toll-free number) or e-mails. The complaints are addressed within the stipulated time.

Streamlined processes

A detailed guidance note on ways to attend customers and reduce complaints is provided to all branches. Elaborate on-ground employee trainings have also helped reduce customer grievances to a large extent. Customers, on the other hand, have access to a detailed FAQ, educating them about the complete process of a gold loan.

More than loan

We focus primarily on ensuring that our customers can meet their repayment obligations. We educate them on systematic and timely payment of interests and principal. Our incentive-based schemes offer discount on interest for timely repayment, and helps to keep defaults in check.



Wellspring of optimism

The strength of our people widens our business horizons and remains our wellspring of optimism in times of challenges.



Performance Management System work-shop - Dr. Anil K Khandelwal

Skill enhancement

We collaborated with KPMG to organise a workshop on Performance Management Systems - Goal Setting. The workshop covered various aspects of performance management and familiarised the participants with different elements like goal sheet, key performance indicators (KPIs), metrics, key responsibility areas (KRAs), importance of dialogues, feedback, preparation for a feedback session, elimination of errors and so on.

Dr. Anil K. Khandelwal, former Chairman of Bank of Baroda and Dena Bank, advises the Company's top management on HR matters. Recently, he reviewed the Performance Management System being implemented in the Company by the HR department and appreciated the good work done.



Leadership programme in progress

Leadership development

A seven-day Leadership Development Programme focused on enhancing capabilities of employees. A total of 103 employees from across the country were identified as emerging Young Leaders and put through this intensive programme.

Recognising efforts

We offer incentives to the employees at branches and the Head Office to acknowledge their good work. Middle and senior management officials as well as other senior staff members were, in the past, rewarded with Employee Stock Option Plans (ESOPs).

Good for the community. Good for business.

At Manappuram, we believe in a simple dictum: what is good for the community is good for business. This guiding philosophy has inspired us to enhance our social investments and be responsible to the community around us.

The Manappuram Foundation was set up in 2009 to drive our CSR vision. At Valapad, the Foundation contributes to various social initiatives. It has provided free health insurance to families below poverty line (BPL) in Thrissur District, Kerala. It has also emerged as a leading charitable organisation in the area that extends generous financial support to deserving causes and to needy individuals.

Insuring health

The Janaraksha – Manappuram Free Health Insurance Scheme was a landmark initiative of the Manappuram Foundation. It provides free health insurance to about 20,000 BPL families in seven identified Panchayats around Valapad in the coastal belt of Thrissur District. The insurance premium's costs, which amounted to ₹ 500 per family (a total annual expense in excess of ₹ 1 crore), are fully borne by the Foundation. Today, the scheme is widely hailed as a model CSR initiative, relevant to the community's needs and, more importantly, effectively implemented.

Care for the aged

The Manappuram Foundation has partnered with Thalikulam Vikas Trust to set up its first Adult Day Centre (Pakalveedu) at Thalikulam (Thrissur District). This initiative, meant for senior citizens, provides them with avenues to spend their time productively by expanding their knowledge, developing their creativity and so on. The day centre provides recreational facilities, along with medical care and a healthy diet prescribed by a nutritionist.



It's lunch time for senior citizens at Manappuram Foundation's Adult Day Centre (pakalveedu) at Thalikulam

Education first

The Foundation has also launched the Manappuram Academy at Triprayar (Thrissur District) to impart free coaching for professional courses. It is meant for talented students from an economically weaker background. The Academy offers coaching for CA, CS and ICWA courses.

Partners in upbringing

We have associated with Alpha Pain and Palliative Care Clinic at Edamuttom (Thrissur District) to enable the Clinic to offer free or low-cost treatment to the needy. Every month, we contribute ₹ 1 lakh to this charitable organisation and it has helped bring smiles to the needy. The Foundation also makes a significant contribution to Santhi Medical Information Centre at Guruvayur, a prominent charitable organisation devoted to helping needy patients with free dialysis.

Concessional medical facilities to BPL families

We organised camps where concessional medical facilities are extended to BPL families. The camps are held at the Foundation's Counselling Centres in the seven Panchayats adjoining Valapad.

Board of Directors



01 Jagdish Capoor

73, Chairman

He holds a master's degree in Commerce from Agra University and a fellowship from the Indian Institute of Banking and Finance. He has more than 39 years of work experience in banking and finance. He has, in the past, worked as the Deputy Governor of the Reserve Bank of India, Chairman of HDFC Bank, BSE, Deposit Insurance and Credit Guarantee Corporation of India, Unit Trust of India and also as a Director on the Boards of several commercial banks. Currently, he is on the Board of Indian Hotels Company Limited, Assets Care Enterprise Limited, Indian Institute of Management, LIC Pension Fund Limited and is the Chairman of Quantum Trustee Company Private Limited. He is a Director of our Company since July 20, 2010.

02 V. P. Nandakumar

59, Managing Director and CEO

He holds a master's degree in Science from Calicut University and is also a Certified Associate of Indian Institute of Bankers. He is the chief Promoter of the Manappuram Group of Companies and has, in the past, been associated with the banking industry in various capacities. He is the Chairman of the Equipment Leasing Association (India) and the Kerala Non-banking Finance Companies Welfare Association. He is a Director of our Company since July 15, 1992.

03 I. Unnikrishnan

49, Executive Director & Dy. CEO

He holds a bachelor's degree in Commerce from Calicut University and is also a fellow member of the Institute of Chartered Accountants of India. He has experience in rendering advisory services relating to NBFCs. He has, in the past, worked with HAWA-MK Electrical Limited. He is a Director of the

Company since October 11, 2001. He was appointed as the Managing Director on October 1, 2006 and redesignated as Executive Director and Dy. CEO on May 19, 2012.

04 B. N. Raveendra Babu

61, Executive Director

He holds a master's degree in Commerce from Calicut University and completed his inter from the Institute of Certified Management Accountants. He has worked in a senior position in the Finance and Accounts Department of Blue Marine International in the U.A.E. He is a Director of our Company since July 15, 1992. He was appointed as the Joint Managing Director on January 11, 2010 and redesignated as Executive Director on May 19, 2012.

05 V. R. Ramachandran

60, Independent and Non Executive Director

He holds a bachelor's degree in Science from Calicut University and a bachelor's degree in law from Kerala University. He has over 32 years of work experience and is a civil lawyer enrolled with the Thrissur Bar Association. He is a Director of the Company since April 19, 2002.

06 P. Manomohanan

71, Independent and Non Executive Director

He holds a bachelor's degree in Commerce from Kerala University and also a diploma in industrial finance from Indian Institute of Bankers. He is also a Certified Associate of the Indian Institute of Bankers. He has over 38 years of work experience in the RBI and in the regulatory aspects of NBFCs. He has in the past held the post of General Manager of Reserve Bank of India. He is a Director of the Company since August 18, 2003.



07 V. M. Manoharan

66, Independent and Non Executive Director

He holds a master's degree in Commerce from The University of Kerala and a PhD in International Business (Commerce) from Cochin University of Science and Technology. He has over 40 years of work experience and has, in the past, held the positions of Deputy Director, Collegiate Education, Thrissur Zone and Dean, KMCT school of Business, Kozhikode. He also held the position of Principal in various Government Colleges in Kerala and was a Syndicate Member of University of Calicut. Presently, he is a member of the steering committee of Vidya International Charitable Trust, Thalakkottukara, Thrissur, and of the All India Management Association and the Association of Indian College Principals. He is a Director of the Company since August 18, 2003.

08 Shailesh J. Mehta

64, Independent and Non Executive Director

He has completed his Bachelor of Technology in Mechanical Engineering from Indian Institute of Technology, Mumbai, and holds a masters degree in science in Operations Research from Case Western Reserve University. He holds a Doctor of Philosophy degree in Operation Research and Human Letters from the California State University and in Operation Research and Computer Science from Case Western Reserve University.

He has over 38 years of work experience and has held the positions of President, Granite Hill Capital Ventures, Chairman and Chief Executive Officer, Providian Financial Corporation, operating general partner, West Bridge Capital, President and Chief Operating Officer, Capital Holding and Executive Vice President, Key Corp (formerly Ameritrust). He has also held the positions of Chairman and Chief Executive Officer, Providian Financial Corporation and President and Chief Operating Officer, Capital Holding. He is a Director of the Company since August 17, 2009.

09 Rajiven V.R.

62, Independent and Non Executive Director

He holds a Bachelor of Science degree and has completed his LLB from Govt. Law College, Ernakulam. He joined the Indian Police Service (IPS) in 1977. A highly decorated IPS Officer and recipient of the President's Police Medals for Meritorious Service and for Distinguished Service, the highest honour for a policeman in the country. Shri Rajiven brings to the Board a wealth of experience in areas like Leadership and Staff management, Strategic Management, Financial Control/Budgeting, Team Development, Human Resources, Recruitment and Development, Fleet management, Material Infrastructure Management and Disaster Management. He is presently the CEO of Ms. KGS Nelson Craft Paper Manufacturing Mill (Cochin Kagaz Ltd), Angamaly.

10 E A Kshirsagar

71, Nominee Director

Mr. E A Kshirsagar is a Fellow of the Institute of Chartered Accountants in England & Wales. He has a rich experience in Corporate Strategy & Structure, Valuation, Feasibility Studies, Disinvestments, and Mergers & Acquisitions. He retired as the Senior Partner of A F Ferguson in 2004. Prior to that, he was associated with the Company's Management Consultancy division for over three decades.

Mr. Kshirsagar serves on the Board of other leading Indian public companies as well.

Directors' Report

To,
The Members

Manappuram Finance Limited

Your Directors are pleased to present the 21st Annual Report on the working of the Company with the Audited Accounts and the Report of the Auditors for the financial year ended March 31, 2013.

1. FINANCIAL RESULTS AT A GLANCE

(In ₹ Million)		
Description	FY 2012-13	FY 2011-12
Gross Income	22,641.28	26,558.45
Total Expenditure	19,576.24	17,786.39
Profit Before Tax	3,065.04	8,772.06
Provision for Taxes/Deferred tax	980.72	2,857.45
Net Profit	2,084.32	5,914.61
Profit b/f from previous year	2,780.11	2,314.36
Amount available for appropriations	4,864.43	8,228.97
Appropriations:		
Transfer to Statutory Reserve	416.86	1,182.92
Transfer to General Reserve	208.43	591.48
Transfer to Debenture Redemption Reserve	--	2,208.10
Interim Dividend on Equity Shares	1,261.81	420.55
Tax on Interim Dividend on Equity Shares	204.70	68.21
Proposed Final Equity Dividend	--	841.15
Tax on dividend	--	136.45
Balance carried forward to next year	2,772.63	2,780.11

The comparative operational results shown above reveal the performance of the Company for the year under report and for the previous year. Profit after tax for the year under review has come down by 64.76 percent in comparison to the previous year. During the year under review, the management focus has been mostly on consolidation, with priority given to strengthening of infrastructure, rationalisation of branch operations and re-engineering of business processes to enable the Company to face the challenges arising from changes in the regulatory environment, increased competition etc.

The fall in profits is largely on account of under-recovery of interest amounting to ₹ 2,842 million on a specific pool of its portfolio that was booked during the latter half of FY 2011-12. The Company has also made additional provision amounting to ₹ 514 million being the reversal of interest booked in FY-2011-12. The Company has faced a higher incidence of defaults in this pool after it began realigning its portfolio under the new loan to value (LTV) regime brought into effect in March 2012.

2. BUSINESS OUTLOOK

In recent years, NBFCs engaged in the gold loan business have registered rapid growth. In these years, your Company

has also registered substantial growth in terms of business volumes, profitability, human capital etc., and it also acquired a pan India presence.

On March 21, 2012, the Reserve Bank of India (RBI) issued a circular amending the Non-Banking Financial Companies (Non-Deposit Accepting or Holding) Prudential Norms Reserve Bank Directions, 2007. It was mandated that all Gold Loan NBFCs should maintain a Loan to Value (LTV) ratio of 60 percent for loans granted against the collateral of gold jewellery. Since then, your Company has been following the LTV as notified by AGLOC (Association of Gold Loan Companies), an industry association.

The outlook remains positive for the growth of the gold loan business. Though the market remains highly competitive, and despite uncertainties on the regulatory front, your management is confident that the Company can achieve reasonable growth in view of the inherent strengths of the Company like its transparent business practices, pan India presence, brand recognition, speedy and efficient customer service, competitive pricing etc. Moreover, your Company has a strong management team capable of adapting to changes and of operating in adverse environment.

Though volatility in gold prices is a point of concern, the strong demand for physical gold in the domestic markets holds the promise of enlarging the scope for monetisation of idle household jewellery in India. However, growth rates are likely to be subdued in comparison to past performances, considering the regulations on LTV and also considering the recent scenario where gold prices appear to have moved into a correction phase.

The recently published report of the working group constituted by RBI under the Chairmanship of Mr. K.U.B. Rao emphasises the positive role of gold loan companies in monetising idle gold and in facilitating investment into productive areas, thereby supporting the national economy. The committee has also recommended an LTV of 75 percent of the scrap value of gold jewellery which will level the playing field for NBFCs and banks. We are of the opinion that the RBI will consider these recommendations favourably and appropriate guidelines will be issued shortly so as to bring about greater regulatory clarity for the industry.

3. DIVIDEND

On March 13, 2013, your Board had declared an interim dividend for the year 2012-13 of ₹ 1.50 per equity share (face value ₹ 2 per share), which amounts to 75 percent of the paid up value of the shares. The Board recommended that the interim dividend may be confirmed as the final dividend at the ensuing Annual General Meeting.

4. RAISING OF ADDITIONAL CAPITAL

During the year under review, the Company has issued 54,000 equity shares to its employees under the ESOP 2009 scheme of the Company. Consequent to the above allotment, the paid up capital of the Company has increased to ₹ 1,682.41 million and the share premium account has increased to ₹ 13,699.17 million as on March 31, 2013.

5. RESERVES

During the year the Company has transferred to general reserve an amount of ₹ 208.43 million taking the general reserve to ₹ 2,165.41 million and the total reserves and surplus as on March 31, 2013 stands at ₹ 22,746.73 million

6. DEBENTURE REDEMPTION RESERVE

The Company has created a Debenture Redemption Reserve (DRR) of ₹ 2,208.10 million as on March 31, 2012. However, the Ministry of Corporate Affairs (MCA), vide its circular dated February 11, 2013, reduced the DRR requirement to 25 percent of the amount of NCDs raised in public issue. Prior to this, the DRR requirement was 50 percent. NCDs issued in private placement continue to be exempt from the

requirement of creation of DRR. Under the above circular, the Company was required to invest a sum equal to 15 percent of the amount of debentures maturing on before March 31, 2014 in one or more approved investments before April 30, 2013. Accordingly, the Company has made fixed deposits with a scheduled bank (which is an approved investment for the purpose) of an amount of ₹ 448 million which is equivalent to 15 percent of the amount of debentures raised in the public issue and maturing in September 2013.

7. RESOURCES

As an NBFC, mobilisation of resources at the optimal cost and its deployment in the most profitable and secured manner constitutes the two important functions of the Company. The main source of funding for the Company continues to be the credit limits from normal banking channel. Your Company is currently enjoying credit facilities from about 32 banks.

The next important source of funding is the issue of Secured Redeemable Non Convertible Debentures (NCDs). Your Company is issuing NCDs in the listed private placement route to Institutional Investors and to high net worth Individuals. Further your Company continues to issue unlisted NCDs in private placement to retail individuals through its branches. The NCD issues are also well received by the investor community as the returns on such instruments are relatively higher compared to the alternatives in the market. The Company has fully redeemed series I of the NCDs raised through public issue with a 400 days tenure aggregating to ₹ 1,428.8 million on October 12, 2012 and the remaining amount of ₹ 2,987 million will be redeemed on September 8, 2013. The Company also raises funds through the issue of Commercial Paper (CPs).

Your Directors are confident that the Company will be able to raise adequate resources for onward lending in line with its business plans.

8. DEPOSITS

As you are aware, your Company had stopped acceptance of deposits way back from 2007. Your Company had changed itself into a non deposit-taking Category B NBFC. An amount of ₹ 1,23,84,323/- due to the deposit holders have been transferred to an ESCROW account No 3314002900000024 of Punjab National Bank. The balance outstanding as on 31st March 2013 is ₹ 7,29,766/-.

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.

9. COMPLIANCE WITH NBFC REGULATIONS

Your Company has complied with all the regulatory provisions of the Reserve Bank of India for Non-Banking Financial Companies. The Capital Adequacy Ratio of the Company as on March 31, 2013 is 22.67 percent as against the statutory requirement of 15 percent.

10. DIRECTORS

Retirement of Directors by Rotation

- 1) Mr. P. Manomohanan, Director whose office is liable to be determined by rotation, retires at the meeting and being eligible for re-appointment, offers himself for appointment.
- 2) Dr. Shailesh J. Mehta Director whose office is liable to be determined by rotation, retires at the meeting and being eligible for re-appointment, offers himself for appointment.
- 3) Dr. V. M. Manoharan, Director whose office is liable to be determined by rotation, retires at the meeting and being eligible for re-appointment, offers himself for appointment.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO - INFORMATION AS PER SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956

The Company is engaged in the financial services sector and therefore conservation of energy, technology absorption etc. have a limited application only. However, the Company follows a practice of purchasing and using energy efficient electrical and electronic equipment and gadgets in its operation.

The Company holds AD Category II licence from the Reserve Bank of India for its foreign exchange operations. Following are the details of foreign exchange earnings and outgo during the period covered by this report:

Foreign Exchange Earnings : Nil

Foreign Exchange Outgo : ₹ 0.82 million towards foreign travel
₹ 24.74 million towards import of capital goods

12. PARTICULARS OF EMPLOYEES

Particulars of the employees covered by the provisions of section 217 (2A) of the Companies Act, 1956 read with Company's (Particulars of Employees) Rules, 1975 is as under:

STATEMENT PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANY'S (PARTICULARS OF EMPLOYEES) RULES, 1975

Name	Designation	Age	Remuneration Received	Date Of Joining	Experience In Years
Mr. V. P. Nandakumar	MD & CEO	58	36,787,419	July 15, 1992	33
Mr. I. Unnikrishnan	ED & Dy.CEO	48	10,940,000	October 01, 2006	23
Mr. B.N. Raveendra Babu	ED	60	87,92,000	August 17, 2009	33

13. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, the Board of Directors hereby declares that:

- a) In the preparation of Annual Accounts for the financial year ended March 31, 2013, 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 FY 2012-13 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 FY 2012-13 on a going concern basis.

14. REPLY TO AUDITORS' OBSERVATION

1. In point No. (ix) (a) of the annexure to auditors' report, the auditors have observed that there were slight delays in payment of provident fund, professional tax, service tax, value added tax, wealth tax, employees state insurance and income-tax deducted at source in a few cases.

The observation of the auditors has been noted and would take effective steps to avoid such delays in the future. However, it may be noted that the Company has made the payments with applicable interest subsequently.

2. In point No.(xxi) of the annexure to the Auditors' Report they have also pointed out certain incidents of fraud on the Company by employees and others. Considering the nature of its business, these are instances of certain inherent risks associated with the business of the Company. The observation is self explanatory and the members may also refer to Note No.39 to the notes on accounts for more information.

15. AUDITORS

The statutory Auditors M/s S. R. Batliboi & Associates, Chartered Accountants, ICAI Firm Registration Number- 101049W, TIDEL Park, 6th and 7th Floor - A Block, Module 601, 701-702, No 4 Rajiv Gandhi Salai, Taramani, Chennai 600 113, India have informed the Company that they have changed their status from partnership firm to that of a Limited Liability Partnership (LLP) by registration under the Limited Liability Partnership Act 2008, namely S.R. Batliboi & Associates LLP and they have confirmed to the board that the change in status does not in any way affect their roles, responsibilities and liabilities. They have signed the account for the year under review in the new name.

The auditors will retire at the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

16. REPORT ON CORPORATE GOVERNANCE

Your Company has been practicing principle of good Corporate Governance over the years. The endeavour 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. CORPORATE SOCIAL RESPONSIBILITY

The Company is committed to the social cause in addition to the value creation through its business activities to the society. Company is discharging its social responsibilities through Manappuram Foundation, a Charitable Trust, promoted by the Company's promoter Mr. V. P. Nandakumar. The trustees of the Trust also includes two of the Independent Directors of the Company. During the year under review the Company has donated a sum of ₹ 18.75 million to Manappuram Foundation. The trust is engaged in socially relevant activities such as free health insurance to families in the Below Poverty Line (BPL) category, financial support to pain clinics, providing subsidised

clinical facilities and medicines, day care for the aged people, free health check up and family counselling centres etc. to mention a few.

18. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report is attached and forms an integral part of the Report of the Board of Directors.

19. ACKNOWLEDGEMENT

Your Directors acknowledge and place on record its sincere appreciation and gratitude to the employees of the Company at all levels for their dedicated service and commitments, to the Reserve Bank of India, Rating Agencies, Stock Exchanges, Governments and its statutory agencies for the support, guidance and co-operation, to the Investors, shareholders Bankers and other financial institutions and customers for the whole hearted support and confidence reposed on the Company and the management and to the general public at large for their blessings and good wishes the Company has been receiving in good measure over the years.

For and on behalf of the Board of Directors of
Manappuram Finance Limited

Sd/-

Jagdish Capoor
Chairman

Place: Kochi

Date: May 15, 2013

Annexure to the Directors' Report

Disclosures in terms of Clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999:

SL No.	Particulars	Disclosures- ESOP 2009																		
a	Options granted during the year	Nil																		
b	Pricing Formula	The exercise price may be decided by the Nomination, Compensation and Corporate Governance Committee of the Board in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and any amendments thereto																		
c	Options Vested	50% of the above Options would vest on 16th August 2010 and the balance on 16th August 2011																		
d	Options Exercised during the year	54,000																		
e	Total no. of shares arising as a result of exercise of Options	7,458,760																		
f	Options lapsed	695,000																		
g	Variation in terms of Options	The criterion for expiry of Exercise Period has been amended as ‘Not later than 4 years from the date of vesting of Options for continuing Employees’ at the Extra-Ordinary General Meeting held on 22nd April 2010 and the number of Options have been proportionately increased in view of the Subdivision and Bonus issue.																		
h	Money realised by exercise of Options	₹ 123,517,065																		
i	Total number of Options in force	66,000																		
j	Employee wise details of Options granted to:																			
	(i) Senior Management	<table><tr><th>Name</th><th>No. of Options</th></tr><tr><td>Mr. I. Unnikrishnan</td><td>120,000</td></tr><tr><td>Mr. B. N. Raveendra Babu</td><td>100,000</td></tr><tr><td>Mr. P. Manomohanan</td><td>30,000</td></tr><tr><td>Dr. V. M. Manoharan</td><td>30,000</td></tr><tr><td>Mr. A. R. Sankaranarayanan</td><td>30,000</td></tr><tr><td>Adv. V. R. Ramachandran</td><td>30,000</td></tr><tr><td>Mr. M. Anandan</td><td>30,000</td></tr><tr><td>Mr. Shailesh J Mehta</td><td>30,000</td></tr></table>	Name	No. of Options	Mr. I. Unnikrishnan	120,000	Mr. B. N. Raveendra Babu	100,000	Mr. P. Manomohanan	30,000	Dr. V. M. Manoharan	30,000	Mr. A. R. Sankaranarayanan	30,000	Adv. V. R. Ramachandran	30,000	Mr. M. Anandan	30,000	Mr. Shailesh J Mehta	30,000
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Adv. V. R. Ramachandran	30,000																			
Mr. M. Anandan	30,000																			
Mr. Shailesh J Mehta	30,000																			
	(ii) Any other employee who receives a grant in any one year of Option amounting to 5 per cent or more of Option granted during that year	Nil																		
	(iii) Employees who were granted Option, during any one year, equal to or exceeding 1 per cent of the issued capital (excluding warrants and conversions) of the Company at the time of grant	Nil																		

SL No.	Particulars	Disclosures- ESOP 2009																		
k	Diluted earnings per share pursuant to issue of shares on exercise of Options calculated in accordance with AS 20 'earnings per share'	2.48/-																		
l	Where the Company has calculated the employee compensation cost using the intrinsic value of the Stock Options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the Options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	<p>The difference between the employee compensation cost computed in accordance with intrinsic value adopted by the Company and fair value is zero</p> <p>Had the Company adopted the fair value model, the net profit after tax would have been ₹ 2,084.32 million as against the reported amount of ₹ 2,084.32 million</p> <p>The Basic EPS would have been ₹ 2.48 as against the reported figures of ₹ 2.48 respectively.</p> <p>The Diluted EPS would have been ₹ 2.48 as against the reported figures of ₹ 2.48</p>																		
m	Weighted-average exercise prices and weighted-average fair values of Options shall be disclosed separately for Options whose exercise price either equals or exceeds or is less than the market price of the stock on the grant date.	The exercise price is ₹ 16.56																		
n	Description of method and significant assumptions used to estimate the fair value of Options	<p>The fair value of options was estimated at the date of grant using the Black-Scholes method with the following assumptions:</p> <table> <tr> <th>Particulars</th><th>Vesting I August 16, 2010 50%</th><th>Vesting II August 16, 2011 50%</th></tr> <tr> <td>Risk-free interest rate</td><td>6.15%</td><td>6.53%</td></tr> <tr> <td>Expected life</td><td>3 years</td><td>4 years</td></tr> <tr> <td>Expected volatility</td><td>67.11%</td><td>66.62%</td></tr> <tr> <td>Expected dividend yield</td><td>2.76%</td><td>2.76%</td></tr> <tr> <td>Share price on the date of grant (face value of ₹ 10/- per share)</td><td>₹ 331.15/-</td><td>₹ 331.15/-</td></tr> </table>	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 of ₹ 10/- per share)	₹ 331.15/-	₹ 331.15/-
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Management Discussion and Analysis Report

1. ECONOMIC OUTLOOK

The Indian economy faced significant strains during FY 2012-13 with a sharp slowdown in GDP growth rates and with the fiscal and current account deficits becoming a cause for serious concern.

GDP growth rate: The Union Budget 2012-13 was premised on a growth of 7.6 percent in Gross Domestic Product (GDP). However, the actual achievement fell short substantially with a growth of only 5 percent for the entire year, the lowest in a decade. The performance during Q3 of FY 2012-13 was the weakest in the last 15 quarters at 4.5 percent with only a marginal improvement to 4.8 percent in the final quarter. Notably, services sector growth, hitherto the mainstay of overall growth, has also decelerated to its slowest pace in a decade.

The twin deficits: The fiscal deficit has been a serious cause for concern in recent years. India's fiscal deficit is the widest among major emerging economies due to huge spending on subsidies for items such as food, fuel and fertiliser. Subdued tax revenues in a slowing economy have aggravated fiscal strains and both Standard and Poor's and Fitch had placed "negative" outlooks on India's BBB-minus ratings. Recently, Fitch upgraded the outlook to stable. For FY 2012-13, the fiscal deficit has been restricted to below 5 percent thanks to sharp cutbacks in expenditure in the final quarter of the year and with the tax collection target of ₹ 10.38 lakhs crores being achieved. It may be recalled that India's fiscal deficit was at 5.7 percent of gross domestic product (GDP) in FY 2011-12.

India's Current Account Deficit (CAD) for FY 2012-13 is likely to be around 5 percent of the GDP, which is twice the sustainable level according to the RBI. CAD has widened with India's exports declining by 1.76 percent to US\$300.6 billion in FY 2012-13 and with the trade deficit increasing to US\$190.91 billion, largely due to lower demand in the US and European markets and prolonged inflation in the domestic economy eroding the competitiveness of Indian exports.

Inflation: Inflationary pressures abated during the year although they continue to be above comfort levels.

At the end of the year, i.e. in March 2013, wholesale prices (India's key inflation measure) had cooled to a 40 month low of 5.96 percent. In fact, it was the slowest pace since November 2009. Subsequently, further declines were recorded in the months of April and May, 2013. A further encouragement was the news that core inflation, which strips out volatile food and fuel prices, had slowed to around 3.5 percent in March 2013, the lowest rate recorded in more than three years. However, consumer price inflation continues to be a source of worry, hovering around the double-digit mark for much of the year, mainly due to food prices that show no signs of coming off.

With the easing of WPI inflation, there is hope of further easing of policy rates by RBI to follow the 25 bps cuts effected twice recently, in March and May of 2013. However, India's large current account deficit and high consumer prices are likely to hold back the RBI from going in for any aggressive cuts in the near future.

Outlook for FY 2013-14: The outlook for the current year is cautious, but there is optimism that growth will pick up by the 2nd half of the year to register an improvement over last year's performance. The recent fall in commodity prices has given rise to hopes of containing CAD to more reasonable levels and holding down inflation levels.

Moreover, after Mr. P. Chidambaram took over the reins as Finance Minister in August 2012, there has been a renewed thrust on reforms which has gone down well with the markets. Despite the persistent macro-economic imbalances, FII inflows into the Indian markets have picked up and stood at a record US\$ 26 billion (₹ 1.4 lakhs crores) during the FY 2012-13, thanks to which the current account deficit (CAD) could be financed without drawing down the country's foreign exchange reserves.

Also, with core inflation coming down, the RBI has commenced a gradual easing of interest rates which bodes well for the investment cycle provided it can be continued. In fact, RBI had begun easing policy rates from April 2012 onwards, and during the year under review, policy rates were reduced by a total of 100 bps.

2. THE GOLD LOANS SECTOR

Scenario for retail loans

Gold loans are essentially retail loans where the demand is linked to consumer spending in the economy. With the slowdown in GDP growth in the last couple of years, the banking sector has recorded a lower growth rate in credit extended to industry which grew 15.7 percent y-o-y compared to 20.3 percent last year. In view of the slowdown in industry, banks have been shifting attention towards retail loans which has held up better, with outstanding retail loans growing by 14.5 percent year-on-year for March 2013 compared with a growth of 12.9 percent recorded in March 2012.

In personal loans, all segments grew except education loans. Vehicle loans grew 24.9 percent y-o-y compared to 22.2 percent last year. Credit card outstanding showed growth of 23.8 percent as compared to 12.9 percent last year. Housing loans showed growth of 14.6 percent compared to 2.3 percent growth last year.

Scenario for Gold

After nearly 12 years of a steady upward march, the price of gold began to retreat from its highs in the year. From US\$ 1,746.58 (per troy ounce) in October 2012, it had declined to US\$ 1,539.09 at the end of March 2013. Historically, the bull run in gold began from levels of US\$255 in August 1999 and it hit a record intraday high of US\$1,921.41 in September 2011. Since then, the overall trend has been downwards and on April 12, 2013, gold entered bear market territory (defined as a fall of 20pc or more from its peak) when the spot gold price dropped below US\$1,500.

Among the important reasons cited for the decline is the fact that global inflation is falling, reducing gold's value as a hedge against rising prices. According to a global consumer price

index which covers more than 30 countries (that collectively represent more than 90 percent of world economic output), global inflation peaked at 4 percent in 2011 and has fallen steadily since. Global prices in February were up only about 2.5 percent from a year earlier. Consequently, many investors who had moved money into gold in recent years and were betting on an outburst of inflation, now appear to be keen to reverse their bets and exit their gold positions. The sharp fall in gold prices in two trading sessions between April 12–15, 2013, was sparked by indications that the US Federal Reserve is considering a gradual phasing out of its monetary stimulus. The negative sentiment was further reinforced with reports that Cyprus, which is facing a financial crisis, was considering liquidating its gold reserves.

The fall has triggered a surge in physical buying of gold in its traditional markets like India and China as people see this as an unprecedented buying opportunity. In China, where gold has long been a national obsession like India, reports say that up to 300 tonnes of gold worth more than US\$16 billion have been bought within weeks of the crash. India too has seen an upsurge in physical gold purchases with a total of 162 tonnes of gold imported in the month of May 2013 alone, while import in the previous month of April 2013 was also high at 142 tonnes. For perspective, it may be noted that India imported a total of 860 tonnes of gold in the calendar year 2012 according to World Gold Council data.

Going forward, it is likely that demand in India and China for physical gold will provide continuing support to the price of gold in the event of outflow of funds from the gold ETFs.

Scenario for Gold loan NBFCs

Background: India's organised gold loan industry has grown rapidly in the last two decades. However, during FY 2012-13, the sector ran into strong headwinds with the RBI's intervention in March 2012 that effectively altered the rules of the game overnight. A cap of 60 percent on the LTV for gold loans given by NBFCs was imposed by the RBI citing increased concentration risks.

K.U.B. Rao Committee: A working group headed by Mr. K.U.B. Rao was formed by the RBI to examine current practices of gold loan NBFCs, assess influence of gold loans on gold imports, study trends in gold prices and also examine whether gold loan NBFCs have played a role in influencing gold prices. The committee came out with its final report in February 2013.

The release of the report came as a much-needed boost for the gold loan NBFCs. For the first time, there was official acknowledgement that the NBFCs engaged in gold loans were doing a socially useful work. Moreover, the specific recommendation in the report, that the maximum LTV permitted for NBFCs should be increased to 75 percent from 60 percent, was also welcomed by the NBFCs. Significantly, the report has cleared the air regarding the impression that increasing popularity of gold loans was contributing to India's high levels of gold imports and thereby to macro-economic imbalances, particularly the high CAD.

The report had identified inflation as being the primary reason for the increased preference for gold and it is now widely accepted that the increase in gold imports has more to do with the negative real interest rates prevailing today, being the consequence of high inflation. After the release of the K.U.B. Rao Committee report, the outlook for the gold loan NBFCs has improved perceptibly and market sentiment is more positive.

Impact of declining gold prices: With the recent volatility in gold prices attracting attention, what appears to be getting sidelined is the important role of gold in India's society and culture which has been stable for centuries. This importance was reinforced, most recently, when the fall in prices led to a surge in physical purchases of gold in the country. The conclusion that may be drawn is that while the price of gold can go through cyclical fluctuations, the place of gold in the Indian psyche is permanent. In the same way, the gold loan business model which is built around the permanence of gold may also go through phases, but there is no questioning the fundamental validity, or the long term prospects, of the model.

3. COMPANY OVERVIEW

Established in 1992, Manappuram Finance Ltd is one of India's leading NBFCs providing financial services, including gold loans, foreign exchange services and remittances. Through its 21 years of operations, the Company has maintained a rapid pace of growth, demonstrating its ability to scale up and to leverage its well-established brand name.

As of March 31, 2013, the Company has 3,295 branches across 22 states and 4 Union Territories and manages assets worth ₹ 99,300 million with a live customer base of 1.5 million.

The Company has in recent years invested heavily in its advertising and brand building campaigns and has taken on board some of the most well known celebrities as its brand ambassadors, making it a nationally recognised brand. Today, the Manappuram brand stands for trust, reliability and excellent service, and repeat customers account for 80 to 85 percent of total business, which bears testimony to strength of the brand and the loyalty it commands.

Gold Loan financing is a window that provides finance to those at the lower end of the socio-economic pyramid for their immediate personal and business needs. The Company's business model is geared up to satisfy their credit requirements, as indicated by our average ticket size of ₹ 37,462 (as on March 31, 2013). The Company takes pride in the significant role it plays in promoting financial inclusion across urban and rural India.

4. OPPORTUNITIES

- a. **Untapped potential:** The core business of the Company, of providing gold loans, continues to offer good growth potential. The World Gold Council (WGC) estimates privately held gold to be anywhere between 18,000 to 20,000 tonnes in India. The gold loans business

model aims essentially to impart liquidity to this stock which is still largely untapped.

- b. Report of the working group headed by Shri K.U.B. Rao:** A major factor in clouding the outlook for the gold loan NBFCs was the directive issued by the RBI in March 2012 restricting LTV on gold loans by NBFCs to 60 percent of the value of the security. As the stipulation about LTV was applicable only to the gold loan NBFCs, there was a perception that banks would gain at the expense of the NBFCs. Around this time, the RBI appointed a working group headed by Shri K.U.B. Rao to go into the entire range of issues related to gold and gold loan NBFCs. The Working Group has since submitted its final report and its recommendations have been generally positive for the gold loan NBFCs.

The report acknowledges that NBFCs engaged in gold loans are doing a socially useful work. Moreover, it recommends that the maximum LTV permitted should be increased to 75 percent (from 60 percent) which is favourable to NBFCs. The report has also cleared the air regarding the suspicion in some quarters that the spread of gold loans was contributing to India's high levels of gold imports.

Thanks to the report, there are clear signs of a fundamental shift in the attitude towards gold loans. Till recently, India's official circles were largely indifferent, if not hostile, to gold loans. Thanks to this report, a robust case for gold loans has now been established which augurs well for the sector.

- c. Fall in gold prices:** The steep fall in gold prices in the international markets during April 2013 may well prove to be a blessing in disguise for the well established gold loan NBFCs. It is a fact that the gold loans business has attracted a lot of new players drawn by the success stories of the gold loan NBFCs. India's public and private sector banks too jumped into the fray and began to promote gold loans aggressively under the impression that gold loans are a risk free business. Moreover, since the RBI directive of March 2012 restricting LTV to 60 percent was applicable only to the gold loan NBFCs and not to the banks, it appeared for a while that banks would be at a competitive advantage. However, that may no longer be the case. Considering that commercial banks, and particularly the public sector banks, tend to be very risk averse, it is likely that they would respond to the sudden fall in gold prices by reducing their LTV and by going slow on their gold loans thrust. Such an eventuality can open up a new window of opportunity for the gold loan NBFCs.

tumultuous trading sessions in April 2013, the price of gold crashed from US\$ 1,561 on April 11 to US\$ 1,477 on April 12, and then further to US\$ 1,334 on April 15, 2013. There was some recovery later on and gold closed the month at US\$ 1,476. The fall in the international markets was mirrored in the Indian markets too as the rupee-dollar equation has remained largely unchanged. An assessment of the threat posed by a scenario of falling gold prices, which considers the likely impact on defaults and on business volumes, is presented below.

a) Impact on defaults:

The Company's performance during the year was adversely affected on account of under-recovery of revenue on certain gold loan portfolios booked mainly during Q2 and Q3 of FY 2011-12 which is attributed to the correction in gold prices during the last year. An increase in defaults accompanied by the fall in the price of gold meant that the auction proceeds from the accounts in default have fetched less than the outstanding loan amount (i.e. principal plus accrued interest).

A section of the market has interpreted this as a sign that gold loan borrowers are choosing to default in response to falling gold prices, especially when their loans are underwater. It is being suggested that gold loan borrowers are like any other class of borrowers, motivated only by self-interest, and unmindful of other considerations like a sentimental attachment to their family jewellery.

This is, of course, contrary to what the gold loan players have been saying all along. The gold loan companies believe that lending against used household jewellery is less risky because borrowers are emotionally connected to their family gold jewellery which is often in the nature of a family heirloom. Chances of default are low even when there's a fall in the price of gold because the sentimental value of the jewellery to the borrower would outweigh its current market value. The question now is, why did defaults increase?

In March 2012, the RBI issued a directive reducing the loan to value (LTV) ratio on gold loans given by NBFCs to a uniform 60 percent. The Company fell in line with the revised norms immediately. However, the reduction in LTV made it more difficult for a section of the Company's borrowers (who had availed loans at a high LTV) to renew their loans. The sudden squeeze in LTV created a shortfall at the time of rollover which they were unable to make good at short notice and there was an increase in defaults in this pool. It is important to note that the increase in defaults happened not due to any fall in gold prices but because the reduction in LTV effected by the Company negatively impacted a section of borrowers facing cash flow constraints. Moreover, around this time, new regulations governing the auction process at the gold loan NBFCs came into force which effectively slowed down the process. Further, with gold prices correcting by about 10 percent from the peak, the

5. THREATS

Falling gold prices

As mentioned earlier, the price of gold began to retreat in the year 2012 after 12 uninterrupted years of gain. From US\$ 1,746.58 (per troy ounce) in October 2012, it had declined to US\$ 1,539.09 at the end of March 2013. Further, in two

auction proceeds were not adequate to fully cover the accrued interest.

Corrective measures: In the aftermath of the sharp correction in gold prices that occurred in April 2013, there were concerns in the market about the future health of the gold loan companies. In this context, the Company has introduced certain new measures to strengthen its collection mechanism. Borrowers are now encouraged to pay the accrued interest periodically, preferably on a monthly basis. Hitherto, the practice in gold loans was to make bullet repayments of both interest and principal. Further, measures have been taken to ensure closer monitoring of accounts at risk. The auction process has been streamlined to enable faster auctions in a time-bound manner and with due compliance of formalities. Also, gold prices are monitored continuously so that LTV can be lowered whenever the situation warrants.

Business model is fundamentally sound: The gold loans business model is old and time-tested. In the past, it has seen through multiple episodes of fluctuating gold prices and survived. It worked well all these years because of the extra cushion available to the lender in the form of making charges (which are not financed), and the sentimental value of the jewellery to the borrower, which acts as a check on wilful defaults. Crucially, this premise still holds water. Default by a set of borrowers with constrained cash flows and further stressed by overnight change in LTV is best seen as an aberration in this time-tested model.

b) Impact on business volumes

The gold loans business is not generally dependent on the price of gold. After all, people borrow only because they have needs and these needs are always independent of the current price of the gold in their possession. At the same time, in a scenario of rising gold prices, gold loans do well because it would compare favourably with other loans. When prices fall, the eligible loan amount falls proportionately, and gold loans become somewhat less attractive. It can happen that some borrowers would resist having to settle for a lesser loan amount than before. Consequently, in the short run, the Company may see a phase of lower growth than was expected earlier but, over time, customers would adjust to the new normal.

6. RISKS AND CONCERNS

The Company has put in place a mechanism to minimise operational risks through effective control systems which call for constant review and an ongoing internal audit. Our risk management framework aims to identify the diverse risks faced by the Company and come up appropriate mitigation strategies. Our Internal Audit Team, which reports directly to the Audit Committee of the Board, undertakes a comprehensive audit of functional areas and operations at all the branches. The Company has also set up an off-site surveillance system to make its internal control systems more risk-proof. Managing risks in credit, interest rates, and liquidity, form critical components of our risk management

system. The Company has in place rigorous norms for credit disbursement through the Lending Policy Framework. An asset-liability management model has been developed to measure and manage interest rate and liquidity risks and these are discussed and reviewed periodically at Risk Management Committee meetings.

In order to enhance physical security at the branches, IP cameras have been installed at 2,400 branches to enable centralised monitoring and archiving. A centralised burglar alarm system is also in the process of being rolled out.

7. DISCUSSION ON FINANCIAL PERFORMANCE

Considering the dip in the overall performance, the Board of Directors has recommended that the interim dividend of ₹ 1.50 per share of face value of ₹ 2/-, declared earlier during the year, be considered as the final dividend for the year ended March 31, 2013. This is subject to approval by the shareholders in the annual general meeting.

During the year under review, income from operations registered a decline to ₹ 22,173.1 million from ₹ 26,155.5 million in the previous year. Operating Profit also suffered a fall to ₹ 2,596.9 million from ₹ 8,369.1 million in FY 2011-12. Profit after tax also declined to ₹ 2,084.3 million as against ₹ 5,914.6 million recorded in the previous fiscal year. The Company ended the year with an AUM of ₹ 99,563.44 million compared to ₹ 116,308 million in the previous year.

8. CAUTIONARY STATEMENT

Statements in this report pertaining to the Company's objectives, projections, estimates, exceptions and predictions are forward-looking statements subject to the applicable laws and regulations. These statements may be subject to certain risks and uncertainties. The Company's operations are affected by many external and internal factors which are beyond the control of the management. Therefore, the actual position may differ from those expressed or implied. The Company assumes no obligation to amend or update forward looking statements in future on the basis of new information, subsequent developments or otherwise.

For and on behalf of the Board of Directors of
Manappuram Finance Limited

Sd/-

Jagdish Capoor
Chairman

Place: Kochi

Date: May 15, 2013

Report on Corporate Governance

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Corporate Governance standards of the Company place strong emphasis on transparency, accountability and integrity in all the business activities of the Company. The objective is not merely compliance, but also to uphold transparency and integrity in all its operations, thereby optimising shareholder value. The Company believes that its business plans and strategies should be consistent with the above objective leading to sustained corporate growth and long-term benefit to all. The Company follows this principle meticulously in all its business dealings and decisions.

The Company has complied with all mandatory requirements of Corporate Governance as detailed in the Clause 49 of the listing agreement. The Company has also complied with some of the non-mandatory requirements, details whereof are given in the following paragraphs.

BOARD OF DIRECTORS

There are ten directors on the Board of the Company having diverse experience and expertise in their respective areas. The composition of the Board meets the criteria as prescribed in Clause 49 of the Listing Agreement. This composition also fulfills the norms prescribed by Reserve Bank of India in this regard. Out of the ten directors, three are Executive Directors, one is a nominee Director and six are Independent Directors.

During the FY 2012-13, the Board met on fourteen occasions viz. April 13, 2012, April 24, 2012, May 10, 2012, May 17, 2012, May 18, 2012, June 08, 2012, July 13, 2012, August 01, 2012, September 05, 2012, November 08, 2012, November 28, 2012, January 10, 2013, February 06, 2013 and March 13, 2013.

The details of participation in the meetings and other relevant information are given in the below statement.

Name & Category of Director	No: of Board Meetings attended	Whether attended the last AGM	Details of membership in Committees of the Board*	Share Holding of Non-Executive Directors	Directorships in other Public Limited Companies
1. Mr. Jagdish Capoor Chairman	14	Yes	Nomination, Compensation & Corporate Governance Committee	2,000	7
2. Mr. V. P Nandakumar Managing Director & CEO	14	Yes	Nomination, Compensation & Corporate Governance Committee	-	5
3. Mr. I Unnikrishnan Executive Director & Dy.CEO	13	Yes	-	-	1
4. Mr. B. N.Raveendra Babu Executive Director	14	Yes	-	-	3
5. Adv. V. R.Ramachandran Independent & Non Executive Director	14	Yes	Share Holder's Grievance Committee	1,538,000	NIL
6. Mr. P. Manomohan Independent & Non Executive Director	13	Yes	Audit Committee, Share Holder's Grievance Committee	1,065,582	NIL
7. Dr. V. M. Manoharan Independent & Non Executive Director	13	Yes	Share Holder's Grievance Committee	845,000	1
8. Mr. Shailesh. J. Mehta Independent & Non Executive Director	8	Yes	Audit Committee and Nomination, Compensation & Corporate Governance Committee	687,000	6
9. Mr. E. A. Kshirsagar Nominee Director	7	Yes	Audit Committee and Nomination Compensation & Corporate Governance Committee	NIL	9
10. Mr. V. R. Rajiven Independent & Non Executive Director	1	No	Audit Committee & Nomination, Compensation & Corporate Governance Committee	2,500	Nil

*Memberships of Audit Committee, Nomination, Compensation and Corporate Governance Committee and Share Holder's Grievance Committee only are shown.

Change in the Board of Directors during the FY 2012-13

Mr. Gaurav Mathur, the nominee director of Hudson Equity Holdings Limited, resigned from the Board w.e.f. May 17, 2012 and Mr. Sudhindar Khanna was appointed in his place as the new nominee director of Hudson Equity Holdings Limited.

Mr. Eknath Atmaram Kshirsagar, Nominee Director of Baring India Private Equity Fund II Limited, joined the Board as an additional Director on 08th June 2012 and confirmed as Director in the Annual General Meeting held on 02nd August 2012.

Mr. Sudhindar Khanna and Mr. M. Anandan resigned from the Board vide their letters dated January 18, 2013 and January 20, 2013 respectively.

Mr. A. R. Sankaranarayanan & Mr. Gautam Saigal resigned from the Board vide their letter dated March 14, 2013 and March 19, 2013 respectively.

Mr. V. R. Rajiven, IPS (Retd.) joined the Board as an additional Director in the meeting held on February 6, 2013.

COMMITTEES OF THE BOARD

a. Audit Committee

The Company has constituted a qualified and independent Audit Committee as required under Section 292A of the Companies Act, 1956, and in fulfilment of the requirements of Clause 49 of the Listing Agreement. The Committee also fulfils the guidelines issued by the Reserve Bank of India in this regard.

The Committee has four members eminently qualified to handle 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:

- i) 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.
- ii) Recommending to the Board the appointment, reappointment, and if required, the replacement or removal of the statutory auditor and the fixation of audit fee.
- iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- iv) 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 financial statements.
- f. Disclosure of any related party transactions.
- g. Qualifications in the draft audit report.
- v) Reviewing with the management the quarterly financial statements before submission to the board for approval.
- vi) Reviewing with the management performance of the statutory and internal auditors and adequacy of the internal control system.
- vii) 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.
- viii) Discussion with internal auditors regarding any significant findings and follow-up thereon.
- ix) 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.
- x) Discussion with statutory auditors before audit commences about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern.
- xi) 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.
- xii) To review the function of whistle blower mechanism in case the same exists.
- xiii) Carrying out any other function as mentioned in the terms of reference of audit committee.

The Audit Committee met four times during the FY 2012-13 viz. May 18, 2012, August 01, 2012, November 07, 2012 and February 05, 2013, the constitution, record of attendance of meetings and other details of the Audit Committee of the Company are furnished below:

Name of the Member	Position	Status	No. of meetings attended
1. Mr. M. Anandan*	Chairman	Independent and Non Executive	3
2. Mr. P. Manomohan@	Chairman	Independent and Non Executive	4
3. Dr. Shailesh J Mehta	Member	Independent and Non Executive	3
4. Mr. E. A. Kshirsagar	Member	Nominee and Non Executive	2
5. Mr. A. R. Sankaranarayanan**	Member	Independent and Non Executive	4
6. Mr. Gautam Saigal***	Member	Nominee and Non Executive	1

*Mr. M. Anandan, Independent Director, resigned from the Board vide his letter dated January 20, 2013.

@Mr. P. Manomohan was appointed in place of Mr. M. Anandan as the Chairman of Audit Committee.

** Mr. A. R. Sankaranarayanan, Independent Director, resigned from the Board vide his letter dated March 14, 2013.

***Mr. Gautam Saigal, the Nominee Director resigned from the Board vide his letter dated March 19, 2013.

b. Nomination, Compensation & Corporate Governance Committee

The Nomination, Compensation and Corporate Governance Committee of the Company was constituted to oversee the Compliance with the Reserve Bank of India's Circular No. DNBS/PD/CC/94/03.10.042/2006-07 dated May 08, 2007 to ensure that eminent and experienced persons are appointed as directors. The Committee also meets the requirements of Clause 49 of the Listing Agreement.

The main role of the Committee is to determine, on behalf of the Board, and on behalf of the Shareholders, the Company's policies on specific remuneration packages for executive Directors, including pension rights and any compensation payments.

The Committee is chaired by a Non-Executive Director with other members as mentioned below:

1. Mr. A. R. Sankaranarayanan*	Chairman
2. Mr. V. P. Nandakumar	Member [Executive]
3. Mr. Shailesh J Mehta	Member [Non Executive]
4. Mr. Jagdish Capoor	Member [Non Executive]
5. Mr. E. A. KShirsagar	Member [Non Executive]
6. Mr. Rajiven V. R	Member [Non Executive]
7. Mr. Gautam Saigal**	Member [Non Executive]

* Mr.A.R .Sankaranarayanan, Independent Director resigned from the Board vide his letter dated March 14, 2013.

** Mr.Gautam Saigal, Nominee Director resigned from the board vide his letter dated March 19, 2013

Details of meetings held and resolution passed by circulation by the Committee during the FY 2012-13 are given in the following table:-

Date of Meeting	Members Attended	Item Discussed	Remarks
May 18, 2012	1. Mr. A. R. Sankaranarayanan 2. Mr. V. P. Nandakumar 3. Mr. Jagdish Capoor 4. Mr. M. Anandan 5. Mr. Shailesh J Mehta	Managerial Remuneration	1. Payment of Commission to Non-Executive Directors for the FY 2011-12 2. Payment of Commission to Executive Directors for the FY 2011-12.
January 10, 2013	1. Mr. A. R. Sankaranarayanan 2. Mr. V. P. Nandakumar 3. Mr. Jagdish Capoor 4. Mr. M. Anandan 5. Mr. E. A. Kshirsagar 6. Mr. Gautam Saigal	Re-appointment of Managing Director	Re-appointment of Shri. V. P. Nandakumar Managing Director & CEO and fixation of Remuneration
February 06, 2013	1. Mr. A. R. Sankaranarayanan 2. Mr. V. P. Nandakumar 3. Mr. Jagdish Capoor 4. Mr. Shailesh J Mehta 5. Mr. E. A. Kshirsagar	Appointment of Additional Director	Appointment of Mr. V. R. Rajiven as an Additional Director

Details of Remuneration paid to Directors during the FY 2012-13

(Amount in ₹)						
SI No	Name of Director	Sitting Fees		Salaries and other allowances	Commission	TOTAL
		Board Meeting	Committee Meetings			
1	Mr. Jagdish Capoor	280,000	30,000	Nil	2,000,000	2,310,000
2	Mr. V. P. Nandakumar			31,687,418	5,100,000	36,787,418
3	Mr. I. Unnikrishnan	-	-	9,240,000	1,700,000	10,940,000
4	Mr. B. N. Raveendra Babu	-	-	7,392,000	1,400,000	8,792,000
5	Adv. V. R. Ramachandran	280,000	10,000	Nil	600,000	890,000
6	Mr. E. A. Kshirsagar	Nil	Nil	Nil	Nil	Nil
7	Mr. P. Manomohanan	260,000	90,000	Nil	600,000	950,000
8	Dr. V. M.Manoharan	260,000	10,000	Nil	600,000	870,000
9	Mr. Shailesh J Mehta	160,000	80,000	Nil	2,000,000	2,240,000
10	Mr. Rajiven V. R.	20,000	nil	Nil	100,000	120,000
11	Mr. M. Anandan	240,000	80,000	Nil	500,000	820,000
12	Mr. A. R Sankaranarayanan	240,000	110,000	Nil	550,000	900,000

Criteria for remunerating Non-Executive Directors:

Decisions relating to the remuneration of Non Executive Directors are taken by the Board of Directors of the Company based on the recommendation of the Nomination committee. Independent/Non-Executive Directors were paid sitting fees of ₹ 20,000/- per meeting. At the AGM held on August 18, 2011, the shareholders had approved payment of commission at a rate not exceeding one percent of the net profits of the Company to the Non-Executive Directors. Each year, the Board determines the amount of commission to be paid to Directors based on the recommendation of the Nomination, Compensation and Corporate Governance Committee of the Board. The amount of commission payable is based on their contribution to the growth and development of the Company.

c. Shareholders' Grievance Committee

The Company has constituted a Shareholders' Grievance Committee to monitor investor complaints/grievances pertaining to non-receipt of share certificate, dividend, Annual Report etc. The Committee also reviews and monitors the complaints of listed debenture holders. The Committee shoulders the responsibility for expeditious settlement of investor complaints and for reporting the same to the Board periodically.

During the period under review the Company had received 18 complaints from investors. All complaints received up to the date of this report have been settled.

The committee members are as follows:

1) Adv. V.R.Ramachandran	Chairman
2) Mr. P.Manomohan	Member
3) Dr.V.M.Manoharan	Member

Other relevant details are given below:-

Name and designation of Compliance Officer:

Mr. Rajesh Kumar K, Company Secretary

The Committee has met 3 times during the year.

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 Company's functioning. The Committee is chaired by an Independent Director with three other Directors as members, as detailed below:-

1) Mr. P. Manomohan	Chairman
2) Mr. V. P. Nandakumar	Member
3) Mr. I. Unnikrishnan	Member
4) Mr. B. N. Raveendra Babu	Member

The Committee deliberates on the various aspects of risk related to its business. In relation to its business of gold loans, such risks may include appraisal risk, custodial risk, competition risk, price fluctuation risk etc. In relation to its vehicle loan segment, these would include sourcing risk, borrower risk, product risk, interest rate risk, market risk, asset liability management risk etc.

GENERAL BODY MEETINGS

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

Year	Date	Time and Place	Details of Special Business
2012	August 2	10.30.a.m Anugraha Auditorium Valapad, Thrissur	1. Appointment of Mr.Sudhindar Krishan Khanna as a Director of Company. 2. Appointment of Mr. E A Kshirsagar as a Director of Company 3. Amendment of Articles of Association
2011	August 18	10.30.a.m Anugraha Auditorium Valapad, Thrissur	1. Appointment of Mr. Jagdish Capoor as a Director of the Company 2. Appointment of Mr. Gaurav Mathur as a Director of the Company. 3. Variation of the terms of appointment and remuneration of Shri. V. P. Nandakumar, Executive Chairman. 4. Re-appointment and revision of the remuneration of Shri. I. Unnikrishnan, Managing Director. 5. Re-appointment and revision of the remuneration of Shri. B. N. Raveendra Babu, Joint Managing Director.

Year	Date	Time and Place	Details of Special Business
2010	July 20	10.30.a.m Anugraha Auditorium Valapad, Thrissur	<ol style="list-style-type: none"> To Increase the borrowing powers of the Company Appointment of Mr. B. N Raveendra Babu as a Director of the Company. Appointment of Mr.B.N Raveendra Babu as Joint Managing Director of the Company Appointment of Mr. K. P. Balaraj as a Director of the Company. Appointment of Mr. T. V. Antony as a Director of the Company. Variation of the terms of appointment and remuneration of Mr. V. P. Nandakumar Variation of the terms of appointment and remuneration of Mr. I. Unnikrishnan, Managing Director of the Company. Variation of the terms of appointment and remuneration of Mr. B.N. Raveendra Babu, Joint Managing Director of the Company

Details of Special Resolutions passed in Previous 3 AGMS

Year	2010	2011	2012
Special Resolutions Passed during AGMs.	1. Variation of terms of appointment Of Mr. V. P. Nandakumar, Executive Chairman	1. Variation of terms of appointment and remuneration of Mr. V. P. Nandakumar, Executive Chairman.	1. For Amendment of Articles of Association
	2. Variation of the terms of appointment of Mr. I Unnikrishnan, Managing Director	2. Reappointment and variation of Remuneration of Mr. I Unnikrishnan, Managing Director.	
	3. Variation of terms of appointment Of Mr. B. N. Raveendra Babu, Joint Managing Director	3. Variation of terms of appointment of Mr. B.N.Raveendra Babu, Joint Managing Director	

Two Ordinary Resolutions were passed by the Company through Postal Ballot during the FY 2012-13 for the following purposes:

- Mortgage and/or charge all or any of the movable and or immovable properties of the Company to secure borrowings up to an amount of not exceeding ₹ 20,000 crores.
- Reappointment/Renewal of term of office of Mr. V. P Nandakumar, Managing Director & CEO and to fix remuneration.

Details of voting pattern for the Special Resolutions passed through Postal ballot

Total No of votes polled in favor of resolution of Resolution (i) above	378419761
Total No of votes polled in favor of resolution of Resolution (ii) above	400438509
Total No of votes polled against of resolution of Resolution (i) above	35463806
Total No of votes polled against of resolution of Resolution (ii) above	13419340

No Extraordinary General Meeting was held during the financial year.

DISCLOSURES

- i. There were no materially significant related party transactions having potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Schedule 24 (notes forming part of accounts).
- ii. 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 of the regulatory authorities, viz; the Stock Exchange, SEBI, Reserve Bank of India, Registrar of Companies, for non-compliance with any laws, guidelines and directives during the year.
- iii. Whistle Blower Policy:
In terms of Clause 49 of the Listing Agreement, one of the non-mandatory clauses provides that a listed Company may establish a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. Though the Company is in the process of putting in place an effective Whistle Blower Policy in line with best practices it is hereby confirmed that no personnel has been denied access to the Audit committee.

MEANS OF COMMUNICATION

The Company publishes the un-audited/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 leading newspapers including Economic Times, Business Line, Business Standard, Malayala Manorama, Mathrubhumi etc. Other major announcements pertaining to Book Closure, Board Meetings

etc. are also published as above. The Company has its web site at www.manappuram.com wherein relevant information about the Company and its performance are given. The financial results of the Company are also posted on the web site. Detailed presentations on overall performance of the Company is also posted in its website on a quarterly basis for the benefit of investors and other stake holders.

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 management personnel and the same was uploaded on to the website of the Company and is accessible to the shareholders of the Company. The requisite Certificate from CEO and the Chief Financial Officer as per Clause 49 of the Listing agreement was taken note of by the Board of Directors at its meeting held on May 15, 2013 and provided in the Annual Report.

As required by Clause 49 (1) (d) of Listing Agreement, it is hereby affirmed that all the Board members and senior management personnel have complied with Code of Conduct of the Company.

FAIR PRACTICES CODE

The Company has framed Fair Practices Code as per the latest guidelines issued by Reserve Bank of India in this regard. The code is posted on the website of the Company.

CEO/CFO CERTIFICATION

The requisite certification made by CEO/CFO as per the format given in the Clause 49 for the FY 2012-13 was placed before the Board at its meeting held on May 15, 2013.

GENERAL SHAREHOLDER INFORMATION

21st Annual General Meeting	Date August 10, 2013
	Time 10.30 am
	Place Anugraha Auditorium, Valapad PO-680 567, Thrissur District
Financial Year	2012-13
Date of Book closure	NA
Dividend Payment Date	NIL
Listing on Stock Exchanges	Mumbai, Chennai and Cochin (Permitted security in National Stock Exchange)
Stock Code	531213 – ISIN INE522D01027
Registrar and Share Transfer Agents	M/s SKDC Consultants Limited KANAPATHY TOWERS 3rd Floor, 1391/A-1, SATHY ROAD, Ganapathy PO, Coimbatore- 641 006 Phone: 0422 6549995, 0422 2539835 Email: info@skdc-consultants.com
Compliance Officer	Mr. Rajesh Kumar K, Company Secretary Phone: 0487-2399303 Email: cosecretary@manappuram.com
Company Address	Manappuram Finance Limited, V/104 Manappuram House, Valapad PO, Thrissur-680 567, Kerala Phone: 0487- 2391306, 2391892. Fax: 0487- 2399298 Email: mail@manappuram.com Website: www.manappuram.com

SHARE PRICE MOVEMENTS OF THE COMPANY [BSE] DURING EACH MONTH OF THE FINANCIAL YEAR 2012 -13

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (₹)
April 12	30.50	36.70	29.20	30.00	16,512,421	61,684	548,273,706
May 12	30.25	30.60	18.60	20.35	37,796,313	99,417	845,451,695
June 12	20.60	34.70	19.90	31.35	45,087,992	1,00,195	1,265,300,802
July 12	31.25	35.65	30.10	33.70	18,772,187	59,803	602,964,374
August 12	30.35	38.10	30.35	34.40	15,468,999	54,419	545,661,587
September 12	35.00	40.40	34.25	39.75	9,963,724	40,147	377,590,325
October 12	40.00	42.40	36.15	36.85	8,922,468	27,582	359,134,768
November 12	35.65	38.50	31.00	36.55	15,444,539	52,648	532,780,305
December 12	36.70	37.35	30.60	33.80	7,129,350	21,218	255,745,105
January 13	34.30	46.00	33.65	43.50	58,811,735	92,685	2,534,106,801
February 13	43.55	44.40	34.20	34.60	7,278,462	33,905	280,161,555
March 13	34.70	35.65	21.50	21.70	15,514,864	49,421	425,146,185

COMMON AGENCY FOR PHYSICAL AND ELECTRONIC TRANSFER

Share transfers, dividend payments and all other investor related activities are attended to and processed at the office of the Registrar and Transfer Agents of the Company SKDC Consultants Limited.

Distribution of Share Holding as on March 31, 2013

Share or Debenture Holding of Nominal Value of	Share Holders		Share Amount	
	Number	Percent to Total	Amount	Percent to Total
Upto - 5,000	55,858	92.16	40,141,200	2.39
5,001 - 10,000	2,075	3.42	15,412,750	0.92
10,001 - 20,000	983	1.62	14,932,394	0.89
20,001 - 30,000	355	0.59	8,858,130	0.53
30,001 - 40,000	486	0.80	18,570,678	1.10
40,001 - 50,000	127	0.21	5,812,548	0.35
50,001 - 100,000	364	0.60	26,640,938	1.58
100,001 and above.	363	0.60	1,552,045,634	92.25
TOTAL	60,611	100.00	1,682,414,272	100.00

DEMATERIALISATION

The Company is a member of the depository services of the national depository services Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of its shares. Share holders can get their share dematerialised with either NSDL or CDSL.

Through SKDC Consultants Limited, Registrars and Share Transfer Agents, we have established connectivity with both the depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)

PAYMENT OF UNCLAIMED OR UNPAID DIVIDEND

The Company has remitted all unclaimed and unpaid dividend up to FY 2004-05 to the Investor Education Protection Fund of Central Government. Dividends relating to subsequent financial years would be transferred to said account on the expiry of seven years after transfer of the same to unpaid dividend account.

GDRs/ADRs/Warrants or any other convertible instruments

The Company does not have any GDRs/ADRs/Warrants or any other convertible instruments outstanding as on date.

On Behalf of the Board

Sd/-

V.P .Nandakumar

Managing Director & CEO

Place: Kochi

Date: May 15, 2013

CEO & CFO Certification under clause 49(v) of the listing agreement

To

The Board of Directors of

Manappuram Finance Limited

We, V.P.Nandakumar, Managing Director & CEO and Bindu A.L., Chief Financial Officer, of Manappuram Finance Limited, ("the Company") hereby certify that:-

- (a) We have reviewed financial statements and the cash flow statement of the Company for the year ended 31st March 2013 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company for the year ended March 2013 which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the audit committee
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

V. P. Nandakumar
Managing Director & CEO

A. L. Bindu
Chief Financial Officer

Place: Valapad
Date: May 15, 2013

Auditors' Certificate

To,
The Members
Manappuram Finance Limited
(formerly Manappuram General Finance and Leasing Limited)

We have examined the compliance conditions of corporate governance by Manappuram Finance Limited (Formerly Manappuram General Finance and Leasing Limited) ('the Company'), for the year ended on March 31, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange.

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.

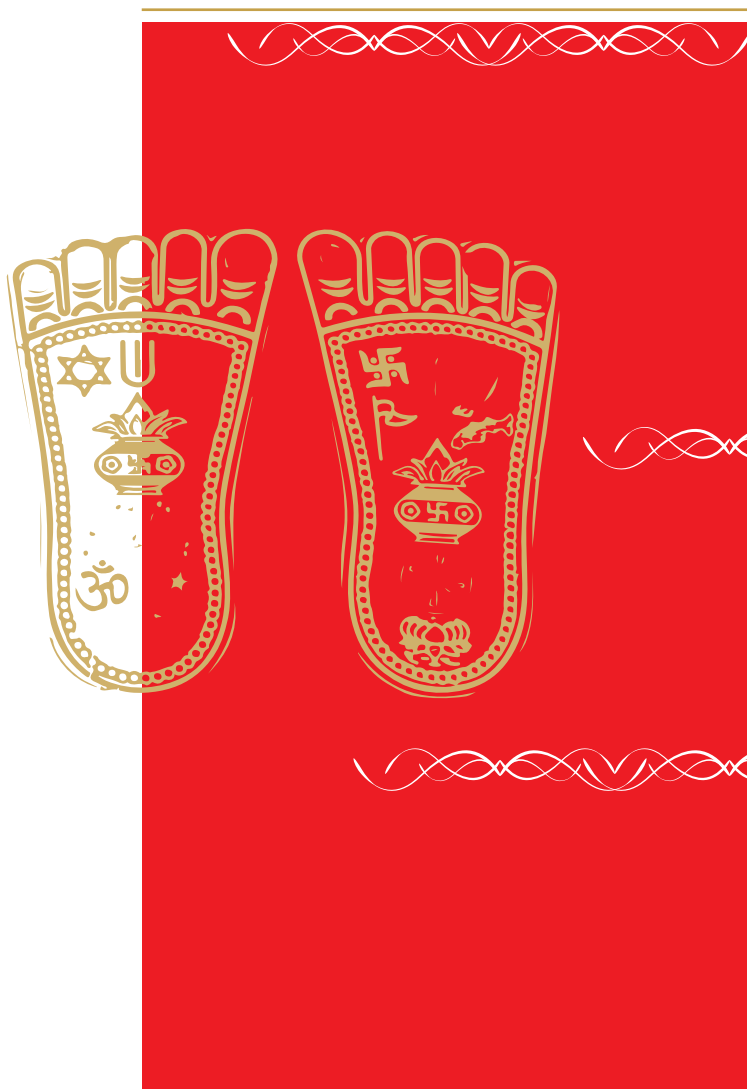
We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W

Place: Chennai
Date: May 15, 2013

per S. Balasubrahmanyam
Partner
Membership Number: 053315

Financial Statements



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

Independent Auditors' Report

To
The Members of
Manappuram Finance Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Manappuram Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) 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;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & Associates LLP

Chartered Accountants
ICAI Firm Registration Number: 101049W

per S. Balasubrahmanyam

Place: Chennai

Partner

Date: May 15, 2013

Membership Number: 053315

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

Independent Auditors' Report (Contd.)

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

Re: Manappuram Finance Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed 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) According to the information and explanations given to us, 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. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (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 sale of services. The activities of the Company during the year did not involve any purchase and sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (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 our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) Based on information and explanations provided to us, we report that the Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company 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) Undisputed statutory dues including provident fund, investor education and protection fund, income-tax, wealth tax, sales-tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases of provident fund, professional tax, service tax, value added tax, wealth tax, employees state insurance and income-tax deducted at source.*
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, customs duty, investor education and protection fund, income-tax, service tax, sales-tax, excise duty, cess and other material undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

Independent Auditors' Report (Contd.)

- (c) According to the records of the Company, there are no dues outstanding of income tax on account of any dispute. The dues outstanding of service tax and sales-tax on account of a dispute are as follows:

(Amounts in million)				
Name of the Statute	Nature of dues	Period of dispute	Amount	Forum where it is pending
Finance Act, 1944	Service Tax	2001-2008	4.48 (including penalty of 2.24)*	Additional Commissioner of Service tax Commissionerate
Kerala Value Tax Act, 2005	VAT	2010-11	6.97 (including interest of 0.77)**	Deputy Commissioner (Appeals)
Kerala Value Tax Act, 2005	VAT	2011-12	14.37 (including interest of 1.28)***	Deputy Commissioner (Appeals)
AP Value Tax Act, 2005	VAT	2011-12	5.60 (including penalty of 1.12)****	Appellate Deputy Commissioner (Appeals)

* The Company has paid ₹ 1.48 towards service tax liability.

** The Company has paid ₹ 2.07 towards VAT tax liability.

*** The Company has paid ₹ 5.75 towards VAT tax liability including interest.

**** The Company has paid ₹ 2.24 towards VAT tax liability and ₹ 0.56 towards penalty.

- (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 banks, financial institutions or debenture holders.
- (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) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (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 other than on debentures aggregating ₹ 2,495 million which had been issued recently. Subsequent to year end, the Company has created security or charge in respect of these debentures.
- (xx) The Company has not raised any money through public issues during the year and accordingly Clause (xx) of the Companies (Auditors Report) Order 2003 as amended is not applicable for the current year.
- (xxi) As more fully discussed in Note 39 to the financial statements and as informed by the management, we report that, during the year there have been certain instances of fraud on the Company by employees and others where gold loan related misappropriations/cash embezzlements have occurred for amounts aggregating an amount of ₹ 56.34 (net of recoveries of ₹ 14.61 million). The Company has fully provided for these amounts in the financial statements and is in the process of recovering these amounts from the employees and taking legal actions.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W

per S. Balasubrahmanyam

Partner

Place: Chennai

Date: May 15, 2013

Membership Number: 053315

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

Balance Sheet

as at March 31, 2013

	Notes	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,682.41	1,682.31
Reserves and surplus	4	22,746.73	22,128.13
		24,429.14	23,810.44
Non-current liabilities			
Long-term borrowings	5	13,611.62	10,717.42
Other long term liabilities	6	524.48	128.88
		14,136.10	10,846.30
Current liabilities			
Short-term borrowings	7	68,252.61	72,313.61
Trade Payables	8	387.58	370.56
Other current liabilities	8	19,315.51	11,833.63
Short-term provisions	9	757.52	1,593.88
		88,713.22	86,111.68
TOTAL		127,278.46	120,768.42
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10A	2,027.04	2,163.72
Intangible assets	10B	77.88	76.53
Capital work-in-progress		307.14	144.04
Non-current investments	11A	50.03	100.03
Deferred tax assets (net)	12	468.31	188.98
Long-term loans and advances	13	428.16	523.02
Other Non current assets	14	1,529.81	334.60
		4,888.37	3,530.92
Current assets			
Current investments	11B	6,925.70	2,082.39
Cash and bank balances	15	8,836.08	8,177.08
Short-term loans and advances	13	99,985.93	96,621.46
Other current assets	14	6,642.38	10,356.57
		122,390.09	117,237.50
TOTAL		127,278.46	120,768.42
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W

For and on behalf of the Board of Directors

per S. Balasubrahmanyam
Partner
Membership no.: 053315

V. P. Nandakumar
Managing Director & CEO

I. Unnikrishnan
Executive Director & Dy. CEO

B. N. Raveendra Babu
Executive Director

A. L. Bindu
Chief Financial Officer

K. Rajesh Kumar
Company Secretary

Date : May 15, 2013
Place: Chennai

Date : May 15, 2013
Place: Kochi

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

Statement of Profit & Loss

for the year ended March 31, 2013

	Notes	Year ended March 31, 2013	Year ended March 31, 2012
INCOME			
Revenue from operations	16	22,173.14	26,155.48
Other income	17	468.14	402.97
Total Revenue		22,641.28	26,558.45
EXPENSES			
Finance costs	18	11,894.86	10,891.00
Employee benefits expense	19	3,409.32	3,090.11
Other expenses	20	3,654.97	3,322.42
Depreciation and amortisation expense	21	617.09	482.86
Total Expenses		19,576.24	17,786.39
Profit before tax		3,065.04	8,772.06
Tax expenses			
Current tax		1,260.04	2,959.36
Deferred tax		(279.32)	(101.91)
Total tax expense		980.72	2,857.45
Profit for the year		2,084.32	5,914.61
Earnings per equity share [nominal value of share ₹ 2/-]	22		
Basic earnings per share (₹/-)		2.48	7.06
Diluted earnings per share (₹/-)		2.48	7.03
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W

For and on behalf of the Board of Directors

per S. Balasubrahmanyam

Partner

Membership no.: 053315

V. P. Nandakumar

Managing Director & CEO

I. Unnikrishnan

Executive Director & Dy. CEO

B. N. Raveendra Babu

Executive Director

A. L. Bindu

Chief Financial Officer

K. Rajesh Kumar

Company Secretary

Date : May 15, 2013

Place: Chennai

Date : May 15, 2013

Place: Kochi

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

Notes

to the Financial statements for the year ended March 31, 2013

NOTE: 1

Nature of operations

Manappuram Finance Limited (formerly Manappuram General Finance & Leasing Limited) ('MAFIL' 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, money exchange facilities, etc. The Company currently operates through 3,295 branches spread across the country. The Company is a Systemically Important Non-Deposit Taking NBFC.

NOTE: 2

Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Reserve Bank of India as applicable to a non deposit accepting NBFC. The financial statements have been prepared under the historical cost convention and on an accrual basis except for interest and discounts on non performing assets which are recognised on realisation basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, except for certain change in estimates discussed in note 2(c).

2.1) Statement of significant accounting policies

a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Fixed assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

c) Depreciation

Depreciation is provided using straight line method at the following rates, which is management's estimate of the useful lives of the assets:

Nature of asset	Rate of depreciation followed
Computer equipment	33.33%
Furniture and fixtures excluding [safes and strong rooms]	20%
Office equipment	33.33%
Buildings, vehicles, plant & machinery and furniture and fixtures (safes and strong rooms)	Rates prescribed under Schedule XIV of the Companies Act, 1956

During the current year, the Company has changed its estimated useful life of Office equipment from 21 years to 3 years. This change in estimated useful life has resulted in provision of additional depreciation by ₹ 137.18 million and the profit before tax of the Company is lower by the corresponding number.

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised on a straight line basis over the estimated useful economic life of 6 years.

The amortisation period and the amortisation method are reviewed at least at each financial year end.

e) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

Notes

to the Financial statements for the year ended March 31, 2013

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

f) Leases

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 in respect of non-cancellable leases are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.

g) Investments

The Board of Directors have spelt out the criteria to classify investments into current and long term investments in the investment policy. 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. Any inter class transfer should be with the approval of the board and as per RBI regulation.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Quoted current investments for each category is valued at cost or market value whichever is lower. Unquoted equity shares in the nature of current investments are valued at cost or break-up value, whichever is lower except unquoted investments in the units of mutual fund in the nature of current investment are valued at the net asset value declared by the mutual fund in respect of each particular scheme.

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 recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In a situation where management believes that the recovery of interest is uncertain due to change in the price of the gold or otherwise, the Company recognises income on such loans only to the extent it is confident of recovering interest from its customers through sale of underlying security or otherwise.

Interest income on loans given is recognised under the internal rate of return method. Such interests, where instalments are overdue in respect of nonperforming assets are recognised on realisation basis. Any such income recognised and remaining unrealised after the instalments 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 are recognised over the tenure of agreements as per guideline on securitisation of standard assets issued by the Reserve Bank of India, losses, if any are recognised upfront.

i) Employee benefits

- i. Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.
- 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.
- iii. Short term compensated absences are provided for based on estimates.
- iv. Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.
- v. Employee stock compensation cost - Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense, if any, is amortised over the vesting period of the option on a straight line basis.

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

Notes

to the Financial statements for the year ended March 31, 2013

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 recognised as income or as expenses in the year in which they arise.

k) Borrowing costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

l) 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 Income-tax Act, 1961 enacted in India. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the 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 recognised 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 unrecognised deferred tax assets. It recognises unrecognised 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

(i) A provision is recognised 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.

(ii) Provision policy for gold loans and other loan portfolios

Secured gold loans are classified/provided for, as per management's best 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:

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

Notes

to the Financial statements for the year ended March 31, 2013

Classification of loans (Gold and other loans)

Asset Classification	Provisioning policy
Standard Assets #	0.25%
Sub-standard assets	10%
Doubtful assets	100% of unsecured portion + 20 to 50% of secured portion.
Loss assets	100% provided/written off in books.

Others loans are classified/provided for, as per management's best estimates, subject to the minimum provision required as per Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

As per notification DNBB.222/CGM(US)-2011 issued by Reserve Bank of India (RBI) on January 17, 2011.

o) Segment reporting

The Company primarily operates in the business of "Gold loan" and its operations are in India. Accordingly, no segment reporting is applicable.

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.

q) Ancillary borrowing costs

Ancillary borrowings costs incurred issue of debentures and other long term borrowings are expensed over the tenure of the loan.

r) Securities 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.

Public issue expenses incurred in connection with issue of debentures are amortised over the term of the debenture.

s) 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. The Company re-assesses the claims made at each reporting period for recoverability.

t) Auctioned gold and Surplus on auction of pledged gold

Auctioned gold is valued at lower of cost or realisable value as at balance sheet date.

The Company has a policy of refund of any surplus that arises on auction of pledged gold which has been re-possessed by the Company in accordance with the terms of the agreement with the customers.

u) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements as there is no indication of the uncertainties relating to any outflow.

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

Notes

to the Financial statements for the year ended March 31, 2013

	As at March 31, 2013	As at March 31, 2012
NOTE: 3		
Share Capital		
Authorised shares		
980,000,000 (March 31, 2012: 980,000,000) equity shares of ₹ 2/- each	1,960.00	1,960.00
40,000,000 (March 31, 2012: 40,000,000) redeemable preference shares (CCPS) of ₹ 100/- each	40.00	40.00
Issued, subscribed and fully paid-up shares		
841,207,136 (March 31, 2012: 841,153,136) equity shares of ₹ 2/- each	1,682.41	1,682.31
Total issued, subscribed and fully paid-up share capital	1,682.41	1,682.31

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	March 31, 2013		March 31, 2012	
	No. millions	Amount (in millions)	No. millions	Amount (in millions)
At the beginning of the year	841.15	1,682.31	416.87	833.75
Issued during the year - Bonus issue	-	-	416.87	833.75
Issued during the period - ESOP (refer note 23)	0.05	0.10	7.41	14.81
Outstanding at the end of the period	841.20	1,682.41	841.15	1,682.31

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2013, the amount of per share dividend recognised as distributions to equity shareholders was ₹ 1.5 per share (March 31, 2012: ₹ 1.50/- per share).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Aggregate number of bonus shares issued, and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	March 31, 2013 No. millions	March 31, 2012 No. millions
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium, general reserve and capital redemption reserve.	614.56	614.56

In addition, the Company has issued total 11,213,880 shares (March 31, 2012: 11,159,880) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

d. Details of shareholders holding more than 5% shares in the Company (Equity shares of ₹ 2/- each fully paid)

	March 31, 2013		March 31, 2012	
	No. millions	% holding in the class	No. millions	% holding in the class
Nandakumar V P	217.41	25.85	217.41	25.85
Sushama Nandakumar	48.00	5.71	48.00	5.70
Baring India Private Equity Fund III	55.54	6.60	25.33	3.01
Smallcap World Fund Inc	54.93	6.53	57.99	6.89
Hudson Equity Holdings Ltd	44.55	5.30	71.81	8.54

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

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

Notes

to the Financial statements for the year ended March 31, 2013

	As at March 31, 2013	As at March 31, 2012
NOTE: 4		
Reserves and Surplus		
Securities premium account		
Balance as per the last financial statements	13,698.38	14,424.32
Add: additions on ESOPs exercised	0.79	107.81
Less: amounts utilised toward issue of fully paid bonus shares	-	(833.75)
Closing Balance	13,699.17	13,698.38
Statutory reserve		
Balance as per the last financial statements	2,199.00	1,016.08
Add: amount transferred from surplus balance in the statement of profit and loss	416.86	1,182.92
Closing Balance	2,615.86	2,199.00
Debenture Redemption reserve		
Balance as per the last financial statements	2,208.10	-
Add: amount transferred from surplus balance in the statement of profit and loss (refer note below)	-	2,208.10
Less: Reversal of debenture redemption reserve (refer note 2 below)	(714.44)	-
Closing Balance	1,493.66	2,208.10
General reserve		
Balance as per the last financial statements	1,242.54	651.06
Add: amount transferred from surplus balance in the statement of profit and loss	208.43	591.48
Add: amount transferred from debenture redemption reserve.	714.44	-
Closing Balance	2,165.41	1,242.54
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	2,780.11	2,314.36
Profit for the year	2,084.32	5,914.61
Less: Appropriations		
Transfer to debenture redemption reserve	-	2,208.10
Proposed final equity dividend (amount per share ₹ Nil/(31 March 2012: ₹ 1/- per share, after considering bonus issue))	-	841.15
Interim dividend on equity shares	1,261.81	420.55
Tax on proposed equity dividend	-	136.45
Tax on interim dividend on equity shares	204.70	68.21
Transfer to Statutory reserve	416.86	1,182.92
Transfer to general reserve	208.43	591.48
Total appropriations	2,091.80	5,448.86
Net surplus in the statement of profit and loss	2,772.63	2,780.11
Total reserves and surplus	22,746.73	22,128.13

Notes:

- Pursuant to Section 117C of the Companies Act, 1956 and circular 04/2013, issued by Ministry of Corporate Affairs, the Company is required to transfer 25% of the value of the debentures issued through public issue as per the present SEBI (Issue and Listing of Debt Securities) Regulation, 2008 to Debenture Redemption Reserve (DRR) and no DRR is required in case of privately placed debenture. Also the Company is required to create/maintain DRR shall before 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture maturing during the year ending on the 31st day of March next following.
- In respect of the debenture issued prior to the issuance of the circular 04/2013, the Company maintains DRR at 50% and has subsequent to the year-end deposited a sum of ₹ 448.10 in the form of a fixed deposit with the scheduled bank.

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

Notes

to the Financial statements for the year ended March 31, 2013

	Non-current portion		Current maturities	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
NOTE: 5				
Long-term borrowings				
Term loans				
Indian rupee loan from banks (Secured)	3,176.92	1,112.00	5,000.00	1,000.00
Indian rupee loan from others (Secured)	1,125.00	-	1,500.00	-
Indian rupee loan from others (Unsecured)	31.34	-	17.72	-
Vehicle loans (Secured loans)	3.94	6.85	4.21	5.11
Sub-ordinated debt (Unsecured)				
Subordinate debt from banks	1,500.00	1,500.00	-	-
Subordinate bonds from others	2,332.33	2,613.14	387.10	153.70
Debentures (Secured)				
Non-convertible Debentures - Private placement	5,442.09	2,498.11	6,360.94	7,325.26
Non-convertible Debentures - Public issue	-	2,987.32	2,987.32	1,428.87
	13,611.62	10,717.42	16,257.29	9,912.94
The above amount includes				
Secured borrowings	9,747.95	6,604.28	15,852.47	9,759.24
Unsecured borrowings	3,863.67	4,113.14	404.82	153.70
Amount disclosed under the head "other current liabilities (note 8)			(16,257.29)	(9,912.94)
Net amount	13,611.62	10,717.42	-	-

Indian Rupee loans from banks includes:

- ₹ 3,000 taken for onward lending against gold jewellery. These loans carry an interest rate of 13.5 - 13.75% (floating - BR + 3.25%) and are repayable at the end of 15-18 months from the date of the loan. These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold with a margin of 15%. Also, they are secured by a cash collateral deposit of 10% of the loan amount, lien marked in favour of the bank during the tenor of the loan. Further, the loan has been guaranteed by the personal guarantee of Mr. V.P Nandakumar, Managing Director.
- ₹ 5,000 taken for onward lending against gold jewellery. These loans carry an interest rate of 12.50% (floating - BR + 2.05%) and are repayable at the end of 13-15 months from the date of the loan. These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold with a margin of 10%. Also, they are secured by a cash collateral deposit of 5% of the loan amount, lien marked in favour of the bank during the tenor of the loan. Further, the loan has been guaranteed by the personal guarantee of Mr. V.P Nandakumar, Managing Director.
- ₹ 176.92 availed for the purpose of construction of the corporate office. These loans carry an interest rate of 13% (floating - BR + 3%) and are repayable at the end of 77 months from the date of the loan. These loans are secured by an exclusive mortgage of 53.07 cents of property of the Company situated at Valapad. Also, they are secured by a cash collateral deposit of 10% of the sanction amount, lien marked in favour of the bank during the tenor of the loan. Further, the loan has been guaranteed by the personal guarantee of Mr. V.P Nandakumar, Managing Director.

Indian Rupee loans from others includes:

- ₹ 3,000 taken for onward lending against gold jewellery to micro, small and medium enterprises (MSME) Customers. These loans carry fixed interest rate of 13.5% and are repayable at 8 quarterly installments of ₹ 375 after moratorium of 3 months date of the loan viz. September 26, 2012. These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold with a margin of 15%. Further, the loan has been guaranteed by the personal guarantee of Mr. V.P Nandakumar, Managing Director.

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

Notes

to the Financial statements for the year ended March 31, 2013

- ii) ₹ 58.99 taken for financing IT Support service cost. These loans carry an fixed interest rate of 13.15% and are repayable at 12 quarterly instalment including interest of ₹ 5.85 from date of the loan viz. December 15, 2012. This is an Unsecured loan.

Vehicle loans carry an interest of 10 to 12% and are payable in 30 to 60 installments from the date of the loan. The loans are secured by hypothecation of the respective vehicles against which the loan has been availed.

Subordinate debt from banks includes ₹ 1,000 (previous year : ₹ 1,000) which carries an interest rate of 14% (floating - BR + 3.75%) and is repayable at the end of five years and six months from the date of the loan viz. December 13, 2010, and ₹ 500 (previous year : ₹ 500) which carries an interest rate of 13.55% (floating - BR + 3.3%) and is repayable at the end of five years and six months from the date of the loan viz. January 28, 2012.

NOTE: 5 (Contd.)

Subordinate bonds from others:

Subordinate bonds have a face value of ₹ 1,000/- each. Details of rate of interest and maturity pattern from the date of the balance sheet is as under:

Redeemable at par within	As at March 31, 2013							
	Rate of interest							
	< 12%		>= 12% < 14%		> =14%<15%		TOTAL	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	7,270	7.27	33,450	33.45	23,279	23.28	63,999	64.00
Due within 4-5 years	-	-	139,795	139.79	214,184	214.18	353,979	353.97
Due within 3-4 years	-	-	531,843	531.84	275,466	275.47	807,309	807.31
Due within 2-3 years	116,533	116.53	435,254	435.25	23,391	23.39	575,178	575.17
Due within 1-2 years	37,104	37.10	274,847	274.85	219,915	219.92	531,866	531.87
Due within 1 year	-	-	20,174	20.17	366,941	366.94	387,115	387.11
GRAND TOTAL	160,907	160.90	1,435,363	1,435.35	1,123,176	1,123.18	2,719,446	2,719.43

Redeemable at par within	As at March 31, 2012							
	Rate of interest							
	< 12%		>= 12% < 14%		> =14%<15%		TOTAL	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	7,270	7.27	159,807	159.81	162,598	162.60	329,675	329.68
Due within 4-5 years	-	-	534,194	534.19	257,468	257.47	791,662	791.66
Due within 3-4 years	116,533	116.53	432,903	432.90	23,391	23.39	572,827	572.82
Due within 2-3 years	37,104	37.10	274,847	274.85	219,915	219.92	531,866	531.87
Due within 1-2 years	-	-	20,174	20.17	366,936	366.94	387,110	387.11
Due within 1 year	-	-	153,702	153.70	-	-	153,702	153.70
GRAND TOTAL	160,907	160.90	1,575,627	1,575.62	1,030,308	1,030.32	2,766,842	2,766.84

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

Notes

to the Financial statements for the year ended March 31, 2013

NOTE: 5 (Contd.)

Debentures (Secured)

- i) Private placement retail - Redeemable Non Convertible Debentures of ₹ 1,000/- each - Terms of repayment

Redeemable at par within	As at March 31, 2013									
	Rate of interest									
	< 10%		>= 10% < 12%		>= 12% < 14%		>= 14% < 16%		TOTAL	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Above 5 years	-	-	-	-	-	-	150,237	150.24	150,237	150.24
Due within 4-5 years	-	-	-	-	102,893	102.89	178,256	178.26	281,149	281.15
Due within 3-4 years	-	-	-	-	15,685	15.69	456	0.46	16,141	16.15
Due within 2-3 years	-	-	176	0.18	9,368	9.37	-	-	9,544	9.55
Due within 1-2 years	53	0.05	407	0.41	1,562,878	1,562.88	170,741	170.74	1,734,079	1,734.08
Due within 1 year	606	0.61	2,339	2.34	3,301,679	3,301.68	14,147	14.15	3,318,771	3,318.78
GRAND TOTAL	659	0.66	2,922	2.93	4,992,503	4,992.51	513,837	513.85	5,509,921	5,509.95

Redeemable at par within	As at March 31, 2012									
	Rate of interest									
	< 10%		>= 10% < 12%		>= 12% < 14%		>= 14% < 16%		TOTAL	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 4-5 years	-	-	22	0.02	19,636	19.64	431	0.43	20,089	20.09
Due within 3-4 years	224	0.22	-	-	1,139	1.14	-	-	1,363	1.36
Due within 2-3 years	53	0.05	665	0.67	45,305	45.31	1,053	1.05	47,076	47.08
Due within 1-2 years	3,631	3.63	1,541	1.54	60,334	60.33	3,086	3.09	68,592	68.59
Due within 1 year	2,879	2.88	28,832	28.83	4,226,546	4,226.55	2,29,334	229.33	4,487,591	4,487.59
GRAND TOTAL	6,787	6.78	31,060	31.06	4,352,960	4,352.97	233,904	233.90	4,624,711	4,624.71

Nature of Security

Secured by a floating charge on the book debts of the Company on gold and other unencumbered assets. The Company shall maintain 100% security cover on the outstanding balance of debenture with accrued interest any time.

Debentures are offered for a period of 366 days to 5 years.

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

Notes

to the Financial statements for the year ended March 31, 2013

NOTE: 5 (Contd.)

- ii) Private Placement Institutional- Issue of Redeemable Non-convertible Debentures of ₹ 100,000/- each - Terms of repayment

As at March 31 2013					
Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Security
June 17, 2011	400	40.00	12.50%	June 17, 2016	Secured by first pari passu charge on the receivable of the Company with minimum asset cover ratio of 1.10 times and immovable property*
May 27, 2011	84	8.40	12.25%	May 27, 2016	
May 27, 2011	3,880	388.00	12.50%	May 27, 2016	
March 31, 2011	1,312	131.20	12.25%	March 31, 2016	
March 28, 2011	2,640	264.00	12.25%	March 28, 2016	
June 17, 2011	300	30.00	12.50%	June 17, 2015	
May 27, 2011	63	6.30	12.25%	May 27, 2015	
May 27, 2011	2,910	291.00	12.50%	May 27, 2015	
March 31, 2011	984	98.40	12.25%	March 31, 2015	
March 28, 2011	1,980	198.00	12.25%	March 28, 2015	
June 17, 2011	500	50.00	12.25%	June 17, 2014	
June 17, 2011	300	30.00	12.50%	June 17, 2014	
May 27, 2011	10	1.00	12.00%	May 27, 2014	
May 27, 2011	63	6.30	12.25%	May 27, 2014	
May 27, 2011	2,910	291.00	12.50%	May 27, 2014	
March 31, 2011	984	98.40	12.25%	March 31, 2014	
March 28, 2011	1,000	100.00	12.00%	March 28, 2014	
March 28, 2011	1,980	198.00	12.25%	March 28, 2014	
June 17, 2011	500	50.00	12.25%	June 17, 2013	
May 27, 2011	10	1.00	12.00%	May 27, 2013	
TOTAL	22,810	2,281.00			

As at March 31 2012					
Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Security
June 17, 2011	400	40.00	12.50%	June 17, 2016	Secured by first pari passu charge on the receivable of the Company with minimum asset cover ratio of 1.10 times and immovable property*
May 27, 2011	84	8.40	12.25%	May 27, 2016	
May 27, 2011	3,880	388.00	12.50%	May 27, 2016	
March 31, 2011	1,312	131.20	12.25%	March 31, 2016	
March 28, 2011	2,640	264.00	12.25%	March 28, 2016	
June 17, 2011	300	30.00	12.50%	June 17, 2015	
May 27, 2011	63	6.30	12.25%	May 27, 2015	
May 27, 2011	2,910	291.00	12.50%	May 27, 2015	
March 31, 2011	984	98.40	12.25%	March 31, 2015	
March 28, 2011	1,980	198.00	12.25%	March 28, 2015	
June 17, 2011	500	50.00	12.25%	June 17, 2014	
June 17, 2011	300	30.00	12.50%	June 17, 2014	
May 27, 2011	10	1.00	12.00%	May 27, 2014	
May 27, 2011	63	6.30	12.25%	May 27, 2014	
May 27, 2011	2,910	291.00	12.50%	May 27, 2014	
March 31, 2011	984	98.40	12.25%	March 31, 2014	
March 28, 2011	1,000	100.00	12.00%	March 28, 2014	
March 28, 2011	1,980	198.00	12.25%	March 28, 2014	
June 17, 2011	500	50.00	12.25%	June 17, 2013	
May 27, 2011	10	1.00	12.00%	May 27, 2013	
March 28, 2011	1,000	100.00	12.00%	March 28, 2013	
TOTAL	23,810	2,381.00			

*Immovable property shall mean the commercial premises of the Company admeasuring 2250.64 Sq ft area on the fifth floor along with 2 car parking space in the building known as Aishwarya Business Plaza situated at Kole Kalyan, Santacruz (East) Mumbai.

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

Notes

to the Financial statements for the year ended March 31, 2013

NOTE: 5 (Contd.)

iii) Institutional issue of Redeemable Non-convertible Debentures of ₹ 1,000,000/- each - Terms of repayment

As at March 31 2013						
Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Put and Call option	Note
January 19, 2012	80.00	80.00	13.00%	April 16, 2013	None	
September 06, 2012	580.00	507.17	Zero coupon IRR 13%	October 11, 2013	None	
September 20, 2012	545.00	476.57	Zero coupon IRR 13%	October 25, 2013	None	
October 19, 2012	150.00	131.00	Zero coupon IRR 13.57%	November 13, 2013	None	
October 25, 2012	250.00	250.00	13.00%	October 30, 2013	30-Apr-13	
November 02, 2012	150.00	150.00	12.50%	December 07, 2013	None	
December 05, 2012	250.00	250.00	13.86%	March 05, 2014	05 March 2013 and every three months thereafter with reduced interest rate	**
December 31, 2012	400.00	400.00	12.55%	December 31, 2017	None	**
January 09, 2013	200.00	200.00	12.03%	January 09, 2015, January 09, 2016 & January 09, 2018	None	**
February 01, 2013	250.00	250.00	12.55%	February 01, 2018	None	**
February 05, 2013	750.00	750.00	12.50%	February 10, 2014	None	
March 12, 2013	573.00	495.34	Zero coupon IRR 13.19%	April 21, 2014, September 03, 2014	None	**
March 20, 2013	72.00	72.00	12.02%	March 20, 2015 & March 20, 2016 & March 20, 2018 and March 20, 2023	None	**
TOTAL	4,250.00	4,012.08				

**The Company has subsequent to year end created the charge deed and filed the necessary forms with the regulatory authorities.

As at March 31 2012						
Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Put and Call option	Note
January 19, 2012	80.00	80.00	13.00%	April 16, 2013	None	**
December 20, 2011	271.00	238.62	Zero Coupon IRR 12.67%	January 13, 2013	None	
November 24, 2011	1,000.00	1,000.00	12.50%	December 23, 2012	None	
July 29, 2011	566.00	499.04	Zero Coupon IRR 12.53%	August 22, 2012	None	
March 31, 2011	1,000.00	1,000.00	12.60%	June 29, 2012	June 28, 2011 and every three months thereafter	
TOTAL	2,917.00	2,817.66				

**The Company has subsequent to year end created the charge deed and filed the necessary forms with the regulatory authorities.

Nature of Security

Secured by present and future gold loan receivable of the Company with minimum asset cover ratio of 1.10 times.

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

Notes

to the Financial statements for the year ended March 31, 2013

NOTE: 5 (Contd.)

iv) Public issue of Redeemable Non-convertible Debentures of ₹ 1,000/- each - Terms of repayment

As at March 31 2013				
Date of allotment	Number	Amount	Interest Rate	Redeemable at par on
September 08, 2011	2,201,384	2,201.38	12.20%	08-Sep-13
September 08, 2011	785,940	785.94	12.00%	08-Sep-13
TOTAL	2,987,324	2,987.32		

As at March 31 2012				
Date of allotment	Number	Amount	Interest Rate	Redeemable at par on
September 08, 2011	2,201,384	2,201.38	12.20%	September 08, 2013
September 08, 2011	785,940	785.94	12.00%	September 08, 2013
September 08, 2011	1,428,866	1,428.87	12.00%	October 12, 2012
TOTAL	4,416,190	4,416.19		

Nature of Security

Secured by mortgage of the immovable property of the Company and a charge on all current asset, book debts, receivables as fully described in the debenture trust deed except those receivables specifically exclusively charged, on a first ranking pari passu basis with all other lenders to the Company holding pari passu charge over security.

The Company shall maintain an asset cover of at least 1.10 times of the outstanding amount of debenture, at all times, till the debentures are completely redeemed.

	As at March 31, 2013	As at March 31, 2012
NOTE: 6		
Other long term liabilities		
Interest accrued but not due on long term borrowings	320.23	106.57
Security deposits from employees	204.25	22.31
	524.48	128.88

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

Notes

to the Financial statements for the year ended March 31, 2013

	As at March 31, 2013	As at March 31, 2012
NOTE: 7		
Short-term borrowings		
Non convertible Debentures - Private placement (Secured)	999.79	500.00
Cash credit/Overdraft facilities from banks (secured)	31,936.45	26,711.58
Working Capital demand loan from banks (secured)	33,359.83	38,960.25
Working Capital demand loan from others (secured)	1,250.00	3,820.83
Commercial Papers (unsecured)	706.54	2,320.95
	68,252.61	72,313.61
The above amount includes		
Secured borrowings	67,546.07	69,992.66
Unsecured borrowings	706.54	2,320.95
TOTAL	68,252.61	72,313.61

Non convertible Debentures - Private placement (Secured)

As at March 31 2013					
Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Put and Call option
March 01, 2013	1,125.00	999.79	12.70%	February 24, 2014	May 17, 2013 and every three months thereafter with reduced interest rate

*The Company has subsequent to year end created the charge deed and filed the necessary forms with the regulatory authorities.

As at March 31 2012					
Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Put and Call option
January 17, 2012	500.00	500.00	12.90%	January 16, 2013	April 17, 2012 and every three months thereafter

*The Company has subsequent to year end created the charge deed and filed the necessary forms with the regulatory authorities.
Commercial papers carry interest rates of 10.5% to 13.3% and their tenor ranges from 30 days to 365 days.

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

Notes

to the Financial statements for the year ended March 31, 2013

NOTE: 7 (Contd.)

Loans from banks:

Details of Security *	Rate of interest	March 31, 2013
Specified Book debts + 15% margin	BR+2.25%	1,992.37
Specified Book debts +10% margin and 5% of cash collateral	BR+1.50%	2,000.71
Book debts + 15% margin	12.5%	980.00
Book debts + 25% margin and 10% Cash Collateral (Paripassu)	BR+.50%	8,064.73
Specified book debts + 25% margin	BR+2.25%	1.25
Book debts + 15% margin	BR+2.50%	2,500.00
Book debts + 20% margin	BR+1.35%	4,000.00
Book debts + 10% margin (paripassu)	BR+2.5%	2,000.00
Specified Book debts + 10% margin	BR+2.75%	1,000.03
Specified Book debts + 13% margin	BR+2%	599.99
Book debts + 25% margin (paripassu)	BR+2.5%	3,499.95
Book debts + 25% margin	BR+2.5%	998.40
Book debts and cash collateral at 10%	13%	750.00
Book debts + 25% margin	BR+2%	628.18
Book debts + 25% margin (paripassu)	BR+2.5%	4,000.00
Specified book debts + 25% margin & cash collateral at 10%	BR+2.50%	400.00
Specified book debts + 20% margin	BR+2.75%	2,499.90
Specified book debts + 15% margin	BR+3%	3,500.00
Specified Book debts + 15% margin	BR+2.5%	747.47
Specified book debts + 15% margin	BR+3%	1,719.57
book debts-10%	BR+3.5%	11.05
Specified Book debts + 25% margin	BR+3%	2,000.73
Specified book debts + Cash Collateral 10%	BR+3%	1,500.00
Specified book debts + Cash Collateral 10%	BR+3%	1,248.38
Specified book debts + 10% margin	BBR+2.5%	3,991.77
Book debts + 15% margin	BR+3.5%	1,780.37
Specified book debts + 25% margin + cash collateral of 10%	BR+3.25%	488.43
Specified Book debts +10% margin and 5% of cash collateral	BR+2.75%	500.00
Book debts + 25% margin and Collateral of land and building of the promotores	BR+3.5%	398.65
Book debts +20% margin and 3.5% of cash collateral	BR+3%	
Specified Book debts + 2.50% margin and 2.50% cash collateral	BR+3.75%	87.08
Specified Book debts + 20% margin + 5% cash Collateral	BR+3%	3,503.06
Specified Book debts+10% margin & 7.5% of cash collateral	BR+2.5%	2,000.00
Specified Book debts + 15% margin	BR+2.25%	484.05
Specified book debts + 10% margin	12.5%	215.00
Specified book debts + 10% margin	12.7%	175.00
Specified book debts + 10% margin	12.1%	130.00
Specified book debts + 10% margin	12.4%	240.00
Specified book debts + 10% margin	12.2%	880.00
Specified book debts + 10% margin	12.8%	90.00
Specified Book debts + 15% margin	BR+2.5%	150.00
Book debts + 25% margin (paripassu)	BR+2.5%	1,026.50
Book debts+25% margin +10% of cash collateral(paripassu)	BR+2.5%	495.47
Book debts + 25% margin(Paripasu)	BR+2.75%	2,000.70
Specified Book debts + 15% margin	BR+4%	17.49
		65,296.28

Details of Security *	Rate of interest	March 31, 2012
Book debts + 25% margin and 5% of cash collateral	BR+1.5%	2,031.36
Book debts + 10% margin	BR+1.9%	3,000.00
Book debts +10% margin and 5% of cash collateral	BR+1.8%	1,000.00
Book debts + 15% margin	12.5%	741.01
Book debts + 25% margin and Cash Collateral ₹ 80 Crs (Paripassu)	BR+2.5%	7,990.00
Specified book debts + 25% margin	BR + 2.75%	3,011.29
Book debts + 15% margin	BR+3.25%	2,500.00
Book debts + 10% margin	BR+2.1%	2,500.00
Book debts + 10% margin	BR+1.75%	3,999.00
Specified Book debts + 10% margin	BR+2.25%	2,000.94
Book debts + 15% margin	BR+2%	500.00
Book debts + 25% margin (paripassu)	BR+2.5%	3,462.00
Book debts +25% margin and 10% of cash collateral	BR+2.5%	987.66
Book debts + 5% margin and 5% of cash collateral	13.2%	750.00
Book debts and cash collateral at 10%	13%	1,000.00
Book debts + 25% margin	BR+2.25%	904.05
Book debts + 25% margin (paripassu)	BR+2.5%	4,708.69
Specified book debts + 25% margin & cash collateral at 5%	BR+3.25%	250.06
Specified book debts + 20% margin	BR+2.5%	1,999.56
Specified book debts + 25% margin	BR+3.25%	3,500.00
Book debts + 15% margin	BR+2.5%	692.97
Specified book debts + 15% margin	BR+3%	1,249.97
Book debts-10%	BR+3.5%	19.50
Specified Book debts + 25% margin	BR+2.75%	2,000.68
Specified book debts	BR+3.5%	232.70
Book debts + 15% margin	BR+3%	1,498.95
Specified book debts + 15% margin	BR+3%	1,248.38
Specified book debts + 10% margin	BBR+2.5%	2,005.90
Book debts + 15% margin	BR+3.5%	1,783.31
Specified book debts + 25% margin	BR+3.25%	466.59
Book debts +10% margin and 5% of cash collateral	BR+2.75%	250.00
Book debts + 25% margin	BR+3.5%	357.88
Book debts +20% margin and 3.5% of cash collateral	BR+3%	499.99
Book debts + 5% margin and cash collateral at 5%	BR+ 3.75%	1,088.62
Book debts + 35% margin (paripassu)	BR+3%	3,451.89
Book debts-25% & 7.5% of cash collateral	BR+1.5%	1,500.00
Specified Book debts + 15% margin	BR+2.25%	488.88
		65,671.83

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

Notes

to the Financial statements for the year ended March 31, 2013

NOTE: 7 (Contd.)

Loan from Others

Details of Security *	Rate of interest	March 31, 2013	Details of Security *	Rate of interest	March 31, 2012
Book debts + 5% margin and 2.5% of cash collateral	13%+ Base rate Increase	-	Book debts + 5% margin and 2.5% of cash collateral	13% + Base rate Increase	83.33
Specified Book debts + 40% margin	SICOM Medium Term Reference Rate - 0.25%	750.00	Specified Book debts + 25% margin	SICOM Medium Term Reference Rate - 1%	750.00
Specified Book debts + 25% margin	PLR + 0.75%	-	Specified Book debts + 25% margin	PLR + 0.75%	2,000.00
Specified book debts + 20% margin	14%	-	Specified book debts + 20% margin	14%	487.50
Book debts-20%	11.55%	-	Book debts-20%	12%	500.00
Specified Book debts + 20% margin	14%	500.00			
		1,250.00			3,820.83

* The loans have been guaranteed by the personal guarantee of Mr. V.P Nandakumar, Managing Director.

	As at March 31, 2013	As at March 31, 2012
NOTE: 8		
Other current liabilities	387.58	370.56
Trade Payables (refer note 1)		
Current maturities of long-term borrowings (note 5)	16,257.29	9,912.94
Interest accrued but not due on borrowings	468.92	803.71
Interest accrued and due on borrowings	41.37	19.02
Statutory dues payable	205.29	80.58
Employee related payables	206.05	252.19
Debenture application money	509.72	149.20
Book overdraft	27.43	9.43
Auction surplus	381.60	488.10
Unmatured finance charge	-	19.01
Retention deposit	28.75	28.74
Others	27.55	61.60
Unclaimed matured Non convertible debenture	273.83	-
Unclaimed dividend	9.03	4.43
Unclaimed matured deposits	0.50	0.62
Unclaimed matured subordinate bonds	2.30	4.06
Provision for litigation claim	12.19	-
Interim dividend payable	863.69	-
	19,315.51	11,833.63
	19,703.09	12,204.19

Note -1

There are no Micro and Small Enterprises, A4 to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2013 and March 31, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

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

Notes

to the Financial statements for the year ended March 31, 2013

	As at March 31, 2013	As at March 31, 2012
NOTE: 9		
Short term provisions		
Provision for employee benefits		
Provision for leave encashment	81.51	24.26
	81.51	24.26
Other provisions		
Provision for non performing loan portfolio	429.81	296.17
Provisions for taxation (net of advance tax and tax deducted at source)	-	55.63
Proposed dividend payable	-	841.15
Provision for tax on proposed equity dividend	-	136.44
Provision for standard assets	246.20	240.23
	676.01	1,569.62
	757.52	1,593.88

	Freehold Land*	Building	Office equipment**	Computer equipment	Furniture and Fittings	Vehicle***	Plant & Machinery	Total
NOTE: 10A								
Tangible assets								
Cost								
At April 01, 2011	31.32	81.14	172.96	362.65	978.94	22.43	2.38	1,651.82
Additions	41.21	18.86	160.06	292.10	751.69	9.18	38.70	1,311.80
Deletions	-	-	-	11.62	0.18	1.26	-	13.06
At March 31, 2012	72.53	100.00	333.02	643.13	1,730.45	30.35	41.08	2,950.56
Cost								
At April 01, 2012	72.53	100.00	333.02	643.13	1,730.45	30.35	41.08	2,950.56
Additions	10.55	26.56	47.14	188.81	193.92	4.15	3.19	474.32
Deletions	1.20	5.54	1.92	25.07	10.50	0.49	-	44.72
At March 31, 2013	81.88	121.02	378.24	806.87	1,913.87	34.01	44.27	3,380.16
Accumulated Depreciation								
At April 01, 2011	-	0.93	40.17	162.63	125.61	3.42	0.04	332.80
Charge for the year	-	1.54	40.57	162.37	258.07	2.46	0.97	465.98
Deletions	-	-	-	11.49	0.06	0.39	-	11.94
At March 31, 2012	-	2.47	80.74	313.51	383.62	5.49	1.01	786.84
Accumulated Depreciation								
At April 01, 2012	-	2.47	80.74	313.51	383.62	5.49	1.01	786.84
Charge for the year	-	1.64	158.72	211.04	218.42	3.09	2.13	595.04
Disposals	-	0.17	1.14	22.61	4.43	0.41	-	28.76
At March 31, 2013	-	3.94	238.32	501.94	597.61	8.17	3.14	1,353.12
Net Block at March 31, 2012	72.53	97.53	252.28	329.62	1,346.83	24.86	40.07	2,163.72
Net Block at March 31, 2013	81.88	117.08	139.92	304.93	1,316.26	25.84	41.13	2,027.04

Borrowing costs of ₹ 17.47 (previous year ₹ 3) has been capitalised under capital work in progress for eligible assets

** Also, refer note 2(c) for change in estimate in useful lives of office equipments.

*** Includes vehicles taken on finance lease/hire purchase- Gross block ₹ 20.79 (Previous year ₹ 22.47): Depreciation for the year ₹ 1.83 (Previous year ₹ 1.82) and Net block ₹ 16.84 (Previous Year ₹ 19.73)

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

Notes

to the Financial statements for the year ended March 31, 2013

Computer Software	
NOTE: 10B	
Intangible assets	
Cost	
At April 01, 2011	80.83
Purchase	33.57
Deletions	-
At March 31, 2012	114.40
Cost	
At April 01, 2012	114.40
Purchase	25.46
Deletions	4.37
At March 31, 2013	135.49
Amortisation	
At April 01, 2011	20.99
Charge for the year	16.88
Deletions	-
At March 31, 2012	37.87
Amortisation	
At April 01, 2012	37.87
Charge for the year	22.05
Deletions	2.31
At March 31, 2013	57.61
Net block	
At March 31, 2012	76.53
At March 31, 2013	77.88

	As at March 31, 2013	As at March 31, 2012
NOTE: 11A		
Non-current investments		
Trade investments (Unquoted, at cost)		
Nil (previous year: 100) Non Convertible Subordinated bonds of ₹ 1,000,000/- each fully paid in Yes Bank Limited	-	100.00
50 (previous year: Nil) Non Convertible Subordinate bonds of ₹ 1,000,000/- each fully paid in Dhanalaxmi Bank Limited	50.00	-
Other than trade (Unquoted, at cost)		
1,000 (Previous year - 1,000) equity share of ₹ 10/- each fully paid in The Catholic Syrian Bank Limited.	0.03	0.03
	50.03	100.03

Note :

1. Aggregate amount of unquoted investments	50.03	100.03
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(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Financial statements for the year ended March 31, 2013

	As at March 31, 2013	As at March 31, 2012
NOTE: 11B		
Current Investments (Unquoted, at net asset value)		
14,455,619.44 (previous year - Nil) of ₹ 27.6709/- each in SBI Mutual Fund - SBI Magnum Income Fund - Regular plan-Growth	420.66	-
965,614.49 (previous year - Nil) of ₹ 2,589.025 /- each in SBI Mutual Fund - SBI Magnum Insta Cash Fund- Direct Plan- Cash	2,502.59	-
309,066,464.74 (previous year - Nil) of ₹ 12.9422 /- each in Peerless Mutual Fund - Ultra Short term Fund - Direct Plan Growth	4,002.45	-
Nil (previous year - 40,000,000) of ₹ 10/- each in SBI Mutual Fund - Debt Fund Series - 367 Days - 9- Growth	-	413.06
Nil (previous year - 541,448.1297) of ₹ 1,662.2089/- each in SBI Mutual Fund - Premier Liquid Fund -Super Institutional Growth Plan	-	912.91
Nil (previous year - 220,366.909) of ₹ 1,134.4716/- each in IDBI Liquid Fund Growth	-	253.61
Nil (previous year - 11,494,992.7811) of ₹ 21.7486/- each in Kotak Liquid (Institutional Premium) Growth	-	250.09
Nil (previous year - 249,870.142) of ₹ 1,000.5197/- each in Daiwa Liquid Fund Institutional Plan Daily Dividend Option Growth	-	252.72
	6,925.70	2,082.39

Note :

1. Aggregate amount of unquoted investments (Cost)	6,900.00	2,050.00
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	As at March 31, 2013	As at March 31, 2012
NOTE: 12		
Deferred tax assets (net)		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting.	-	(20.56)
Gross deferred tax liability	-	(20.56)
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting.	27.53	-
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	27.71	7.87
Provision for advances	258.94	201.67
Others	154.13	-
Gross deferred tax asset	468.31	209.54
Net deferred tax asset	468.31	188.98

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

Notes

to the Financial statements for the year ended March 31, 2013

	Non-current		Current	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
NOTE: 13				
Loans and advances				
Portfolio Loan				
Secured, considered good				
- Gold	-	-	99,034.11	95,882.49
- Other loans	11.16	45.71	88.36	153.50
	11.16	45.71	99,122.47	96,035.99
Secured, considered doubtful#				
Gold	-	-	423.96	280.66
Other loans	-	-	4.66	-
Portfolio Loan				
Unsecured, considered good				
- Other loans	-	7.23	-	3.15
Unsecured, considered doubtful#	-	-	1.19	15.51
Loan and advances to related parties (Note 24)	-	-	-	12.37
Unsecured, considered good				
Advances recoverable in cash or kind *				
Unsecured, considered good	-	-	268.94	76.30
Unsecured, considered doubtful	-	-	85.80	85.19
	-	-	354.74	161.49
Less: Provision for doubtful advances	-	-	(85.80)	(85.19)
	-	-	268.94	76.30
Deposits (Unsecured, considered good)				
Rental deposits	417.00	451.54	106.62	105.12
Other security deposits	-	-	17.42	47.51
	417.00	451.54	124.04	152.63
Service tax and other taxes recoverable, from Government (Unsecured, considered good)	-	-	40.67	44.85
Capital advances (Unsecured, considered good)	-	18.54	-	-
TOTAL	428.16	523.02	99,985.93	96,621.46

* Advances recoverable in cash or kind includes dues from relative of directors and related parties 4.87

Provision for the same has been disclosed separately under note 9. Also refer note 32(a)

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

Notes

to the Financial statements for the year ended March 31, 2013

	Non-current		Current	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
NOTE: 14				
Other assets				
Non-current bank deposits (note 15)	658.79	281.13	-	-
(A)	658.79	281.13	-	-
Interest accrued:				
Secured, considered good				
Loan Portfolio	-	-	6,452.68	8,913.91
Fixed deposits and investment	9.54	1.56	83.63	119.22
Secured, considered doubtful				
Loan Portfolio	-	-	441.28	-
Less : Provision for doubtful receivable	-	-	(441.28)	-
Provisions for taxation (net of advance tax and tax deducted at source)	812.55	-	-	-
Gold Coin/Auctioned gold	-	-	2.12	1,225.41
Ancillary cost of arranging the borrowings	48.93	51.91	102.16	95.15
Others	-	-	1.79	2.88
(B)	871.02	53.47	6,642.38	10,356.57
TOTAL (A + B)	1,529.81	334.60	6,642.38	10,356.57

	Non-current		Current	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
NOTE: 15				
Cash and bank balances				
Cash and cash equivalents				
Balances with banks:				
On current accounts	-	-	3,800.22	3,413.83
Deposits with original maturity of less than three months	-	-	100.01	30.00
Unpaid matured deposit #	-	-	0.50	0.62
On unpaid dividend account ##	-	-	872.73	4.44
Cash on hand	-	-	1,700.11	1,055.23
	-	-	6,473.57	4,504.12
Other bank balances				
Deposits with original maturity of less than 3 months*	-	-	-	25.00
Deposits with original maturity for more than 3 months but less than 12 months*	-	-	34.56	3,039.93
Deposits with original maturity for more than 12 months*	658.79	281.13	2,327.95	608.03
	658.79	281.13	2,362.51	3,672.96
Amount disclosed under non-current assets (note 14)	658.79	281.13	-	-
	-	-	8,836.08	8,177.08

* Includes:

- a) Cash collateral deposits aggregating ₹ 2,425.48 (Previous year: ₹ 3,421.49) towards approved bank facilities; and
b) Employee security deposits aggregating ₹ 204.25 (previous year: ₹ 23.27) placed as fixed deposits with banks.
These are not freely available to the Company and accordingly, have not been considered as cash and cash equivalents.

includes amounts in Escrow account towards closed public deposits ₹ 0.50 (previous year: ₹ 0.62).

Includes interim dividend declared as on March 13, 2013 amounting to ₹ 863.69.

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

Notes

to the Financial statements for the year ended March 31, 2013

	As at March 31, 2013	As at March 31, 2012
NOTE: 16		
Revenue from operations		
Interest Income		
- Gold loans	22,126.66	26,093.01
- Hypothecation and hire purchase loans	-	2.28
- Other loans	14.94	24.68
Revenue from other services		
- Money transfer	31.01	34.58
- Others	0.53	0.93
Revenue from operations	22,173.14	26,155.48

	As at March 31, 2013	As at March 31, 2012
NOTE: 17		
Other Income		
Interest income on		
Bank and other deposits	323.81	221.20
Net gain on sale of current investments	39.81	45.56
Gain on unquoted mutual funds	25.70	32.39
Profit on sale of fixed assets (net)	2.01	1.93
Bad debts recovered	33.46	3.97
Foreign exchange gain (net)	-	0.02
Other non-operating income	43.35	97.90
	468.14	402.97

	As at March 31, 2013	As at March 31, 2012
NOTE: 18		
Finance Cost		
Interest		
- on Debentures	1,715.34	1,387.55
- on Deposits	-	1.58
- on Bank and other borrowings	8,747.22	6,830.75
- on Subordinate bonds and loans	606.00	440.60
- on Commercial papers	350.50	1,719.42
- Others	1.33	16.86
Other borrowing cost	474.47	494.24
	11,894.86	10,891.00

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

Notes

to the Financial statements for the year ended March 31, 2013

	As at March 31, 2013	As at March 31, 2012
NOTE: 19		
Employee benefit expense		
Salaries, wages and bonus	3,075.88	2,797.95
Contribution to provident and other funds	308.57	271.95
Staff welfare expenses	24.87	20.21
	3,409.32	3,090.11

	As at March 31, 2013	As at March 31, 2012
NOTE: 20		
Other expenses		
Electricity	128.10	73.92
Rent	850.08	602.39
Rates and taxes	62.61	61.03
Insurance	39.28	40.22
Repairs and maintenance		
- Vehicles	4.35	4.04
- Others	30.10	68.40
Advertising and sales promotion	293.69	798.72
Travelling and conveyance	106.87	184.94
Communication costs	94.81	103.08
Printing and stationery	60.70	69.67
IT Support costs	228.34	195.46
Legal and professional fees	153.73	105.81
Security charges	709.69	549.54
Bad debts/advances written off	230.79	87.31
Provision for non performing assets, net of bad debts written off	133.64	140.54
Provision for doubtful advances and receivables	441.89	301.21
Provision for standard assets	5.97	81.76
Miscellaneous expenses	80.33	82.23
	3,654.97	3,322.42
Legal and professional charges include Payment to auditors:		
As auditor:		
Audit fee	2.75	2.75
Limited reviews	2.40	1.80
Certification fees	0.88	0.65
Other fees	0.65	-
Reimbursement of expenses	0.29	0.25
	6.97	5.45

	As at March 31, 2013	As at March 31, 2012
NOTE: 21		
Depreciation and amortisation expense		
Depreciation	595.04	465.98
Amortisation of intangible assets	22.05	16.88
	617.09	482.86

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

Notes

to the Financial statements for the year ended March 31, 2013

	As at March 31, 2013	As at March 31, 2012
NOTE: 22		
Earnings per share (EPS)		
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Net profit for calculation of basic EPS	2,084.32	5,914.61
Weighted average number of equity shares in calculating basic EPS (Nos.)	841,173,459	837,277,508
Effect of dilution:		
Stock options granted under ESOP (Nos.)	70,104	3,956,645
Weighted average number of equity shares in calculating diluted EPS (Nos.)	841,243,563	841,234,153

NOTE: 23

Employee Stock Option Scheme (ESOS), 2009

The details of the Employee Stock Option Scheme 2009 are as under:

Date of shareholders' approval	August 17, 2009
Number of options approved	1,000,000
Date of grant	August 17, 2009
Number of options granted	829,500
Method of settlement	Equity
Graded Vesting	50% after one year from the date of grant i.e. August 16, 2010 and balance 50% after two years from the date of grant i.e. August 16, 2011
Exercisable period	4 years from vesting date
Vesting conditions	On achievement of pre-determined performance parameters.

Subsequent to the share split and bonus issue in an earlier year, the number of options has been adjusted to 8,295,000 options and the exercise price has been adjusted to ₹ 33.12/- per share in accordance with the terms of the scheme. Further, subsequent to bonus issue in the previous year, the exercise price has been adjusted to ₹ 16.56/-

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 March 31, 2013	As at March 31, 2012
Options outstanding, beginning of year	120,000	4,094,880
Increase on account of Bonus issue	-	4,094,880
Lapsed Options restored during the year	-	30,000
Options exercised during the year	(54,000)	(7,404,760)
Options lapsed during the year	-	(695,000)
Options outstanding, end of year	66,000	120,000
Options outstanding at the yearend comprise of :		
- Options eligible for exercise at year end	66,000	120,000
- Options not eligible for exercise at year end	-	-
Weighted average remaining contract life of options	5 month	1 years 5 month
Weighted average market price of share exercised	₹ 41.08/-	₹ 51.06/-

The options outstanding at March 31, 2013 had an exercise price of ₹ 16.56/-

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

Notes

to the Financial statements for the year ended March 31, 2013

The fair value of options estimated at the date of grant using the Black-Schools method and the assumptions used are as under:

Particulars	Vesting I August 16, 2010	Vesting II August 16, 2011
	50%	50%
Option fair value (pre-split and bonus at a face value of ₹ 10/- per share)	₹ 142.43	₹ 157.92
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 of ₹ 10/-)	₹ 331.15/-	₹ 331.15/-

The expected volatility of the stock has been determined based on historical volatility of the stock. The period over which volatility has been considered is the expected life of the option.

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 recognised based on the fair value at the date of grant in accordance with Black-Schools method, the amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	Profit after tax	Basic EPS (₹)	Diluted EPS (₹)
Year ended March 31, 2013			
- Amounts as reported	2,084.32	2.48	2.48
- Amounts as per pro-forma	2,084.32	2.48	2.48

Particulars	Profit after tax	Basic EPS (₹)	Diluted EPS (₹)
Year ended March 31, 2012			
- Amounts as reported	5,914.61	7.06	7.03
- Amounts as per pro-forma	5,902.89	7.05	7.02

Particulars	Associates/Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel		Relatives of key management personnel		TOTAL	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
NOTE: 24								
Related party transactions								
Debentures and Subordinate Bond issued during the period	-	-	-	-	0.19	5.20	0.19	5.20
Mr. V.P.Nandakumar	-	-	-	-	-	-	-	-
Mrs. Sathyaekshmi	-	-	-	-	-	0.64	-	0.64
Mrs. Rajalakshmi Raveendra Babu	-	-	-	-	-	2.20	-	2.20
Ms. Biji Babu	-	-	-	-	-	0.80	-	0.80
Mrs.Meenakshy Amma	-	-	-	-	-	1.02	-	1.02
Mrs. Geetha Ravi	-	-	-	-	-	0.29	-	0.29
Mrs. Shelly Ekalavyan	-	-	-	-	0.19	0.25	0.19	0.25

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

Notes

to the Financial statements for the year ended March 31, 2013

Particulars	Associates/Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel		Relatives of key management personnel		TOTAL	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Debentures and Subordinate Bond redeemed during the period	-	-	-	-	1.49	0.83	1.49	0.83
Mrs. Sathyaekshmi	-	-	-	-	0.04	0.72	0.04	0.72
Mrs. Meenakshy Amma	-	-	-	-	1.04	-	1.04	-
Mrs. Geeta Ravi	-	-	-	-	0.29	0.11	0.29	0.11
Mrs. Shelly Ekalavyan	-	-	-	-	0.12	-	0.12	-
Interest paid	-	-	-	-	0.17	0.08	0.17	0.08
Mrs. Sathyaekshmi	-	-	-	-	0.00	0.07	0.00	0.07
Mrs. Geeta Ravi	-	-	-	-	0.02	0.01	0.02	0.01
Mrs. Meenakshy Amma	-	-	-	-	0.14	-	0.14	-
Mrs. Shelly Ekalavyan	-	-	-	-	0.01	-	0.01	-
Commission paid to Directors	-	-	8.20	5.28	-	-	8.20	5.28
Mr. V.P.Nandakumar	-	-	5.10	-	-	-	5.10	-
Mr. I Unnikrishnan	-	-	1.70	2.88	-	-	1.70	2.88
Mr. Raveendra Babu	-	-	1.40	2.40	-	-	1.40	2.40
Remuneration Paid to Directors	-	-	48.31	40.32	-	-	48.31	40.32
Mr. V.P.Nandakumar	-	-	31.67	25.20	-	-	31.67	25.20
Mr. I Unnikrishnan	-	-	9.24	8.40	-	-	9.24	8.40
Mr. Raveendra Babu	-	-	7.40	6.72	-	-	7.40	6.72
Advances made	-	-	-	-	-	1.76	-	1.76
Mrs. Jyothi Prasannan	-	-	-	-	-	1.34	-	1.34
Sooraj Nandan	-	-	-	-	-	0.42	-	0.42
Donation made	18.75	8.17	-	-	-	-	18.75	8.17
Manappuram Foundations	18.75	8.17	-	-	-	-	18.75	8.17
Rent Paid	-	-	1.06	1.55	-	-	1.06	1.55
Mr. V.P.Nandakumar	-	-	0.87	1.55	-	-	0.87	1.55
Mr. Suhas Nandan	-	-	0.09	-	-	-	0.09	-
Mrs. Sumitha Nandakumar	-	-	0.10	-	-	-	0.10	-
Rent Received	0.08	0.26	-	-	-	-	0.08	0.26
Manappuram Jewellers Private Limited	0.07	0.06	-	-	-	-	0.07	0.06
Manappuram Asset Finance Limited	-	0.02	-	-	-	-	-	0.02
Manappuram Insurance Brokers Private Limited	0.01	0.18	-	-	-	-	0.01	0.18
Sale of gold	-	769.55	-	-	-	-	-	769.55
Manappuram Jewellers Limited	-	769.55	-	-	-	-	-	769.55
Other Income	-	1.91	-	-	-	-	-	1.91
Manappuram Jewellers Limited	-	1.89	-	-	-	-	-	1.89
Others	-	0.02	-	-	-	-	-	0.02
Service charges from related party	-	12.37	-	-	-	-	-	12.37
Manappuram Agro farms	-	10.22	-	-	-	-	-	10.22
Manappuram Jewellers Limited	-	0.82	-	-	-	-	-	0.82
Manappuram Chits (India) Limited	-	0.07	-	-	-	-	-	0.07
Manappuram Chits India	-	1.23	-	-	-	-	-	1.23

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

Notes

to the Financial statements for the year ended March 31, 2013

Particulars	Associates/Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel		Relatives of key management personnel		TOTAL	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Manappuram Chit Funds Company Private Limited	-	0.03	-	-	-	-	-	0.03
Manappuram Chits Company (Karnataka) Private Limited	-	0.00	-	-	-	-	-	-
Maben Nidhi Limited	-	-	-	-	-	-	-	-
Manappuram Asset Finance Limited	-	-	-	-	-	-	-	-
Manappuram Finance	-	-	-	-	-	-	-	-
Purchase of assets	31.54	-	3.65	35.58	-	-	35.19	35.58
Mr. V.P.Nandakumar	-	-	3.65	35.58	-	-	3.65	35.58
Maben Nidhi Limited	31.36	-	-	-	-	-	31.36	-
Manappuram Jewellers Limited	0.18	-	-	-	-	-	0.18	-
Sale of assets	8.57	-	-	-	-	-	8.57	-
Manappuram Jewellers Limited	0.29	-	-	-	-	-	0.29	-
Manappuram Asset Finance Limited	5.99	-	-	-	-	-	5.99	-
Manappuram Foundation	0.04	-	-	-	-	-	0.04	-
Maben Nidhi Limited	2.16	-	-	-	-	-	2.16	-
Manappuram Healthcare Limited	0.09	-	-	-	-	-	0.09	-
Rent advance refunded by	15.74	-	0.24	-	-	-	15.98	-
Mr. V. P Nandakumar	-	-	0.24	-	-	-	0.24	-
Manappuram Jewellers Limited	15.42	-	-	-	-	-	15.42	-
Manappuram Asset Finance Limited	0.10	-	-	-	-	-	0.10	-
Manappuram Insurance Brokers Private Limited	0.02	-	-	-	-	-	0.02	-
Manappuram Agro firms	0.10	-	-	-	-	-	0.10	-
Manappuram Travels	0.10	-	-	-	-	-	0.10	-
Balance outstanding as at the period end:								
Amounts payable (net) to related parties	-	-	8.20	5.28	8.10	6.62	16.30	11.90
Mr. V P Nandakumar			5.10					
Mr. I Unnikrishnan		-	1.70	2.88	-	-	1.70	2.88
Mr. Raveendra Babu		-	1.40	2.40	-	-	1.40	2.40
Mrs. Rajalakshmi Raveendra Babu		-	-	-	2.08	3.08	2.08	3.08
Ms. Biji Babu			-		0.81	0.81	0.81	0.81
Mrs. Sathyalakshmy		-	-	-	1.08	1.15	1.08	1.15
Mrs. Meenakshy Amma		-	-	-	-	1.04	-	1.04
Mrs. Geetha Ravi		-	-	-	-	0.29	-	0.29
Mrs. Shelly Ekalavyan					4.13	0.25	4.13	0.25
Amounts receivables (net) from related parties	-	12.45	-	-	-	4.88	-	17.33
Manappuram Agro firms	-	10.22	-	-	-	-	-	10.22
Manappuram Chits India	-	1.23	-	-	-	-	-	1.23
Mrs. Jyothi Prasannan	-	-	-	-	-	3.86	-	3.86
Others	-	1.00	-	-	-	1.02	-	2.02

Related parties have been identified on the basis of declaration received by the Company from its directors and other records available. The same has been relied upon by the auditors.

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

Notes

to the Financial statements for the year ended March 31, 2013

Names of related parties

Associates/Enterprises owned or significantly influenced by key management personnel or their relatives	Maben Nidhi Limited
	Manappuram Chits (India) Limited
	Manappuram Asset Finance Limited
	Manappuram Insurance Brokers Private Limited
	Manappuram Jewellers Limited
	Manappuram Healthcare Limited
	Manappuram Foundations (charitable trust)
	Manappuram Chits India
	Manappuram Agro farms (Sole proprietorship)
	Manappuram Chit Funds Company Private Limited
	Manappuram Chits Company (Karnataka) Private Limited
	Manappuram Travels
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
	Mr. Suhas Nandan
	Mrs. Jyothi Prasannan
	Mrs. Shelly Ekalavyan
	Mrs. Geetha Ravi
	Mrs. Rajalakshmi Raveendra Babu
	Mrs. Sathyalakshmi
	Mrs. Meenakshy Amma

NOTE: 25

Employment benefits disclosures:

The amounts of Provident fund contribution charged to the Profit and loss account during the year aggregates to ₹ 173.20 (Previous year - ₹ 173.97).

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 Life Insurance Corporation of India and Kotak Life Insurance.

The following tables summaries 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.

Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost

Particulars	As at March 31, 2013	As at March 31, 2012
Current service cost	44.89	41.33
Interest cost on benefit obligation	6.51	4.31
Expected return on plan assets	(7.39)	(4.86)
Net actuarial loss recognised in the year	(7.33)	(21.69)
Net (benefit)/expense	36.68	19.09
Actual return on plan assets	8.46	5.26

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

Notes

to the Financial statements for the year ended March 31, 2013

Balance sheet

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

Particulars	As at March 31, 2013	As at March 31, 2012
Defined benefit obligation	(107.98)	(75.65)
Fair value of plan assets	110.34	81.72
Asset/(liability) recognised in the balance sheet	2.36	6.07
Experience adjustments on plan liabilities (Gain)/Loss	(8.57)	(26.07)
Experience adjustments on plan assets Gain/(Loss)	1.07	0.42

Particulars	As at March 31, 2011
Defined benefit obligation	(51.91)
Fair value of plan assets	37.09
Asset/(liability) recognised in the balance sheet	(14.82)
Experience adjustments on plan liabilities (Gain)/Loss	14.90
Experience adjustments on plan assets Gain/(Loss)	0.15

There are no experience adjustments for the years ended March 31, 2010 and March 31, 2009.

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

Particulars	As at March 31, 2013	As at March 31, 2012
Opening defined benefit obligation	75.65	51.91
Interest cost	6.51	4.31
Current service cost	44.89	41.33
Benefits paid	(12.81)	(0.63)
Actuarial loss/(gain) on obligation	(6.26)	(21.27)
Closing defined benefit obligation	107.98	75.65

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

Particulars	As at March 31, 2013	As at March 31, 2012
Opening fair value of plan assets	81.72	37.09
Expected return	7.39	4.86
Contributions by employer	32.97	39.98
Benefits paid	(12.81)	(0.63)
Actuarial gains/(losses)	1.07	0.42
Closing fair value of plan assets	110.34	81.72

The Company expects to contribute ₹ 10 to gratuity in the next year (March 31, 2012 ₹ 30)

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

Notes

to the Financial statements for the year ended March 31, 2013

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

	March 31, 2013	March 31, 2012
	%	%
Discount rate	7.9%	8.6%
Expected rate of return on assets	8.5%	8.5%

The fund is administered by Life Insurance Corporation of India ("LIC") and Kotak Life Insurance. 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.

NOTE: 26

Commitments

- Estimated amount of contracts remaining to be executed on capital account, net of advances is ₹ 51.59 (Previous year - ₹ 127.90).
- The Company has entered into an agreement for outsourcing of Information Technology support in April 2011 for a period of 10 years with an annual expense of ₹ 270.

	March 31, 2013	March 31, 2012
NOTE: 27		
Contingent liabilities		
(a) The Company is contingently liable to banks and other financial institutions with respect to assignment of gold loans to the extent of the collateral deposits/ guarantees. Management does not expect the contingency to dwell on the Company.	1.94	2,600.72
TOTAL	1.94	2,600.72

(b) 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 Hon'ble 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.

(c) Show cause notice from Reserve Bank of India

The Company has received a show cause notice from the Reserve Bank of India on May 7, 2012 with certain observations made pursuant to their inspection of books and records of the Company. The Company has submitted a detailed reply on May 21, 2012 to the Reserve Bank of India and no further communication has been received from the Reserve Bank of India in this matter.

(d) Provision for litigation claim

During the year the Company has made provision for the litigation claim related to the civil and consumer cases amounting to ₹ 12.19 on prudence basis.

NOTE: 28

Additional disclosures as required by circular no DNBS(PD).CC.No.125/03.05.002/2008-2009 dated August 1, 2008 issued by the Reserve Bank of India:

a) Capital to Risk Assets Ratio (CRAR)

Particulars	March 31, 2013	March 31, 2012
CRAR (percent)	22.67	23.38
CRAR - Tier I Capital (percent)	20.59	20.64
CRAR - Tier II Capital (percent)	2.08	2.74

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

Notes

to the Financial statements for the year ended March 31, 2013

b) Exposure to real estate sector

The Company does not have any direct or indirect exposure towards real estate sector.

c) Asset liability management

Maturity pattern of certain items of assets and liabilities as at March 31, 2013

Liabilities	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	TOTAL
Borrowings from banks	7,092.66	6,553.04	5,473.65	10,502.12	40,705.58	3,061.54	61.54	23.07	73,473.20
Market borrowings #	620.89	0.35	949.46	547.08	1,360.69	1,149.14	11.14	-	4,638.75

Assets @	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	TOTAL
Advances (net)	11,930.40	9,666.20	7,529.40	21,786.80	48,645.98	-	-	-	99,558.78
Investments	6,503.53	-	1.50	-	420.70	-	-	50.00	6,975.73

Represents working capital demand loans from others and commercial papers under Note 7 and vehicle loans under Note 5

Maturity pattern of certain items of assets and liabilities as at March 31, 2012

Liabilities	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	TOTAL
Borrowings from banks	2,755.86	6,000.00	14,122.04	14,355.24	29,438.69	1,000.00	-	112.00	67,783.83
Market borrowings #	337.65	1,179.82	1,389.48	668.57	2,571.37	6.85	-	-	6,153.74

Assets @	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	TOTAL
Advances (net)	19,592.93	13,681.83	10,588.72	17,307.17	35,164.66	52.94	-	-	96,388.25
Investments	1,669.33	-	-	-	413.06	0.03	-	100.00	2,182.42

Represents working capital demand loans from others and commercial papers under Note 7 and vehicle loans under Note 5

These disclosures are given only for certain items of assets and liabilities from the Balance sheet as required by the above circular and is not a complete depiction of the asset liability maturity position of the Company as at March 31, 2013 and March 31, 2012.

@ The asset maturity pattern are based on expected collections pattern of the Company based on past experience.

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

Notes

to the Financial statements for the year ended March 31, 2013

NOTE: 29

Lease Disclosures

Operating Lease:

Office premises are obtained on operating lease which are cancellable in nature. Operating lease payments are recognised as an expense in the statement of profit and loss.

Finance Leases:

The Company has finance leases for vehicles. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

Particulars	March 31, 2013	March 31, 2012
Total minimum lease payments at the year end	9.04	13.40
Less: amount representing finance charges	0.89	1.44
Present value of minimum lease payments	8.15	11.96
Lease payments for the year	5.20	6.49
Minimum lease Payments:		
Not less than one year [Present value ₹ 4.22 as on March 31, 2013 (₹ 4.84 as on March 31, 2012)]	4.76	5.96
Later than one year but not later than five years [Present value ₹ 3.97 as on March 31, 2013 (₹ 7.12 as on March 31, 2012)]	4.28	7.44

NOTE: 30

Assignment of Receivables

The Company has assigned a portion of its gold loans to banks and financial institution. The aggregate amount of assignment as at March 31, 2013 is ₹ Nil (Previous year 19,163.62). These amounts have been reduced from the gross loan and hypothecation loan balances. Bank/ Institution wise breakup of the same is as under.

Bank/Financial institution	March 31, 2013	March 31, 2012
Kotak Mahindra Bank Ltd	-	2,728.71
ICICI Bank Ltd	-	2,990.62
Federal Bank Ltd	-	750.00
Punjab National Bank	-	199.77
IDBI Bank Ltd	-	6,844.35
Dhanlaxmi Bank Ltd	-	2,208.02
Yes Bank Ltd	-	3,442.15
	-	19,163.62

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

Notes

to the Financial statements for the year ended March 31, 2013

NOTE: 31

Cash collateral deposits

Deposit with Banks includes Cash collaterals deposits aggregating ₹ 2,425.48 (Previous year ₹ 3,421.49) towards assignments and other approved facilities. Bank/institution wise breakup of the same is as under :

Bank/Financial institution	March 31, 2013	March 31, 2012
Andhra Bank	250.00	206.93
Aditya Birla Finance Ltd (with CSB)	-	6.25
Central Bank	175.00	-
DBS Bank Ltd	-	37.50
Development Credit Bank Ltd	-	25.00
Dena Bank	-	50.00
Dhanlaxmi Bank Ltd	50.46	425.82
The Federal Bank Ltd	50.00	200.00
HDFC Bank Ltd	125.79	110.35
ICICI Bank Ltd	-	243.44
IDBI Bank Ltd	-	376.13
Indian Overseas Bank	275.00	292.54
The Jammu and Kashmir Bank Ltd	325.00	125.00
The Karnataka Bank Ltd	-	25.00
The Karur Vysya Bank Ltd	25.00	12.50
Kotak Mahindra Bank Ltd	41.73	38.37
Punjab National Bank	-	25.00
The South Indian Bank Ltd	180.00	186.99
State Bank of India	420.00	400.00
State Bank of Mauritius Ltd	40.00	25.00
State Bank of Mysore	50.00	-
United Bank of India	250.00	150.00
Vijaya Bank	100.00	100.00
Yes Bank Ltd	2.50	359.67
Uco Bank	65.00	-
	2,425.48	3,421.49

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

Notes

to the Financial statements for the year ended March 31, 2013

NOTE 32 (A)

Gold and other loan portfolio classification and provision for non performing assets (As per RBI Prudential Norms)

Particulars	Gross Loan Outstanding		Provision For Assets		Net Loan Outstanding	
	March, 2013	March, 2012	March, 2013	March, 2012	March, 2013	March, 2012
Secured Loans						
A) Gold Loan						
Standard Asset	98,292.92	95,532.17	246.03	239.70	98,046.89	95,292.47
Sub Standard Asset	805.11	376.42	80.51	37.64	724.60	338.78
Doubtful Asset	92.91	15.08	76.33	3.54	16.58	11.54
Loss Asset	267.13	239.48	267.13	239.48	-	-
TOTAL - A	99,458.07	96,163.15	670.00	520.36	98,788.07	95,642.79
B) Other Loans						
Standard Asset	69.88	199.21	0.17	0.50	69.71	198.71
Sub Standard Asset	23.82	-	2.38	-	21.44	-
Doubtful Asset	10.48	-	2.27	-	8.21	-
Loss Asset	-	-	-	-	-	-
TOTAL - B	104.18	199.21	4.82	0.50	99.36	198.71
TOTAL (A+B+C+D)	99,562.25	96,362.36	674.82	520.86	98,887.43	95,841.50
Unsecured Loans						
A) Other Loans						
Standard Asset	-	10.38	-	0.03	-	10.35
Sub Standard Asset	-	-	-	-	-	-
Doubtful Asset	1.19	15.51	1.19	15.51	-	-
Loss Asset	-	-	-	-	-	-
TOTAL	1.19	25.89	1.19	15.54	-	10.35

NOTE 32 (B)

Provision for diminution in value of investments

Bank/Financial institution	March 31, 2013	March 31, 2012
Provision for diminution in value of investments	-	-

NOTE: 33

Additional disclosures as required by circular no DNBS.CC.PD.No.265/03.10.01/2011-2012 dated March 21, 2012 issued by the Reserve Bank of India:

Particulars	March 31, 2013	March 31, 2012
Total Gold loan portfolio	99,458.07	96,163.15
Total Assets	127,278.46	120,768.42
Gold loan portfolio as a percentage of total assets	78.14%	79.63%

NOTE: 34

Expenditure in foreign currency

Particulars	March 31, 2013	March 31, 2012
Travel	0.82	0.14
	0.82	0.14

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

Notes

to the Financial statements for the year ended March 31, 2013

NOTE: 35

Value of imports on C.I.F basis

Particulars	March 31, 2013	March 31, 2012
Capital goods	24.74	30.97
	24.74	30.97

NOTE: 36

Transactions with related parties

a) Remuneration to relatives of director

The Company had in the previous year filed an application to Central Government for waiver of remuneration paid in earlier years to relatives of director, holding office or place of profit in the Company amounting to ₹ 4.87. During the year, the Company has received a favourable order from the Central Government waiving the recovery of remuneration paid to them in the earlier years except to the extent of ₹ 0.43 and the Company has recovered the same.

b) Transactions under Section 297 of the Companies Act, 1956

During the year the Company has filed application to Central Government/Company Law Board for Compounding certain non compliance relating to earlier years under provision of section 297 of the Companies Act, 1956 in connection with rendering/receiving certain services to/from parties covered under Section 301 of the Companies Act, 1956. The Company has received the compounding orders from the respective authorities and paid the compounding fees.

NOTE: 37

Loan To Value ('LTV') calculation:

The Reserve Bank of India vide its Notification No DNBS(PD). 241/CGM(US)-2012 dated March 21, 2012, requires NBFCs to maintain a Loan to Value (LTV) ratio not exceeding 60% for loans granted against the collateral of gold Jewellery.

As per our report of even date

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W

per S. Balasubrahmanyam

Partner

Membership no.: 053315

Date : May 15, 2013

Place: Chennai

V. P. Nandakumar

Managing Director & CEO

Date : May 15, 2013

Place: Kochi

The Company has adopted the rates prescribed by the Association of Gold Loan Companies (AGLOC) that factors the making charges involved in the manufacture of ornaments. Management of the Company has also discussed the methodology with the Reserve Bank of India and also communicated the manner of arriving at the LTV to the Reserve Bank of India

NOTE: 38

Under recovery of interest income

During the FY 2011-12 the Company disbursed some gold loans on which the total amount receivable including principal and accumulated interest have exceeded the value of the underlying security. As at March 31, 2013, the Company has not recognised interest income aggregating to ₹ 2,842.5 and has made a provision for doubtful debts to the extent of ₹ 514.35 relating to the said gold loans as a prudent measure.

NOTE: 39

During the year there have been certain instances of fraud on the Company by employees and others where gold loan related misappropriations/cash embezzlements have occurred for amounts aggregating an amount of ₹ 56.34 (net of recoveries of ₹14.61). The Company has fully provided for these amounts in the financial statements and is in the process of recovering these amounts from the employees and taking legal actions.

NOTE: 40

Previous year figures

Previous year figures have been regrouped/reclassified, where necessary, to confirm to this year's classification.

For and on behalf of the Board of Directors

I. Unnikrishnan

Executive Director & Dy. CEO

A. L. Bindu

Chief Financial Officer

B. N. Raveendra Babu

Executive Director

K. Rajesh Kumar

Company Secretary

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

Cash Flow Statement

for the year ended March 31, 2013

	March 31, 2013	March 31, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	3,065.04	8,772.06
Depreciation and amortisation	617.09	482.86
Profit on sale of fixed assets	(2.01)	(1.93)
Net gain on sale of current investments	(39.81)	(45.56)
Gain on unquoted mutual funds	(25.70)	(32.39)
Interest income	(323.81)	(221.20)
Interest expense	11,419.06	10,379.90
Provision for standard assets	5.97	81.76
Bad debts/advances written off/provision for non performing assets and provision for doubtful advances	806.32	301.21
Provision for Litigation claim	12.19	-
Operating profit before working capital changes	15,534.34	19,716.71
Movements in working capital :		
Increase/(decrease) in trade payable	17.02	(29.51)
Increase/(decrease) in other current liabilities and provisions	(178.56)	1,089.66
Decrease/(increase) in long-term loans and advances	94.86	(223.57)
Decrease/(increase) in short-term loans and advances	(4,176.76)	(32,841.72)
Decrease/(increase) in other current assets	3,303.92	(5,439.80)
Increase/(decrease) in Other long term liabilities (net)	181.94	-
Cash generated from/(used in) operations	14,776.76	(17,728.23)
Direct taxes paid (net of refunds)	(2,128.22)	(2,933.68)
Net cash flow from/(used in) operating activities (A)	12,648.54	(20,661.91)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including CWIP	(662.88)	(1,421.69)
Proceeds from sale of fixed assets	20.03	3.05
Purchase of Current Investment	(6,950.00)	(2,850.00)
Sale/maturity of Investment	2,222.20	1,148.73
Decrease/(increase) in other bank balances (net)	1,310.45	(1,663.17)
Interest received	351.42	188.87
Net cash flow from/(used in) investing activities (B)	(3,708.78)	(4,594.21)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of equity share capital	0.89	122.62
Proceeds from Institutional debentures (Long term)	3,936.36	4,510.66
Repayment of Institutional debentures	(2,842.90)	(3,000.00)
Proceeds from issue of Public debentures	-	4,416.19
Repayment of Public debentures	(1,428.87)	-
Proceeds from Institutional debentures (short term)	999.79	500.00
Repayment of Institutional debentures	(500.00)	-
Increase/(decrease) in secured debentures including application money (net)	1,520.55	3,429.06
Proceeds from commercial paper	27,593.84	58,205.77

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

Cash Flow Statement (contd.) for the year ended March 31, 2013

	March 31, 2013	March 31, 2012
Repayment of commercial paper	(29,208.25)	(65,892.70)
Proceeds from subordinated debt (Institutions)	-	500.00
Proceed from Vehicle Loan	1.40	5.76
Repayment of Vehicle Loan	(5.22)	(4.74)
Repayment of Deposits	(0.12)	(12.46)
Proceeds from subordinated Debt	85.57	1,090.92
Repayment of Subordinate Debt	(134.74)	(51.61)
Proceed from Term loan from Bank	9,738.98	2,112.00
Repayment of Term Loan	(1,000.00)	-
Proceeds from Borrowings from Others	1,250.00	3,820.83
Repayment of Borrowings	(3,820.83)	(650.00)
Increase/(decrease) in bank borrowings (net)	(375.55)	27,625.23
Interest expense paid	(11,205.40)	(10,320.50)
Dividends paid	(1,234.67)	(918.50)
Tax on dividend paid	(341.14)	(149.35)
Net cash flow from/(used in) in financing activities (C)	(6,970.31)	25,339.18
Net increase/(decrease) in cash and cash equivalents (A + B + C)	1,969.45	83.06
Cash and cash equivalents at the beginning of the year	4,504.12	4,421.06
Cash and cash equivalents at the end of the year	6,473.57	4,504.12
Components of cash and cash equivalents		
Cash on hand	1,700.11	1,055.23
With banks		
- on current account	3,800.22	3,413.83
- on deposit account	100.01	30.00
- on Unpaid matured deposit account#	0.50	0.62
- on unpaid dividend account *	872.73	4.44
Total cash and cash equivalents (note 15)	6,473.57	4,504.12

includes amounts in Escrow account towards closed public deposits ₹ 0.50 (previous year: ₹ 0.62), which can be utilised towards settlement of deposits.

* includes Interim dividend of ₹ 863.69 declared on March 13, 2013. The Company can utilise the balance only towards the settlement of unpaid dividend liability.

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W

For and on behalf of the Board of Directors

per S. Balasubrahmanyam
Partner
Membership no.: 053315

V. P. Nandakumar
Managing Director & CEO

I. Unnikrishnan
Executive Director & Dy. CEO

B. N. Raveendra Babu
Executive Director

A. L. Bindu
Chief Financial Officer

K. Rajesh Kumar
Company Secretary

Date : May 15, 2013
Place: Chennai

Date : May 15, 2013
Place: Kochi

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

Schedule to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

		(₹ in lakhs)	
SI No	Particulars	Amount Outstanding	Amount Overdue
Liabilities side :			
(1)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
(a)	Debentures : Secured	162,136.00	
	: Unsecured	5,097.20	
	(other than falling within the meaning of public deposits*)		
(b)	Deferred Credits	-	
(c)	Term Loans	108,719.35	
(d)	Inter-corporate loans and borrowing	-	
(e)	Commercial Paper	7,170.55	
(f)	Other Loans:		
	Subordinate bond	45,820.18	
	Bank	653,053.25	
	Others	12,539.55	

* Please see Note 1 below

		(₹ in lakhs)
SI No	Particulars	Amount Outstanding
Assets side :		
(2)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :	
	(a) Secured	1,056,794.80
	(b) Unsecured	12,804.60
(3)	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	-
	(b) Operating lease	-
	(ii) Stock on hire including hire charges under sundry debtors:	-
	(a) Assets on hire	-
	(b) Repossessed Asset	-
	(iii) Other loans counting towards AFC activities	-
	(a) Loans where assets have been repossessed	-
	(b) Loans other than (a) above	-

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

Schedule to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

		(₹ in lakhs)
SI No	Particulars	Amount Outstanding
(4)	Break-up of Investments :	
	Current Investments:	
1	Quoted :	
	(i) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others	-
2	Unquoted :	
	(i) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	69,000.00
	(iv) Government Securities	-
	(v) Others	-
	Long Term investments:	
1	Quoted :	
	(i) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others	-
2	Unquoted :	
	(i) Shares : (a) Equity	0.30
	(b) Preference	-
	(ii) Debentures and Bonds	500.00
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others	-

(5) Borrower group-wise classification of assets financed as in (2) and (3) above :

Please see Note 2 below

Category	Amount net of provisions		
	Secured	Unsecured	TOTAL
1. Related Parties **			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	1,056,794.80	12,804.60	1,069,599.40
TOTAL	1,056,794.80	12,804.60	1,069,599.40

** As per Accounting Standard of ICAI (please see Note 3)

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

Schedule to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Please see note 3 below

Category	Market ValueBreak up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	500.30	500.30
TOTAL	500.30	500.30

(7) Other Information :

	Amount outstanding
(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	12,006.40
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	7,708.29
Assets acquired in satisfaction of debt	-

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 (Non 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 (4) above.

For and on behalf of the Board of Directors

V. P. Nandakumar Managing Director & CEO	I. Unnikrishnan Executive Director & Dy. CEO	B. N. Raveendra Babu Executive Director
	A. L. Bindu Chief Financial Officer	K. Rajesh Kumar Company Secretary

Date : May 15, 2013
Place: Kochi

Corporate Information

Registered office

V/104 Manappuram House
Valapad PO, Thrissur 680 567
Kerala.
Phone No(s): 04873050100, 108
Fax No: 04872399298
Email: cosecretary@manappuram.com
Website: www.manappuram.com

Company Registration No: 09-06623
CIN No: L65910KL1992PLC006623
RBI Registration No: 16.00029

Chairman

Mr. Jagdish Capoor

Managing Director & Chief Executive Officer

Mr. V.P.Nandakumar

Executive Director & Dy CEO

Mr. I.Unnikrishnan

Executive Director

Mr. B.N.Raveendra Babu

Board Members

Adv.V.R.Ramachandran
Mr. P.Manomohanan
Dr. V.M.Manoharan
Mr. Shailesh J Mehta
Mr. E.A.Kshirsagar
Mr. Rajiven.V.R

Company Secretary

Mr. Rajesh Kumar.K

Chief Financial Officer

Ms. Bindu.A.L

Chief General Manager

Mr. N.R.Bahuleyan

Registrar and Share Transfer Agents

M/s SKDC Consultants Limited
Kanapathy Towers
3rd Floor, 1391/A-1, Sathy Road
Ganapathy PO, Coimbatore- 641 006
Ph.0422 6549995, 0422 2539835
Email info@skdc-consultants.com

Statutory Auditors

M/s S.R Batliboi & Associates LLP
Chartered Accountants
TIDEL Park, 6th & 7th Floor- A Block, Module 601,701-702
No.4 Rajiv Gandhi Salai, Taramani
Chennai- 600 113, Ph:+914466548100

Share Listed at

Bombay Stock Exchange
Cochin Stock Exchange
Madras Stock Exchange
BSE Scrip Code 531213
ISIN- INE 522 D 01027

Bankers/Financial Institutions

Andhra Bank
United Bank of India
Indusind Bank
State Bank of India
AXIS Bank
State Bank of Travancore
Corporation Bank
UCO Bank
Punjab & Sind Bank
Ratnakar Bank
Union Bank
Vijaya Bank
HDFC Bank
Dhanalaxmi Bank
Punjab National Bank
State Bank of Mauritius
Oriental Bank of Commerce
ICICI Bank
Lakshmi Vilas Bank
State Bank of Patiala
Kotak Mahindra Bank
Syndicate Bank
Indian Overseas Bank
IDBI Bank
South Indian Bank
Federal Bank
Karur Vaisya Bank
Catholic Syrian Bank
Yes Bank
Central Bank of India
Bank of India
Jammu and Kashmir Bank
State Bank of Bikaner & Jaipur
Small Industrial Development Bank of India
L&T Finance Ltd
SICOM

Notes