MANAPPURAM FINANCE LIMITED

Make Life Easy

Ref: Sec/SE/ 238 /2020-21
August 06, 2020

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001 Scrip Code: 531213	**National Stock Exchange of India Limited** 5th Floor, Exchange Plaza Bandra (East) Mumbai – 400 051 Scrip Code: MANAPPURAM

Dear Sir / Madam,

Sub: Annual Report

Please be informed that the Twenty Eighth Annual General Meeting of the shareholders of the Company for the FY 2019-2020 will be held on Friday, August 28, 2020, AT 11.00 A.M. IST. through Video Conferencing / Other Audio Visual Means. 28th Annual Report is enclosed herewith.

28th AGM Notice may be accessed through the company website at https://www.manappuram.com/investors/notice-to-shareholders.html

28th Annual Report can be accessed through the company website at https://www.manappuram.com/investors/annual-reports.html

Kindly take the same on your record.

Thanking You.

Yours Faithfully,
For Manappuram Finance Limited

MANOJKUM
AR V R

Digitally signed by MANOJKUMAR V R
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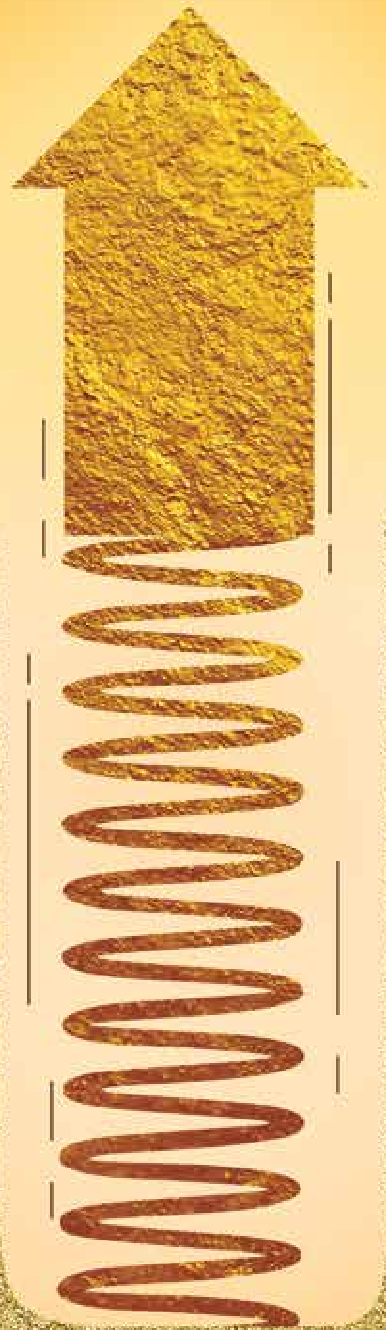
Manoj Kumar V.R.
Company Secretary
Ph: +91 9946239999

MANAPPURAM FINANCE LIMITED

Make Life Easy

RESILIENCE AT THE CORE



Annual Report 2019-20

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Financial Statements

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Performance highlights: FY20

Assets Under Management (AUM)
₹ 252.25 billion
29.8%

Gold Loan Disbursements
₹ 1,689.09 billion
88.4%

Net Interest Income
₹ 36.33 billion
29.9%

Profit After Tax
₹ 14.80 billion
57.5%

Book Value Per Share
₹ 68.00
26.0%

y-o-y growth

Resilience at the core

Resilience for us is to stay focused on our long-term strategies for value creation, underpinned by our cherished vision, mission and values, despite weak macro demand scenario and the unprecedented health crisis adversely impacting lives, livelihoods and businesses.

FY20 saw us further strengthen our fundamentals, focus on business continuity, conform diligently to the guidelines of the regulator and the government and lend critical help and support to all our customers, business partners and the communities we work with.

Over the years, we have grown a fundamentally strong business on the strength of our diversified portfolio of services, aggressive digitalisation of processes to step up efficiency and nationwide presence. We believe, our strong liquidity buffer, low loan-to-value ratio, unwavering focus on cost rationalisation and optimal capital allocation will hold us in good stead in the coming years.

Our business resilience and performance during the year are the outcomes of our responsible business practices to create value that endures for the long term.

Tribute to our founder Shri V.C. Padmanabhan

Shri V.C. Padmanabhan
(1916-1986)

Shri V.C. Padmanabhan was committed to the cause of uplifting the economically weaker sections of the society, particularly farmers and fishermen in his community. He dedicated his life to provide them easy loans at affordable rates. In 1949, he laid the foundation for Manappuram and imbibed his values into the organisation. The Company has attained several milestones during its journey and has played a pivotal role in taking organised lending to underprivileged people.

Guided by Shri Padmanabhan's values, Manappuram has helped millions accomplish their financial aspirations. As we transition to a full-fledged non-banking financial company (NBFC), we will continue to live up to the expectations of our customers. Our core values of customer centricity, stakeholder integrity and quick adoption of top-notch technology for seamless operations will help us evolve to the next level.

We will always look up to Shri Padmanabhan and his values for all our endeavours.

Manappuram at a glance

Fundamentals and fortitude at our core

Ever since we began our journey, we have always focused on strengthening our fundamentals, despite economic volatilities and industry cycles. Over the years, we continued to gain the trust of our customers and other stakeholders to grow our national footprint, and at the same time strengthen our digital capabilities. Today, we are the second largest gold loan company in India and have been instrumental in furthering the cause of financial inclusion. We have steadily evolved from a pureplay gold lending company to a more diversified financial services provider. Despite growing stress in the operating environment, we have performed resiliently and create valued for our customers, investors and all other stakeholders.

Vision

To become the preferred choice of financial services partner for India's aspiring classes, meeting the full range of their credit requirements, and helping India become a financially inclusive society where every citizen has ready access to formal channels of finance.

Mission

Manappuram Finance Limited is dedicated to the mission of bringing convenience to people's lives, to make life easy. We offer secured and unsecured credit to meet their varied financial needs, from instant gold loans available 24x7 and accessible even at the doorstep, to microfinance, affordable home loans, vehicle finance and more.

Values

Integrity

At Manappuram Finance we value our reputation for integrity in our dealings. We set great store by ethical values and transparency. We take pride in following the laws of the land in letter and spirit.

Unrelenting customer focus

We treat our customers with the utmost fairness. No matter what their economic status is, we offer everyone prompt and courteous service, with high levels of transparency.

Cutting-edge technology

Technology is central to our vision. We continue to invest heavily in technology to enhance customer experience and drive efficiency in operations. We believe in tech-led innovations to deliver seamless and responsive financial services of ever greater value to customers.

Quick facts

Presence
24 states
4 Union Territories

Network
4,622
branches

Share of new businesses
32.7%

Employees
27,726

Awards and Recognition

Top Wealth Creators 2019
Topper ET 500

Manappuram Finance Ltd. named as the largest wealth creator for the year 2019 in the list of ET500 companies with market capitalisation of over

₹ 50 billion

Operational highlights

Sharper focus on business continuity

Q1

- Signed a Memorandum of Understanding (MoU) with Autolite (India) Ltd. (AIL) for a consumer and dealer financing agreement for electric vehicles. AIL is a manufacturer of electric vehicles (two-and three-wheelers) with lithium ion battery packs and solar products
- Infused ₹ 2,640 million in Asirvad Microfinance through a rights issue. After this transaction, Manappuram will hold 93.33% stake in the microfinance entity
- Received funding worth $35 million from the International Finance Corporation (IFC), a member company of the World Bank group. IFC may also provide advisory services to bring global best practices to our risk management systems and help us build capacity in MSME lending

Q2

- Asirvad Microfinance achieved a milestone of reaching ₹ 10 billion of AUM in Tamil Nadu, offering micro-finance to over 4.5 lakh women members
- CRISIL upgraded the credit rating of our long-term debt instruments to 'CRISIL AA/Stable' (from CRISIL AA-/Positive) and reaffirmed its 'CRISIL A1+' rating on our commercial paper. Our subsidiaries also received an upgrade on long-term credit ratings. According to the rating rationale released by CRISIL, the upgrade factors in healthy asset quality, steady growth in the gold loan business, growing diversity in other asset classes and strong profitability and return on assets

Q3

- Manappuram Home Finance Ltd. raised about ₹ 1,000 million via Non-Convertible Debentures (NCDs) with coupon rates between 9.75% and 10.65% depending upon the tenure. These NCDs were rated as 'AA-' by CARE Ratings, indicating that the instruments have high degree of safety regarding timely servicing of financial obligations and that they carry very low credit risk

Q4

- Raised $300 million via three-year bonds by way of senior secured fixed rate notes issuance for a three-year tenure. The issue was placed with a coupon of 5.90%

Review of our businesses

Undeterred by challenges

1) Gold loan business

- Continued to record strong growth and profitability
- Share of Online Gold Loans (OGL) in gold loan AUM up to 48% from 39% a year back
- Yields on gold loans remained stable
- Substantial reduction in security costs following the rollout of cellular vaults
- Expect to grow this business in line with industry growth

2) Asirvad microfinance

- Healthy growth in customer base, AUM and profitability, despite adversities
- Made additional provision of ₹ 550.26 million towards risks arising from the pandemic
- One of the lowest cost microfinance lenders in India
- Despite slight pressure in asset quality, gross NPA remains one of the lowest in the industry

3) Housing finance

- Rapid growth in AUM due to continued momentum in the affordable housing segment
- Improvement in average yield to 15.2% from 14.7% a year back
- One of the key beneficiaries from the Government of India's push for 'housing for all'
- Pressure on asset quality due to macroeconomic headwinds
- Grew footprint in three more states during the year

4) Vehicle and equipment microfinance

- Strong traction in AUM growth with slight upswing in average yields
- Healthy momentum in the two-wheeler finance business
- Started financing electric two-wheelers, three-wheelers and the pre-owned two-wheelers

5) Other businesses

SME business

- Added new business exercising caution due to economic slowdownduring the year
- AUM stood at ₹ 270.15 million versus ₹ 298.52 million in FY19

Manappuram Comptech and Consultants

- Gross income grew 40.24% to ₹ 101.35 million as compared to ₹ 72.27 million in FY19
- Profit After Tax grew 5.36 times to ₹ 17.69 million versus ₹ 3.30 million in FY19
- Offers services in audit and taxation, along with core IT services to service varied market requirements, including application development for Digital Personal Loan, Loan Management Solutions, among others
- Developed fully android-based apps for EMI collection, Customer and Agent Collection and other purposes

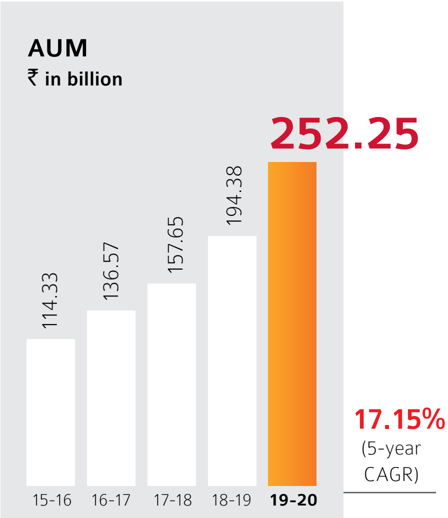
Insurance Broking

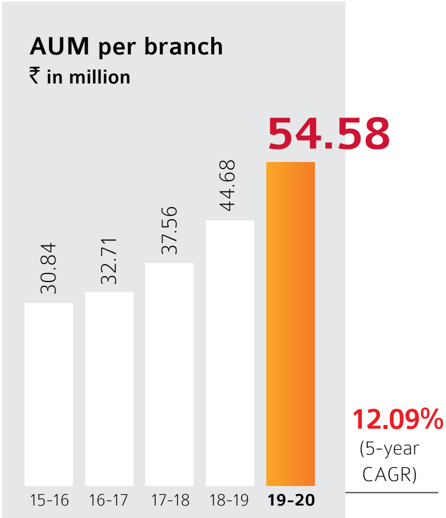
- Gross income grew 32.57% to ₹ 150.24 million as compared to ₹ 113.33 million in FY19
- Profit After Tax stood at ₹ 73.29 million versus ₹ 34.24 million in FY19, growing by 114.06%
- Covered 2.61 million customers during the year through products in health, personal accident and motor insurance segments
- Now provides its products at all branches of Manappuram Group across the country
- Improved 13 months persistency to 70% and settled 88% of claims reported

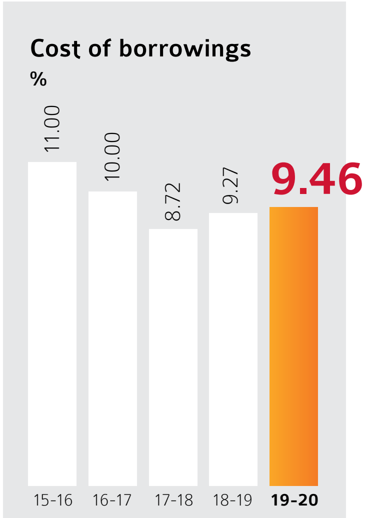
Key performance indicators

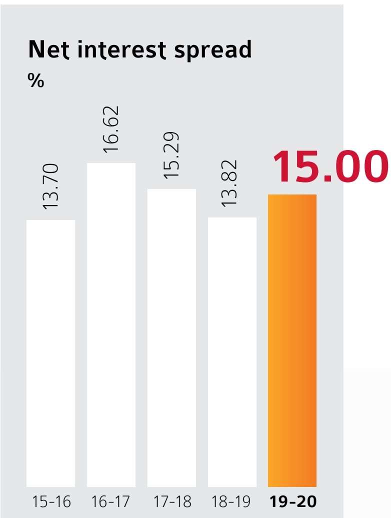
Resilient progress

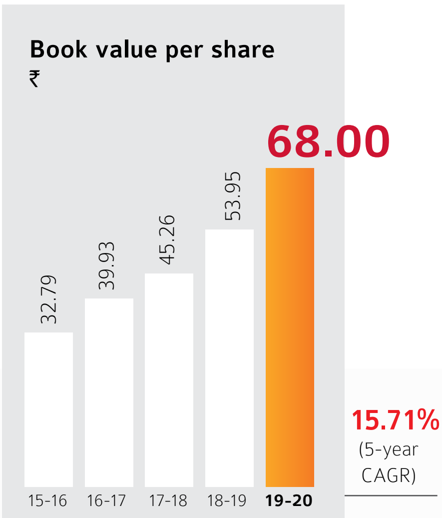
KEY FINANCIAL METRICS (CONSOLIDATED)

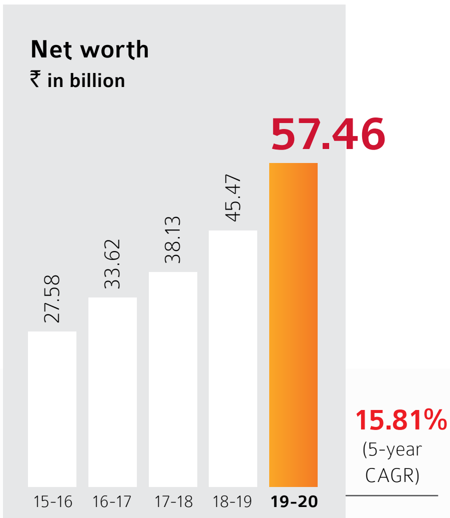


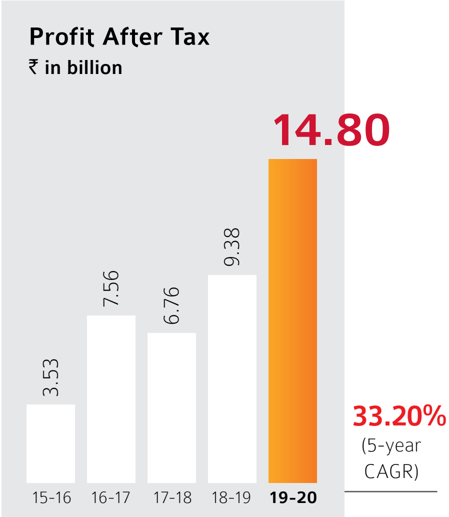


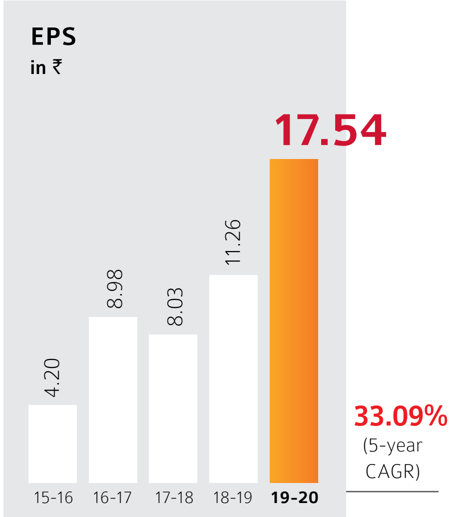




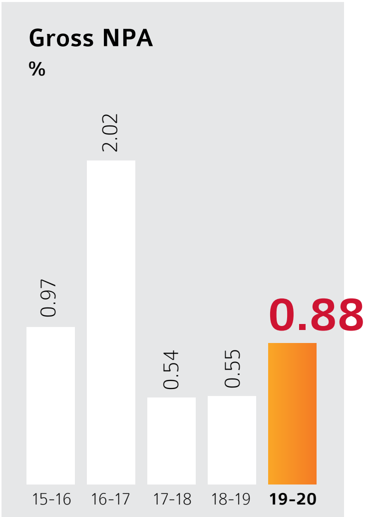


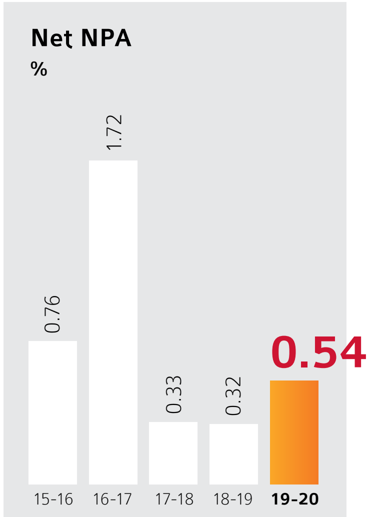




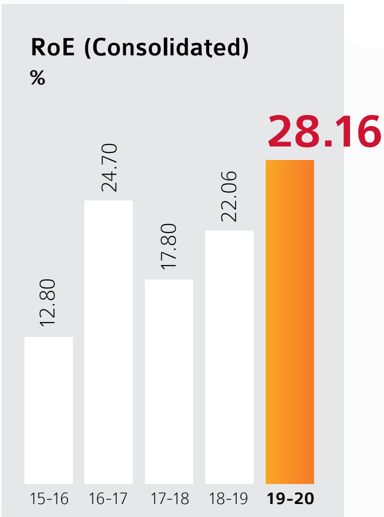


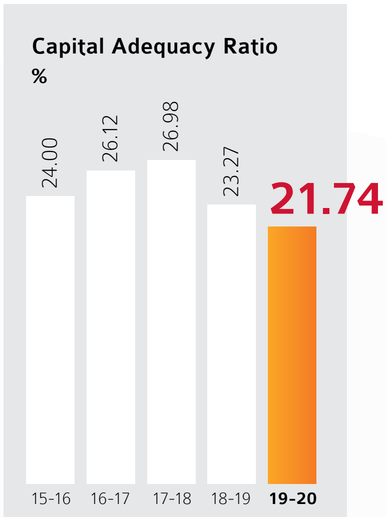
ASSET QUALITY METRICS





KEY RATIOS





MD & CEO's message

Resilient performance amid challenges

Dear Shareowners,

I am delighted to share with you our 28th Annual Report for the financial year ending March 31, 2020. The trust of our customers and the dedication of our employees helped us achieve extraordinary results. Our consolidated AUM grew by 30% to ₹ 252 billion, and net profit improved by 56% to ₹ 14,803 million. The gold loan business continues to grow even as our new business verticals grow faster. Non-gold verticals now contribute 33% of our consolidated AUM.

The gold loan market is expected to reach ₹ 4,617 billion by 2022 at a five-year compounded annual growth rate (FY18 to FY22) of 13.4% according to a recent KPMG report. The report highlights the fact that gold loan companies need to increasingly address the risk of gold price volatility by offering more variants of shorter tenure loan products of 3-6 months. Incidentally, short-term gold loan products were first introduced by your Company in 2014.

During the last few weeks of the FY20, we started to see the impact of COVID-19. An unprecedented nationwide lockdown was imposed in India. Our senior management and IT team mobilised with speed, offering a digital platform to our customers, and enabling work from home for our employees. Our focus has been, and remains, the safety of our employees, the delivery of uninterrupted service to our customers, and the financial wellbeing of the Company.

Resilient to economic downturns

As COVID-19 continues to spread and wreak havoc, the global economy has run into serious headwinds. Stock market indices around the world plunged, regaining some ground only recently after central banks had announced vigorous stimulus measures.
Most major economies are now expected to head into a recession this year. In India, the BSE Sensex and NIFTY lost more than a third of its value at one time. As a crisis of confidence gripped the markets, banks and Non-Banking Financial Company (NBFCs) suffered even greater erosion in their share prices. However, even at the height of the gloom, we remained confident about the fundamental strength of our business model with gold loans at its core.
Our confidence was based on our experience dealing with periods of economic stress.

During an economic crisis, the wider financial services sector (banks and non-banks) is always put to severe stress and their lending activity slows down as the appetite for risk and disbursing new loans declines. With few other options available, gold loans become the natural fallback for borrowers who are denied access to their regular channels. Further, the tendency among governments and central banks to respond to such crises by infusing liquidity and fiscal stimulus drives international gold prices higher. Given this natural impetus towards higher gold prices, it becomes an additional boost for the gold loans business.

Earlier, in late 2018, India's NBFC sector was thrown into a crisis when one of the largest NBFCs with the highest credit rating involved in infrastructure finance went into default. With banks becoming wary of lending further to NBFCs, liquidity dried up; and it was soon revealed that many prominent NBFCs were facing acute Asset Liability Management (ALM) mismatches. The outlook for NBFCs suddenly darkened and share prices of NBFCs across the sector suffered severe erosion. However, it was not long before the market woke up to the fact that NBFCs focused on gold loans, such as Manappuram Finance Ltd., dealt predominantly in short-term loans and were therefore comfortably placed in respect of ALM.

Once this realisation came about, their share prices recovered and outperformed the market. In fact, in December 2019, your Company was named as the largest wealth creator for 2019 by the Economic Times in its list of ET500 companies with market capitalisation of over ₹ 50 billion. In July 2019, at a time when the crisis among NBFCs was still a major talking point, your Company had its credit rating upgraded by CRISIL, along with upgrades for its subsidiaries, Asirvad Microfinance Ltd., and Manappuram Home Finance Ltd. As I understand, there were only three NBFCs that managed a ratings upgrade in that quarter; and they all belonged to the Manappuram group.

Partnering the aspiring classes

Your Company has made conscious efforts to provide financial services to fulfil the needs of the aspiring classes in India. This generation of young India aspires for the better things in life, even as they lack access to formal channels of finance. As the Indian economy rebounds on its growth trajectory, we must be ready to give access to credit for the aspirational classes. India is home to a fifth of the world's youth. Half of its population is below the age of 25, and a quarter is below the age of 14. Over the last five years or so, your Company has invested heavily to expand its product portfolio to fulfil the demand for credit from the marginalised sections. Your Company introduced affordable housing loans, commercial vehicle and equipment finance, microfinance, and personal loan products.

Most financial institutions provide credit based on the established credit history and documented proof of cash flow (salary or business), which effectively leaves out the lower strata of households who also work for and aspire to a better life. Your Company is committed to bridging this gap in the credit market. At Manappuram, we have devised innovative credit appraisal methodologies to provide credit to the deserving borrowers from the unorganised sector. Our target customers are mostly micro and small entrepreneurs and informal employees (non-corporate), who have a regular income, but not through permanent employment with income proof. This segment is relatively untapped and holds good potential.

Performance during the year

We recorded good growth in consolidated AUM during FY20, which, at ₹ 252 billion, is an increase of 30% over the year before. Along with the growth in AUM, we have delivered attractive returns to our investors with ROA of 5.9% and ROE of 28.4%. Our net worth stands at over ₹ 57.45 billion, and our standalone capital adequacy ratio is at a healthy 23.4%. To summarise, the overall picture is one of growth and profitability grounded in low gearing, and we are well poised to improve our performance in the times to come.

Growing with resilience and optimism

I am grateful to our regulators and policy makers for having fostered a conducive environment, which has allowed us to perform to the best of our potential. I want to thank our senior management team for demonstrating the ability to execute the vision of the management and for displaying resilience under difficult circumstances in recent months. I also want to thank all our employees for their immense hard work, and our customers for continuing their long standing relationships. Additionally, I want to thank our Board members for their unwavering support and personal guidance during the past year. While we are consistently focused on our customers, employees, and shareholders, we have continued to support our communities all around. The Manappuram Foundation continues to make tangible and lasting impact across areas.

While we are not out of the COVID-19 crisis yet, it is clear to me that the way we behave in times of acute stress is in many ways more reflective of who we are. I am sure the actions we are taking today will find favour with our present and future stakeholders. Looking ahead, I am optimistic about the opportunities arising from the work we are doing for our customers; and the approach we have put in place with respect to digital and cloud services.

I am grateful to all our stakeholders and partners for their resolute faith in the Company over the past three decades. I seek your continued support, so that we consistently improve our performance and fulfil our vision to become a preferred multi-product NBFC for our customers.

With best wishes

V.P. Nandakumar

MD & CEO

Digital outreach

Over the preceding few years, we are progressing steadily towards extensive digitalisation. Our digital strategy is based on three pillars of innovate, differentiate, operate. This strategy enables us to become smarter and more efficient.

IT forms the backbone of our multiple businesses with the primary objective to help increase revenue and profitability. Technology aids us in all steps of our business lifecycle - from customer acquisition, retention to more effective customer engagement. Automation of recurring manual activities by 'bots' has helped keep our operating costs low. Technology inclusion into every line of business where things can be executed with more precision and less overhead is a priority for us.

Innovate (strategic)	Differentiate (tactical)	Execute (operate)
Innovative projects to make us ready and relevant to face future challenges.	Business differentiators like CRM, MDM, UPI, RPA and adoption of new technologies like IoT, Blockchain, AI/ML Enterprise Apps like AML, GRC, Unified LOS/LMS and more.	Moving to private cloud to consolidate group IT infrastructure, improved SLA based support for IT services, replacement of PCs with mobile devices with MDM, among others.

Our innovative digital offerings

- Offline apps
- BA/ BC/ Agent/ Franchisee portals
- OGL Digital Cards& Wallets
- Mobility apps
- Digital personal loans
- VAS/BA portal & Kiosks
- Online lending marketplace

₹ 42.50 billion
of online transactions in FY20

7,22,352
Number of customers using apps

Ensuring seamless business during the lockdown

Our strategic IT initiatives helped us tide the lockdown period rather smoothly. We initiated our Business Continuity Plan (BCP) well in advance of the national lockdown and hence were well prepared. This enabled us to roll out new project initiatives very quickly to aid better business functioning. Working from home became the norm quickly and seamlessly and with communication through various channels, we kept our employees engaged while continuing to serve our customers. In localities like our data centre, which required constant observation from close quarters, we facilitated our employees with all the amenities needed for them to stay safe and comfortable in our premises. While we had started our journey to the cloud much before the current situation took shape, we did expedite the pace of implementation to minimise disruptions to the business.

The road ahead

In our digital journey, the next logical step is to consolidate our IT infrastructure across group companies and move to a modern, secure cloud. After a lot of due diligence, we chose Oracle's second-generation cloud infrastructure. With this move, we are looking to realise 2-3 times improvement in performance vis-à-vis our current IT setup, in addition to achieving 30-40% in cost savings over the next five years.

Even though automation, robotics and IoT have been a part of our technology stack, we now intend to adopt these with greater vigour. The entire business and customer landscapes are seeing a dramatic change with respect to how they function and interact. While we continue to verify the purity of gold assets manually, our efforts are focused on finding a suitable automated solution.

MANAPPURAM FINANCE LIMITED
Make Life Easy

Branding initiatives

Growing outreach in innovative ways

Since our inception, we have served the under-privileged, underserved sections of the society in a most transparent and fair manner. Their unwavering trust in us empowers brand Manappuram. We undertake several initiatives every year to connect closely with consumers and reinforce our brand recall with them.

Our prominent outreach initiatives include:

Local marketing

Village campaign, loan mela, shop visit, home visit and pamphlet and brochure distribution

Consumer connect

Door-to-door awareness campaigns in villages and at gram panchayat levels with emphasis on establishing personal connect

Digital campaigns

OGL Lite application, along with various advertisements and outreach activities on social media

Celebrity allure

Many renowned celebrities from the Indian film industry have endorsed our brand including Venkatesh, Mohan Lal, Puneeth Rajkumar, Vikram, Akshay Kumar, Jeet, Sachin Khedekar and Uttam Mohanty

Marketing spends (Standalone) (₹ million)

567.1	436.7	271.8	396.5	482.6
FY16	FY17	FY18	FY19	FY20

People practices

Resilience is empowering our people

At Manappuram, we believe our people are the cornerstones of our success. We are committed to provide them with a nurturing environment, facilitate their all-round development and create a healthy work-life balance for them.

We believe in promoting diversity and inclusion and our workforce comprises people from different educational backgrounds, varied skillsets, different regions, experience and so on. Women employees form over 40% of our total team, making us one of the most gender-balanced NBFCs in India.

20,743
Total number of permanent employees

8,573
Total number of permanent women employees

41.33
% of permanent women employees

At Manappuram, we have moved on from classroom trainings to virtual classes and will soon be shifting to eLearning courses, thereby saving a lot of time and money involved in the process. This has led to the elimination of 32 regional training centres all over India.

We have prepared over 400 eLearning courses of 13,356 minutes duration so far and in future Learning Management System (LMS) will be the main platform for learning and development at our Company. Micro eLearning courses will be the tool for updating each employee with the latest development in his field. We have also introduced pre-training modules so that any employee who has completed six months in his/her current post will be trained for his/her next higher post.

In addition to BBA and MBA courses, we have also made BCA and MCA courses available to our employees all over India and nearly 1,000 candidates have opted for higher education under this company-sponsored scheme.

1,033,889
Total training hours during the year

53.15
Average training hours per employee during the year

Board of Directors

Vision strengthens our core

① ② ③

Mr. Jagdish Capoor
Independent and
Non-Executive Chairman

③ ④ ⑤ ⑥ ⑦ ⑧

Mr. V.P. Nandakumar
Managing Director and CEO

③ ④ ⑥ ⑦ ⑧

Mr. B.N. Raveendrababu
Non-Independent and
Non-Executive Director

① ③ ⑥ ⑧

Mr. P. Manomohanan
Independent and
Non-Executive Director

⑤ ⑥ ⑧

Mr. V.R. Ramachandran
Independent and
Non-Executive Director

① ② ③

Mr. Gautam Narayan
Non-Independent and
Non-Executive Director

① ② ③ ⑤

Ms. Sutapa Banerjee
Independent and
Non-Executive Director

① ③

Mr. Abhijith Sen
Independent and
Non-Executive Director

Mr. Harshan Kollara
Additional Director

Mr. Shailesh. J. Mehta
Additional Director

○ Chairman

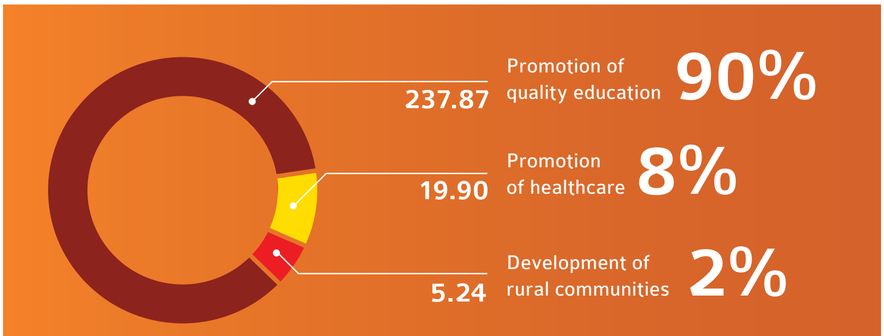
○ Member

1. Audit Committee
2. Nomination, Compensation and Corporate Governance Committee
3. Risk Management Committee
4. Asset-Liability Management Committee (ALCO)
5. Corporate Social Responsibility Committee
6. Financial Resource & Management Committee
7. Debenture Committee
8. Stakeholders Relationship and Securities Transfer Committee

Corporate social responsibility

Resilience is deepening societal bonds

The resilience of our business model is also reflected in our societal engagements and initiatives, which are conducted through the intervention of Manappuram Foundation. The Foundation was set up as a charitable trust in October 2009 to implement and drive forward the Corporate Social Responsibility (CSR) initiatives of Manappuram Finance.



CSR Spends in FY20 (₹ Million)

At present, bulk of the Foundation's activities are centred around the Thrissur coastal belt, which is also where Manappuram is headquartered. A financial and social audit is conducted periodically to measure the impact of all the major CSR projects and to make sure the activities are in line with the stated vision and mission of our Company.

Our focus areas include:

	Initiatives during FY20
Advancement of quality education	• Organised the Sarojini Padmanabhan Memorial Merit day to felicitate 1,877 female students who had secured A+ in all subjects in the 10th and 12th standard board examinations • Donated water purifiers and sanitary napkin vending machines to the schools located in the coastal belt of Thrissur • Donated solar lights to backward families in the districts of Thrissur and Malappuram, lacking access to the electricity grid • Joined hands with Malayala Manorama to organise Disaster Management Awareness programmes covering almost ~1,800 students in Thrissur and Malappuram districts • Organised free PSC coaching for youth in the coastal belt as part of the Manappuram Lakshyam Project
Promotion of healthcare	• Partnered with Lions Clubs International to extend support for children suffering from paediatric cancer in the Lions districts 318 A and 318 D • Launched a mobile blood collection bank in Lions District 318 E • Organised a programme on CPR training and COVID-19 awareness for the employees of Manappuram Group of Companies • In collaboration with local authorities and the community celebrated occasions such as World Health Day, International Blood Donor Day and International Yoga Day • Organised a mega event, Convergence 2019, on World Friendship Day to mainstream the differently abled. • Organised a function on International Women's Day, Sadhairyam 2020, with wide participation from Kudumbasree members of local Panchayaths • Initiated a campaign in the community, especially the coastal areas of Thrissur district to spread awareness about COVID-19 through posters, awareness creation boards and more • Announcements regarding 'Preventive Methods and the Importance of Social Distancing' were made in all remote areas of Thrissur district in collaboration with IMA Thrissur • Distributed hand sanitisers and face masks (along with immunity enhancing homeo medicines) through panchayaths, health centres, police and fire brigade
Development of rural communities	• Provided essential items, assistance and monetary support in the immediate aftermath of the devastating floods in Kerala • Lent support to various camps for the flood-affected and also directly to the victims of the flood • Distributed 4,000 essential item kits to the flood victims and 600 essential item kits to the tribal people of Vazhachal forest area • Offered financial support to various non-profit institutions for providing medical aid to vulnerable communities such as free dialysis to poor patients, financial support to schools for critical infrastructure like libraries, to poor farmers engaged in organic farming programmes, old-age day care centres, orphanages, families in dire circumstances, and so on

Management Discussion and Analysis

1. MANAPPURAM FINANCE LIMITED – AN OVERVIEW

Manappuram Finance Limited (MAFIL, the Company) is a leading Non-Banking Financial Company (NBFC) serving the credit requirements of people belonging to the lower socio-economic classes, particularly in rural and semi-urban areas of India. The Company provides a range of retail credit products and financial services. The Company has a diversified lending portfolio across retail, microfinance, SME and commercial customers. It is the second-largest gold finance NBFC in India. The Company provides loans against the pledge of used household gold jewellery and extends short-term gold loan primarily to customers who require funds immediately and may not have access to formal credit.

The Company's subsidiary, Asirvad Microfinance Limited (registered as NBFC-MFI with the Reserve Bank of India), offers microfinance loans and other financial services to low-income populations in rural and semi-urban India. Through another subsidiary, Manappuram Home Finance Limited, the Company provides loans for construction, extension, purchase and improvement of homes of customers in the affordable housing segment. Manappuram Insurance Brokers Limited, the third subsidiary, is in the business of distributing life and non-life insurance products through tie-ups with various leading insurance companies. Recently acquired Manappuram Comptech and Consultants Limited, is an IT products and service company with nearly two decades of experience in providing cost-effective and high-quality IT solutions.

2. ECONOMIC REVIEW

2.1 Global Economy

Global economic activity remained subdued during the major part of the second half of the calendar year 2019. According to the IMF, global economic growth recorded its weakest pace this year since the global financial crisis a decade ago. The slowdown reflects common influences across countries as well as country-specific factors. Rising trade barriers and associated uncertainty weighed on business sentiment and activity globally. In some countries, these developments magnified cyclical and structural slowdowns already underway. Further pressures came from country-specific weakness in the larger emerging market economies such as Brazil, India, Mexico, and Russia. With the economic environment becoming more uncertain, firms turned cautious about long-term spending and global purchases of machinery and equipment decelerated.

Globally, Central Banks took cognisance of the weaker economic activity. Over the year, several central banks — including the US Federal Reserve, the European Central Bank, Bank of Japan and large emerging market central banks—cut interest rates, and some of them also restarted asset purchases. These policies averted a deeper slowdown. Lower interest rates and supportive financial conditions gave an impetus to demand, encouraging job creation. Tight labour markets and gradually rising wages, in turn, supported consumer confidence and household spending.

Crude oil prices plummeted in March due to the price war between Saudi Arabia and Russia sparked by disagreement on production cuts. Prices of other global commodities weakened on fears of weakening global demand. Prices of precious metals rallied on safe-haven demand as investors sought safety above returns. Fiscal authorities across the world have launched stimulus measures in the range of 0.8-16.0 per cent of respective GDP.

Pneumonia of unknown cause detected in Wuhan, China was first reported to the WHO on December 31, 2019. The WHO later declared coronavirus disease (COVID-19) a pandemic, after which the world went into lockdown. In the G-20 Ministerial Call on the Coronavirus Emergency on March 23, 2020, the IMF confirmed that the global economy has entered recession in 2020.

Outlook

The pandemic is inflicting a heavy toll worldwide, and the measures deemed necessary for its containment are severely impacting economic activity. As a result, the global economy is projected to contract by 3% in 2020, much worse than what was seen during the 2008–09 financial crisis. In a baseline scenario--which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound—the global economy is projected to grow by 5.8% in 2021 as economic activity normalises, helped by fiscal and monetary policy support. According to Fitch Ratings, world GDP is expected to fall by 3.9% in 2020, a recession of unprecedented magnitude in the post-war period. The decline in GDP equates to a 2.8 trillion dollars fall in global income levels relative to 2019 and a loss of 4.5 trillion dollars relative to our pre-virus expectations of 2020 global GDP.

2.2 Indian Economy

The growth estimate released by the Indian Ministry of Statistics and Programme Implementation brings into focus some worrisome realities in a post-pandemic world. First, at 4.2% the Indian GDP growth in 2019-20 has been the lowest in past 11 years. Second, sharp and steady deceleration in growth from 5.2% in the first quarter to 3.1% in the fourth quarter was witnessed, even before the Covid-19 came onshore. Third, deceleration in growth was witnessed in all sectors except agriculture, mining and quarrying, and public administration and defence. Weak rural demand and the stress in the financial sector are the key contributing factors for the sluggish growth. While sectors like automobile, real estate and aviation suffered a demand slowdown, banking and financial services were weighed down by ballooning bad loans, the NBFC crisis and a general credit squeeze.

The reduction in the Current Account Deficit to 1.5% of GDP in the first half of 2019-20 along with robust growth in FDI and rebound in FPI flows and expanding Foreign Reserves indicates a positive trajectory of the economy on the external front.

In the first half of 2019-20, India's monetary policy stance was changed from neutral to accommodative guided by low inflation and the need to strengthen domestic growth by encouraging private investment in the economy. The measures taken by the government are supported by an accommodative monetary policy. The RBI cut the repo rate by 135 basis points since April 2019 to ease the credit flow in the economy.

Outlook

The Indian economy has been undergoing a protracted slowdown as stress in the financial and real sector fed into each other, even before the pandemic came onshore.

Fitch expects economic activity to contract by 5% in FY21 from the strict lockdown measures imposed since 25 March 2020, before rebounding by 9.5% in FY22. The rebound will mainly be driven by a low-base effect. It remains to be seen whether India can return to sustained growth rates of 6% to 7% as previously estimated, depending on the lasting impact of the pandemic, particularly in the financial sector.

The humanitarian and health needs have been pressing, but the government has shown expenditure restraint so far, due to the already high public-debt burden going into the crisis, with additional relief spending representing only about 1% of GDP by our estimates.

3. FINANCIAL SERVICES INDUSTRY

In the era of "Digital India", the financial services in India have undergone far-reaching changes. India's diversified financial services industry has undergone rapid expansion thanks to existing financial services firms recording robust growth as well as new entities entering the market.

With effect from October 1, 2019, the RBI directed all banks to link their new Personal, Retail, Housing, Auto and MSMEs loans to the External Benchmark based rate. The move aims to ensure faster transmission of policy rate cuts to loan borrowers. From June 2019 onwards, the regulator has removed charges levied on fund transfers through RTGS and NEFT to boost digital transactions and deepen the financial markets.

However, lending activity has been troubled following the default by IL&FS and DHFL which sent shockwaves across the sector. In November 2019, the Punjab and Maharashtra Co-operative Bank collapsed with deposits of about $1.6 billion and in March 2020, India's central bank seized control of Yes Bank, a major private lender with $47.5 billion in assets.

The growth of bank credit which had picked up in the first half of 2018-19 started to decelerate in the second half of 2018-19, continuing into 2019-20. The deceleration was witnessed across all major segments of non-food credit, except personal loans which continued to grow at a steady and robust pace. The deceleration in credit growth was most evident in the services sector. Credit disbursed to the industry has also witnessed a significant decline in recent months, both for the MSME sector as well as large industries. However, agriculture and allied activities benefited from higher growth of credit.

In FY 2019- 20, growth of bank loans decelerated to 6.14%, a nearly five-decade low, due to slower economic growth, lower demand and greater risk aversion. Loan growth in FY2019-20 was the slowest since FY 1961-62 when it had increased by 5.38%. During FY2019-20, bank deposits grew by 7.93% to ₹ 135.71 trillion as against ₹ 125.73 trillion.

3.1 NBFC Industry

The Economic Survey 2019-20 highlighted the current NBFC crisis as a key challenge that could choke credit growth and impede India's economic growth targets. NBFCs have been a useful complement to commercial banks, helping to meet the nation's financing needs in infrastructure, and among retail and business class. The sector has recently experienced a downturn, leading to liquidity issues among some NBFCs. Many of these non-banks face asset-liability mismatches, having borrowed the short term to lend long term. They largely depend on commercial banks and market funds for financing. Thus, some banks have exposure to weakness among NBFCs.

NBFCs' borrowing profile has changed significantly from capital market instruments to bank borrowings. Lending by banks to NBFCs registered a growth of 34.7% from September 2018 to January 2020, as per CARE Rating. Banks' advances to NBFCs stood at ₹ 7.37 trillion as of January 2020 compared to ₹ 5.47 trillion in September 2018. NBFCs' borrowing from mutual funds, however, has seen a consistent decline for the last six quarters. Their borrowing from MFs through commercial papers and corporate debt stood at ₹ 1.69 trillion as at end-January 2020 from ₹ 2.25 trillion in September 2018.

Although the balance sheet size of the NBFCs constitutes 18.6% of Scheduled Commercial Banks (SCBs), it has emerged as an important pillar of the Indian financial system. The sector, which had witnessed a robust expansion in 2017-18, experienced headwinds in 2018-19 and 2019- 20 as market sentiments turned negative post-IL&FS event and recent defaults by some companies.

Outlook

The year 2020 could potentially be a watershed moment, with the Government taking a series of measures to generate demand and ease the liquidity pressure, which gives rise to hopes of green shoots appearing sometime in Q3. These measures include directing public sector banks to lend more to NBFCs, introducing partial credit guarantee scheme, end-use of restrictions on external commercial borrowings, loan co-origination with banks and financial institutions, the introduction of liquidity coverage ratios among others

India Ratings and Research (Ind-Ra) maintained a Negative Outlook for non-banking finance companies for FY21. Ind-Ra sees multiple headwinds in terms of slower balance sheet growth and elevated slippages, leading to weaker profitability for the sector. The rating agency expects NBFCs to grow their portfolio at 8%-10% in FY21 and the growth would be driven by retail-focused NBFCs with a long track record and an established franchisee. The slowdown in auto sales, cash flow challenges for small businesses and sluggishness in the real estate sector would keep the collection and recovery teams active.

Rating agency ICRA expects the securitisation volumes for NBFC-MFIs to be impacted significantly in 2020-21 due to the pandemic impacting the operational activities involved in executing transactions and availability of securitisable loans in originators' books caused by substantially lower incremental disbursements in March 2020 and first quarter. Profitability too could remain subdued due to a compression in margins because of higher on-balance sheet liquidity, a higher proportion of long-term borrowings and continuous hardening of funding cost for a few select players. Due to the asset quality pressures, any rise in credit cost could affect the profitability, where NBFCs would be turning conservative and providing higher on stressed asset classes. Also, the benefit of operating leverage will not accrue to NBFCs due to slower growth in the portfolio.

4. GOLD LOAN INDUSTRY

Specialised gold loan NBFCs have witnessed exceptional growth amongst organised players. Driving this growth is the aggressive expansion of branches, massive spending on marketing and rapid acquisition of customers. NBFCs and banks approach the gold loan market differently, reflecting in their interest rates, ticket sizes and loan tenures. NBFCs focus more single-mindedly on the gold loans business and have accordingly built their service offerings by investing significantly in workforce, systems, processes and branch expansion.

Some of their advantages are:

- Less documentation enabling faster turnaround
- Quick disbursal. They have dedicated personnel to value gold at the branches
- Flexible repayment options, wherein the borrower can pay both the interest and principal at the closure of the loan
- Greater accessibility due to better penetration, ability to serve non-bankable customers
- Single product focus on gold loans enabling us to develop robust appraisal and valuation expertise, resulting in faster and better customer service

Banks have a more vigilant approach:

- They view gold credit as a safer means to meet their Priority Sector Lending (PSL) targets, especially agricultural loans.
- Even in the case of non-agricultural gold loans, they mostly target the organised segment or their existing customers as they are unable to offer flexible and rapid disbursal.
- It is only a few south-based banks - Indian Overseas Bank, Indian Bank and South Indian Bank - that have a higher share in non-agricultural gold loan disbursements, given the region's proclivity for gold loans.

According to KPMG (2019), India's gold loan market is expected to reach ₹ 4.62 trillion by 2022 at a five-year compounded annual growth rate of 13.4%. KPMG in 2017 report on gold loan expected that India's gold loan market to reach ₹ 3.1 trillion by 2019-20 at a three-year CAGR of 13.17%.

4.1 Role of Technology in the Gold Loan Market

Technology provides scalability to businesses, enabling inroads into under-penetrated markets.

- Accurate real-time information has led to faster decision making and reduced turnaround time for disbursal.
- Technology has reduced human intervention significantly, thereby making the approval, disbursal and repayment processes much faster, simpler and more robust.
- Better compliance, efficient tracking of customer accounts, and lowering of operational costs are some of the significant benefits realised using technology.
- Based on these convenient features provided by the technological innovations to the NBFCs, their Online Gold Loan (OGL) Book has seen extraordinary growth over the last two fiscals.
- Substantial collateral, higher interest rate, lower cost, better return on investment
- Product diversification that compensates for lower off-take of auto, home loans
- Scope for cross-selling opportunities in future, including other gold-based products
- Opportunity to capture under-penetrated, untapped markets

For the reasons mentioned above, even Small Finance Banks, Co-Operative Banks entered the gold loan market and are expected to increase competition in the coming years. Due to reduced lending opportunities and higher risks, even Banks are increasing their focus on the gold loan business.

Organised gold loan penetration remains significantly low which provides ample opportunity for organised financiers' loan book growth. Overall gold loan stock with the organised sector forms a minuscule part of the total gold stock in the economy. However, this has been increasing at a steady overall pace. Going forward, while the southern states will continue to dominate the total gold loan demand, other under-penetrated regions in northern and western India is likely to emerge as growth centres. Changing consumer perceptions about gold loans, driven by increasing awareness, as well as rising funding requirements are expected to drive growth for NBFCs in these regions.

4.2 The Record of Gold Loans in Times of Economic Stress

Accounting for about 65% of its consolidated business, gold loans have the dominant share in the company's business mix. Today, among India's non-banks, Manappuram Finance is the second-largest NBFC in the gold loan business, a business with a proven record of resilience to economic downturns.

As the world economy currently deals with a crisis caused by the strict measures to contain the spread of COVID-19, it's worth going back to the days of the global financial crisis in 2008-2009 when major economies went into recession, stock markets around the world crashed, and there was concerted action by central banks and governments to revive the global economy by resort to easy money and fiscal stimulus. Notwithstanding the dismal macro-economic backdrop, the Company recorded uninterrupted growth and profitability during this period. Sequoia Capital, who in 2007 (just before the global meltdown) became one of the first PE investors in the Company, was able to exit in 2010 having grown their investment five-fold.

More recently, in late 2018, India's NBFC sector was thrown into crisis when one of the largest NBFCs with a triple AAA rating (IL&FS) went into default. Banks then became wary of lending to NBFCs and liquidity dried up. It came to light that many prominent NBFCs were faced with severe ALM mismatches because, during the preceding low-interest rate regime, they were borrowing short and lending long. When the going was good, they reported faster growth and higher profitability, but once the tide turned it turned out to be not a good idea. The outlook for NBFCs became gloomy and share prices of NBFCs across the sector suffered severe erosion.

However, it was not long before the market woke up to the fact that NBFCs like Manappuram Finance were predominantly into short term loans –the Company's gold loans are typical of three months tenure and microfinance loans usually get repaid in about a year —and therefore comfortably placed in respect of ALM. Once this realisation came about, the Company's share price recovered and outperformed the market. In December 2019, the Economic Times newspaper named Manappuram Finance Ltd. as the top wealth creator among ET500 companies with a market capitalisation of over ₹ 50,000 million.

5. MICROFINANCE INDUSTRY

NBFC-MFIs and non-profit MFIs are the only two-player groups with loan portfolios exclusively focused on microcredit. In last fiscal, SFBs with MFI lending businesses started looking at other asset classes such as affordable housing, small and medium enterprises and vehicle finance, after receiving the SFB licence.

India's microfinance sector surged about 30% in the fiscal FY2019-20 with loan outstanding reaching to ₹ 2.32 trillion. Out of this, the gross loan portfolio of NBFC-MFIs stood at ₹ 743.71 billion, reflecting a 31% rise as the Microfinance Institutions Network (MFIN). Banks hold about the largest share of micro-credit with a total loan outstanding of ₹ 922.81 billion, which is about 40% of the total portfolio. NBFC-MFIs are the second largest provider with 32% share. SFBs with ₹ 405.56 billion cumulative portfolios have 17.5% share with the balance remaining with other NBFCs and smaller MFIs.

India's MFI sector has grown at a CAGR of 23% over the past 10 years to reach ₹ 2.63 trillion at the end of March 2019, despite disruptions such as demonetisation, and events like floods in various states and elections. In less than 2 years, beginning March 2018, an estimated 21.1 million unique borrowers have been added. As on December 31, 2019, the microfinance industry serves 56.4 million unique borrowers through 101.1 million loan accounts with operations in 619 districts in 36 states and union territories.

As on December 31, 2019, the industry served 56 million unique borrowers through 1.01 billion loan accounts with operations in 619 districts in 36 states and union territories.

Banks hold the largest share of the portfolio in micro-credit with a total loan outstanding of ₹ 838 billion, of the total micro-credit universe mainly due to merger of Bharat Financial Inclusion with IndusInd Bank during the first quarter of FY2019-20.

NBFC-MFIs are the second largest provider of micro-credit with a loan amount outstanding of ₹ 661 billion. Small finance banks have a total loan amount outstanding of ₹ 373 billion, NBFCs with a total loan outstanding of ₹ 216 billion and other MFIs account for ₹ 240 billion in the microfinance universe.

In terms of regional distribution of portfolio (GLP), East and North-east account for 40%, South accounts for 28%, North holds 10%, West has a share of 14% and Central contributes 8%. During October-December, NBFC-MFIs received a total of ₹ 110 billion in debt funding, which was an increase of 16% from the second quarter of FY2019-20, the report showed. As per the report, total equity grew by 8% during the same period and stood at ₹ 155 billion.

According to the CRIF MicroLend report, although banks continue to dominate the market with a portfolio share of 39.6% in December 2019, it is the NBFCs which have witnessed highest Q-o-Q growth in December 2019 at 11.4% as against 5.2% q-o-q growth of banks, 10.4% of SFBs and 10% of other lenders. Banks dominate both urban and rural geographies in terms of value as of Q3 FY 2019-20. In terms of active loans, urban geographies are dominated by banks, whereas NBFC MFIs play a critical role in rural areas.

Outlook

ICRA analysed a sample of 29 MFIs (which constitute around 70% of the MFI industry) on a portfolio basis and found a liquidity shortfall of ₹ 26 billion. On a collective basis, the sample has total repayment obligations and operational expenditure of around ₹ 80 billion in Q1 FY2021 against which the on-balance sheet liquidity buffer stood at around ₹ 54 billion. As the collections from borrowers could remain muted for some time after the lockdown is eased, the industry stares at a cumulative cash shortfall. As per estimates, the shortfall for the sample stands at around ₹ 26 billion in the absence of any external funding support by way of equity/ additional debt or extension of the moratorium. ICRA expects MFI credit costs to at least double from the present levels of 1-1.5% to 2.5-3% for most players, which is likely to impact their profitability (ROE) by 3-5% in FY2021. The impact on credit costs could be even higher if there is a permanent loss of livelihood or a significant decline in income for a proportion of the borrowers, thereby impacting their repayment capacity.

6. AUTOMOBILE INDUSTRY

The auto industry in India is one of the largest in the world with an annual production of over 21 million vehicles in 2019-20. Demand for automobiles was supported by a near-normal monsoon, which led to a good crop and higher MSPs announced by the government, resulting in higher disposable incomes in the hands of the rural population. Also, demand for commercial vehicles recovered on the back of infrastructure development, with new highway projects and various projects coming up in smart cities.

Growth Drivers

Emerging Middle-Class

By 2021, India's emerging, and middle-class segments will comprise of nearly 900 million people, and the Auto industry in India is expected to benefit greatly from this growth. A middle-class consumption led growth is also likely to influence the overall economy positively, driving up the demand for consumer and commercial vehicles.

Segment-Wise Sales	2019	2020	% Change
Passenger Vehicles	3,377,389	**2,773,575**	-17.8
Commercial Vehicles	1,007,311	**717,688**	-28.75
Two Wheelers	21,179,847	**17,417,616**	-17.76
Three Wheelers	701,005	**636,569**	-9.19
Tractors	786,381	**705,018**	-10.35
TOTAL	**27,051,933**	**22,250,466**	**-17.75**

Source: Society of Indian Automobile Manufacturers (SIAM)

Infrastructure Development

India has made significant progress in building new roads, highways, expressways and support infrastructure such as airports, ports, railways and power plants. The expansion and transformation of our core infrastructure is also a major driver of growth for the auto industry. While urban consumers have so far driven India's remarkable automotive growth, the government's vision for economic growth and development across all strata of the country will pave the way for the launch of new products in this segment. The initiatives are expected to help the automotive industry develop new mobility solutions such as intelligent transportation systems, alternative fuel vehicles and smart and connected vehicles targeted at the 'smart cities' of the future.

Rural Market

The automobile industry is yet to tap into the demand from rural areas fully. The Indian automobile industry seeks to double its sales on the back of this steady semi-urban and rural led growth over the next decade. It is also expected to grow off relatively untapped segments including demand from youth, women and aspiration for luxury cars.

Outlook

In FY2019-20, the auto industry sales witnessed a sharp decline of 14.8% vis-à-vis a growth of about 6.4% witnessed during FY19 due to weak consumer sentiments along with rising insurance and ownership costs. The liquidity crisis in the NBFC sector, uneven monsoon, weak festival demand and increased load-carrying capacity for M&HCVs also impacted the auto sales. Overall auto production also witnessed a decline of about 14.7% during the FY2019-20 period vis-à-vis a growth of about 6.3% during the previous year. It is to be noted that such a double-digit decline in production was last observed during FY91-92, where production had witnessed a decline of about 11%.

Overall exports of automobile industry showed a marginal growth of 3.9% in FY2019-20 vis-à-vis a double-digit growth of about 14.1% witnessed in FY19. Exports stood at about 18.3% of the total sales during the year. Commercial vehicles segment with the lowest base in total auto exports, witnessed the sharpest decline of over 39% while exports of passenger vehicles witnessed a negligible growth of about 0.3%. Exports of two & three wheelers segment increased by over 4.5% during the period.

Commercial vehicles sales declined sharply by about 30% during the year with Medium and Heavy Commercial Vehicles (M&HCVs) sales declining by about 43% and Light Commercial Vehicles (LCVs) sales by about 21%. Due to upward revision in axle load norms for M&HCVs by 20-25% and curtailed lending by NBFCs, fleet owners deferred their purchases. Also, volatility in freight rates and an increase in fuel prices impacted demand. While the pre-buying was expected during March 2020 before the BS-VI norms were implemented, the country-wide lockdown led by the pandemic abraded the potential demand.

Passenger vehicles segment witnessed a decline of 14.8% in sales during FY2019-20 with a maximum decline of 39% in the vans segment followed by about 20% decline in the passenger car segment. In the case of Two & Three Wheelers, overall sales witnessed a decline of 14% in FY2019-20 led by a decline in sales of two-wheelers by about 14.4% followed by about 10.2% in three-wheelers.

ICRA Ratings says, CV sales volumes are likely to contract further between 8-10% in FY2020-21 as the near-term outlook of the sector is weighed down significantly by the coronavirus pandemic. The agency continues to maintain a negative outlook for the segment over the near-term citing slowing economic growth, current overcapacity in the CV ecosystem and not so benign financing environment, with challenges further aggravated by the recent and rapid spread of novel coronavirus in India. Accordingly, the outlook for the next fiscal, especially the first half, remains weak given the macroeconomic headwinds because of recent pandemic outbreak coupled with significant price hikes because of transition to the new emission norms.

7. HOUSING FINANCE

During FY2015-FY20, the growth momentum of Housing Finance Companies (HFCs) sustained on account of government policies on 'Housing for All'. Though the housing market has been affected by stagnant prices and rising inventory levels in residential real estate, yet the rising income level in the economy has partly sustained the demand for housing.

HFCs witnessed sustained growth for the years FY2013-18, recording a 5-year CAGR of 21.6% in their loan book, where the NBFCs and HFCs filled in for the vacuum created by the slowing bank credit. Their share in the housing finance market has been growing in the said period. However, in the year FY2018-19, the HFCs witnessed a moderation in growth on account of liquidity squeeze felt by NBFCs/HFCs and the consequent securitisation of their retail assets.

The HFCs have majorly been funded through capital market and bank borrowings and have been operating at a leverage of 6-7 times. The share of bank borrowings witnessed a decline after FY2013-14, and the HFCs began to access cost-efficient funds via the debt market. During FY2019, the funding via bank credit re-emerged as the non performing assets (NPAs) situation in banks has improved and as the access to the capital markets became costlier for certain HFCs.

The Indian housing finance market grew to approximately ₹ 21.8 trillion as on FY2019 witnessing a CAGR of 18.6% during FY2014-2019, comprising both SCBs and HFCs. The housing finance industry has exhibited remarkable resilience over the past two broad economic cycles. The SCBs credit disbursement to retail home loans grew by 19% to ₹ 11.6 trillion as of March 31, 2019, as compared with ₹ 9.7 trillion as of March 31, 2018. The HFCs have gained considerable momentum during FY2013-18. As of March 31, 2018, HFCs witnessed 27% growth in their housing loan portfolio due to the rising focus of the government on affordable housing. While the overall credit off-take by the banks to the overall housing sector has been rising, the share of the HFCs has declined as of March 31, 2019.

Outlook

India Ratings and Research (Ind-Ra) has maintained a stable outlook on affordable HFCs and a negative outlook on large HFCs for FY2021. Ind-Ra expects the overall loan growth of HFCs to moderate to 6% growth in FY2021. It believes the affordable housing finance segment remains margin accretive, as it faces moderate competition from banks and lenders in these segments have pricing power as they lend to informal borrowers. The government-sponsored schemes such as credit-linked subsidy scheme and, in case of self-construction loans, existing equity in land help moderate loan to value ratio, thereby moderating loss given default risk in the segment.

The competition from banks could intensify in the large ticket housing space for HFCs, as margin shrink from the already modest levels. This is because elevated borrowing costs, both on account of the recalibration of funding mix, i.e. reducing short term borrowings, and challenges to mobilise funds through capital market borrowings, have increased funding cost. As per Ind-Ra analysis, the optimum return on equity possible for large ticket housing financers stands in the range of 14-15%, based on the proportion of non-housing portion in the overall mix.

8. INSURANCE INDUSTRY

The insurance industry in India is expected to reach $280 billion by 2020. The life insurance industry in the country is expected to grow by 12-15% annually for the next three to five years.

The gross premium collected by life insurance companies in India increased from ₹ 2.56 trillion in FY2012 to ₹ 7.31 trillion in FY2020. During FY2012–FY20, a premium from the new business of life insurance companies in India increased at a CAGR of 15% to reach ₹ 13 trillion in FY2020. The market share of private sector companies in the non-life insurance market rose from 15% in FY2004 to 56% until April 2020. In the life insurance segment, private players had a market share of 31.3% in new business in FY2020.

In FY19, the premium from new life insurance business increased 10.73% to ₹ 2.15 trillion. In FY2019-20 (till February 2020), gross direct premiums of non-life insurers reached ₹ 1.74 trillion, showing a growth rate of 14.03%. Private-sector insurers saw a 17% growth in premium collection, the state-owned non-life insurers registered a 9% growth in the same period. Insurance penetration in India at 4%, is half of developed countries levels (8%). The country has a population of 1.25 billion nearly half of them (600 million) are insurable. Out of the 600 million, only 300 million have some life cover, and very few have a health cover.

The market share of private sector companies in the non-life insurance market rose from 13.12% in FY03 to 55.70% in FY2019-20. In the life insurance segment, private players had a market share of 31.80% in new business in FY2018-19. The significant opportunity lies in the distribution channel; at present these are major distribution channels. Broking channel contributed only 5% in life insurance and 25% in general insurance (including health) business.

Outlook

The life insurance industry in the country is expected to grow by 14-15% annually for the next three to five years. Demographic factors such as growing middle class, young insurable population and growing awareness of the need for protection and retirement planning will support the growth of Indian life insurance. Indian insurance market enjoys favourable demographics (over 60% working-age population). Wide-ranging products are available in the market focusing on protection, savings, wealth creation, health and pensions. New models of distribution, such as multi-company distributor model and online distribution models are slowly but steadily picking up. Bundling of products with existing financial services and other products provide an excellent business opportunity. There is an increasing demand for short term policies.

9. BUSINESS REVIEW

The Company provides financial services through simple processes and procedures in sanction and disbursement of credit as well as timely, friendly, and flexible terms of repayment aligned to the unique features of its clientele. Easy and fast loan appraisal and disbursements make the Company the preferred choice for customers. An established reach and network allow the company to cater to the remotest of geographies in India. The Company has a significant business presence in semi-urban and rural areas.

Focus on the customer is one of the critical factors that has driven the Company's policies. A robust business model and an insight into the needs of its customers give the Company a competitive edge. Better risk management has also contributed to the Company achieving commendable growth. Technology deployment has resulted in superior sales productivity, better market coverage, improved channelisation, and customer experience.

The Company is the second-largest NBFC operating in the gold loan segment with a consolidated AUM of ₹ 252,304 million (FY 2019-20), of which gold loans account for ₹ 169,671 million. It has a robust pan-India presence through its 4,622 strong branch network (on consolidated basis), spread across 28 states and four union territories, serving an active customer base of more than 5.14 million.

Business Performance In FY2019-2020

The Company's performance during the year represents continued progress along with its stated objectives of growth, without sacrificing profitability or taking on undue risk. We have achieved a good increase in business volumes and profitability, and we are well placed to keep up the momentum. Our consolidated AUM has crossed ₹ 250 billion. Consolidated AUM increased by 29.8%, led mainly by growth in gold loans. Consolidated profit after tax (after minority interest) stood at ₹ 14.68 billion, a growth of 56.1%. Your Company reported ROE (on a consolidated basis) of 28.2% and ROA of 5.7% for FY 2019-20.

Growth in our main business of gold loan (which constituted 67.25% of consolidated AUM) was better than prior guidance and the Company's Gold Loan AUM increased by 30.9%. The growth was driven by a combination of an increase in gold holdings, which grew up by 7.2% and higher gold prices. The average life of the gold loan is around 58 days only. Add to this the average LTV of around 59% and average ticket size of about ₹ 38,500, the Company's gold loan portfolio is quite well insulated against gold price fluctuation. The gold holdings stood at 72.4 tonnes as of March 31, 2020, and the tonnage increased by 7.2% over the year, posting a healthy 5-year CAGR of 9.2%. The total number of gold loan customers stood at 2.6 million. The gold loan book stood at ₹ 169.67 billion. Auctions during the quarter were ₹ 1,163 million. The Company follows a policy of making regular auctions on overdue accounts. The weighted average LTV stands at ₹ 2,345 per gram. Fresh gold loan disbursements during the year were ₹ 1,689 billion compared to ₹ 896.48 billion in FY19. The online gold loan (OGL) book accounted for 48% of the total gold loan.

The Company's diversification initiatives are doing well. India's automobile sector has borne the brunt of the economic slowdown, but our Commercial Vehicle finance business has performed quite well with low early delinquencies and attractive unique economics. Our housing loan portfolio is relatively small and has been steady in terms of asset quality. During the quarter, the Company consciously chose to reduce its on-lending portfolio that is launched to smaller NBFCs and MFIs. Given the stress in the macroeconomic environment, the on-lending portfolio has been consciously reduced from ₹ 9.6 billion in March '19 to ₹ 6.7 billion as of 31 March 2020. Overall, the non-gold portfolio now accounts for 32.75% of the consolidated AUM.

The Company's microfinance subsidiary, Asirvad Microfinance Ltd. continued to be an industry outperformer with its AUM crossing ₹ 55.03 billion, clocking an increase of 43.3%. Growth was driven mainly by new customer acquisition, as the average ticket size continues to remain close to its trend level of about

₹ 22,000. Significantly, all disbursements are being made in a non-cash manner. Considering the experience of microfinance in India and its susceptibility to a region or state-specific issues and problems, Asirvad Microfinance has capped lending per state at 10%. Further, it also follows an additional cap for the district level of 1%, to reduce it to 0.5% within three years.

Asirvad delivered ROE of 25.52% in FY2019-20 and is now amongst the lowest cost providers of microfinance loans in India. The Company is rated AA minus stable by CRISIL, the highest credit rating in the MFI sector. For FY2019-20, Asirvad made a profit of ₹ 2,351 million. Incidentally, in the Ind-AS transition, the Company has provided 100% for loans due over 90 days. Asirvad currently serves 2.36 million customers through a network of 1,030 branches, with 6,206 employees and with a presence in 22 states, making it the fourth-largest NBFC MFI in the country. The Company has a capital adequacy ratio of 25.4%.

Vehicle Finance business reported an AUM of ₹ 13.4 billion, which is up by 20% and stable asset quality with NPA at 6.7%. Business is now carried out of 214 branches across 22 states. The home loan business had a total loan book of ₹ 6 billion, which is up 21.4%. It operates 47 branches and reported a profit of ₹ 1.1 million during FY2019-20. Loan to corporate has shrunk by 40.4% to ₹ 5.5 billion.

The total consolidated borrowing stood at ₹ 175.06 billion. Our average cost of borrowing in FY2019-20 has increased to 9.5% from 9.3% last year. On the liquidity front, the Company has not faced any issues in raising funds for growth, even at the peak of a liquidity crisis. On the liability side, we have raised $300 million through the issuance of medium-term notes to further diversify our funding profile and bring down dependence on short-term sources. The money was raised by way of senior secured fixed rate notes issuance for a three-year tenure. The issue was placed with a coupon of 5.9% and there was good demand for the paper. The Company does not expect any funding challenges to come in the way of its plans and it is comfortably placed with its ALM.

The Company benefited from significant operating leverage as overall operating expenditure has come down by 0.48%, while the AUM grew by 6.3% during the year. We expect to continue to drive benefit of operating leverage going forward. Our employee costs increased by 5.2% to ₹ 1.6 billion for the fiscal. There is a rent reversal of ₹ 1,139 million due to the adoption of IndAS 116 "Leases" in the year. Similarly, our finance cost and depreciation have gone up by ₹ 326 million and ₹ 813 million respectively due to Ind-AS 116.

Provisions and write-offs for the standalone entity during the year were ₹ 848.49 billion. Our gross NPAs was 0.88% as compared to 0.55% as of the last fiscal. Losses due to theft, spurious gold, etc. only amount to 0.04% of AUM. The Company's consolidated net worth stood at ₹ 57.46 billion, the capital adequacy at 21.74%. The book value per share stands at ₹ 68.69 of diversified business, and the Board has declared a dividend totalling ₹ 2.75 during the financial year 2019-20.

DIGITAL TRANSFORMATION

The Company embarked on a digital transformation journey across the value chain. The route encompassed four areas of focus – digitising operations for scale, mobile interfaces for servicing customers, unified data architecture and analytics for single customer view, leveraging new technologies for new businesses.

Our lending functions are supported by in-house; custom developed an information technology platform that allows us to, record relevant customer details, approve and disburse the loan. Our technology platform also handles an internal audit, risk monitoring and management of the suitable credit and pledged gold related information. Our employees undergo periodic training related to the evaluation of the worth and authenticity of the gold that is pledged with us.

The Company's Mobile App has won overwhelming acceptance of its customers, with over seven hundred thousand now using it to make digital payments, avail a new gold loan or close an existing loan, make other online EMI payments. Nearly a million customers are using our digital platform for transacting with us on regular basis etc. The Company is continuously strengthening its IT and Data infrastructure to be future-ready and ahead of the industry in innovation.

Credit Rating

The credit rating details of the Company as on 31st March 2020 were as follows:

Credit Rating Agency	Type of Facility	March 31, 2020		31 March 2019	
		₹ In million	Rating	₹ In million	Rating
Brickwork	Non-Convertible debentures	**10,030**	BWR AA+ (Stable)	10,030	BWR AA+ (Stable)
	Bank Loan Facility	**70,000**	BWR AA+ (Stable)	70,000	BWR AA+ (Stable)
CRISIL	Bank Loan Facility	**50,000**	CRISIL AA/ Stable	2,500	CRISIL AA-/ Positive
	Non-Convertible Debenture	**40,075**	CRISIL AA/ Stable	27,575	CRISIL AA-/ Positive
	Commercial Paper	**40,000**	CRISIL A1+	35,000	CRISIL A1+
	PCG DA	**1,000**	CRISIL AA (SO) Equivalent	NA	NA

Credit Rating Agency	Type of Facility	March 31, 2020		31 March 2019	
		₹ In million	Rating	₹ In million	Rating
ICRA	Non-Convertible Debentures	**2,701**	Withdrawn	2,701	[ICRA]AA-(Stable)
	Pass-through certificates	**427**	ICRA AAA(SO)	NA	NA
	Pass-through certificates	**459**	ICRA AAA(SO)	NA	NA
CARE	Bank Loan Facility Long Term	**60,874**	CARE AA Stable	56,800	CARE AA Stable
	Bank Loan Facility Short Term	**29,126**	CARE A1+	33,200	CARE A1+
	Non-Convertible Debentures	**21,500**	CARE AA Stable	16,800	CARE AA Stable
	Commercial Paper	**40,000**	CARE A1+	35,000	CARE A1+
S&P	Senior Secured Bond	**21,288**	BB-/Stable	NA	NA
FITCH	Senior Secured Bond	**21,288**	BB-/Stable	NA	NA

* The ratings mentioned above were reaffirmed by the Rating Agencies during the Financial Year 2019-20. With the above rating affirmations, the Company continues to enjoy a high level of rating from all major rating agencies at the same time.

Asset Quality

Risk assessment of customers is made at the time of initial appraisal for pricing and granting loans. The Company also makes a portfolio risk analysis at frequent intervals with its stringent review mechanism. Gross NPA has reduced from 0.39% in FY2018-19 to 0.38% in FY2019-20, Net NPA reduced from 0.28% in FY2018-19 to 0.26% in FY2019-20.

10. SWOT ANALYSIS

Strengths

Strong Track Record in Financing Against Gold Jewellery: Manappuram has been in the gold-loan business for more than 60 years. Based on this industry experience, the Company has designed an appropriate assessment and underwriting methodology. The Company has a substantial brand value and reputation in India. Reputation and trust play a significant role in this financing segment as it assures the customer of credibility.

Adequate Capitalisation: The Company has a healthy capital adequacy ratio of 21.74% as on March 31, 2020. Lower asset-side risk also supports capitalisation. AUM in the gold loan segment is expected to grow moderately over the medium term. Also, other parts (affordable housing finance, loans against property, and commercial vehicle finance) have a relatively small scale.

Stable Funding Profile: Around 63% of the consolidated borrowing (including off balance sheet funding through securitisation and ECBs) was from banks (public and private) and financial institutions with which the company has established relationships. This source is stable and costs competitive. We have also raised funds from long-term capital market instruments such as non-convertible debentures and subordinated debt. As microfinance and commercial vehicle portfolios are securitised, it further widens the funding sources.

Strong Profitability: Profitability has improved during fiscal 2020. The substantial improvement is partly attributable to reduced auction losses consequent to the shift to short-tenure products of three months along with a focus on regular interest collection. Ability to limit operating cost will be critical for stability in profitability. Also, restricting credit costs in the non-gold finance segments, as they grow, will remain a key factor.

Weakness / Area of Improvement

Geographical Concentration in Revenue: Operations have significant regional focus compared with large NBFCs. South India accounted for about 58% of total AUM as on March 31, 2020, though this has reduced from 82% as on March 31, 2012. More than 37% of the microfinance portfolio is in southern states: Tamil Nadu, Karnataka, and Kerala. Given the enormous size of the gold loan book compared with other segments, and the dominant presence of the gold loan business in south Indian states, revenue is likely to continue to be concentrated geographically and in terms of the asset class over the medium-term.

Challenges Associated with Non-Gold Loan Segments: Growth, asset quality, and profitability in the non-gold loan businesses are yet to stabilise. The collection efficiency in the microfinance and housing finance portfolios was affected during fiscal 2017. Increased credit cost could impact Asirvad's profitability. Similarly, the housing finance portfolio is not yet well seasoned. Delinquencies have inched up in the recent past and are likely to increase as the portfolio seasons further. However, the commercial vehicles portfolio is growing at a fast pace and operations here have attained a measure of stability.

Opportunities

Untapped Potential: The core business of the Company, of providing gold loans, continues to offer excellent growth potential. The World Gold Council estimates privately held gold to be anywhere between 20,000 to 25,000 tonnes in India. The gold loans business model aims primarily to impart liquidity to this stock which is still mostly untapped.

Level Playing Field: With the RBI now prescribing a uniform cap on LTV of 75% for both banks and NBFCs, there is a level playing field which benefits NBFCs. Further, the volatility exhibited by gold price over the last two to three years has visibly dampened the enthusiasm for the gold loan business among banks which translates into a less aggressive stance in the market.

Continuing Opportunities in the Unorganised Sector: Proximity is essential for choosing a given type of financial institution when availing a gold loan. People prefer convenience over other factors; transaction cost plays a vital role in the financial behaviour of a client. Despite the growing network of the formal sector, the informal sector continues to dominate the overall market for gold loans, which presents an opportunity to expand the network and win over the business from the informal sector.

Technology Innovations: The Company had rolled out an advanced Online Gold Loan product that is cashless and available to the customer 24x7. Given the convenience, and the fact that cash disbursements are being increasingly more regulated, OGL is well poised to take a larger share of the market.

Threats

- Gold loans constitute 67.25% of the consolidated advances of the Company. A sharp decline in the price of gold within a short period may adversely affect repayments and limit growth prospects.
- Business is highly regulated, and it may be adversely affected by future regulatory changes.
- Financial performance is vulnerable to interest rate risk, as most of the funding is from banking channels.
- AUM growth can be negatively impacted by a decline in the gold price.
- Greater competition from NBFC/Banks/Fintech could impact growth in AUM and profits.

Managing High Client and Employee Attrition Would be Vital for Meeting Growth Plans

While growth prospects remain good, client and employee attrition could result in scalability challenges for the sector. Employee attrition was around 25% at the field level, further, the training needs are likely to change as we move towards higher automation of processes and higher ticket sizes. Client attrition rates have also increased with increased competition. Leading to pressure on the field staff to continuously acquire clients and penetrate newer geographies for maintaining good client growth rates.

Improving Geographical Mix and Asset Quality

The geographic combination of the industry has been developing at the state and district level. Karnataka and Tamil Nadu remained the top two states in terms of portfolio as on 31 March 2020. However, with the increased focus of industry participants on expanding their reach in the underpenetrated states of Bihar and Odisha, where the asset quality indicators remained benign even after demonetisation, the share of these two states increased.

An analysis of the portfolio cuts of MFIs reveals that the ticket sizes and loan tenures are rising. While the opportunity to scale up and grow remains intact, there is a need for more involved credit analysis and assessment of the actual debt repayment capacity of the borrower. Further, there is a need for aligned risk management policies in the sector for responsible and sustainable growth. The overall indebtedness of the borrower from all formal sources should be considered for leverage calculations rather than for compliance with regulatory norms. Given that the target segment for microfinance-focussed lending by MFIs, SFB licensees and commercial banks is the same, both lenders and regulators need to critically reassess the guidelines from a risk perspective and maintain the core objective of ensuring that the end borrower is not overleveraged.

The asset quality indicators should be supported, over the medium term, by structural factors such as group selection/elimination and the fact that MFIs represent the lowest cost of funding for borrowers. Nevertheless, the segment remains vulnerable to income shocks and is politically sensitive. Therefore, ICRA expects credit costs for the sector to remain volatile with low credit costs at 1.5-2.5%, which could vary among players across cycles, depending on their risk management practices.

Capital Requirements Remain High Despite Regular Infusions in the Past

ICRA expects the sector would need external capital of ₹ 60-90 billion for the next three years to meet the growth plans. While raising money is unlikely to be a significant impediment for well-managed large MFIs/SFBs, the smaller entities may continue to struggle to mobilise equity capital. Which could increase the share of smaller MFIs is originating more portfolio through the BC model, as partners to larger lenders to conserve money.

Maintaining Adequate Liquidity will be Critical

In addition to the capital flow which aided the liquidity profile of MFIs in the past, the priority sector status attached to the bank loans, off-balance sheet funding (mostly assignments) of MFIs, and shorter tenures support liquidity profile.

However, incremental funding requirements for the MFIs are likely to remain high given the growth aspirations and the need to maintain disbursement levels for servicing the existing client requirements as well. At the same time, the recent volatility in the wholesale market is likely to keep the cost of funds elevated for these MFIs especially since these players are highly dependent on wholesale funding sources. Overall, the availability of new funding would be a key factor impacting MFIs' liquidity profiles going forward.

11. FINANCIAL REVIEW

The following table presents Company's standalone and Consolidated abridged financials for the fiscal year 2019-20, including revenues, expenses and profits.

Consolidated Results at a Glance

(₹ in billion)

Particulars	FY 2018-19	FY 2019-20	% growth
Income from operations	41.80	54.65	30.80%
Profit before tax	14.57	20.07	37.80%
Profit after tax (After minority interest)	9.40	14.80	57.45%
AUM	194.41	252.30	29.78%
Net Worth	45.47	57.46	26.38%
Return on Assets (%)	4.91	5.7	
Return on Equity (%)	22.06	28.16	
No. of branches	4,351	4,622	
Total No. of Employees	25,610	27,726	

Standalone Results At A Glance

(₹ in billion)

Particulars	FY 2018-19	FY 2019-20	% growth
AUM	151.09	191.22	26.56%
Gold loan AUM	129.62	169.67	30.90%
Gold Holding (Tonnes)	67.51	72.4	7.2%
Live Gold Loan Customers (million)	2.4	2.62	9.10%
Gold Loans Disbursed	896.49	1,689.09	88.41%
Capital Adequacy Ratio	23.65	21.74	
Cost of Fund	9.07	9.29	
Gross NPA (%)	0.55	0.88	
Net NPA (%)	0.32	0.54	
Number of Branches	3,374	3,529	
Comm. Vehicle Loans (AUM)	11.14	13.44	20.64%

The other business verticals of our Company include Vehicle and Equipment Finance Business, Payments business, SME business and fee-based services including forex and money transfer. Further, we have also expanded into other business verticals such as microfinance business through our Subsidiary AML, housing finance business through our Subsidiary MHFL and insurance broking through our Subsidiary MAIBRO.

A more detailed discussion of the non-gold businesses of the Company is available in the Director's report on Page 40.

Key Financial Ratios:

Particulars	2019-20	2018-19
Return on Net Worth (%)	25.13	19.20
Basic EPS (after exceptional items)	14.58	9.38
Interest Coverage Ratio	2.21	2.20
Current Ratio	1.96	1.26
Debt Equity Ratio	3.27	2.90
Operating Profit Margin (%)	71.24	65.40
Net Profit M (%)	28.50	23.10

Detailed explanation of ratios

(i) **Return on Net Worth**

Return on Net Worth (RONW) increased over the period from 19.2% to 25.1%, on account of 56% growth in the profit after tax. The significant increase registered in profit for the year is mainly due to changes in the income tax rates and the better than expected growth in the company's gold loan business. The gold loan business registered good growth against the backdrop of liquidity challenges faced by many NBFCs following the IL&FS fiasco of 2018.

(ii) **Basic EPS**

Earnings Per Share (EPS), showed improvement of 55% from ₹ 9.38 per share to ₹ 14.58 per share, due to improved profit after tax, as explained above.

(iii) **Interest Coverage Ratio**

The Interest Coverage Ratio remained in-line with the previous year at 2.21 in FY2019-20 similar to 2.20 in FY2018-19.

(iv) **Current Ratio**

The Current Ratio of the Company improved from 2.90 in FY2018-19 to 3.27 in FY2019-20, as the Company made a conscious decision to improve its liquidity profile and shifted the funding profile towards long term liabilities, even though the assets remained essentially short-term in nature.

(v) **Debt Equity Ratio**

The leverage increased to 3.27 in FY2019-20 from 2.9 in FY2018-19 as the Company expanded its business significantly, with AUM increasing by 30% over the period.

(vi) Operating Profit Margin (%)

Improvement in the operating profit margin from 65.4 in FY2018-19 to 71.24 in FY2019-20 may be attributed to the cost reduction measures undertaken in the previous years, the impact of which is observed in the financial year FY2019-20.

(vii) Net Profit Margin (%)

The net profit margin also improved from 23.1 in FY2018-19 to 28.5 in FY2019-20 as the lower tax rates and improved business volumes resulted in higher profit in relation to the turnover.

12. RISK MANAGEMENT

Risk management forms an integral part of our business. The key risks are Credit Risk, Interest Rate Risk, Market Risk (collateral price), Liquidity Risk and Operational Risk. These risks, if not effectively managed may have a bearing on our financial strength and operations. Bearing this in mind, we continuously improve our risk management policies and procedures and implement them rigorously for the efficient functioning of our businesses. The key objective in the risk management processes is to measure and monitor the risks and effectively contain these within acceptable limits.

The Company has the Board approved "Enterprise Risk Management Policy and Framework" and various other risk management policies relating to the Credit Risk Management, Liquidity Risk Management, Risk Tolerance among others and its implementation is supervised by the Board of Director's Risk Management Committee (RMC). RMC periodically reviews various risk levels and their movement, composition of the assets and liability portfolios, the status of impaired assets, recovery/ collection etc. Risk Management functions of the Company are independent of the business sourcing units, headed by the Chief Risk Officer, reporting directly to MD & CEO.

Risk Management Process

The risk management system includes the following key elements:

- Objectives and principles driving the strategy
- Assignment and monitoring of responsibilities.
- Framework and reporting cycle to identify, assess, manage, monitor and report the risks
- Combination of 'top-down' and 'bottom-up' risk assessment and management process
- Risk monitoring plan, outlining the review, challenge and oversight activities
- Reporting procedures ensuring active monitoring and management of risk at all levels
- Embedded robust risk management culture across all levels of the Company.

The risk management framework operates on the assessment of risks through proper analysis and understanding before undertaking any transactions and changing or implementing processes and systems. Regular review, self-assessments control and monitoring of key risk indicators enhance the risk management framework. The key risks are:

Credit Risk

Credit risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or other counterparties.

The Company has credit risk frameworks, policies, procedures and systems for managing the credit risk. The Company has a well laid out loan/collateral appraisal system and procedures for all loans. Management of credit risk rests on the process for evaluating the creditworthiness of customers, transparent and fair valuation of the collateral and prudential loan to value limit. Our credit policies for non-gold loans ensure evaluation of various factors including income, demography, credit history and other indebtedness of the borrower, loan to value ratio, the tenor of the loan, risk gradation and others while evaluating loans.

While retail loans are managed largely on a portfolio basis across various products and segments, the small book of a corporate portfolio is managed both on an individual and portfolio basis. The credit risk management also includes capping of exposures based on borrower group, geography and industry. Credit Risk Management also involves portfolio diversification and periodic post-disbursement monitoring, relationship management with borrowers and remedial measures.

Interest Rate Risk and Foreign Exchange Risks

The Company is subject to interest rate risk, principally because it lends to customers at fixed interest rates and for periods that may differ from its funding sources, which bear fixed and floating rates. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. Majority of our asset portfolio has contracted maturity period of 3 months, which often gets repaid even earlier. We are not significantly exposed to interest rate risk.

We assess and manage the interest rate risk on our balance sheet by managing our assets and liabilities. The Company's interest rate policy, Investment Policy, Resource Planning Policy and Asset Liability Management Policy and Procedures ("ALM Policy"), have been approved and adopted by the Board, implemented and monitored periodically by the Asset Liability Management Committee (ALCO). We also conduct stress tests on the portfolios to measure the impact on the Company's profitability due to movements in interest rates.

As per the Board approved "Foreign Exchange Risk Management Policy" all foreign exchange liabilities and foreign exchange assets equivalent to above ₹ 100 million must be hedged. ALCO periodically reviews all the foreign currency exposures and monitors the foreign exchange risks.

OPERATIONAL RISK

Operational risks are risks arising from inadequate or failed internal processes, people and systems or external events. As one of the features of our lending operations, we offer a fast loan approval process and therefore have adopted de-centralised loan approval systems. To control our operational risks, we have adopted clearly defined loan approval processes and procedures. The internal control includes effective separation of functions, segregation of roles and responsibilities, reliance on the maker-checker concept, monitoring of exceptions, etc. We also attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing policies and procedures to monitor transactions, maintaining necessary back-up procedures and undertaking contingency planning. We have adequately insured ornaments pledged against employee and customer frauds, fire, theft and burglary. Besides onsite and offsite security surveillance of our branches, we conduct internal audits at all our branches to assess the adequacy of and compliance with our internal controls, systems and processes.

The Company operates in an automated environment and makes use of the latest technologies to support various operations, which leads to various operational risks viz business disruption, breaches in data security etc. The Board has adopted various IT and Security related policies to provide a governance framework for information security practices to mitigate information technology-related risks. Besides internal audit, an independent agency also assures the management of information technology-related risks. We have a robust Disaster Recovery plan that is periodically tested to ensure that it can meet any operational contingencies.

The Company achieved the ISO 27001:2013 ISMS certification (ISO 27001:2013) from BSI. BSI Group, also known as the British Standards Institution, is the national standards body of the United Kingdom. BSI produces technical standards, audits and provides certification to companies worldwide who implement management systems standards.

The Board of Directors have also adopted a "Whistle Blower Policy". Vigilance department in the head office oversees the implementation of fraud prevention measures across the organisation. Frauds are fully investigated to identify the root cause and relevant corrective steps are taken to prevent a recurrence.

The first line of defence in the operational risk management is provided by the Business Units, which maintain strict internal controls and procedures. Internal audit has adopted a risk-based audit of units, businesses and processes based on various risk alerts. The audit department reviews the effectiveness of governance, risk management and internal controls regularly. Operational Risk incidents are reviewed by the Periodical Review Meeting (PRM) of senior executives. Reports of the internal auditors, as well as the responses, are discussed and reviewed by the Audit Committee of the Board. Risk Management Committee of the Board also reviews risks in governance and effectiveness of the operational risk management controls.

Liquidity Risk

Liquidity risk arises due to the unavailability of an adequate amount of funds to meet the Company's financial obligations at an appropriate price and tenure. As most of our loans (at the portfolio level) have maturity shorter than the maturity of our liabilities, we have positive cashflows in all maturity buckets.

The Company attempts to minimise this risk through a mix of strategies, including diversification of sources of funds, securitisation and assignment of receivables, fixing caps on short term funds and maintaining liquidity buffer.

The Company also monitors liquidity risk through the ALCO and Resource Management Committee of the Board. Monitoring liquidity risk involves categorising all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any maturities, particularly in the short- term. Through the ALM Policy, we have capped maximum mismatches in various maturities in line with guidelines prescribed by the RBI.

A categorisation of assets and liabilities in time buckets are based on their maturities and repricing options. Action plans are drawn to ensure a minimum mismatch in each of the time buckets in line with guidelines prescribed by the RBI.

To strengthen liquidity risk management of NBFCs, RBI issued guidelines to maintain Liquidity Coverage Ratio (LCR) in the form of the High-Quality Liquid Assets (HQLA) from 1 December 2020. The HQLAs are assets that can be converted to cash easily and immediately. The Company carries adequate liquidity buffer to invest in HQLAs to meet the RBI guidelines.

Cash Management Risk

Our branches collect and deposit a large amount of cash through a high volume of transactions. To address cash management risks, we have developed advanced cash management checks that we employ at every level to track and tally accounts. Moreover, we conduct regular audits to ensure the highest standards of compliance with our cash management systems.

Asset / Security Risk

Asset risks arise due to the decrease in the value of the collateral over time. The selling price of a pledged asset may be less than the total amount of loan and interest outstanding in such borrowing, and we may be unable to realise the full amount lent to our customers due to such a decrease in the value of the collateral. The Company follows industry standard (as per RBI guidelines) and fixes the maximum gold loan LTV based on the one-month average of gold prices. ALCO reviews the gold prices and monitors the adequacy of the collateral margins.

We may also face specific practical and execution difficulties during the process of auction. We ensure that all legal procedures are followed and take appropriate care in dealing with customers for auctioned assets. We also additionally face the risk of theft and robbery, as all pledged assets are stored locally at the branches (as per RBI norms). We have deployed 24x7 online monitoring and various sensors at the branches to ensure the safety of the gold collateral.

Business Risk

The Company, being an NBFC, is exposed to various external risks which have a direct bearing on the sustainability and profitability of the Company. Foremost amongst them are Industry Risk and Competition Risk. The volatile macroeconomic conditions and change in sector dynamic in various commercial segments cause ups and downs in the business and may result in impairment of loan assets. We have a dedicated team to continuously monitor the trends in the economy and the various sectors within it. With increasing competition in the financial markets, the business growth of the Company is now dependent on its ability to face competition. Keeping with the trends and practices in the market, we have developed tailor-made products to deepen market penetration. Equipped with an enthusiastic sales force, range of products, continuous efforts to improve TAT, and foster a customer-friendly culture, the Company is successfully withstanding competition.

Regulatory Risk

It is the risk of change in-laws and regulations materially impacting the business. All the periodic guidelines issued by regulators including the RBI, SEBI, NHB, IRDA are fully adhered to and complied with by the Company. The Company strictly adheres to the Capital Adequacy, Fair Practices Code, Asset Classification and Provisioning Norms, submission of all required returns to the regulators with zero tolerance for non-compliance.

Human Capital Risk

Our success depends on our ability to retain and attract qualified personnel. We have a policy of providing an excellent working environment for employees across all levels for better work-life balance. The compensation paid by the Company is comparable with other companies in its class and size in the industry.

13. HUMAN RESOURCE

The Company believes that people perform to the best of their capability in organisations to which they feel genuinely associated. The Company focuses on widening organisational skills and improving organisational effectiveness by having a competent and engaged workforce. Our people are our partners in progress, and employee empowerment has been critical in driving our organisation's growth to the next level.

Each of the Company's business vertical has an explicit performance management model that helps in aligning individual performance with that of the business. Talent Management and Development in that scenario plays a pivotal role to attract and build people capability for their growth and through them for the growth of the organisation. The Company also identifies and adopts best industry practices related to Health, Safety, Security and Environment which outlines the core of its business and ensures in developing a culture where its employees drive them.

14. INFORMATION TECHNOLOGY

The Company has begun a transformation of the technology landscape. Technology has been deployed to support the more straightforward implementation of partnerships for business generation and collections, operational efficiencies, and compliance with statutes. In line with this, the Company has implemented enterprise platforms such as business process management and business intelligence. Also, fortification of information security measures through IPv6, web proxy, network access control and artificial intelligence-based network traffic analysis tool. The Company entered into IT services sourcing arrangements with global leaders of ITES to supplement the internal capabilities. Enhancement of digital solutions of customer mobile app, payments and KYC, as well as engagements for tapping into nascent technologies and the fintech ecosystem.

15. INTERNAL CONTROL

The Company has put in place an adequate internal control system to safeguard all its assets and ensure operational excellence. The system also meticulously records all transaction details and ensures regulatory compliance. The Company also has a team of internal auditors to conduct an internal audit which provides that all transactions are correctly authorised and reported. The Audit Committee of the Board reviews the reports. Wherever necessary, strengthening of internal control systems and corrective actions initiated.

16. CAUTIONARY STATEMENT

Certain statements in the Management Discussion and Analysis describing the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

Business Responsibility Report

SECTON A

1.	CIN of the Company	L65910KL1992PLC006623
2.	Name of the Company	Manappuram Finance Limited
3.	Registered Office	Manappuram Finance Limited IV / 470 (old) W638A (New), Manappuram House, Valapad, Thrissur, Kerala, India- 680 567 Landline: 0487 3050 000, 3050 108, 3050 100
4.	Website	www.manappuram.com
5.	E-mail id	mail@manappuram.com
6.	Financial Year reported	2019-20
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	As per National Industrial Classification – 2008, Section K - Financial and Insurance Activities Division 64 - Financial Service Activities, except insurance and pension funding. Code: 64191 Manappuram Finance Limited ('Manappuram Finance') is a non-banking company governed by RBI Act, 1934
8.	List three key products / services that the Company manufactures / provides (as in balance sheet)	• Gold loan • Vehicle and Equipment Finance • Onlending (Corporate Loan)
9.	Total number of locations where business activity is undertaken by the Company	
	i. Number of International Locations (Provide details of major 5)	None
	ii. Number of National Locations	As on 31 March, 2020, Manappuram Finance has over 3531 branches across 23 states and 5 UTs of India
10.	Markets served by the Company: (Local / State / National / International)	Manappuram Finance serves customers in national market.

SECTON B FINANCIAL DETAILS OF THE COMPANY

1.	Paid-up Capital	₹ 1,689.99 million
2.	Total Turnover	₹ 43,521.91 million
3	Total Profit after Taxes	₹ 12,303.12 million
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after tax (%)	2.17%
5.	List of activities in which expenditure in 4 above has been incurred	Activities are predominantly in the area of Quality education, Healthcare, Community Development including Day Care facilities for senior citizens, Empowerment of women, Environment sustainability etc. For more details please refer Annexure V of Boards Report.

SECTON C OTHER DETAILS

1 **Does the Company have any Subsidiary Company / Companies?**

Yes

2 **Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

Yes. Four Subsidiaries

3 **Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]**

Yes, there are various entities that Manappuram Finance does business with, which take part in the BR initiatives. We engage with our subsidiaries, business associates, implementing partners and suppliers to be part of our BR related initiatives. At present, the percentage of BR initiatives would be less than 30% and we are keen to increase the level of participation of all stakeholders.

SECTON D BUSINESS RESPONSIBILITY INFORMATION

1 Details of Director / Directors responsible for BR

a. Details of the Director / Directors responsible for implementation of the BR policy / policies

DIN Number	:	00044512
Name	:	Mr V.P. Nandakumar.
Designation	:	MD & CEO

b. Details of the BR head : Nil

2. Principle-Wise (As per NVGs) BR Policy / Policies

(a) Details of Compliance (Reply in Y / N)

No	QUESTIONS	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words) (Note 1)	N	N	N	N	N	N	N	N	N
4	Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online? (Note 2)	Y	Y	Y	Y	Y	Y	Y	Y	Y
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy / policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	N	N	N	Y
10	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency? (Note 3)	Y	Y	Y	Y	Y	N	N	Y	Y

Note 1

During the year, the Company has not implemented National/ International Standards w.r.t its policies. However, the Company conducts business in line with the rules, regulations and directions of the Reserve Bank of India, Companies Act 2013, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and such other regulations passed by the Government of India from time to time.

Note 2

The Web-link and accessibility to the following policies which are relevant to the principles are available on https://www.manappuram.com/policies-codes.html

- Business Responsibility Policy
- Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices
- Cross selling policy
- Investment Policy
- Auction Policy
- Policy for Determination of Materiality and Disclosure of Material Events/Information
- Policy on Materiality of Related Party and Manner of Dealing with Related Party Transactions
- Loan Policy
- Interest rate Policy
- Whistle blower Policy
- Corporate Social Responsibility Policy
- Know Your Customer (KYC) and Anti Money Laundering Measures Policy
- Fair Practice Code
- Mechanism for Dealing with Customer Complaints & Redressal
- Internal Audit Policy
- Dividend Distribution Policy
- Gift Policy
- Employee Speak up Policy
- HR Policy
- POSH policy
- Policy on transfer of Unclaimed Amount NCDs to GOI or IEPF

Some of the above policies are only available on intranet of the Company.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:
Not Applicable

3 **Governance related to BR**

a. **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**
The overall BR performance is reviewed annually by the Management and the Board.

b. **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**
This is the fourth Business Responsibility Report of the Company. Manappuram Finance publishes BR Report annually which forms part of Annual Report. It is available at https://www.manappuram.com/investors/annual-reports.html

SECTON D PRINCIPLE-WISE PERFORMANCE

Principle 1

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group /Joint Ventures / Suppliers / Contractors / NGOs / Others?**
No. The Policies relating to ethics, bribery and corruption covers not only Manappuram Finance, but also encompasses to subsidiaries, Vendors, Consultants, Suppliers and other external stakeholders.

Manappuram Finance accords utmost importance to ethical, transparent and accountable conduct by its employees and stakeholders. The Compliance function of Manappuram Finance ensures needed compliance with various regulatory and statutory requirements at all appropriate levels within the Organisation. It also updates the Board and the Management on the status of compliances in the changing regulatory environment.

Manappuram Finance commits timely disclosures and transparency at all levels so as to provide access to all relevant information about its business to stakeholders. The Corporate Governance practices apply across various businesses of Manappuram Finance including Board Governance. The Board oversees the services provided by Management towards protection of stakeholders' interest in the long run.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**
There were Nil stakeholder complaint received in the reporting period with regard to ethics, bribery and corruption. Further, as a NBFC dealing with a large number of retail customers, the Company gets routine complaints relating to customer service etc. The same is handled by the Company's customer relationship management (CRM) team and the cases are closed expeditiously with utmost importance.

Principle 2

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.**
The most important service of the Company is gold loans which are availed mostly by the vulnerable and underprivileged sections of society who are largely financially excluded. As they lack access to banks, they prefer to park their meagre savings in gold jewellery and in times of need, they pledge their jewellery to raise money. In this way, gold loans fulfil the credit needs of the excluded sections of society and contributes to social progress.

The Company has also incorporated social and environmental opportunities in its financial operations, forexample, Manappuram Finance has developed Online Gold Loan (OGL) which is India's first attempt at digitalisation of processing gold loans. OGL is a step forward to attain the National objective of cashless transactions.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

a. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain.
As a company dealing in financial services, the main resource utilised by the organisation is paper. Focus is given to making systems and procedures paperless and tech initiatives are launched to make the operations at Head office paperless. The launch of Online Gold Loan facility accessible to customers through a mobile app has reduced consumption of paper. Centralised ERP system implemented by Company helps to reduce paper usage at various divisions and branches.

Manappuram Finance has also implemented paperless Board and committee meetings so as to avoid usage of paper. During the FY 2020, compliances with respect to SEBI (Prohibition of Insider Trading), Regulations, 2015 have also been done through an application which is paperless. Additionally, approvals/intercompany communications have been made 100% paperless using an in-house application.

b. Reduction during usage by consumers (energy, water) has been achieved since the previous year.

Manappuram Finance has made considerable efforts to create awareness among its customers and employees about prudent usage and conservation of natural resources.

The Company uses low noise and low emission diesel generator sets (for power backup) at its corporate office, regional offices and reduces its environmental and carbon footprint by continuously exploring opportunities to enhance energy efficiency through measures such as monitoring energy consumption, use of energy efficient equipment etc.

Manappuram Finance minimises the usage of lightings, air-condition systems and other various infrastructure services in branches, offices and the corporate office to inculcate an atmosphere of energy efficiency.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)?**

a. If yes, what percentage of your inputs was sourced sustainably?

Our major material requirements are office and IT related equipment. Manappuram Finance has various vendor agreements for major suppliers which are in line with prescribed labour and environment standards, and ethical business practices. It may not be possible to ascertain the percentage of inputs that are sourced sustainably. However, the Company prioritise the procurement of materials from local vendors so as to avoid transportation and aimed to give business opportunity to local vendors.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

a. If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Manappuram Finance has a wide network of branches spanning across 23 states and 5 UTs of India to reach out to rural, semi- urban and urban customers. The Company has used the Business Associate model to enhance its business and reach out to customers. Under this model, Business Associates are recruited locally. Branches can select vendors as per the procurement standards and many items of minimal value are sourced locally.

The Company has taken several initiatives for the development of local suppliers of goods and services.

Principle 3

1. **Please indicate the Total number of employees:**

20,832 employees were on the payroll of Manappuram Finance as on 31 March, 2020.

2. **Please indicate the Total number of employees hired on temporary / contractual / casual basis.**

Manappuram Finance has hired 85 employees on temporary / contractual / casual basis.

3. **Please indicate the Number of permanent women employees.**

8,573 permanent women employees were on the payroll of the Company as on 31 March, 2020.

4. **Please indicate the Number of permanent employees with disabilities.**

25 permanent employees with disabilities were on the payroll of the Company as on 31 March, 2020.

5. **Do you have an employee association that is recognised by management.**

No.

6. **What percentage of your permanent employees is members of this recognised employee association?**

Nil

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

There were 9 complaints regarding sexual harassment which were filed with Internal Complaints Committee of the Company and 9 were resolved by the Committee during FY 2019-20.

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

Induction and skill up-gradation training programmes are routinely conducted and it covers a substantial part of the workforce every year. The training programmes cover various aspects such as product training, soft skills and behavioural training etc.

a. Permanent Employees:

20,003 Employees (96.43%)

b. **Permanent Women Employees:**
8355 Women Employees (97.46%)

c. **Casual / Temporary / Contractual Employees:**
78 Casual Employees (91.76%)

d. **Employees with Disabilities:**
23 (88.46%)

The Company has conducted programmes on awareness of prevention of sexual harassment and health awareness for women employees. The Company also conducts regular yoga and fitness classes for all employees at Head Office.

Principle 4

1. **Has the Company mapped its internal and external stakeholders? Yes / No**
Yes

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders.**
Yes.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.**
Yes, Manappuram Finance regularly undertakes initiatives to engage with disadvantaged, vulnerable & marginalised stakeholders. Manappuram Finance is committed to providing financial services in rural/unbanked areas. As on 31 March, 2020, out of 3531 branches of the Company, 771 branches were operating in rural areas. We believe that stakeholders have a key role to play in the growth of the organisation. It is our endeavour to build strong relationships with each of the stakeholders to meet their financial needs through better service and products and ensure harmonious and sustainable growth for the Company. Manappuram Finance has evolved formal and informal engagement mechanisms to understand stakeholders' expectations and concerns.

Manappuram Finance's engagement with few key stakeholders are described below:

Shareholders, Customers & Investors
Equity Shareholders, NCD holders, FPIs, Banks/Lenders and Customers form part of key stakeholders of Manappuram Finance. There are various procedures for resolving complaints of these stakeholders including through toll-free telephone lines, emails, letters, through the SEBI SCORES portal, through customer engagements at branches, regional offices and corporate office. Investor grievance cells also help in resolving the complaints of these stakeholders.

Conference calls are organised by Manappuram Finance post quarterly results for analysts and investors to interact with senior management of the Company. The transcripts of these calls are made available on the organisation's website: www. manappuram.com.

Employees
Employees form an important category of stakeholders of Manappuram Finance. The programs, benefits, rewards, cells for redressal of grievances and employee satisfaction initiatives are conducted all round the year to ensure effective employee engagement.

Government & Regulators
The Government and Regulators such as Reserve Bank of India, Securities and Exchange Board of India, National Stock Exchange of India Limited, BSE Limited, Debenture Trustees, Depositories, ROC, etc. are engaged through various statutory filings, regular meetings, emails & letters.

Business Associates, Vendors and Suppliers
Business Associates, Vendors and Suppliers are engaged through meetings, letters, emails, supplier contracts and such other means.

Community
Manappuram Foundation, a trust formed in 2009 under the Indian Trust Act, 1882 and a promoter group entity of Manappuram Finance which is a CSR implementing body of the Company monitored by CSR Committee, has undertaken extensive Corporate Social Responsibility (CSR) initiatives, as detailed in the Report on CSR Activities, annexed to the Board's Report. CSR activities were carried out by the Company at regional level across the Country.

Media
The Media is engaged through advertising, media interaction, interviews, press releases, emails etc. The marketing team partakes in the dialogue with such stakeholders.

Principle 5

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**
No. The policies revolving around human rights cover not only Manappuram Finance but also other stakeholders.

Manappuram Finance is concerned about the impact on human rights. It respects every citizen's right and ensures its policies and operations are non-discriminatory, upholding dignity of every employee, customer and stakeholder.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**
Manappuram Finance did not receive any complaint relating to human rights violations from internal or external stakeholders.

Principle 6

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others?**
Policy extends to its value chain such as subsidiaries, contactors, suppliers, vendors, consultants and other stakeholders.

2. **Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.?**
No. At present, the Company is not having strategies to address global environmental issues.

3. **Does the Company identify and assess potential environmental risks?**
As Manappuram Finance is in the financial service industry, it has not identified or assessed the potential environmental risks.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**
No, the Company does not have any project related to the Clean Development Mechanism.

5. **Has the Company undertaken any other initiatives on— clean technology, energy efficiency, renewable energy, etc.**
Manappuram Finance has undertaken various initiatives on energy efficiency and renewable energy.

Manappuram Finance is an environment friendly organisation constantly working towards developing solutions to minimise its impact on the environment. Manappuram Finance encourages shareholders to opt for electronic copies of the Annual Report as part of its Green Initiative program. A Paperless office project has been implemented to ensure minimum usage of paper at the office. Several measures are undertaken to minimise the environmental impact due to business travel such as video/ audio conferencing facilities at regional offices and all major branch offices.

Manappuram Finance uses low noise and low emission diesel generator sets at its regional offices and head office. The Company seeks to reduce its environmental and carbon footprint by continuously exploring opportunities to enhance energy efficiency through measures such as monitoring energy consumption, use of energy efficient equipment etc.

Manappuram Finance minimises the usage of lightings, air-condition systems and other various infrastructure services in branches and the corporate office to inculcate an atmosphere of energy efficiency.

6. **Are the Emissions / Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?**
Not applicable to the Company.

7. **Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**
No show cause / legal notices were received during the reporting period.

Principle 7

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**
Manappuram Finance is an active member of several trade bodies and associations. Some of the major ones are listed below:

    1. Confederation of India Industry ('CII')
    2. The Federation of Indian Chambers of Commerce and Industry ('FICCI')
    3. Associated Chambers of Commerce and Industry of India ('ASSOCHAM')
    4. Finance Industry Development Council (FIDC)
    5. AGLOC (Association of Gold Loan Companies)

Through these associations, Manappuram Finance promotes an efficient and transparent financial system and works to enhance financial literacy. Manappuram Finance also participates in key initiatives undertaken by the Government and Regulators.

In addition to the above, Top Management of Manappuram Finance are members of various committees constituted by the Government of India, Regulators and other industry bodies.

2. **Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)?**

   Manappuram Finance is also working with Government agencies, other financial institutions and industry associations like CII and FICCI towards promotion of green technology, conservation of water, organic farming etc.

Principle 8

1. **Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   Manappuram Finance provides financial services to urban, semi-urban and rural areas of India. Manappuram Finance has adopted a strategically different service approach for catering to people in these areas.

   In addition, there are various projects undertaken through Manappuram Foundation as part of the Company's CSR initiatives. Please refer to the Report on CSR Activities, annexed to the Board's Report for more information on CSR activities of the Company.

2. **Are the programmes / projects undertaken through in- house team / own foundation / external NGO / Government structures / any other organisation?**

   Manappuram Foundation, a trust formed in 2009 under the Indian Trust Act, 1882 and a promoter group entity of Manappuram Finance which is a CSR implementing body of the Company monitored by CSR Committee, has undertaken extensive Corporate Social Responsibility (CSR) initiatives, as detailed in the Report on CSR Activities, annexed to the Board's Report.

   The approach adopted by Manappuram Foundation is to enhance income flows of households through livelihood inputs and market linkages, as well as helping Government and non- Government organisations to deliver better service to the community. The major areas of focus are education, healthcare, Old Age Homes / Day Care facilities for senior citizens and Empowerment of women.

3. **Have you done any impact assessment of your initiative?**

   Manappuram Foundation has a system of reviewing all its initiatives wherein the progress of each initiative is evaluated along with its impact at the touch points. The desired objectives (performance parameters) of the initiatives are generally stated at the commencement stage of the initiatives and are assessed through independent social audit. Correction measures are taken based on the recommendations of social auditor.

4. **What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

   Please refer to the Report on CSR activities, annexed to the Board's Report for amount and details of the projects undertaken.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

   Through effective stakeholder engagement, Manappuram Finance ensures that its community engagement initiatives have a strong focus on sustainability in the long term.

Principle 9

1. **What percentage of customer complaints / consumer cases are pending as on the end of financial year.**

   41.8% of Consumer cases were pending as on the end of FY 2019-20.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws?**

   Manappuram Finance is a non-banking finance company and it is not applicable.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year.**

   There were 349 cases filed against the Company regarding unfair trade practices during last five years out of which 146 cases are pending as on the end of FY 2019-20.

4. **Did your Company carry out any consumer survey / consumer satisfaction trends?**

   Manappuram Finance periodically carries out surveys to measures the satisfaction among its customers, understand their expectations and to gauge its own competitiveness in the industry.

   Manappuram Finance has a robust mechanism for gathering feedback for resolving grievances of its customers. Customer queries and complaints are addressed by employees as well as a dedicated call centre. This dedicated facility has been implemented for imparting information on our products, resolving queries relating to loan account balances, account statements, KYC documentation, etc.

Some of the key policies for protection of customers are:
The Customer Grievance Redressal Policy underlines fair and equal treatment to customers without any bias. Grievances are resolved within the prescribed turnaround time (TAT). Customers are made aware of alternative remedial channels if they are not satisfied and the effort is to enable customers to make informed choices regarding our products and to reduce errors in financial transactions.

Through the Fair Practice Code, Manappuram Finance undertakes to provide comprehensive information relating to fees, charges, refunds, processing timelines, application status for products, loan processes, Auction process and communication of approval and rejection of loan applications.

Auction Policy and Interest Rate policy provides information pertaining to auction process in case of default in repayment of loan and interest rates for the loan products, respectively.

Manappuram Finance has imparted training to its employees to enable the employees to understand the customer's needs and extend quality service to them.

Manappuram Finance provides transparent information on all its products through its website: www.manappuram.com which has details such as product features, service charges, applicable fees, interest rates, deposit schemes etc. Manappuram Finance also offers online tools and mobile applications for customers to understand their eligibility for its products and services.

Board's Report

Dear Members,

The Board of Directors of Manappuram Finance Limited have pleasure in presenting before you, the 28th Annual Report of the Company together with the Audited Consolidated and Standalone Statements of Accounts for the financial year ended 31 March, 2020.

1. FINANCIAL SUMMARY/HIGHLIGHTS AND STATE OF AFFAIRS

The standalone and consolidated financial highlights of your Company are as follows:

(₹ in million)

Description	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Gross Income	43,521.91	34,271.80	55,511.88	42,420.25
Total Expenditure	26,721.81	22,094.38	35,438.90	27,854.34
Profit Before Tax	16,800.10	12,177.42	20,072.98	14,565.91
Provision for Taxes/Deferred tax	4,496.98	4,272.86	5,269.81	5,080.41
Other Comprehensive Income	(54.32)	(27.78)	(60.00)	(25.30)
Minority interest	-	-	125.60	80.90
Net Profit	12,303.12	7,904.56	14,677.57	9,404.60
Amount available for appropriations	27,023.18	19,184.42	30,532.55	20,580.20
Appropriations:				
Transfer to statutory Reserve	2,449.77	1,575.36	2,920.43	1,884.74
Transfer to/(from) Debenture Redemption Reserve	(1,115.33)	970.80	(1,115.33)	970.80
Interim Dividend on Equity share	2,321.75	1,811.77	2,371.99	1,811.77
Tax on Dividend	477.25	372.41	487.58	372.41
Adjustment on account of IND AS	274.55	(265.98)	351.50	(188.90)
Balance carried forward to next year	**22,615.19**	**14,720.06**	**25,516.38**	**15,729.38**

During the Financial Year ("FY") 2019-20, under review, the Company's consolidated revenue from operations grew 30.9% to ₹ 55,511.88 million and the Profit after Tax increased to 56.1% to ₹ 14,803.17 million. The Company's consolidated AUM grew by 29.8% to ₹ 252,304.48 million during the year owing to rapid growth in the microfinance (grew 43.3%), housing finance (grew 21.7%) and vehicle finance (grew 10.2%) AUMs. Gold loan AUMs grew 30.9% during the year.

The Company also implemented multiple campaigns to increase awareness among the customers about the benefits of digital transactions. Through its local marketing initiatives, the Company covered individuals belonging to the masses segment and concentrated on getting close and personally relevant to understand the financial needs of the people in these sections. Consistent review and monitoring at field level was also done to ensure business propensity.

During the year, the Company undertook various employee engagement initiatives to motivate them and improve their efficiencies. These efforts played a prominent role in the Company's growth during the year. The Company will continue to engage in such initiatives in the future to serve its customers better and thereby achieve higher growth.

2. DIVERSIFICATION OF BUSINESS

In 2014 your Company decided to pursue a diversification of its business on the strength of its large net worth, access to debt capital on competitive terms and access to customer relationships built over decades, through its mainstay business of gold loans.

The objective of the diversification strategy is to bring down the dependence of the Company on gold loans, and over time reach a reasonable parity between the new streams of business and gold loans. In the intervening years, we have assiduously built up competencies and capabilities to bring the share of new business in our AUM close to 33%.

Our long-term objective is to achieve a 50-50 mix between the new businesses and gold loans in the years to come. This will address three key business objectives; First, it addresses the regulatory discomfort with mono-line NBFCs perceived as vulnerable to concentration risk. Second, it would enable the Company to cater to its existing (and new) customers with new products and services. Finally, it enables your Company to play a leading role in accelerating the government's agenda for inclusion by addressing the needs of the underprivileged sections of our population.

Accordingly, your Company is focusing on affordable housing finance, vehicle and equipment finance which includes commercial vehicle loans, two-wheeler loans, tractor & car loans, microfinance, SME finance, project and industrial finance, corporate finance and insurance broking. Over the last five years, the Company has made progress in all these new businesses, having steadily scaled up operations by leveraging its existing customer base, branch network and the goodwill of the Manappuram Brand.

The key achievement thus far is that having begun from scratch in FY2015, the Company's non-gold new businesses now contribute 33% of the total assets under management. The microfinance business is carried out by a subsidiary Asirvad Microfinance Ltd. (AML). In the past year, microfinance AUM has grown from ₹ 38,407.8 million in FY2019 to ₹ 55,026.4 million in FY2020. Your Company's Vehicle & Equipment Finance division and the Corporate Loan/ on lending division have ended the year with an AUM of ₹ 13,443.5 million and ₹ 5,540.3 million, respectively. Your Company's housing subsidiary, Manappuram Home Finance Limited has ended the year with an AUM of ₹ 6,296.1 million while the insurance broking subsidiary has contributed revenue of ₹ 150.2 million.

The other business verticals of the Company include Payments business, SME business and fee-based services including forex and money transfer.

Vehicle & Equipment Finance (VEF)

The vehicle finance portfolio stands at ₹ 13,444 million spread across 221 locations in 22 states as at 31 March 2020. The pre-owned vehicles portfolio is of ₹ 8.3 billion and new vehicles are of ₹ 990 million with 18,065 contracts. The two-wheeler finance portfolio is of ₹ 3.29 billion with 107,582 contracts, and other vehicle loans make up a portfolio of around ₹ 860 million. The business is supported by robust pre-screening methodologies and credit assessment for a healthy portfolio mix.

With plans to target the existing customer base for consumer vehicle loans, your Company firmly believes that digital technology would be an integral component for the growth of the business in the coming years.

SME Business

Our Company commenced SME business in November 2017 to serve the underserved segment and help them grow their businesses. The SME business vertical covers loans provided against the collateral security of property with the loan amount ranging from ₹ 0.2 million to ₹ 2.50 million. The Company deliberately went slow in adding new business due to constraints faced by the customers, hence AUM of the SME business stood at ₹ 270.15 million as at 31 March 2020 as against ₹ 298.52 million in Fiscal 2019.

Fee-Based Services (Including Forex and Money Transfer)

Our Company's fee-based services include money transfer, foreign exchange and other depository services. We act as sub-agents to Indian representatives for money transfer inward remittance. We facilitate fast, easy and safe money transfer and no bank account is needed by the customer for an amount of up to ₹ 50,000 subject to compliance with applicable RBI norms.

Your Company is an Authorised Dealer (AD) Category 2 license holder from RBI. We assist in currency exchanges and sale of traveller's cheques for a variety of purposes as permitted under the FEMA. Fee-based services accounted for 20 basis points of our total revenue for Fiscal 2020.

Payments Business

Our Company's payments business includes our remittances and money changing business. Our Company became an RBI licensed principal agent in Fiscal 2018 and tied up with various third parties as their principal agent. We have also tied up with many banks and other institutions to provide banking correspondent services. We are also looking to leverage greater synergies between our online gold lending platform and our digital wallet 'MAKASH'.

Our Subsidiaries

Asirvad Microfinance Limited (AML)

AML, an NBFC operating as a microfinance institution (NBFC - MFI), is a majority-owned subsidiary of our Company. AML provides mainly three types of loans, namely income generating programme loan (IGP), product loan and MSME loan.

During the year, the Company consolidated its existing operations in 22 states including union territories. The Company forayed into lending for MSME enterprises against the security of the property by starting operations in 15 branches across Andhra Pradesh, Karnataka and Tamil Nadu. The Company's MSME loan book at the end of the year is ₹ 136 million.

AML is ranked as the 4th largest NBFC-MFI in India. The Company has a network of 1,030 branches across 22 States and union territories with presence in 316 districts and 209,956 centres. During the year, the Company passed on the reduction in the interest rate charged by banks/Financial Institutions on its borrowings by reducing the interest rate charged to customers from 21.70% per annum to 21.30%.

The assets under management of this business increased by 43.27% during Fiscal 2020. This growth was an outcome of multiple factors such as healthy addition of new customers aggregation to 1.19 million, enhanced reach via a balanced mix of branch-led expansion as well as more client acquisition via our online/digital platforms. AML had AUM of ₹ 55.03 billion as at March 31, 2020, as compared to ₹ 38.41 billion as of March 31, 2019. AML has high capital adequacy with CAR at 25.37% and excellent ROA at 4.63%. It has a customer base of 2.36 million and gross NPA of just 1.83%.

Being the most significant business after gold loans, microfinance is strategically vital to the Company. Asirvad is adequately capitalised and has consistently shown healthy and profitable growth.

Manappuram Home Finance Limited (MAHOFIN)

MAHOFIN, a wholly owned subsidiary of Manappuram Finance, started operations in January 2015 and focuses on affordable housing loans and caters to the needs of mid-income to the low-income group. Our housing finance business registered 21.37% growth in its AUM in Fiscal 2020, posting CAGR of 37.7% in the past five years, reaching an AUM of ₹ 6.30 billion. Currently, there are 47 branches across nine states. The western region contributes the largest share of the loan portfolio. Considering the increasing urbanisation and the rise of tier II and tier III cities, the Company is also planning to cover nearby states and locations.

Positioned as an affordable home finance company, target customers are the self-employed from the unorganised sector and others lacking access to credit facilities from mainstream financial institutions. The Company offers two products – Home Loans and Loans Against Property. The average ticket size of a Home Loan is about ₹ 1 million, and for the LAP segment, it stands at about ₹ 0.75 million.

As a part of digitalisation, the Company has introduced the "Mobile-Customer Acquisition System" (mCAS) for faster processing of loan applications and "Mobile Collect" (M-Collect) for speeding up the collection process.

The Company is looking to diversify funding sources and in October 2019 it succeeded in raising about ₹ 943.1 million by a public issue of NCDs. The portfolio faced minimal delinquencies with GNPA held at 4.91%. The Company has a capital adequacy ratio is around 53.43% (well above the regulatory requirement).

Manappuram Insurance Brokers Limited (MAIBRO)

Our wholly owned subsidiary, Manappuram Insurance Brokers Limited (MAIBRO), ended the year at ₹ 2.05 billion of total business. The Company did the new business of ₹ 1.89 billion in the fiscal. The Company now operates in various products of Life, Health, Personal Accident and Motor insurance to cater to multiple sections of the society. The Company has the distinction of covering 2.61 million customers in FY2020. MAIBRO posted a net profit of ₹ 73.3 million in FY2020 vs ₹ 34.24 million in FY2019 and is likely to snowball from here on by entering new tie-ups with insurance companies. The Company covered 54,580 families with a health cover, 49,748 customers with Personal Accident cover and 2.48 million customers with death cover.

MAIBRO today has a presence across the length and breadth of the country. The Company has used the Manappuram brand and strength to its advantage and provided new products across all branches of the parent company and the Group companies. The Company has improved its 13 months persistency to 70% and has been able to successfully settle 88% of claims reported.

Manappuram Comptech And Consultants Ltd. (MACOM)

Our subsidiary, Manappuram Comptech and Consultants Limited (MACOM) ended the year at ₹ 99.15 million of total business. The Company has enhanced its revenue portfolio by ₹ 28.10 million. The Company has offers services in audit and taxation along with core IT services to service varied market requirements including application development for Digital Personal Loan, Loan Management Solutions etc. During the year, the Company made a mark by developing fully android based apps for EMI collection, Customer and Agent Collection etc. MACOM posted a net profit of ₹ 17.7 million in FY2020 vs ₹ 3.3 million in FY2019 and is poised for take-off from here on.

3. SUBSIDIARIES

Your Company holds 93.33% equity shares of Asirvad Microfinance Limited, 100% equity shares of Manappuram Home Finance Limited, 100% equity shares of Manappuram Insurance Brokers Limited and 99.81% of Manappuram Comptech and Consultants Limited as on 31 March, 2020.

Asirvad Microfinance Limited

Gross Income of the Company as on 31 March, 2020 is ₹ 11,014.44 million as compared to ₹ 7,404.47 million for the year ended 31 March, 2019 and profit after Tax is ₹ 2,353.28 million for the year ended 31 March, 2020 as compared to ₹ 1,516.38 million for the year ended 31 March, 2019

Manappuram Home Finance Limited

Gross Income of the Company as on 31 March, 2020 is ₹ 856.73 million as compared to ₹ 664.45 million for the year ended 31 March, 2019 and profit after tax is ₹ 105.64 million for the year ended 31 March, 2020 as compared to ₹ 30.21 million for the year ended 31 March, 2019. AUM of the Company as on 31 March, 2020 is ₹ 6,296.10 million which is 2.51% of consolidated AUM.

Manappuram Insurance Brokers Limited

Gross income of the Company for the year ended 31 March, 2020 is ₹ 150.24 million as compared to ₹ 113.33 million for the year ended 31 March, 2019 and profit after tax for the year ended 31 March, 2020 is ₹ 73.3 million as compared to ₹ 34.24 million for the year ended 31 March, 2019.

Manappuram Comptech and Consultants Limited

Gross income of the Company for the year ended 31 March, 2020 is ₹ 101.35 million as compared to ₹ 72.27 million for the year ended 31 March, 2019 and Profit after tax for the year ended 31 March, 2020 is ₹ 17.69 million as compared to the profit of ₹ 3.30 million for the year ended 31 March, 2019.

Salient features of financial statements of the Company's subsidiaries in form AOC-1 are annexed herewith as Annexure – I(a) and the highlights of performance of subsidiaries are annexed herewith as Annexure – I(b).

4. RESERVES

During the FY 2019-20, the Company has utilised ₹ 274.55 million with regards to adoption of IndAS 116 "Leases" from Retained earnings.

The total reserves and surplus as on 31 March, 2020 stands at ₹ 51,868.97 million.

5. DEBENTURE REDEMPTION RESERVE

Pursuant to notification issued by Ministry of Corporate Affairs on 16th August, 2019 in exercise of the powers conferred by sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government amended the Companies (Share Capital and Debentures) Rules, 2014.

In the principal rules, in rule 18, for sub-rule (7), the limits with respect to adequacy of Debenture Redemption Reserve and investment or deposits for listed companies (other than All India Financial Institutions and Banking Companies as specified in sub-clause (i)), Debenture Redemption Reserve is not required to maintain in case of public issue of debentures as well as privately placed debentures for NBFCs registered with Reserve Bank of India under section 45-IA of the RBI Act, 1934.

By complying with the above notification, the Company has transferred back ₹ 1,115.33 million from DRR to Retained earnings and in respect of the debentures issued through public issue, the Company has not created DRR during the year ended 31 March 2020.

6. RESOURCES

The Company as an NBFC, mobilisation of resources at 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 credit lines from the banks and financial institutions. Your Company as at 31 March, 2020 availed various credit facilities from 33 banks, 1 NBFC (Bajaj Finance) and NABARD.

Management has been making continuous efforts to broaden the resource base of the Company so as to maintain its competitive edge. The next important source of funding is the issue of Secured Redeemable Non-Convertible Debentures (NCDs). In addition, the Company also raised funds through the issue of Commercial Papers (CPs) and foreign currency denominated bonds under the euro medium term note programme.

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

7. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report is attached and forms an integral part of the Annual Report. The report discusses in detail, the overall industry situation, economic developments, sector wise performance, outlook and state of company's affairs.

8. REPORT ON CORPORATE GOVERNANCE

The 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 adhere to good Corporate Governance standards that lays strong emphasis on integrity, transparency and overall accountability. The report on corporate governance forms integral part of this annual report.

9. BUSINESS RESPONSIBILITY REPORT

Business Responsibility Report in line with the National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business, released by the Ministry of Corporate Affairs, Government of India and as stipulated under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR') forms integral part of this Annual Report and the same has been hosted on the website of the Company https://www.manappuram.com/investors/annual-reports.html

Business Responsibility Report provides information on key initiatives undertaken by the Company, driven by the triple bottom line (people, planet and Profit) aspects and is aligned with the nine principles of NVG. Your Company, together with its subsidiaries viz. Manappuram Home Finance Limited, Asirvad Microfinance Limited, Manappuram Insurance Brokers Limited and Manappuram Comptech and Consultants Limited, serves millions of customers in the financial services space. Your Company has moved towards enhancing the Business Responsibility framework to align them with the Business Responsibility Reporting guidelines/standards as per SEBI.

Your Company's initiatives of Sustainability, Corporate Social Responsibility (CSR) and Business Responsibility is driven from the top. Board-level CSR Committee is entrusted with formulating, revising and updating our CSR Policy which governs the implementation of all our CSR initiatives in compliance with Section 135 of Companies Act, 2013. Various policies including CSR Policy and Business responsibility policy guide our stringent adherence to compliance and governance. The business responsibility performance of the Company is assessed annually by the Board of Directors. Your Company believes in conducting its operations in a fair and transparent manner. Within the organisation, your Company works towards integrating community development, responsible governance, stakeholder inclusiveness and environmental responsibility into business practices and operations.

Your Company seeks to differentiate itself by building a new age NBFC to serve the financial needs of all sections of society in India, especially the less privileged/ under privileged sections. This will be achieved by providing a basket of diversified products and services, backed by state of the art technology, and driven through a culture that values customer service.

10. DIRECTOR'S RESPONSIBILITY STATEMENT PURSUANT TO SECTION 134 OF THE ACT

The Board of Directors, to the best of their knowledge and ability, confirm that:

i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities

iv. they have prepared the annual accounts on a going concern basis;

v. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;

vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2019-20.

11. MEETINGS OF THE BOARD

During the financial year 2019-20, Board of Directors met on eight occasions. For further details of these Board Meetings, please refer to the Corporate Governance Section of this Report.

12. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

Your Company has received necessary declarations from all Independent Directors of the Company confirming that they meet criteria as mentioned in Section 149 of the Act and SEBI LODR. Your Company has also received undertaking and declaration from each Director on fit and proper criteria in terms of the provisions of Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("RBI NDSI Master Directions, 2016").

13. POLICY ON BOARD COMPOSITION COMPENSATION

The Board of Directors has adopted a policy on Director's appointment and remuneration for Directors, Key Managerial Personnel and other employees including criteria for determining qualification, positive attributes, and independence of Directors as laid down by the Nomination Committee of the Board in compliance with the provisions of Section 178 of the Act. The policy can be viewed at https://www.manappuram.com/policies-codes.html and is also annexed to this report as Annexure II.

14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in Note 10,11,44 & 49 to the Standalone Financial Statements.

15. PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES

Contracts / arrangements / transactions entered by the Company during the FY 2019-20 with related parties under Section 188 of the Act were in ordinary course of business and on arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the provisions of Regulation 23 of SEBI LODR and the Company's policy on related party transactions. Therefore, particulars of contracts / arrangements with related parties under Section 188 in Form AOC-2 is not annexed with this report.

Your Directors draw attention of the members to Note 42 to the Standalone Financial Statement which sets out related party disclosures.

The Policy on related party transactions as approved by the Board which is annexed to this report as Annexure III may be accessed on the Company's website at the https://www.manappuram.com/policies-codes.html

16. DIVIDEND

Five interim dividends at the rate of 55 paise per equity share were declared during the financial year 2019-20, on 15.05.2019, 13.08.2019, 06.11.2019, 28.01.2020 and 27.02.2020.

An aggregate of ₹ 2.75/- per equity share, amounting to 137.5% of the paid-up value of the shares was paid by the Company during the financial year 2019-20.

The Dividend Distribution Policy as per the SEBI LODR is available at the following link: https://www.manappuram.com/policies-codes.html

17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

These details are provided as Annexure IV to this report.

18. RISK MANAGEMENT POLICY

The Company has a Board of Directors approved Risk Management Policy wherein material risks faced by the Company including Operational Risk, Regulatory Risk, Price, Interest Rate Risk and Credit Risk are identified and assessed. The Risk Management Committee periodically reviews the various risks faced by the Company and advises the Board on risk mitigation plans. Risk Management policy may be accessed on the Company's website at the link: https://www.manappuram.com/policies-codes.html

19. CORPORATE SOCIAL RESPONSIBILITY POLICY

Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company have been formulated by the Board based on the recommendation of the Corporate Social Responsibility Committee (CSR Committee). The CSR Policy may be accessed on the Company's website at the link: https://www.manappuram.com/policies-codes.html

The Corporate Social Responsibility initiatives taken by the Company during the FY 2019-20, is detailed in the Report on CSR activities which is annexed herewith marked as Annexure V.

20. FORMAL ANNUAL EVALUATION

The Board of Directors have carried out annual evaluation of its own performance, board committees and individual Directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by SEBI LODR. The following were the performance evaluation parameters of Independent Directors:

Qualification	Initiative
Experience	Availability and attendance
Knowledge and Competency	Commitment
Fulfillment of functions	Contribution
Ability to function as a team	Integrity

The Board and the Nomination Committee reviewed the performance of the Non-Executive Directors (including Independent Director) on the basis of the criteria such as attendance, level of participation, contribution to the meetings and its decision making, continuity on the Board, and performance appraisal questionnaire, etc. In addition, the chairman was also evaluated on the key aspects of his role.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of the criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

In furtherance to above performance evaluation parameters pertaining to Non-Executive Directors (including Independent Director), Nomination Committee and Board has evaluated performance of Managing Director and Whole-time Director based on the performance of additional criteria as detailed in the Corporate Governance Report. In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of the chairman was evaluated, taking into account the views of Executive Directors. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

The Board of Directors has confirmed that all existing Directors are fit and proper to continue to hold the appointment as Directors on the Board, as reviewed and recommended by the Nomination Committee on fit and proper criteria under RBI NDSI Master Directions, 2016.

21. DETAILS OF REMUNERATION / COMMISSION RECEIVED BY MD OR ED FROM SUBSIDIARIES

During the FY 2019-20, Mr. B.N.Raveendra Babu (Executive Director) has received remuneration by way of sitting fee, ₹ 0.40 million, for attending Board/Committee meetings of the subsidiary, Manappuram Insurance Brokers Limited and Mr. V. P Nandakumar (Managing Director & CEO) has not received any remuneration or commission from any of the subsidiaries of the Company for the FY 2019-20.

22. AUDIT AND AUDITORS REPORT

Deloitte Haskins & Sells LLP, Chartered Accountants have been appointed as the Statutory Auditors by shareholders at the 25th AGM, to hold office up to the conclusion of 30th AGM.

The notes annexed to the Standalone and Consolidated financial statements referred in the Independent Auditors' Reports are self- explanatory and do not call for any further comments.

There were no frauds reported by the statutory auditors to Audit Committee or Board under Section 143 of the Act.

Secretarial Audit

The Board appointed KSR & Co. Practicing Company Secretaries LLP, to conduct Secretarial Audit for the financial year 2019-20.

Secretarial audit report for year ended on 31 March, 2020 as provided by KSR & Co. Practicing Company Secretaries LLP, Indus chambers, Ground floor, No.101, Govt Arts College Road, Coimbatore-641018, is annexed to this Report as Annexure- VI. Asirvad Microfinance Limited, the material subsidiary of the Company as per Regulation 16(1)(c) of SEBI(LODR), 2015, has obtained Secretarial Audit Report from S Hari, Practising Company Secretary. The said report will form part of their Annual Report and will be made available on their website..

The reports issued by Statutory Auditor and Secretarial Auditor does not contain any qualification, reservation, adverse remark or disclaimer.

23. DIRECTORS AND KEY MANAGERIAL PERSONNEL, CHANGE, IF ANY

Dr. Amla Samanta (DIN: 00758883) stepped down as Director of the Board of the Company at the meeting dated 20.03.2019 w.e.f 01.04.2019.

Mr. Abhijit Sen (DIN: 00002593) has been appointed as Additional Director of the Board considering his integrity, expertise and experience, with effect from 13.08.2019 and Shareholders, at the 27th AGM approved his appointment as Non-Executive, Independent Director.

Mr. Harshan Kollara (DIN: 01519810) has been appointed as Additional Director of the Board with effect from 28.01.2020, considering his integrity, expertise and experience.

Mr. Shailesh Mehta (DIN: 01633893) has been appointed as Additional Director of the Board with effect from 27.02.2020, considering his integrity, expertise and experience.

Mr. E.A Kshirsagar (DIN: 00121824) resigned on 06.11.2019.

Mr.V.R.Rajiven(DIN: 06503049) passed away on 19.10.2019.

Shareholders at the 27th AGM, also approved:

- Revision of remuneration by way of increment and variation in the terms of appointment of Mr. V. P. Nandakumar, Managing Director & CEO (DIN: 00044512)
- Re-appointment of Executive Director Mr. B. N. Raveendra Babu (DIN: 00043622) for a further period of five years with effect from January 11, 2020.
- There were no other changes in Directors or Key Managerial Personnel during the FY 2019-20.

24. SHARE CAPITAL

During the year 2019-20, the Company has allotted 21,83,268 equity shares of ₹ 2 each pursuant to exercise of stock options. Consequently, the paid-up equity share capital of the Company stood as on 31.03.2020 at ₹ 1,689.99 million consisting of 84,49,93,125 equity shares of ₹ 2 each.

During the year under review, the Company has not issued shares with differential voting rights, bonus shares and sweat equity shares.

25. DEPOSITS

As you are aware, your Company had stopped acceptance of deposits from the public since FY 2009-10. Your Company had converted itself into a non deposit taking Category 'B' NBFC. During FY 2019-20 the Company has not accepted deposits as per Chapter V of the Act.

There is NIL unclaimed deposit as on 31 March, 2020.

26. COMPLIANCE WITH NBFC REGULATIONS

Your Company has complied with all the regulatory provisions of the Reserve Bank of India applicable to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company.

As on 31 March, 2020, the Capital Adequacy Ratio of the Company is 21.74%, well above the statutory requirement of 15%. The Company has not issued any Perpetual Debt Instruments.

27. EMPLOYEE STOCK OPTION SCHEME (ESOS)

In order to retain the best available talent, ensure long term commitment to the Company, and encourage individual ownership, Company has instituted employee stock options plans from time to time.

Presently, the Company has Employee Stock Option Scheme 2016 ('ESOS-2016').

Disclosures in terms of 'Guidance note on accounting for employee share based payments' issued by ICAI and diluted EPS in accordance with Indian Accounting Standard (IndAS) 33 - Earnings Per Share are provided in note 36 of Standalone Financial Statements in this Annual Report.

Details related to stock option schemes as required under SEBI SBEB Regulations read with Securities and Exchange Board of India circular no. CIR/CFD/POLICY CELL/2/2015 dated 16 June, 2015 are provided in Note 37 of the Standalone Financial Statements in this Annual Report and Annexure VII of this report and are also available on Company's website at https://manappuram.com/investors/annual-reports.html

A certificate from Deloitte Haskins and Sells LLP, Statutory Auditors (Firm's Registration No.117366W/W-100018), Statutory Auditors, confirming that ESOS 2016 has been implemented in accordance with the SEBI SBEB Regulations and that the respective resolutions passed by the Company in General Meetings would be placed in the ensuing Annual General Meeting for inspection by the members

28. DISCLOSURE

The Composition of CSR Committee and Audit Committee are detailed in the Corporate Governance Report.

Whistle Blower Policy and Vigil Mechanism

The Vigil Mechanism of the Company provides adequate safeguards against the victimisation of any directors or employees or any other person who avail the mechanism and also provides direct access through an e-mail, or a letter to the Chairman and a Member of the Audit Committee.

No person has been denied access to the Chairman of the audit committee. Company has ensured that its employees are well aware of the content and procedure of the policy and fully protected. The Whistle Blower Policy and Vigil Mechanism may be accessed on the Company's website at the link: https://www.manappuram.com/policies-codes.html

Compliance with the Provisions of Secretarial Standard - 1 and Secretarial Standard - 2

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by your Company.

29. EXTRACT OF ANNUAL RETURN

Extract of annual return in Form MGT-9 is annexed herewith as Annexure- VIII.

30. DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS AND INTERNAL AUDIT

Your Company has put in place, well defined and adequate Internal Control System and Internal Financial Control (IFC) mechanism commensurate with size, scale and complexity of its operations to ensure control of entire business and assets. The functioning of controls is regularly monitored to ensure their efficiency in mitigating risks. A comprehensive internal audit department functions in house to continuously audit and report gaps if any, in the diverse business verticals and statutory compliances applicable.

During the year, Internal Financial Controls were reviewed periodically by the management and Audit Committee. Key areas were subject to various statutory and internal audits in order to review the adequacy and strength of IFC followed by the Company. As per the assessment, Controls are strong and there are no major concerns. The internal financial controls are adequate and operating effectively so as to ensure orderly and efficient conduct of business operations.

Your Company has an independent internal audit function which carries out regular internal audits to test the design, operations, adequacy and effectiveness of its internal control processes and also to suggest improvements to the management. KPMG was appointed in terms of Section 138 of Companies Act, 2013, to conduct internal audit of functions. Their observations along with management response are periodically reviewed by Audit Committee and Board and necessary actions are taken.

31. LISTING WITH STOCK EXCHANGES

Your Company confirms that it has paid the Annual Listing Fees for the financial year 2019-20 to BSE and National Stock Exchange (NSE) where the Company's shares are listed.

32. SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

During the year under review, there were 9 cases filed with the Internal Complaints Committee of the Company, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the same were investigated and resolved. No complaints were pending more than 90 days during FY 2019-20.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

33. CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Act, SEBI LODR and Indian Accounting Standard (IndAS) 27 on Consolidated Financial Statements, the audited consolidated financial statement is provided in the Annual Report.

34. CREDIT RATING

Your Company holds valid credit rating from Brickwork, CRISIL, ICRA and CARE for Non-Convertible Debentures, Short Term and Long-Term Bank Facilities and Commercial Paper as follows:

a. CRISIL rated Bank Loan Facilities amounting to ₹ 50,000 million as CRISIL AA / Stable.

b. CRISIL rated Non – Convertible Debentures amounting to ₹ 40,075 million as CRISIL AA / Stable.

c. CRISIL rated Commercial Paper of ₹ 40,000 million as CRISIL A1+

d. ICRA rated Series A1 PTC of ₹ 426.5 million and ₹ 459 million as Provisional ICRA AAA(SO)

e. CARE rated Bank Loan Facilities for Long Term amounting to ₹ 60,873.8 million as CARE AA (Stable) (Double A; Stable)

f. CARE rated Bank Loan Facilities for Short Term amounting to ₹ 29,126.2 million as CARE A1+ (A One Plus)

g. Care rated Non-Convertible Debentures amounting to ₹ 21,500 million as CARE as AA(Stable)

h. Care rated Commercial Paper of ₹ 40,000 million as CARE A1+ (A 1 Plus)

i. Brickwork rated Non – Convertible Debentures amounting to ₹ 10,030 million as BWR AA+(Stable)

j. Brickwork rated Bank Loan facilities amounting to ₹ 70,000 million as BWR AA+ (Stable)

k. S&P rated US$750 million EMTN Programme and Senior Secured Notes as BB- /Stable

l. Fitch rated US$750 million EMTN Programme and Senior Secured Notes as BB- /Negative

35. DETAILS OF AUCTIONS HELD DURING THE YEAR 2019-20

Additional disclosures as required by RBI NDSI Master Directions, 2016:

Year	Number of Loan Accounts	Principal Amount outstanding at the dates of auctions (A) (₹ in million)	Interest Amount outstanding at the dates of auctions (B) (₹ in million)	Total (A+B) (₹ in million)	Value fetched (₹ in million)
31-03-2019	181,555	4,193.87	584.76	4,778.63	4,846.16
31-03-2020	48,026	1,161.54	214.87	1,376.41	1,505.62

Note: No sister concern participated in the auctions during the year ended 31 March, 2019 and 31 March, 2020

36. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURE

Particulars of employees and related disclosures are annexed herewith as Annexure IX as per Section 197 of the Act.

37. AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

A certificate from Statutory Auditor in compliance with the conditions of corporate governance by the Company, for the year ended on 31 March, 2020 as stipulated in Part E of Schedule V of SEBI LODR is annexed as Annexure - X.

38. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

There were no such significant / material orders passed by the Regulators during the financial year 2019-20.

No penalties and strictures were imposed on the Company by any of the regulatory authorities such as the Stock Exchange, SEBI, Reserve Bank of India, Registrar of Companies, for non- compliance on any matter related to capital markets during the last three years 2017-18, 2018-19 and 2019-20, except for the below:

BSE	Regulation 18(1) Non-Compliance with the constitution of Audit Committee	₹ 132,160 (₹ 2,000 per day computed till quarter ended December 31, 2018) plus GST	BSE notice dated 31.01.2019 Paid on 08.02.2019
		₹ 84,960 (₹ 2,000 per day computed till quarter ended March 31, 2019) plus GST	BSE notice dated 02.05.2019 Paid on 04.05.2019
NSE		₹ 132,160 (₹. 2,000 per day computed till quarter ended December 31, 2018) plus GST	NSE notice dated 31.01.2019 Paid on 08.02.2019
		₹ 84,960 (₹ 2,000 per day computed till quarter ended March 31, 2019) plus GST	NSE notice dated 02.05.2019 Paid on 09.05.2019
BSE	Regulation 44(3) delayed submission of Voting Results	₹ 11,800 (Fine amount per instance ₹ 10,000) plus GST	BSE notice dated 06.11.2019 Paid on 21.11.2019
NSE		₹ 11,800 (Fine amount per instance ₹ 10,000) plus GST	NSE notice dated 06.11.2019 Paid on 21.11.2019

39. MATERIAL EVENT SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENT

There have been no material changes and commitments, affecting the financial position of the Company which occurred between the end of the FY 2019-20 and the date of this report.

40. MAINTENANCE OF COST RECORDS

The Company is an NBFC, and hence the requirement under sub-section (1) of section 148 of the Companies Act, 2013 w.r.t Maintenance of cost records is not applicable.

41. ACKNOWLEDGEMENT

Your Directors express 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, Debenture Trustees, RTA's, Depositories, Central and State Governments and its statutory bodies for the support, guidance and co-operation. Your Directors wish to thank the Customers, Investors, Shareholders, Debenture holders, Bankers, Auditors, Scrutiniser and other financial institutions and other stakeholders for the whole hearted support and confidence reposed on the Company.

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

Sd/-
Jagdish Capoor
Chairman
DIN: 00002516

Place: Valapad
Date: May 29, 2020

Annexure I

PART_A

FORM AOC-1

Pursuant to the first proviso to sub section (3) of section 129 read with rule 5 of companies(Accounts) Rules, 2014) Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures:

(Amount in ₹ million)

Name of the subsidiary	Manappuram Insurance Brokers Limited
The date since when subsidiary was acquired	1 January, 2016
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
Share capital	15.70
Reserves and surplus	54.99
Total assets	99.03
Total Liabilities	99.03
Investments	-
Turnover	150.24
Profit before taxation	96.28
Provision for taxation	22.99
Profit after taxation	73.29
Proposed Dividend	NIL
Extent of shareholding	100%

(Amount in ₹ million)

Name of the subsidiary	Manappuram Home Finance Limited
The date since when subsidiary was acquired	12 March, 2014
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
Share capital	2,000
Reserves and surplus	(1.68)
Total assets	6,430.55
Total Liabilities	6,430.55
Investments	NIL
Turnover	856.73
Profit before taxation	99.23
Provision for taxation:	(6.41)
Profit after taxation	105.64
Proposed Dividend	NIL
Extent of shareholding	100%

(Amount in ₹ million)

Name of the subsidiary	Asirvad Microfinance Limited
The date since when subsidiary was acquired	2014-15
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
Share capital	533.12
Reserves and surplus	9,862.07
Total assets	59,124.56
Total Liabilities	59,124.56
Investments	0.50

(Amount in ₹ million)

Name of the subsidiary	Asirvad Microfinance Limited
Turnover	11,014.44
Profit before taxation	3,103.01
Provision for Taxation	749.73
Profit after taxation	2,353.28
Proposed Dividend	Nil
Extent of shareholding	93.33%

(Amount in ₹ million)

Name of the subsidiary	Manappuram Comptech and Consultants Limited
The date since when subsidiary was acquired	30-03-2019
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
Share capital	52.70
Reserves and surplus	26.90
Total assets	106.31
Total Liabilities	106.31
Investments	0.05
Turnover	99.15
Profit before taxation	24.08
Profit after taxation	17.69
Proposed Dividend	NIL
Extent of shareholding	99.81%

Annexure I

PART_B

FINANCIAL PERFORMANCE HIGHLIGHTS OF MANAPPURAM INSURANCE BROKERS LIMITED

(Amount in ₹ million)

Sl.No.	Particulars	Year Ended 31 March, 2020	Year Ended 31 March, 2019
1	Gross Income	150.24	113.33
2	Less: Total Expenditure	53.95	64.89
3	Profit Before Tax	96.28	48.44
4	Profit after Tax	73.29	34.24

During the financial year ending 31.03.2020, your Company made Total Revenue from operations to the tune of ₹ 144.03 million as compared to ₹ 111.38 million in the year 2018-19.

Total other income stood at ₹ 6.22 million as compared to ₹ 1.96 million in the year ending 31.03.2019 (218% increase).

Profit for the year after adjusting tax came to ₹ 73.29 million as compared to profit of ₹ 34.24 million during the last year ending 31.03.2019. Gross Income of the Company as at 31 March, 2020 is ₹ 150.24 million.

FINANCIAL PERFORMANCE HIGHLIGHTS OF MANAPPURAM HOME FINANCE LIMITED

(Amount in ₹ million)

Sl.No.	Particulars	Year Ended 31 March, 2020	Year Ended 31 March, 2019
1	Gross Income	856.73	664.45
2	Less: Total Expenditure	757.50	631.51
3	Profit Before Tax	99.23	32.93
4	Profit after Tax	105.64	30.21

Manappuram Home Finance Limited started its operations in month of January 2015 to the states of Maharashtra, Tamil Nadu, by commencing 4 branches.

The Company has 8751 loan accounts as on 31 March, 2020. Gross loan portfolio stood at ₹ 6296.10 million. Total disbursement during the year 2019-20 was ₹ 1716.09 million

Company has also ensured compliance to all the guidelines stipulated by the National Housing Bank for the Affordable housing finance industry. The Company had total staff strength of 488 as at March 2020.

Ratings assigned by credit rating agencies and migration of ratings during the year.

Credit Rating Agency	Type of Facility	Rating
Brickwork	Fund based term loan & Cash credit	BWR AA - Stable
CARE	Long term bank loan	CARE AA- stable
CRISIL	Commercial Paper & Long-term bank facilities	Stable CRISIL AA - Stable

FINANCIAL PERFORMANCE HIGHLIGHTS OF ASIRVAD MICROFINANCE LIMITED

(Amount in ₹ million)

Sl.No.	Particulars	Year Ended 31 March, 2020	Year Ended 31 March, 2019
1	Total Income	11,014.44	7,404.47
2	Less: Total Expenditure	7,911.44	5,097.44
3	Profit Before Tax	3,103. 01	2,307.02
4	Profit after Tax	2,353.28	1,516.38
5	Total Comprehensive Income	2,350.96	1,518.50

Previous nos are restated due to change in accounting policy

The operational highlights of your Company are:

During the year, the Company consolidated its operations in existing 22 states and there was no branch expansion and started lending for MSME enterprises against the security of property

Gross Loan Portfolio at ₹ 55,026.36 million

Client base had increased to 2.36 million across 1030 branches in 22 states (from 1.8 million across 942 branches in 22 states) in respect of microfinance loans

- Total disbursements during the year was at ₹ 46,749.46 million
- Asirvad Microfinance Limited has ensured compliance to all guidelines stipulated by Reserve Bank of India for the Microfinance Industry.

Head Count of 6206 employees

Asirvad Microfinance Limited maintained its highest rating of CARE MFI1 in the industry for the financial year 2019-2020. Asirvad's rating by CRISIL got upgraded to AA - (Stable) from A+ (Positive) in respect of its Long Term Bank facilities and Non-Convertible Debentures. The Company continues to enjoy highest rating of A1+ by CRISIL for short term facilities. Company enjoys AA-r /Stable (CRISIL) for Market linked debentures and AA-/Stable (CRISIL) for its Subordinated Debt facilities respectively

The Capital Adequacy Ratio was 25.37% as on 31 March, 2020 as against the minimum capital adequacy requirement of 15% stipulated for NBFC MFIs by Reserve Bank of India

Total Income of the Company as at 31 March, 2020 is ₹ 11,014.44 million. Profit after Tax as at 31 March, 2020 is ₹ 2,353.28 million on which is of consolidated Profit after Tax after adjusting minority interests.

AUM of the Company as at 31 March, 2020 is ₹ 55,026.36 million which is of consolidated AUM.

FINANCIAL PERFORMANCE HIGHLIGHTS OF MANAPPURAM COMPTECH AND CONSULTANTS LIMITED

(Amount in ₹ million)

Sl.No.	Particulars	Year Ended 31 March, 2020	Year Ended 31 March, 2019
1	Gross Income	101.35	72.27
2	Less: Total Expenditure	77.27	67.81
3	Profit Before Tax	24.08	4.46
4	Profit after Tax	17.69	3.30

During the financial year ending 31.03.2020, your Company made Total Revenue from operations to the tune of ₹ 99.15 million as compared to ₹ 71.05 million in the year 2019-2020

Total other income stood at ₹ 2.20 million as compared to ₹ 1.23 million in the year ending 31.03.2019.

Profit for the year after adjusting tax came to ₹ 17.69 million as compared to profit of ₹ 3.30 million during the last year ending 31.03.2019.

Gross Income of the Company as at 31 March, 2020 is ₹ 101.35 million

Gross income of the Company for the year ended 31 March, 2020 is ₹ 101.35 million as compared to ₹ 72.27 million for the previous year and Profit for the year ended 31 March, 2020 is ₹ 17.69 million as compared to the profit of ₹ 3.30 million for the previous year.

Annexure II

POLICY ON BOARD COMPOSITION AND COMPENSATION.

(Last reviewed by the Board on 19 March 2020)

We, at Manappuram, believes that the corner stone of best governance practices is the board composition. We also believe that the synergy of versatile individuals with diversified skillsets at the board level has contributed a lot in bringing this Company into its present heights. Therefore, our commitment to have a competent and highly professional team of board members leads us to put in place a policy on identification and retention of eminent personalities as our Board members. In line with the statutory requirement under sections 149 and 178 of the Companies Act, 2013 , the provisions of Listing Obligations & Disclosure Requirements Regulations, 2015 (LODR) and the regulatory frame work for Non-Banking Financial Companies (NBFCs) issued by Reserve Bank of India (RBI) the following policies are adopted for the time being to act as the guiding principles in the appointment of Directors and the matters connected therewith.

I) Definitions

Unless the context otherwise requires, the following words and expressions shall have the meaning provided herein

i. **Board**- means the collective body of Directors of the Company

ii. **Committee**- means the committees of Directors constituted by the Board

iii. **Director**- means a Director appointed on the board of the Company

iv. **Fit and proper**- means the fit and proper criteria prescribed the Reserve Bank of India as an eligibility requirement to be satisfied by an individual to be appointed as a Director of the Company.

v. **Independent Director**- means an Independent Director referred to in sub-section (5) of section 149 of the Companies Act, 2013 or referred to LODR.

vi. **Nomination Committee**- means the Nomination Compensation and Corporate Governance Committee of the Board.

II) Policy Statements

1. Board Diversity

1.1 The Board of Directors of the Company should have a fair combination of Executive and Non-Executive Directors with not less than 50 percent being Non-Executive Directors.

1.2 The Company shall maintain the strength of Independent Directors on its board keeping in mind the regulatory requirements and guide lines on Corporate Governance as per the LODR with the stock exchanges issued from time to time. The ratio of Independent Directors as per the present requirement is one third of the total strength of the Board where the Board is headed by a Non-Executive chairman and at least half of the Board's strength in case the Board is not headed by a regular Non-Executive chairman.

1.3 The Board shall have at least one Women Independent Director.

1.4 The Independent Director to be appointed on the Board shall not hold Directorships in more than 7 listed companies.

1.5 The vacancy caused by the demitting of office by an Independent Director in any manner shall be filled within a period of 3 months or before the next board meeting whichever is earlier. However, this requirement will not be applicable in cases where the vacancy will not affect the minimum required strength of Independent Directors set under this policy or as per the statutory provisions/ regulatory requirements.

1.6 The Company shall appoint Directors keeping in mind an ideal diversity in knowledge or expertise that could add value to the overall performance of the Board and of the Company. The desired diversity may be fixed by the Nomination committee based on the nature of business of the Company from time to time. The diversity of the total Board may include the following;

Expertise in;

i. Banking, Finance, Accountancy, Taxation

ii. Governance, Regulatory background, Law and practice

iii. Management, Administration (including Civil Service)

iv. Engineering, Human resource, Subject of social relevance

v. IT, Marketing

1.7 On selection of an Independent Director, the Chairman of the Board/ Managing Director shall issue a letter of appointment to the Director and he shall also sign a deed of covenants in such format as may be prescribed by RBI.

2. Familiarization & Skill enhancement program for Directors

2.1 The Board may on the recommendation of the Nomination committee devise a familiarization program for Directors so as to give a fair understanding about the Company, its business and the general industry environment in which the Company and its subsidiaries are operating. This may be arranged by way of interactive sessions with Chairman of the Board, senior Directors, Managing Director and other Key management personnel of the Company. In addition, Board may put in place an induction manual for Directors as it may deem fit.

2.2 A newly appointed Non-Executive Director may be given the opportunity to familiarise with the Company.

2.3 In addition to the familiarization program, the Board may, if it thinks so, organise director's skill refreshment programs or workshop on topics relevant to the Directors/Company or nominate to programs organised by industry associations or professional bodies.

3. Assessment of independence & Fit and proper criteria.

3.1 While considering the appointment of an Independent Director, the Nomination committee and the Board shall ensure that the incumbent satisfies the test of independence as provided under the Companies Act, 2013 and LODR. The Board shall on a continuous basis ensure that the Independent Directors continue to maintain their independence during their tenure on the Board.

3.2 To achieve the above objectives, the Board may obtain proper declarations from the appointee/ Directors at the time of appointment and at such intervals as the Board may deem fit.

3.3 In case of appointment of Executive Directors, Non-Executive Directors or Independent Directors, the Nomination committee and the Board shall ensure that they meet the fit and proper criteria prescribed by the Reserve Bank of India from time to time and maintains the position during their tenure in office. The Company shall obtain the declarations in the manner prescribed by RBI as applicable to the Company from time to time from all appointees and review the same.

4. Age and tenure of Independent and Non-Executive Directors.

4.1 The Independent Directors appointed in the Company will have a tenure of 5 years. They can be re-appointed for another term of 5 years in compliance with the applicable provisions of the Companies Act,2013

4.2 The Company shall select persons normally with the maximum age of 75 years and the minimum age as prescribed by the provisions of Companies Act, 2013, LODR and direction/guideline from RBI from time to time, for new appointments to the position of Independent Directors and Non-Executive Directors. No listed entity shall appoint a person or continue the Director ship of any person as a Non-Executive Director who have attained the age of seventy-five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person.

4.3 The Independent Director proposed to be appointed has to be a person who is not a Non- Executive Director of another Company on the Board of which any Non-Independent Director of the listed entity is an Independent Director.

5. Review of performance of Independent Directors

5.1 The Nomination committee and the Board shall put in place a mechanism for the review of performance of each Independent Director and other Non-Executive Directors.

5.2 The review of performance shall be undertaken once in a financial year preferably before the next Annual General Meeting.

5.3 Based on the review of performance, the Board may recommend for the continuance, re- appointment or removal of Directors.

6. Compensation of Executive and Non-Executive Directors.

6.1 On the recommendation of the Nomination Committee, the Board will fix the remuneration of Non-Executive Directors (including Independent Directors).

The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single Non-Executive Director exceeds fifty percent of the total remuneration payable to all Non-Executive Directors, giving details of the remuneration thereof.

6.2 The Non-Executive Directors other than nominee Directors shall be entitled for sitting fees for attending board/ committee meetings at such rate as may be approved by the Board from time to time.

6.3 In addition to the sitting fees, the Company will bear or reimburse the normal travelling, boarding and lodging expenses of Directors incurred for the purpose of attending board/ committee meetings or for attending any other duties on behalf of the Company.

6.4 Subject to the compliance with the provisions of Companies Act, 2013, the Board may on the recommendation of the Nomination committee after taking into account the profitability of the Company for each financial year approve the payment of an annual commission payable to each Non-Executive (other than nominee Directors) / Independent Directors of the Company for each financial year or part thereof.

6.5 Where a Director has left the Company before the completion of a financial year or before approving the payment of commission by the Board, the Board may in its absolute discretion sanction such amount as commission to such Director for his services during the period for which the commission was fixed.

6.6 Remuneration of Executive Directors shall be fixed by the Board on the basis of recommendation of the Nomination committee. The remuneration of the Executive Directors shall be a combination of fixed monthly salary in terms of their appointment as approved by the Board/ shareholders and a performance based annual commission to be decided by the Board on the recommendation of the Nomination committee.

The fees or compensation payable to Executive Directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-

(i) the annual remuneration payable to such Executive Director exceeds rupees 50 million or 2 .5 per cent of the net profits of the listed entity, whichever is higher; or

(ii) where there is more than one such Director, the aggregate annual remuneration to such Directors exceeds 5 per cent of the net profits of the listed entity:

Provided that the approval of the shareholders under this provision shall be valid only till the expiry of the term of such Director.

Explanation: For the purposes of this clause, net profits shall be calculated as per section 198 of the Companies Act, 2013

6.7 The performance parameters to be applicable to the Executive Directors, the minimum and maximum amount of commission payable in line with the achievement of various targets/ parameters will be decided by the Nomination committee from time to time.

7. Succession planning for appointment to board and senior management positions.

7.1 The Board may identify suitable persons to be appointed to the board positions for filling up vacancies.

7.2 The vacancies caused by the exit of an Independent Director may be filled by the appointment of an Independent Director. However, if the vacancy does not affect the strength of minimum required Independent Directors, the Board may fill the vacancy as it may deem fit.

7.3 Suitable candidates may be identified by the Directors from reputable references or from data banks maintained by industry associations, professional bodies or non-governmental organisations or by inviting applications through any media.

7.4 Vacancies in senior positions in the Company may be filled by a system of promotion of existing employees based on appropriate screening procedures set by the Nomination committee from time to time.

7.5 Company may identify critical positions and shall devise a system of proper mentoring to identify officers of the Company to take up the senior positions wherever a vacancy is caused to ensure the business continuity in the best interest of the Company.

8. Compensation plan for Key Management personnel (KMPS) and other senior management team members

8.1 The compensation structure of KMPs and senior team members shall consist of fixed salary components (including variable dearness allowances) at par with the industrial standards and a performance linked incentive/ bonus payment to be approved by the Nomination committee.

8.2 The compensations structure shall be devised in a manner that will help the Company to attract and retain top talents to run the Company efficiently with a long-term perspective.

8.3 The compensation structure may also include stock options targeting employee participation in ownership of the Company and to ensure the retention of potential talents for the future growth and diversity of the Company.

III) Applicability of Laws/ regulations/ guidelines

Change in underlying laws/ regulations or guidelines may supersede the provisions of this policy. At any time if there is any amendment to the applicable laws or regulations or guidelines affecting the provisions of this policy, the policy shall be deemed as amended to the extend applicable and the amended provisions will take effect from the date of change in the underlying laws/ regulations or guidelines.

IV) Applicability of the policy

The policy shall become effective from the date on which it is approved by the Board.

V) Amendment to the policy

The provisions of this policy may be amended by the Board at any time on the recommendation of the Nomination committee.

Annexure III

POLICY ON RELATED PARTY TRANSACTIONS ("RPT POLICY")

(Last amended by the Board on August 13, 2019)

I. INTRODUCTION:

Manappuram Finance Ltd ("the Company" or "MAFIL") affirms good standard of governance practices and conducts its business in a fair and transparent manner duly complying with the applicable laws as in force. The Company is putting its best efforts consistently to enhance stakeholders long term value without compromising the corporate philosophy, ethics and standard of governance practices.

The Board of Directors (the "Board") of the Company has adopted this Policy on Related Party Transactions ("Policy" or "RPT Policy") upon the recommendation of the Audit Committee and this Policy includes the materiality threshold and the manner of dealing transactions with Related Parties in compliance with the provisions of Regulation 23 of SEBI and (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations, 2015) and such other provisions as amended from time to time. Through this policy, the Company endeavors to bring in more transparency in management in respect of transactions with related parties. Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

II. APPLICABILITY:

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

III. OBJECTIVE:

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

IV. DEFINITIONS:

"Audit Committee" or "the Committee" means the committee of Board of Directors of the Company constituted under the provisions of Regulation 18 of the SEBI (LODR) Regulations, 2015 read with Section 177 of the Companies Act, 2013;

"Board" means Board of Directors of the Company;

"Key Managerial Personnel" means key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013;

"Material Related Party Transactions" means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company;

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity

"Related Party" a means related party as defined under Regulation 2(1)(zb) of the SEBI (LODR) Regulations, 2015;

"Related Party Transaction" a means related party transaction as defined under Regulation 2(1)(zc) of the SEBI (LODR) Regulations, 2015;

"Relative" means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under.

All other words and expressions used but not defined in this policy, but defined in the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, and SEBI (LODR) Regulations, 2015 shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case maybe.

V. POLICY:

The Audit Committee shall review and approve all Related Party Transactions based on this Policy.

All proposed Related Party Transactions must be presented before the Audit Committee for prior approval by the Committee in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre –approval / omnibus approval, details whereof are given in a separate section of this Policy.

In exceptional cases, where a prior approval is not taken due to unforeseen circumstances or due to emergent circumstances, the Committee may ratify the transactions in accordance with this Policy, for reasons recorded in writing.

V.1. Identification of Related Party and Interested Director for the Transactions:

Every Director will be responsible for providing a declaration in the format as per **Form RPT** containing the following information to the Company Secretary on an annual basis:

1. Names of his / her Relatives;
2. Partnership firms in which he / she or his / her Relative is a partner;
3. Private Companies in which he / she or his / her Relative is a member or Director;
4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital as on the end of financial year;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions;
6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity); and
7. Body Corporate or any Association of Individuals in which he / she or his / her Relative is a Director of Body Corporate or Member of Association.

Every Key Managerial Personnel other than a Director will also be required to provide the Names of his / her Relatives in the format as per **Schedule to Form RPT** on an annual basis.

Every Director and the Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

Every Director, Key Managerial Personnel, Functional / Business heads will be responsible for providing prior Notice to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Committee / Board may request, for being placed before the Committee and the Board.

The suggested details and list of records and supporting documents which are required to be provided along with the Notice of the proposed transaction to the Company Secretary are provided in Annexure 2 to this Policy after obtaining necessary approval of Managing Director and CEO.

The Company Secretary in consultation with the Managing Director and CEO may refer any potential related party transaction to any external expert on legal/transfer pricing and other matters relating to the proposed transaction and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee. Based on this Notice, the Company Secretary will take it up for necessary approvals under this Policy.

V.2. Review and Approval of Related Party Transactions:

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation. A member of the Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

2.1. Consideration by the Committee in Approving the Proposed Transactions:

While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

Prior to the approval, the Committee may, inter-alia, consider the following factors to the extent relevant to the transaction:

a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;

b. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative options available, if any;

c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and

d. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial interest or benefit to the Director, Key Managerial Personnel or other Related Party concerned, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

e. While considering the arm's length nature of the transaction, the Committee may take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee may also take into consideration subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

2.2. **Approval by Circular Resolution of the Committee:**

In the event the Company Management determines that it is impractical to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval should be noted by the Committee at its next scheduled meeting and made the part of minutes of such meeting.

2.3. **Approval by the Board:**

If the Committee determines that a Related Party Transaction should be brought before the Board or a Related Party Transaction is not in the Ordinary Course of Business or not at Arms' Length or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above for the Audit Committee will apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

2.4. **Standing Pre-Approval / Omnibus Approval by the Committee:**

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company or approved earlier by the Committee, the Committee may grant standing pre-approval / omnibus approval. While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:

a. Name of the related party;

b. Nature of the transaction;

c. Period of the transaction;

d. Maximum amount of the transactions that can be entered into;

e. Indicative base price / current contracted price and formula for variation in price, if any;

f. Such other conditions as the Audit Committee may deem fit.

g. Repetitiveness of the transactions (in the past or in the future)

h. Justification for the omnibus approval.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction for the specific period approved, unless, the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

Further, where the need for the related party transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding ₹ 10,000,000/- (Rupees 10 million only) and the same shall be reviewed at the next meeting of the Committee with the all the relevant information as would be required for granting omnibus approval.

The Committee shall on a quarterly basis review all the related party transactions to confirm that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year however subject to quarterly review and fresh approval shall be obtained after the expiry of one year.

2.5. **Approval of Material Related Party Transactions:**

All Material Related Party Transactions shall require approval of the shareholders through ordinary resolution and all the Related Parties shall abstain from voting on such resolution.

2.6. **Related Party Transactions Not Previously Approved:**

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification. Before so placing, the Committee or the Board shall examine the reasons and the circumstances due to which the prior approval was not taken and shall advise such corrective measures against repeat of such instances in the future.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.

V.3. Disclosure and Reporting of Related Party Transactions:

Every Related Party Transaction entered into by the Company shall be referred to in the Board's Report to the shareholders along with justification for entering into such transaction. The Company Secretary shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

The listed entity shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

VI. DISSEMINATION OF POLICY:

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational heads and other concerned persons of the Company and shall be hosted on the intra-net and website of the Company and web link thereto shall be provided in the annual report of the Company.

Annexure 1

FORM RPT

To,
The Company Secretary & Compliance Officer Manappuram Finance Limited,
Manappuram House,
Valapad PO, Thrissur-680 567.

Dear Sir,

A. I, ..., son/daughter/spouse of ...., resident of, holding .... Shares (equity) of ₹ 2/- each as on 31/03/20 in the Company in my name, being a .... in the Company, hereby give notice that I am interested directly/through my Relatives (Schedule) in the following private company or companies or firms:

Sr. No.	Name of the Private Companies / Firms	Nature of Interest or concern / Change in Interest or Concern Shareholding	Shareholding	Date on which Interest or Concern arose/changed

B. The following Public Companies in which I am a Director and holds along with my Relatives (Schedule) more than 2% of paid up share capital as on the end of this financial year:

Sr. No.	Name of the Public Companies holding more than 2% of paid up share capital	Shareholding	Date on which Interest or Concern arose/changed

C. The Following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions:

Sr. No.	Name of the Body Corporate

D. I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

Sr. No.	Name of the person	Relation

E. The following are Bodies Corporate or association of individuals in which I am or my Relatives (Schedule) interested as a Director of Body Corporate or Member of Association:

Sr. No.	Name of the Bodies Corporate / Association of Individuals	Nature of Interest or concern / Change in Interest	Date on which Interest or Concern arose / changed

Signature:
Name:
Designation:
Place: Date:
Schedule.

SCHEDULE TO FORM RPT

List of Relatives

Sr. No.	Relationship	Full Name	Address	Shareholding in the Company
1	Spouse			
2	Father (including Step-Father)			
3	Mother (including Step-Mother)			
4	Son (including Step-son)			
5	Son's Wife			
6	Daughter			
7	Daughter's Husband			
8	Brother (Including Step-Brother)			
9	Sister (Including Step-Sister)			
10	Members of HUF			

Annexure 2:

INFORMATION TO BE PROVIDED TO THE AUDIT COMMITTEE / BOARD IN RELATION TO THE PROPOSED RELATED PARTY TRANSACTION (TO THE EXTENT RELEVANT TO THE TRANSACTION):

1. Name of the Related Party and nature of relationship;
2. Nature and duration of the contract/transaction and particulars thereof;
3. Material terms of the contract or arrangement or transaction including the value, if any;
4. In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price / value and / or material terms of the contract or arrangement including a justification to the proposed variations;
5. Any advance paid / received or to be paid / received for the contract or arrangement, if any;
6. Manner of determining the pricing and other commercial terms, whether or not included as part of contract;
7. Copy of the draft MOU, agreement, contract, purchase order or correspondence etc. if any;
8. Applicable statutory provisions, if any;
9. Valuation reports in case of sale or purchase or leasing / renting of fixed assets / properties or capital assets or securities;
10. Justification as to the arm's length nature of the proposed transaction;
11. Declaration whether the transaction is in the ordinary course of business;
12. Alternative options available for the transaction and the justification as to why the related party is preferred over the options, if any, available.
13. Persons / authority approving the transaction; and
14. Any other information relevant or important for the Committee / Board to take a decision on the proposed transaction.

Annexure IV

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

(A) CONSERVATION OF ENERGY

(i) the steps taken or impact on conservation of energy:

We at Manappuram are inclined to go for conservation of energy by encouraging adoption of go green initiatives. However, the Company follows a practice of purchasing and using energy efficient electrical or electronic equipment and gadgets for its operations. Additionally, optimal use of technology may also lead to substantial conservation of energy.

(ii) The steps taken by the Company for utilising alternate sources of energy:

The Company is exploring the potential of using alternate sources of energy including solar energy and would continue to explore alternative sources of energy in future.

(iii) The capital investment on energy conservation equipment's: Nil

(B) TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption

The Company was one of the first NBFCs to build and operate a centrally managed software application and all its branches across the country operate online with direct access to the centrally hosted applications, through wide area data network. We are upgrading the network connectivity/revamping the application landscape and toped up by information security too to support the deployment and ease of usage of technology.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;

The Company continues to differentiate itself from other market competitors by continuously developing new technological platforms to offer ease of operations and transparency for its customers, these next-gen innovations are poised to completely transform the gold loan industry. However, we are improvising on the focus of upgrading our branch operations by using latest technologies like RPA, AI/ML, Blockchain, IOT, Rule based access controls as a way forward.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Not Applicable

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company holds AD Category II license 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	:	₹ 66.84 million towards expense for US Dollar bond issue, ₹ 0.38 million towards foreign travel expenses, membership & other fees. ₹ 4.17 million towards import of software.

Annexure V
CSR ACTIVITIES

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web- link to the CSR policy and projects or programs.**

Manappuram Foundation, a charitable organisation set up in October 2009, is implementing and driving forward the Corporate Social Responsibility (CSR) of Manappuram Finance Ltd. (MAFIL). It was well involved in the CSR sphere years before it became a law of the land. With a vision to create healthy, educated and happy communities, MAFIL has spent ₹ 263.01 million through the Foundation during FY19-20 towards CSR in the following area:

- Promotion of Quality Education
- Promotion of Healthcare
- Development of the Rural Communities

Manappuram Foundation's strategy is to collaborate with internal as well as external stakeholders to make an impact in the community through grass root programmes in Quality Education, Healthcare and Community Development. At present, the bulk of the Foundation's activities are centred at the Thrissur coastal belt, which is also where MAFIL is headquartered.

The financial audit and social audit is also conducted periodically to measure the impact of all major projects in CSR and to make sure the activities are in line with the vision and mission as approved by MAFIL. The CSR policy of the Company can be accessed through the following link https://www.manappuram.com/policies-codes.html

I) Promotion of Quality Education

a. **Transformation of Mukundapuram Public School, Nadavaramba**

The objective of the school is to impart child-centered activity oriented modern education to the new generation using the best available technology enabled pedagogy. The school was taken over by Manappuram Foundation and its beautiful campus spreads over an area of ~7 acres is being equipped in a planned manner with curricular, co-curricular, sports & other facilities for development of the students. The school is currently affiliated to the Indian School Certificate Examination (ICSE), New Delhi and offers quality education at heavily subsidised rates to the community. The school has achieved commendable results in academics. The mission of the school is to make good citizens by providing learning environment conducive to all the students so that they can be creative minded in all that they do and at the same time be committed to the development and upliftment of society and aiming at extensive development of the school infrastructure with overall development of the students in academics, sports, technology, and all related areas.

b. **Manappuram Geetha Ravy Public School (Mageet Pubilc School)**

MAgeet Public School has been established in the year 2016, initially as a crèche and now to a school till 7th standard. The school provides high quality education, combined with latest technology in education & co-curricular field to foster overall development of its students. The aim is to make Learning a Pleasure and not Pressure. It was started with an aim to educate children in a way that promotes independent learning through action, supports emotional growth and embraces differences using the Montessori approach. The modern Montessori methodology is followed in the early childhood education and offered at subsidised rates to the underserved society in the Manappuram coastal belt.

c. **Skilling Centre**

Manappuram Institute of Skill Development (MASkill)

With the objective of equipping youth from the coastal belt with employable & recognised skills [under the National Skill Development Council (NSDC) framework – in association with accredited NSDC partners], MAskill is offering skill training in various Skill sectors including Hospitality, Financial services etc. MASkill ensures 100% placement assistance so that students who can then look forward to a bright career and change their lives and the lives of their community.

Manappuram Institute of Automotive (MAIAM)

Manappuram Institute of Automotive has been established in the year 2019, Affiliated with Automotive Skill Development Council (under National Skill Development Council). MAIAM is offering certified Auto Body Repair & Technician/ Denter courses with eight months of institute training as well as four months internship at leading auto dealers. Offering fifty percentage discounts to Female candidates. To be ensure 100% placement to the students who qualified the course.

d. **Academies for Coaching Centres for Professional Courses**

To increase the presence of professionals like Engineers, Doctors, Chartered Accountants, and Cost Accountants etc. among the weaker sections of the society, the Manappuram

Foundation has set up Academies for Professional Education in 2013. These Academies offers students, hailing primarily from weaker sections are, good quality coaching facilities at very nominal fees. These Academies are equipped with modern facilities like digital library, on-line test facility and seminar halls. There are four centers operationalised for offering such subsidised services.

II) Promotion of Healthcare

a. MAHIMA Counselling and Psychotherapy Centers (MAHIMA)

MAHIMA - Manappuram Action for Health Intervention in Mental Ability, centres function in Vatanappilly and Valapad Panchayaths, with an aim to uplift the comprehensive mental health of the people. These centres provide services like Family counselling, Student counselling, Adolescent counselling and De-addiction counselling through experts in the field of Psychiatry and Psychology. Regular specialist services of well-qualified Clinical Psychologists and Speech Therapist are also available. They organise special training programmes for the children with learning & cognitive disability workshops and personality development programmes with support from local administration for aided and unaided schools, Anganwadies, Kudumbasree Mission etc. MAHIMA also focuses on the training and workshop for teachers and parents.

b. Yoga Centre (MAYoga), Fitness Centre (MAFit) & Ambulance services (MAS)

Manappuram Foundation also has a aesthetic Yoga centre and a Fitness centre with excellent infrastructure and facilities. Here, the seminars on fitness, healthy living, stress management, Diet-plan etc. are conducted regularly and the awareness on mental and physical health imparted to the local community. In addition, two well-equipped ambulances (one having ICU facility) serves the coastal area in Thrissur on a subsidised basis including free services to accident victims.

Joint projects in association with Lions Club International

Manappuram, in association with Lions club international, do large scale health awareness programs on Diabetes & its prevention, Free medical camps, Teachers' Training programs, Interventions in drinking water & sanitation in schools and contributed to blood bank collection unit etc. Some of these projects have impact across all the three focus area.

'BREAK THE CHAIN'

- Coastal Belt of Trissur District
- Activities by Manappuram Foundation against Covid 19 in March 2020

Manappuram Foundation made a glow in the community especially the Coastal areas of Trissur District against Covid 19. The vibe created through CSR activities reflected through the happiness and satisfactory daily life of people especially in Coastal area. The Lock down period affected the livelihood of daily wagers and small scale business people in our community and Manappuram Foundation cooperates with Local Governance, Non-Governmental Organisations, Youth clubs, State Kudumbashree Mission, Associations related with Law and Order, Medical Associations, Lions Clubs etc. - by supporting the Covid infected and affected people. **Awareness creations since 15th March 2020**, propaganda to prevent Covid-19 through posters, awareness creation boards etc. Materials were distributed to most of the Government offices including Health Centres, KSEB Sectors, Police Stations and Grama Panchayaths. Announcements regarding the **"Prevention Methods and Importance of Social Distancing"** were given to each remote areas of Trissur District in Collaboration with IMA Trissur. **Preventive Measures** like Sanitizers and Masks along with Immunity Enhancing Homeo Medicines were distributed by our Foundation through Grama Panchayaths, Health Centres, Police & Fire Forces & Lions Club which minimum 5000 people benefitted. **Support for Revamping Community** is getting ensured through the sponsoring of Community Kitchens (Breakfast, Lunch & Dinner per Day for about 3500 people) in seven Grama Panchayaths, distribution of Grocery Kits for each family and support for inmates for foster homes.

Development of Rural Communities

a. Activities during the Floods in Kerala

Manappuram was one of the front-runners who came to heal the community through essential items, manpower and monetary support immediately after the devastating floods in Kerala. The Foundation provided support to various flood camps and also to affected families directly. The Foundation cater 4000 essential item kits to Flood victims and 600 essential item kits to Tribal of Vazhachal forest.

b. Sanitation Projects

Manappuram has adopted the tribal of Vazhachal, on the outskirts of Thrissur district.

As an initial step, Manappuram Foundation handed over a cheque amounted of ₹ 1.9 million to Divisional Forest Officer for the construction of 18 toilets at Vazhachal.

c. Donation to Sreenarayana Sevika Samajam for accommodating poor girls

Manappuram has financially supported Sreenarayana Sevika Samajam for the construction of the building for accommodating poor girls at Aluva. ₹ 1 million has contributed for the same.

Other welfare activities

Manappuram Foundation has offered financial supports to various non-profit institutions for medical aid to society viz. free dialysis to poor patients, schools for critical infrastructure addition like Library, for poor farmers engaged in organic farming programs, old-age day care centres, orphanages, families in dire circumstances etc.

Job Fest 2019
Blood Donors Day 2019
Sarojini Padmanabhan Memorial Merit Day 2019
Convergence 2019
Water Purifier in Five Schools in Coastal Belt

2. The Composition of CSR Committee

Name of the member	Position	Category of Directors
Ms. Sutapa Banerjee	Chairman	Independent, Non-Executive
Mr. V.P. Nandakumar	Member	Non-Independent Executive
Adv. V.R. Ramachandran	Member	Independent, Non-Executive

3. Average Net Profit of the Company for the last 3 Financial Years (in ₹ Million)

Profit Before Tax	Profit Before Tax	Profit Before Tax	Average Net Profit for the last 3 Financial Years
31st March 2017	31st March 2018	31st March 2019	
11,261.2	10,768.6	12,311.3	11,447.0

4. Prescribed CSR Expenditure (Amounts in ₹ Million)

2% of the Average Net Profit of ₹ 11,447 million	228.0
Unspent carry forward from FY 2018-19	46.6
Total CSR expenditure required to be spent for FY 2019-20	274.6

5. Prescribed CSR Expenditure (Amount in Million)

S. No	CSR project or activity identified	Sector	Projects or programs	Budget	Amount spent on the projects or programs- Direct Expense	Amount spent on the projects or programs- Overheads	Total	Amount spent : Direct or through
1	Eradicating Hunger,Poverty and Malnutrition,promoting preventive health care and sanitation and making available safe drinking water	Preventive Healthcare	Serving Accident cases and critical care patients Ambulance service -Local area Valapadu ,Thrissur	4.6	3.6	0.1	3.8	Amount spent by implementing agency Manappuram Foundation.
	" do "	Preventive Healthcare	Public Gym & Fitness activities	4.8	3.7	0.6	4.2	Amount spent by implementing agency Manappuram Foundation.
	" do "	Preventive Healthcare	Donation to 7 gramanpanchayath community kitchen towards COVID19 relief	-	0.7		0.7	Amount spent by implementing agency Manappuram Foundation.
	" do "	Preventive Healthcare	Aid to Siliguri Lal Vidhyasagae Eye Hospital construction. And for Ambulance at Calicut and Chennai	1.5	2.3	-	2.3	Amount spent by implementing agency Manappuram Foundation.
	" do "	Preventive Healthcare	Yoga & Fitness	2.0	1.6	0.1	1.7	Amount spent by implementing agency Manappuram Foundation.
	" do "	Preventive Healthcare	Medical camps, programs for differently abled children, Covid-19 awareness campaigns including sanitizer and mask distribution, etc	2.5	0.9	-	0.9	Amount spent by implementing agency Manappuram Foundation.
	" do "	Preventive Healthcare	Donating dialysis machine & Free dialysis to Poor patients In Local Area with Peringottukara Association Thrissur dist Kerala State and Shanthi Medical Information centre	1.2	1.8	-	1.8	Amount spent by implementing agency Manappuram Foundation.

S. No	CSR project or activity identified	Sector	Projects or programs	Budget	Amount spent on the projects or programs-Direct Expense	Amount spent on the projects or programs-Overheads	Total	Amount spent : Direct or through
	" do "	Preventive Healthcare	Mahima Counseling centres - Various camps and counselling sessions	5.7	4.0	0.2	4.2	Amount spent by implementing agency Manappuram Foundation.
	" do "	Making available safe drinking water	Water purifier to various schools at Valapad and surroundings	0.4	0.3	-	0.3	Amount spent by implementing agency Manappuram Foundation.
	" do "	Sanitisation projects	19 Toilet for tribals families of Athirapilly Gramapanchayath	4.5	1.9		1.9	Amount spent by implementing agency Manappuram Foundation.
	" do "	Eradication of poverty	Financial aid to various individuals suffering from ailment and need support	7.0	0.4	-	0.4	Amount spent by implementing agency Manappuram Foundation.
2	Promoting Education, including Special education,and employment enhancing vocation skills especially among children ,women,elderly,and differently abled and lively hood ehancement projects	Promotion of Education	Mukundapuram Public School	104.2	155.9	6.4	162.3	Amount spent by implementing agency Manappuram Foundation.
		Promotion of Education	Manappuram Geetha Ravy Public School, Valapad	64.1	34.9	1.7	36.6	Amount spent by implementing agency Manappuram Foundation.
	" do "	Promotion of Education	Local area Valapad and Palakkad for Manappuram Academy of Professional education, Entrance coaching, Computer education	28.1	21.1	1.0	22.1	Amount spent by implementing agency Manappuram Foundation.
	" do "	Promotion of Education	Manappuram Institute of Skill development (NSDC approved training format) & Manappuram Institute for Automotive(applied for ASDC approval) for skilling local people	22.4	8.6	0.6	9.2	Amount spent by implementing agency Manappuram Foundation.
	" do "	Promotion of Education	Balasahaya Samithi (Special school)	0.1	0.07	-	0.07	Amount spent by implementing agency Manappuram Foundation.
	" do "	Promotion of Education	Kerala University Of Fisheries and Ocean Studies(KUFOS)- Scholarship to deserving students	0.4	0.4		0.4	Amount spent by implementing agency Manappuram Foundation.
	" do "	Promotion of Education	Supporting for PSC classes,special child education, supporting students for education,seminars	2.0	0.6	-	0.6	Amount spent by implementing agency Manappuram Foundation.
	" do "	Promotion of Education	Supporting local schools at Valapad	1.5	0.8	-	0.8	Amount spent by implementing agency Manappuram Foundation.
	" do "	Promotion of Education	Sarojini Padmanabhan Memorial Scholarship Award for meritorious students	7.5	5.7		5.7	Amount spent by implementing agency Manappuram Foundation.

S. No	CSR project or activity identified	Sector	Projects or programs	Budget	Amount spent on the projects or programs- Direct Expense	Amount spent on the projects or programs- Overheads	Total	Amount spent : Direct or through
3	Rural Development Projects	Rural Development Projects	Financial aid towards flood relief and other community support	0.3	0.8		0.8	Amount spent by implementing agency Manappuram Foundation.
	" do "	Rural Development Projects	Solar light to poor people	0.2	0.1	-	0.1	Amount spent by implementing agency Manappuram Foundation.
	" do "	Rural Development Projects	Sports promotion- Badminton	4.8	0.1	-	0.1	Amount spent by implementing agency Manappuram Foundation.
	" do "	Rural Development Projects	Job fests, Disaster management program among school children etc	2.0	0.8	-	0.8	Amount spent by implementing agency Manappuram Foundation.
4	Prmoting Gender equality, empowering women, setting up homes and hostels for women and orphans: setting up oldage homes, daycare centre and such other faccilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	Women empowerment	Donation to SN Sekiva Samajam - a destitute home for girl child and women, run by a retired lady Judge	2.0	1.0	-	1.0	Amount spent by implementing agency Manappuram Foundation.
	" do "	Women empowerment	Women empowerment programs	1.0	0.3	-	0.3	Amount spent by implementing agency Manappuram Foundation.
				274.6	252.30	10.71	263.01	

6 Details of CSR Spent During the Financial Year: (Amounts in ₹ million)

Sl. No.	Particulars FY 2019-20	Amount in ₹ million
A	Total Contribution Eligible	274.60
B	Contribution received from MAFIL	267.38
C	CSR amount spent	263.01
D	**CSR Unspent (A-C)**	**11.6**

7. Reason for not spending the amount;

An amount of ₹11.6 million could not be utilised mainly due to delay in implementing the capex allocated for Mukundapuram Public School and Mageet School. The implementation delay was due to the Covid 19 pandemic. The same will be spent during the FY 2020-21.

8. Responsibility Statement

This is to confirm that the implementation and monitoring of the CSR Policy, is in compliance with CSR Objectives and CSR Policy of the Company.

Sd/-
Jagdish Capoor
Chairman
DIN(00002516)

Sd/-
Sutapa Banerjee
Chairperson- CSR Committee
DIN(02844650)

Annexure VI

KSR/CBE/M177/016/2020-21 **14th May 2020**

To,
The Members,
Manappuram Finance Limited
IV/470A (Old), W638A (New),
Manappuram House,
Valapad, Thrissur,
Kerala - 680567

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. Due to restrictions on movement of people amid COVID-19 pandemic, we had to conduct our audit by examining various records and documents including minutes, registers, certificates and other records received through electronic mode as enabled by the Company. We state that we have not done a physical verification of the original documents and records. The management has confirmed that the records provided to us for audit through electronic mode are final, true and correct.

3. Further, our audit report is limited to the verification and reporting of the statutory compliances on laws / regulations / guidelines listed in our report and the same pertain to the Financial year ended on 31 March, 2020. Our report does not include those statutory compliances, the filing dates for which were extended by Ministry of Corporate Affairs / Securities Exchange Board of India / Reserve Bank of India, as the case may be, from time to time and accordingly such extended time limits remain beyond the date of our audit report.

4. Subject to the above, we have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.

5. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis. Further, our review of the compliance of the Act, Regulations, Directions specifically applicable with respect to the business of the Company being a Non-Deposit Accepting/Holding - Systemically Important – Non-Banking Financial Company as stated in Para (vi) of the report is limited to corporate governance compliances and filing of periodic forms and returns. Adequacy and correctness of the contents of these forms and returns is the responsibility of the management.

7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **For KSR & Co Company Secretaries LLP**

Shilpa Vishwanathan
Partner
Membership No. F 10589
Certificate of Practice No. 18138

Date: 14th May 2020
Place: Coimbatore

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

To,
The Members,
Manappuram Finance Limited,
IV/470A (Old), W638A (New),
Manappuram House,
Valapad, Thrissur,
Kerala - 680567

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Manappuram Finance Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorise ed representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial year ended on 31st March 2020, according to the provisions of:

(i) The Companies Act, 2013 and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:

  (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  (c) The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;

  (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  (e) Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable to an equity and debt listed company;

  (f) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (g) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

  (h) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(vi) The other laws as applicable specifically to the Company and as examined by us are stated hereunder:

  (a) The Reserve Bank of India Act, 1934;

  (b) Master Direction – Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;

  (c) Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015;

  (d) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;

(vii) We have also examined compliance with the applicable clauses of the following:

  (a) Secretarial Standards on Board Meetings and General Meetings issued by The Institute of Company Secretaries of India.

  (b) The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited for listing its equity and debt securities.

(viii) Based on the information and explanation provided to us, the Company had no transactions during the period covered under the Audit requiring the compliance of the provisions of:

  (a) Foreign Direct Investment and Overseas Direct Investment;

  (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

  (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. **We observe that during the financial year, the Company received show cause notices from BSE Limited and National Stock Exchange of India Limited alleging non-compliances under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Company remitted an aggregate fine of C 1,93,520/- (Rupees one lakh ninety three thousand five hundred and twenty only) as directed in the said show cause notices**.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Woman Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and recorded as part of the minutes. There were no dissenting members' views required to be captured in the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the following specific events / actions had/shall have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

i. Proposal was approved by the Board of Directors vide their meeting held on 28 January 2020 to amend Clause 30 of the Memorandum of Association by Insertion of Clause 30A to enable the Incidental Object stating "to put to effective use the printing assets of the Company in a manner that is most advantageous and beneficial for revenue generation and in the best interests of the Company". As per Section 13 of the Companies Act, 2013, the abovementioned resolution is subject to approval of shareholders by means of a special resolution. The date of general meeting was not finalis ed by the Company till the Financial year ended 31 March 2020.

ii. The Company had increased its borrowing powers under Section 180[1(c)] of Companies Act, 2013 from ₹ 20,000 crore which was approved by shareholders through Postal Ballot on 12 September 2014 to ₹ 25,000 crore, by obtaining approval of shareholders vide their Annual General Meeting held on 27 August 2019.

iii. The Company raised funds 6 (six) times during the Financial year through Private Placement of Rated, Secured, Redeemable Non-Convertible Debentures amounting to ₹ 2,365 crore. The Company also issued Fixed rate Senior Secured Notes of USD 300 million under the Euro Medium Term Note Programme ("MTN Programme") pursuant to Regulation S of the U.S. Securities Act. 1933 and the proposal was approved by the Board of Directors vide their meeting held on 6 November 2019. The notes were listed on Singapore Exchange Securities Trading Limited ("SGX-ST"). The aforesaid borrowings by the Company were within the overall limits approved by the shareholders of the Company under Section 180[1(c)] of Companies Act, 2013.

iv. The Company had proposed to create, offer, issue and allot Listed, Rated, Secured, Redeemable, Non-Convertible Debentures for an amount not exceeding ₹ 1,000 crore through public issue at the meeting of the Board of Directors dated 19 March 2020 on such terms and conditions to be determined by the Debenture Committee subject to future requirements of the Company. The Company is yet to initiate implementation of this proposal.

v. During the financial year, Asirvad Microfinance Ltd a subsidiary, in which the Company holds 93.33%, has become a material subsidiary of the Company as per Regulation 16[1(c)] of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

vi. During the financial year, the Company has increased its stake from 81.07% to 99.81% in its subsidiary - Manappuram Comptech & Consultants Ltd.

vii. The Board of Directors of the Company had proposed to acquire 100% stake in Manappuram Asset Finance Limited vide their meeting held on 15 May 2019 subject to receipt of regulatory approvals. The Company is yet to initiate implementation of this proposal.

For **For KSR & Co Company Secretaries LLP**

Shilpa Vishwanathan
Partner
Membership No. F 10589
Certificate of Practice No. 18138
UDIN. F010589B000238113

Date: 14th May 2020
Place: Coimbatore

Annexure VII

ADDITIONAL DISCLOSURES W.R.T. ESOS 2016

(i) Employee wise details of options granted/Restored from Lapsed options to

a) Senior Managerial Personnel of Manappuram Finance Limited

S/No	Name of Employee	Designation	No Of Options Granted	Exercise Price
1	Anand Madhukar Naik	CEO – SME Finance	200,000	₹ 123.25
2	Puneet Kaur Kohli	Chief Technology Officer	200,000	₹ 123.25
3	Aseem Bhardwaj	CEO Corporate Finance	300,000	₹ 123.25
4	Dinesh Kallarackal	SGM - Legal	51,250	₹ 123.25
5	Manoj Kumar V.R	Company Secretary	100,000	₹ 123.25

b) Senior managerial personnel of Subsidiary -Manappuram Insurance Brokers Limited/Asirvad Micro Finance Limited/ Manappuram Home Finance Limited/ Manappuram Comptech and Consultants Limited- NIL

(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during the year: NIL

(iii) Identified employee who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: NIL

(iv) Number of shares arising as a result of exercise of options - 21,83,268. Money realised by exercise of options under ESOS 2016 during the FY 2019-20: ₹ 190.81 million

(v) Disclosure of Weighted average exercise price and Weighted average fair value is not applicable as there is only one exercise price.

(vi) Options Vested during the year: 36,83,534

Annexure VIII

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2020. Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	:	L65910KL1992PLC006623
ii.	Registration Date	:	15 July, 1992
iii.	Name of the Company	:	Manappuram Finance Limited
iv.	Category / Sub-Category of the Company	:	Company limited by Shares/Non-govt company
v.	Address of the registered office and contact details	:	IV/470A(Old)W638A(New) Manappuram House P.O Valapad Phone: 0487 305100
vi.	Whether listed company	:	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	S.K.D.C.Consultants Limited Category I Registrars and Share Transfer Agents Kanapathy Towers, 3rd Floor, 1391/A1, Sathy Road, Ganapathy, Coimbatore – 641 006, Phone: +91 0422 4958995, 2539835-836 Email: info@skdc-consultants.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated: As per Annexure 1(A)

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

As Per Annexure 1(B)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY

i.	Category-wise Share Holding	:	As Per Annexure I (C)
ii.	Share holding of Promoters	:	As Per Annexure I (D)
iii.	Change in Promoters' Shareholding	:	As Per Annexure I (E)
iv.	Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs	:	As Per Annexure I (F)
v.	Shareholding of Directors and Key Managerial Personnel	:	As Per Annexure I (G)

V. INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ACCRUED BUT NOT DUE FOR PAYMENT: As Per Annexure I (H)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

i.	Remuneration to Managing Director, Whole-time Directors and/or Manager	:	As Per Annexure I (I)
ii.	Remuneration to other directors	:	As Per Annexure I (J)
iii.	Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD	:	As Per Annexure I (K)

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: As Per Annexure I

Annexure I (A)

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No	Name and Description of the main products/Services	NIC Code of the Product/ service	% to total turnover of the Company
1	Loan (financial) against collateral of gold jewellery	64-649	89%

Annexure I (B)

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Manappuram Home Finance Limited	5th Floor, IV/470A(Old), W638A(New) Manappuram House Valapad, Thrissur, Kerala-680567 Ph:0487-3050419	U65923KL2010PLC039179	SUBSIDIARY	100%	2(87)(ii)
2.	Asirvad Micro Finance Limited	Deshbandhu Plaza, First Floor,47, Whites Road,Chennai,Tamil Nadu, Pin: 600014	U65923TN2007PLC064550	SUBSIDIARY	93.33%	2(87)(ii)
3.	Manappuram Insurance Brokers Limited	2nd Floor, Manappuram House (Old Bldg), Valapad 680567, Kerala,License No. 335	U66010KL2002PLC015699	SUBSIDIARY	100%	2(87)(ii)
4.	Manappuram Comptech and Consultants Limited	3rd Floor, Krishna Towers, TUDA Road, Aswini Junction Thrissur, Kerala 680022	U72200KL2000PLC013966	SUBSIDIARY	99.81%	2(87)(ii)

Annexure I (C)

IV. SHARE HOLDING PATTERN (31.03.2020)

Category of shareholders	No.of Shares held at the beginning of the year				No.of Shares held at the end of the year				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoters									
(1) Indian									
a) Individuals/ Hindu Undivided Family	296156139	0	296156139	35.139	296156139	0	296156139	35.048	-0.091
b) Central Government/ State Government(s)	-	-	-	-	-	-	-	-	0.000
c) Bodies Corporate	-	-	-	-	-	-	-	-	0.000
d) Financial Institutions/ Banks	-	-	-	-	-	-	-	-	0.000
e) Any Others (Specify)	-	-	-	-	-	-	-	-	0.000
TRUSTS	-	-	-	-	-	-	-	-	0.000
Sub Total(A)(1)	**296156139**	**0**	**296156139**	**35.139**	**296156139**	**0**	**296156139**	**35.048**	**-0.091**
(2) Foreign									
a) Individuals (Non-Residents Individuals/ Foreign Individuals)"	-	-	-	-	-	-	-	-	0.000
b) Bodies Corporate	-	-	-	-	-	-	-	-	0.000
c) Institutions	-	-	-	-	-	-	-	-	0.000
d) Qualified Foreign Investor	-	-	-	-	-	-	-	-	0.000
e) Any Others(Specify)	-	-	-	-	-	-	-	-	0.000
Sub Total(A)(2)	**0**	**0**	**0**	**0.000**	**0**	**0**	**0**	**0.000**	**0.000**
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**296156139**	**0**	**296156139**	**35.139**	**296156139**	**0**	**296156139**	**35.048**	**-0.091**
(B) Public shareholding									
(1) Institutions									
a) Mutual Funds/ UTI	27313834	0	27313834	3.241	59724241	0	59724241	7.068	3.827
b) Venture Capital Funds									
c) Alternate Investment Funds	4848927	0	4848927	0.575	7698085	0	7698085	0.911	0.336
d) Foreign Venture Capital Investors									
e) Foreign Portfolio Investors	371806867	0	371806867	44.115	333091581	0	333091581	39.419	-4.696
f) Financial Institutions / Banks	671485	0	671485	0.080	979118	0	979118	0.116	0.036
g) Insurance Companies	-	-	-	-	2805744	0	2805744	0.332	0.332
h) Providend Funds / Pension funds	-	-	-	-	-	-	-	-	-
i) Any Other (specify)	-	-	-	-	-	-	-	-	-
Foreign Financial Institutions	533344	0	533344	0.063	700906	0	700906	0.083	0.020
Sub-Total (B)(1)	**405174457**	**0**	**405174457**	**48.074**	**404999675**	**0**	**404999675**	**47.929**	**-0.145**
(2) Central Government/ State Government(s)/ President of India									
Sub-Total (B)(2)	-	-	-	-	-	-	-	-	-
(3) Non-institutions									
a) Bodies Corporate									
i) Indian	11898270	2100	11900370	1.412	8802730	100	8802830	1.042	-0.370
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	61672448	4393411	66065859	7.839	63669760	3459323	67129083	7.944	0.105

Category of shareholders	No.of Shares held at the beginning of the year				No.of Shares held at the end of the year				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	44152831	684000	44836831	5.321	46224617	684000	46908617	5.553	0.232
c) Others (specify)									
TRUSTS	3000	0	3000	0.000	9830	0	9830	0.001	0.001
DIRECTORS & THEIR RELATIVES	5757218	0	5757218	0.683	5196618	0	5196618	0.615	-0.068
NON RESIDENT INDIANS	8169336	80000	8249336	0.979	8742747	80000	8822747	1.044	0.065
CLEARING MEMBERS	2284199	0	2284199	0.271	3873810	0	3873810	0.458	0.187
HINDU UNDIVIDED FAMILIES	2080526	0	2080526	0.247	2085652	0	2085652	0.247	0.000
FOREIGN CORPORATE BODIES	-	-	-	-	-	-	-	-	0.000
NRI DIRECTORS	-	-	-	-	500000	0	500000	0.059	0.059
Foreign Nationals	12000	0	12000	0.001	12000	0	12000	0.001	0.000
Inv.Education and Protection Fund Auth.	289922	0	289922	0.034	496124	0	496124	0.059	0.025
Sub-Total (B)(2)	**136319750**	**5159511**	**141479261**	**16.787**	**139613888**	**4223423**	**143837311**	**17.023**	**0.236**
Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)	**541494207**	**5159511**	**546653718**	**64.861**	**544613563**	**4223423**	**548836986**	**64.952**	**0.091**
C.Shares held by Custodian for GDRs & ADRs									
GRAND TOTAL (A)+(B)+(C)	**837650346**	**5159511**	**842809857**	**100.000**	**840769702**	**4223423**	**844993125**	**100.000**	**0.000**

Annexure I (D)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY) SHAREHOLDING PROMOTERS

Slno	Shareholders Name	No.of Shares held at the beginning of the year			No.of Shares held at the end of the year			%of change during the year
		No.of shares	% of total shares of the company	% of Shares pledged / encumbered to total shares	No.of shares	% of total shares of the company	% of Shares pledged / encumbered to total shares	
1	NANDAKUMAR V P	243672171	28.912	5.951	243672171	28.837	2.668	-0.075
2	SUSHAMA NANDAKUMAR	48001078	5.695	0.000	48001078	5.681	0.000	-0.014
3	JYOTHY PRASANNAN	4462165	0.529	0.000	4462165	0.528	0.000	-0.001
4	SUHAS NANDAN .	17051	0.002	0.000	17051	0.002	0.000	0.000
5	SOORAJ NANDAN	3674	0.000	0.000	3674	0.000	0.000	0.000
	TOTAL	296156139	35.138	4.896	296156139	35.048	2.195	-0.090

Annexure I (E)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

ii) Change in Promoter's Shareholding

BENPOS DATE	FOLIO/DEMAT ID	NAME	PAN	Opening balance	Bought	Sold	Closing balance	% of total shares of the company	Share Capital
01-04-2019	IN30163740021545	NANDAKUMAR V P	ABGPN8092A	183353951			183353951	21.755	842809857
21-06-2019	IN30163740021545	NANDAKUMAR V P	ABGPN8092A	183353951		0	183353951	21.746	843165850
06-12-2019	IN30163740021545	NANDAKUMAR V P	ABGPN8092A	183353951		0	183353951	21.700	844966539
13-12-2019	IN30163740021545	NANDAKUMAR V P	ABGPN8092A	183353951		173353951	10000000	1.183	844966539
31-03-2020	IN30163740021545	NANDAKUMAR V P	ABGPN8092A	10000000	0	0	10000000	1.183	844993125
01-04-2019	IN30169610125267	NANDAKUMAR.V.P	ABGPN8092A	34742420			34742420	4.122	842809857
24-01-2020	IN30169610125267	NANDAKUMAR.V.P	ABGPN8092A	34742420		34742420	0	0.000	844978295
01-04-2019	IN30169610393600	VAZHAPPULLY PADMANABHAN NANDAKUMAR	ABGPN8092A	25575800			25575800	3.035	842809857
21-02-2020	IN30169610393600	VAZHAPPULLY PADMANABHAN NANDAKUMAR	ABGPN8092A	25575800		25575800	0	0.000	844993125
13-12-2019	1204920006304776	V P NANDAKUMAR	ABGPN8092A	0	173353951		173353951	20.516	844966539
24-01-2020	1204920006304776	V P NANDAKUMAR	ABGPN8092A	173353951	34742420		208096371	24.627	844978295
31-03-2020	1204920006304776	V P NANDAKUMAR	ABGPN8092A	208096371	0	0	208096371	24.627	844993125
21-02-2020	1204920006306598	V P NANDAKUMAR	ABGPN8092A	0	25575800		25575800	3.027	844993125
31-03-2020	1204920006306598	V P NANDAKUMAR	ABGPN8092A	25575800	0	0	25575800	3.027	844993125
01-04-2019	IN30169610393714	SUSHAMA NANDAKUMAR	AINPS7836B	48000078			48000078	5.695	842809857
14-02-2020	IN30169610393714	SUSHAMA NANDAKUMAR	AINPS7836B	48000078		48000078	0	0.000	844993125
01-04-2019	1207620000001520	SUSHAMA NANDAKUMAR .	AINPS7836B	1000			1000	0.000	842809857
31-03-2020	1207620000001520	SUSHAMA NANDAKUMAR .	AINPS7836B	1000	0	0	1000	0.000	844993125

BENPOS DATE	FOLIO/DEMAT ID	NAME	PAN	Opening balance	Bought	Sold	Closing balance	% of total shares of the company	Share Capital
14-02-2020	1204920006298474	SUSHAMA NANDAKUMAR	AINPS7836B	0	48000078		48000078	5.681	844993125
31-03-2020	1204920006298474	SUSHAMA NANDAKUMAR	AINPS7836B	48000078	0	0	48000078	5.681	844993125
01-04-2019	IN30169610141812	JYOTHI	AJCPP9044L	4462165			4462165	0.529	842809857
31-03-2020	IN30169610141812	JYOTHI	AJCPP9044L	4462165	0	0	4462165	0.528	844993125
01-04-2019	1203280000489721	SUHAS NANDAN .	AIQPN0369P	17051			17051	0.002	842809857
31-03-2020	1203280000489721	SUHAS NANDAN .	AIQPN0369P	17051	0	0	17051	0.002	844993125
01-04-2019	1204760000148882	SOORAJ NANDAN	AGUPN0463E	3674			3674	0.000	842809857
31-03-2020	1204760000148882	SOORAJ NANDAN	AGUPN0463E	3674	0	0	3674	0.000	844993125

Annexure I (F)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

iii) Share holding pattern of Top 10 Shareholders(other than Directors,Promoters,and Holders of GDRs and ADRs)

Sl. No.	For each of top 10 shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No.of Shares	%	No.of Shares	%
1	QUINAG ACQUISITION (FPI) LTD	83785880	9.941	0	0.000
1	QUINAG ACQUISITION (FPI) LTD	0	0.000	83785880	9.916
2	BARCLAYS MERCHANT BANK (SINGAPORE) LTD.	31744389	3.766	0	0.000
2	BARCLAYS MERCHANT BANK (SINGAPORE) LIMITED - ODI	0	0.000	31276276	3.701
3	FIDELITY INVESTMENT TRUST FIDELITY SERIES EMERGING MARKETS OPPORTUNITIES FUND	29280994	3.474	28941994	3.425
4	DSP MIDCAP FUND	12292648	1.459	16084635	1.904
4	DSP SMALL CAP FUND	7898672	0.937	10188255	1.206
4	DSP A.C.E. FUND - SERIES 1	0	0.000	973419	0.115
4	DSP ARBITRAGE FUND	0	0.000	288000	0.034
4	DSP A.C.E. FUND - SERIES 2	0	0.000	159215	0.019
4	DSP INDIA T.I.G.E.R. FUND	0	0.000	990525	0.117
4	DSP 3 YEARS CLOSE ENDED EQUITY FUND	0	0.000	54037	0.006
5	L AND T MUTUAL FUND TRUSTEE LTD-L AND T MID CAP FUND	1345400	0.160	8878900	1.051
5	L AND T MUTUAL FUND TRUSTEE LTD-L AND T INDIA VALUE FUND	0	0.000	8150300	0.965
5	L&T MUTUAL FUND TRUSTEE LIMITED-L&T EMERGING BUSINESSES FUND	0	0.000	2613000	0.309
5	L AND T MUTUAL FUND TRUSTEE LIMITED - L AND T HYBRID EQUITY FUND	0	0.000	2127000	0.252
5	L AND T MUTUAL FUND TRUSTEE LTD-L AND T TAX ADVANTAGE FUND	0	0.000	1940000	0.230
5	L&T MUTUAL FUND TRUSTEE LIMITED - L&T EMERGING OPPORTUNITIES FUND - SERIES I	687000	0.082	687000	0.081
5	L&T MUTUAL FUND TRUSTEE LIMITED-L&T ARBITRAGE OPPORTUNITIES FUND	0	0.000	312000	0.037
6	DURO ONE INVESTMENTS LIMITED	14643319	1.737	23200000	2.746
7	BARING INDIA PRIVATE EQUITY FUND III LISTED INVESTMENTS LIMITED	47616584	5.650	16521482	1.955
8	BARING INDIA PRIVATE EQUITY FUND II LIMITED	26453439	3.139	16019972	1.896
9	Dolly Khanna	7409150	0.879	7769150	0.919
10	FIAM GROUP TRUST FOR EMPLOYEE BENEFIT PLANS FIAM E	0	0.000	5184000	0.613
11	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERI	7348595	0.872	4587900	0.543
12	AB SICAV I - INDIA GROWTH PORTFOLIO	9915530	1.176	2704166	0.320
12	AB SICAV I - EMERGING MARKETS MULTI-ASSET PORTFOLIO	398008	0.047	554363	0.066

Annexure I (G)

iv) Share Holding of Directors and Key Managerial Personnel:

Sl. No	NAME	Shareholding at the beginning of the year		Shareholding at the end of the year		% of change during the year
		No.of Shares	%	No.of Shares	%	
1	V P NANDAKUMAR	243672171	28.912	243672171	28.837	-0.075
2	RAVEENDRABABU B N	1817236	0.216	1417236	0.168	-0.048
3	RAMACHANDRAN V R	1145000	0.136	1145000	0.135	-0.001
4	MANOMOHANAN P	943582	0.112	793582	0.094	-0.018
5	SHAILESH JAYANTILAL MEHTA .	500000	0.059	500000	0.059	0.000
6	JAGDISH CAPOOR	2000	0.000	2000	0.000	0.000
7	RAJIVEN VAYALIL RAVINDRAN	10600	0.001	10600	0.000	0.000
8	BINDU A L	51000	0.006		0.000	-0.006

Annexure I (H)

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in million)

	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	95,155.83	32,304.45	0	127,460.28
(ii) Interest due but not paid	3.17	4.63	0	7.80
(iii) Interest accrued but not due	1,237.34	304.42	0	1,541.76
Total (i+ii+iii)	**96,396.35**	**32,613.49**	**0.00**	**129,009.84**
Change in indebtedness during the year				
Additions	200,500.99	129,663.94	0	330,164.93
Reduction	139,797.85	142,600.06	0	282,397.91
Net change	60,703.14	-12,936.12	0.00	**612,562.84**
Indebtedness at the end of the financial year				
(i) Principal Amount	155,560.42	19,523.27	0	175,083.69
(ii) Interest due but not paid	2.61	3.36	0	5.96
(iii) Interest accrued but not due	1,536.47	150.75	0	1,687.22
Total (i+ii+iii)	**157,099.49**	**19,677.37**	**0.00**	**176,776.87**

Annexure I (I)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ in million)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		
		V.P. Nandakumar	B.N. Raveendra Babu	Total Amount
1	Gross salary	75	10.81	85.81
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	-	-	-
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	-	6.33	6.33
	c. Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option (in number of options)	-	200000	-
3	Sweat Equity	-	-	-
4	Commission	35	3.85	38.85
	as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	**110**	**20.99**	**130.99**
	Ceiling as per the Act			In terms of the provisions of the companies Act, 2013, the remuneration to MD/WTD shall not exceed 10% of the net profit of the Company. The remuneration paid to the MD/WTD is well within the said limit.

Annexure I (J)

B. Remuneration to other directors:

(₹ in million)

Sl No.	Particulars of Remuneration	Jagdish Capoor	V.R. Rajiven	V.R. Ramachandran	P. Manomohanan	E.A. Kshirsagar	Gautam Narayan	Sutapa Banerjee	Abhijit Sen	Harshan Kollara	Shailesh J. Mehta
1	**Independent Directors**										
	Fee for attending board committee meetings	0.87	0.27	0.80	0.93	-	-	0.92	0.31	-	-
	Commission	3.83	1.06	2.13	2.55			2.13	1.91		
	Others, please specify	-	-	-	-	-	-	-	-	-	-
	Total(1)	**4.7**	**1.33**	**2.93**	**3.48**	**-**	**-**	**3.05**	**2.22**	**-**	**-**
2	**Other Non-Executive Directors**	-	-	-	-	-	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	NIL	NIL	-	-	0.04	0.04
	Commission	-	-	-	-	NIL	NIL	-	-	0.35	0.32
	Others, please specify	-	-	-	-			-	-		
	Total (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.39**	**0.36**
	Total Managerial Remuneration (1+2)	**4.7**	**1.33**	**2.93**	**3.48**	**NIL**	**NIL**	**3.05**	**2.22**	**0.39**	**0.36**
	Over all Ceiling as per the act	In terms of provisions of the Companies Act,2013, the remuneration payable to directors other than executive directors shall not exceed 1% of the net profit of the Company. The Remuneration paid to the directors is well within the said limits.									

Annexure I (K)

(₹ in million)

Sl. No.	Particulars of Remuneration	Chief Financial Officer	Company Secretary	Total
		Bindu A.L	Manoj Kumar V.R	
1	Gross Salary			
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	7.67	3.03	10.70
	b. Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	c. Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Option (in no. of options)	180000	100000	
3	Sweat Equity	-	-	-
4	Commission as % of profit	1.50		1.50
	Others, specify	-	-	-
5	Others, please specify	-	-	-
Total		**9.17**	**3.03**	**12.2**

Annexure I (L)

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCE

NIL

Annexure IX

Details Pertaining to Remuneration as Required Under Section 197 of the Companies Act, 2013 Read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

i. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial 2019-20, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sl. No.	Name of Director/KMP and designation	% increase in Remuneration in the Financial Year 2019-20	Ratio of remuneration of each Director/KMP/to median remuneration of employees
1	V.P. Nandakumar (MD & CEO)	No Increase	474
2	B.N. Raveendra Babu (ED)	30.44%	89
3	Jagdish Capoor (Chairman)	No Increase	19
4	Shailesh J Mehta (Director)	No Increase	1
5	P. Manomohanan (Director)	No Increase	14
6	V.R. Ramachandran (Director)	No Increase	12
7	Sutapa Banerjee (Director)	5.56%	12
8	Abhijit Sen (Director)	NA	9
9	Harshan Kollara (Director)	NA	2
10	V.R. Rajiven (Director)	No Increase	5
11	Gautam Ravi Narayan (Director)	NA	NA
12	Bindu.A.L. (CFO)	18.83%	36
13	Manoj Kumar V.R. (CS)	1.1%	12

The median remuneration of employees of the Company during the financial year 2019-20 was ₹ 0.25 million. This year median remuneration is calculated based on actual Cost to the Company.

ii. In the financial year, there was an increase of 5% in the median remuneration of employees.

iii. There were 20743 permanent employees on the rolls of Company as on 31 March, 2020

iv. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2019-20 was 11.97% Decrease in the managerial remuneration for the same financial year was 14.12%. Net Profit of the Company increased by over 55.65% over the same period.

v. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

TOP 10 EMPLOYEES IN TERMS OF REMUNERATION DRAWN DURING THE FINANCIAL YEAR 2019-20

Sl. No	Employee Name	Designation	Educational Qualification	Age	Nature of Employment	% of equity shares held by the employee in the Company	Experience (Years)	Date of Joining	Gross Remuneration paid (₹ in million)	Previous Employment and designation
1	V. P. Nandakumar	MD&CEO	M.Sc,, CAIIB(Part-I), PGDFT(IIFT)	66	MD&CEO	28.837	27.7	15-07-1992	119.38	Officer, Nedungadi Bank
2	B.N. Raveendra Babu	Executive Director	M.Com, Certificate from Institute of Certified Management Accounts, UK	68	Executive Director	0.168	27.7	15-07-1992	22.34	Senior Role, Blue Marine International
3	K Senthil Kumar	Executive Vice President	MBA	48	CEO – Vehicle and Equipment Finance	0.0041	5.84	02-06-2014	12.53	Fullerton India Credit Company Ltd.,Head ABF Business
4	Aseem Bhardwaj	Executive Vice President	MBA	48	CEO-Corporate Finance	NIL	2.02	23-04-2018	10.02	Kotak Mahindra Bank Ltd, Senior Vice President & Business Head-Corporate Linked Business
5	Bindu.A.L.	Executive Vice President	CHARATERED ACCOUNTANT	46	Chief Financial Officer	NIL	21.81	15-06-1998	9.17	Mohandas & Associates Chartered Accountants, Audit Assistant
6	Raju.N	Senior Vice President	CHARATERED ACCOUNTANT	40	Senior Vice President - Analytics And Business Review	NIL	15.61	23-08-2004	7.39	C Seshadri Nadan FCA, Audit Assistant
7	Salil Bawa	Senior Vice President	CFA	47	Investor Relation & Treasury	NIL	0.79	15-06-2019	7.32	Head of investor relations, Edelweiss Capital
8	Puneet Kaur Kohli	Senior Vice President	MBA	48	Chief Technology Officer	NIL	2.25	01-01-2018	6.69	Bajaj Capital -Group Executive VP IT & CTO
9	Dhiraj Agrawal	Senior Vice President	PGDBM - BSC	48	CEO-Two Wheeler Finance	0.000019	3.16	02-02-2017	6.64	Home Credit India P Ltd, VP – Product Management
10	Naval Manoj*	Vice President	MBA	48	Vice President - Forex And Money Transfer	NA	4.55	16-03-2015	5.03	Kerala State Agro. Co operative ltd, GM - Manufacturing

*Naval Manoj resigned w.e.f 1 October 2019

**All Employees in the above list are permanent employees

*** No employee in the above list from Sl nos. 3 to 10 is relative of any director or manager of the company

EMPLOYEES DRAWING A REMUNERATION OF 10.2 MILLION OR ABOVE PER ANNUM DURING THE FINANCIAL YEAR 2019-20

Sl. No	Employee Name	Designation	Educational Qualification	Age	Nature of Employment	% of equity shares held by the employee in the Company	Experience (Years)	Date of Joining	Gross Remuneration paid (₹ in million)	Previous Employment and designation
1	K Senthil Kumar^	Executive Vice President	MBA	48	CEO – Vehicle and Equipment Finance	0.0041	5.84	02-06-2014	12.53	Fullerton India Credit Company Ltd.,Head ABF Business

^ Permanent Employee, not a relative of any Director or manager of the Company

Annexure X

To The Members of
Manappuram Finance Limited

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with the terms of our engagement letter dated 30 September, 2019 and addendums thereto.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Manappuram Finance Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March, 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditor's Responsibility

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

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended 31 March, 2020.

9. We 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 **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sd/-
S. Sundaresan
Partner
(Membership No.25776)
UDIN: 20025776AAAACC9905

Bengaluru, 14 May, 2020

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company believes that good governance practices, internal control systems, transparent operational activities and proper risk management system are essential for sustainable business. Your Company focuses on enhancement of long-term shareholder value without compromising on ethical standards, corporate social and business responsibilities. Your Company believes that its business plans should be consistent with the above objective leading to sustained corporate growth and long-term benefit to all. Your Company follows this principle meticulously in all its business dealings and decisions.

Your Company is in compliance with the requirements of corporate governance, as applicable, specified in regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations, 2015") and the Companies Act, 2013 (amended as on date). The Company is also in compliance with the Corporate Governance and Disclosure norms for NBFCs issued by Reserve Bank of India vide Chapter XI of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("RBI Master Direction, 2016").

Your Company has adopted Manappuram Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct to regulate, monitor and report Trading by Insiders and also adopted Internal Guidelines on Corporate Governance in compliance with RBI Master Direction, 2016. These codes are available in the Company website – https://www.manappuram.com/policies-codes.html.

BOARD OF DIRECTORS

A. Composition of the Board

Your Company has formulated Board Diversity policy to have a competent and highly professional team of Board members. 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 SEBI (LODR) Regulations, 2015, and Companies Act, 2013. This composition also fulfils the norms prescribed by Reserve Bank of India in this regard. As on 31 March, 2020 out of the (10) ten Directors, (2) two are Executive Directors (1) one is Non-Executive Non-Independent, (5) five are Independent Directors and (2) two are Additional Directors. Out of (5) five Independent Directors, (1) one Independent Director is a woman director.

Policy on Board Composition and Compensation is in place for ascertaining the fit and proper criteria of the Directors at the time of appointment and on a continuing basis. The policy on the fit and proper criteria is in line with RBI Master Direction, 2016 and all existing Directors are fit and proper to continue to hold the appointment as a Director in the Board.

All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 read with Section 149(6) of the Companies Act, 2013. None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she is a Director as per disclosures regarding Committee positions in other public companies made by the Directors during the year under review. None of the Directors are related to each other.

None of the Independent Directors of the Company hold independent directorship in more than seven listed companies and none of them serving as a Whole-time Director in any listed company.

During the year, a separate meeting of Independent Directors was held on 19th March, 2020 and all Independent Directors were present for that meeting except Mr. Manomohanan Pandat (DIN: 00042836). The Independent Directors, inter- alia, reviewed the performance of Non-Independent Directors, Chairman of the Company and the Board as a whole.

B. Meetings & attendance

During FY 2019-20 the Board met on eight occasions viz. 30.04.2019, 15.05.2019, 17.07.2019, 13.08.2019, 06.11.2019, 28.01.2020, 27.02.2020 and 19.03.2020.

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

Name & Category of Director	Category of Directors	No. of Board Meetings attended	Whether attended the last AGM	Details of membership in Committees of the Board*		Shareholding of Non-Executive Directors	Number of Directorships in Companies**	
				Member	Chairman		Chairman	Member
Mr.Jagdish Capoor, Chairman	Independent, Non-Executive	8	Yes	2	1	2000	1	3
Mr.V.P.Nandakumar Managing Director & CEO	Non-Independent, Executive	8	Yes	3	0	NA	0	1
Mr.B.N.Raveendra Babu	Non-Independent, Executive	8	Yes	1	0	NA	0	1
Adv.V.R.Ramachandran	Independent, Non-Executive	8	Yes	1	1	1145000	0	1
Mr.P.Manomohanan	Independent, Non-Executive	7	Yes	2	0	793582	0	1
Mr. E.A Kshirsagar	Nominee, Non-Executive	4	Yes	NA	NA	NA	NA	NA
Mr.V.R.Rajiven	Independent, Non-Executive	3	Yes	NA	NA	10600	NA	NA
Mr.Gautam Ravi Narayan	Non-Independent, Non-Executive	8	No	1	0	0	0	1
Ms. Sutapa Banerjee	Independent, Non-Executive	8	Yes	8	2	0	0	6
Mr. Abhijit Sen	Independent, Non-Executive	5	Yes	10	5	0	0	6
Mr. Harshan Kollara	Additional	1	No	0	0	0	0	1
Mr.Shailesh J Mehta	Additional	1	No	2	1	500000	0	2

* As required by Clause 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the disclosures includes Membership/Chairpersonship of Audit Committee and Stakeholder's Relationship Committee of Companies including Manappuram Finance Limited only are shown.

** Only Listed Companies including Manappuram Finance Limited are shown.

*** Mr. Abhijit Sen (DIN: 00002593) has been appointed as Additional Director of the Board with effect from 13.08.2019

**** Mr. Harshan Kollara (DIN: 01519810) has been appointed as Additional Director of the Board with effect from 28.01.2020.

***** Mr. Shailesh Mehta (DIN: 01633893) has been appointed as Additional Director of the Board with effect from 27.02.2020.

Dr. Amla Samanta (DIN: 00758883) stepped down as Director of the Board of the Company at the meeting dated 20.03.2019 w.e.f 01.04.2019.

& Mr.V.R.Rajiven (DIN: 06503049) passed away on 19.10.2019

^ Mr. E.A Kshirsagar (DIN: 00121824) resigned on 06.11.2019

The names of the listed entities where the person is a Director and the category of directorship other than Manappuram Finance Limited

Jagdish Capoor		Ms. Sutapa Banerjee		Mr. Abhijit Sen		Mr. Shailesh J Mehta	
Company	**Category**	**Company**	**Category**	**Company**	**Category**	**Company**	**Category**
Lic Housing Finance Ltd	Independent, Non-Executive	Monnet Ispat and Energy Limited	Independent, Non-Executive	Trent Limited	Independent, Non-Executive	Safari Industries (India) Limited	Independent, Non-Executive
Spandana Sphoorty Financial Limited	Independent, Non-Executive	Niyogin Fintech Limited	Independent, Non-Executive	Kalyani Forge Limited	Independent, Non-Executive		
		Jsw Holdings L imited	Independent, Non-Executive	Ujjivan Financial Services Limited	Independent, Non-Executive		
		Camlin Fine Sciences Limited	Independent, Non-Executive	Ugro Capital Limited	Independent, Non-Executive		
		Godrej Properties Limited	Independent, Non-Executive	Tata Investment Corporation Limited	Independent, Non-Executive		

C. Change in the Board of Directors during FY 2019-20

Dr. Amla Samanta (DIN: 00758883) stepped down as Director of the Board of the Company at the meeting dated 20.03.2019 w.e.f 01.04.2019.

Mr. Abhijit Sen (DIN: 00002593) has been appointed as Additional Director of the Board with effect from 13.08.2019 and Shareholders, at the 27th AGM approved his appointment as Non-Executive, Independent Director.

Mr. Harshan Kollara (DIN: 01519810) has been appointed as Additional Director of the Board with effect from 28.01.2020.

Mr. Shailesh Mehta (DIN: 01633893) has been appointed as Additional Director of the Board with effect from 27.02.2020.

Mr. E.A Kshirsagar (DIN: 00121824) resigned on 06.11.2019.

Mr. V.R. Rajiven(DIN: 06503049) passed away on 19.10.2019.

Shareholders at the 27th AGM, also approved:

Revision of remuneration by way of increment and variation in the terms of appointment of Mr. V. P. Nandakumar, Managing Director & CEO (DIN: 00044512)

Re-appointment of Executive Director Mr. B. N. Raveendra Babu (DIN: 00043622) for a further period of five years with effect from January 11, 2020.

There were no other changes in Directors or Key Managerial Personnel during the FY 2019-20.

D. Information provided to the Board members

The Board agenda with proper explanatory notes is prepared and circulated well in advance to all the Board members. All statutory and other matters of significant importance including information as mentioned in Section 179 of the Companies Act, 2013 and Regulation 17 read with Part A of Schedule II of the SEBI (LODR) Regulations, 2015 are tabled before the Board to enable it to discharge its responsibility of strategic supervision of the Company.

The Board periodically reviews the statement submitted by the unlisted subsidiaries on all significant transactions and arrangements entered into by it during that period. The Board also reviews periodical compliances of all applicable laws, rules and regulations. At the Board Meeting, members have full freedom to express their opinion and decisions are taken after detailed deliberations.

COMMITTEES OF THE BOARD

The Board has constituted sub-committees of the Board. Each Committee of the Board functions according to the terms of reference as approved by the Board. Meeting of each sub-committee is convened by the respective Committee Chairman. The composition and terms of reference of these sub-committees including the number of meetings held during the financial year and the related attendance are given below:

A. Audit Committee

The Company has constituted a qualified and independent Audit Committee as required under Section 177 of the Companies Act, 2013, and Regulation 18 of the SEBI (LODR) Regulations, 2015. The Committee also fulfils the provisions of RBI Master Direction, 2016. The Committee has five members eminently qualified to handle accounts, finance, audit and legal matters. The Company Secretary acts as the Secretary of the Audit Committee.

The Audit Committee met six times during FY 2019-20 viz. 14.05.2019, 12.08.2019, 05.11.2019, 27.01.2020, 27.02.2020 and 18.03.2020. The constitution, record of attendance of meetings and other details of the Audit Committee of the Company are below:

Composition, Meetings and Attendance during the FY ending 31 March, 2020

Name of the Member	Position	Category of Directors	Number of Meetings during the financial year 2019 -20	
			Held	Attended
Abhijit Sen*	Chairman	Independent, Non-Executive	6	2
P. Manomohanan@	Chairman	Independent, Non-Executive	6	5
Jagdish Capoor	Member	Independent, Non-Executive	6	6
V.R. Rajiven%	Member	Independent, Non-Executive	6	1
Sutapa Banerjee	Member	Independent, Non-Executive	6	6
E.A. Kshirsagar^	Member	Nominee, Non-Executive	6	3
Gautam Narayan	Member	Non-Independent, Non-Executive	6	5

* Chairman w.e.f 06.11.2019

@ Redesignated from chairman to member w.e.f 06.11.2019

% Ceased to be member w.e.f. 19.10.2019

^ Ceased to be member w.e.f. 06.11.2019

Terms of Reference of Audit Committee

1. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board the appointment, reappointment, and if required, the replacement or removal of the statutory auditor and the fixation of audit fee.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with management the annual financial statements before submission to the Board for approval with particular reference to:
   a. Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of clause(C) of Sub-section 3 of section 134 of the Companies Act 2013.
   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.
5. Reviewing with the management the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the Company with related parties.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of the Company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing with the management performance of the statutory and internal auditors and adequacy of the internal control system.
13. 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.
14. Discussion with internal auditors regarding any significant findings and follow-up thereon.
15. 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.
16. 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.
17. 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.
18. To review the function of whistle blower mechanism in case the same exists.
19. Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Monitoring the end use of funds raised through public offers and related matters.
21. Carrying out any other function as mentioned in the terms of reference of audit committee.
22. Audit Committee also reviews and recommends to the Board of Directors, Quarterly and annual report on frauds in terms of RBI Master Circular on Frauds – Future approach towards monitoring of frauds in NBFCs and complaints received under the Prevention of Sexual Harassment against Women in Work Place Act, 2012.

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 8 May, 2007 to ensure that eminent and experienced persons are appointed as Directors. The Committee was reconstituted on 23 December, 2014. The Committee also meets the requirements of Section 178 of the Companies Act, 2013, Regulation 19 of the SEBI (LODR) Regulations, 2015 and RBI Master Direction, 2016.

The Committee met 7 times during FY 2019-20 viz. 15.05.2019, 17.07.2019, 13.08.2019, 29.08.2019, 06.11.2019, 28.01.2020 and 18.03.2020

Composition, Meetings and Attendance during the FY ending 31 March, 2020

Name of the Member	Position	Category of Directors	Number of Meetings during the financial year 2019 -20	
			Held	Attended
Sutapa Banerjee^	Chairperson	Independent, Non-Executive	7	7
Jagdish Capoor	Member	Independent, Non-Executive	7	7
V.R. Rajiven %	Member	Independent, Non-Executive	7	2
E.A. Kshirsagar *	Member	Nominee, Non-Executive	7	5
Gautam Ravi Narayan	Member	Non-Independent, Non-Executive	7	6

^Chairperson from 01.04.2019

% Ceased to be member w.e.f. 19.10.2019

* Ceased to be member w.e.f. 06.11.2019

Terms of Reference of Nomination, Compensation and Corporate Governance Committee

Considering the statutory provisions under Section 178 of the Companies Act, 2013, provisions of SEBI LODR (Listing Obligation and Disclosure Requirement) Regulations, 2015 and the guidelines issued by the Reserve Bank of India on Corporate Governance of NBFCs, the role and responsibilities of the committee can be classified into three broader categories such as;

i. of nomination

ii. of fixation of remuneration and performance evaluation

iii. of Governance

The committee shall effectively discharge its roles and responsibilities in the following manner.

I. Role of Nomination

a) The Committee shall put in place a broader policy describing the qualification, experience and other positive attributes for selection of Executive/Whole-time Directors including their age of retirement.

b) The Committee shall formulate and put in place guiding principles to determine the qualities, qualifications, and the parameters to determine the 'fit and proper' criteria for appointment of Independent Directors keeping in mind the diversity quotient the Company's Board shall maintain from time to time and subject to the applicable regulatory requirements.

c) Filling in a timely manner vacancy on the Board of the Company including the position of Executive/ Whole-time Directors.

d) Selection of directors, key management personnel and persons to be appointed in senior management positions as defined by the Board and recommend to the Board for their appointment and removal thereof.

II. Role of Fixing Remuneration and Evaluation of performance

a. The Committee shall formulate and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel, Senior Management and other employees from time to time.

b. The policy as aforesaid shall ensure that-

1. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

2. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

3. Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals;

c. The Committee shall review the performance of individual Directors of the Company on a yearly basis at the end of each financial year or at such periodicity as the committee deem fit and recommend to the Board on the basis of such review, whether a Director to be recommended for re-appointment or not.

d. The Committee shall review the performance of the Executive/Whole time Directors of the Company and fix suitable compensation packages in consideration of their performance, contributions, the general business environment in which the Company operates and financial position of the Company. The remuneration package may be a combination of fixed and performance-based bonus/ incentives for the period under review.

e. The Committee shall along with the management review the performance of Key managerial personnel and senior management persons on a periodical basis and fix their remuneration packages in accordance with the policies approved by the Board.

The period of gap between two such reviews shall not elapse fifteen months.

4. As per SEBI (LODR) Regulations 2018 (Amendment Regulations) dated 9 May, 2018, the additional responsibilities entrusted with Nomination Compensation and Corporate Governance Committee with effect from 1 April, 2019 are as follows:-

    1. NRC shall revisit the list of Senior Management to assess the additions to the list.

    2. NRC shall recommend remuneration of Senior Management to the Board.

    3. Formulating Succession Planning for Senior Management.

    4. Review and affirm the Senior Management shall abide by the code of conduct on an annual basis.

        1. NRC shall revisit the list of Senior Management to assess the additions to the list.

        2. NRC shall recommend remuneration of Senior Management to the Board.

        3. Formulating Succession Planning for Senior Management.

        4. Review and affirm the Senior Management shall abide by the code of conduct on an annual basis.

        5. Senior Management shall make disclosure to the Board relating to all material, financial and commercial transactions, where they have a personal interest that may have a potential conflict with the interest of the Company at a large.

    For the purpose of this code the term "Senior Management" shall mean to include one level below Chief Executive Officer/Managing Director/Whole Time Director/Manager (Including CEO/Manager, incase they are not part of the Board), and shall specifically include Company Secretary and Chief Financial Officer.

III. Role on ensuring Compliance on governance standards

a. The Committee shall ensure that at all times, the Board of the Company has a fair combination of Independent, Non-Executive and Executive Directors meeting the governance standards set by the Board and in compliance with regulatory requirements, SEBI(LODR) Regulations 2015s. etc. prevailing from time to time.

b. Ensure that the organisation structure and flow of command meets the governance standard set for the internal management of the Company.

c. The Committee may evaluate and put in place proper mechanism for refreshment trainings for Directors on relevant subject.

d. The Committee shall evaluate and put in place a proper mechanism to ensure that the independence of Independent Directors is always maintained and to ensure that there are no situations which suggest the existence of circumstances resulting in the loss of independence of any Directors of the Company.

e. The Committee shall put in place subject to the provisions of applicable laws, policies and procedure for determining the retirement and re-appointment of Independent and other Directors on the Board of the Company.

f. The Committee shall at all times the sub committees of the Board is functioning and are constituted according to the regulatory requirements and governance policies of the Company.

g. The Committee shall the overall governance standards and policies of the Company and delegation of authorities to match with the best practices in relation to the size of the Company and the level of its operations to protect the interest of all stake holders.

IV. Other Powers

In addition to what is stated above, the Committee shall discharge such other functions as may be delegated to it by the Board or prescribed under any law, rules, regulations or orders or directions of any statutory or regulatory body including stock exchanges where the securities of the Company are listed.

Remuneration of Directors

a) There is no pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company.

b) Criteria of making payments to Non-Executive Directors: While considering the level of commission payable to the Independent, Non-Executive Directors, the Nomination,

Compensation and Corporate Governance Committee take into account various factors such as attendance, level of participation, contribution to the meetings and its decision making, continuity on the Board, fit and proper status and feedback of performance appraisal questionnaire, etc. There is no relationship between Directors inter-se.

Disclosures with respect to Remuneration

Independent, Non-Executive Directors

(₹ in million)

Sl. No.	Name	Commission	Sitting Fee	ESOS
1	Jagdish Capoor	3.83	0.87	NIL
2	V.R. Rajiven	1.06	0.27	NIL
3	V.R. Ramachandran	2.13	0.80	NIL
4	P.Manomohanan	2.55	0.93	NIL
5	Sutapa Banerjee	2.13	0.92	NIL
6	Abhijit Sen	1.91	0.31	NIL

Additional Directors, Non-Executive

Sl. No.	Name	Commission	Sitting Fee	ESOS
1	Harshan Kollara	0.35	0.04	NIL
2	Shailesh J. Mehta	0.32	0.04	NIL

Non-Independent, Executive Directors

Sl No.	Name	Salary	Commission	Benefits/ Provident Fund	Perquisites	Bonus	Sitting Fee	ESOS (no. of options)
1	Mr. V.P Nandakumar	75	35	9.38	-	-	-	-
2	Mr. B.N. Raveendra Babu	10.81	3.85	1.35	6.33	-	-	200000

Performance Evaluation Parameter for MD & CEO

I	**Business**
	Achieving growth and profitability targets as per Board Approved Annual Business Plan of MAFIL
	Achieving growth and profitability targets as per Board Approved Business Plan of Subsidiary Co's
	Gold Loan AUM adjusted for price
II	**Technology / IT**
	Making IT a key differentiator and a competitive advantage for all business - focussing on data based customer centric approach for better service with lower costs and less time (TAT)
III	**Audit, Legal and Compliance**
	Ensuring all businesses - in MAFIL and its Subsidiaries are compliant to all Regulatory Rules, Regulations, Guidelines and Statutes - like RBI / Co's Act / SEBI / Listing Guidelines etc.
	Ensuring compliance with Co's Audit , Risk Control and Other Policies and Processes
IV	**Strategic Growth Initiatives**
	Developing and executing the strategy for future growth and competitiveness in businesses - including M&A for in-organic growth
V	**Succession Plan**
	Building CEO succession plan
	Strengthening the 2nd line of management and building leaders in respective businesses and functions that could carry the Group's businesses to the next level

Performance Evaluation Parameter for ED

I	**Business**
	Ensure minimal business disruption for gold loan business due to current Dot Net loan management system
	Build a robust, scalable Online Gold Loan (OGL) Management IT System that integrates with Dot Net and various other IT applications and software developed by MACOM / Other vendors
	Resolving with vendors all IT centric issues that come in the way of business - like IBM, Oracle, Microsoft, FinOne etc.
II	**HR**
	Provide leadership, support and good working atmosphere for all CXO level / Senior Personnel in MAFIL and all CEOs / Business Heads / Senior Personnel of subsidiaries so that they integrate well to develop the MAFIL culture and work closely as one close unit / team
III	**Technology / IT**
	Making IT as a key differentiator (People , IT and Systems); Support all IT efforts at various businesses levels - as per the Group IT Strategy ; Quick, efficient , transparent purchase process for all technology investments (H/W/ S/W / Applications / Analytic tools etc.).
IV	**Others**
	Operationalise the Mumbai Office: Within time and approved budgets
	Rationalise IT budget - For Capital and Operating Expenditure (all equipment's, apps, s/w, phones etc.)

Performance evaluation criteria for Independent Directors is detailed in Boards Report.

Service Contracts, Notice Period, Severance Fees: Nil

C. Stakeholders Relationship and Securities Transfer Committee

The Company had constituted Stakeholders Grievance Committee in line with the provisions of Regulation 20 of SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013 to monitor the securities holders and investor complaints / grievances and also to ensure quick redressal of investor complaints associated with transfer/ transmission / dematerialisation of shares, non-receipt of Balance Sheet, Dividend warrants etc. The committee was re-designated as Stakeholders Relationship Committee.

Board earlier constituted Securities Transfer Committee to comply with provisions of section 46 of Companies Act, 2013 read with Rule 5 of the Companies (Share Capital and Debentures) Rules, 2014.

In order to ease the both committees functioning, Board at its meeting held on 25.05.2017 merged the Securities Transfer Committee into Stakeholders Relationship Committee and accordingly to comply with the provisions of SEBI (LODR) Regulations, 2015 and the Companies Act, 2013 and rules made thereunder as both Securities Transfer Committee and Stakeholders Relationship Committee have functions primarily aimed at serving security holders of the Company.

Composition, Meetings & Attendance during the FY ending 31 March, 2020

Name of the Member	Position	Category of Directors	Number of Meetings during the financial year 2019 -20	
			Held	Attended
V.R. Ramachandran	Chairman	Independent, Non-Executive	4	4
P. Manomohanan	Member	Independent, Non-Executive	4	4
V.R. Rajiven *	Member	Independent, Non-Executive	4	1
V.P. Nandakumar	Member	Non-Independent, Executive	4	4
B.N.Raveendra Babu	Member	Non-Independent, Executive	4	4

*Ceased to be member w.e.f 19.10.2019

Scope

Stakeholders Relationship Committee was constituted to specifically look into the redressal of shareholder and investors complaints / grievances like transfer and transmission of securities, non-receipt of annual report / notice / declared dividends / interest / redemption amount, etc. and all other securities-holders related matters.

Securities Transfer Committee normally approves transfers, transmission, etc. of securities and issues split, duplicate certificates of securities issued by the Company.

Name, designation and address of Compliance Officer:
Mr. Manoj Kumar V.R., Company Secretary
Manappuram Finance Limited, IV/470A(old) W638A(New) Manappuram House,
P.O - Valapad, Thrissur District, Kerala, India - 680 567 Phone - 0487 3104500, 3050417
E-Mail - cosecretary@manappuram.com

Nature of Security	Complaints pending at the beginning of the year ended 31.03.2020	Complaints received during the year ended 31.03.2020	Complaints disposed and resolved during year 31.03.2020	Complaints unresolved at the end of the year31.03.2020
Equity	0	1	1	0
Private placement-Retail NCD	0	7	7	0
Private Placement- Institutional NCD	0	0	0	0
Public Issue of Bonds	0	53	51	2
Complaints registered in SCORES	0	6	6	0
Subordinated Bonds	0	7	7	0

D. Corporate Social Responsibility Committee (CSR Committee)

The Company has constituted Corporate Social Responsibility Committee (CSR Committee) in line with the provisions of Section 135 of the Companies Act, 2013 which has substantial roles and responsibilities in respect of projects to be recommended to the Board and also for the monitoring of the CSR projects and reporting.

A brief outline of Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board is annexed with Board's Report.

Composition, Meetings & Attendance during FY ending 31 March, 2020

Name of the Member	Position	Category of Directors	Number of Meetings during the financial year 2019 -20	
			Held	Attended
V.R. Rajiven @	Chairman	Independent, Non-Executive	3	1
Sutapa Banerjee #	Chairperson	Independent, Non-Executive	3	3
V.P. Nandakumar	Member	Non-Independent, Executive	3	3
V.R. Ramachandran	Member	Independent, Non-Executive	3	3

@Ceased to be Chairman w.e.f 19.10.2019
#Chairperson w.e.f 06.11.2019

Role of the CSR Committee include

i. Review and recommend any new CSR initiatives to be taken up by the Company including the selection / appointment of implementation agencies.

ii. Review the progress of CSR projects already undertaken by the Company and the utilisation of budgets for each such projects

iii. Review and recommend the CSR report to be included in the Board's report.

iv. Review and recommend any amendments to be made in the CSR policy of the Company.

v. To carry such other functions as may be delegated to it by the Board relating to CSR activities of the Company.

E. Risk Management Committee (RMC)

The Company has constituted Risk Management Committee (RMC) in line with the provisions of Regulation 21 of SEBI (LODR) Regulations, 2015 and RBI Master Direction, 2016.

The committee reviews the Risk Management Policy, document and improve risk management practices, ensure appropriate / adequate reporting to the Board, manage the integrated risk, review the functioning of the Risk Management Department and any other matter as the Committee may deem fit. The Committee is involved in the process of identification, measurement, monitoring and mitigation of the various risks faced by the Company. The RMC shall meet at least twice in a year and reports to the Board.

Composition, Meetings & Attendance during FY ending 31 March, 2020

Name of the Member	Position	Category of Directors	Number of Meetings during the financial year 2019 -20	
			Held	Attended
Mr. P. Manomohanan &	Chairman	Independent, Non-Executive	2	2
Mr. Abhijit Sen *	Chairman	Independent, Non-Executive	2	1
Mr. E.A. Kshirsagar @	Member	Nominee, Non-Executive	2	1
Mr. Rajiven V.R.#	Member	Independent, Non-Executive	2	0
Mr. V.P.Nandakumar	Member	Non-Independent, Executive	2	2
Mr. B.N. Raveendra Babu	Member	Non-Independent, Executive	2	2
Ms. Sutapa Banerjee	Member	Independent, Non-Executive	2	2
Mr. Gautam Narayan	Member	Non-Independent, Non-Executive	2	1
Mr. Jagdish Capoor	Member	Independent, Non-Executive	2	2

& Redesignated as Member from Chairman w.e.f 06.11.2019
*Chairman w.e.f 06.11.2019
@Ceased to be member w.e.f. 06.11.2019
#Ceased to be member w.e.f. 19.10.2019

Purpose and Scope of RMC & Powers:

A) The purpose of the RMC reviews the risk management framework and risk appetite of the Company, examine the adequacy and effectiveness of the risk management policy, and ensure appropriate / adequate reporting to the Board with recommendations where required. To this effect the RMC will:

i) Oversee the development and implementation of the risk management strategy and practices by the Company and assess the effectiveness thereof.

ii) Ensure that the Company has an appropriate and effective mechanism to identify, measure, control and monitor all applicable risks on a timely basis and as accurately as feasible.

iii) Call for appropriate data / information to confirm the risk assessments of the past or projections for the future including development of any key performance or risk tolerance indicators.

iv) Ensure that the risk management policy in force is in tune with regulatory requirements, corporate governance standards, emerging new risks and industry best practices.

v) Review major breaches in policy.

vi) Appraise uncovered / residual risks to the Board.

vii) Continuous monitoring of the existence of Cyber security in the Company.

viii) Assess the capacity of the Company to withstand major 'shocks', financial or otherwise, caused by market forces, regulatory directives, environment, any other external factors or internal upheavals.

B) The RMC shall be empowered to call for any studies, information, data or analyses in matters pertaining to management of risk from the officers of the Company, issue orders for investigation on any risk related subject including constitution of any sub-committee for such purpose and seek the opinions or reports of independent experts / professionals where considered desirable or essential.

F. Asset- Liability Management Committee (ALCO)

The Company has constituted Asset- Liability Management Committee (ALCO) in line with provisions of RBI Master Direction, 2016 and Asset Liability Management (ALM) System for NBFCs – Guidelines. Reserve Bank of India has stipulated templates for reporting Structural liquidity (ALM-1) Dynamic Liquidity (ALM-2) and Interest Rate Sensitivity (ALM-3) and provided indicative formats for compiling the figures. ALCO will use the indicative formats for compiling the figures and the Reports on ALM 1, ALM 2 and ALM 3 for reviewing the liquidity and interest rate risk. The Member-Secretary will arrange for convening the meetings of ALCO as and when needed depending upon the necessity.

Composition, Meetings & Attendance as on 31 March, 2020

Name of the Member	Position	Category of Directors	Number of Meetings during the financial year 2019 -20	
			Held	Attended
V P. Nandakumar	Chairman	Non-Independent, Executive	4	4
B.N. Raveendra Babu	Member	Non-Independent, Executive	4	3
Bindu A.L	Member	Chief Financial Officer	4	4
Madhu Mohan A.M	Member	Chief Risk Officer	4	4

Terms of Reference of Asset - Liability Management Committee (ALCO):

I. The committee shall transact the following business;

a. Management of liquidity position, long term and short term.

b. Review of ALM Returns to be submitted to RBI.

c. Decision on disposal of surplus funds of the Company for shorter durations (up to 6 months).

d. Pricing of the products of the Company depending upon the cost and benefit analysis both on the asset side and liability side of the balance sheet.

e. Notwithstanding anything stated herein above, the committee shall consider and discharge such other functions as may be necessary for the day to day management of the Company or such other functions as may be directed by RBI from time to time.

II. CEO of the Company shall act as the chairman of the committee and in his absence Executive Director shall chair the meeting.

III. The committee shall have power to invite such other officers or employees of the Company as and when required

IV. The committee shall function under the overall supervision of the risk management committee of the Board.

V. CFO shall act as the member secretary of the committee.

Discussion paper covering the following areas will be deliberated by ALCO namely;

1. Liquidity risk management
2. Management of market risk
3. Funding and capital planning
4. Profit planning and growth projection
5. Forecasting and analyzing 'What if scenario' and preparation of contingency plans

G. Financial Resource & Management Committee

The Financial Resources and Management Committee has been constituted by the Board of Directors to facilitate the day to day management of the Company.

Composition of Committee as on 31 March, 2020

Name of the Member	Position	Category of Directors	Number of Meetings during the financial year 2019 -20	
			Held	Attended
V P. Nandakumar	Chairman	Non-Independent, Executive	27	21
B.N. Raveendra Babu	Member	Non-Independent, Executive	27	25
P. Manomohanan	Member	Independent, Non-Executive	27	25
V.R. Ramachandran *	Member	Independent, Non-Executive	27	23

*Adv, V.R. Ramachandran became member of FRMC w.e.f 15.05.2019

The committee's function is to oversee and deal with the following operational matters from time to time

a) The committee shall meet as and when it becomes necessary to consider urgent matters coming up between two board meetings and requiring Board's sanction.

b) The quorum for the meeting of the committee shall be 2 members.

Functions and duties

The committee shall be responsible for overseeing and dealing with operational matters from time to time. Such matters include: -

(i) Investments

(a) To deliberate and make recommendation to the Board on all transactions and matters relating to the business of the Company or its investments.

(b) Dispose the short term surplus of the Company in eligible short term investment instruments and securities with a maturity period of not more than one year as recommended by the ALM committee of the Company or to meet any statutory obligations or cash collaterals as part of lending arrangement or as caution deposits and also to authorise officers or directors for the purpose.

(ii) Financial Arrangements

a) Approve financial arrangements whether as working capital demand loans or against assignment of receivables of the Company or buy out of portfolios or by such other means with banks and other financial institutions including the signing of such documents for facilities within the borrowing powers of the Board.

b) Approve the creation of any mortgage/charge or other encumbrance over the Company's properties or assets for the above purposes.

c) Approve the issuing or providing or permitting the Company to issue or provide any form of guarantee or indemnity or other financial or non-financial support in the ordinary course of business.

d) To consider the issue of commercial papers and other short term or long-term instruments for raising funds from the market.

e) Authorise changes in signatories in respect of accounts maintained by the Company with banks and other financial institutions.

f) Authorisation for opening, operation and Closing of Bank Accounts in different centres for different branches.

g) Approve fully hedged foreign currency transactions with banks and other financial institutions'

(iii) Allotment of Debentures and Bonds

Approve the allotment of debentures and bonds issued by the Company within in the overall limit set for the issue and the creation/modification/satisfaction of mortgage/ charge on such debentures/bonds as the case may be.

(iv) Others

a) Authorising officers of the Company for making necessary application for registration under different enactments for employee welfare, fiscal and other municipal or local or subordinate legislations.

Authorising officers of the Company by grant of power of attorneys or by resolution so as to represent before Government, Judicial or quasi -judicial bodies or other authorities for sanction, approval or other permissions on such matters affecting the business of the Company.

b) Authorising officers of the Company by grant of power of attorneys or by way of resolution for matters in connection with day to day business activities, opening of branches, execution of rent/ tenancy agreements, represent the Company before any statutory or regulatory bodies.

Reporting to the Board of Directors

A summary of the business transacted by the committee as initialled by the Company Secretary shall be presented to the succeeding board meeting for the purpose of noting and recording.

H. Debenture Committee

The Debenture Committee has been constituted by the Board of Directors for public Issuance of debentures of the Company.

Composition of Committee as on 31 March, 2020

Name of the Member	Position	Category of Directors	Number of Meetings during the financial year 2019 -20	
			Held	Attended
V P. Nandakumar	Chairman	Non-Independent, Executive		
B.N. Raveendra Babu	Member	Non-Independent, Executive		
Bindu AL	Member	Chief Financial Officer		
Manoj Kumar VR	Member	Company Secretary	NIL	

The functions of the Debenture Committee include:

(i) authorisation of any Director or Directors of the Company or other officer or officers of the Company, including by the grant of power of attorneys, to do such acts, deeds and things as such authorised person in his/her/its absolute discretion may deem necessary or desirable in connection with the issue, offer and allotment of the Bonds;

(ii) giving or authorising the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time;

(iii) appointing the lead managers to the issue in accordance with the provisions of the Debt Regulations;

(iv) seeking, if required, any approval, consent or waiver from the Company's lenders, and/or parties with whom the Company has entered into various commercial and other agreements, and/or any/all concerned government and regulatory authorities in India, and/or any other approvals, consents or waivers that may be required in connection with the issue, offer and allotment of the Bonds;

(v) deciding, approving, modifying or altering the pricing and terms of the Bonds, and all other related matters, including the determination of the size of the Bond issue up to the maximum limit prescribed by the Board and the minimum subscription for the Issue;

(vi) approval of the draft and final prospectus or disclosure document as the case may be (including amending, varying or modifying the same, as may be considered desirable or expedient) as finalised in consultation with the lead managers, in accordance with all applicable laws, rules, regulations and guidelines;

(vii) seeking the listing of the Bonds on any Indian stock exchange, submitting the listing application to such stock exchange and taking all actions that may be necessary in connection with obtaining such listing;

(viii) appointing the registrar and other intermediaries to the Issue, in accordance with the provisions of the Debt Regulations;

(ix) finalisation of arrangement for the submission of the draft prospectus to be submitted to the Stock Exchange(s) for receiving comments from the public and the prospectus to be filed with the Stock Exchange(s), and any corrigendum, amendments supplements thereto;

(x) appointing the debenture trustee and execution of the trust deed in connection with the Issue, in accordance with the provisions of the Debt Regulations;

(xi) authorisation of the maintenance of a register of holders of the Bonds;

(xii) finalisation of the basis of allotment of the Bonds including in the event of oversubscription;

(xiii) finalisation of the allotment of the Bonds on the basis of the applications received;

(xiv) acceptance and appropriation of the proceeds of the Issue; and

(xv) to generally do any other act and/or deed, to negotiate and execute any document/s, application/s, agreement/s, undertaking/s, deed/s, affidavits, declarations and certificates, and/or to give such direction as it deems fit or as may be necessary or desirable with regard to the Issue.

GENERAL BODY MEETINGS

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

Year	Date	Time & Place	Special Resolutions Passed
2019	27th August	11.00.a.m Lata Convention Centre Valapad Thrissur	To appoint a Director in place of Mr. E. A. Kshirsagar (DIN: 00121824), who retires by rotation, and being eligible, offered himself for reappointment.
			Revision of remuneration by way of increment and variation in the terms of appointment of Mr. V. P. Nandakumar, Managing Director & CEO (DIN: 00044512)
			Approval to borrow in excess of the paid-up share capital and free reserves of the Company under Section 180(1)(c) of the Companies Act, 2013.
			Approval to create charge/mortgage over the properties of the Company for the purpose of borrowing in the terms of Section 180(1)(a) of the Companies Act, 2013.
2018	21st August	11.00.a.m Lata Convention Centre Valapad Thrissur	To raise funds through Private Placement of Secured Redeemable Non-Convertible Debentures (NCDs).
2017	18th August	10.30.a.m Lata Convention Centre Valapad Thrissur	Raising of Fund through Private Placement of Secured Redeemable Non-Convertible Debentures (NCDs).

No Extraordinary General Meeting held during the financial year 2019-20.

No resolutions were passed vide Postal Ballot during the financial year 2019-20. No special resolution is proposed to be conducted through postal ballot.

MEANS OF COMMUNICATION

The Company publishes the un-audited / audited financial results on quarterly basis in accordance with the provisions of SEBI (LODR) Regulations, 2015.

The financial results in the prescribed format are published in leading newspapers including Business Line, Mathrubhumi etc. Other major announcements pertaining to Board Meetings, postal ballot, etc. are also published as above. The Company has its website at www.manappuram.com wherein relevant information about the Company and its performance including board approved policies / code are given. The financial results of the Company are also posted on its web site. Detailed presentations made to institutional investors / analysts on overall performance of the Company are also posted in its website on a quarterly basis for the benefit of investors and other stake holders.

All information/communication for shareholders are duly filed with National Stock Exchange and BSE Limited and the same are posted in the Company's website.

GENERAL SHAREHOLDER INFORMATION

Financial Year	2019-20
Dividend Payment Date	NA (No final dividend recommended by the Board)
Listing on Stock Exchanges	BSE Limited (BSE) 25th floor, P. J. Towers, Dalal Street, Mumbai - 400 001 National Stock Exchange of India Limited (NSE) Exchange Plaza, C-1, Block G Bandra Kurla Complex Bandra (East), Mumbai 400 051
Stock Code	BSE- 531213 NSE- MANAPPURAM
Corporate Identity Number (CIN)	L65910KL1992PLC006623
Registrar and Share Transfer Agents	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
Compliance Officer	Mr.Manoj Kumar V R, Company Secretary Ph: 0487-3050417/413 Email: cosecretary@manappuram.com
Company Address	Manappuram Finance Limited, IV/470A (OLD) W 638A (NEW) Manappuram House,Valapad PO, Thrissur-680 567 Kerala Phone: 0487- 3050108, 3050000. Fax 0487- 2399298 Email: mail@manappuram.com

PAYMENT OF LISTING FEES

Annual listing fee for FY 2019-20 has been paid by the Company to BSE and NSE.

PAYMENT OF DEPOSITORY FEES

Annual Custody/Issuer fee for FY 2019-20 has been paid by the Company to NSDL and CDSL.

MARKET PRICE DATA

Share Price Movements of the Company on NSE during each month of FY 2019-20

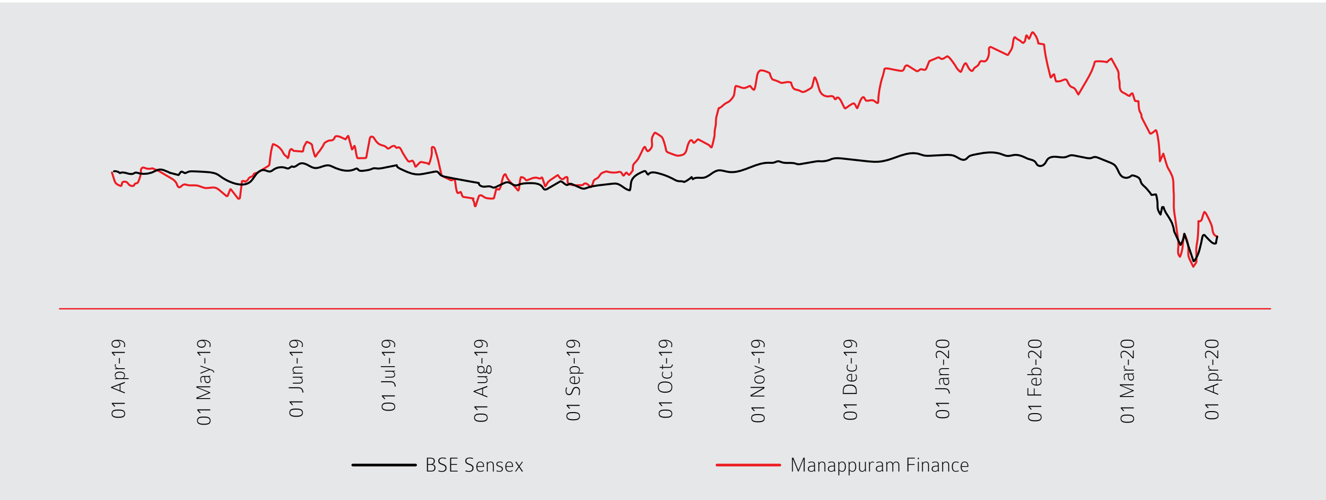
Month	High	Low	Volume
Apr-19	129.9	114.9	60.24M
May-19	138.75	112.5	89.32M
Jun-19	144.95	122.6	135.44M
Jul-19	140	107.55	99.67M
Aug-19	125.6	109.15	118.22M
Sep-19	145	114.75	86.28M
Oct-19	170.9	131.85	97.88M
Nov-19	173.8	153.4	64.00M
Dec-19	181.5	150.55	76.20M
Jan-20	194.8	171	81.54M
Feb-20	189.45	160.3	177.07M
Mar-20	168.25	74.4	11.68M

Share Price Movements of the Company BSE during each month of FY 2019-20

Month	High	Low	Volume
Apr-19	129.8	115	4.04M
May-19	138.8	112.35	6.66M
Jun-19	144.9	123.9	6.73M
Jul-19	140.8	107.25	6.18M
Aug-19	125.9	109.2	10.04M
Sep-19	144.95	114.8	4.01M
Oct-19	170.75	131.9	4.36M
Nov-19	173.85	153.45	5.13M
Dec-19	181.55	150.7	3.47M
Jan-20	194.6	171	3.44M
Feb-20	189.55	160.15	53.20M
Mar-20	168.3	75.6	11.19M

Share Price Performance

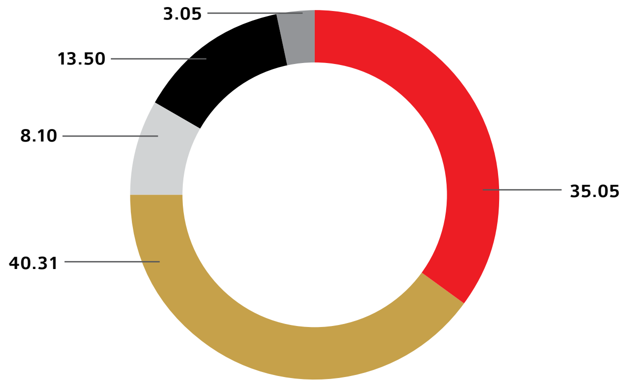
Performance of the Share Price in comparison to BSE Sensex from April 1, 2019 till March 31, 2020.



List of Top 10 Shareholders as on 31 March, 2020:

Sl. No.	NAME	No. of Shares held	No. of Shares held in Demat Form	Total Shareholding as % of total no. of equity shares
1	NANDAKUMAR V P	243672171	243672171	28.837
2	QUINAG ACQUISITION (FPI) LTD	83785880	83785880	9.916
3	SUSHAMA NANDAKUMAR	48001078	48001078	5.681
4	BARCLAYS MERCHANT BANK (SINGAPORE) LIMIT	31276276	31276276	3.701
5	FIDELITY INVESTMENT TRUST FIDELITY SERIES EMERGING MARKETS OPPORTUNITIES FUND	28941994	28941994	3.425
6	DSP SMALL CAP FUND	28738086	28738086	3.401
7	L AND T MUTUAL FUND TRUSTEE LTD-L AND T	24708200	24708200	2.924
8	DURO ONE INVESTMENTS LIMITED MID CAP FUND	23200000	23200000	2.746
9	BARING INDIA PRIVATE EQUITY FUND III LISTED INVESTMENTS LIMITED	16521482	16521482	1.955
10	BARING INDIA PRIVATE EQUITY FUND II LIMITED	16019972	16019972	1.896

Distribution of Shareholding (%)



SHARE TRANSFER SYSTEM

Shareholders may note that all investor-related activities including dividend payments are attended to and processed at the office of the Company's RTA. For any grievances / complaints, shareholders may contact the RTA, S.K.D.C. Consultants Limited. For any escalations, shareholders may write to the Company at cosecretary@manappuram.com. The addresses and contact details for investor queries, RTA, Trustees, are provided at the end of the Annual Report.

SEBI, effective April 01, 2019, barred physical transfer of shares of listed companies and mandated transfers only through demat. However, investors are not barred from holding shares in physical form. We request shareholders whose shares are in the physical mode to dematerialise their shares and update their bank accounts and email IDs with the respective depository participants to enable us to provide better service.

Distribution of shareholding as on 31 March, 2020:

VALUE (₹)	No. of Shareholders	Percentage	Amount	Percentage
UPTO 5,000	133590	95.62	54825090	3.24
5,001 - 10,000	2666	1.91	19865838	1.18
10,001 - 20,000	1463	1.05	21419054	1.27
20,001 - 30,000	482	0.35	11951982	0.71
30,001 - 40,000	426	0.3	15791840	0.93
40,001 - 50,000	154	0.11	6981420	0.41
50,001 - 1,00,000	413	0.3	29363606	1.74
1,00,001 AND ABOVE	512	0.37	1529787420	90.52
Total	139706	100	1689986250	100

DEMATERIALISATION AND LIQUIDITY

The Company is a member of the depository services of the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of its shares. As on 31/03/2020, 99.5% of the equity shares of the Company are in electronic form with the depositories as detailed below:

Category	No.of Shares	%
NATIONAL SECURITIES DEPOSITORY LTD	516100661	61.077
CENTRAL DEPOSITORY SERVICES LTD	324669041	38.423
PHYSICAL HOLDINGS	4223423	0.5
Total	844993125	100

Shareholders can get their shares dematerialised with either NSDL or CDSL. Through SKDC Consultants Limited, Registrars and Share Transfer Agents, the Company has established connectivity with both the depositories, that is, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE522D01027.

Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity: The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence as on 31 March, 2020, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments. No equity shares are in the suspense account / demat suspense account / unclaimed suspense account.

INTERIM DIVIDEND

Dividend details are provided in point 16 of Board's Report.

Last date for claiming Unclaimed Dividend from the Company are detailed below:

Financial Year	Date of Declaration of Dividend	Last date for claiming unpaid dividend
2014	09-Aug-13	17-Sep-20
2014	13-Nov-13	20-Dec-20
2014	07-Feb-14	14-Mar-21
2014	31-Jul-14	07-Sep-21
2015	25-Jul-14	01-Sep-21
2015	30-Oct-14	07-Dec-21
2015	03-Feb-15	10-Mar-22
2015	14-May-15	21-Jun-22
2016	14-Aug-15	21-Sep-22
2016	05-Nov-15	12-Dec-22
2016	12-Feb-16	19-Mar-23
2016	11-Mar-16	18-Apr-23
2017	09-Aug-16	16-Sep-23
2017	10-Nov-16	17-Dec-23
2017	08-Feb-17	15-Mar-24
2018	25-May-17	02-Jul-24
2018	10-Aug-17	17-Sep-24
2018	07-Nov-17	14-Dec-24
2018	08-Feb-18	15-Mar-25
2019	18-May-18	25-Jun-25
2019	09-Aug-18	16-Sep-25
2019	06-Nov-18	13-Dec-25
2019	06-Feb-19	13-Mar-26
2020	15-May-19	22-Jun-26
2020	13-Aug-19	20-Sep-26
2020	06-Nov-19	13-Dec-26
2020	28-Jan-20	07-Mar-27
2020	27-Feb-20	03-Apr-27

Claiming of unclaimed dividends before transfer to IEPF

Shareholders are advised to make their claim for the unclaimed dividends in respect of the Shares held by them, by writing to Registrar and Share Transfer Agents, S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore – 641006 (Email: info@skdc-consultants.com, Phone: +91 422 6549995, 2539835-836).

Claiming of shares/dividends after transfer to IEPF

In case any shareholder wish to claim the shares / Dividend(s) after its transfer to IEPF, a separate application has to be made to the IEPF Authority in Form IEPF-5, as prescribed under the IEPF Rules and the same is available at IEPF website i.e., www.iepf.gov.in.

List of shareholders who have not claimed the dividends for the continuous seven years onwards and whose shares are to be transferred to IEPF will be posted on the Company's website.

The above details can be accessed through https://manappuram.com/investors/transfer-of-shares-to-iepf.html.

OTHER DISCLOSURES

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 Note 42 of Standalone financial statements.

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 such as the Stock Exchange, SEBI, Reserve Bank of India, Registrar of Companies, for non- compliance on any matter related to capital markets during the last three years 2017-18, 2018-19 and 2019-20, except for the below:

BSE	Regulation 18(1) Non-Compliance with the constitution of Audit Committee	₹ 132,160 (₹ 2,000 per day computed till quarter ended December 31, 2018) plus GST	BSE notice dated 31.01.2019 Paid on 08.02.2019
		₹ 84,960 (₹ 2000 per day computed till quarter ended March 31, 2,019) plus GST	BSE notice dated 02.05.2019 Paid on 04.05.2019
NSE		₹ 132,160 (₹ 2,000 per day computed till quarter ended December 31, 2018) plus GST	NSE notice dated 31.01.2019 Paid on 08.02.2019
		₹ 84,960 (₹ 2000 per day computed till quarter ended March 31, 2019) plus GST	NSE notice dated 02.05.2019 Paid on 09.05.2019
BSE	Regulation 44(3) delayed submission of Voting Results	₹11,800 (Fine amount per instance ₹ 10,000) plus GST	BSE notice dated 06.11.2019 Paid on 21.11.2019
NSE		₹ 11,800 (Fine amount per instance ₹10,000) plus GST	NSE notice dated 06.11.2019 Paid on 21.11.2019

The Company has adopted the following policies in line with provisions of SEBI (LODR) Regulations, 2015 and its web link:

Policy for determining Material Subsidiaries –
https://www.manappuram.com/policies-codes.html

Policy for Determination of Materiality and Disclosure of Material Events / Information –
https://www.manappuram.com/policies-codes.html

Policy on Preservation of Documents and Archival of Documents in the Company Website –
https://www.manappuram.com/policies-codes.html

Policy on Related Party Transactions –
https://www.manappuram.com/policies-codes.html

The Company is in compliance with all the corporate governance requirements mandated by Part A to D of Schedule II of the SEBI (LODR) Regulations, 2015. The Company has duly fulfilled the following discretionary requirements as prescribed in Schedule II Part E of the SEBI (LODR) Regulations, 2015:

a. The auditors' report on statutory financial statements of the Company are unmodified.

b. Mr. Jagadish Capoor is the Non-Executive Chairman of the Company and Mr. V. P. Nandakumar is the Managing Director and Chief Executive Officer of the Company. The Company has complied with the requirement of having separate persons to the post of Chairman and Managing Director / Chief Executive Officer.

c. KPMG, the internal auditors of the Company, make presentations to the audit committee on their reports.

WHISTLE BLOWER POLICY AND VIGIL MECHANISM

The Company has formulated Whistle Blower Policy and Vigil Mechanism ("the Policy") in line with the provisions of Regulation 4 and 22 of the SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013 with a view to enabling stakeholders, including directors, individual employees and their representative bodies to freely communicate their concerns about illegal or unethical practices and to report genuine concerns to the Audit Committee of the Company.

The vigil mechanism of the Company provides adequate safeguards against the victimisation of any directors or employees or any other person who avail the mechanism and also provides direct access to the Chairperson of the Audit Committee. No person has been denied access to the Chairman of the audit committee. The said policy has been also put up on the website of the Company at the following link – https://www.manappuram.com/policies-codes.html

COMMODITY PRICE RISKS, FOREIGN EXCHANGE RISKS AND HEDGING ACTIVITIES

Commodity Price Risks

The Company lends against the collateral of used gold jewellery. When the customer fails to repay the principal plus interest of the loan, the Company auctions the collateral and recovers the dues as per the RBI guidelines on gold loan auctioning. The amount recovered at the time of auction depends on the price of the gold content of the jewellery. As gold is a commodity, the Company does therefore bear an exposure to commodity price risk. If gold prices are high, the amount of recovery at the time of auction is more and when the price of gold is low the amount recovered at the time of auction is lower. At the time of auction, the Company at times may not collect full amount of interest due, especially if the price of gold is lower at the time of auction than at the time of disbursement.

Foreign Exchange Risks

The Company does not directly face any foreign exchange risks as all its loans are made in rupee terms. The Company does not have any un-hedged borrowing in foreign exchange as well. There have been on occasions, borrowings in foreign exchange which are fully hedged and received in rupees.

Hedging Activities for the above

The Company has hedged the commodity price risk by shifting to primarily short-term loans. Earlier the Company used to make one year loans which had a higher risk of exposure to commodity price risk. With the shift to shorter term loans the Company has significantly reduced its risk of non-collection of full interest and principal at the time of auction. This has also resulted in higher net yield during the year which has contributed to higher profitability as well.

SUBSIDIARY COMPANIES

The audit committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the board meetings along with a report on significant transactions and arrangements entered into by the unlisted subsidiary companies are quarterly reviewed by the Board of Directors of the Company.

Regulation 16 of SEBI (LODR) Regulations, 2015, defines a "material subsidiary" to mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

In view of the above regulation, during the financial year, Asirvad Microfinance Ltd, a debt-listed subsidiary, in which the Company holds 93.33%, has become a material subsidiary.

The Company has also complied with the applicable provisions of Regulation 24 of SEBI (LODR) Regulations, 2015 with regard to Corporate Governance requirements for subsidiary companies.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

As a part of familiarization programme for Directors, a Director's Companion Third Edition is circulated to all Directors of the Company which is the compilation of duties and responsibilities as a Director as well as other relevant aspects. It can be accessed on the Company's website at https://www.manappuram.com/familiarization-programme-for-independent-directors.html

Details regarding familiarization programmes conducted for Directors can be viewed on the Company's website at https://www.manappuram.com/familiarization-programme-for-independent-directors.html

CODE OF CONDUCT

As per Regulation 26 of SEBI (LODR) Regulations, 2015, the Company has framed a Code of Conduct for the Directors and senior management personnel and the same has been uploaded on to the website of the Company and is accessible to the shareholders of the Company at http://www.manappuram.com/company/management-team.html.

It is hereby affirmed that all the Board members and senior management personnel have complied with Code of Conduct of the Company. In terms of the provisions of Part E of Schedule V of the SEBI (LODR) Regulations, 2015, a declaration signed by the Chief Executive Officer of the Company is published in this report as Annexure - A.

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 at the https://www.manappuram.com/others/fair-practice-code.html

CEO/CFO CERTIFICATION

The requisite certification made by CEO/CFO as per the Regulation 17(8) as specified in Part B of Schedule II of the SEBI (LODR) Regulations, 2015 for FY 2019-20 was taken note by the Board of Directors at its meeting held on 14 May, 2020 is published in this report as Annexure – B.

INDEPENDENT AUDITOR'S COMPLIANCE CERTIFICATE

Independent auditor's compliance certificate regarding the compliance of conditions of corporate governance is annexed with the Board's Report in terms of the provisions of Part E of Schedule V of the SEBI (LODR) Regulations, 2015.

CREDIT RATING

Details of Credit Rating is available as point 34 of Boards Report.

A certificate from KSR & Co. Practicing Company Secretaries LLP, a company secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority is annexed as Annexure C.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in these regulations and are independent of the management.

There has been no instance where the Board had not accepted any recommendation of any committee of the Board which is mandatorily required, in the relevant financial year.

₹ 21.32 million fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. number of complaints filed during the financial year= 9

b. number of complaints disposed of during the financial year= 9

c. number of complaints pending as on end of the financial year= 0

During the year the Company has raised ₹ 23,650 million from qualified institutions through private placement and utilised it for onward lending and general business purpose. Also during the year the Company has raised USD Bond EMTN ₹ 21288 ($ 300) million from foreign institutions

Skills/expertise/competence identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board:

Leadership
Extended business leadership experience resulting in a practical understanding of organisational processes, strategic planning and risk management.
People Practices
Experience and strengths in developing talent, planning succession, driving change and long-term growth. Understands the drivers leading to behavior change.
Financial Control
Leadership of a financial firm or management of the finance function of an enterprise, resulting in proficiency in financial management, capital allocation, financial control and reporting processes.
Diversity including gender and occupation
Representation of diversity in terms of gender, geography, culture, occupations that bring varied independent perspectives expanding the Board's understanding of the needs and viewpoints of customers, partners, employees, government, and other stakeholders.
Technology
A significant background in technology, resulting in knowledge of how to anticipate technological trends, generate disruptive innovation, and extend or create new business models.
Governance
Service on a public company board to develop insights about maintaining board and management governance accountability, protecting shareholder interests, and observing appropriate governance practices.
Sales and Marketing
Experience in developing strategies to grow sales and market share, build brand awareness and equity, and enhance enterprise reputation
Regulatory
Extended experience and understanding of the regulatory environment operating in the context of the business
Law
Legal background and experience
Financial Services
Extended experience in a financial services firm enabling a rich understanding of the sector and the context.
Sustainability
Experience and exposure in understanding sustainability from the business perspective with regard to employees customers and the larger community including the environment.

Skills/expertise/competence identified by the Board of Directors actually available with the Board:

Name of Director	Jagdish Capoor	V.P. Nandakumar	B.N. Raveendra Babu	V.R. Ramachandran	P. Manomohanan	Gautam Narayan	Sutapa Banerjee	Abhijit Sen	Harshan Kollara	Shailesh J Mehta
Leadership	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
People Practices	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes	Yes	Yes
Financial Control	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes
Diversity including gender and occupation	-	-	-	-	-	-	-	-	Yes	Yes
Technology	-	-	Yes	-	-	-	-	Yes	Yes	Yes
Governance	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sales and Marketing	Yes	Yes	Yes	Yes	-	-	Yes	-	-	Yes
Regulatory	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Law	-	-	-	Yes	Yes	Yes	-	-	-	-
Financial Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sustainability	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes	-	Yes

On Behalf of the Board

Sd/-

V.P. Nandakumar

Managing Director & CEO

DIN:00044512

Place: Valapad

Date: May 14, 2020

Annexure A

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for the Directors and senior management personnel. I confirm that the Company has in respect of the year ended 31 March, 2020, received from the Senior Management Personnel of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

On Behalf of the Board

Sd/-

Place: Valapad
Date: May 14, 2020

V.P. Nandakumar
Managing Director & CEO

Annexure B

CEO & CFO CERTIFICATION UNDER SEBI (LODR) REGULATIONS, 2015

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

(a) We have reviewed financial statements and cash flow statement for the year ended 31 March, 2020 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 31 March, 2020 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

  1. significant changes in internal control over financial reporting during the year;

  2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

  3. 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.

Place: Valapad
Date: May 14, 2020

Sd/
V.P.Nandakumar
Managing Director & CEO

Sd/-
Bindu AL
Chief Financial Officer

Annexure C

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Manappuram Finance Limited,
IV/470A(Old) W638A (new),
Manappuram House, Valappad,
Thrissur, Kerala – 680 567

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Manappuram Finance Limited having CIN L65910KL1992PLC006623 and having registered office at IV/470A(Old) W638A (new), Manappuram House, Valappad, Thrissur, Kerala – 680 567 (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of my/our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me / us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31 March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in Current Tenure
1.	Mr. Jagdish Capoor	00002516	31/07/2019
2.	Mr. V.P. Nandakumar	00044512	18/08/2017
3.	Mr. B.N. Raveendra Babu	00043622	27/08/2019
4.	Mr. P. Manomohanan	00042836	31/07/2019
5.	Mr. V.R. Ramachandran	00046848	31/07/2019
6.	Mr. Gautam Ravi Narayan	02971674	08/02/2018
7.	Ms. Sutapa Banerjee	02844650	01/04/2019
8.	Mr. Harshan Kollara	01519810	28/01/2020
9.	Mr. Shailesh J Mehta	01633893	27/02/2020
10.	Mr. Abhijit Sen	00002593	27/08/2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For KSR & Co Company Secretaries LLP

Sd/-
Shilpa Vishwanathan
Partner
Membership No. F 10589
Certificate of Practice No. 18138
UDIN. F010589B000238245

Date: 14th May 2020
Place: Coimbatore

Independent Auditor's Report

To The Members of Manappuram Finance Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying standalone financial statements of **Manappuram Finance Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

EMPHASIS OF MATTER

We draw attention to Note 5 to the Standalone Financial Statements, which fully describes that the Company has recognised impairment on financial assets to reflect the adverse business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

Our opinion and conclusion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	Interest on Gold Loan is based on the various gold loan schemes launched by the Company. The calculation of the interest on gold loan as per the applicable scheme involves complexities, including rebates in the nature of reduced prospective interest rates for prompt payment and penal interest for delayed payment. Due to such variety of schemes and involvement of complexity in calculating the interest income on gold loan we have considered this as Key Audit Matter.	***Principle Audit Procedures:*** We assessed the Company's process on interest income computation. Our audit approach consisted evaluating the design and implementation; testing pf operating effectiveness of the internal controls and substantive testing as follows: • Evaluated the design and implementation of internal controls relating to interest income computation. • Selected a sample of continuing and new gold loan schemes and tested the operating effectiveness of the internal control, relating to interest income computation. We carried out a combination of procedures involving inquiry and observation, inspection of evidence in respect of operation of these controls. • Tested the relevant information technology systems' access and change management controls relating to interest income computation and related information used in interest computation. • Obtained the list of modifications made in the interest scheme master during the year and test checked the same on sample basis. • Performed analytical procedures and test of details procedures for testing the accuracy of the revenue recorded.

Sr. No.	Key Audit Matter	Auditor's Response
	Provision for Expected Credit Losses (ECL) on Loans Management estimates impairment provision using Expected Credit loss model for the loan exposure. Measurement of loan impairment involves application of significant judgement by the management. The most significant judgements are: • Timely identification and classification of the impaired loans, and • Determination of probability of defaults (PD) and estimation of loss given defaults (LGD) based on the value of collaterals and relevant factors • The estimation of Expected Credit Loss (ECL) on financial instruments involve significant judgements and estimates. Following are points with increased level of audit focus: • Classification of assets to stage 1, 2, or 3 using criteria in accordance with Ind AS 109 which also include considering the impact of recent RBI's Covid-19 regulatory circulars; • Accounting interpretations, modelling assumptions and data used to build and run the models; • Measurement of individual borrowers' provisions including Covid-19 impact assessment of multiple economic scenarios; • Inputs and Judgements used in determination of management overlay at various asset stages considering the current uncertain economic environment with the range of possible effects unknown to the country arising out of the COVID 19 Pandemic; • The disclosures made in financial statements for ECL especially in relation to judgements and estimates by the Management in determination of the ECL. Refer note 45 to the standalone financial statements.	***Principle Audit Procedures:*** We examined Board Policy approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company. The parameters and assumptions used and their rationale and basis are clearly documented. We evaluated the design and operating effectiveness of controls across the processes relevant to ECL, including the judgements and estimates. These controls, among others, included controls over the allocation of assets into stages including management's monitoring of stage effectiveness, model monitoring including the need for post model adjustments, model validation, credit monitoring, multiple economic scenarios, individual provisions and production of journal entries and disclosures. We tested the completeness of loans and advances included in the Expected Credit Loss calculations as of 31 March, 2020 by reconciling it with the balances as per loan balance register and loan commitment report as on that date. We tested assets in stage 1, 2 and 3 on sample basis to verify that they were allocated to the appropriate stage. For samples of exposure, we tested the appropriateness of determining EAD, PD and LGD. For exposure determined to be individually impaired, we tested a samples of loans and advances and examined management's estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations. For forward looking assumptions used in ECL calculations, we held discussions with management, assessed the assumptions used and the probability weights assigned to the possible outcomes. We assessed the appropriateness of the scenarios used and calculation of the management overlay in response to Covid-19 related economic uncertainty and corroborated the assumptions using the data provided by the borrowers of the Company. We performed an overall assessment of the ECL provision levels at each stage including management's assessment on Covid-19 impact to determine if they were reasonable considering the Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment. We assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 in relation to ECL especially in relation to judgements used in estimation of ECL provision

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report, Business Responsibility Report and Corporate Governance Report, but does not include the standalone financial statements, consolidated financial statements and our auditor's reports thereon.

- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2016, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

S. Sundaresan
(Partner)
(Membership No. 25776)
UDIN: 20025776AAAACL6762

Place: Bengaluru
Date: May 29, 2020

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of **Manappuram Finance Limited** ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

S. Sundaresan
(Partner)
(Membership No. 25776)
UDIN: 20025776AAAACL6762

Place: Bengaluru
Date: May 29, 2020

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold are held in the name / erstwhile names of the Company as at the balance sheet date. According to the information and explanations given to us and based on the examination of the lease agreement, we report that in respect of building constructed on leased land, the lease agreement are in the name of the Company, where the Company is the lessee in the agreement.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.

(iii) According to the information and explanations given to us, the Company has granted unsecured loan, to a wholly owned subsidiary company covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loan, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the balance sheet date.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of Act in respect of grant of loans, making investments as applicable. The Company has not provided any guarantee under Section 186.

(v) According to the information and explanations given to us, the Company has not accepted any deposit to which directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and Rules framed thereunder were applicable.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 in respect of the business / activities of the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, cess and other material statutory dues in arrears as at 31 March, 2020 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax and Value Added Tax dues which have not been deposited as on 31 March, 2020 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (₹ in Million)	Amount unpaid (₹ in Million)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Financial Year 2014-15	456.31	365.11
Kerala Value Added Tax Act, 2003	Value added Tax (Excluding Penalty and interest, if any)	Deputy Commissioner (Appeals)	Financial Year 2009-10, 2010-11, 2011-12, 2012-13 and 2014-15	49.94	49.94

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders. The Company has not taken any loans or borrowings from government.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of initial public offer / further public offer (including debt instruments) and the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the company by its officers or employees has been noticed or reported during the year other than those disclosed in Note 62 to the financial statements.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its subsidiary company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

S. Sundaresan
(Partner)
(Membership No. 25776)
UDIN: 20025776AAAACL6762

Place: Bengaluru
Date: May 29, 2020

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

Standalone Balance Sheet

as at 31 March, 2020

Particulars	Note No:	As at 31 March, 2020	As at 31 March, 2019
ASSETS			
1 Financial assets			
Cash and cash equivalents	8	20,881.69	2,934.54
Bank balances other than above	9	1,568.01	1,573.21
Derivative financial instruments	17	1,369.97	32.31
Loans	10	188,420.86	150,051.71
Investments	11	9,310.89	10,108.45
Other financial assets	12	6,860.88	5,638.99
2 Non-financial assets			
Current tax assets (net)	13	797.56	1,529.15
Deferred tax assets (net)	35	624.70	659.77
Property, plant and equipment	14	3,176.93	3,086.52
Capital work-in-progress		28.49	6.62
Right of use asset	41(iii)	4,057.62	-
Other intangible assets	15	176.52	172.91
Other non-financial assets	16	751.52	665.41
Total assets		**238,025.64**	**176,459.59**
LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
Derivative financial instruments	17	-	-
Payables			
a) Trade payables	18		
(i) total outstanding dues of micro enterprises and small enterprises		-	0.30
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,504.12	1,137.70
Debt securities	19	72,507.12	47,887.81
Borrowings (other than debt securities)	20	102,504.50	79,483.85
Subordinated liabilities	21	49.28	54.46
Lease liability	41(iii)	4,339.03	-
Other financial liabilities	22	2,642.43	2,625.94
2 Non-financial Liabilities			
Provisions	23	585.12	512.66
Other non-financial liabilities	24	335.08	835.26
		184,466.68	**132,537.98**
3 Equity			
Equity share capital	25	1,689.99	1,685.62
Other equity	26	51,868.97	42,235.99
Total liabilities and equity		**238,025.64**	**176,459.59**

See accompanying notes forming part of the standalone financial statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

S. Sundaresan
Partner

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director & Chief Executive Officer
DIN: 00044512

B. N. Raveendra Babu
Executive Director
DIN: 00043622

Bindu A.L
Chief Financial Officer

Manoj Kumar V.R
Company Secretary

Place: Bengaluru
Date: May 29, 2020

Place: Valapad, Thrissur
Date: May 14, 2020

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

Standalone Statement of Profit and Loss

for the year ended 31 March, 2020

Particulars			Note No:	Year ended 31 March, 2020	Year ended 31 March, 2019
(I)	Revenue from operations				
	(i)	Interest income	27 (i)	42,252.33	33,702.79
	(ii)	Fees and commission income	27 (ii)	799.14	458.61
	(iii)	Dividend Income	27 (iii)	50.24	-
	(iv)	Other operating income	27 (iv)	11.32	20.59
	Total Revenue from operations (I)			43,113.03	34,181.99
(II)	Other income		28	408.88	89.81
(III)	Total income (I + II)			43,521.91	34,271.80
	Expenses				
	(i)	Finance costs	29	13,911.99	10,177.69
	(ii)	Fees and commision expense	30	236.63	195.78
	(iii)	Impairment of financial instruments	31	848.49	259.85
	(iv)	Employee benefits expenses	32	6,491.37	5,777.30
	(v)	Depreciation and amortisation	33	1,540.66	684.78
	(vi)	Other expenses	34	3,692.67	4,998.98
(IV)	Total expenses (IV)			26,721.81	22,094.38
(V)	Profit before tax (III - IV)			16,800.10	12,177.42
(VI)	Tax expense:		35		
	(1)	Current tax		4,296.00	4,375.90
	(2)	Deferred tax		200.98	7.48
	(3)	Earlier years adjustments		-	(110.52)
(VII)	Profit for the year (V - VI)			12,303.12	7,904.56
(VIII)	A Other comprehensive income				
	(i)	Items that will not be re classified to profit or loss - Remeasurements of the defined benefit asset		(72.59)	(42.70)
	(ii)	Income tax relating to items that will not be reclassified to profit or loss		18.27	14.92
	Subtotal (A)			(54.32)	(27.78)
	B (i)	Items that will be classified to profit or loss			-
	(ii)	Income tax relating to items that will be reclassified to profit or loss			-
	Subtotal (B)			-	-
	Other comprehensive income			(54.32)	(27.79)
(IX)	Total comprehensive income for the year (VII + VIII) (Comprising profit and other comprehensive income for the year)			12,248.80	7,876.78
(X)	Earnings per equity share		36		
	Basic (₹)			14.58	9.38
	Diluted (₹.)			14.53	9.37

See accompanying notes forming part of the standalone financial statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

S. Sundaresan
Partner

Place: Bengaluru
Date: May 29, 2020

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director & Chief Executive Officer
DIN: 00044512

B. N. Raveendra Babu
Executive Director
DIN: 00043622

Bindu A.L
Chief Financial Officer

Manoj Kumar V.R
Company Secretary

Place: Valapad, Thrissur
Date: May 14, 2020

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

Standalone Statement of changes in Equity

for the year ended 31 March, 2020

A. EQUITY SHARE CAPITAL

Equity shares of ₹ 2 each issued, subscribed and fully paid

Particulars	No. in million	₹ in million
As at 1 April 2018	842.53	1,685.07
Issued during the year - ESOP	0.27	0.55
As at 1 April 2019	842.80	1,685.62
Issued during the year - ESOP	2.18	4.37
As at 31 March 2020	**844.98**	**1,689.99**

B. OTHER EQUITY

Particulars	Share application money pending allotment	Reserves and Surplus							Other comprehensive income - actuary gain / (loss)	Total
		Statutory reserve	Securities premium	Share option outstanding account	Debenture redemption reserve	General reserve	Retained earnings	Hedge reserve		
Balance as at 1 April 2018	-	7,136.24	13,770.39	238.82	144.53	3,885.08	11,279.86	(4.88)	(9.53)	36,440.51
Dividends	-	-	-	-	-	-	(2,184.18)	-	-	(2,184.18)
Transfer to/from retained earnings	-	1,575.36	-	-	970.80	-	(2,546.16)	-	-	-
Other Additions/ Deductions during the year										
Foreign exchange rate variations in hedging instruments	-	-	-	-	-	-	-	2.67	-	2.67
Shares allotted during the year	-	-	-	37.35	-	-		-	-	37.35
Utilised during the year	-	-	-	-	-	(258.06)	265.98	-	-	7.92
Share premium received during the year	31.79	-	23.15	-	-	-		-	-	54.94
Profit for the year (net of taxes)	-	-	-	-	-	-	7,904.56	-	-	7,904.56
Other comprehensive income for the year (net of taxes)	-	-	-	-	-	-	-	-	(27.78)	(27.78)
Balance as at 31 March 2019	**31.79**	**8,711.60**	**13,793.54**	**276.17**	**1,115.33**	**3,627.02**	**14,720.06**	**(2.21)**	**(37.31)**	**42,235.99**
Dividends	-	-	-	-	-	-	(2,799.00)	-	-	(2,799.00)

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

Standalone Statement of changes in Equity

for the year ended 31 March, 2020

Particulars	Share application money pending allotment	Reserves and Surplus							Other comprehensive income - actuary gain / (loss)	Total
		Statutory reserve	Securities premium	Share option outstanding account	Debenture redemption reserve	General reserve	Retained earnings	Hedge reserve		
Transfer to/from retained earnings	-	2,449.77	-	-	-	-	(2,449.77)	-	-	-
Other Additions/ Deductions during the year										
Foreign exchange rate variations in hedging instruments	-	-	-	-	-	-	-	(10.63)	-	(10.63)
Shares allotted during the year	(190.82)	-	-	(9.45)	-	-	-	-	-	(200.27)
Utilised during the year	-	-	-	-	(1,115.33)	-	840.78	-	-	(274.55)
Share premium received during the year	482.18	-	186.45	-	-	-	-	-	-	668.63
Profit for the year (net of taxes)	-	-	-	-	-	-	12,303.12	-	-	12,303.12
Other comprehensive income for the year (net of taxes)	-	-	-	-	-	-	-	-	(54.32)	(54.32)
Balance as at 31 March 2020	**323.15**	**11,161.37**	**13,979.99**	**266.72**	**-**	**3,627.02**	**22,615.19**	**(12.84)**	**(91.63)**	**51,868.97**

In terms of our report attached.
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

S. Sundaresan
Partner

Place: Bengaluru
Date: May 29, 2020

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director & Chief Executive Officer
DIN: 00044512

B. N. Raveendra Babu
Executive Director
DIN: 00043622

Bindu A.L
Chief Financial Officer

Manoj Kumar V.R
Company Secretary

Place: Valapad, Thrissur
Date: May 14, 2020

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

Standalone Cash flow statement

for the year ended 31 March, 2020

	Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net profit before tax	16,800.10	12,177.42
	Adjustments for:		
	Depreciation and amortisation expense	1,540.66	684.76
	Impairment on financial instruments	496.62	110.37
	Provision for litigation	9.25	5.47
	Provision no longer required written back	-	(16.05)
	Provision for other assets	(7.33)	(1.82)
	Profit on sale of property, plant and equipment	(12.21)	(6.53)
	Stock compensation expense	(9.45)	37.35
	Finance costs	144.89	-
	Dividend Received	(50.24)	-
	Interest income from banks, investments and others	(313.09)	(136.74)
	Operating Profit before working capital changes	**18,599.20**	**12,854.23**
	Changes in working capital and loans:		
	Decrease / (increase) in non-financial assets	(84.91)	(21.55)
	Decrease / (increase) in loans	(38,868.68)	(21,749.30)
	Decrease / (increase) in other financial assets	(1,150.36)	(1,184.46)
	Increase / (decrease) in trade payables	366.12	76.49
	Increase / (decrease) in other financial liabilities	(128.40)	30.31
	Increase / (decrease) in provisions	(3.32)	57.83
	Increase / (decrease) in other non-financial liabilities	(500.18)	334.33
		(40,369.73)	**(22,456.35)**
	Cash generated from operations	(21,770.53)	(9,602.12)
	Net income tax (paid)	(3,564.41)	(4,821.54)
	Net cash flows from/(used in) operating activities (A)	**(25,334.94)**	**(14,423.66)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Capital expenditure, including capital advances	(845.15)	(1,247.48)
	Proceeds from sale of property, plant and equipment	12.44	7.49
	(Purchase) / Sale of investments	801.73	(6,334.12)
	Interest received	316.55	130.40
	Dividend Received	50.24	-
	Bank balances not considered as cash and cash equivalents	(69.79)	(155.32)
	Net cash flows from/(used in) investing activities (B)	266.02	(7,599.03)

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

Standalone Cash flow statement

for the year ended 31 March, 2020

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from vehicle loan	-	4.00
Repayment of vehicle loan	(7.55)	(6.28)
Proceed from finance lease	-	-
Repayment of finance lease	(33.20)	(46.83)
Proceeds from / (Repayments to) subordinated liabilities	(5.18)	(4.38)
Proceed from term loan/Working capital demand loan from bank	161,416.50	153,490.00
Repayment of term loan/Working capital demand loan from bank	(128,025.01)	(153,785.26)
Proceeds / (Repayment) of foreign currency WCDL - Bank	(1,820.18)	(2.98)
Proceeds from borrowings from others	4,900.00	1,099.08
Repayment of borrowings from others	(2,275.08)	6,424.97
Proceeds / (Repayment) in Cash credit facilities (net)	(12,482.81)	17,219.16
Proceeds from Institutional debentures (long term)	23,650.00	2,500.00
Repayment of Institutional debentures (long term)	(7,733.33)	(8,141.86)
Proceeds from issuance of public debentures	(657.92)	3,899.25
Repayment of public debentures	-	(122.21)
Proceeds from retail debenture	-	42.31
Repayment of retail debenture	(649.92)	(1,500.43)
Proceeds from commercial paper	129,663.94	137,472.10
Repayment of commercial paper	(142,352.96)	(134,356.97)
Proceeds from US Dollar Bonds	22,699.50	-
Proceeds from issue of equity shares	4.37	0.55
Share premium on equity shares allotted	477.81	54.94
Dividend paid, including dividend distribution tax	(2,799.00)	(2,184.18)
Payment of lease liabilities	(953.92)	-
Net cash flow from financing activities (C)	43,016.06	22,054.98
Net increase / (decrease) in cash and cash equivalents (A+B+C)	17,947.15	32.31
Cash and cash equivalents at the beginning of the year	2,934.54	2,902.23
Cash and cash equivalents at the end of the year	20,881.69	2,934.54

Note: For disclosures relating to changes in liabilities arising from financing activities, refer note 40.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

S. Sundaresan
Partner

Place: Bengaluru
Date: May 29, 2020

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director & Chief Executive Officer
DIN: 00044512

B. N. Raveendra Babu
Executive Director
DIN: 00043622

Bindu A.L
Chief Financial Officer

Manoj Kumar V.R
Company Secretary

Place: Valapad, Thrissur
Date: May 14, 2020

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

Notes

to Standalone Financial Statements for the year ended 31 March 2020

1 CORPORATE INFORMATION

Manappuram Finance Limited ('MAFIL' or 'the Company') is a public limited company domiciled in India and incorporated on 15 July 1992 in Thrissur, Kerala. Its shares are listed on Bombay Stock Exchange Limited and National Stock Exchange Limited. The Company is a Non-Banking Finance Company ('NBFC'), which provides a wide range of fund based and fee based services including gold loans, money exchange facilities, etc. The Company is a Systemically Important Non-Deposit taking NBFC(NBFC-ND). The Company is registered with the Reserve Bank of India (RBI).

The registration details are as follows:
Reserve Bank of India Registration no: B-14.00029
Corporate Identity Number (CIN): L65910KL1992PLC006623

The Company is the ultimate parent company of the Manappuram Home Finance Limited, Asirvad Microfinance Limited, Manappuram Insurance Brokers Limited and Manappuram Comptech and Consultants Limited.

The company's registered office is at IV/470a (Old) W/638 (New), Manappuram house Valapad P.O, Thrissur - 680567, Kerala. The principal place of business is Thrissur Kerala.

2 BASIS OF PREPARATION

The standalone financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The above financial statements have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India mainly considering the Master Directions issued by the Reserve Bank of India ('RBI') as applicable to Non-Banking Finance Companies – ND.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 6 - Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest millions, except when otherwise indicated.

3 PRESENTATION OF FINANCIAL STATEMENT

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

i. The normal course of business

ii. The event of default

iii. The event of insolvency or bankruptcy of the Company and/ or its counterparties.

4 STATEMENT OF COMPLIANCE

These separate financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the generally accepted accounting principles as referred to in paragraph 2 "Basis of Preparation" above.

5 IMPACT OF COVID-19

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020 and in accordance therewith, the Company has proposed a opt-in moratorium of three months on the payment of all principal instalments and/ or interest, as applicable, falling due between 1 March 2020 and 31 May 2020 to all eligible borrowers classified as standard, even if overdue as on 29 February 2020, excluding the collections already made in the month of March 2020. For all such accounts where the moratorium is granted, the asset classification will remain at a standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification as per the Company's policy).

Further, the Company has, based on current available information and based on the policy approved by the board, determined the prudential estimate of provision for impairment of financial

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

Notes

to Standalone Financial Statements for the year ended 31 March 2020

assets. Given the uncertainty over the potential macro-economic impact, the Company's management has considered all available internal and external information including credit reports and economic forecasts upto the date of approval of these financial statements. Accordingly, the Company has made prudential estimate of provision for expected credit loss on financial assets as at March 31, 2020. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate and expects to recover the carrying amount of these financial assets.

The extent to which the COVID-19 pandemic will impact the Company's future results will depend on developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. The Company will continue to closely monitor any material changes to future economic conditions.

6 SIGNIFICANT ACCOUNTING POLICIES (ALSO REFER NOTE 2 ABOVE)

6.1 Investments in subsidiary

Investment in subsidiaries are measured at cost less impairment, if any.

6.2 Financial instruments

(i) Classification of financial instruments

The Company classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.The business model is assessed on the basis of aggregated portfolios based on observable factors. These factors include:

- Reports reviewed by the entity's key management personnel on the performance of the financial assets
- The risks impacting the performance of the business model (and the financial assets held within that business model) and its management thereof
- The compensation of the managing teams (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of trades.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

The Company also assesses the contractual terms of financial assets on the basis of its contractual cash flow characteristics that are solely for the payments of principal and interest on the principal amount outstanding.

'Principal' s defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

(ii) Financial assets measured at amortised cost

These Financial assets comprise bank balances, Loans, investments and other financial assets.

Financial Assets with contractual terms that give rise to cash flows on specified dates, and represent solely payments of principal and interest on the principal amount outstanding; and are held within a business model whose objective is achieved by holding to collect contractual cash flows are measured at amortised cost. These financial assets are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or a financial liability.

(iii) Financial assets measured at fair value through other comprehensive income

Debt instruments

Investments in debt instruments are measured at fair value through other comprehensive income where they have:

a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and

b) are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income (a separate component of equity). Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of profit and loss. As at the reporting date the Company does not have any financial instruments measured at fair value through other comprehensive income.

Equity instruments

Investment in equity instruments are generally accounted for as at fair value through the profit and loss account unless An irrevocable election has been made by management to account for at fair value through other comprehensive income Such classification is determined on an instrument-by-instrument basis.

Contingent consideration recognised by the Company in a business combination to which Ind AS 103 'Business Combination' applies, are measured at fair value through profit and loss account, where amounts presented in other comprehensive income for equity instruments are not subsequently transferred to profit or loss. Dividends on such investments are recognised in profit or loss.

(iv) Items at fair value through profit or loss

Items at fair value through profit or loss comprise:

- Investments (including equity shares) held for trading;
- Items specifically designated as fair value through profit or loss on initial recognition; and
- debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

Financial instruments held for trading

A financial instrument is classified as held for trading if it is acquired or incurred principally for selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not designated in a qualifying hedge relationship.

Trading derivatives and trading securities are classified as held for trading and recognised at fair value.

(v) Derivatives

The Company enters into derivative transactions with various counterparties like interest rate and currency swaps and forwards. The Company undertakes derivative transactions to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts are generally banks.

a) Financial Assets or Liabilities at Fair Value through Profit and Loss

This category includes derivative financial assets/ liabilities which are not designated as hedges.

Although the Company believes that these derivative instruments constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivatives that is either not designated as a hedge, or is designated but is ineffective as per Ind AS 109, is categorised as a financial asset or liability, at fair value through profit and loss.

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit and loss and the resulting exchange gain or loss are included in the other income/ expenses.

b) Cash flow Hedge:

The Company designates certain foreign exchange forwards and swaps contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on certain balance sheet liabilities.

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

Notes

to Standalone Financial Statements for the year ended 31 March 2020

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of derivative instruments is recognised in other comprehensive income and accumulated in the cash flow hedge reserve.

Any ineffective portion of changes in the fair value of the derivatives is recognised immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in the cash flow hedge reserve till the period the hedge was effective remains in cash flow hedge reserve till the period the transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related transaction.

(vi) Embedded Derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract.

(vii) Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transaction costs that are an integral part of the Effective Interest Rate (EIR)

(viii) Recognition and derecognition of financial assets and liabilities

A financial asset or financial liability is recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instrument, which is generally on trade date. Loans and receivables are recognised when cash is advanced (or settled) to the borrowers. Financial assets at fair value through profit or loss are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs.

The Company derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. A financial liability is derecognised from the balance sheet when the Company has discharged its obligation or the contract is cancelled or expires.

(ix) Impairment of financial assets

The Company recognises impairment allowance for expected credit loss on financial assets held at amortised cost.

The Company recognises loss allowances (provisions) for expected credit losses on its financial assets (including non-fund exposures) that are measured at amortised costs or at fair value through other comprehensive income account.

The Company applies a three-stage approach to measuring expected credit losses (ECLs) for the following categories of financial assets that are not measured at fair value through profit or loss:

- debt instruments measured at amortised cost and fair value through other comprehensive income;
- loan commitments.

No ECL is recognised on equity investments.

Financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECL – not credit impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

Stage 3: Lifetime ECL – credit impaired

Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

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

Notes

to Standalone Financial Statements for the year ended 31 March 2020

Determining the stage for impairment

At each reporting date, the Company assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose.

This includes quantitative and qualitative information and also, forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowances reverts from lifetime ECL to 12-months ECL.

The loss allowances for these financial assets is based on a 12-months ECL.

When an asset is uncollectible, it is written off against the related allowance. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the allowances in the profit and loss statement.

The Company assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

Measurement of ECLs

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive. The Company has grouped its various financial assets in to pools containing loans bearing homogeneous risks characteristics. The probability of default for the pools are computed based on the historical trends, adjusted for any forward looking factors.

  Similarly the Company computes the Loss Given Default based on the recovery rates.
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive.
- Financial guarantee contracts: as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

ECL on Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets. As at the reporting date the Company does not have any debt instruments measured at fair value through OCI.

Collateral Valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as vehicles, is valued based on data provided by third parties or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Company may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet.

(ix) Write-off

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of

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recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

(x) Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The Financial assets and liabilities are presented in ascending order of their liquidity. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

Difference between transaction price and fair value at initial recognition

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

6.3 Revenue from operations

(i) Interest Income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed

a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows

c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

(ii) Dividend Income

Dividend income is recognised

a. When the right to receive the payment is established,

b. it is probable that the economic benefits associated with the dividend will flow to the entity and

c. the amount of the dividend can be measured reliably.

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(iii) Fees & Commission Income

Fees and commissions are recognised when the Company satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Processing fee which is not form part of effective interest rate has been recognised as and when it is accrue.

(iv) Net gain on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes. As at the reporting date the Company does not have any financial instruments measured at FVTPL and debt instruments measured at FVOCI.

However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss.

6.4 Expenses

(i) Finance costs

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed

a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows

c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest expense includes issue costs that are initially recognised as part of the carrying value of the financial liability and amortised over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Retirement and other employee benefits

Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

Post-employment employee benefits

a) Defined contribution schemes

All the employees of the Company are entitled to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution

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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.

b) Defined Benefit schemes

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

The Company fully contributes all ascertained liabilities to LIC without routing it through Trust bank account. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Company

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

Other long-term employee benefits

Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

The Company presents the Provision for compensated absences under provisions in the Balance Sheet.

The Company has formulated Employee Stock Option Schemes (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Scheme provide for grant of options to employees of the Company and its subsidiaries to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. The Employee Stock Option granted are accounted under the Fair Value Method stated in IND AS 102 "Accounting for Share Based Payments.

(iii) Other income and expenses

All Other income and expense are recognized in the period they occur.

(iv) Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and 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. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Impairment of Investment in subsidiary

The Company reviews its carrying value of investments in subsidiaries at cost, annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

(v) Taxes

Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

ii. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

6.5 Foreign currency translation

(i) Functional and presentational currency

The standalone financial statements are presented in Indian Rupees which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates.

(ii) Transactions and balances

Initial recognition:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Conversion:

Monetary assets and liabilities denominated in foreign currency, which are outstanding as at the reporting date, are translated at the reporting date at the closing exchange rate and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

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6.6 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value, cheques on hand and balances with banks. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above.

6.7 Property, Plant and equipment (PPE)

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation is calculated using the Straight Line Method (SLM) to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated.

The estimated useful lives are, as follows:

Particulars	Useful life estimated by Company
Computer	
- End User equipment	3 years
- Server*	3 years
Furniture & Fixtures	
- Safe and strong rooms	10 years
- Others*	3 - 5 years
Office Equipment	3 years
Buildings	30 years
Vehicles	8 years
Plant & Equipment	15 years

*The Company has estimated useful life which is different for Schedule II useful life's based on technical advice obtained by the management.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

6.8 Intangible assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from / upto the date of acquisition/sale.

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 6 years, unless it has a shorter useful life.

The Company's intangible assets consist of computer software with definite life.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

6.9 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

6.10 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 recognized 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 recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

6.11 Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

6.12 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

The Board of Directors (BOD) of the Company assesses the financial performance and position of the Company, and makes strategic decisions. The BOD, which has been identified as being the chief operating decision maker. The Company is engaged in the business of i) Lending finance and ii) Fees & commission income. The said business are aggregated for the purpose of review of performance by CODM. Accordingly, the Company has concluded that the business of lending finance and fees & commission income to be the only reportable segment.

6.13 Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding

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lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition:

Effective 1 April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

7 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. 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.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

7.1 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

7.2 Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The impairment loss on loans and advances is disclosed in more detail in Note 5(vii) Overview of ECL principles.

In case, higher provisions are to be considered as per the prudential norms of the Reserve Bank of India, they are considered.

7.3 Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

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NOTE 8: CASH AND CASH EQUIVALENTS

Particulars	As at 31 March, 2020	As at 31 March, 2019
Cash on hand	1,187.75	1,205.81
Balances with banks - In current accounts	7,092.23	1,547.42
Foreign currency balances	1.71	1.31
Bank deposit with maturity of less than 3 months	12,600.00	180.00
	20,881.69	**2,934.54**

Short-term bank deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

NOTE 9: BANK BALANCE OTHER THAN ABOVE

Particulars	As at 31 March, 2020	As at 31 March, 2019
Deposits with original maturity for more than 3 months but less than 12 months*	1,070.55	901.66
On escrow accounts		
Unpaid NCD trustee account	17.10	28.16
Unpaid auction surplus deposit	441.40	605.74
Unpaid dividend account	38.96	37.65
	1,568.01	**1,573.21**

* Includes:

Cash collateral deposits aggregating to ₹ 1,054.44 (31 March 2019: ₹ 858.70) towards approved bank facilities.

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NOTE 10: LOANS

Particulars	As at 31 March 2020					As at 31 March 2019				
	Amortised Cost	At Fair value			Total	Amortised Cost	At Fair value			Total
		Through Other Comprehensive Income	Through profit or loss	Designated at Fair Value Through profit or loss			Through Other Comprehensive Income	Through profit or loss	Designated at Fair Value Through profit or loss	
LOANS										
(A)										
i) Gold loan	169,671.75	-	-	-	169,671.75	129,615.16	-	-	-	129,615.16
ii) Commercial Vehicle loan (CVD)	12,176.67	-	-	-	12,176.67	11,052.32	-	-	-	11,052.32
iii) Mortgage/Property loan	270.15	-	-	-	270.15	298.52	-	-	-	298.52
iv) Onlending	5,830.34	-	-	-	5,830.34	9,600.59	-	-	-	9,600.59
v) Corporate Finance	255.98	-	-	-	255.98	299.94	-	-	-	299.94
vi) Other loan	1,658.98	-	-	-	1,658.98	128.66	-	-	-	128.66
Total (A) - Gross	189,863.87				189,863.87	150,995.19				150,995.19
Less: Impairment loss allowance	1,443.01				1,443.01	943.48				943.48
Total (A) - Net	188,420.86	-	-	-	188,420.86	150,051.71	-	-	-	150,051.71
(B)	-	-	-	-	-	-	-	-	-	-
i) Secured by tangible assets	188,086.83	-	-	-	188,086.83	150,610.47	-	-	-	150,610.47
ii) Unsecured	1,777.04	-	-	-	1,777.04	384.72	-	-	-	384.72
Total (B) - Gross	189,863.87	-	-	-	189,863.87	150,995.19	-	-	-	150,995.19
Less: Impairment loss allowance	1,443.01	-	-	-	1,443.01	943.48	-	-	-	943.48
Total (B) - Net	188,420.86	-	-	-	188,420.86	150,051.71	-	-	-	150,051.71
Loans in India	-	-	-	-	-	-	-	-	-	-
i) Public Sector	-	-	-	-	-	-	-	-	-	-
ii) Others	189,863.87	-	-	-	189,863.87	150,995.19	-	-	-	150,995.19
Total (C) - Gross	189,863.87				189,863.87	150,995.19				150,995.19
Less: Impairment loss allowance	1,443.01				1,443.01	943.48				943.48
Total (C) - Net	188,420.86	-	-	-	188,420.86	150,051.71	-	-	-	150,051.71

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

Notes

to Standalone Financial Statements for the year ended 31 March 2020

Summary of ECL provisions

Particulars	FY 2019-20				FY 2018-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
i) Gold loan	472.95	62.63	85.83	621.41	145.24	20.23	481.51	646.98
ii) Commercial Vehicle loan (CVD)	130.02	31.46	485.78	647.26	54.42	9.24	89.03	152.69
iii) Mortgage/Property loan	4.48	1.34	80.37	86.19	4.73	0.82	52.57	58.13
iv) Onlending	44.17	-	-	44.17	36.78	-	-	36.78
v) Corporate Finance	1.44	-	-	1.44	-	-	-	-
vi) Others	34.45	0.30	7.79	42.54	0.26	-	-	0.26
Total closing ECL provision	687.51	95.73	659.77	1,443.01	241.44	30.29	623.12	894.84

Provision as per RBI Prudential Norms

Particulars	As at 31 March, 2020	As at 31 March, 2019
Standard Asset	779.11	599.21
Sub Standard Asset	96.37	32.95
Doubtful Asset	165.51	87.47
Loss Asset	322.95	223.97
Total	**1363.94**	**943.60**

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

Notes

to Standalone Financial Statements for the year ended 31 March 2020

NOTE 11: INVESTMENTS

Particulars	Amortised Cost	At Fair value Through profit or loss	Others	Total
As at 31 March 2020				
i) Debt Instruments (unquoted)				
Investment in Pass through certificates (PTC's)	905.18	-	-	905.18
ii) Equity instruments in others (Quoted)				
1000, Equity shares of ₹ 10/- each fully paid in CSB Bank Limited (formerly The Catholic Syrian Bank Limited)	-	0.12	-	0.12
iii) Equity instruments in subsidiaries (Unquoted)				
a) Wholly owned subsidiary (Unquoted)				
200,000,000, Equity shares of ₹ 10/- each fully paid in the Manappuram Home Finance Limited (formerly Manappuram Home Finance Private Limited)	-	-	2,052.56	2,052.56
1,570,000, Equity shares of ₹ 10/- each fully paid in the Manappuram Insurance Brokers Limited (formerly Manappuram Insurance Brokers Private Limited)	-	-	23.50	23.50
b) Other subsidiary (Unquoted)				
49,757,889, Equity shares of ₹ 10/- each fully paid in the Asirvad Microfinance Limited (formerly Asirvad Microfinance Private Limited)	-	-	6,244.16	6,244.16
525,994, Equity shares of ₹ 10/- each fully paid in the Manappuram Comptech and Consultants Limited	-	-	59.50	59.50
Add: ESOP adjustments	-	-	30.92	30.92
Total Gross (A)	**905.18**	**0.12**	**8,410.64**	**9,315.94**
i) Investments outside India	-	-	-	-
ii) Investments in India	905.18	0.12	8,410.64	9,315.94
Total Gross (B)	**905.18**	**0.12**	**8,410.64**	**9,315.94**
Less : Allowance for impairment loss((C)	5.05	-	-	5.05
Total - Net (D) = (A) -((C)	**900.13**	**0.12**	**8,410.64**	**9,310.89**
As at 31 March 2019				
i) Debt Instruments (unquoted)				
Investment in Pass through certificates (PTC's)	1,746.24	-	-	1,746.24
ii) Equity instruments in others (Unquoted)				
1000, Equity shares of ₹ 10/- each fully paid in The Catholic Syrian Bank Limited	-	0.03	-	0.03
iii) Equity instruments in subsidiaries (Unquoted)				
a) Wholly owned subsidiary (Unquoted)				
200,000,000, Equity shares of ₹ 10/- each fully paid in the Manappuram Home Finance Limited (formerly Manappuram Home Finance Private Limited)	-	-	2,052.56	2,052.56
1,570,000, Equity shares of ₹ 10/- each fully paid in the Manappuram Insurance Brokers Limited (formerly Manappuram Insurance Brokers Private Limited)	-	-	23.50	23.50
b) Other subsidiary (Unquoted)				
49,757,889, Equity shares of ₹ 10/- each fully paid in the Asirvad Microfinance Limited (formerly Asirvad Microfinance Private Limited)	-	-	6,244.15	6,244.15
21,889, Equity shares of ₹ 10/- each fully paid in the Manappuram Comptech and Consultants Limited	-	-	8.00	8.00
Add: ESOP adjustments	-	-	43.19	43.19
Total Gross (A)	**1,746.24**	**0.03**	**8,371.40**	**10,117.67**
i) Investments outside India	-	-	-	-
ii) Investments in India	1,746.24	0.03	8,371.40	10,117.67
Total Gross (B)	**1,746.24**	**0.03**	**8,371.40**	**10,117.67**
Less : Allowance for impairment loss((C)	**9.22**	**-**	**-**	**9.22**
Total - Net (D) = (A) -((C)	**1,737.02**	**0.03**	**8,371.40**	**10,108.45**

Investment designated at FVTPL is a portfolio of equity instruments. Equity instruments have been classified at Fair value through profit and loss since cash flows from equity instruments does not represent solely payment of principal and interest.

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

Notes

to Standalone Financial Statements for the year ended 31 March 2020

Debt instruments measured at amortised cost

Credit Quality of Assets

Internal Grade Rating	31-Mar-20				31-Mar-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing								
High Grade	905.18	-	-	905.18	1,746.24	-	-	1,746.24
Standard Grade	-	-	-	-	-	-	-	-
Non-Performing								
Individually Impaired	-	-	-	-	-	-	-	-
Total	**905.18**	**-**	**-**	**905.18**	**1,746.24**	**-**	**-**	**1,746.24**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other Investments is, as follows

Particulars	2019-20				2018-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross Carrying amount – opening balance	1,746.24	-	-	1,746.24	-	50.00	-	50.00
New assets purchased	52.75	-	-	52.75	1,746.24	-	-	1,746.24
Assets derecognised or matured	(893.81)	-	-	(893.81)	-	(50.00)	-	(50.00)
Closing balance	**905.18**	**-**	**-**	**905.18**	**1,746.24**	**-**	**-**	**1,746.24**

Particulars	2019-20				2018-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening Balance of ECL	9.22	-	-	9.22	-	1.28	-	1.28
ECL on new assets purchased	0.25	-	-	0.25	9.22	-	-	9.22
ECL on derecognised or matured assets / others	(4.42)	-	-	(4.42)	-	(1.28)	-	(1.28)
Closing balance in ECL	**5.05**	**-**	**-**	**5.05**	**9.22**	**-**	**-**	**9.22**

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

Notes

to Standalone Financial Statements for the year ended 31 March 2020

NOTE 12: OTHER FINANCIAL ASSETS

Particulars	As at 31 March, 2020	As at 31 March, 2019
Interest accrued on loan portfolio (Secured, considered good)	5,172.76	3,885.71
Interest accrued on fixed deposits and investment	19.07	22.53
Bank deposits with original maturity exceeding 12 months*	490.99	416.00
Security deposits**	555.86	496.84
Commission receivable	3.64	3.88
Funds-in-transit	111.63	324.64
Gold investment	187.43	200.87
Advance for investment in subsidiary	0.37	1.87
Others	319.13	286.65
Total	**6,860.88**	**5,638.99**

* Employee security deposits aggregating to ₹ 448.67 (31 March 2019: ₹ 408.04)

** Deposits aggregating to ₹ 33.71 (31 March 2019: ₹ 45.61) towards security deposit to various authorities

NOTE 13: CURRENT TAX ASSETS (NET)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Advance tax and tax deducted at source (net of provisions)	797.56	1,529.15
Total	**797.56**	**1,529.15**

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

Particulars	Land-Freehold	Buildings	Office equipment	Electrical Installation	Computer Equipment*	Furniture and Fixtures	Vehicles	Plant and Equipment	Total
Cost:									
At 1 April 2018	148.58	1,214.53	150.04	54.86	524.87	978.73	47.26	33.23	3,152.10
Additions	36.21	76.54	95.38	65.75	215.53	636.37	6.15	0.15	1,132.08
Disposals	-	-	1.67	0.24	47.80	2.05	1.69	-	53.45
At 31 March 2019	**184.79**	**1,291.07**	**243.75**	**120.37**	**692.60**	**1,613.05**	**51.72**	**33.38**	**4,230.73**
Additions	89.61	9.00	53.18	23.58	128.35	465.90	3.56	6.19	779.37
Disposals	-	-	2.57	2.29	205.62	39.27	2.89	-	252.64
At 31 March 2020	**274.40**	**1,300.07**	**294.36**	**141.66**	**615.33**	**2,039.68**	**52.39**	**39.57**	**4,757.46**
Accumulated Depreciation:									
At 1 April 2018	-	16.23	69.07	24.21	172.73	249.08	8.15	3.31	542.78
Disposals	-	-	1.61	0.24	47.57	1.89	1.25	-	52.56
Depreciation charge for the year	-	43.33	68.20	29.73	223.17	278.11	8.14	3.31	653.99
At 31 March 2019	**-**	**59.56**	**135.66**	**53.70**	**348.33**	**525.30**	**15.04**	**6.62**	**1,144.20**
Disposals	-	-	2.47	2.28	205.59	39.18	2.89	-	252.41
Depreciation charge for the year	-	45.42	66.58	33.16	199.90	332.64	7.43	3.60	688.73
At 31 March 2020	**-**	**104.98**	**199.77**	**84.58**	**342.64**	**818.76**	**19.58**	**10.22**	**1,580.52**
Carrying Amount									
At 31 March 2019	**184.79**	**1,231.51**	**108.09**	**66.67**	**344.27**	**1,087.75**	**36.68**	**26.76**	**3,086.52**
At 31 March 2020	**274.40**	**1,195.09**	**94.59**	**57.08**	**272.69**	**1,220.92**	**32.81**	**29.35**	**3,176.93**

*Includes Computers taken on finance lease - Gross block ₹ 218.72 as at 31 March 2020 (31 March 2019: ₹ 230.42). Depreciation for the year ₹ 46.35 (31 March 2019: ₹ 58.21), Accumulated Depreciation ₹ 183.87 as at 31 March 2020 (31 March 2019: ₹ 149.22) Net block ₹ 34.85 as at 31 March 2020 (31 March 2019: ₹ 81.20)

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

Notes
to Standalone Financial Statements for the year ended 31 March 2020

NOTE 15: OTHER INTANGIBLE ASSETS

Particulars	Computer Software
Cost:	
At 1 April 2018	**54.57**
Additions	162.25
Disposals	0.09
At 31 March 2019	**216.73**
Additions	42.71
Disposals	-
At 31 March 2020	**259.44**
Accumulated amortisation	
At 1 April 2018	13.05
Disposals	-
Amortisation charge for the year	30.77
At 31 March 2019	**43.82**
Disposals	-
Amortisation charge for the year	39.10
At 31 March 2020	**82.92**
Carrying Amount	
At 31 March 2019	**172.91**
At 31 March 2020	**176.52**

NOTE 16: OTHER NON-FINANCIAL ASSETS

Particulars	As at 31 March, 2020	As at 31 March, 2019
Service tax credit (input) receivable	-	1.08
Capital advances	12.06	10.86
Deferred lease rental	-	65.45
Others	739.46	588.02
Total	**751.52**	**665.41**

NOTE 17: DERIVATIVE FINANCIAL INSTRUMENTS

The company enters into derivatives for risk management purposes in relation to the risk of changes in foreign exchange rates on foreign currency exposures. Derivatives held by the Company for the purpose of risk management includes both hedges that meet the hedge accounting requirements or hedges that are only economic hedges and valued at fair value through profit and loss.

These derivatives are valued at fair value which are quoted prices for similar assets and liabilities in active markets or inputs that are directly/indirectly observable in the market place.

The below table shows the details of the derivative instruments held by the Company:

Particulars	Amount as at	
	31 March 2020	31 March 2019
A) Derivatives designated as Cash flow Hedges:		
Forward Contracts	777.10	-
Cross Currency interest rate Swaps	519.96	-
Sub total (A)	**1,297.06**	**-**
B) Other Derivatives		
Cross Currency interest rate Swaps	72.91	32.31
Sub total (B)	72.91	32.31
Total derivative financial instruments (A) +B))	**1,369.97**	**32.31**

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

Notes

to Standalone Financial Statements for the year ended 31 March 2020

NOTE 17.1 HEDGING ACTIVITIES AND DERIVATIVES

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk.

The Company's risk management strategy and how it is applied to manage risk are explained in Note 45 below.

NOTE 17.2 DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS

The company is exposed to foreign currency risk arising from its fixed rate foreign currency denominated bond amounting to USD 300 million. Interest on the borrowing is payable at 5.9 % p.a. at half yearly intervals, and the principal amount is repayable in January 2023. The Company economically hedged the foreign currency risk arising from the bond with Forward Rate Agreement and Cross Currency Interest Rate swaps of equivalent amount. The Cross Currency Interest Rate Swaps converts the cash outflows of the foreign currency fixed rate borrowing of USD 300 million to cash outflows in Indian Rupees with a notional amount of ₹ 21,288 million

There is an economic relationship between the hedged item and the hedging instrument as the terms of the forward currency contract match that of the foreign currency borrowing (notional amount, principal repayment date etc.). The company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the forward currency contract are identical to the hedged risk components. For the purpose of calculating hedge effectiveness, the company uses a qualitative features to determine the hedge effectiveness.

The reconciliation of cash flow hedge reserve for the years ended March 31, 2020 and March 31, 2019 are as follows:

Particulars	Amount as at	
	31 March 2020	31 March 2019
Cash flow hedge reserve as at beginning of the year	-	-
Gain/ (loss) recognised in other comprehensive income during the year	5.41	-
Less: Tax impact on the above	(1.36)	-
Amount reclassified to Profit/ Loss account	-	-
Total derivative financial instruments (A) +B))	**4.05**	**-**

NOTE 17.3 DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS

The company is exposed to foreign currency risk arising from its fixed rate foreign currency borrowing amounting to USD 14.10 million. Interest on the borrowing is payable at 3-6% p.a. and the principal amount is repayable in July 2022. The Company economically hedged the foreign currency risk arising from the loan with Cross Currency Interest Rate swaps of equivalent amount. The Cross Currency Interest Rate Swaps converts the cash outflows of the foreign currency fixed rate borrowing of USD 14.10 million to cash outflows in Indian Rupees with a notional amount of ₹ 1534.52 million

NOTE 18: TRADE PAYABLES

Particulars	As at 31 March 2020	As at 31 March 2019
(i) total outstanding dues of micro enterprises and small enterprises	-	0.30
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,504.12	1,137.70
Total	**1,504.12**	**1,138.00**

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

Notes
to Standalone Financial Statements for the year ended 31 March 2020

NOTE 18(I) DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO,SMALL & MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

Particulars	As at 31 March 2020	As at 31 March 2019
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year.	-	0.30
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-
Total	**-**	**0.30**

NOTE 19: DEBT SECURITIES

Particulars	As at 31 March, 2020	As at 31 March, 2019
At amortised cost		
Commercial Papers (unsecured)	19,379.01	32,068.03
US Dollar Bonds	22,699.50	-
Privately placed redeemable non-convertible debentures (Secured)	26,731.39	11,464.64
Others - Non-convertible Debentures - Public issue (Secured)	3,697.22	4,355.14
Total (A)	**72,507.12**	**47,887.81**
Debt securities in India	49,807.62	47,887.81
Debt securities outside India	22,699.50	-
Total	**72,507.12**	**47,887.81**

Commercial papers carry interest rates of 5.8% to 9.13% (31 March 2019 : 7.5% to 9.60% p.a.) and their tenure ranges from 74 days to 365 days. (31 March 2019 : 47 days to 180 days)

US Dollar Bonds carry interest rates of 5.90% p.a (31 March 2019 : Nil) and their tenure is for 3 years (31 March 2019 : Nil)

Nature of Security
Debentures are 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 1 year to 10 years.

US Dollar Bonds are secured by way of floating charge on the book debts of the Company on gold and other unencumbered assets.

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

NOTE 19: DEBT SECURITIES (CONTD.)

Detail of redeemable non-convertible debentures

Sr. No.	Private Placement/ Public issue	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of interest p.a.	Face value	As at 31 March 2020	As at 31 March 2019	Secured/ Unsecured	Terms of redemption
1	Private Placement	23-May-16	4-Apr-19	1,000,000	1,500	10.50%	1,500.00	-	1,500.00	Secured	On Maturity
2	Public Issue	5-Apr-14	5-Apr-19	1,000	5,012	11.50%	5.01	-	5.01	Secured	On Maturity
3	Public Issue	5-Apr-14	5-Apr-19	1,000	4,661	12.00%	4.66	-	4.66	Secured	On Maturity
4	Public Issue	5-Apr-14	5-Apr-19	1,000	3,786	Zero Coupon	3.79	-	3.79	Secured	On Maturity
5	Private Placement	29-Jun-16	29-Jun-19	1,000,000	400	9.80%	400.00	-	400.00	Secured	On Maturity
6	Private Placement	29-Jun-18	29-Jun-19	1,000,000	665	9.50%	665.00	-	665.00	Secured	On Maturity
7	Private Placement	31-Jul-18	31-Jul-19	1,000,000	168	9.50%	168.33	-	168.33	Secured	On Maturity
8	Private Placement	26-Aug-16	26-Aug-19	1,000,000	500	10.25%	500.00	-	500.00	Secured	On Maturity
9	Private Placement	15-Sep-16	15-Sep-19	1,000,000	2,000	10.15%	2,000.00	-	2,000.00	Secured	On Maturity
10	Private Placement	14-Oct-16	14-Oct-19	1,000,000	2,500	9.99%	2,500.00	-	2,500.00	Secured	On Maturity
11	Public Issue	18-Oct-14	18-Oct-19	1,000	22,024	11.25%	22.02	-	22.02	Secured	On Maturity
12	Public Issue	18-Oct-14	18-Oct-19	1,000	11,446	11.50%	11.45	-	11.45	Secured	On Maturity
13	Public Issue	18-Oct-14	18-Oct-19	1,000	1,524	Zero Coupon	1.52	-	1.52	Secured	On Maturity
14	Public Issue	28-Jan-14	28-Nov-19	1,000	175,298	Zero Coupon	175.30	-	175.30	Secured	On Maturity
15	Public Issue	29-Nov-18	03-Jan-20	1,000	277,977	Zero Coupon	277.98	-	277.98	Secured	On Maturity
16	Public Issue	5-Apr-14	5-Feb-20	1,000	187,771	Zero Coupon	187.77	-	187.77	Secured	On Maturity
17	Private Placement	29-Jun-18	29-Jun-20	1,000,000	665	9.50%	665.00	**665.00**	665.00	Secured	On Maturity
18	Private Placement	31-Jul-18	31-Jul-20	1,000,000	168	9.50%	168.33	**168.33**	168.33	Secured	On Maturity
19	Private Placement	30-Oct-17	29-Oct-20	1,000,000	2,000	8.80%	2,000.00	**2,000.00**	2,000.00	Secured	On Maturity
20	Public Issue	29-Nov-18	28-Nov-20	1,000	113,741	9.85%	113.74	**113.74**	113.74	Secured	On Maturity
21	Public Issue	29-Nov-18	28-Nov-20	1,000	122,818	Zero Coupon	122.82	**122.82**	122.82	Secured	On Maturity
22	Public Issue	18-Oct-14	18-Jan-21	1,000	150,523	Zero Coupon	150.52	**150.52**	150.52	Secured	On Maturity
23	Private Placement	29-Jun-18	29-Jun-21	1,000,000	665	9.50%	665.00	**665.00**	665.00	Secured	On Maturity
24	Private Placement	31-Jul-18	31-Jul-21	1,000,000	168	9.50%	168.33	**168.33**	168.33	Secured	On Maturity
25	Public Issue	29-Nov-18	29-Nov-21	1,000	274,444	9.60%	274.44	**274.44**	274.44	Secured	On Maturity
26	Public Issue	29-Nov-18	29-Nov-21	1,000	217,458	10.00%	217.46	**217.46**	217.46	Secured	On Maturity
27	Public Issue	29-Nov-18	29-Nov-21	1,000	193,893	Zero Coupon	193.89	**193.89**	193.89	Secured	On Maturity
28	Public Issue	6-Mar-19	06-Mar-22	1,000	153,131	9.35%	153.13	**153.13**	153.13	Secured	On Maturity
29	Public Issue	6-Mar-19	06-Mar-22	1,000	166,041	9.75%	166.04	**166.04**	166.04	Secured	On Maturity
30	Public Issue	6-Mar-19	06-Mar-22	1,000	174,749	Zero Coupon	174.75	**174.75**	174.75	Secured	On Maturity
31	Private Placement	20-Mar-13	20-Mar-23	1,000,000	30	13.25%	30.00	**30.00**	30.00	Secured	On Maturity
32	Public Issue	29-Nov-18	29-Nov-23	1,000	574,214	10.00%	574.21	**574.21**	574.21	Secured	On Maturity
33	Public Issue	29-Nov-18	29-Nov-23	1,000	299,989	10.40%	299.99	**299.99**	299.99	Secured	On Maturity
34	Public Issue	29-Nov-18	29-Nov-23	1,000	147,955	Zero Coupon	147.96	**147.96**	147.96	Secured	On Maturity
35	Public Issue	6-Mar-19	06-Mar-24	1,000	285,001	9.75%	285.00	**285.00**	285.00	Secured	On Maturity
36	Public Issue	6-Mar-19	06-Mar-24	1,000	205,402	10.15%	205.40	**205.40**	205.40	Secured	On Maturity
37	Public Issue	6-Mar-19	06-Mar-24	1,000	89,932	Zero Coupon	89.93	**89.93**	89.93	Secured	On Maturity

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

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to Standalone Financial Statements for the year ended 31 March 2020

Sr. No.	Private Placement/ Public issue	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of interest p.a.	Face value	As at 31 March 2020	As at 31 March 2019	Secured/ Unsecured	Terms of redemption
38	Public Issue	29-Nov-18	29-Nov-25	1,000	397,723	Zero Coupon	397.72	**397.72**	397.72	Secured	On Maturity
39	Public Issue	6-Mar-19	05-May-26	1,000	204,779	Zero Coupon	204.78	**204.78**	204.78	Secured	On Maturity
40	Public Issue	Various Dates	Various Dates	1,000	42,309	-	42.31	**42.31**	42.31	Secured	On Maturity
41	Private Placement	27-Sep-19	27-Sep-22	1,000,000	2,000	10.50%	2,000.00	**2,000.00**	-	Secured	On Maturity
42	Private Placement	27-Sep-19	27-Sep-22	1,000,000	50	10.50%	50.00	**50.00**	-	Secured	On Maturity
43	Private Placement	27-Sep-19	27-Sep-22	1,000,000	100	10.50%	100.00	**100.00**	-	Secured	On Maturity
44	Private Placement	7-Nov-19	7-Nov-22	1,000,000	2,500	9.75%	2,500.00	**2,500.00**	-	Secured	On Maturity
45	Private Placement	18-Nov-19	18-Nov-22	1,000,000	1,800	9.75%	1,800.00	**1,800.00**	-	Secured	On Maturity
46	Private Placement	18-Nov-19	18-Nov-22	1,000,000	200	9.75%	200.00	**200.00**	-	Secured	On Maturity
47	Private Placement	31-Dec-19	31-Dec-21	1,000,000	520	9.75%	520.00	**520.00**	-	Secured	On Maturity
48	Private Placement	31-Dec-19	31-Dec-21	1,000,000	950	9.75%	950.00	**950.00**	-	Secured	On Maturity
49	Private Placement	31-Dec-19	31-Dec-21	1,000,000	300	9.75%	300.00	**300.00**	-	Secured	On Maturity
50	Private Placement	31-Dec-19	31-Dec-21	1,000,000	480	9.75%	480.00	**480.00**	-	Secured	On Maturity
51	Private Placement	31-Dec-19	31-Dec-21	1,000,000	250	9.75%	250.00	**250.00**	-	Secured	On Maturity
52	Private Placement	31-Dec-19	31-Dec-21	1,000,000	1,000	9.75%	1,000.00	**1,000.00**	-	Secured	On Maturity
53	Private Placement	14-Feb-20	14-Feb-22	1,000,000	500	9.25%	500.00	**500.00**	-	Secured	On Maturity
54	Private Placement	14-Feb-20	14-Feb-22	1,000,000	500	9.25%	500.00	**500.00**	-	Secured	On Maturity
55	Private Placement	14-Feb-20	14-Feb-22	1,000,000	300	9.25%	300.00	**300.00**	-	Secured	On Maturity
56	Private Placement	14-Feb-20	14-Feb-22	1,000,000	1,500	9.25%	1,500.00	**1,500.00**	-	Secured	On Maturity
57	Private Placement	14-Feb-20	14-Feb-22	1,000,000	1,250	9.25%	1,250.00	**1,250.00**	-	Secured	On Maturity
58	Private Placement	14-Feb-20	14-Feb-22	1,000,000	1,200	9.25%	1,200.00	**1,200.00**	-	Secured	On Maturity
59	Private Placement	14-Feb-20	14-Feb-22	1,000,000	1,000	9.25%	1,000.00	**1,000.00**	-	Secured	On Maturity
60	Private Placement	14-Feb-20	14-Feb-22	1,000,000	1,000	9.25%	1,000.00	**1,000.00**	-	Secured	On Maturity
61	Private Placement	14-Feb-20	14-Feb-23	1,000,000	500	9.25%	500.00	**500.00**	-	Secured	On Maturity
62	Private Placement	14-Feb-20	14-Feb-23	1,000,000	500	9.25%	500.00	**500.00**	-	Secured	On Maturity
63	Private Placement	14-Feb-20	14-Feb-23	1,000,000	250	9.25%	250.00	**250.00**	-	Secured	On Maturity
64	Private Placement	14-Feb-20	14-Feb-23	1,000,000	1,750	9.25%	1,750.00	**1,750.00**	-	Secured	On Maturity
65	Private Placement	14-Feb-20	14-Feb-23	1,000,000	1,250	9.25%	1,250.00	**1,250.00**	-	Secured	On Maturity
66	Private Placement	27-Mar-20	27-Mar-23	1,000,000	1,000	9.25%	1,000.00	**1,000.00**	-	Secured	On Maturity
67	Private Placement	27-Mar-20	27-Mar-23	1,000,000	750	9.25%	750.00	**750.00**	-	Secured	On Maturity
68	Private Placement	27-Mar-20	27-Mar-23	1,000,000	250	9.25%	250.00	**250.00**	-	Secured	On Maturity
Total amount								**31,160.75**	**15,933.58**		
Effective Interest Rate Adjustment								(732.14)	(113.80)		
Net Amount								**30,428.61**	**15,819.78**		

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

Notes

to Standalone Financial Statements for the year ended 31 March 2020

NOTE 20: BORROWINGS (OTHER THAN DEBT SECURITIES)

Particulars	As at 31 March 2020	As at 31 March 2019
At amortised cost:		
Term Loan		
Indian rupee loan from banks (secured)	21,988.56	6,441.74
Foreign currency term loan from banks (secured)	1,060.96	1,532.85
Indian rupee loan from other parties (secured)	10,212.76	7,501.17
Indian rupee loan from other parties (unsecured)	89.29	175.96
Finance lease obligations	51.51	84.71
Loans repayable on demand		
Cash credit / overdraft facilities from banks (secured)	9,712.63	22,195.44
Working capital demand loan from banks (secured)	59,374.18	41,529.82
Other loans		
Vehicle loans (Secured)	14.61	22.16
Total	**102,504.50**	**79,483.85**
Borrowings in India*	102,504.50	79,483.85
Borrowings outside India	-	-
Total	**102,504.50**	**79,483.85**

*Includes foreign currency loan borrowed from RBL Bank.

The Company has not defaulted in repayment of principal and interest during the year and as at balance sheet date 31st March, 2020.

Term loan from bank:

Indian rupee loan from banks (secured): These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold and margin/cash collateral as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of ₹ 17,230 (31 March 2019: ₹ 4,616.70)

Foreign currency loan from Banks (secured):

1) ₹ 975.7 (31 March 2019: Nil) which carries interest @ 3 month LIBOR plus 280bps. The loan is repayable after 3 years from the date of its origination, viz., 25 July 2019.

   The loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans & advances of the Company.

2) ₹ Nil (31 March 2019: ₹ 1,000) which carries interest @ LIBOR plus 265bps. The loan is repayable after 3 years from the date of its origination, viz., 9 May 2016.

3) ₹ Nil (31 March 2019: ₹ 500) which carries interest @ LIBOR plus 215bps. The loan is repayable after 3 years from the date of its origination, viz., 22 December 2016.

   The loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans & advances of the Company. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of ₹ Nil (31 March 2019: ₹ 1,500)

Term loan from other parties (secured):

Third party rupee term loan is secured where Interest payments are made quarterly at 9.20 % - 9.90 % pa. The loans is secured against the first pari passu charge on current assets, book debts and receivables including gold loans & advances of the Company as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO.

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

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to Standalone Financial Statements for the year ended 31 March 2020

Term loan from other parties (unsecured):

Third party rupee term loan is unsecured where interest payments are made quarterly at 7.75 % pa.

Finance Lease Obligations:

Finance lease obligation is secured by hypothecation of Computers taken on lease. The interest rate implicit in the lease is 11% p.a. The gross investment in lease, i.e., lease obligation plus interest, is payable in 12 quarterly instalments of approx. ₹ 51.51 (31 March 2019: ₹ 68.56) each.

Loans repayable on demand

Cash credit / Overdraft facilities from banks (secured):

These loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans & advances of the Company as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of ₹ 8,004.5 (31 March 2019: ₹ 18,203.14)

Working Capital demand loan from banks (secured):

These loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans & advances of the Company as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of ₹ 44,650.00 (31 March 2019: ₹ 34,300.00)

Other loans

Vehicle Loans: The loans are secured by hypothecation of the respective vehicles against which the loan has been availed.

A) Indian rupee loan from banks (secured)

As at March 31, 2020

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	8.75 -10.05%	4,898.94
Due within 1-2 years	8.75 -10.05%	10,361.50
Due within 1 year	8.75 -10.05%	6,805.33
Total		**22,065.77**
Effective interest rate adjustment		(77.21)
Net Amount		**21,988.56**

As at March 31, 2019

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	8.35 -10.05%	1,250.00
Due within 1-2 years	8.35 -10.05%	1,250.00
Due within 1 year	8.35 -10.05%	3,950.00
Total		**6,450.00**
Effective interest rate adjustment		(8.26)
Net Amount		**6,441.74**

B) Indian rupee loan from others (Secured)

As at March 31, 2020

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	9.50 -10.75%	5,821.83
Due within 1-2 years	9.50 -10.75%	1,728.83
Due within One year	9.50 -10.75%	2,691.33
Total		**10,241.99**
Effective interest rate adjustment		(29.23)
Net Amount		**10,212.76**

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

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to Standalone Financial Statements for the year ended 31 March 2020

As at March 31, 2019

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	9.50 -10.75%	3,796.50
Due within 1-2 years	9.50 -10.75%	1,858.00
Due within One year	9.50 -10.75%	1,858.00
Total		**7,512.50**
Effective interest rate adjustment		(11.33)
Net Amount		**7,501.17**

C) Indian rupee loan from others (Unsecured)

As at March 31, 2020

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Due within one year	7.50 -8.00 %	89.29
Total		**89.29**

As at March 31, 2019

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Due within one year	7.50 -8.00 %	175.96
Total		**175.96**

D) Vehicle loans (Secured loans)

Terms of repayment

Tenure (from the date of Balance Sheet)	As at March 31, 2020			As at March 31, 2019		
	Rate of Interest			Rate of Interest		
	< 10%	>= 10% < =12%	Total	< 10%	>= 10% < =12%	Total
	Amount	Amount	Amount	Amount	Amount	Amount
Due within 3-5 years	-	-	-	-	-	-
Due within 2-3 years	-	-	-	6.39	-	6.39
Due within 1-2 years	6.39	-	6.39	8.22	-	8.22
Due within 1 year	8.22	-	8.22	7.55	-	7.55
Grand Total	**14.61**	**-**	**14.61**	**22.16**	**-**	**22.16**

The loans are secured by hypothecation of the respective vehicles against which the loan has been availed.

NOTE 21: SUBORDINATED LIABILITIES

Particulars	As at 31 March 2020	As at 31 March 2019
At amortised cost:		
Subordinated bonds from others	49.28	54.46
Total	**49.28**	**54.46**
Subordinate liabilities in India	49.28	54.46
Total	**49.28**	**54.46**

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

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to Standalone Financial Statements for the year ended 31 March 2020

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:

As at 31 March 2020

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14%<=15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 2-3 years	-	-	1,472	1.47	3,542	3.54	5,014	5.01
Due within 1-2 years	-	-	14,852	14.85	12,463	12.46	27,315	27.32
Due within 1 year	6,857	6.86	10,589	10.59	-	-	17,446	17.45
Grand Total	**6,857**	**6.86**	**26,913**	**26.91**	**16,005**	**16.01**	**49,775**	**49.78**
Effective Interest rate adjustment								(0.49)
Total								**49.28**

As at 31 March 2019

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14%<=15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 3-4 years	-	-	1,472	1.47	3,542	3.54	5,014	5.01
Due within 2-3 years	-	-	14,852	14.85	12,463	12.46	27,315	27.31
Due within 1-2 years	6,857	6.86	10,589	10.59			17,446	17.45
Due within 1 year	413	0.41	2,937	2.94	2,309	2.31	5,659	5.66
Grand Total	**7,270**	**7.27**	**29,850**	**29.85**	**18,314**	**18.31**	**55,434**	**55.43**
Effective Interest rate adjustment								(0.97)
Total								**54.46**

NOTE 22: OTHER FINANCIAL LIABILITIES

Particulars	As at 31 March 2020	As at 31 March 2019
Interest accrued on borrowings	1,689.82	1,544.93
Unclaimed matured non-convertible debenture	17.10	28.16
Unclaimed dividend	38.91	37.61
Unclaimed matured subordinate bonds and interest accrued thereon	9.05	10.63
Security deposits	462.69	421.05
Auction surplus	420.43	582.03
Others	4.43	1.53
	2,642.43	**2,625.94**

NOTE 23: PROVISIONS

Particulars	As at 31 March 2020	As at 31 March 2019
Loan commitments	1.72	0.45
Provision for other assets	187.43	194.77
Employee benefits		
- Gratuity	186.84	146.71
- Provision for compensated absences	158.70	129.55
Litigation*	50.43	41.18
	585.12	**512.66**

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

Notes

to Standalone Financial Statements for the year ended 31 March 2020

Movement of provisions other than employee benefits during the year

The movement in provisions during 2019-20 and 2018-19 is, as follows:

	Litigation	Other Assets	Total
At 31 March 2018	35.71	196.59	232.30
Provided /(reversed) during the year	5.47	(1.82)	3.65
At 31 March 2019	41.18	194.77	235.95
Provided /(reversed) during the year	9.25	(7.33)	1.92
At 31 March 2020	**50.43**	**187.43**	**237.86**

*Litigation:

Litigation provisions arise out of current or potential claims or pursuits alleging non-compliance with contractual or other legal or regulatory responsibilities, which have resulted or may arise in claims from customers, counterparties or other parties in civil litigations.

Loan commitments

Credit quality of exposure

	31 March 2020				31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Standard assets	1,280.00	-	-	1,280.00	180.00	-	-	180.00
Sub-standard assets	-	-	-	-	-	-	-	-
Doubtful Assets	-	-	-	-	-	-	-	-
Total	**1,280.00**	**-**	**-**	**1,280.00**	**180.00**	**-**	**-**	**180.00**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to undisbursed loans is as follows

	FY 2019-20				FY 2018-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	180.00	-	-	180.00	475.00	-	-	475.00
New assets originated or purchased	1,280.00			1,280.00	180.00	-	-	180.00
Assets derecognised or repaid	(180.00)			(180.00)	(475.00)	-	-	(475.00)
Gross carrying amount closing balance	**1,280.00**	**-**	**-**	**1,280.00**	**180.00**	**-**	**-**	**180.00**

Reconciliation of ECL balance is given below:

	FY 2019-20				FY 2018-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	0.45	-	-	0.45	2.88	-	-	2.88
New assets originated or purchased	1.72			1.72	0.45	-	-	0.45
Assets derecognised or repaid (excluding write offs)	(0.45)			(0.45)	(2.88)	-	-	(2.88)
ECL allowance - closing balance	**1.72**	**-**	**-**	**1.72**	**0.45**	**-**	**-**	**0.45**

NOTE 24: OTHER NON-FINANCIAL LIABILITIES

Particulars	As at 31 March 2020	As at 31 March 2019
Statutory dues payable	177.33	169.10
Retention money and other sundry liabilities	157.75	666.16
	335.08	**835.26**

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

Notes
to Standalone Financial Statements for the year ended 31 March 2020

NOTE 25: EQUITY SHARE CAPITAL

The reconciliation of equity shares outstanding at the beginning and at the end of the period

Authorised	As at 31 March 2020	As at 31 March 2019
980,000,000 (31 March 2019: 980,000,000) equity shares of ₹ 2/- each	1,960.00	1,960.00
4,00,000 (31 March 2019: 400,000) preference shares of ₹ 100/- each	40.00	40.00
	2,000.00	**2,000.00**
Issued, subscribed and fully paid up		
844,993,125 (31 March 2019: 842,809,857) equity shares of ₹ 2/- each	1,689.99	1,685.62
Total Issued, subscribed and fully paid up	**1,689.99**	**1,685.62**

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

	No. in millions	₹ in millions
As at 1 April 2018	842.53	1,685.07
Issued during the year - ESOP (refer note 37)	0.27	0.55
As at 31 March 2019	**842.80**	**1,685.62**
As at 1 April 2019	842.80	1,685.62
Issued during the year - ESOP (refer note 37)	2.18	4.37
As at 31 March 2020	**844.98**	**1,689.99**

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 31 March 2020, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 2.2 per share (31 March 2019: ₹ 2.2 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.

Details of shareholders holding more than 5% shares in the Company

Particulars	31 March 2020		31 March 2019	
	No. in millions	% holding in the class	No. in millions	% holding in the class
Mr. Nandakumar V P	243.67	28.84	243.67	28.91
Ms. Sushama Nandakumar	48.00	5.68	48.00	5.70
Baring India Private Equity Fund III	-	-	47.62	5.65
Quinag Acquisition (FPI) Ltd	83.79	9.92	83.79	9.94

As per the 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 ownership of shares.

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

The Company has issued 3,785,989 equity shares (31 March 2019: 1,602,721) 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 the form of employee services.

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

Notes

to Standalone Financial Statements for the year ended 31 March 2020

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 37

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

NOTE 26: OTHER EQUITY

Securities premium	
At 1 April 2018	13,770.39
Add: Additions on ESOPs exercised	23.15
At 31 March 2019	**13,793.54**
Add: Additions on ESOPs exercised	186.45
At 31 March 2020	**13,979.99**
Share option outstanding account	
At 1 April 2018	238.82
Add: Other Additions/ Deductions during the year	37.35
At 31 March 2019	**276.17**
Add: Other Additions/ Deductions during the year	(9.45)
At 31 March 2020	**266.72**
Statutory reserve pursuant to Section 45-IC of the RBI Act, 1934	
At 1 April 2018	7,136.24
Add: Transfer from surplus balance in the Statement of Profit and Loss	1,575.36
At 31 March 2019	**8,711.60**
Add: Transfer from surplus balance in the Statement of Profit and Loss	2,449.77
At 31 March 2020	**11,161.37**
Debenture redemption reserve	
At 1 April 2018	144.53
Add: Amount transferred from surplus in the Statement of Profit and Loss	970.80
At 31 March 2019	**1,115.33**
Less: Amount transferred to surplus in the statement of Profit and Loss	1,115.33
At 31 March 2020	**-**
General Reserve	
At 1 April 2018	3,885.08
Utilised during the year	(258.06)
At 31 March 2019	**3,627.02**
Utilised during the year	-
At 31 March 2020	**3,627.02**
Hedging reserve	
At 1 April 2018	(4.88)
Add/(Less): Effect of foreign exchange rate variations in Hedging instruments	2.67
At 31 March 2019	**(2.21)**
Add/(Less): Effect of foreign exchange rate variations in Hedging instruments	(10.63)
At 31 March 2020	**(12.84)**
Retained earnings	
At 1 April 2018	11,279.86
Add: Profit for the year	7,904.56

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

Notes

to Standalone Financial Statements for the year ended 31 March 2020

Less: Appropriations	265.98
Transfer to/(from) debenture redemption reserve	(970.80)
Interim dividend on equity shares including tax thereon	(2,184.18)
Transfer to Statutory Reserve	(1,575.36)
At 31 March 2019	**14,720.06**
Add: Profit for the year	12,303.12
Less: Appropriations	(274.55)
Transfer to/(from) debenture redemption reserve	1,115.33
Interim dividend on equity shares including tax thereon	(2,799.00)
Transfer to Statutory Reserve	(2,449.77)
At 31 March 2020	**22,615.19**
Other comprehensive income	
At 1 April 2018	(9.53)
Movements during the year	(27.78)
At 31 March 2019	**(37.31)**
Movements during the year	(54.32)
At 31 March 2020	**(91.63)**
Share application money pending allotment	
At 1 April 2018	-
Movements during the year	31.79
At 31 March 2019	31.79
Movements during the year	291.36
At 31 March 2020	**323.15**
Total other equity	
At 31 March 2019	**42,235.99**
At 31 March 2020	**51,868.97**

Nature and purpose of Reserves

Statutory reserve (Statutory Reserve pursuant to Section 45-IC of The RBI Act, 1934): Section 45IC of Reserve Bank of India Act, 1934 ("RBI Act, 1934") defines that every non banking finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. The Company has transferred an amount of ₹ 2,449.77 million (2018-2019 ₹ 1,575.36 million) to Statutory reserve pursuant to Section 45-IC of RBI Act, 1934

Securities premium: Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Hedge reserve: The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings as described within note 45. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts, cross currency swaps, foreign currency option contracts and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the hedge reserve. Amounts recognised in the hedge reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss (e.g. interest payments)

Debenture redemption reserve:

(1) Pursuant to Section 71 of the Companies Act, 2013 and circular 04/2013, read with notification issued date 19 June 2016 issued by Ministry of Corporate Affairs, the Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the balance sheet date.

(2) Pursuant to notification issued by Ministry of Corporate Affairs on 16 August 2019 in exercise of the powers conferred

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by sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government amend the Companies (Share Capital and Debentures) Rules, 2014. In the principal rules, in rule 18, for sub-rule (7), the limits with respect to adequacy of Debenture Redemption Reserve and investment or deposits for listed companies (other than All India Financial Institutions and Banking Companies as specified in sub-clause (i)), Debenture Redemption Reserve is not required to maintain in case of public issue of debentures as well as privately placed debentures for NBFCs registered with Reserve Bank of India under section 45-IA of the RBI Act, 1934.

(3) By complying with the above notification, the Company has transferred back ₹ 1,115.33 million from DRR to Retained earnings and In respect of the debentures issued through public issue, the Company has not created DRR during the year (31 March 2019: created ₹ 1,115.33 million).

General reserve: Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Share option outstanding account (ESOP reserve): The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 37 for further details of these plans.

Other comprehensive income: Other items of other comprehensive income consist of re-measurement of net defined benefit liability/asset and fair value changes on derivatives designated as cash flow hedge, net.

NOTE 27: REVENUE FROM OPERATIONS

Note 27 (i): Interest income

Particulars	For year ended 31 March 2020	For year ended 31 March 2019
On financial assets measured at amortised cost:		
Interest on loans		
- Gold loans	38,253.81	31,287.84
- Property loans	51.87	39.46
- Onlending	1,038.68	765.58
- Commercial vehicles	2,388.05	1,458.15
- Other Loans	206.83	15.02
Interest income from investments	154.75	44.76
Interest on deposits with banks	158.34	91.98
Total	**42,252.33**	**33,702.79**

Note 27 (ii): Fees and commission income

Particulars	For year ended 31 March 2020	For year ended 31 March 2019
Processing fees	727.29	386.29
Foreign exchange commission	2.91	1.09
Money transfer commission	68.94	71.23
Total	**799.14**	**458.61**

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

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Note 27 (iii): Dividend Income

Particulars	For year ended 31 March 2020	For year ended 31 March 2019
Dividend Income	50.24	-
Total	**50.24**	**-**

Note 27 (iv): Other operating income

Particulars	For year ended 31 March 2020	For year ended 31 March 2019
Bad debts recovered	11.32	20.59
Total	**11.32**	**20.59**

Disaggregated revenue disclosures:

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2020 by nature of products sold. The Company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

Particulars	For year ended 31 March 2020	For year ended 31 March 2019
Revenue by products / services		
Interest income	42,252.33	33,702.79
Fees and commission	799.14	458.61
Others	11.32	20.59
Total Revenue from operations*	**43,062.79**	**34,181.99**

* The revenue from operations is earned in India.

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or less.

NOTE 28: OTHER INCOME

Particulars	For year ended 31 March 2020	For year ended 31 March 2019
Net gain on derecognition of property, plant and equipment	12.21	6.53
Provisions no longer required written back	-	16.05
Others	396.67	67.23
Total	**408.88**	**89.81**

NOTE 29: FINANCE COSTS

Particulars	For year ended 31 March 2020	For year ended 31 March 2019
On financial liabilities measured at amortised cost:		
Interest on debt securities	4,565.74	4,519.61
Interest on borrowings	8,615.76	5,422.04
Interest on subordinated liabilities	9.29	11.93
Finance Cost on Lease Liability	325.95	-
Other interest expense	395.25	224.11
Total	**13,911.99**	**10,177.69**

NOTE 30: FEES AND COMMISSION EXPENSE

Particulars	For year ended 31 March 2020	For year ended 31 March 2019
On financial liabilities measured at amortised cost:		
Commission paid	236.63	195.78
Total	**236.63**	**195.78**

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

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NOTE 31: IMPAIRMENT ON FINANCIAL INSTRUMENTS

Particulars	For year ended 31 March 2020	For year ended 31 March 2019
On financial instruments measured at amortised cost:		
Loans	852.66	251.91
- Standard assets	54.37	42.41
- Non-performing assets	446.41	60.03
- Write offs	359.21	151.29
- for other assets	(7.33)	(1.82)
Investments	(4.17)	7.94
Total	**848.49**	**259.85**

NOTE 32: EMPLOYEE BENEFITS EXPENSES

Particulars	For year ended 31 March 2020	For year ended 31 March 2019
Salaries and wages	5,793.26	5,187.98
Contribution to provident and other funds	494.71	380.16
Share based payments to employees	2.82	27.93
Staff welfare expenses	200.58	181.23
Total	**6,491.37**	**5,777.30**

NOTE 33: DEPRECIATION AND AMORTISATION

Particulars	For year ended 31 March 2020	For year ended 31 March 2019
Depreciation of tangible assets	688.73	654.01
amortisation of intangible assets	39.10	30.77
Depreciation on Right of Use assets	812.83	-
Total	**1,540.66**	**684.78**

NOTE 34: OTHER EXPENSES

Particulars	For year ended 31 March 2020	For year ended 31 March 2019
Rent	74.25	1,297.09
Energy costs	250.29	221.69
Repairs and maintenance		
- Vehicles	5.68	5.36
- Others	441.92	255.59
Rates and taxes	46.49	28.64
Printing and stationery	88.13	94.65
Travelling and conveyance	269.16	238.08
Advertising and publicity	482.56	396.58
Directors' fees, allowances & expenses	5.03	4.73
Payment to auditors (Refer note (i) below)	13.42	8.17
Insurance	89.59	141.80
Communication costs	452.99	461.17
Legal and professional charges	275.51	174.01
Corporate Social Responsibility expenses (CSR) (Refer note (ii) below)	267.38	176.51
Other expenditure	113.55	81.21
IT Support costs	352.82	370.24
Security charges	463.90	1,043.46
Total	**3,692.67**	**4,998.98**

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

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to Standalone Financial Statements for the year ended 31 March 2020

Note (i) Payment to auditor

Particulars	For year ended 31 March 2020	For year ended 31 March 2019
As auditors:		
Statutory audit fee	4.50	4.00
Limited reviews	2.79	2.60
Other statutory attest services*	4.55	0.96
Reimbursement of expenses	1.58	0.61
Total	**13.42**	**8.17**
* Above excludes fees for the year ended 31st March 2020 in respect of funds raised through Debenture and Bond issue, adjusted in effective interest rate on borrowings.	5.00	**6.00**

Note (ii) Details of CSR expenditure

Particulars	For year ended 31 March 2020	For year ended 31 March 2019
a) Gross Amount required to be spent by the Company during the year	228.94	182.09

	In cash	Yet to be paid in cash	Total
b) Amount spent during the year ended on March 31, 2020			
i) Construction/acquisition of assets	-	-	-
ii) On purpose other than (i) above	267.38	-	267.38

	In cash	Yet to be paid in cash	Total
c) Amount spent during the year ended on March 31, 2019			
i) Construction/acquisition of assets	-	-	-
ii) On purpose other than (i) above	176.51	-	176.51

NOTE 35: INCOME TAX

The Company has computed the tax expense of the current financial year as per the tax regime announced under section 115BAA of the Income Tax Act, 1961. Accordingly, (a) the provision for current and deferred tax has been determined at the rate of 25.17% and (b) the deferred tax assets and deferred tax liabilities as on 1 April 2019 have been restated at 25.17%.

The components of income tax expense for the year ended 31 March 2020 and March 2019 are:

₹ in million

	For year ended 31 March 2020	For year ended 31 March 2019
Current tax	4,296.00	4,375.90
Adjustment in respect of current income tax of prior years	-	(110.52)
Deferred tax relating to origination and reversal of temporary differences	200.98	7.48
Total tax charge	**4,496.98**	**4,272.86**
Current tax	4,296.00	4,375.90
Deferred tax	200.98	7.48

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

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Reconciliation of total Income tax expense:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Profit before tax for computation	16,800.10	12,177.42
Add/(Less): (Allowances) / Disallowances (Net)	267.82	346.59
Adjusted profit before tax for income tax	17,067.92	12,524.01
Current tax as per Books (Effective rate of 25.57%, 2019: 35.93%)	4,296.00	4,375.90
Adjustment of earlier year taxes	-	(110.52)
Total tax as given in Books	**4,296.00**	**4,265.38**
Statutory income tax at the rate of 25.17% (2019 : 34.94%)	**4,296.00**	**4,375.90**

Deferred Tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI	Others - Adjusted in Statement of Profit and Loss in Other equity
	31 March 2020	31 March 2020	2019-20	2019-20	2019-20
Provisions for litigations and compensated absences	52.64	-	(7.02)	-	-
Property, plant and equipment and Right of use asset (Net of lease liabilities)	233.09	-	(63.49)	-	147.64
Impairment allowance for financial assets	165.86	-	(46.84)	-	-
Remeasurement gain / (loss) on defined benefit plan	47.03	-	(23.87)	19.63	-
Derivative instruments in Cash flow hedge relationship	-	(5.96)	(3.82)	(1.36)	-
Debt instrument measured at amortised cost	-	(213.00)	(165.62)	-	-
Financial assets measured at amortised cost	-	(5.38)	(4.17)	-	-
Other temporary differences	350.42	-	113.86	-	-
Total	**849.04**	**(224.34)**	**(200.98)**	**18.27**	**147.64**
Net Deferred tax asset as at 31 March 2020	**624.70**				

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
	31 March 2019	31 March 2019	2018-19	2018-19
Provisions for litigations and compensated absences	59.65	-	11.23	-
Property, plant and equipment	296.59	-	30.96	-
Impairment allowance for financial assets	212.71	-	(56.17)	-
Remeasurement gain / (loss) on defined benefit plan	51.26	-	6.04	14.92
Derivative instruments in Cash flow hedge relationship	-	(0.77)	(5.21)	-
Debt instrument measured at amortised cost	-	(47.38)	(37.65)	-
Financial assets measured at amortised cost	-	(1.20)	2.97	-
Other temporary differences	88.91	-	40.35	-
Total	**709.12**	**(49.35)**	**(7.48)**	**14.92**
Net Deferred tax asset as at 31 March 2019	**659.77**			

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

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NOTE 36: EARNINGS PER SHARE

Particulars	For year ended 31 March 2020	For year ended 31 March 2019
Net profit for calculation of basic earnings per share	12,303.12	7,904.56
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	844,074,715	842,682,834
Effect of dilution:		
Stock options granted under ESOP (Nos.)	2,392,976	1,205,031
Weighted average number of equity shares in calculating diluted earnings per share (Nos.)	846,467,691	843,887,865
Basic earnings per share (₹)	14.58	9.38
Diluted earnings per share (₹)	14.53	9.37

NOTE 37: EMPLOYEE STOCK OPTION SCHEME (ESOS)

Employee Stock Option Scheme (ESOS), 2016

The details of the Employee Stock Option Scheme 2016 are as under:

Date of share holders' approval	05 July 2016
Number of options approved	25,236,214
Date of grant	08-Aug-16
Date of In principle Approval	In principle approval of the BSE was obtained on 20 December 2016 and NSE on 28 December 2016.
Number of options granted	13,750,466
Method of settlement	Equity
Graded Vesting	Graded vesting shall happen in a graded basis in three tranches over a period of three years. a) The first tranche of 30% shall be vested when a period of 12 months would expire from the Date of grant; b) The second tranche of 30% shall be vested when a period of 24 months would expire from the Date of grant; c) The third tranche of 40% shall be vested when a period of 36 months would expire from the Date of grant.
Exercisable period	The vested options shall be allowed for exercise on and from the date of vesting. The vested options need to be exercised with in a period of one year and 30 days from the date of vesting of the respective tranche through the Exercise Window to apply for ESOS Shares against Options vested with the Eligible Employee in pursuance of the Scheme. However, the Eligible Employee has a right to exercise the Options vested in the first tranche and second tranche on or before the expiry of the Exercise Period of the third tranche, utilising the exercise window which shall be a period of 30 days from the close of each half of the year counted from the date of vesting during the Exercise Period.
Vesting conditions	Options shall vest essentially based on continuation of employment and apart from that the Board or Committee may prescribe achievement of any performance condition(s) for vesting.
Source of shares	Primary
Variation in terms of options	No Variations made to the term of Scheme

The Company has adopted ESOS 2016 as per SEBI(Share Based Employee Benefits) Regulation, 2014 and has recorded a compensation expense using the fair value method as set out in those regulations.

The Company has granted 13750466 options at an exercise price of 86.45 on 08 August 2016 which will vest over a period of three years from the grant date (8 August 2016) and the vesting of options shall be at 30% each in the first and second year and the balance 40% in the third year from the date of grant.

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The summary of the movements in options is given below:

Particulars	31 March 2020	31 March 2019
Options outstanding, beginning of year	8,770,385	10,060,943
Options granted during the year	-	-
Lapsed Options restored during the year	851,250	250,000
Options lapsed during the year	(1,377,435.00)	(1,266,463.00)
Options Exercised during the year	(2,183,268.00)	(274,095.00)
Options unvested and Outstanding at the End of the Year	6,060,932	8,770,385

Particulars	31 March 2020	31 March 2019
Weighted average remaining contract life of options	-	-
weighted average market price at the exercise date	-	-

	Vesting I	Vesting II	Vesting III
	8 August 2017 30%	8 August 2018 30%	8 August 2019 40%
Fair Value per vest (₹)	26.11	30.61	34.29
Risk-free interest rate (%)	7.03	7.15	7.25
Expected life	3 years	4 years	5 Years
Expected volatility (%)	49.68	52.66	55.38
Expected dividend yield (%)	2.95	2.95	2.95
Share price on the date of grant (face value of ₹ 10/-)	86.45	86.45	86.45

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.

NOTE 38: RETIREMENT BENEFIT PLAN

Defined Contribution Plan

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 332.44 (31 March 2019: ₹ 254.15) for Provident Fund contributions and ₹ 107.72 (31 March 2019: ₹ 137.68) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

Defined Benefit Plan

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 statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

Net employee benefit expense recognised in the statement of profit and loss

Components of employer expense	31 March 2020	31 March 2019
Current service cost	158.69	120.65
Past Service Cost		-
Net Interest on net defined benefit liability/ (asset)	3.58	5.36
Total employer expense	162.27	**126.01**

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

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Net employee benefit expense recognised in the Other Comprehensive Income

Movement in Other Comprehensive Income (OCI)	31 March 2020	31 March 2019
Balance at start of year (Loss)/Gain	(42.70)	Nil*
Actuarial (Loss)/ Gain from changes in financial assumptions	(48.71)	(7.76)
Actuarial (Loss)/ Gain from experience over the past year	(35.66)	(29.92)
Return on Plan assets, excluding amount included in net interest on the net defined benefit liability/(asset)	6.37	(5.03)
Balance at end of year (Loss)/Gain	**(120.70)**	**(42.70)**

* Ind AS 19 has been adopted from FY 2018-19

Experience adjustments

Particulars	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Defined benefit obligation	(831.86)	(604.52)	(465.62)	(384.45)	(307.37)
Fair value of plan assets	645.02	457.81	378.06	312.93	244.83
Asset/(liability) recognised in the balance sheet	(186.84)	(146.71)	(87.56)	(71.52)	(62.54)
Experience adjustments on plan liabilities (Gain) / Loss	35.66	29.92	21.88	(7.61)	5.20
Experience adjustments on plan assets Gain / (Loss)	6.37	(5.03)	(4.45)	(1.74)	(1.57)

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

Particulars	31 March 2020	31 March 2019
Opening defined benefit obligation	604.52	465.62
Transfer in/out	(12.45)	0.00
Interest cost	42.04	33.99
Current service cost	158.69	120.65
Benefits paid	(45.31)	(53.41)
Past service cost	0.00	0.00
Actuarial loss / (gain) from changes in financial assumptions	48.71	7.76
Actuarial loss / (gain) from experience over the past year	35.66	29.92
Closing defined benefit obligation	**831.86**	**604.52**

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

Particulars	31 March 2020	31 March 2019
Opening fair value of plan assets	457.81	378.06
Transfer in/Out	(10.21)	-
Expected return	38.45	28.63
Contributions by employer	197.91	109.56
Benefits paid	(45.31)	(53.41)
Actuarial gains / (losses)	6.37	(5.03)
Closing fair value of plan assets	**645.02**	**457.81**
Closing Liability (net) recognised in Balance Sheet	**186.84**	**146.71**
Expected contribution to fund to be made in the next year	200.00	100.00

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

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

Particulars	31 March 2020	31 March 2019
Discount rate	6.20%	7.10%
Salary growth rate	8.00%	8.00%
Attrition rate	15.00%	15.00%
Expected rate of return on assets	7.10%	7.30%

Percentage Break-down of total plan assets

Particulars	31 March 2020	31 March 2019
Investment Funds with Insurance Company	99.90%	99.70%
Of which, Unit Linked	37.30%	40.00%
Of which, Traditional/ Non-Unit Linked	68.60%	59.70%
Cash and cash equivalents	0.10%	0.30%
Total	**100.00%**	**100.00%**

	31 March 2020		31 March 2019	
Assumptions	Discount rate		Discount rate	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation [Increase/(Decrease)]	(54.72)	62.38	(37.91)	42.97

	31 March 2020		31 March 2019	
Assumptions	Salary Growth Rate		Salary Growth Rate	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation [Increase/(Decrease)]	60.66	(54.33)	42.18	(37.94)

The weighted average duration of the defined benefit obligation as at 31 March 2020 is 6 years (2019: 6 years)

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.

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

Particulars	31 March 2020	31 March 2019
Discount rate	6.20%	7.10%
Attrition rate	15.00%	15.00%
Salary Growth Rate	8.00%	8.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

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

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NOTE 39: MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Derivatives have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

Particulars	31 March 2020			31 March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	20,881.69	-	20,881.69	2,934.54	-	2,934.54
Bank Balance other than above	1,568.01	-	1,568.01	1,573.21	-	1,573.21
Derivative Financial Instruments	1,369.97	-	1,369.97	32.31		32.31
Loans	179,147.40	9,273.46	188,420.86	138,029.36	12,022.35	150,051.71
Investments	597.31	8,713.58	9,310.89	-	10,108.45	10,108.45
Other Financial assets	5,626.60	1,234.28	6,860.88	4,238.63	1,400.36	5,638.99
Non-financial Assets						
Current tax assets (net)	-	797.56	797.56	-	1,529.15	1,529.15
Deferred tax assets (net)	-	624.70	624.70	-	659.77	659.77
Property, plant and equipment	-	3,176.93	3,176.93	-	3,086.52	3,086.52
Capital work-in-progress	-	28.49	28.49	-	6.62	6.62
Right of Use Asset	-	4,057.62	4,057.62	-	-	-
Other Intangible assets	-	176.52	176.52	-	172.91	172.91
Other non financial assets	-	751.52	751.52	-	665.41	665.41
Total assets	**209,190.98**	**28,834.66**	**238,025.64**	**146,808.05**	**29,651.54**	**176,459.59**
Liabilities						
Financial Liabilities						
Derivative financial instruments	-	-	-	-	-	-
Payables	1,504.12	-	1,504.12	1,138.00	-	1,138.00
Debt Securities	22,599.43	49,907.69	72,507.12	40,481.45	7,406.36	47,887.81
Borrowings (other than debt security)	78,091.08	24,413.42	102,504.50	71,243.18	8,240.67	79,483.85
Subordinated Liabilities	16.94	32.34	49.28	5.66	48.80	54.46
Lease Liability	758.79	3,580.24	4,339.03			
Other Financial liabilities	2,642.43	-	2,642.43	2,625.94	-	2,625.94
Non-financial Liabilities						
Current tax liabilities (net)	-	-	-	-	-	-
Provisions	585.12	-	585.12	512.66	-	512.66
Deferred tax liabilities (net)	-	-	-	-	-	-
Other non-financial liabilities	335.08	-	335.08	835.26	-	835.26
Total Liabilities	**106,532.99**	**77,933.69**	**184,466.68**	**116,842.15**	**15,695.83**	**132,537.98**
Net	**102,657.99**	**(49,099.02)**	**53,558.96**	**29,965.90**	**13,955.71**	**43,921.61**

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NOTE 40: CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in liabilities arising from financing activities

Particulars	As at 31 March 2019	Cash Flows	Ind AS Adjustments	As at 31 March 2020
Debt Securities	47,887.81	25,351.47	(732.16)	**72,507.12**
Borrowings other than debt securities	79,483.85	23,134.25	(113.60)	**102,504.50**
Subordinated Liabilities	54.46	(4.69)	(0.49)	**49.28**
Total	**127,426.12**	**48,481.03**	**(846.25)**	**175,060.90**

Particulars	As at 31 March 2018	Cash Flows	Ind AS Adjustments	As at 31 March 2019
Debt Securities	48,095.62	(94.00)	(113.81)	47,887.81
Borrowings other than debt securities	54,223.85	25,281.25	(21.25)	79,483.85
Subordinated Liabilities	58.84	(3.40)	(0.98)	54.46
Total	**102,378.31**	**25,183.85**	**(136.04)**	**127,426.12**

NOTE 41: CONTINGENT LIABILITIES, COMMITMENTS AND LEASING ARRANGEMENTS

Note 41 (i): Contingent Liabilities

(a) 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.

Particulars	As at 31 March 2020	As at 31 March 2019
i) Income Tax Demand under Appeal before The Commissioner of Income Tax (Appeals) for the Assessment Year 2012-13 to 2015-16	**456.51**	1,285.36
ii) Kerala Value Added Tax demands under appeal pending before The Deputy Commissioner for the Assessment Years 2009-10, 2010-11, 2011-12, 2012-13 and 2014-15 (Excluding Penalty and Interest, if any)	**49.94**	49.94
iii) Service Tax demands under appeal pending before The Central Excise, Service Tax Appellate Tribunal for the Assessment Years 2006-07 and 2008-09 (Excluding Penalty and Interest, if any)	-	0.94
Total	**506.45**	**1,336.24**

(b) The company has some labour cases pending against it in various courts and with labour commissioners of various states. The company's liability for these cases are not disclosed since actual liability to be provided is unascertainable.

Note 41 (ii): Commitments

(i) Estimated amount of contracts remaining to be executed on capital account, net of advances is ₹ 289.87 (31 March 2019: ₹ 171.11).

(ii) The Company has entered into an agreement for outsourcing of Information Technology support in April 2011 for a period of 10 years with an total expense of ₹ 2,700.

Note 41 (iii): Lease Disclosures (entity as a lessee)

(a) Leases of Branch Premises

Transition :

(i) Effective 1 April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental

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borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

(ii) On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 2110.9 million, and a lease liability of ₹ 2533.4 million. The cumulative effect of applying the standard, amounting to ₹ 422.9 million was debited to retained earnings on transition date and deferred tax amounted to ₹ 147.62 million have been created on transition impact. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share.

On transition, the deferred lease rental on Security Deposits under IND AS 109 'Financial Instruments' amounted to ₹ 65.45 million has been recognised as 'Right of Use' asset."

(iii) The following is the summary of practical expedients elected on initial application

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date. Discount rate has been taken as the Incremental Borrowing rate of borrowings with similar tenure.
2. Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(iv) The entity takes branch premises and computers on lease. Below are the changes made during the year in the carrying value of:

-Right-of-use assets

Particulars	As at 31 March 2020
Initial Recognition on Transition date i.e. 1 April 2019	2,110.91
Recognition of Deferred Lease Rentals as mentioned in (a)(ii) above.	65.45
Additions	2,694.09
Amortisation on ROU Assets	(812.83)
Balance as at 31 March 2020	**4,057.62**

-Lease liabilities

Particulars	As at 31 March 2020
Balance as at 1 April 2019	2,533.41
Additions	2,670.68
Payment of Lease liabilities	(1,191.01)
Finance cost accrued during the period	325.95
Balance as at 31 March 2020	**4,339.03**

- Amounts recognised in profit and loss

Particulars	As at 31 March 2020
Depreciation expense on right-of-use assets	812.83
Interest expense on lease liabilities	325.95

The total cash outflow for leases amount to ₹ 1191.02 million

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

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to Standalone Financial Statements for the year ended 31 March 2020

Maturity analysis of Lease Liability

Particulars	As at 31 March 2020
Maturity in FY 21	758.79
Maturity in FY 22	473.94
Maturity in FY 23	430.65
Maturity in FY 24	459.39
Maturity in FY 25 and above	2,216.26
Balance as at March 31, 2020	**4,339.03**

The entity does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the entity's treasury function.

(b) **Leases of Computers**

These leases are non-cancellable and has no escalation clause. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	March 31, 2020	March 31, 2019
Total minimum lease payments at the year end	55.21	91.45
Less: amount representing finance charges	3.70	6.75
Present value of minimum lease payments	51.51	84.71
Lease payments for the year	30.51	62.51
Minimum lease Payments		
Less than one year [Present value as on 31 March 2020:₹ 51.51, Present value as on 31 March 2019: ₹ 62.32)]	55.21	68.56
Later than one year but not later than five years[Present value s on March 31, 2020: ₹ Nil, as on March 31, 2019: ₹ 22.08)]	0.00	22.89

(c) **Lease of Short Period (Less than 12 months)**

The leases of certain premises are less than 12 months and hence are considered as short term leases. Hence, the leases of hostel premises are exempted from the scope of leases under Ind AS 116.

During the year, the Company charged off ₹ 85.68 million as rent expenses on short term leases

(d) **Practical Expedient**

Applied practical expedient to grandfather the assessment of which transactions are leases. Accordingly Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

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NOTE 42: RELATED PARTY DISCLOSURES

Relationship	Name of the party
Subsidiary company :	Manappuram Home Finance Limited
	Asirvad Microfinance Limited
	Manappuram Insurance Brokers Limited
	Manappuram Comptech and Consultants Limited
Associates / Enterprises owned or significantly influenced by key management personnel or their relatives :	
Manappuram Jewellers Limited	DT3 Advisory Pvt Ltd*
Manappuram Agro Farms Limited	Lions Coordination committee of India association
Manappuram Foundation	Finance Industry Development Council
Manappuram Health Care Limited *	LICHFL Trustee Company Pvt Ltd*
Manappuram Construction and Properties Limited	FINTECH Products and Solutions (India)Pvt Ltd*
Manappuram Chit Funds Company Private Limited *	FINSEC AA Solutions Pvt Ltd*
MABEN Nidhi Limited*	Orange Retail Finance India Private Limited*
Manappuram Asset Finance Limited	JSW Industrial Gases Pvt Ltd*
Manappuram Chits (Karnataka) Private Limited *	Ananya Finance for Inclusive Growth Private Limited*
Manappuram Chits India Limited *	Natafim Agricultural Financing Agency Private Limited*
Adlux Medicity and Convention Centre Private Limited*	Veritas Finance Private Limited*
MAFIN Enterprise *	Booker India Private Limited*
Manappuram travels	Booker Satnam Wholesale Private Limited*
Manappuram Chits *	NETAFIM Agricultural Financing Agency Pvt ltd*
Orange Retail Finance Pvt Ltd*	VISTAAR Financial services Pvt Ltd*
DTA Advisory Pvt Ltd*	SNST Advisories Pvt Ltd*
DTB Advisory Pvt Ltd*	
Key Management Personnel :	Mr. V P Nandakumar - Managing Director & CEO
	Mr. Jagdish Capoor - Chairman
	Mr. B.N Raveendra Babu - Executive Director
	Mrs. Bindhu AL - Chief Financial Officer
	Mr. Manoj Kumar VR - Company Secretary
	Mr. P.Manomohanan-Director
	Adv. V.R.Ramachandran-Director
	Mr. Gautam Ravi Narayan - Director
	Ms. Sutapa Banerjee-Director
	Abhijit Sen-Director
	Harshan Kollara-Director
	Shailesh J Mehta-director
Relatives of Key Management Personnel :	Mrs. Sushama Nandakumar (wife of Mr. V P Nandakumar)*
	Mr. Sooraj Nandan (son of Mr. V P Nandakumar)*
	Mrs Sumitha Jayshankar(daughter of Mr. V P Nandakumar)*
	Mr. Suhas Nandan (son of Mr. V P Nandakumar)
	Ms. Biji Babu (daughter of Mr. B.N Raveendra Babu)*
	Mrs. Shelly Ekalavyan (sister of Mr. V P Nandakumar)*
	Mrs. Rajalakshmi Raveendra Babu (wife of Mr. B.N Raveendra Babu)*
	Mr. Benny V.L (Husband of Mrs. Bindu A L)*

* No transactions with these related parties

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

NOTE 42: RELATED PARTY DISCLOSURES (CONTED.)

Related Party transactions during the year:

Particulars	Subsidiary Company		Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019 "	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Debentures and Subordinate Bond redeemed during the year	-	-	-	-	-	-	-	-
Mrs. Shelly Ekalavyan	-	-	-	-	-	-	-	0.67
Equity contribution	**50.00**	**4,637.89**	**-**	**-**	**-**	**-**	**-**	**-**
Asirvad Microfinance Limited	-	3,621.22	-	-	-	-	-	-
Manappuram Insurance Brokers Limited	-	2.67	-	-	-	-	-	-
Manappuram Home Finance Limited	-	1,006.00	-	-	-	-	-	-
Manappuram Comptech and Consultants Ltd	50.00	8.00	-	-	-	-	-	-
Interest expense	**-**	-	**-**	-	**-**	-	**-**	**0.23**
Mrs. Shelly Ekalavyan	-	-	-	-	-	-	-	0.23
Commission to Directors	**-**	**-**	**-**	**-**	**53.13**	**73.40**	**-**	**-**
Mr. V.P.Nandakumar	-	-	-	-	35.00	50.00	-	-
Mr. Raveendra Babu	-	-	-	-	3.85	5.50	-	-
Mr.Abhijit Sen	-	-	-	-	1.91	-	-	-
Mr.Harshan Kollara	-	-	-	-	0.35	-	-	-
Mr.Jagdish Capoor	-	-	-	-	3.83	4.50	-	-
Mr.P Manomohanan	-	-	-	-	2.55	3.50	-	-
Mr.Shailesh J. Mehta	-	-	-	-	0.32	4.50	-	-
Mrs.Sutapa Banerjee	-	-	-	-	2.13	0.40	-	-
Mr.V R Rajiven	-	-	-	-	1.06	2.50	-	-
Mr.V.R. Ramachandran	-	-	-	-	2.13	2.50	-	-
Sitting Fee to Directors:	-	-	-	-	**4.18**	**3.76**	**-**	**-**
Mr.Abhijit Sen	-	-	-	-	0.31	-	-	-
Mr.Harshan Kollara	-	-	-	-	0.04	-	-	-
Mr.Jagdish Capoor	-	-	-	-	0.87	0.68	-	-
Mr.P Manomohanan	-	-	-	-	0.93	1.06	-	-
Mr.Shailesh J. Mehta	-	-	-	-	0.04	0.32	-	-
Mrs.Sutapa Banerjee	-	-	-	-	0.92	0.08	-	-
Mr.V R Rajiven	-	-	-	-	0.27	1.00	-	-
Mr.V.R. Ramachandran	-	-	-	-	0.80	0.62	-	-
Remuneration to Directors	**-**	**-**	**-**	**-**	**96.54**	**85.33**	**-**	**-**
Mr. V.P.Nandakumar	-	-	-	-	84.38	73.70	-	-
Mr. Raveendra Babu	-	-	-	-	12.16	11.63	-	-

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

Particulars	Subsidiary Company		Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019 "	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Remuneration to other KMPs	**-**	**-**	**-**	**-**	**12.20**	**7.21**	**-**	**-**
Ms. Bindu A.L	-	-	-	-	9.17	1.63	-	-
Mr. Manoj Kumar V R	-	-	-	-	3.03	0.77	-	-
Mr. Kapil Krishan	-	-	-	-	-	2.19	-	-
Mr. Ramesh Periasamy	-	-	-	-	-	2.62	-	-
Remuneration paid to Relative of KMP	**-**	**-**	**-**	**-**	**-**	**-**	**1.38**	**5.26**
Mr. Sooraj Nandan	-	-	-	-	-	-	-	0.81
Mrs. Sumita Jayshankar	-	-	-	-	-	-	-	3.06
Mr. Suhas Nandan	-	-	-	-	-	-	1.38	1.39
Travelling Expense paid	**-**	**-**	**38.67**	**-**	**-**	**-**	**-**	**-**
Manappuram Travels	-	-	38.67	-	-	-	-	-
Reimbursement of Travelling expense	**-**	**-**	**-**	**-**	**-**	**0.63**	**-**	**-**
Mr. V.P.Nandakumar	-	-	-	-	-	0.44	-	-
Mr. Raveendra Babu	-	-	-	-	-	0.19	-	-
CSR Paid	**-**	**-**	**267.38**	**158.57**	**-**	**-**	**-**	**-**
Manappuram Foundation	-	-	267.38	158.57	-	-	-	-
Payment to	**-**	**-**	**10.18**	**-**	**-**	**-**	**-**	**-**
Lions Coordination committee of India Association	-	-	10.18	-	-	-	-	-
Rent Paid	**-**	**-**	**4.15**	**3.46**	**-**	**-**	**0.13**	**0.16**
Mr. Suhas Nandan	-	-	-	-	-	-	0.13	0.16
Manappuram Agro Farms Limited	-	-	4.15	3.46	-	-	-	-
Reimbursement of Rent & Expenses	**-**	**-**	**3.80**	**5.70**	**-**	**-**	**-**	**-**
Manappuram Foundation	-	-	3.80	5.70	-	-	-	-
Rent Received	**2.23**	**1.52**	**9.14**	**5.28**	**-**	**-**	**-**	**-**
Manappuram Jewellers Limited	-	-	0.43	0.47	-	-	-	-
Manappuram Agro Farms Limited	-	-	0.08	0.08	-	-	-	-
Manappuram Insurance Brokers Limited	2.23	1.52	-	-	-	-	-	-
Manappuram Foundation	-	-	8.63	4.73	-	-	-	-
Electricity Charge Received	**0.48**	**-**	**0.85**	**0.91**	**-**	**-**	**-**	**-**
Manappuram Jewellers Limited	-	-	0.61	0.76	-	-	-	-
Manappuram Insurance Brokers Limited	0.48	-	-	-	-	-	-	-
Manappuram Foundation	-	-	0.16	0.07	-	-	-	-
Manappuram Agro Farms Limited	-	-	0.08	0.07	-	-	-	-
Purchase of assets	**13.88**	**1.63**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Comptech and Consultants Ltd	13.88	1.63	-	-	-	-	-	-

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

Particulars	Subsidiary Company		Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019 "	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Subscription Fee paid	**-**	**-**	**0.05**	**-**	**-**	**-**	**-**	**-**
Finance Industry Development Council	-	-	0.05	-	-	-	-	-
Advertisement expense	**-**	**-**	**0.10**	**-**	**-**	**-**	**-**	**-**
Finance Industry Development Council	-	-	0.10	-	-	-	-	-
Rent & Other Expenses received	**12.12**	**2.81**	**8.24**	**7.99**	**-**	**-**	**-**	**-**
Manappuram Home Finance Limited	12.12	2.81	-	-	-	-	-	-
Manappuram Foundation	-	-	8.24	7.99	-	-	-	-
Consultation Charge Paid	**1.60**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Comptech and Consultants Ltd	1.60	-	-	-	-	-	-	-
Technical Charges Paid	**8.28**	**7.38**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Comptech and Consultants Ltd	8.28	7.38	-	-	-	-	-	-
Construction Expenses	**-**	**-**	**7.39**	**8.83**	**-**	**-**	**-**	**-**
Manappuram Construction and Properties Ltd	-	-	7.39	8.83	-	-	-	-
Monthly usage charges paid	**0.85**	**0.78**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Comptech and Consultants Ltd	0.85	0.78	-	-	-	-	-	-
Interest Income	**60.26**	**23.94**	**2.66**	**-**	**-**	**-**	**-**	**-**
Manappuram Home Finance Limited	60.26	23.94	-	-	-	-	-	-
Manappuram Asset Finance Limited	-	-	2.66	-	-	-	-	-
Interest Expense	**0.07**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Asirvad Microfinance Limited	0.07	-	-	-	-	-	-	-
Loan taken from								
Asirvad Microfinance Limited	200.00	-	-	-	-	-	-	-
Repayment of Loan taken								
Asirvad Microfinance Limited	200.00	-	-	-	-	-	-	-
Corporate loan given to	**1,725.00**	**1,910.00**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Home Finance Limited	1,725.00	1,910.00	-	-	-	-	-	-
	-		-					
Repayment of Corporate loan from	**1,735.00**	**1,610.00**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Home Finance Limited	1,735.00	1,610.00	-	-	-	-	-	-
Sale of Loan assets through Assignment transactions	**88.57**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Home Finance Limited	88.57	-	-	-	-	-	-	-
Invesment in Pass through certificates (PTC's)	**-**	**-**	**58.52**	**-**	**-**	**-**	**-**	**-**
Manappuram Asset Finance Limited	-	-	58.52	-	-	-	-	-
Balance outstanding as at the year end:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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

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Particulars	Subsidiary Company		Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019 "	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Investment in Subsidiary company	**8,410.64**	**8,371.40**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Home Finance Limited	2,075.81	2,081.45	-	-	-	-	-	-
Asirvad Microfinance Limited	6,246.41	6,246.20	-	-	-	-	-	-
Manappuram Insurance Brokers Limited	28.92	35.75	-	-	-	-	-	-
Manappuram Comptech and Consultants Ltd.	59.50	8.00	-	-	-	-	-	-
Security Deposit	**1.03**	**1.03**	**0.42**	**0.32**	**-**	**-**	**-**	**-**
Manappuram Foundation	-	-	0.19	0.09	-	-	-	-
Manappuram Jewellers Limited	-	-	0.19	0.19				
Manappuram Agro Farms Limited	-	-	0.04	0.04				
Manappuram Insurance Brokers Limited	1.03	1.03	-	-	-	-	-	-
Corporate Loan Outstanding	**290.00**	**300.00**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Home Finance Limited	290.00	300.00	-	-	-	-	-	-
Invesment in Pass through certificates (PTC's) Outstanding	**-**	**-**	**38.23**	**-**	**-**	**-**	**-**	**-**
Manappuram Asset Finance Limited	-	-	38.23	-	-	-	-	-
Amounts receivable (net) from related parties	**3.84**	**-**	**6.97**	**-**	**-**	**-**	**-**	**-**
Manappuram Construction and Properties Ltd.	-	-	6.82	-	-	-	-	-
Manappuram Home Finance Limited	2.79	-	-	-	-	-	-	-
Manappuram Insurance Brokers Limited	1.05	-	-	-	-	-	-	-
Manappuram Jewellers Limited	-	-	0.12	-	-	-	-	-
Manappuram Agro Farms Limited	-	-	0.03	-	-	-	-	-
Amounts payable (net) to related parties	**21.45**	**6.67**	**4.00**	**-**	**24.91**	**32.88**	**-**	**-**
Mr. V.P.Nandakumar	-	-	-	-	22.44	29.01	-	-
Mr. Raveendra Babu	-	-	-	-	2.47	3.87	-	-
Manappuram Comptech and Consultants Limited	18.89	6.67	-	-	-	-	-	-
Manappuram Construction and Properties Ltd.	-	-	3.54	-	-	-	-	-
Manappuram Insurance Brokers Limited	2.56	-	-	-	-	-	-	-
Manappuram Travels	-	-	0.46	-	-	-	-	-

Note:

a) Related parties have been identified on the basis of the declaration received by the management and other records available.

b) Loans given to related parties are repayable on demand. These loans carry interest @ 11.15%

c) The loans have been utilised by the Manappuram Home Finance Limited for lending Home Loan and meeting the working capital requirements.

d) Manappuram Home Finance Limited has used the loan for meeting the working capital requirements.

e) The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

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

Notes
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NOTE 43: CAPITAL

Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Regulatory capital	31 March 2020	31 March 2019
Common Equity Tier1 (CET1) capital	43,900.65	38,323.28
Other Tier 2 capital instruments	684.78	625.85
Total capital	**44,585.43**	**38,949.13**
Amount of subordinated debt raised as Tier-II Capital	7.47	17.42
Amount raised by issue of Perpetual Debt Instrument	-	-
Risk weighted assets	**205,041.75**	**164,697.73**
CET1 capital ratio	21.41%	23.27%
CET2 capital ratio	0.33%	0.38%
Total capital ratio	21.74%	23.65%

NOTE 44: FAIR VALUE MEASUREMENT

44.1 Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

44.2 Valuation governance

The Company's process to determine fair values is part of its periodic financial close process. The Audit Committee exercises the overall supervision over the methodology and models to determine the fair value as part of its overall monitoring of financial close process and controls. The responsibility of ongoing measurement resides with business units. Once submitted, fair value estimates are also reviewed and challenged by the Risk and Finance functions.

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

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44.3 Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Particulars	31 March 2020				31 March 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis								
Derivative financial instruments	-	-	-	-	-	-	-	-
Cross Currency Swaps	-	592.87	-	-	-	32.31	-	-
Forward Rate Agreements	-	777.10	-	-	-	-	-	-
Total derivative financial instruments	**-**	**1,369.97**	**-**	**-**	**-**	**32.31**	**-**	**-**
Financial investment held for trading	-	-	-	-	-	-	-	-
Equity Shares	0.12	-	-	-	-	-	0.03	-
Total financial investment held for trading	0.12	-	-	-	**-**	**-**	**0.03**	**-**
Total assets measured at fair value on a recurring basis	**0.12**	**1,369.97**	**-**	**-**	**-**	**32.31**	**0.03**	**-**
Assets measured at fair value on a non-recurring basis	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Liabilities measured at fair value on a recurring basis	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-
Forward contracts	-	-	-	-	-	-	-	-
Cross Currency Swaps	-	-	-	-	-	-	-	-
Total derivative financial instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Liabilities measured at fair value on a non-recurring basis	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

44.4 Valuation techniques

Equity instruments

Equity instruments in non-listed entities are initially recognised at transaction price and re-measured (to the extent information is available) and valued on a case-by-case and classified as Level 3. The Company uses prices from prior transactions without adjustment to arrive at the fair value. Prior transaction represents the price at which same investment was sold in the deal transaction.

Cross Currency Swaps

Interest rate derivatives include interest rate swaps, cross currency interest rate swaps, basis swaps and interest rate forwards (FRAs). The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves incorporating funding costs relevant for the position. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3

Interest rate derivatives

Interest rate derivatives include interest rate swaps, cross currency interest rate swaps, basis swaps and interest rate forwards (FRAs). The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves incorporating funding costs relevant for the position. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3.

Foreign exchange contracts

Foreign exchange contracts include open spot contracts, foreign exchange forward and swap contracts and over the-counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Company classifies foreign exchange contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

Movements in Level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities which are recorded at fair value. The Company requires significant unobservable inputs to calculate their fair value.

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

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Investments in Equity Shares of Catholic Syrian Bank :

Particulars	As at 31 March 2020	As at 31 March 2019
Opening Balance	0.03	0.03
Purchase	-	-
Sales	-	-
Issuances	-	-
Settlements	-	-
Transfers into Level 3	-	-
Transfers from Level 3	(0.03)	-
Net interest income, net trading income and other income	-	-
Other comprehensive income	-	-
Closing Balance	-	0.03
Unrealised gains and losses related to balances held at the end of the period	-	-

Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions

The table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of the Company's Level 3 assets and liabilities.

31-Mar-20	Fair value of		Value techniques	Significant unobservable inputs
	Level 3 Assets	Level 3 Liabilities		
Investments-				
Nil	-	-		

31-Mar-19	Fair value of		Value techniques	Significant unobservable inputs
	Level 3 Assets	Level 3 Liabilities		
Investments-				
Equity Shares of Catholic Syrian Bank	0.03	-	Prior transaction pricing	

The carrying value and fair value of financial instruments by categories are as follows:

Particulars	Level	Carrying Value		Fair Value	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
Financial assets					
Cash and cash equivalents	2	20,881.69	2,934.54	20,881.69	2,934.54
Bank Balance other than above	2	1,568.01	1,573.21	1,568.01	1,573.21
Loans	3	188,420.86	150,051.71	188,420.86	150,051.71
Investments	3	9,310.77	10,108.45	9,310.77	10,108.45
Investments	1	0.12	-	0.12	-
Derivative financial instruments	2	1,369.97	32.31	1,369.97	32.31
Other Financial assets	2	6,860.88	5,638.99	6,860.88	5,638.99
Total financial assets		**228,412.30**	**170,339.21**	**228,412.30**	**170,339.21**
Financial Liabilities					
Payables	2	1,504.12	1,138.00	1,504.12	1,138.00
Debt Securities	2	72,507.12	47,887.81	72,507.12	47,887.81
Borrowings (other than debt security)	2	102,504.50	79,483.85	102,504.50	79,483.85
Subordinated Liabilities	2	49.28	54.46	49.28	54.46
Lease Liability	2	4,339.03	-	4,339.03	-
Other Financial liabilities	2	2,642.43	2,625.94	2,642.43	2,625.94
Financial Liabilities		183,546.48	131,190.06	183,546.48	131,190.06

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The financial asset above does not include investment in subsidiary, which is measured at cost in accordance with Ind AS 27.

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, balances other than cash and cash equivalents, trade payables and other financial liabilities without a specific maturity. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances to customers

Fair value of Loans estimated using a discounted cash flow model on contractual cash flows using actual/estimated yields

Borrowings

The floating rate loans are fair valued on the basis of MCLR+spread. For fixed rate loans, the carrying values are a reasonable approximation of their fair value.

NOTE 45: RISK MANAGEMENT

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Company has a risk management policy which covers risk associated with the financial assets and liabilities. The Board of Directors of the company are responsible for the overall risk management approach, approving risk management strategies and principles. The company have a risk management policy which covers all the risk associated with its assets and liabilities.

The Company has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in the changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis

Credit Risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances.

The credit risk management policy of the Company seeks to have following controls and key metrics that allows credit risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardise the process of identifying new risks and designing appropriate controls for these risks
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Minimise losses due to defaults or untimely payments by borrowers
- Design appropriate credit risk mitigation techniques

In order to mitigate the impact of credit risk in the future profitability, the company makes reserves basis the expected credit loss (ECL) model for the outstanding loans as balance sheet date.

The below discussion describes the Company's approach for assessing impairment as stated in the significant accounting policies.

The Company considers a financial instrument defaulted and therefore Stage 3 (credit impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations ow whether Stage 2 is appropriate.

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Exposure at Default (EAD)

The outstanding balance at the reporting date is considered as EAD by the Company. Considering that the PD determined above factors in amount at default, there is no separate requirement to estimate EAD.

The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. For certain pools where historical information is available, the PD is calculated using Incremental NPA approach considering fresh slippage of past 6 years. For those pools where historical information is not available, the PD default rates as stated by external reporting agencies is considered

Based on its review of macro-economic developments and economic outlook, the Company has assessed that there are certain adjustments on account of impact of COVID 19 are required in the form of temporary overlays on its PD's as at 31 March 2020 while PD percentages for March 2019 remain unchanged. Post management overlay, the PD percentages are mentioned below:

Pools	31 March 2020			31 March 2019		
	Stage I	Stage II	Stage III	Stage I	Stage II	Stage III
1) Gold Loan - Normal Risk*	13.85%	13.85%	100.00%	14.18%	14.18%	100.00%
2) Vehicle Loan	2.68%	4.83%	100.00%	1.24%	2.53%	100.00%
3) SME Loan	6.36%	29.99%	100.00%	5.39%	10.56%	100.00%
4) Onlending, Corporate Finance and Project and Industrial Finance Loan, external ratings or internal evaluation with a management overlay for each customer.						
5) Personal Loans and other verticals, external ratings or internal evaluation with a management overlay for each customer industry segment.						

* Excludes portfolio where PD has been considered at 100%

In case of Gold loans, incremental NPA is considered after taking into account auctions during the year since in such cases is auctioned and total dues are recovered even before the account turns NPA.

Loss Given Default

The Company determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. Based on its analysis of historical trends, the Company has assessed that significant recoveries happen in the year in which default has occurred.

Portfolio	31 March 2020	31 March 2019
1) Gold Loan - Normal Risk	1.76%	0.72%
2) Vehicle Loan	42.88%	42.40%
3) SME Loan	30%	50%
4) Onlending	60%	60%
5) Corporate Finance	65%	65%
In all classified 'Loss Assets', LGD has been considered as 100%		

LGD Rates have been computed internally based on the discounted recoveries in NPA accounts that are closed/ written off/ repossessed and upgraded during the year. LGD rates for SME, corporate loans and other loans is considered based on proxy FIRB rates for secured loans.

In estimating LGD, the company reviews macro-economic developments taking place in the economy. Based on internal evaluation, company has provided a management overlay in LGD computed for Vehicle and SME portfolios.

The Company has applied management overlays to the ECL Model to consider the impact of the Covid-19 pandemic on the provision. The adjustment to the probability of default has been assessed considering the likelihood of increased credit risk and consequential default due to the pandemic. The impact on collateral values is also assessed for determination of adjustment to the loss given default and reasonable haircuts are applied wherever necessary. The number of days past due shall exclude the moratorium period for the purposes of asset classification as per the Company's policy

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As part of the management overlays, as per the approved ECL policy, the management has adjusted the underlying PD as mentioned above and in case of corporate loan by downgrading the ratings to one level lower) and LGD as computed by ECL Model as mentioned above depending on the nature of the portfolio/borrower, the management's estimate of the future stress and risk and available market information. Refer note 5 to the financial statements.

Asset & Liability management

Asset and Liability Management (ALM) is defined as the practice of managing risks arising due to mismatches in the asset and liabilities. Company's funding consists of both long term as well as short term sources with different maturity patterns and varying interest rates. On the other hand, the asset book also comprises of loans of different duration and interest rates. Maturity mismatches are therefore common and has an impact on the liquidity and profitability of the company. It is necessary for Company's to monitor and manage the assets and liabilities in such a manner to minimise mismatches and keep them within reasonable limits.

The objective of this policy is to create an institutional mechanism to compute and monitor periodically the maturity pattern of the various liabilities and assets of Company to (a) ascertain in percentage terms the nature and extent of mismatch in different maturity buckets, especially the 1-30/31days bucket, which would indicate the structural liquidity (b) the extent and nature of cumulative mismatch in different buckets indicative of short term dynamic liquidity and (c) the residual maturity pattern of repricing of assets and liabilities which would show the likely impact of movement of interest rate in either direction on profitability. This policy will guide the ALM system in Company.

The scope of ALM function can be described as follows:

- Liquidity risk management
- Management of market risks
- Others

Liquidity Risk

Liquidity risk refers to the risk that the Company may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management, is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operating and financial activities to meet its financial obligations as and when they fall due. Our resource mobilisation team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilisation team is responsible for diversifying fund raising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed.

The table below provide details regarding the contractual maturities of significant financial assets and liabilities as on:-

Maturity pattern of assets and liabilities as on 31 March 2020:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total*
Borrowings	15,272.30	11,270.83	14,316.64	20,346.60	16,884.71	20,007.39	3,345.07	-	101,443.54
Foreign Currency Term Loan	-	-	-	-	-	1,060.96	-	-	1,060.96
Debt Security	-	9,857.90	9,039.99	397.69	3,303.84	47,665.83	1,626.10	615.77	72,507.12
Subordinated Debts	0.36	0.40	1.77	4.92	9.49	32.34	-	-	49.28
Advances	45,854.67	44,193.14	68,531.74	12,615.91	7,950.51	8,384.31	789.87	99.28	188,419.43
Investments	51.83	56.82	55.79	163.91	268.95	302.83	-	8,410.76	9,310.89

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Maturity pattern of assets and liabilities as on 31 March 2019:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total*
Borrowings	9,831.17	12,429.39	3,210.83	40,127.63	4,111.32	5,468.72	615.09	2,156.85	77,951.00
Foreign Currency Term Loan	-	1,021.95	-	-	510.90	-	-	-	1,532.85
Debt Security	6,758.14	13,881.54	11,605.80	5,066.12	3,169.85	5,198.99	1,611.49	595.88	47,887.81
Subordinated Debts	0.62	0.17	0.21	3.19	1.48	43.78	5.01	-	54.46
Advances	36,705.36	35,747.13	47,434.16	11,789.96	6,352.75	10,871.86	1,093.75	56.74	150,051.71
Investments	-	-	-	-	-	-	-	10,108.45	10,108.45

*Amount represents net balance after the adjustments on account of Indian Accounting Standards

Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity, and other market changes. The Company is exposed to two types of market risk as follows:

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before taxes affected through the impact on floating rate borrowings, as follows:

Finance Cost	31 March 2020	31 March 2019
0.5% Increase	735.06	548.96

Price Risk

The Company's exposure to price risk is not material.

Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit

NOTE 46: EXPENDITURE IN FOREIGN CURRENCY

	For the year ended 31 March 2020	For the year ended 31 March 2019
Expense in connection with US Dollar Bond issue	66.84	-
Travel	0.03	0.34
Software Expenses	4.17	-
Membership & Other Fees	0.35	-
	71.39	0.34

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NOTE 47: LOANS AND ADVANCES IN THE NATURE OF LOANS GIVEN TO SUBSIDIARIES AND ASSOCIATES AND FIRMS/ COMPANIES IN WHICH DIRECTORS ARE INTERESTED

Loan given to wholly owned subsidiary:

a) Manappuram Home Finance Limited

Balance as at 31 March 2020 : ₹ 290 (31 March 2019 : ₹ 300)

Maximum amount outstanding during the year ₹ 1250 (31 March 2019: ₹ 974.40

Loan given to companies in which directors are interested:

a) Spandana Sphoorty Financial Limited

Balance as at 31 March 2020: ₹ 125.0 (31 March 2019: 300)

Maximum amount outstanding during the year ₹ 375 (31 March 2019:₹ 625)

NOTE 48 (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	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Secured Loans						
A) Gold Loan						
Standard Asset	169,023.58	129,105.20	676.39	516.36	168,347.19	128,588.84
Sub Standard Asset	360.36	255.86	36.04	25.61	324.32	230.25
Doubtful Asset	220.06	190.65	71.00	52.86	149.06	137.79
Loss Asset	67.76	63.45	67.76	63.45	-	-
Total - A	**169,671.76**	**129,615.16**	**851.19**	**658.28**	**168,820.57**	**128,956.88**
B) Other Loans						
Standard Asset	17,394.03	20,684.27	94.84	81.33	17,299.19	20,602.94
Sub Standard Asset	575.21	64.05	60.33	7.34	514.88	56.71
Doubtful Asset	198.39	91.16	94.51	34.61	103.88	56.55
Loss Asset	247.44	156.61	247.44	156.61	-	-
Total - B	**18,415.07**	**20,996.09**	**497.12**	**279.89**	**17,917.95**	**20,716.20**
Total (A+B)	**188,086.83**	**150,611.25**	**1,348.31**	**938.17**	**186,738.52**	**149,673.08**
Unsecured Loans						
A) Other Loans						
Standard Asset	1,769.29	380.03	7.88	1.52	1,761.41	378.51
Loss Asset	7.75	3.91	7.75	3.91	-	-
Total (C)	**1,777.04**	**383.94**	**15.63**	**5.43**	**1,761.41**	**378.51**
Total Loan (A+B+C)	**189,863.87**	**150,995.19**	**1,363.94**	**943.60**	**188,499.93**	**150,051.59**

NOTE 48 (B): PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS

Particulars	31 March 2020	31 March 2019
Provision for diminution in value of investments - Refer Note 11	-	-

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

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NOTE 49: INVESTMENTS

Particulars	March 31, 2020	31 March 2019
1) Value of Investments		
i) Gross Value of Investments		
(a) In India	9,315.94	10,117.67
(b) Outside India	-	-
ii) Provisions for Depreciation		
(a) In India	5.05	9.22
(b) Outside India	-	-
ii) Net Value of Investments		
(a) In India	9,310.89	10,108.45
(b) Outside India	-	-
2) Movement of provisions held towards depreciation on investments		
i) Opening balance	9.22	1.28
ii) Add : Provisions made during the year	-	7.94
iii) Less : Write-off / write-back of excess provisions during the year	(4.17)	-
iv) Closing balance	5.05	9.22

NOTE 50 (a): DISCLOSURES RELATING TO SECURITISATION

As per RBI guidelines on Securitisation DNBR. PD. 008/03.10.119/2016-17 dated 1 September 2016 updated on 16 April 2019 the details of securitisation are given below:

Particulars	31 March 2020 Numbers/Amount	31 March 2019 Numbers/Amount
(i) No of SPVs sponsored by the NBFC for securitisation transactions	1	-
(ii) Total amount of securitised assets as per books of the SPVs Sponsored	307.07	-
(iii) Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance sheet	36.96	-
(iv) Amount of exposures to securitisation transactions Other than MRR as on the date of Balance sheet	-	-

Particulars	March 31, 2020	31 March 2019
Total number of loan assets securitized during the year	17,616	-
Book value of loan assets securitized during the year	484.70	-
Sale consideration received during the year	426.53	-
Vehicle Loans Subordinated as Credit Enhancement on Assets Derecognised	58.16	-
Gain / (loss) on the securitization transaction recognised in P&L	-	-
Gain / (loss) on the securitization transactions deferred	-	-
Quantum of Credit Enhancement provided on the transactions in the form of deposits	33.93	-
Quantum of Credit Enhancement as at year end	33.93	-
Interest spread Recognised in the Statement of Profit and Loss during the Year	14.25	-

NOTE 50 (b): DETAILS OF ASSIGNMENT TRANSACTIONS

Particulars	March 31, 2020	31 March 2019
(i) Number of Accounts	1,642	-
(ii) Aggregate value (net of provisions) of accounts sold	1,088.57	-
(iii) Aggregate consideration	1,088.57	-
(iv) Aggregate consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

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

Notes
to Standalone Financial Statements for the year ended 31 March 2020

NOTE 50 (c): DETAILS OF NON-PERFORMING FINANCIAL ASSETS PURCHASED / SOLD - NIL

NOTE 51: OFF - BALANCE SHEET SPVS SPONSORED

Name of the SPV Sponsored	Vivriti Minotaur 12 2019
Domestic	307.97
Overseas	Nil

NOTE 52: EXPOSURE

Note 52 (a): Exposure to real estate sector

Category	March 31, 2020	31 March 2019
Direct Exposure		
a) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	548.46	269.37
b) Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multiple purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would not include non-fund based (NFB) limits.	194.16	48.10
c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:	-	-
i) Residential		
ii) Commercial Real Estate		
Indirect Exposure		
Exposure to Manappuram Home finance Limited (Wholly owned subsidiary)	2,365.81	2,381.45
Total exposure to real estate sector	**3,108.43**	**2,698.92**

Note 52 (b): Exposure to Capital Market

Particulars	March 31, 2020	31 March 2019
i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	8,379.84	8,362.21
ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds' does not fully cover the advances;	-	-
v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii) bridge loans to companies against expected equity flows / issues;	-	-
viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	**8,379.84**	**8,362.21**

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

Notes

to Standalone Financial Statements for the year ended 31 March 2020

NOTE 53: DETAILS OF SINGLE BORROWER LIMIT (SGL) / GROUP BORROWER LIMIT (GBL) EXCEEDED BY THE NBFC

The Company has not exceeded the Single borrower and group borrower limits

NOTE 54: PROVISIONS AND CONTINGENCIES

Particulars	March 31, 2020	31 March 2019
Break-up of Provision and contingencies in statement of profit and loss		
Provision towards NPA	446.41	60.03
Provisions for depreciation on Investment	(4.17)	7.94
Provision made towards current tax	4,296.00	4,375.90
Provision for litigation	9.25	5.47
Provision for Standard Assets	54.37	42.41

NOTE 55: DRAW DOWN FROM RESERVES

There are no drawdown reserves from statutory reserves during the year

NOTE 56: CONCENTRATION OF ADVANCES, EXPOSURES AND NPAs

i) Concentration of Advances

Particulars	March 31, 2020	31 March 2019
Total advances to twenty largest borrowers	5,683.50	8,110.06
Percentage of advances to twenty largest borrowers to total advances of the Company*	2.97%	5.32%

** Advances includes undrawn amount also*

ii) Concentration of Exposures

Particulars	March 31, 2020	31 March 2019
Total exposure to twenty largest borrowers/customers	14,744.05	17,953.01
Percentage of exposures to twenty largest borrowers/customers to total exposure of the Company on borrowers/customers	7.24%	11.05%

iii) Concentration of NPA's

Particulars	March 31, 2020	31 March 2019
Total exposure to top four NPA accounts	97.57	54.18

iv) Sector-wise NPAs

	Percentage of NPAs to Total Advances in that Sector	
Sector	March 31, 2020	31 March 2019
Agriculture & allied activities	-	-
MSME	0.21%	16.26%
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	0.68%	-
Auto loans	7.41%	1.90%
Other personal loans	0.38%	0.48%

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

Notes

to Standalone Financial Statements for the year ended 31 March 2020

v) Movement of NPAs

Particulars	March 31, 2020	31 March 2019
I) Net NPAs to Net Advances (%)	0.58%	0.32%
II) Movement of NPAs (Gross)		
a) Opening balance	825.68	694.58
b) Addition during the year	1,853.72	442.44
c) Reduction during the year	1,002.43	311.34
d) Closing balance	1,676.97	825.68
III) Movement of NPAs (Net)		
a) Opening balance	481.30	410.22
b) Addition during the year	1,447.46	291.22
c) Reduction during the year	836.61	220.14
d) Closing balance	1,092.15	481.30
IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	344.38	284.36
b) Provision made during the year	406.26	151.22
c) Write-off/write-back of excess provisions	165.82	91.20
d) Closing balance	584.82	344.38

NOTE 57: CUSTOMER COMPLAINTS

Particulars	March 31, 2020	31 March 2019
No. of complaints pending at the beginning of the year	205	385
No. of complaints received during the year	4,324	9,180
No. of complaints redressed during the year	4,458	9,360
No. of complaints pending at the end of the year	71	205

NOTE 58: MISCELLANEOUS

i) Registration obtained from other financial sector regulators

Regulator	Registration No.
Reserve Bank of India	Certificate of Registration No. B-16.00029

ii) Disclosure of Penalties imposed by RBI and other regulators

a) Imposed by BSE and NSE during the year is ₹ 0.18

No other penalties have been imposed by RBI and other Regulators during the year ended March 31, 2020 and no penalties during the year 31 March 2019.

iii) Ratings assigned by credit rating agencies and migration of ratings during the year

Credit rating Agency	Type of Facility	March 31, 2020		31 March 2019	
		₹ in million	Rating	₹ in million	Rating
Brickwork	Non-Convertible debentures	10,030	BWR AA+ (Stable)	10,030	BWR AA+ (Stable)
	Bank Loan Facility	70,000	BWR AA+ (Stable)	70,000	BWR AA+ (Stable)
CRISIL	Bank Loan Facility	50,000	CRISIL AA/ Stable	2,500	CRISIL AA-/ Positive
	Non-Convertible Debenture	40,075	CRISIL AA/ Stable	27,575	CRISIL AA-/ Positive
	Commercial Paper	40,000	CRISIL A1+	35,000	CRISIL A1+
	PCG DA	1,000	CRISIL AA (SO) Equivalent	NA	NA

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

Notes

to Standalone Financial Statements for the year ended 31 March 2020

Credit rating Agency	Type of Facility	March 31, 2020		31 March 2019	
		₹ in million	Rating	₹ in million	Rating
ICRA	Non-Convertible Debentures	2,701	Withdrawn	2,701	[ICRA]AA-(Stable)
	Pass through certificates	427	ICRA AAA(SO)	NA	NA
CARE	Bank Loan Facility Long Term	60,874	CARE AA Stable	56,800	CARE AA Stable
	Bank Loan Facility Short Term	29,126	CARE A1+	33,200	CARE A1+
	Non-Convertible Debentures	21,500	CARE AA Stable	16,800	CARE AA Stable
	Commercial Paper	40,000	CARE A1+	35,000	CARE A1+
S&P	Senior Secured Bond	21,288	BB-/Stable	NA	NA
FITCH	Senior Secured Bond	21,288	BB-/Stable	NA	NA

NOTE 59: DERIVATIVES DISCLOSURES AS PER RBI

As at 31 March 2020, the Company has recognised a net Market to Market (MTM) Gain of ₹ 1,489.81 (31 March 2019 ₹ 32.31 MTM Gain) relating to derivative contracts entered to hedge the foreign currency risk of future interest payment on fixed rate foreign currency denominated bond and foreign currency term loan, repayment of fixed rate foreign currency denominated bond and loans designated as cash flow hedges, in Hedging Reserve Account as part of the Shareholders' funds. Refer to Note no. 17 'Derivative Financial Instruments'.

Details of outstanding derivative contracts as at the year end.

Type of Derivatives	March 31, 2020		31 March 2019	
	No of contracts	Value (USD)	No of contracts	Value (USD)
Forward Contracts entered into hedge the currency risk of future interest payments	7	176,550,000	-	-
Currency Swaps	4	164,100,000	2	22,189,567

Type of Derivatives	March 31, 2020		31 March 2019	
	No of contracts	Value ₹ in million	No of contracts	Value ₹ in million
Forward Contracts entered into hedge the currency risk of future interest payments	7	13,358.66	-	-
Currency Swaps	4	12,416.63	2	1,534.52

Disclosure required as per RBI

Forward rate agreement / Interest rate swap

Particulars	March 31, 2020	31 March 2019
i) The notional principal of swap agreements	12,416.63	1,534.52
ii) The notional principal of forward rate agreements	13,358.66	-
iii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements.	-	-
iv) Collateral required by the NBFC upon entering into swaps	2,780.00	-
v) Concentration of credit risk arising from the swap	-	-
vi) The fair value of swap agreements	592.87	32.31
vii) The fair value of forward rate agreements	777.10	-

Exchange Traded interest rate (IR) derivatives : NIL

Disclosures on risk exposure of derivatives

Qualitative disclosures

The Company has a Board approved policy in dealing with derivative transactions. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Company undertakes forward contracts

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

Notes

to Standalone Financial Statements for the year ended 31 March 2020

for hedging on-balance sheet assets and liabilities. Such outstanding derivative transactions are accounted on accrual basis over the life of the underlying instrument. The Finance Resource Committee and Risk Management Committee closely monitors such transactions and reviews the risks involved.

Particulars	31 March 2020		31 March 2019	
	Swaps	Forward Agreements	Swaps	Forward Agreements
i) Derivatives (Notional principal amount)				
For Hedging	12,416.63	13,358.66	1,534.52	-
ii) Marked to Market Positions				
a) Asset (+)	709.89	779.93	32.31	-
b) Liability (-)	-	-	-	-
iii) Credit Exposure	-	-	-	-
iv) Unhedged Exposure	-	-	-	-

NOTE 60: APPENDIX BASED ON RBI NOTIFICATION DATED 13 MARCH 2020 ON IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	179,529.73	687.51	178,842.22	746.55	(59.04)
	Stage 2	8,278.03	95.73	8,182.30	32.57	63.16
Subtotal		**187,807.76**	**783.24**	**187,024.52**	**779.12**	**4.12**
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,324.50	254.14	1,070.36	96.37	157.77
Doubtful upto 1 year	Stage 3	385.01	72.94	312.07	43.62	29.32
1 to 3 years	Stage 3	1.24	0.37	0.87	75.66	(75.29)
More than 3 years	Stage 3	31.05	9.31	21.73	46.22	(36.91)
Subtotal for doubtful		**417.30**	**82.62**	**334.67**	**165.50**	**(82.88)**
Loss	Stage 3	314.30	323.01	(8.70)	322.95	0.06
Subtotal for Loss		**314.30**	**323.01**	**(8.70)**	**322.95**	**0.06**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	**1,280.00**	**1.72**	**1,278.28**	**-**	**1.72**
	Stage 2	-	-	-		-
	Stage 3	-	-	-		-
Subtotal		**1,280.00**	**1.72**	**1,278.28**	**-**	**1.72**
Total	**Stage 1**	**180,809.73**	**689.23**	**180,120.50**	**746.55**	**(57.32)**
	Stage 2	**8,278.03**	**95.73**	**8,182.30**	**32.57**	**63.16**
	Stage 3	**2,056.10**	**659.77**	**1,396.33**	**584.82**	**74.95**
	Total	**191,143.86**	**1,444.73**	**189,699.13**	**1,363.94**	**80.79**

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

Notes

to Standalone Financial Statements for the year ended 31 March 2020

NOTE 61 (a): ADDITIONAL DISCLOSURES AS REQUIRED BY THE RESERVE BANK OF INDIA

	March 31, 2020	31 March 2019
Total Gold loan portfolio	169,671.75	129,615.16
Total Assets	238,025.64	176,459.59
Gold loan portfolio as a percentage of total assets	71%	73%

NOTE 61 (b): ADDITIONAL DISCLOSURES AS REQUIRED BY THE RESERVE BANK OF INDIA

Year	Number of Loan Accounts	Principal Amount outstanding at the dates of auctions (A)	Interest & other charges outstanding at the dates of auctions (B)	Total (A+B)	Value fetched *
31-Mar-19	181,555	4,193.87	584.76	4,778.63	4,846.16
31-Mar-20	48,026	1,161.54	214.87	1,376.41	1,505.62

Note: No sister concerns participated in the auctions during the year ended 31 March 2020 and 31 March 2019.

* Net of GST / Sales Tax Collected from the buyer.

NOTE 62: FRAUD

During the year there have been certain instances of fraud on the Company by officers and employees where gold loan related misappropriations / cash embezzlements /burglaries have occurred for amounts aggregating an amount of ₹ 78.33 (31 March 2019 ₹ 10.04) of which the Company has recovered ₹ 0.06 (31 March 2019 ₹ 3.97). The Company has taken insurance cover for such losses and has filed insurance claims in this regard. Further, the Company is in the process of recovering these amounts from the employees and taking legal actions, where applicable. The Company has created provision aggregating to ₹ 73.30 (31 March 2019 - ₹ 6.07) towards these losses based on its estimate.

NOTE 63: DISCLOSURES BASED ON RBI NOTIFICATION DATED 17 APRIL 2020 ON COVID-19 REGULATORY PACKAGE - ASSET CLASSIFICATION AND PROVISIONING

Particulars	March 31, 2020
(i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	6.00
(ii) Respective amount where asset classification benefits is extended.	Nil
(iii) Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5*	26.11
(iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6.	NA

* The Company has considered additional provision for the quarter ended 31 March 2020 not less than 5% in case of all the verticals overdue accounts where moratorium request has not been received till closure of the books.

NOTE 64: PREVIOUS YEAR FIGURES

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

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director & Chief Executive Officer
DIN: 00044512

B. N. Raveendra Babu
Executive Director
DIN: 00043622

Bindu A.L
Chief Financial Officer

Manoj Kumar V.R
Company Secretary

Place: Valapad, Thrissur
Date: May 14, 2020

Independent Auditor's Report

To The Members of MANAPPURAM FINANCE LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of **Manappuram Finance Limited** ("the Holding Company") and its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March, 2020, and the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March, 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

EMPHASIS OF MATTER

We draw attention to Note 5 to the Consolidated Financial Statements, which describes that the Group has recognised impairment on financial assets to reflect the adverse business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

Our opinion and conclusion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	Interest on Gold Loan is based on the various gold loan schemes launched by the Holding Company. The calculation of the interest on gold loan as per the applicable scheme involves complexities, including rebates in the nature of reduced prospective interest rates for prompt payment and penal interest for delayed payment. Due to such variety of schemes and involvement of complexity in calculating the interest income on gold loan we have considered this as Key Audit Matter.	***Principle Audit Procedures:*** We assessed the Holding Company's process on interest income computation. Our audit approach consisted evaluating the design and implementation; testing of operating effectiveness of the internal controls and substantive testing as follows: • Evaluated the design of internal controls relating to interest income computation. • Selected a sample of continuing and new gold loan schemes and tested the operating effectiveness of the internal control, relating to interest income computation. We carried out a combination of procedures involving inquiry and observation, inspection of evidence in respect of operation of these controls. • Tested the relevant information technology systems' access and change management controls relating to interest income computation and related information used in interest computation. • Obtained the list of modifications made in the interest scheme master during the year and test checked the same on sample basis. • Performed analytical procedures and test of details procedures for testing the accuracy of the revenue recorded.

Sr. No.	Key Audit Matter	Auditor's Response
2	**Provision for Expected Credit Losses (ECL) on Loans** Group estimates impairment provision using Expected Credit loss model for the loan exposure. Measurement of loan impairment involves application of significant judgement by the Group. The most significant judgements are: • Timely identification and classification of the impaired loans, and • Determination of probability of defaults (PD) and estimation of loss given defaults (LGD) based on the value of collaterals and relevant factors The estimation of Expected Credit Loss (ECL) on financial instruments involve significant judgements and estimates. Following are points with increased level of audit focus: • Classification of assets to stage 1, 2, or 3 using criteria in accordance with Ind AS 109 which also include considering the impact of recent RBI's Covid-19 regulatory circulars; • Accounting interpretations, modelling assumptions and data used to build and run the models; • Measurement of individual borrowers' provisions including Covid-19 impact assessment of multiple economic scenarios; • Inputs and Judgements used in determination of management overlay at various asset stages considering the current uncertain economic environment with the range of possible effects unknown to the country arising out of the COVID 19 Pandemic; • The disclosures made in financial statements for ECL especially in relation to judgements and estimates by the Management in determination of the ECL. Refer note. 50 to the standalone financial statements.	***Principle Audit Procedures:*** We examined Group's Board Policies approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company. The parameters and assumptions used and their rationale and basis are clearly documented. We evaluated the design and operating effectiveness of controls across the processes relevant to ECL, including the judgements and estimates. These controls, among others, included controls over the allocation of assets into stages including management's monitoring of stage effectiveness, model monitoring including the need for post model adjustments, model validation, credit monitoring, multiple economic scenarios, individual provisions and production of journal entries and disclosures. We tested the completeness of loans and advances included in the Expected Credit Loss calculations as of 31 March, 2020 by reconciling it with the balances as per loan balance register and loan commitment report as on that date. We tested assets in stage 1, 2 and 3 on sample basis to verify that they were allocated to the appropriate stage. For samples of exposure, we tested the appropriateness of determining EAD, PD and LGD. For exposure determined to be individually impaired, we tested a samples of loans and advances and examined management's estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations. For forward looking assumptions used in ECL calculations, we held discussions with management, assessed the assumptions used and the probability weights assigned to the possible outcomes. We assessed the appropriateness of the scenarios used and calculation of the management overlay in response to Covid-19 related economic uncertainty and corroborated the assumptions using the data provided by the borrowers of the Company. We performed an overall assessment of the ECL provision levels at each stage including management's assessment on Covid-19 impact to determine if they were reasonable considering the Group's portfolio, risk profile, credit risk management practices and the macroeconomic environment. We assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 in relation to ECL especially in relation to judgements used in estimation of ECL provision.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

- The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report, Business Responsibility Report and Corporate Governance Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries, to the extent it relates to these entities and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by us.

- If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, based on our audit on the separate financial statements of the subsidiaries, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

e) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

f) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditors subsidiary companies, none of the directors of the Group companies incorporated in India is disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

h) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Holding company and the subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2016, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group; or

   ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; or

   iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

S. Sundaresan
(Partner)
(Membership No. 25776)
UDIN: 20025776AAAACM7718

Place: Bengaluru
Date: May 29, 2020

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph h) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March, 2020, we have audited the internal financial controls over financial reporting of **Manappuram Finance Limited** (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2020, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

S. Sundaresan
(Partner)
(Membership No. 25776)
UDIN: 20025776AAAACM7718

Place: Bengaluru
Date: May 29, 2020

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

Consolidated Balance Sheet

as at 31 March, 2020

Particulars		Note No:	As at 31 March, 2020	As at 31 March, 2019	As at 1 April 2018
ASSETS					
1	**Financial assets**				
	Cash and cash equivalents	9	**32,930.76**	8,403.80	4,842.82
	Bank balance other than above	10	**3,528.65**	3,238.15	2,398.43
	Derivative financial instruments	20	**1,369.97**	32.31	-
	Trade receivables	11	**24.77**	27.13	10.88
	Loans	12	**231,893.33**	178,100.06	152,429.97
	Investments	13	**900.80**	1,737.55	49.25
	Other financial assets	14	**8,019.38**	6,075.79	4,524.09
2	**Non-financial assets**				
	Current tax assets (net)	15	**961.62**	1,694.05	1,057.71
	Deferred tax assets (net)	39	**1,013.57**	770.59	1,082.64
	Investment property	16	**0.86**	0.86	0.86
	Property, plant and equipment	17	**3,272.20**	3,124.73	2,686.56
	Capital work-in-progress		**34.61**	8.90	1.47
	Right of Use Asset	46(c)	**4,190.64**	-	-
	Goodwill		**355.65**	355.65	355.65
	Other intangible assets	18	**207.03**	184.66	56.90
	Other non-financial assets	19	**807.61**	702.56	729.19
	Total assets		**289,511.45**	**204,456.79**	**170,226.42**
	LIABILITIES AND EQUITY				
	LIABILITIES				
1	**Financial liabilities**				
	Derivative financial instruments	20	**-**	-	66.62
	Payables				
	- Trade payables	21			
	(i) total outstanding dues of micro enterprises and small enterprises		**-**	0.30	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**1,736.62**	1,326.26	1,181.55
	Debt securities	22	**79,390.59**	55,986.53	54,295.44
	Borrowings (other than debt securities)	23	**137,563.86**	95,770.84	70,575.57
	Deposits	24	**0.10**	19.20	-
	Subordinated liabilities	25	**1,212.67**	1,195.88	1,199.55
	Lease Liability		**4,486.54**	-	-
	Other financial liabilities	26	**3,013.22**	2,730.40	3,438.39
2	**Non-financial Liabilities**				
	Provisions	27	**644.87**	547.67	449.62
	Other non-financial liabilities	28	**3,419.08**	954.53	566.66
			231,467.55	**158,531.61**	**131,773.40**
3	**Equity**				
	Equity share capital	29	**1,689.99**	1,685.62	1,685.07
	Other equity	30	**55,771.11**	43,780.37	36,476.35
	Equity attributable to equity holders of the parent		**57,461.10**	**45,465.99**	**38,161.42**
	Non-controlling interest		**582.80**	459.19	291.60
	Total equity		**58,043.90**	45,925.18	38,453.02
	Total Liabilities and Equity		**289,511.45**	**204,456.79**	**170,226.42**

See accompanying notes forming part of the Consolidated financial statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

S. Sundaresan
Partner

Place: Bengaluru
Date: May 29, 2020

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director & Chief Executive Officer
DIN: 00044512

B. N. Raveendra Babu
Executive Director
DIN: 00043622

Bindu A.L
Chief Financial Officer

Manoj Kumar V.R
Company Secretary

Place: Valapad, Thrissur
Date: May 14, 2020

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

Consolidated Statement of Profit and Loss

for the year ended 31 March, 2020

Particulars			Note No:	Year ended 31 March, 2020	Year ended 31 March, 2019
(I)	**Revenue from operations**				
	(i)	Interest income	31 (i)	52,170.55	40,461.25
	(ii)	Dividend Income	31 (ii)	94.71	50.76
	(iii)	Fees and commission income	31 (iii)	1,034.99	837.05
	(iv)	Net gain on fair value changes	31 (iv)	1,259.10	295.91
	(v)	Other operating income	31 (v)	93.84	150.10
	Total Revenue from operations (I)			**54,653.19**	**41,795.07**
(II)	**Other income**		32	858.69	625.18
(III)	**Total income (I + II)**			**55,511.88**	**42,420.25**
	Expenses				
	(i)	Finance costs	33	18,322.26	13,449.41
	(ii)	Fees and commission expense	34	236.63	195.78
	(iii)	Impairment on financial instruments	35	2,376.15	547.33
	(iv)	Employee benefits expenses	36	8,301.32	7,201.12
	(v)	Depreciation and amortisation	37	1,641.77	752.34
	(vi)	Other expenses	38	4,560.77	5,708.36
(IV)	**Total expenses (IV)**			**35,438.90**	**27,854.34**
(V)	**Profit before tax (III - IV)**			**20,072.98**	**14,565.91**
(VI)	**Tax expense:**				
	(1)	Current tax	39	5,344.65	4,753.17
	(2)	Deferred tax	39	(74.84)	327.24
(VII)	**Profit for the year (V - VI)**			**14,803.17**	**9,485.50**
(VIII)	**Other comprehensive income**				
	(i) Items that will not be re classified to profit or loss - Remeasurements of the defined benefit plans			(79.46)	(39.07)
	(ii) Income tax relating to items that will not be reclassified to profit or loss			19.46	13.77
	Other comprehensive income			**(60.00)**	**(25.30)**
(IX)	**Total comprehensive income (VII+VIII)**			**14,743.17**	**9,460.20**
	Profit for the year attributable to				
		Equity holders of the parent		14,677.57	9,404.60
		Non-controlling interest		125.60	80.90
	Other comprehensive income for the year, net of tax				
		Equity holders of the parent		(59.90)	(25.40)
		Non-controlling interest		(0.10)	0.10
	Total comprehensive income for the year, net of tax				
	Equity holders of the parent			14,617.67	9,379.20
	Non-controlling interest			125.50	81.00
(X)	**Earnings per equity share**		40		
	Basic (₹)			17.54	11.26
	Diluted (₹)			17.49	11.24

See accompanying notes forming part of the Consolidated financial statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

S. Sundaresan
Partner

Place: Bengaluru
Date: May 29, 2020

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director & Chief Executive Officer
DIN: 00044512

B. N. Raveendra Babu
Executive Director
DIN: 00043622

Bindu A.L
Chief Financial Officer

Manoj Kumar V.R
Company Secretary

Place: Valapad, Thrissur
Date: May 14, 2020

MANAPPURAM FINANCE LIMITED

Make Life Easy

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

Consolidated Statement of changes in Equity

for the year ended 31 March, 2020

A. EQUITY SHARE CAPITAL

E Equity shares of₹ 2 each issued, subscribed and fully paid

Particulars	No. in million	₹ in million
As at 1 April 2018	**842.53**	**1,685.07**
Issued during the year - ESOP	0.27	0.55
As at 31 March 2019	**842.80**	**1,685.62**
Issued during the year - ESOP	2.18	4.37
As at 31 March 2020	**844.98**	**1,689.99**

B. OTHER EQUITY

Particulars	Share application money pending allotment	Reserves and Surplus									Other comprehensive income - actuary gain / (loss)	Total
		Capital reserve	Statutory reserve	Share option outstanding account	Capital Redemption Reserve	Securities premium	Debenture redemption reserve	General reserve	Retained earnings	Hedge reserve		
Balance as at 1 April 2018	**-**	**-**	**7,305.15**	**238.82**	**50.00**	**13,770.39**	**144.53**	**3,885.08**	**11,094.97**	**(4.88)**	**(7.71)**	**36,476.35**
Total Comprehensive Income for the year												-
Dividends	-	-	-	-	-	-	-	-	(2,184.18)	-	-	**(2,184.18)**
Transfer to/from retained earnings	-	-	1,884.74	-	-	-	970.80	-	(2,855.54)	-	-	**(0.00)**
Other Additions/ Deductions during the year												-
Foreign exchange rate variations in hedging instruments	-	-	-	-	-	-	-	-	-	2.67	-	2.67
Shares allotted during the year	-	-	-	37.35	-	-	-	-	-	-	-	37.35
Utilised during the year	-	-	-	-	-	-	-	(258.06)	188.90	-	-	(69.16)
Share premium received during the year	31.79	-	-	-	-	23.15	-	-	-	-	-	54.94
Profit for the year (net of taxes)	-	-	-	-	-	-	-	-	9,485.23	-	-	9,485.23
Other comprehensive income for the year (net of taxes)	-	-	-	-	-	-	-	-		-	(25.28)	(25.28)
Others	-	2.45	-	-	-	-	-	-	-	-	-	2.45
Balance as at 31 March 2019	**31.79**	**2.45**	**9,189.89**	**276.18**	**50.00**	**13,793.54**	**1,115.33**	**3,627.02**	**15,729.38**	**(2.21)**	**(32.99)**	**43,780.37**

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

Consolidated Statement of changes in Equity

for the year ended 31 March, 2020

Particulars	Share application money pending allotment	Reserves and Surplus									Other comprehensive income - actuary gain / (loss)	Total
		Capital reserve	Statutory reserve	Share option outstanding account	Capital Redemption Reserve	Securities premium	Debenture redemption reserve	General reserve	Retained earnings	Hedge reserve		
Dividends	-	-	-	-	-	-	-	-	(2,859.57)	-	-	(2,859.57)
Transfer to/from retained earnings	-	-	2,920.43	-	-	-	-	-	(2,920.43)	-	-	-
Other Additions/ Deductions during the year												
Foreign exchange rate variations in hedging instruments	-	-	-	-	-	-	-	-	-	(10.63)	-	(10.63)
Shares allotted during the year	-	-	-	(9.36)	-	-	-	-	-	-	-	(9.36)
Utilised during the year	-	-	-	-	-	-	(1,115.33)	-	763.83	-	-	(351.50)
Share premium received during the year	291.36	-	-	-	-	186.24	-	-	-	-	-	477.61
Profit for the year (net of taxes)	-	-	-	-	-	-	-	-	14,803.17	-	-	14,803.17
Other comprehensive income for the year (net of taxes)	-	-	-	-	-	-	-	-	-	-	(59.44)	(59.44)
Others	-	0.46		-	-	-	-	-	-	-	-	0.46
Balance as at 31 March 2020	**323.15**	**2.91**	**12,110.32**	**266.82**	**50.00**	**13,979.78**	**-**	**3,627.02**	**25,516.38**	**(12.84)**	**(92.43)**	**55,771.11**

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

S. Sundaresan

Partner

Place: Bengaluru

Date: May 29, 2020

For and on behalf of the Board of Directors

V.P. Nandakumar

Managing Director & Chief Executive Officer

DIN: 00044512

B. N. Raveendra Babu

Executive Director

DIN: 00043622

Bindu A.L

Chief Financial Officer

Manoj Kumar V.R

Company Secretary

Place: Valapad, Thrissur

Date: May 14, 2020

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

Consolidated Cash flow statement

for the period ended 31 March 2020

	Particulars	As at 31 March 2020	As at 31 March 2019
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net profit before tax	20,072.98	14,565.91
	Adjustments for:		
	Depreciation and amortisation expense	1,641.77	752.34
	Impairment on financial instruments	1,849.28	445.36
	Provision for litigation	9.24	5.47
	Provision no longer required written back	-	(16.05)
	Provision for other assets	(7.66)	(1.81)
	Profit on sale of property, plant and equipment	(12.21)	(6.31)
	Dividend income	(94.71)	(50.76)
	Stock compensation expense	(9.36)	37.35
	Dividend received from subsidiary adjusted against reserve	50.24	-
	Finance costs	397.50	(0.00)
	Interest income from banks, investments and others	(725.46)	(959.94)
	Operating Profit before working capital changes	**23,171.61**	**14,771.56**
	Changes in working capital:		
	Decrease / (increase) in non-financial assets	(128.40)	(38.62)
	Decrease / (increase) in loans	(55,646.72)	(26,405.94)
	Decrease / (increase) in other financial assets	(1,796.53)	(539.13)
	Increase / (decrease) in Deposits	(19.10)	19.20
	Increase / (decrease) in trade payables	410.06	145.01
	Decrease / (increase) in trade receiveables	2.36	(16.25)
	Increase / (decrease) in other financial liabilities	(114.68)	312.42
	Increase / (decrease) in provisions	16.16	71.61
	Increase / (decrease) in other non-financial liabilities	2,464.56	455.32
		(54,812.29)	**(25,996.38)**
	Cash generated from operations	(31,640.68)	(11,224.82)
	Net income tax (paid)	(4,612.22)	(5,389.50)
	Net cash flows from/(used in) operating activities (A)	**(36,252.90)**	**(16,614.32)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Capital expenditure, including capital advances	(1,002.57)	(1,282.54)
	Acquisition of subsidiary	0.46	(4.13)
	Proceeds from sale of property, plant and equipment	39.76	24.04
	(Purchase) / Sale of investments	840.92	(1,696.24)
	Interest received	673.29	51.67
	Dividend received	94.71	50.76
	Bank balances not considered as cash and cash equivalents	(385.38)	(850.24)
	Net cash flows from/(used in) investing activities (B)	**261.19**	**(3,706.68)**

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

Consolidated Cash flow statement

for the period ended 31 March 2020

Particulars	As at 31 March 2020	As at 31 March 2019
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from vehicle loan	-	4.00
Repayment of vehicle loan	(7.55)	(6.28)
Proceed from finance lease	-	-
Repayment of finance lease	(34.10)	(55.48)
Proceed from term loan/Working dapital demand loan from bank	161,416.50	153,490.00
Repayment of term loan/Working dapital demand loan from bank	(109,143.89)	(146,126.27)
Proceeds from foreign currency term loan - Bank	(1,820.18)	(2.98)
Proceeds from borrowings from others	4,900.00	1,099.08
Repayment of borrowings from others	(2,004.66)	(1,540.53)
Proceeds / (Repayment) in Cash credit facilities (net)	(12,861.40)	17,461.72
Proceeds/(Repayments) to subordinated liabilities	16.79	(3.67)
Proceeds from Institutional debentures (long term)	23,650.00	2,500.00
Repayment of Institutional debentures (long term)	(7,733.33)	(8,141.86)
Proceeds from issuance of public debentures	260.33	3,899.25
Repayment of public debentures		(122.21)
Proceeds from retail debenture	-	42.31
Repayment of retail debenture	(2,271.25)	(194.32)
Proceeds from commercial paper	129,663.94	138,064.89
Repayment of commercial paper	(142,865.13)	(134,356.97)
Proceeds from US Dollar Bond	22,699.50	-
Proceeds from issue of equity shares	4.37	0.55
Share premium on equity shares allotted	477.61	54.94
Dividend paid, including dividend distribution tax	(2,859.57)	(2,184.18)
Payment of lease liabilities	(969.32)	-
Net cash flow from financing activities (C)	**60,518.66**	**23,881.99**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**24,526.96**	**3,560.99**
Cash and cash equivalents at the beginning of the year	**8,403.80**	**4,842.82**
Cash and cash equivalents at the end of the year	**32,930.76**	**8,403.80**

Note: For disclosures relating to changes in liabilities arising from financing activities, refer note 40.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

S. Sundaresan
Partner

Place: Bengaluru
Date: May 29, 2020

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director & Chief Executive Officer
DIN: 00044512

B. N. Raveendra Babu
Executive Director
DIN: 00043622

Bindu A.L
Chief Financial Officer

Manoj Kumar V.R
Company Secretary

Place: Valapad, Thrissur
Date: May 14, 2020

Notes

to Consolidated Financial Statements for the Year ended ended 31 March 2020

NOTE 1: CORPORATE INFORMATION

Manappuram Finance Limited ('MAFIL' or 'the Company' or 'the Holding Company') was incorporated on 15 July 1992 in Thrissur, Kerala. The Company is a Systemically Important Non-Deposit taking Non Banking Finance Company ('NBFC'). The Company provides a wide range of fund based and fee based services including gold loans, money exchange facilities, etc. The Company currently operates through 4,622 branches spread across the country.

The registration details are as follows:
Reserve Bank of India Registration no: B-14.00029
Corporate Identity Number (CIN): L65910KL1992PLC006623

The Company has four subsidiaries, Manappuram Home Finance Limited ('MHF'), Manappuram Insurance Brokers Limited ("Maibro") and Asirvad Microfinance Limited ('Asirvad'), Manappuram Comptech and Consultants Limited ("MACOM") which are incorporated in India. The Company along with the Subsidiaries is collectively referred to as the "Group".

MHF, a wholly owned subsidiary of the Company, was incorporated in the year 2010. MHF is a housing finance company registered with National Housing Bank under the provision of National Housing Bank Act, 1987.

Maibro, a wholly owned subsidiary of the Company, was incorporated in the year 2002 is a Company registered with IRDA.

Asirvad, was incorporated in the year 2007. Asirvad is a microfinance company registered with Reserve Bank of India under the provision of Reserve Bank of India Act, 1934.

Macom, was incorporated in the year 2000. MACOM is inolved in IT services like software publishing, consultancy and other services.

NOTE 2: BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The consolidated financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The Group has adopted Indian Accounting Standards ("Ind AS") with effect from 1 April 2018 and the effective date of transition being 1 April 2017. Accordingly, the above financial statements have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India mainly considering the Master Directions issued by the Reserve Bank of India ('RBI') as applicable to Non-Banking Finance Companies – ND and the guidelines issued by the National Housing Board (NHB) as applicable to a non deposit accepting NBFC. The financial statements for the year ended 31 March 2018 and the opening Balance Sheet as at 1 April 2018 have been restated in accordance with Ind AS for comparative information.

The preparation of consolidated financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Group are discussed in Note 8 - Significant accounting judgements, estimates and assumptions.

The consolidated financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest million, except when otherwise indicated.

NOTE 3: PRESENTATION OF FINANCIAL STATEMENTS:

The Consolidated financial statements of the Group are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

i. The normal course of business

ii The event of default

iii. The event of insolvency or bankruptcy of the Group and/or its counterparties

Derivative assets and liabilities with master netting arrangements (e.g. International Swaps and Derivative Association Arrangements) are presented net if all the above criteria are met.

NOTE 4: STATEMENT OF COMPLIANCE

These Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the other relevant provisions of the Act.

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

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5. IMPACT OF COVID-19

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020 and in accordance therewith, the Holding Company and its 2 Subsidiaries has proposed a opt-in moratorium of three months on the payment of all principal instalments and/ or interest, as applicable, falling due between 1 March 2020 and 31 May 2020 to all eligible borrowers classified as standard, even if overdue as on 29 February 2020, excluding the collections already made in the month of March 2020. For all such accounts where the moratorium is granted, the asset classification will remain at a standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification as per the Holding Company and its 2 Subsidiaries policy).

Further, the Holding Company and its 2 Subsidiaries has, based on current available information and based on the policy approved by the board, determined the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Holding Company and its 2 Subsidiaries management has considered all available internal and external information including credit reports and economic forecasts up-to the date of approval of these financial statements. Accordingly, the Holding Company and its 2 Subsidiaries has made provision for expected credit loss on financial assets as at 31 March 2020. Based on the current indicators of future economic conditions, the Holding Company and its 2 Subsidiaries considers this provision to be adequate and expects to recover the carrying amount of these financial assets.

The extent to which the COVID-19 pandemic will impact the Holding Company and its 2 Subsidiaries future results will depend on developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Holding Company and its 2 Subsidiaries. The Holding Company and its 2 Subsidiaries will continue to closely monitor any material changes to future economic conditions.

NOTE 6. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2019. The Company consolidates a subsidiary when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

The contractual arrangement with the other vote holders of the investee

- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

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

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(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NOTE 7: SIGNIFICANT ACCOUNTING POLICIES

7.1.a Recognition of Securitised assets and direct assignment transactions

Pursuant to the regulatory guidance on Ind AS issued by RBI dated 13 March 2020 to promote consistent Ind AS implementation among NBFCs, one of our subsidiaries has changed its policy on accounting for securitised assets and direct assignment transactions. The securitised assets which were hitherto, de-recognised in the books based on 'True Sale Criteria' prescribed by RBI, have now been re-recognised in the books along with interest income using effective interest rate as the company has not transferred substantially all the risks and rewards in accordance with the provisions of Indian Accounting Standard No.109 (Ind AS 109), 'Financial Instruments'. Proceeds received from securitisation has been recognised as Borrowings (other than debt securities) and Interest thereon has been recognised as Finance cost. Similarly, the gain on sale of assets arising from a direct assignment transactions, has been recognised on de-recognition as interest only strip.

Accordingly, as per para 14 (b) of IND AS 8, the subsidiary has retrospectively changed the policy to reflect the above changes in the financial statements, thereby providing reliable and more relevant information about the Company's financial position, financial performance or cash flows. The impact of such change is as under :

Financial line item	As at 31 March 2020 (increase / (decrease))	As at 31 March 2019 (increase / (decrease))	As at 1 April 2018 (increase / (decrease))
Interest Income	**274.19**	340.75	Not applicable
Net Gain on derecognition of Financial Instruments	**1,259.10**	295.72	Not applicable
Other income	**(7.50)**	(4.50)	Not applicable
Finance Cost	**884.43**	254.97	Not applicable
Provision and Other Losses	**(60.28)**	86.41	Not applicable
Other Expenses	**(8.91)**	(2.30)	Not applicable
Tax Expense	**178.85**	102.35	Not applicable
Profit after Tax for the year	**531.70**	**190.54**	Not applicable
Other Equity	**751.32**	219.61	29.07
Loans	**6,087.34**	11,766.96	3,174.85
Other Financial assets	**673.86**	58.96	(45.36)
Deferred tax assets (net)	**(296.81)**	(117.96)	(15.61)
Other non financial assets	**(1.34)**	(5.15)	-
Borrowings (other than debt security)	**5,908.78**	11,815.40	3,183.53
Other Financial liabilities	**(197.04)**	(332.21)	(98.73)

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

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7.1.b Financial Instruments

(i) Classification of financial instruments

The Group classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Group's business model for managing financial assets.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.The business model is assessed on the basis of aggregated portfolios based on observable factors. These factors include:

- Reports reviewed by the entity's key management personnel on the performance of the financial assets
- The risks impacting the performance of the business model (and the financial assets held within that business model) and its management thereof
- The compensation of the managing teams (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of trades.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

The Group also assesses the contractual terms of financial assets on the basis of its contractual cash flow characteristics that are solely for the payments of principal and interest on the principal amount outstanding.

'Principal' s defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

(ii) Financial assets measured at amortised cost

These Financial assets comprise bank balances, Loans, Trade receivables, investments and other financial assets.

Financial Assets with contractual terms that give rise to cash flows on specified dates, and represent solely payments of principal and interest on the principal amount outstanding; and are held within a business model whose objective is achieved by holding to collect contractual cash flows are measured at amortised cost.

These financial assets are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or a financial liability.

(iii) Financial assets measured at fair value through other comprehensive income

Debt instruments

Investments in debt instruments are measured at fair value through other comprehensive income where they have:

a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and

b) are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income (a separate component of equity). Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of profit and loss. As at the reporting date the Group does not have any financial instruments measured at fair value through other comprehensive income.

Equity instruments

Investment in equity instruments are generally accounted for as at fair value through the profit and loss account unless An irrevocable election has been made by management to account for at fair value through other comprehensive income Such classification is determined on an instrument-by-instrument basis.

Contingent consideration recognised by the Group in a business combination to which Ind AS 103 'Business Combination' applies, are measured at fair value through profit and loss account, where amounts presented in other comprehensive income for equity instruments are not subsequently transferred to profit or loss. Dividends on such investments are recognised in profit or loss.

(iv) Items at fair value through profit or loss

Items at fair value through profit or loss comprise:

- Investments (including equity shares) held for trading;
- Items specifically designated as fair value through profit or loss on initial recognition; and
- debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

Financial instruments held for trading

A financial instrument is classified as held for trading if it is acquired or incurred principally for selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not designated in a qualifying hedge relationship.

Trading derivatives and trading securities are classified as held for trading and recognised at fair value.

(v) Derivatives

The Group enters into derivative transactions with various counterparties like interest rate and currency swaps and forwards. The Group undertakes derivative transactions to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts are generally banks.

a) Financial Assets or Liabilities at Fair Value through Profit and Loss

This category includes derivative financial assets/ liabilities which are not designated as hedges.

Although the Group believes that these derivative instruments constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivatives that is either not designated as a hedge, or is designated but is ineffective as per Ind AS 109, is categorised as a financial asset or liability, at fair value through profit and loss.

b) Cash flow Hedge:

The Group designates certain foreign exchange forwards and swaps contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on certain balance sheet liabilities.

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of derivative instruments is recognised in other comprehensive income and accumulated in the cash flow hedge reserve.

Any ineffective portion of changes in the fair value of the derivatives is recognised immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in the cash flow hedge reserve till the period the hedge was effective remains in cash flow hedge reserve till the period the transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related transaction.

(vi) Embedded Derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract.

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(vii) Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transaction costs that are an integral part of the Effective Interest Rate (EIR).

(viii) Recognition and derecognition of financial assets and liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument, which is generally on trade date. Loans and receivables are recognised when cash is advanced (or settled) to the borrowers. Financial assets at fair value through profit or loss are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs.

The Group derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. A financial liability is derecognised from the balance sheet when the Group has discharged its obligation or the contract is cancelled or expires.

(ix) Impairment of financial assets

The Group recognises impairment allowance for expected credit loss on financial assets held at amortised cost.

The Group recognises loss allowances (provisions) for expected credit losses on its financial assets (including non-fund exposures) that are measured at amortised costs or at fair value through other comprehensive income account.

The Group applies a three-stage approach to measuring expected credit losses (ECLs) for the following categories of financial assets that are not measured at fair value through profit or loss:

- debt instruments measured at amortised cost and fair value through other comprehensive income;
- loan commitments.

No ECL is recognised on equity investments.

Financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECL – not credit impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

Stage 3: Lifetime ECL – credit impaired

Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

Determining the stage for impairment

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose.

This includes quantitative and qualitative information and also, forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowances reverts from lifetime ECL to 12-months ECL.

The loss allowances for these financial assets is based on a 12-months ECL.

When an asset is uncollectible, it is written off against the related allowance. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the allowances in the profit and loss statement.

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

Measurement of ECLs

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. The Group has grouped its various financial assets in to pools containing loans bearing homogeneous risks characteristics. The probability of default for the pools are computed based on the historical trends, adjusted for any forward looking factors. Similarly the Group computes the Loss Given Default based on the recovery rates.
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive.
- Financial guarantee contracts: as the expected payments to reimburse the holder less any amounts that the Group expects to recover.

ECL on Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets. As at the reporting date the Group does not have any debt instruments measured at fair value through OCI.

Collateral Valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as vehicles, is valued based on data provided by third parties or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Group may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet

(ix) Write-offs

The Group reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

(x) Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The Financial assets and liabilities are presented in ascending order of their liquidity. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

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- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

Difference between transaction price and fair value at initial recognition

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

7.2. Recognition of Income

(i) Interest Income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed

a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows

c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

(ii) Dividend Income

Dividend income is recognised

a. When the right to receive the payment is established,

b. it is probable that the economic benefits associated with the dividend will flow to the entity and

c. the amount of the dividend can be measured reliably

(iii) Rental Income

Rental income arising from operating leases is recognised on a straight-line basis over the lease term. In cases where the increase is in line with expected general inflation Rental Income is recognised as per the contractual terms.

Operating leases are leases where the Group does not transfer substantially all of the risk and benefits of ownership of the asset.

(iv) Fees & Commission Income

Fees and commissions are recognised when the Group satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

(v) Net gain on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Group on the balance sheet date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the statement of Profit and Loss.

However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL presented separately under the respective head in the Statement of Profit and Loss.

7.3. Expenses

(i) Finance costs

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities.

The EIR in case of a financial liability is computed

a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows

c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

(ii) Retirement and other employee benefits

Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

Post-employment employee benefits

a Defined contribution schemes

Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

Post-employment employee benefits

a) Defined contribution schemes

All the employees of the Group are entitled to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Group contribute monthly at a stipulated rate. The Group has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which 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.

b) Defined Benefit schemes

The Group provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected

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Unit Credit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

The Group fully contributes all ascertained liabilities to LIC without routing it through Trust bank account. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Company

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

Other long-term employee benefits

Group's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

The Group presents the Provision for compensated absences under provisions in the Balance Sheet.

The Company has formulated Employee Stock Option Schemes (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Scheme provide for grant of options to employees of the Company and its subsidiaries to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. The Employee Stock Option granted are accounted under the Fair Value Method stated in IND AS 102 "Accounting for Share Based Payments".

(iii) Other income and expenses

All Other income and expense are recognised in the period they occur

(iv) Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and 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. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(v) Taxes

Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognises MAT credit available as an asset only to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

ii. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

7.4 Foreign currency translation

(i) Functional and presentational currency

The consolidated financial statements are presented in Indian Rupees which is also functional currency of the Group and the currency of the primary economic environment in which the Group operates.

(ii) Transactions and balances

Initial recognition:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Conversion:

Monetary assets and liabilities denominated in foreign currency, which are outstanding as at the reporting date, are translated at the reporting date at the closing exchange rate and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

7.5 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value, cheques on hand and balances with banks. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above.

7.6 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of

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performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation

Depreciation is calculated using the Straight Line Method (SLM) to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated.

The estimated useful lives are as follows:

Particulars	Useful life of assets
Computer equipment	
- End User equipment	3 years
- Server*	3-6 years
Furniture & Fixture	
- Safe and strong rooms	10 years
- Others*	3-10 years
Office Equipment*	3-10 years
Buildings	30 years
Vehicles	8 years
Plant & Machinery	15 years

*The Group has estimated useful life which is different for Schedule II useful life's based on technical advice obtained by the management.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

7.7 Intangible assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from / upto the date of acquisition/sale.

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 6 years, unless it has a shorter useful life.

The Group's intangible assets consist of computer software with definite life.

7.8 Investment Property

Properties, held to earn rentals and/or capital appreciation are classified as investment property and measured and reported at cost, including transaction costs. For transition to Ind AS, the Group has elected to adopt as deemed cost, the carrying value of investment property as per Indian GAAP less accumulated depreciation and cumulative impairment (if any) as on the transition date of 1 April 2017.

Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013 or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.

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7.9 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

7.10 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 Group 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 Group does not recognise a contingent liability but discloses its existence in the financial statements.

7.11 Earning Per Share

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

7.12 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

The Board of Directors (BOD) of the Holding Company assesses the financial performance and position of the Company, and makes strategic decisions. The BOD of Holding Company, which has been identified as being the chief operating decision maker. The CODM has identified two reportable segments 1. Gold Loan and others, 2. Microfinance.

7.13 Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

The Group as a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives.

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They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition:

Effective 1 April 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

7.14 Business Combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary comprises of the,

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group and
- fair value of any asset or liability resulting from a contingent consideration arrangement

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the fair value of consideration over the identifiable net asset acquired is recorded as goodwill. If the consideration is lower, the gain is recognised directly in equity as capital reserve. In case, business acquisition is classified as bargain purchase, the aforementioned gain is recognised in the other comprehensive income and accumulated in equity as capital reserve. The Group recognises any noncontrolling interest in the acquired entity at fair value.

Changes in ownership that do not result in a change of control are accounted for as equity transactions and therefore do not have any impact on goodwill. The difference between consideration and the non-controlling share of net assets acquired is recognised within equity. Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method. Under pooling of interest method, the assets and liabilities of the combining entities are reflected at their carrying amounts, with adjustments only to harmonise accounting policies. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

If the initial accounting for a business combination can be determined only provisionally by the end of the first reporting period, the business combination is accounted for using provisional amounts. Adjustments to provisional amounts, and the recognition of newly identified asset and liabilities, must be made within the 'measurement period' where they reflect new information obtained about facts and circumstances that were in existence at the acquisition date. The measurement period cannot exceed one year from the acquisition date and no adjustments are permitted after one year except to correct an error.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in the statement of profit and loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

8. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the acGrouping disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. 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.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

8.1 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

8.2 Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The impairment loss on loans and advances is disclosed in more detail in Note 6.1(ix) Overview of ECL principles.

In case, higher provisions are to be considered as per the prudential norms of the Reserve Bank of India, they are considered.

Given the subjectivity and uncertainity of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude these estimates.

8.3 Effective Interest Rate (EIR) method

The Group's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

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NOTE 9: CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Cash on hand	1,189.70	1,211.76	906.90
Balances with banks - In current accounts	7,841.11	2,393.39	2897.31
On Cash Credit	17.35		
Foreign currency balances	1.71	1.31	1.17
Bank deposit with maturity of less than 3 months	23,880.89	4,797.34	1037.44
	32,930.76	8,403.80	4,842.82

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

NOTE 10: BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Deposits with original maturity for more than 3 months but less than 12 months*	3,028.62	2,566.60	1725.11
On Escrow accounts			
Unpaid matured deposit	-	-	0.07
Unpaid NCD trustee account	17.10	28.16	19.15
Unpaid auction surplus deposit	441.40	605.74	620.31
Unpaid dividend account	41.53	37.65	33.79
	3,528.65	3,238.15	2,398.43

* Includes:

a) Cash collateral deposits aggregating to ₹ 1973.19 (31 March 2019: 1517.89, 1 April 2018: ₹ 1,340.49) towards approved bank facilities;

b) Deposits amounting to ₹ 992.47 (As at 31 March 2019 : ₹ 963.23, As at 1 April 2018 : ₹ 324.05) placed as credit enhancement (cash collateral) on account of securitisation.

c) Balances with banks includes ₹ 47.42 which have restriction on repatriation. (As at 31 March 2019: ₹ 40.65, 1 April 2018: ₹ 16.50)

NOTE 11: RECEIVABLE

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Trade receivables			
Receivable considered good - Unsecured	-	1.19	-
Receivable considered good - Secured	24.77	25.94	10.88
Receivables which have significant increase in credit risk	-	-	-
Receivables - credit impaired	0.42	0.41	0.37
	25.19	27.54	11.25
Provision for impairment for:			
Receivable considered good - Unsecured	-	-	-
Receivables which have significant increase in credit risk	-	-	-
Receivables - credit impaired	(0.42)	(0.41)	(0.37)
	(0.42)	(0.41)	(0.37)
	24.77	27.13	10.88

No trade receivable are due from directors or other officers of the company either severally or jointly with any other person.

Reconciliation of impairment allowance on trade receivables:	Amount
Impairment allowance measured as per simplified approach	
Impairment allowance as per 1 April 2018	**0.37**
Add/ (less): asset originated or acquired	0.04
Impairment allowance as per 31 March 2019	**0.41**
Add/ (less): asset originated or acquired	0.01
Impairment allowance as per 31 March 2020	**0.42**

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NOTE 12: LOANS

Particulars	As at 31 March 2020					As at 31 March 2019					As at 1 April 2018				
	Amortised Cost	At Fair value			Total	Amortised Cost	At Fair value			Total	Amortised Cost	At Fair value			Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	
LOANS															
(A)															
i) Term loans															
- Gold Loan	169,671.75	-	-	-	169,671.75	129,615.16	-	-	-	129,615.16	117,363.93	-	-	-	117,363.93
- Commercial Vehicle Loan	12,175.25	-	-	-	12,175.25	11,052.32	-	-	-	11,052.32	5,974.34	-	-	-	5,974.34
- Mortgage/Property Loan	271.99	-	-	-	271.99	298.52	-	-	-	298.52	348.86	-	-	-	348.86
- Onlending	5,540.34	-	-	-	5,540.34	9,300.59	-	-	-	9,300.59	5,497.92	-	-	-	5,497.92
- Corporate Finance	255.98	-	-	-	255.98	299.94	-	-	-	299.94	-	-	-	-	-
- Housing Finance												-	-	-	-
i) Home Loan	4,549.09	-	-	-	4,549.09	3,780.42	-	-	-	3,780.42	2,666.36	-	-	-	2,666.36
ii) Other Loan	1,799.79	-	-	-	1,799.79	1,434.85	-	-	-	1,434.85	1,099.35	-	-	-	1,099.35
- Microfinance Loan	39,374.98	-	-	-	39,374.98	23,751.20	-	-	-	23,751.20	21,149.62	-	-	-	21,149.62
- Business Loan	-	-	-	-	-	48.08	-	-	-	48.08	52.76	-	-	-	52.76
- Others	1,669.22	-	-	-	1,669.22	80.58	-	-	-	80.58	4.49	-	-	-	4.49
Total (A) - Gross	235,308.39	-	-	-	235,308.39	**179,661.66**	**-**	**-**	**-**	**179,661.66**	**154,157.63**	**-**	**-**	**-**	**154,157.63**
Less : Impairment loss allowance	3,415.06	-	-	-	3,415.06	1,561.60	-	-	-	1,561.60	1,727.66	-	-	-	1,727.66
Total (A) - Net	231,893.33	-	-	-	231,893.33	**178,100.06**	**-**	**-**	**-**	**178,100.06**	**152,429.97**	**-**	**-**	**-**	**152,429.97**
(B)															
i) Secured by tangible assets	7,660.34	-	-	-	7,660.34	155,546.09	-	-	-	155,546.09	132,988.63	-	-	-	132,988.63
ii) Unsecured	227,648.05	-	-	-	227,648.05	24,115.57	-	-	-	24,115.57	21,169.00	-	-	-	21,169.00
Total (B)-Gross	235,308.39	-	-	-	235,308.39	**179,661.66**	**-**	**-**	**-**	**179,661.66**	**154,157.63**	**-**	**-**	**-**	**154,157.63**
Less : Impairment loss allowance	3,415.06	-	-	-	3,415.06	1,561.60	-	-	-	1,561.60	1,727.66	-	-	-	1,727.66
Total (B)-NET	231,893.33	-	-	-	231,893.33	**178,100.06**	**-**	**-**	**-**	**178,100.06**	152,429.97	**-**	**-**	**-**	**152,429.97**
(C)															
(I) Loans In India															
i) Public Sector	-	-	-	-	-	-	-	-	-	-					
ii) Others	235,308.39	-	-	-	235,308.39	179,661.66	-	-	-	179,661.66	154,157.63	-	-	-	154,157.63
Total (C) (I)- Gross	235,308.39	-	-	-	235,308.39	**179,661.66**	**-**	**-**	**-**	**179,661.66**	**154,157.63**	**-**	**-**	**-**	**154,157.63**
Less : Impairment loss allowance	3,415.06	-	-	-	3,415.06	1,561.60	-	-	-	1,561.60	1,727.66	-	-	-	1,727.66
Total (C) (I)-Net	231,893.33	-	-	-	231,893.33	**178,100.06**	**-**	**-**	**-**	**178,100.06**	**152,429.97**	**-**	**-**	**-**	**152,429.97**

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

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to Consolidated Financial Statements for the Year ended ended 31 March 2020

Summary of ECL provisions

Particulars	FY 2019-20				FY 2018-19				FY 2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
i) Gold loan	472.95	62.63	85.83	621.41	145.24	20.23	481.51	646.98	334.98	14.15	250.19	599.32
ii) Commercial Vehicle loan (CVD)	130.00	31.46	485.78	647.24	54.42	9.24	89.03	152.69	31.14	6.03	89.53	126.70
iii) Mortgage/Property loan	4.47	1.34	80.37	86.19	4.73	0.82	52.57	58.13	4.95	3.44	60.58	68.96
iv) Onlending	44.16	-	-	44.16	36.78	-	-	36.78	43.64	-	-	43.64
v) Corporate Finance	1.44	-	-	1.44	-	-	-	-	-	-	-	-
vi) Microfinance	986.03	3.99	861.01	1,851.03	352.94	1.05	184.72	538.72	238.07	1.14	567.61	806.83
vii) Home finance	25.54	12.33	51.80	89.67	15.89	14.28	36.54	66.71	16.47	18.70	37.32	72.48
viii) Others	45.44	4.86	23.61	73.92	3.75	4.07	7.66	15.48	3.02	3.01	3.70	9.73
Total closing ECL provision	**1,710.03**	**116.62**	**1,588.41**	**3,415.06**	**613.75**	**49.70**	**852.04**	**1,515.49**	**672.27**	**46.47**	**1,008.93**	**1,727.66**

Provision as per RBI Prudential Norms	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Total	**1,926.26**	**1,341.73**	**1,499.48**

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

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to Consolidated Financial Statements for the Year ended ended 31 March 2020

NOTE 13: INVESTMENTS

Particulars	Amortised Cost	At Fair value Through profit or loss	Total
As at 31 March 2020			
i) Debt Instruments (unquoted)			-
Invesment in Pass through certificates (PTC's)	905.18	-	905.18
ii) Equity instruments in others	-	0.62	0.62
1000 Equity shares of ₹ 10/- each fully paid in CSB Bank Ltd.(Quoted)			
50,000 Equity share of ₹ 10/- each fully paid in Alpha Microfinance Consultants Private Limited.(Unquoted)			
iii) Government securities(Unquoted)	0.05		0.05
50000 securities of ₹10/- each paid in National Saving Certificate.			
Total Gross (A)	**905.23**	**0.62**	**905.85**
i) Investments outside India	-	-	-
ii) Investments in India	905.23	0.62	905.85
Total Gross (B)	**905.23**	**0.62**	**905.85**
Less : Allowance for impairment loss	5.05	-	5.05
Total - Net (D) = (A) -(C)	**900.18**	**0.62**	**900.80**
As at 31 March 2019			
i) Debt Instruments (unquoted)			-
Invesment in Pass through certificates (PTC's)	1,746.24	-	1,746.24
ii) Equity instruments in others (Unquoted)	-	0.53	0.53
1000, Equity shares of ₹ 10/- each fully paid in CSB Bank Ltd.			
50,000 Equity share of ₹ 10/- each fully paid in Alpha Microfinance Consultants Private Limited.			
Total Gross (A)	**1,746.24**	**0.53**	**1,746.77**
i) Investments outside India	-	-	-
ii) Investments in India	1,746.24	0.53	1,746.77
Total Gross (B)	**1,746.24**	**0.53**	**1,746.77**
Less : Allowance for impairment loss	9.22	-	9.22
Total - Net (D) = (A) -(C)	**1,737.02**	**0.53**	**1,737.55**
As at1 April 2018			
i) Debt Instruments (Unquoted)			
50, Non-convertible Subordinate bonds of ₹ 1,000,000/- each fully paid in Dhanalaxmi Bank Limited	50.00	-	50.00
ii) Equity instruments in others (Unquoted)	-	0.53	0.53
1000, Equity shares of ₹ 10/- each fully paid in CSB Bank Ltd.			
50,000 Equity share of ₹ 10/- each fully paid in Alpha Microfinance Consultants Private Limited.			
Total Gross (A)	**50.00**	**0.53**	**50.53**
i) Investments outside India	-	-	-
ii) Investments in India	50.00	0.53	50.53
Total Gross (B)	**50.00**	**0.53**	**50.53**
Less : Allowance for impairment loss	1.28	-	1.28
Total - Net (D) = (A) -(C)	**48.72**	**0.53**	**49.25**

Investment designated at FVTPL is a portfolio of equity instruments. Equity instruments have been classified at Fair value through profit and loss since cash flows from equity instruments does not represent solely payment of principal and interest.

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to Consolidated Financial Statements for the Year ended ended 31 March 2020

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

NOTE 13: INVESTMENTS (CONTD.)

Debt instruments measured at amortised cost

Credit Quality of Assets

Internal Grade Rating	31-Mar-20				31-Mar-19				01-Apr-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing												
High Grade	905.18	-	-	905.18	1,746.24	-	-	1,746.24	-	-	-	-
Standard Grade	-	-	-	-	-	-	-	-	-	50.00	-	50.00
Non-Performing												
Individually Impaired	-	-	-	-	-	-	-	-	-	-	-	-
Total	**905.18**	**-**	**-**	**905.18**	**1,746.24**	**-**	**-**	**1,746.24**	**-**	**50.00**	**-**	**50.00**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other Investments is, as follows

Particulars	2019-20				2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross Carrying amount – opening balance	1,746.24	-	-	1,746.24	-	50.00	-	50.00	-	50.00	-	50.00
New assets purchased	52.75	-	-	52.75	1,746.24	-	-	1,746.24	-	-	-	-
Assets derecognised or matured	(893.81)	-	-	(893.81)	-	(50.00)	-	(50.00)	-	-	-	-
Closing balance	**905.18**	**-**	**-**	**905.18**	**1,746.24**	**-**	**-**	**1,746.24**		**50.00**		**50.00**

Particulars	2019-20				2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening Balance of ECL	9.22	-	-	9.22	-	1.28	-	1.28	-	1.50	-	1.50
ECL on new assets purchased	0.25	-	-	0.25	9.22	-	-	9.22	-	-	-	-
ECL on derecognised or matured assets / others	(4.42)	-	-	(4.42)	-	(1.28)	-	(1.28)	-	(0.22)	-	(0.22)
Closing balance in ECL	**5.05**	**-**	**-**	**5.05**	**9.22**	**-**	**-**	**9.22**	**-**	**1.28**	**-**	**1.28**

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

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to Consolidated Financial Statements for the Year ended ended 31 March 2020

NOTE 14: OTHER FINANCIAL ASSETS

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Interest accrued on loan portfolio (Secured, considered good)	5,172.76	3,885.71	2994.19
Interest accrued on fixed deposits and investment	146.13	93.96	77.21
Bank deposits with original maturity exceeding 12 months*	510.89	416.00	310.76
Security deposits**	616.75	553.72	555.36
Commission receivable	3.64	3.88	1.71
Funds-in-transit	111.63	324.64	129.97
Gold investment	187.43	200.87	202.69
Asset held for sale	38.28	31.55	-
Others	1,231.87	565.46	252.20
Total	**8,019.38**	**6,075.79**	**4,524.09**

* Employee security deposits aggregating to ₹ 448.67 (31 March 2019 408.04, 1 April 2018: ₹ 297.72)

** Deposits aggregating to ₹ 35.21 (31 March 2019 47.10, 1 April 2018: ₹ 44.35) towards security deposit to various authorities.

NOTE 15: CURRENT TAX ASSETS (NET)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Advance tax and tax deducted at source (net of Provisions for taxation)	961.62	1,694.05	1,057.71
Total	**961.62**	**1,694.05**	**1,057.71**

NOTE 16: INVESTMENT PROPERTY

Particulars	Amount
Cost:	
At 1 April 2018	**0.86**
Additions	-
Disposals	-
At 31 March 2019	**0.86**
Additions	-
Disposals	-
At 31 March 2020	**0.86**
Depreciation and impairment:	
At 1 April 2018	-
Disposals	-
Depreciation charge for the period	-
At 31 March 2019	-
Disposals	-
Depreciation charge for the period	-
At 31 March 2020	-
Net book value:	
At 31 March 2018	**0.86**
At 31 March 2019	**0.86**
At 31 March 2020	**0.86**

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

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to Consolidated Financial Statements for the Year ended ended 31 March 2020

NOTE 17: PROPERTY, PLANT AND EQUIPMENT

Particulars	Land-Freehold	Buildings	Office equipment	Electrical Installation	Computer equipment *	Furniture and Fixtures	Vehicles	Plant and Equipments	Total
Cost:									
At 1 April 2018	149.43	1,214.54	163.46	55.61	598.16	1,001.95	78.01	33.21	3,294.37
Additions	36.21	76.54	97.81	65.75	231.55	642.03	6.24	0.15	1,156.28
Addition on acquisition of Subsidiary	-	-	-	-	14.66	7.35	-	4.15	26.16
Disposals	-	-	3.09	0.24	47.88	2.39	19.31	-	72.91
At 31 March 2019	**185.64**	**1,291.08**	**258.18**	**121.12**	**796.49**	**1,648.94**	**64.94**	**37.51**	**4,403.90**
Cost:									
At 1 April 2019	185.64	1,291.08	258.18	121.12	796.49	1,648.94	64.94	37.51	4,403.90
Additions	89.93	26.52	71.50	23.58	205.33	505.64	3.56	6.19	932.25
Addition on acquisition of Subsidiary	-	-	-	-	-	-	-	-	-
Disposals	-	-	9.22	2.29	206.03	65.29	5.56	-	288.39
At 31 March 2020	**275.57**	**1,317.60**	**320.46**	**142.41**	**795.79**	**2,089.29**	**62.94**	**43.70**	**5,047.76**
Accumulated Depreciation:									
At 1 April 2018	**-**	**16.23**	**77.74**	**24.21**	**209.46**	**258.58**	**18.28**	**3.31**	**607.81**
Depreciation charge for the year	-	43.33	73.80	29.73	263.08	286.05	11.35	3.32	710.66
Addition on acquisition of Subsidiary	-	-	-	-	9.99	6.06	-	3.94	19.99
Eliminated on disposal of Assets	-	-	2.98	0.24	47.63	2.02	6.42	-	59.29
At 31 March 2019	**-**	**59.56**	**148.56**	**53.70**	**434.90**	**548.67**	**23.21**	**10.57**	**1,279.17**
At 1 April 2019									
Accumulated Depreciation:	-	**59.56**	**148.56**	**53.70**	**434.90**	**548.67**	**23.21**	**10.57**	**1,279.17**
Depreciation charge for the year	-	51.29	72.09	33.16	242.73	345.90	8.44	3.62	757.23
Addition on acquisition of Subsidiary									-
Eliminated on disposal of Assets	-	-	2.63	2.28	205.97	45.07	4.89	-	260.84
At 31 March 2020	-	**110.85**	**218.02**	**84.58**	**471.66**	**849.49**	**26.76**	**14.19**	**1,775.56**
Carrying Amount									
As at 1 April 2018	**149.43**	**1,198.31**	**85.72**	**31.40**	**388.70**	**743.37**	**59.73**	**29.90**	**2,686.56**
At 31 March 2019	**185.64**	**1,231.52**	**109.62**	**67.42**	**361.59**	**1,100.27**	**41.73**	**26.94**	**3,124.73**
At 31 March 2020	**275.57**	**1,206.74**	**102.44**	**57.83**	**324.14**	**1,239.80**	**36.18**	**29.51**	**3,272.20**

* Includes Computers taken on finance lease - Gross block ₹ 218.72 as at 31 March 2020 (31 March 2019: ₹ 230.42, 1 April 2018: ₹ 218.08). Depreciation for the year ₹ 46.35 (31 March 2019: ₹ 58.21), Accumulated Depreciation ₹ 183.87 as at 31 March 2020 (31 March 2019: ₹ 149.22, 1 April 2018: ₹ 96.98) Net block ₹ 34.85 as at 31 March 2020 (31 March 2019: ₹ 81.20, 1 April 2018: ₹ 121.09)

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

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to Consolidated Financial Statements for the Year ended ended 31 March 2020

NOTE 18: OTHER INTANGIBLE ASSETS

Particulars	Computer Software
Cost:	
At 1 April 2018	71.38
Additions	173.14
Addition on acquisition of Subsidiary	9.65
Disposals	4.12
At 31 March 2019	**250.05**
At 1 April 2019	250.05
Additions	67.95
Addition on acquisition of Subsidiary	-
Disposals	
At 31 March 2020	**318.00**
Accumulated Amortisation	
At 1 April 2018	14.48
Charge for the year	41.68
Addition on acquisition of Subsidiary	9.24
Eliminated on disposal of Assets	0.01
At 31 March 2019	**65.39**
Accumulated Amortisation	
At 1 April 2019	65.39
Charge for the year	45.58
Addition on acquisition of Subsidiary	
Eliminated on disposal of Assets	
At 31 March 2020	-
Net book value	**110.97**
At 1 April 2018	**56.90**
At 31 March 2019	**184.66**
At 31 March 2020	**207.03**

NOTE 19: OTHER NON-FINANCIAL ASSETS

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Prepaid expenses	11.14	2.54	4.26
Balance with government authorities	6.10	2.15	5.53
Capital advances	12.49	10.86	65.17
Deferred lease rentals	0.62	68.55	94.02
Others	777.26	618.46	560.21
	807.61	**702.56**	**729.19**

NOTE 20: DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivatives for risk management purposes in relation to the risk of changes in foreign exchange rates on foreign currency exposures. Derivatives held by the Group for the purpose of risk management includes both hedges that meet the hedge accounting requirements or hedges that are only enconomic hedges and valued at fair value through profit and loss.

These derivatives are valued at fair value which are quoted prices for similar assets and liabilities in active markets or inputs that are directly/ indirectly obserable in the market place.

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

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to Consolidated Financial Statements for the Year ended ended 31 March 2020

The below table shows the details of the derivative instruments held by the Group:

Particulars	Amount as at		
	31 March 2020	31 March 2019	1 April 2018
A) Derivatives designated as Cash flow Hedges:			
Forward Contracts	(777.10)	-	-
Cross Currency interest rate Swaps	(519.96)	-	-
Sub total (A)	**(1,297.06)**	**-**	**-**
B) Other Derivatives			
Cross Currency interest rate Swaps	(72.91)	(32.31)	66.62
Sub total (B)	**(72.91)**	**(32.31)**	**66.62**
Total derivative financial instruments (A) +B))	**(1,369.97)**	**(32.31)**	**66.62**

NOTE 20.1 HEDGING ACTIVITIES AND DERIVATIVES

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk.

The Group's risk management strategy and how it is applied to manage risk are explained in Note 50 below.

NOTE 20.2 DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS

The Group is exposed to foreign currency risk arising from its fixed rate foreign currency denominated bond amounting to USD 300 million. Interest on the borrowing is payable at 5.9 % p.a. at half yearly intervals, and the principal amount is repayable in January 2023. The Group economically hedged the foreign currency risk arising from the bond with Forward Rate Agreement and Cross Currency Interest Rate swaps of equivalent amount. The Cross Currency Interest Rate Swaps converts the cash outflows of the foreign currency fixed rate borrowing of USD 300 million to cash outflows in Indian Rupees with a notional amount of ₹ 21,288 million

There is an economic relationship between the hedged item and the hedging instrument as the terms of the forward currency contract match that of the foreign currency borrowing (notional amount, principal repayment date etc.). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the forward currency contract are identical to the hedged risk components. For the purpose of calculating hedge effectiveness, the Group uses a qualitative features to determine the hedge effectiveness.

The reconciliation of cash flow hedge reserve for the years ended 31 March 2020 and 31 March 2019 are as follows:

Particulars	Amount as at		
	31 March 2020	31 March 2019	1 April 2018
Cash flow hedge reserve as at beginning of the year	-	-	-
Gain/ (loss) recognised in other comprehensive income during the year	5.41	-	-
Less: Tax impact on the above	(1.36)	-	-
Amount reclassified to Profit/ Loss account	-	-	-
Total derivative financial instruments (A) +B))	**4.05**	**-**	**-**

NOTE 20.3 DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS

The Group is exposed to foreign currency risk arising from its fixed rate foreign currency borrowing amounting to USD 14.10 million. Interest on the borrowing is payable at 3-6% p.a. and the principal amount is repayable in July 2022. The Group economically hedged the foreign currency risk arising from the loan with Cross Currency Interest Rate swaps of equivalent amount. The Cross Currency Interest Rate Swaps converts the cash outflows of the foreign currency fixed rate borrowing of USD 14.10 million to cash outflows in Indian Rupees with a notional amount of ₹ 1534.52 million

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

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to Consolidated Financial Statements for the Year ended ended 31 March 2020

NOTE 21: TRADE PAYABLES

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
(i) total outstanding dues of micro enterprises and small enterprises	-	0.30	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,736.62	1,326.26	1,181.55
Total	**1,736.62**	**1,326.56**	**1,181.55**

Note 21(i) Disclosures required under Section 22 of the Micro,Small & Medium Enterprises Development Act, 2006

Particulars	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.	-	0.30	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-
Total	**-**	**0.30**	**-**

NOTE 22: DEBT SECURITIES

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
At amortised cost			
Commercial Papers (unsecured)	19,608.03	32,809.22	29,101.30
US Dollar Bonds (Secured)	22,699.50	-	-
Privately placed redeemable non-convertible debentures (Secured)	32,467.59	18,822.17	24,616.04
Others - Non-convertible Debentures - Public issue (Secured)	4,615.47	4,355.14	578.10
Total (A)	**79,390.59**	**55,986.53**	**54,295.44**
Debt securities in India	56,691.09	55,986.53	54,295.44
Debt securities outside India	22,699.50	-	-
Total (B)	**79,390.59**	**55,986.53**	**54,295.44**

Commercial papers carry interest rates of 5.8% to 10.3% (31 March 2019 : 7.5% to 9.60% p.a., 1 April 2018 7.85% to 8.30%) and their tenure ranges from 74 days to 365 days. (31 March 2019 : 47 days to 180 days, 1 April 2018: 60 days to 364 days). US Dollar Bonds carry interest rates of 5.90% p.a (31 March 2019 : Nil) and their tenure is for 3 years (31 March 2019 : Nil) which is secured by way of floating charge on the book debts of the Company on gold and other unencumbered assets.

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 1 year to 10 years.

US Dollar Bonds are secured by way of floating charge on the book debts of the Company on gold and other unencumbered assets.

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

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to Consolidated Financial Statements for the Year ended ended 31 March 2020

Detail of Redeemable Non-Convertible Debentures

Sr. No.	Private Placement/ Public issue	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of interest p.a.	Face value	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018	Secured/ Unsecured	Terms of redemption
1	Private Placement	28-Jul-16	28-Jul-18	1,000,000	400	10.30%	400.00	-	-	400.00	Secured	On Maturity
2	Private Placement	28-Jul-16	28-Jul-18	1,000,000	1,000	10.30%	1,000.00	-	-	1,000.00	Secured	On Maturity
3	Private Placement	31-Aug-16	20-Dec-18	1,000,000	2,000	10.20%	2,000.00	-	-	2,000.00	Secured	On Maturity
4	Private Placement	5-Aug-16	28-Dec-18	1,000,000	1,000	10.31%	1,000.00	-	-	1,000.00	Secured	On Maturity
5	Public Issue	28-Jan-14	28-Jan-19	1,000	4,919	11.50%	4.92	-	-	4.92	Secured	On Maturity
6	Public Issue	28-Jan-14	28-Jan-19	1,000	9,265	12.00%	9.27	-	-	9.27	Secured	On Maturity
7	Public Issue	28-Jan-14	28-Jan-19	1,000	1,875	Zero Coupon	1.88	-	-	1.88	Secured	On Maturity
8	Private Placement	5-Aug-16	15-Mar-19	1,000,000	1,500	10.31%	1,500.00	-	-	1,500.00	Secured	On Maturity
9	Private Placement	27-Sep-16	20-Mar-19	1,000,000	1,000	10.05%	1,000.00	-	-	1,000.00	Secured	On Maturity
10	Private Placement	27-Sep-16	20-Mar-19	1,000,000	500	10.05%	500.00	-	-	500.00	Secured	On Maturity
11	Private Placement	23-Aug-16	22-Mar-19	1,000,000	750	10.20%	750.00	-	-	750.00	Secured	On Maturity
12	Private Placement	23-May-16	4-Apr-19	1,000,000	1,500	10.50%	1,500.00	-	1,500.00	1,500.00	Secured	On Maturity
13	Public Issue	5-Apr-14	5-Apr-19	1,000	5,012	11.50%	5.01	-	5.01	5.01	Secured	On Maturity
14	Public Issue	5-Apr-14	5-Apr-19	1,000	4,661	12.00%	4.66	-	4.66	4.66	Secured	On Maturity
15	Public Issue	5-Apr-14	5-Apr-19	1,000	3,786	Zero Coupon	3.79	-	3.79	3.79	Secured	On Maturity
16	Private Placement	29-Jun-16	29-Jun-19	1,000,000	400	9.80%	400.00	-	400.00	400.00	Secured	On Maturity
17	Private Placement	29-Jun-18	29-Jun-19	1,000,000	665	9.50%	665.00	-	665.00	-	Secured	On Maturity
18	Private Placement	31-Jul-18	31-Jul-19	1,000,000	168	9.50%	168.33	-	168.33	-	Secured	On Maturity
19	Private Placement	26-Aug-16	26-Aug-19	1,000,000	500	10.25%	500.00	-	500.00	500.00	Secured	On Maturity
20	Private Placement	15-Sep-16	15-Sep-19	1,000,000	2,000	10.15%	2,000.00	-	2,000.00	2,000.00	Secured	On Maturity
21	Private Placement	14-Oct-16	14-Oct-19	1,000,000	2,500	9.99%	2,500.00	-	2,500.00	2,500.00	Secured	On Maturity
22	Public Issue	18-Oct-14	18-Oct-19	1,000	22,024	11.25%	22.02	-	22.02	22.02	Secured	On Maturity
23	Public Issue	18-Oct-14	18-Oct-19	1,000	11,446	11.50%	11.45	-	11.45	11.45	Secured	On Maturity
24	Public Issue	18-Oct-14	18-Oct-19	1,000	1,524	Zero Coupon	1.52	-	1.52	1.52	Secured	On Maturity
25	Public Issue	28-Jan-14	28-Nov-19	1,000	175,298	Zero Coupon	175.30	-	175.30	175.30	Secured	On Maturity
26	Public Issue	29-Nov-18	3-Jan-20	1,000	277,977	Zero Coupon	277.98	-	277.98	-	Secured	On Maturity
27	Public Issue	5-Apr-14	5-Feb-20	1,000	187,771	Zero Coupon	187.77	-	187.77	187.77	Secured	On Maturity
28	Private Placement	29-Jun-18	29-Jun-20	1,000,000	665	9.50%	665.00	**665.00**	665.00	-	Secured	On Maturity
29	Private Placement	31-Jul-18	31-Jul-20	1,000,000	168	9.50%	168.33	**168.33**	168.33	-	Secured	On Maturity
30	Private Placement	30-Oct-17	29-Oct-20	1,000,000	2,000	8.80%	2,000.00	**2,000.00**	2,000.00	2,000.00	Secured	On Maturity
31	Public Issue	29-Nov-18	28-Nov-20	1,000	113,741	9.85%	113.74	**113.74**	113.74	-	Secured	On Maturity
32	Public Issue	29-Nov-18	28-Nov-20	1,000	122,818	Zero Coupon	122.82	**122.82**	122.82	-	Secured	On Maturity
33	Public Issue	18-Oct-14	18-Jan-21	1,000	150,523	Zero Coupon	150.52	**150.52**	150.52	150.52	Secured	On Maturity
34	Private Placement	29-Jun-18	29-Jun-21	1,000,000	665	9.50%	665.00	**665.00**	665.00	-	Secured	On Maturity
35	Private Placement	31-Jul-18	31-Jul-21	1,000,000	168	9.50%	168.33	**168.33**	168.33	-	Secured	On Maturity
36	Public Issue	29-Nov-18	29-Nov-21	1,000	274,444	9.60%	274.44	**274.44**	274.44	-	Secured	On Maturity
37	Public Issue	29-Nov-18	29-Nov-21	1,000	217,458	10.00%	217.46	**217.46**	217.46	-	Secured	On Maturity
38	Public Issue	29-Nov-18	29-Nov-21	1,000	193,893	Zero Coupon	193.89	**193.89**	193.89	-	Secured	On Maturity
39	Public Issue	6-Mar-19	6-Mar-22	1,000	153,131	9.35%	153.13	**153.13**	153.13	-	Secured	On Maturity

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

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Detail of Redeemable Non-Convertible Debentures (conted.)

Sr. No.	Private Placement/ Public issue	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of interest p.a.	Face value	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018	Secured/ Unsecured	Terms of redemption
40	Public Issue	6-Mar-19	6-Mar-22	1,000	166,041	9.75%	166.04	166.04	166.04	-	Secured	On Maturity
41	Public Issue	6-Mar-19	6-Mar-22	1,000	174,749	Zero Coupon	174.75	174.75	174.75	-	Secured	On Maturity
42	Private Placement	20-Mar-13	20-Mar-23	1,000,000	30	13.25%	30.00	30.00	30.00	30.00	Secured	On Maturity
43	Public Issue	29-Nov-18	29-Nov-23	1,000	574,214	10.00%	574.21	574.21	574.21	-	Secured	On Maturity
44	Public Issue	29-Nov-18	29-Nov-23	1,000	299,989	10.40%	299.99	299.99	299.99	-	Secured	On Maturity
45	Public Issue	29-Nov-18	29-Nov-23	1,000	147,955	Zero Coupon	147.96	147.96	147.96	-	Secured	On Maturity
46	Public Issue	6-Mar-19	6-Mar-24	1,000	285,001	9.75%	285.00	285.00	285.00	-	Secured	On Maturity
47	Public Issue	6-Mar-19	06-Mar-24	1,000	205,402	10.15%	205.40	205.40	205.40	-	Secured	On Maturity
48	Public Issue	6-Mar-19	6-Mar-24	1,000	89,932	Zero Coupon	89.93	89.93	89.93	-	Secured	On Maturity
49	Public Issue	29-Nov-18	29-Nov-25	1,000	397,723	Zero Coupon	397.72	397.72	397.72	-	Secured	On Maturity
50	Public Issue	6-Mar-19	5-May-26	1,000	204,779	Zero Coupon	204.78	204.78	204.78	-	Secured	On Maturity
51	Public Issue	Various Dates	Various Dates	1,000	42,309	0.00%	42.31	42.31	42.31	-	Secured	On Maturity
52	Private Placement	27-Sep-19	27-Sep-22	1,000,000	2,000	10.50%	2,000.00	2,000.00	-	1,503.39	Secured	On Maturity
53	Private Placement	27-Sep-19	27-Sep-22	1,000,000	50	10.50%	50.00	50.00	-	-	Secured	On Maturity
54	Private Placement	27-Sep-19	27-Sep-22	1,000,000	100	10.50%	100.00	100.00	-	-	Secured	On Maturity
55	Private Placement	7-Nov-19	7-Nov-22	1,000,000	2,500	9.75%	2,500.00	2,500.00	-	-	Secured	On Maturity
56	Private Placement	18-Nov-19	18-Nov-22	1,000,000	1,800	9.75%	1,800.00	1,800.00	-	-	Secured	On Maturity
57	Private Placement	18-Nov-19	18-Nov-22	1,000,000	200	9.75%	200.00	200.00	-	-	Secured	On Maturity
58	Private Placement	31-Dec-19	31-Dec-21	1,000,000	520	9.75%	520.00	520.00	-	-	Secured	On Maturity
59	Private Placement	31-Dec-19	31-Dec-21	1,000,000	950	9.75%	950.00	950.00	-	-	Secured	On Maturity
60	Private Placement	31-Dec-19	31-Dec-21	1,000,000	300	9.75%	300.00	300.00	-	-	Secured	On Maturity
61	Private Placement	31-Dec-19	31-Dec-21	1,000,000	480	9.75%	480.00	480.00	-	-	Secured	On Maturity
62	Private Placement	31-Dec-19	31-Dec-21	1,000,000	250	9.75%	250.00	250.00	-	-	Secured	On Maturity
63	Private Placement	31-Dec-19	31-Dec-21	1,000,000	1,000	9.75%	1,000.00	1,000.00	-	-	Secured	On Maturity
64	Private Placement	14-Feb-20	14-Feb-22	1,000,000	500	9.25%	500.00	500.00	-	-	Secured	On Maturity
65	Private Placement	14-Feb-20	14-Feb-22	1,000,000	500	9.25%	500.00	500.00	-	-	Secured	On Maturity
66	Private Placement	14-Feb-20	14-Feb-22	1,000,000	300	9.25%	300.00	300.00	-	-	Secured	On Maturity
67	Private Placement	14-Feb-20	14-Feb-22	1,000,000	1,500	9.25%	1,500.00	1,500.00	-	-	Secured	On Maturity
68	Private Placement	14-Feb-20	14-Feb-22	1,000,000	1,250	9.25%	1,250.00	1,250.00	-	-	Secured	On Maturity
69	Private Placement	14-Feb-20	14-Feb-22	1,000,000	1,200	9.25%	1,200.00	1,200.00	-	-	Secured	On Maturity
70	Private Placement	14-Feb-20	14-Feb-22	1,000,000	1,000	9.25%	1,000.00	1,000.00	-	-	Secured	On Maturity
71	Private Placement	14-Feb-20	14-Feb-22	1,000,000	1,000	9.25%	1,000.00	1,000.00	-	-	Secured	On Maturity
72	Private Placement	14-Feb-20	14-Feb-23	1,000,000	500	9.25%	500.00	500.00	-	-	Secured	On Maturity
73	Private Placement	14-Feb-20	14-Feb-23	1,000,000	500	9.25%	500.00	500.00	-	-	Secured	On Maturity
74	Private Placement	14-Feb-20	14-Feb-23	1,000,000	250	9.25%	250.00	250.00	-	-	Secured	On Maturity
75	Private Placement	14-Feb-20	14-Feb-23	1,000,000	1,750	9.25%	1,750.00	1,750.00	-	-	Secured	On Maturity
76	Private Placement	14-Feb-20	14-Feb-23	1,000,000	1,250	9.25%	1,250.00	1,250.00	-	-	Secured	On Maturity
77	Private Placement	27-Mar-20	27-Mar-23	1,000,000	1,000	9.25%	1,000.00	1,000.00	-	-	Secured	On Maturity

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

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Sr. No.	Private Placement/ Public issue	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of interest p.a.	Face value	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018	Secured/ Unsecured	Terms of redemption
78	Private Placement	27-Mar-20	27-Mar-23	1,000,000	750	9.25%	750.00	750.00	-	-	Secured	On Maturity
79	Private Placement	27-Mar-20	27-Mar-23	1,000,000	250	9.25%	250.00	250.00	-	-	Secured	On Maturity
80	Public Issue	4-Nov-19	03-Nov-22	1,000	171,622	9.75%	171.62	171.62	-	-	Secured	On Maturity
81	Public Issue	4-Nov-19	03-Nov-22	1,000	85,212	10.00%	85.21	85.21	-	-	Secured	On Maturity
82	Public Issue	4-Nov-19	03-Nov-22	1,000	133,047	10.00%	133.05	133.05	-	-	Secured	On Maturity
83	Public Issue	4-Nov-19	03-Nov-24	1,000	236,054	10.25%	236.05	236.05	-	-	Secured	On Maturity
84	Public Issue	4-Nov-19	03-Nov-24	1,000	64,026	10.65%	64.03	64.03	-	-	Secured	On Maturity
85	Public Issue	4-Nov-19	03-Nov-24	1,000	32,890	10.65%	32.89	32.89	-	-	Secured	On Maturity
86	Public Issue	4-Nov-19	07-Sep-26	1,000	220,343	10.65%	220.34	220.34	-	-	Secured	On Maturity
87	Private Placement	19-Mar-18	31-Mar-21	1,000,000	2,500	11.50%	2,500.00	1,067.11	1,133.69	503.66	Unsecured	On Maturity
88	Private Placement	9-Aug-17	09-Aug-23	1,000,000	1,000	12.30%	1,000.00	1,017.22	1,016.85	1,020.11	Secured	On Maturity
89	Private Placement	28-Mar-16	29-Mar-21	1,000,000	700	12.53%	700.00	701.06	701.02	703.27	Secured	On Maturity
90	Private Placement	9-Mar-20	07-Mar-25	1,000,000	700	12.48%	700.00	705.51	-	-	Secured	On Maturity
91	Private Placement	3-Mar-20	03-Mar-25	1,000,000	284	13.00%	284.00	284.08	-	-	Unsecured	On Maturity
92	Private Placement	30-May-19	30-May-24	10,000	50,000	11.63%	500.00	500.25	-	-	Unsecured	On Maturity
93	Private Placement	19-May-16	19-May-21	1,000,000	330	13.25%	330.00	346.09	345.94	346.92	Secured	On Maturity
94	Private Placement	28-Dec-17	27-Nov-20	1,000,000	1,000	11.55%	1,000.00	261.86	608.65	953.50	Secured	On Maturity
95	Private Placement	27-Dec-19	27-Jun-22	1,000,000	250	12.00%	250.00	250.36	-	-	Unsecured	On Maturity
96	Private Placement	12-Jun-19	11-Dec-20	1,000,000	245	11.00%	245.00	266.71	-	-	Secured	On Maturity
97	Private Placement	30-Dec-19	30-Dec-20	1,000,000	150	12.00%	150.00	150.02	-	-	Unsecured	On Maturity
98	Private Placement	24-May-19	21-May-21	1,000,000	100	11.00%	100.00	101.22	-	-	Unsecured	On Maturity
99	Private Placement	21-Aug-18	22-Jun-20	1,000,000	350	11.43%	350.00	90.32	290.16	-	Unsecured	On Maturity
100	Private Placement	23-May-18	22-May-20	1,000,000	100	11.43%	100.00	26.03	78.05	-	Unsecured	On Maturity
101	Private Placement	1-Jul-16	01-Jul-19	100,000	333	12.80%	33.30	-	34.35	172.25	Unsecured	On Maturity
102	Private Placement	11-Aug-16	09-Aug-19	100,000	4,000	12.25%	400.00	-	121.97	265.04	Secured	On Maturity
103	Private Placement	17-Oct-16	17-Apr-19	100,000	1,500	11.45%	150.00	-	46.04	153.97	Secured	On Maturity
104	Private Placement	27-Sep-16	31-Aug-19	1,000,000	750	11.35%	750.00	-	125.00	376.20	Secured	On Maturity
105	Private Placement	4-Nov-16	04-Nov-19	1,000,000	380	12.00%	380.00	-	386.66	387.79	Secured	On Maturity
106	Private Placement	13-Jul-16	12-Jul-19	1,000,000	400	13.50%	400.00	-	400.15	401.58	Unsecured	On Maturity
107	Private Placement	19-Aug-16	19-Aug-19	1,000,000	500	12.20%	500.00	-	539.39	540.95	Secured	On Maturity
108	Private Placement	23-May-18	25-May-20	1,000,000	1,500	11.42%	1,500.00	-	1,167.92	-	Unsecured	On Maturity
109	Private Placement	27-Aug-18	27-Aug-20	100,000	5,000	11.30%	500.00	-	378.93	-	Unsecured	On Maturity
110	Private Placement	28-Sep-16	28-Mar-19	100,000	2,500	11.45%	250.00	-	-	150.67	Secured	On Maturity
111	Private Placement	13-May-15	30-Mar-18	100,000,000	100	14.50%	10,000.00	-	-	100.40	Secured	On Maturity
Total amount								**37,871.78**	**23,308.35**	**25,237.81**		
Effective Interest Rate Adjustment								(788.72)	(131.04)	(43.67)		
Net Amount								**37,083.06**	**23,177.31**	**25,194.15**		

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

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to Consolidated Financial Statements for the Year ended ended 31 March 2020

NOTE 23: BORROWINGS (OTHER THAN DEBT SECURITIES)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
At amortised cost			
Term Loan			
Indian rupee loan from banks (secured)	54,610.31	20,201.46	15,791.67
Foreign Currency Term Loan from banks (secured)	1,060.96	1,532.85	1,439.57
Indian rupee loan from other parties (secured)	10,716.52	9,131.86	3,098.66
Indian rupee loan from other parties (unsecured)	1,990.20	679.52	908.38
Finance Lease obligations	51.51	85.61	141.09
Loans repayable on demand			
Cash credit / Overdraft facilities from banks (secured)	9,726.17	22,587.56	5,125.84
Working Capital demand loan from banks (secured)	59,393.58	41,529.82	44,045.92
Vehicle loans (Secured)	14.61	22.16	24.44
Total	**137,563.86**	**95,770.84**	**70,575.57**
Borrowings in India*	137,563.86	95,770.84	70,575.57
Borrowings outside India	-	-	-
Total	**137,563.86**	**95,770.84**	**70,575.57**

*Includes foreign currency loan borrowed from Ratnakar Bank Limited.

The Group has not defaulted in repayment of principal and interest during the year and as at balance sheet date 31st March, 2020.

Term loan from bank

Indian rupee loan from banks (secured): These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold and margin/cash collateral as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of ₹ 17,230 (31 March 2019: ₹ 4,616.70, 1 April 2018: ₹ 4,770.05)

Foreign currency loan from Banks (secured):

1) ₹ Nil (31 March 2019: ₹ 1,000, 1 April 2018: ₹ 1,000) which carries interest @ LIBOR plus 265bps. The loan is repayable after 3 years from the date of its origination, viz., 9 May 2016.

2) Nil (31 March 2019: ₹ 500, 1 April 2018: ₹ 500) which carries interest @ LIBOR plus 215bps. The loan is repayable after 3 years from the date of its origination, viz., 22 December 2016.

   The loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans & advances of the Company. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of ₹ 1,500 (31 March 2019: 1 April 2018 ₹ 1,500)

3) 975.7 (31 March 2019: Nil) which carries interest @ 3 month LIBOR plus 280bps. The loan is repayable after 3 years from the date of its origination, viz., 25 July 2019.

   The loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans & advances of the Company.

Term loan from other parties

Third party rupee term loan is secured where Interest payments are made quarterly at 9.20 % - 9.90 % pa. The loans is secured against the first pari passu charge on current assets, book debts and receivables including gold loans & advances of the Company as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO.

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

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to Consolidated Financial Statements for the Year ended ended 31 March 2020

Finance Lease Obligations: Finance lease obligation is secured by hypothecation of Computers taken on lease. The interest rate implicit in the lease is 11% p.a. The gross investment in lease, i.e., lease obligation plus interest, is payable in 12 quarterly instalments of approx. ₹ 51.51 (31 March 2019: ₹ 68.56, 1 April 2018: ₹ 83.52) each.

Loans repayable on demand

Cash credit / Overdraft facilities from banks (secured):

These loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans & advances of the Company as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of ₹ 8004.5 (31 March 2019: ₹ 18,203.14, 1 April 2018: ₹ 4,093.85)

Working Capital demand loan from banks (secured):

These loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans & advances of the Company as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of ₹ 44,650.00 (31 March 2019: ₹ 34,300.00, 1 April 2018: ₹ 40,112.50)

Other loans

Vehicle Loans: The loans are secured by hypothecation of the respective vehicles against which the loan has been availed

A) Indian rupee loan from banks (secured)

As at 31 March 2020

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	8.75 -10.05%	4,898.94
Due within 1-2 years	8.75 -10.05%	10,361.50
Due within 1 year	8.75 -10.05%	6,805.33
		22,065.77
Effective Interest Rate Adjustment		(77.21)
Net Amount Total (A)		**21,988.56**

Particulars	Amount
Base Rate+Spread	25,147.94
Fixed	4,416.50
Total (B)	**29,564.44**

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans.

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
More than 5 years	8.95% - 10.25%	199.73
Due within 2-5 years	8.95% - 10.25%	1,401.39
Due within 1-2 years	8.95% - 10.25%	779.50
Due within 1 year	8.95% - 10.25%	**676.69**
Total (C)		**3,057.31**

These are secured by an exclusive charge by way of pari passu first charge on housing loans receivables of the Manappuram Home Finance Limited which are regular as per NHB Guidelines.

	Amount
TOTAL (A+B+C)	**54,610.31**

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

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As at 31 March 2019

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	8.35 -10.75%	1,250.00
Due within 1-2 years	8.35 -10.75%	1,250.00
Due within 1 year	8.35 -10.75%	3,950.00
		6,450.00
Effective Interest Rate Adjustment		(8.26)
Net Amount Total (A)		**6,441.74**

Particulars	Amount
Base Rate+Spread	8,366.27
Fixed	2,868.50
Total (B)	**11,234.77**

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans.

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
More than 5 years	9.35% - 10.50%	78.92
Due within 2-5 years	9.35% - 10.50%	1,316.53
Due within 1-2 years	9.35% - 10.50%	569.93
Due within 1 year	9.35% - 10.50%	559.57
Total (C)		**2,524.95**

These are secured by an exclusive charge by way of pari passu first charge on housing loans receivables of the Manappuram Home Finance Limited which are regular as per NHB Guidelines.

	Amount
TOTAL (A+B+C)	**20,201.46**

As at 1 April 2018

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Due within 1-2 years	8.20 -10.00%	2,700.00
Due within 1 year	8.20 -10.00%	754.16
		3,454.16
Effective Interest Rate Adjustment		(1.14)
Net Amount Total (A)		**3,453.02**

Particulars	Amount
Base Rate+Spread	7,368.43
Fixed	2,251.75
Total (B)	**9,620.18**

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

Notes
to Consolidated Financial Statements for the Year ended ended 31 March 2020

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans.

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
More than 5 years	8.80% - 9.65%	337.36
Due within 2-5 years	8.80% - 9.65%	1,310.80
Due within 1-2 years	8.80% - 9.65%	536.68
Due within 1 year	8.80% - 9.65%	**533.63**
Total (C)		**2,718.47**

These are secured by an exclusive charge by way of pari passu first charge on housing loans receivables of the Manappuram Home Finance Limited which are regular as per NHB Guidelines.

	Amount
TOTAL (A+B+C)	**15,791.67**

B) Indian rupee loan from others (Secured)

As at 31 March 2020

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	9.50 -10.75%	5,821.83
Due within 1-2 years	9.50 -10.75%	1,728.83
Due within One year	9.50 -10.75%	2,691.33
Total		**10,241.99**
Effective Interest Rate Adjustment		(29.23)
Net Amount		**10,212.76**

Particulars	Amount
Fixed	503.80
Total	**503.80**

As at 31 March 2019

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	9.50 -10.00%	3,796.50
Due within 1-2 years	9.50 -10.00%	1,858.00
Due within One year	9.50 -10.00%	1,858.00
Total		**7,512.50**
Effective Interest Rate Adjustment		(11.33)
Net Amount		**7,501.17**

Particulars	Amount
Base Rate+Spread	999.32
Fixed	631.37
Total	**1,630.69**

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

Notes

to Consolidated Financial Statements for the Year ended ended 31 March 2020

All loans are secured by hypothecation of the Book Debts receivable under Microfinance Loans.

As at 1 April, 2018

Particulars	Amount
Fixed	3,098.66
Total	**3,098.66**

C) Indian rupee loan from others (Unsecured)

As at 31 March 2020

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Due within One year	7.50 -8.00 %	89.29
Total		**89.29**

Particulars	Amount
Base Rate+Spread	1,572.41
Fixed	328.50
Total	**1,900.91**

As at 31 March 2019

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Due within One year	7.50 -8.00 %	175.96
Total		**175.96**

Particulars	Amount
Fixed	503.57
Total	**503.57**

As at 1 April 2018

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Due within One year	7.50 -8.00 %	153.08
Total		**153.08**

Particulars	Amount
Fixed	755.30
Total	**755.30**

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

Notes

to Consolidated Financial Statements for the Year ended ended 31 March 2020

D) Vehicle loans (Secured loans)

Terms of repayment

Tenure (from the date of Balance Sheet)	As at 31 March 2020			As at 31 March 2019			As at 1 April 2018		
	Rate of Interest			Rate of Interest			Rate of Interest		
	< 10%	>= 10% < =12%	Total	< 10%	>= 10% < =12%	Total	< 10%	>= 10% < =12%	Total
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Due within 3-5 years	-	-	-	-	-	-	5.53	-	5.53
Due within 2-3 years	-	-	-	6.39	-	6.39	6.84	-	6.84
Due within 1-2 years	6.39	-	6.39	8.22	-	8.22	6.29	-	6.29
Due within 1 year	8.22	-	8.22	7.55	-	7.55	5.78	-	5.78
Grand Total	**14.61**	**-**	**14.61**	**22.16**	**-**	**22.16**	**24.44**	**-**	**24.44**

The loans are secured by hypothecation of the respective vehicles against which the loan has been availed.

NOTE 24: DEPOSITS

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
At amortised cost:			
Deposits			
- From others	0.10	19.20	-
Total	**0.10**	**19.20**	**-**

NOTE 25: SUBORDINATED LIABILITIES

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
At amortised cost			
Redeemable Non-Convertible Debentures (Unsecured) - Subordinated Debt	1,163.39	1,141.42	1,140.71
Subordinated bonds from others	49.28	54.46	58.84
Total	**1,212.67**	**1,195.88**	**1,199.55**
Subordinated liabilities in India	1,212.67	1,195.88	1,199.55
Subordinated liabilities outside India	-	-	-
	1,212.67	**1,195.88**	**1,199.55**

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:

As at 31 March 2020

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14%<=15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 2-3 years	-	-	1,472	1.47	3,542	3.54	5,014	5.01
Due within 1-2 years	-	-	14,852	14.85	12,463	12.46	27,315	27.31
Due within 1 year	6,857	6.86	10,589	10.59	-	-	17,446	17.45
Grand Total	**6,857**	**6.86**	**26,913**	**26.91**	**16,005**	**16.00**	**49,775**	**49.77**
Effective Interest Rate Adjustment								(0.49)
Total								**49.28**

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

Notes

to Consolidated Financial Statements for the Year ended ended 31 March 2020

As at 31 March 2019

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14% <=15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	-	-	-	-	-	-	-	-
Due within 4-5 years	-	-	-	-	-	-	-	-
Due within 3-4 years	-	-	1,472	1.47	3,542	3.54	5,014	5.01
Due within 2-3 years	-	-	14,852	14.85	12,463	12.46	27,315	27.31
Due within 1-2 years	6,857	6.86	10,589	10.59			17,446	17.45
Due within 1 year	413	0.41	2,937	2.94	2,309	2.31	5,659	5.66
Grand Total	**7,270**	**7.27**	**29,850**	**29.85**	**18,314**	**18.31**	**55,434**	**55.43**
Effective Interest Rate Adjustment								(0.97)
Total								**54.46**

As at 1 April 2018

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14% <=15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	-	-	-	-	-	-	-	-
Due within 4-5 years	-	-	1,472	1.47	3,542	3.54	5,014	5.01
Due within 3-4 years	-	-	14,852	14.85	12,463	12.46	27,315	27.31
Due within 2-3 years	6,857	6.86	10,589	10.59	-	-	17,446	17.45
Due within 1-2 years	413	0.41	2,937	2.94	2,309	2.31	5,659	5.66
Due within 1 year			-	-	4,965	4.97	4,965	4.97
Grand Total	**7,270**	**7.27**	**29,850**	**29.85**	**23,279**	**23.28**	**60,399**	**60.40**
Effective Interest Rate Adjustment								(1.56)
Total								**58.84**

Redeemable Non-Convertible Debentures (Unsecured) have a face value of ₹ 10,00,000/- each. Details of rate of interest and maturity pattern from the date of the balance sheet is as under:

As at 31 March 2020

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14% <=15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	-	-	-	-	-	-	-	-
Due within 4-5 years	-	-	150	150.00	-	-	150	150.00
Due within 3-4 years	-	-	1,000	1,000.00	-	-	1,000	1,000.00
Due within 2-3 years	-	-	-	-	-	-	-	-
Due within 1-2 years	-	-	-	-	-	-	-	-
Due within 1 year	-	-	-	-	-	-	-	-
Grand Total	**-**	**-**	**1,150.00**	**1,150.00**	**-**	**-**	**1,150**	**1,150.00**
Effective Interest Rate Adjustment								13.39
Net Total								**1,163.39**

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

Notes

to Consolidated Financial Statements for the Year ended ended 31 March 2020

As at 31 March 2019

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14% <=15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	-	-	-	-	-	-	-	-
Due within 4-5 years	-	-	150	149.28	-	-	150	149.28
Due within 3-4 years	-	-	1,000	1,011.57	-	-	1,000	1,011.57
Due within 2-3 years	-	-	-	-	-	-	-	-
Due within 1-2 years	-	-	-	-	-	-	-	-
Due within 1 year	-	-	-	-	-	-	-	-
Grand Total	**-**	**-**	**1,150**	**1,160.85**	**-**	**-**	**1,150**	**1,160.85**
Effective Interest Rate Adjustment								(19.43)
Net Total								**1,141.42**

As at 1 April 2018

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14% <=15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	-	-	150	149.14	-	-	150	149.14
Due within 4-5 years	-	-	1,000	1,010.16	-	-	1,000	1,010.16
Due within 3-4 years	-	-	-	-	-	-	-	-
Due within 2-3 years	-	-	-	-	-	-	-	-
Due within 1-2 years	-	-	-	-	-	-	-	-
Due within 1 year	-	-	-	-	-	-	-	-
Grand Total	**-**	**-**	**1,150**	**1,159.30**	**-**	**-**	**1,150**	**1,159.30**
Less : Interest accrued included in above								(18.59)
Net Total								**1,140.71**

NOTE 26: OTHER FINANCIAL LIABILITIES

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Interest accrued and due on borrowings	1,723.18	1,546.49	2,322.25
Unclaimed matured Non convertible debenture	17.10	28.16	12.69
Unclaimed dividend	38.91	37.61	33.75
Unclaimed matured subordinate bonds and interest accrued thereon	9.05	10.63	12.20
Security Deposits	463.84	421.05	306.15
Auction Surplus	420.43	582.03	601.20
Interest payable on Securitisation	299.26	78.44	-
Others	41.45	25.99	150.15
	3,013.22	**2,730.40**	**3,438.39**

NOTE 27: PROVISIONS

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Loan commitments	2.66	1.90	4.06
Employee benefits			
- Gratuity	202.84	149.43	86.47
- Provision for compensated absences	198.56	157.11	126.47
Litigation	50.42	41.18	35.71
Others (taxation)	2.95	2.95	-
Provision for other assets	187.44	195.10	196.91
	644.87	**547.67**	**449.62**

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

Notes

to Consolidated Financial Statements for the Year ended ended 31 March 2020

Movement of provisions other than employee benefits during the year

The movement in provisions during 2019-20 and 2018-19 is, as follows:

	Litigation	Others	Total
	₹ in million	₹ in million	₹ in million
At 1 April 2018	35.71	196.91	232.62
Provided /(reversed) during the year	5.47	(1.81)	3.66
At 31 March 2019	41.18	195.10	236.28
Provided /(reversed) during the year	9.24	(7.66)	1.58
At 31 March 2020	50.42	187.44	237.86

Litigation:

Litigation provisions arise out of current or potential claims or pursuits alleging non-compliance with contractual or other legal or regulatory responsibilities, which have resulted or may arise in claims from customers, counterparties or other parties in civil litigations.

Loan commitment

Credit Quality of Exposure

Internal rating grade	31-Mar-20				31-Mar-19				01-Apr-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing												
High grade	-	-	-	-	-	-	-	-	-	-	-	-
Standard grade	1,280.00	-	-	1,280.00	180.00	-	-	180.00	475.00	-	-	475.00
Sub-standard grade	-	-	-	-	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-	-	-	-	-
Low risk grade	234.65	0.6	-	235.25	482.95	0.15	-	483.10	210.87	1.07		211.94
Non- performing												
Individually impaired	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1,514.65**	**0.60**	**0.00**	**1,515.25**	**662.95**	**0.15**	**0.00**	**663.10**	**685.87**	**1.07**	**0.00**	**686.94**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Undisbursed loans is as follows

Internal rating grade	FY 2019-20				FY 2018-19				FY 2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	662.95	0.15	-	663.10	685.87	1.07	-	686.94	161.88	1.47	-	163.35
New assets originated or purchased	1,509.65	0.60	-	1,510.25	662.95	0.15	-	663.10	685.87	1.07	-	686.94
Assets derecognised or repaid (excluding write offs)	(657.95)	(0.15)	-	(658.10)	(685.87)	(1.07)	-	(686.94)	(161.88)	(1.47)	-	(163.35)
Gross carrying amount closing balance	**1,514.65**	**0.60**	**-**	**1,515.25**	**662.95**	**0.15**	**-**	**663.10**	**685.87**	**1.07**	**-**	**686.94**

Reconciliation of ECL balance is given below:

	FY 2019-20				FY 2018-19				FY 2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	1.90	0.00	-	1.90	4.00	0.06	-	4.06	0.53	0.05	-	0.58
New assets originated or purchased	2.51	0.01	-	2.52	1.90	0.00	-	1.90	4.00	0.06	-	4.06
Assets derecognised or repaid (excluding write offs)	(1.87)	(0.00)	-	(1.87)	(4.00)	(0.06)	-	(4.06)	(0.53)	(0.05)	-	(0.58)
ECL allowance - closing balance	**2.54**	**0.01**	**-**	**2.54**	**1.90**	**0.00**	**-**	**1.90**	**4.00**	**0.06**	**-**	**4.06**

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

Notes
to Consolidated Financial Statements for the Year ended ended 31 March 2020

NOTE 28: OTHER NON-FINANCIAL LIABILITIES

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Statutory dues payable	280.33	232.00	147.54
Retention money and other sundry liabilities	158.14	665.67	394.29
Advance from Customers	2,902.15	29.52	-
Other	78.46	27.34	24.83
	3,419.08	**954.53**	**566.66**

NOTE 29: EQUITY SHARE CAPITAL

The reconciliation of equity shares outstanding at the beginning and at the end of the period

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Authorised			
980,000,000 (31 March 2019: 980,000,000, 1 April 2018: 980,000,000) equity shares of ₹ 2/- each	1,960.00	1,960.00	1,960.00
4,00,000 (31 March 2019: 400,000, 1 April 2018: 400,000) preference shares of ₹ 100/- each	40.00	40.00	40.00
	2,000.00	**2,000.00**	**2,000.00**
Issued, subscribed and fully paid up			
844,993,125 (31 March 2019 : 842,809,857, 1 April 2018: 842,535,762) equity shares of ₹ 2/- each	1,689.99	1,685.62	1,685.07
Total Issued, subscribed and fully paid up	**1,689.99**	**1,685.62**	**1,685.07**

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

	No. in million	₹ in million
At 1 April 2018	842.53	1,685.07
Issued during the year - ESOP (refer note 42)	0.27	0.55
At 31 March 2019	**842.80**	**1,685.62**
Issued during the year - ESOP (refer note 42)	2.18	4.37
At 31 March 2020	**844.98**	**1,689.99**

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 31 March 2020, the amount of per share dividend recognised as distributions to equity shareholders was ₹ 2.2 per share (31 March 2019: ₹ 2.2/-, 1 April 2018 ₹ 2 /-)

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.

Details of shareholders holding more than 5% shares in the Company

Particulars	31 March 2020		31 March 2019		1 April 2018	
	No. in million	% holding in the class	No. in million	% holding in the class	No. in million	% holding in the class
Mr. Nandakumar V P	243.67	28.84	243.67	28.91	239.37	28.41
Ms. Sushama Nandakumar	48.00	5.68	48.00	5.70	48.00	5.70
Baring India Private Equity Fund III	-	-	47.62	5.65	47.62	5.66
Quinag Acquisition (FPI) Ltd	83.79	9.92	83.79	9.94	57.79	6.86

As per the 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 ownership of shares.

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

Notes

to Consolidated Financial Statements for the Year ended ended 31 March 2020

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

In addition, the Company has issued 3,785,989 equity shares (31 March 2019: 1,602,720, 1 April 2018: 1,328,626) 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 the form of employee services.

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 42

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

NOTE 30: OTHER EQUITY

Securities premium	
At 1 April 2018	13,770.39
Add: Additions on ESOPs exercised	23.15
At 31 March 2019	**13,793.54**
Add: Additions on ESOPs exercised	186.24
At 31 March 2020	**13,979.78**
Share option outstanding account	
At 1 April 2018	238.82
Add: Other Additions/ Deductions during the year	37.35
At 31 March 2019	**276.17**
Add: Other Additions/ Deductions during the year	(9.36)
At 31 March 2020	**266.81**
Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934 and Section 29C of NHB Act, 1987	
At 1 April 2018	7,305.15
Add: Transfer from surplus balance in the Statement of Profit and Loss	1,884.74
At 31 March 2019	**9,189.89**
Add: Transfer from surplus balance in the Statement of Profit and Loss	2,920.43
At 31 March 2020	**12,110.32**
Debenture redemption reserve	
At 1 April 2018	144.53
Add: Transfer from statement of profit and loss on account of revised guidelines	970.80
At 31 March 2019	**1,115.33**
Less: Amount transferred to surplus in the Statement of Profit and Loss	(1,115.33)
At 31 March 2020	**-**
General reserve	
At 1 April 2018	3,885.08
Add: Other Additions/ Deductions during the year	(258.06)
At 31 March 2019	**3,627.02**
Add: Other Additions/ Deductions during the year	-
At 31 March 2020	**3,627.02**
Hedging reserve	
At 1 April 2018	(4.88)
Add/(Less): Effect of foreign exchange rate variations in Hedging instruments	2.67
At 31 March 2019	**(2.21)**
Add/(Less): Effect of foreign exchange rate variations in Hedging instruments	(10.63)
At 31 March 2020	**(12.84)**
Retained earnings	

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

Notes

to Consolidated Financial Statements for the Year ended ended 31 March 2020

At 1 April 2018	11,094.97
Add: Profit for the year	9,485.23
Add/Less: Appropriations	
Utilised during the year	188.90
Interim dividend on equity shares including tax thereon	(2,184.18)
Transfer to Statutory Reserve	(2,855.54)
At 31 March 2019	**15,729.38**
Add: Profit for the year	14,803.17
Add/Less: Appropriations	(351.50)
Transfer to/(from) debenture redemption reserve	1,115.33
Interim dividend on equity shares including tax thereon	(2,859.57)
Transfer to Statutory Reserve	(2,920.43)
At 31 March 2020	**25,516.38**
Other comprehensive income	
At 1 April 2018	(7.71)
Movements during the year	(25.28)
At 31 March 2019	**(32.99)**
Movements during the year	(59.44)
At 31 March 2020	**(92.43)**
Share application money pending allotment	
At 1 April 2018	-
Movements during the year	**31.79**
At 31 March 2019	31.79
Movements during the year	291.35
At 31 March 2020	**323.14**
Capital redemption reserve	
At 1 April 2018	50.00
Add: Other Additions/ Deductions during the year	-
At 31 March 2019	**50.00**
Add: Other Additions/ Deductions during the year	-
At 31 March 2020	**50.00**
Capital reserve	
At 1 April 2018	-
Add: Other Additions/ Deductions during the year	2.45
At 31 March 2019	**2.45**
Add: Other Additions/ Deductions during the year	0.46
At 31 March 2020	**2.91**
Total other equity	
At 1 April 2018	36,476.35
At 31 March 2019	43,780.37
At 31 March 2020	55,771.09

Nature and purpose of Reserves

Statutory reserve (Statutory Reserve pursuant to Section 45-IC of The RBI Act, 1934): Section 45IC of Reserve Bank of India Act, 1934 defines that every Non Banking Financial institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. The Company has transferred an amount of ₹ 2920.43 (2019 -₹1884.74,2018 - ₹ 1400.34) to Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934

Statutory reserve (Pursuant to section 29C of the NHB Act, 1987 & Section 36(1)(viii) of Income Tax Act, 1961): Section 29C (i) of The National Housing Bank Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1) (viii) of Income tax Act 1961, is considered to be an eligible transfer. The Company has transferred an amount of ₹ 20.963 (2019 - 6.10,2018 - Nil) to special reserve in terms of Section 36(1) (viii) of the Income Tax Act 1961 considered eligible for special reserve u/s 29C of NHB Act 1987.

Securities premium: Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Hedge Reserve: The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings as described within note 51. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts, cross currency swaps, foreign currency option contracts and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the hedge reserve. Amounts recognised in the hedge reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss (e.g. interest payments).

Debenture Redemption Reserve:

(1) Pursuant to Section 71 of the Companies Act, 2013 and circular 04/2013, read with notification issued date 19 June 2016 issued by Ministry of Corporate Affairs, the Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the balance sheet date.

(2) Pursuant to notification issued by Ministry of Corporate Affairs on 16 August 2019 in exercise of the powers conferred by sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government amend the Companies (Share Capital and Debentures) Rules, 2014.

In the principal rules, in rule 18, for sub-rule (7), the limits with respect to adequacy of Debenture Redemption Reserve and investment or deposits for listed companies (other than All India Financial Institutions and Banking Companies as specified in sub-clause (i)), Debenture Redemption Reserve is not required to maintain in case of public issue of debentures as well as privately placed debentures for NBFCs registered with Reserve Bank of India under section 45-IA of the RBI Act, 1934.

(3) By complying with the above notification, the Company has transferred back ₹ 1,115.33 million from DRR to Retained earnings and In respect of the debentures issued through public issue, the Company has not created DRR during the year (31 March 2019: created ₹ 1,115.33 million).

General Reserve: Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Share option outstanding account (ESOP reserve): The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 38 for further details of these plans.

Other comprehensive income: Other items of other comprehensive income consist of re-measurement of net defined benefit liability/asset and fair value changes on derivatives designated as cash flow hedge, net.

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

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NOTE 31: REVENUE FROM OPERATIONS

Note 31 (i): Interest income

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
On financial assets measured at amortised cost:		
Interest on loans		
- Gold loans	38,253.81	31,287.84
- Property loans	890.62	685.66
- Commercial vehicles	2,388.05	1,458.15
- Onlending	978.35	741.64
- Microfinance loans	8,922.14	5,323.68
- SME loans	12.12	4.36
Interest on deposits with banks	362.49	230.08
Other interest income	208.22	685.09
Interest income from investments	154.75	44.75
Total	**52,170.55**	**40,461.25**

Note 31 (ii): Dividend Income

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Dividend Income from Mutual Fund	94.71	50.76
Total	**94.71**	**50.76**

Note 31 (iii): Fees and commission income

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Processing fees	727.29	382.70
Foreign exchange commission	2.91	1.09
Money transfer commission	68.94	71.23
Brokerage and commission	144.03	111.38
Documentation fees	-	270.65
Fee received for IT Services	91.82	-
Total	**1,034.99**	**837.05**

Note 31 (iv): Net gain on fair value changes

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Net gain/ (loss) on financial instruments at fair value through profit or loss	1,259.10	295.70
On trading portfolio		
- Investments	-	0.21
- Derivatives	-	-
Total Net gain on fair value changes (A)	**-**	**295.91**
Fair value changes:		-
- Realised	1,259.10	295.91
- Unrealised	-	-
Total Net gain on fair value changes (B)	**1,259.10**	**295.91**

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

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Note 31 (v): Other operating income

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Bad debt recovered	74.30	136.34
Foreclosure charges	8.83	9.32
Others	10.71	4.44
Total	**93.84**	**150.10**

Disaggregated revenue disclosures:

The table below presents disaggregated revenues from contracts with customers for the year ended 31 March 2020 by nature of products sold. The Company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Revenue by products / services		
Interest income	52,170.55	40,461.25
Fees and commission	1,034.99	837.05
Others	1,447.65	496.77
Total Revenue from operations*	**54,653.19**	**41,795.07**

* The revenue from operations is earned in India

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or less.

NOTE 32: OTHER INCOME

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Net gain on derecognition of property, plant and equipment	12.21	6.31
Provisions no longer required written back	-	16.05
Others	846.48	602.82
Total	**858.69**	**625.18**

NOTE 33: FINANCE COSTS

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
On financial liabilities measured at amortised cost:		
Interest on debt securities	6,402.44	5,844.18
Interest on borrowings	11,111.42	7,302.13
Interest on subordinated liabilities	9.29	11.93
Other borrowing costs	457.09	291.17
- Interest Expenses on Finance Lease Obligations	342.02	-
Total	**18,322.26**	**13,449.41**

NOTE 34: FEES AND COMMISSION EXPENSE

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
On financial liabilities measured at amortised cost:		
Commission paid	236.63	195.78
Total	**236.63**	**195.78**

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

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NOTE 35: IMPAIRMENT ON FINANCIAL INSTRUMENTS

The below table show impairment loss on financial instruments charges to statement of profit and loss based on category of financial instrument.

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
On financial instruments measured at amortised cost:		
Loans	2,375.65	533.55
Investments	(4.17)	7.94
Assets held for sale	4.67	5.84
Total	**2,376.15**	**547.33**

NOTE 36: EMPLOYEE BENEFITS EXPENSE

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Salaries and wages	7,433.53	6,461.98
Contribution to provident and other funds	650.84	493.09
Share based payments to employees	(15.09)	37.33
Staff welfare expenses	232.04	208.72
Total	**8,301.32**	**7,201.12**

NOTE 37: DEPRECIATION AND AMORTISATION

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Depreciation of tangible assets	757.23	710.66
Amortisation of intangible assets	45.58	41.68
Depreciation on Right of Use	838.96	-
Total	**1,641.77**	**752.34**

NOTE 38: OTHER EXPENSES

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Rent	192.48	1,423.29
Energy costs	262.21	231.76
Repairs and maintenance		
-Vehicles	5.68	5.36
- Others	447.54	263.08
Rates and taxes	51.84	34.33
Printing and stationery	122.67	144.62
Travelling and conveyance	500.30	471.02
Advertising and publicity	486.43	399.56
Directors' fees, allowances and expenses	14.20	15.92
Auditors fees & Expenses (refer note (i) below)	21.32	21.20
Insurance	127.54	149.87
Communication expenses	500.98	492.24
Legal and professional charges	354.17	229.60
CSR expenses (refer note (ii) below)	282.44	179.61
Other expenditure	249.04	137.63
IT support	475.96	464.59
Security charges	465.97	1,044.68
Total	**4,560.77**	**5,708.36**

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

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Note (i)

Payment to Auditors	2019-20	2018-19
As auditors:		
Statutory audit fee	8.68	8.39
Limited reviews	4.11	5.59
Other statutory attest services *	5.92	6.60
Reimbursement of expenses	1.92	0.62
In any other manner:	0.69	-
Total	**21.32**	**21.20**
* Above excludes fees for the year ended 31st March 2020 in respect of funds raised through Debenture and Bond issue, adjusted in effective interest rate on borrowings.	9.61	6.00

Note (ii) Details of CSR expenditure

Particulars	For year ended 31 March, 2020	For the year ended 31 March 2019
a) Gross Amount required to be spent by the Company during the year	242.53	184.67

a) Amount spent during the year ending on 31 March 2020	In Cash	Yet to be paid in cash	Total
i) Construction/Acquisition of Assets	-	-	
ii) On purpose other than (i) above	282.44	-	282.44

b) Amount spent during the year ending on 31 March 2019	In Cash	Yet to be paid in cash	Total
i) Construction/Acquisition of Assets	-	-	
ii) On purpose other than (i) above	179.61	-	179.61

NOTE 39: INCOME TAX

The Group has computed the tax expense of the current financial year as per the tax regime announced under section 115BAA of the Income Tax Act, 1961. Accordingly, (a) the provision for current and deferred tax has been determined at the rate of 25.17% and (b) the deferred tax assets and deferred tax liabilities as on 1 April 2019 have been restated at the rate of 25.17%.

The components of income tax expense for the years ended 31 March 2020 and 2019 are:

	For year ended 31 March, 2020	Year ended 31 March 2019
Current tax	5,344.65	4,865.79
Adjustment in respect of current income tax of prior years	-	(112.62)
Deferred tax relating to origination and reversal of temporary differences	(74.84)	327.24
Total tax charge	**5,269.81**	**5,080.41**
Current tax	5,344.65	4,753.17
Deferred tax	(74.84)	327.24

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

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Reconciliation of Income tax expense:

Particulars	Year ended 31 March, 2020	Year ended 31 March 2019
Accounting profit before tax for IT computation	20,072.98	14,565.91
Allowances / disallowances (Net)	1,159.40	(340.81)
Adjusted profit / (loss) before tax for income tax	21,232.38	14,225.10
Current tax as per books (Effective rate of Tax)	5,344.65	4,865.79
Adjustment of prior year tax and MAT Credit	-	(112.62)
Total tax as given in books	5,344.65	4,753.17
All India Statutory income tax rate of 25.17% (2019 - 34.94%)	5,344.65	4,966.02

Deferred Tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI	Others
	31 March 2020	31 March 2020	2019-20	2019-20	2019-20
Provisions for litigations and compensated absences	111.36	-	(11.03)	0.78	-
Property, plant and equipment and Right of use asset (Net of lease liabilities)	242.88	(3.65)	84.37	-	148.12
Impairment allowance for financial assets	651.50	-	(346.07)	-	-
Fair value of financial instruments held for trading	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit plan	50.57	-	23.60	20.04	-
Movement in the fair value of own credit risk of financial liabilities designated at FVTPL	-	-	-	-	-
Gain / loss on equity instrument designated at FVOCI	-	-	-	-	-
Derivative instruments in Cash flow hedge relationship	-	(5.96)	3.82	(1.36)	-
Debt instrument measured at Amortised cost	-	(213.00)	166.24	-	-
Financial assets measured at Amortised cost		(5.38)	4.17	-	-
On acquistion of Subsidiary on consolidation (Refer Note 59)	-	-	-	-	
Other temporary differences	425.21	(239.96)	0.04	-	-
Total	1481.52	(467.95)	(74.84)	19.46	148.12
Net Deferred tax asset as at 31 March 2020	1013.57				

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI	Others
	31 March 2019	31 March 2019	2018-19	2018-19	2018-19
Provisions	101.00	-	(35.75)	-	-
Depreciation	324.08	-	(36.86)	-	-
Impairment allowance for financial assets	305.84	-	220.72	-	-
Remeasurement gain / (loss) on defined benefit plan	51.78	-	(6.04)	(13.76)	-
Derivative instruments in Cash flow hedge relationship	-	(0.77)	5.21	-	-
Debt instrument measured at Amortised cost	-	(47.38)	37.65	-	-
Financial assets measured at Amortised cost	-	(1.20)	(2.97)	-	-
On acquistion of Subsidiary on consolidation (Refer Note 59)	-	-	-	-	1.40
Other temporary differences	113.80	(76.55)	145.28	-	-
Total	**896.49**	**(125.90)**	**327.24**	**(13.76)**	**1.40**
Net Deferred tax asset as at 31 March 2020	**770.59**				

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

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Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI	Others
	31 March 2018	31 March 2018	2017-18	2017-18	2017-18
Provisions	74.89	-	(7.33)	-	-
Depreciation	286.37	-	(58.84)	-	-
Impairment allowance for financial assets	546.92	-	39.44	-	-
Fair value of financial instruments held for trading	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit plan	30.46	-	(5.73)	6.21	-
Movement in the fair value of own credit risk of financial liabilities designated at FVTPL	-	-	-	-	-
Gain / loss on equity instrument designated at FVOCI	-	-	-	-	-
Derivative instruments in Cash flow hedge relationship	4.44	-	4.15	-	-
Cost of hedging for currency basis spread when excluded from designation in a hedge relationship	-	-	-	-	-
Debt instrument measured at Amortised cost	-	(9.73)	(11.81)	-	-
Financial assets measured at Amortised cost	-	(4.18)	(5.52)	-	-
Other Derivative financial instruments	-	-	-	-	-
Other temporary differences	180.29	(26.82)	(83.03)	-	-
Total	**1,123.37**	**(40.73)**	**(128.67)**	**6.21**	**-**
Net Deferred tax asset as at 1 April 2018	**1,082.64**				

NOTE 40: EARNINGS PER SHARE

Particulars	Year ended 31 March, 2020	Year ended 31 March 2019
Net profit for calculation of basic Earnings Per Share	14,803.17	9,485.50
Weighted average number of equity shares in calculating basic Earnings Per Share (Nos.)	**844,074,715**	**842,682,834**
Effect of dilution:		
Stock options granted under ESOP (Nos.)	2,392,976	1,205,031
Weighted average number of equity shares in calculating diluted Earnings Per Share (Nos.)	846,467,691	843,887,865
Basic Earnings Per Share (₹)	17.54	**11.26**
Diluted Earnings Per Share (₹)	17.49	11.24

NOTE 41: INVESTMENT IN SUBSIDIARIES

The consolidated financial statements include the financial statements of Group and its subsidiaries. Group does not have any joint ventures or associates. Manappuram Finance Limited is the ultimate parent of the Group.

Significant subsidiaries of Group are:

Name of subsidiary	Country of incorporation	% equity interest	% equity interest	% equity interest
		31 March 2020	31 March 2019	1 April 2018
Manappuram Home Finance Limited	India	100.00%	100.00%	100%
Manappuram Insurance Brokers Limited	India	100.00%	100.00%	100%
Asirvad Microfinance Limited	India	93.33%	93.33%	90.39%
Manappuram Comptech and Consultants Limited	India	99.81%	81.07%	NA

Ashirvad Microfinance Limited is the only significant subsidiary of Group that has a material non-controlling interest (2020: 6.67%, 2019: 6.67%, 2018 : 9.61%). The following table summarises key information relevant to Asirvad Microfinance Limited

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	31 March 2020	31 March 2019	1 April 2018
Loans to customers & Staff	43,442.98	34,998.53	23,526.32
Other assets	15,681.57	7,578.05	3,530.01
Trade Payables	218.68	165.61	103.59
Other liabilities	48,510.69	34,366.78	24,136.35
Net assets	**10,395.18**	**8,044.19**	**2,816.39**
Accumulated non-controlling interests of the subsidiary	693.36	536.55	270.66
Net interest margin	**5,039.42**	**3,417.35**	**2,024.83**
Profit after tax	2,353.28	1,516.38	(92.85)
Profit allocated to non-controlling interest	**156.96**	**101.14**	**(8.92)**
Dividends paid to non-controlling interests	-	-	

NOTE 42: EMPLOYEE STOCK OPTION SCHEME (ESOS)

Employee Stock Option Scheme (ESOS), 2016

The details of the Employee Stock Option Scheme 2016 are as under:

Date of share holders' approval	5 July 2016
Number of options approved	25,236,214
Date of grant	8 August 2016
Date of In principle Approval	In principle approval of the BSE was obtained on 20 December 2016 and NSE on 28 December 2016.
Number of options granted	13,750,466
Method of settlement	Equity
Graded Vesting	Graded vesting shall happen in a graded basis in three tranches over a period of three years. a) The first tranche of 30% shall be vested when a period of 12 months would expire from the Date of grant; b) The second tranche of 30% shall be vested when a period of 24 months would expire from the Date of grant; c) The third tranche of 40% shall be vested when a period of 36 months would expire from the Date of grant.
Exercisable period	The vested options shall be allowed for exercise on and from the date of vesting. The vested options need to be exercised with in a period of one year and 30 days from the date of vesting of the respective tranche through the Exercise Window to apply for ESOS Shares against Options vested with the Eligible Employee in pursuance of the Scheme. However, the Eligible Employee has a right to exercise the Options vested in the first tranche and second tranche on or before the expiry of the Exercise Period of the third tranche, utilising the exercise window which shall be a period of 30 days from the close of each half of the year counted from the date of vesting during the Exercise Period.
Vesting conditions	Options shall vest essentially based on continuation of employment and apart from that the Board or Committee may prescribe achievement of any performance condition(s) for vesting.
Source of shares	Primary
Variation in terms of options	No Variations made to the term of Scheme

The Company has adopted ESOS 2016 as per SEBI(Share Based Employee Benefits) Regulation, 2014 and has recorded a compensation expense using the fair value method as set out in those regulations.

The Group has granted 13750466 options at an exercise price of 86.45 on 8 August 2016 which will vest over a period of three years from the grant date (8 August 2016) and the vesting of options shall be at 30% each in the first and second year and the balance 40% in the third year from the date of grant.

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

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The summary of the movements in options is given below:

Particulars	31 March 2020	31 March 2019	1 April 2018
Options outstanding, beginning of year	8,770,385	10,060,943	11,817,829
Options granted during the year	-	-	-
Lapsed Options restored during the year	851,250	250,000	1,089,589
Options lapsed during the year	(1,377,435)	(1,266,463)	(2,260,349)
Options Exercised during the year	(2,183,268)	(274,095)	(586,126)
Options unvested and Outstanding at the End of the Year	**6,060,932**	**8,770,385**	**10,060,943**

Particulars	31 March 2020	31 March 2019	1 April 2018
Weighted average remaining contract life of options	-	-	-
Weighted average market price at the exercise date	-	-	-

	Vesting I	Vesting II	Vesting III
	8 August 2017 30%	8 August 2018 30%	8 August 2019 40%
Fair Value per vest (₹)	26.11	30.61	34.29
Risk-free interest rate (%)	7.03	7.15	7.25
Expected life	3 years	4 years	5 Years
Expected volatility (%)	49.68	52.66	55.38
Expected dividend yield (%)	2.95	2.95	2.95
Share price on the date of grant (face value of ₹ 10/-)	86.45	86.45	86.45

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.

Asirvad Microfinance Limited
Employee Stock Option Scheme (ESOS), 2019
The details of the Employee Stock Option Scheme 2019 are as under

Date of share holders' approval	02-Feb-19
Number of options approved	830,000
Date of grant	July 1, 2019
Number of options granted	25,000
Method of settlement	Equity
Graded Vesting	30% after two years from the date of grant i.e. 1 July 2021 and 35% after three years from the date of grant i.e 1 July 2022 and the balance 35% after four year from the date of grant i.e. 1 July 2023
Exercisable period	4 years from vesting date
Vesting conditions	Continuous employment /service as on relevant date of vesting and pre-determined performance parameters, if any

The Company has adopted the Employee Stock Option Scheme framed in accordance with the Section 62(1)(c) of the Companies Act 2013 read with Rules 12 of the Companies (Share Capital and Debenture) Rules, 2014 made thereunder.

The Company has granted 25000 options at an exercise price of ₹ 364/- on July 1,2019 which will vest over a period of four years from the grant date (30% after two years from the date of grant i.e. 1 July 2021 and 35% after three years from the date of grant i.e July 1,2022 and the balance 35% after four years from the date of grant i.e. 1 July 2023. The exercise period commences from the date of vesting and will expire not later than four years from the date of vesting.

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

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(b) The summary of the movements in options is given below:

Particulars	31 March 2020	31-Mar-19	01-Apr-18
Options outstanding, beginning of year	830,000	-	-
Options granted during the year	-	-	-
Increase on account of Bonus issue	-	-	-
Lapsed Options restored during the year	-	-	-
Options lapsed during the year	-	-	-
Options Exercised during the year	-	-	-
Options unvested and Outstanding at the End of the Year	830,000	-	-

(c) Pro-forma Disclosures for ESOS:

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, no compensation cost for ESOS 2016 been recognised based on the fair value at the date of grant. Hence there is no impact on Profit after Tax and there is no dilution in Earning per Share.

NOTE 43: RETIREMENT BENEFIT PLAN

Defined Contribution Plan

The Group makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognised ₹ 464.38 (31 March 2019: ₹ 349.46, 1 April 2018: ₹ 414.19) for Provident Fund contributions and ₹ 140.24 (31 March 2019: ₹ 170.87, 1 April 2018: ₹ 161.48) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Group are at rates specified in the rules of the Schemes.

Defined Benefit Plan

The Group 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 statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

Net employee benefit expense recognised in the statement of profit and loss

Components of employer expense	31-Mar-20	31-Mar-19	1-Apr-18
Current service cost	182.76	138.81	114.79
Interest cost on benefit obligation			
Expected return on plan assets			
Past Service Cost	(0.60)		6.40
Net Interest on net defined benefit liability/ (asset)	4.17	4.82	2.00
Total employer expense	186.33	143.63	123.19

Net employee benefit expense recognised in the Other Comprehensive Income

Movement in Other Comprehensive Income (OCI)	31-Mar-20	31-Mar-19	1-Apr-18
Actuarial (Loss)/Gain from changes in financial assumptions	(48.01)	(7.70)	11.81
Actuarial (Loss)/Gain from experience over the past year	(36.63)	(26.21)	(16.50)
Return on Plan assets, excluding amount included in net interest on the net defined benefit liability/(asset)	5.09	(5.16)	(6.89)

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

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to Consolidated Financial Statements for the Year ended ended 31 March 2020

Experience adjustments

Particulars	31-Mar-20	31-Mar-19	1-Apr-18
Defined benefit obligation	928.94	(546.77)	(431.94)
Fair value of plan assets	726.10	512.84	412.82
Asset/(liability) recognised in the balance sheet	(176.99)	(142.17)	(83.58)
Experience adjustments on plan liabilities (Gain) / Loss	34.76	29.97	21.25
Experience adjustments on plan assets Gain / (Loss)	6.66	(5.19)	(6.64)

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

Particulars	31-Mar-20	31-Mar-19	1-Apr-18
Opening defined benefit obligation	662.27	499.30	405.37
Transfer in/Out	(5.04)	0.31	(0.00)
Interest cost	46.88	36.48	28.05
Current service cost	182.77	138.81	114.79
Benefits paid	(44.78)	(55.23)	(59.20)
Past Service Cost	0.28	-	6.40
Actuarial loss / (gain) on obligation	51.72	34.20	3.89
On acquisition of Subsidiary	33.96	8.40	-
Closing defined benefit obligation	928.06	**662.27**	**499.30**

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

Particulars	31-Mar-20	31-Mar-19	1-Apr-18
Opening fair value of plan assets	512.85	412.82	324.13
Transfer in/Out	(4.90)	0.31	(0.00)
Expected return	42.80	31.66	26.06
Contributions by employer	217.46	121.34	128.79
Benefits paid	(44.79)	(55.23)	(59.20)
Actuarial gains / (losses)	4.78	(5.49)	(6.96)
On acquisition of Subsidiary	-	7.43	-
Closing fair value of plan assets	728.20	**512.84**	**412.82**
Expected contribution to fund to be made in the next year	109.00	106.47	101.40

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

A) Holding Company

Manappuram Finance Limited

Particulars	31-Mar-20	31-Mar-19	1-Apr-18
Discount rate	6.20%	7.10%	7.30%
Salary Growth rate	8.00%	8.00%	8.00%
Attrition rate	15.00%	15.00%	15.00%
Expected rate of return on assets	7.10%	7.30%	6.90%

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

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B) Subsidiary Companies

(i) **Asirvad Microfinance Limited**

Particulars	31-Mar-20	31-Mar-19	1-Apr-18
Discount rate	6.58%	7.50%	7.67%
Salary Growth rate	10.00%	10.00%	10.00%
Attrition rate	16.00%	16.00%	16.00%

(ii) **Manappuram Home Finance Limited**

Particulars	31-Mar-20	31-Mar-19	1-Apr-18
Salary Escalation	8.00%	8.00%	8.00%
Discount rate	5.50%	6.70%	6.90%
Attrition rate			
- Managerial grade and above	15.00%	15.00%	15.00%
- Below managerial grade	50.00%	50.00%	50.00%
Expected rate of return on assets	6.70%	6.90%	6.30%

(iii) **Manappuram Insurance Brokers Limited**

Particulars	31-Mar-20	31-Mar-19	1-Apr-18
Discount rate	5.80%	6.90%	7.10%
Attrition rate	20%	20.00%	20.00%
Salary increase rate	8.00%	8.00%	8.00%
Expected Return on Plan Assets	6.90%	7.10%	6.60%

(iv) **Manappuram Comptech and Consultants Limited**

Particulars	31-Mar-20	31-Mar-19	1-Apr-18
Discount rate	6.70%	7.60%	7.70%
Salary Growth rate	6.00%	6.00%	6.00%

Percentage Break-down of Total Plan Assets

A) Holding Company

Manappuram Finance Limited

Particulars	31-Mar-20	31-Mar-19	1-Apr-18
Investment Funds with Insurance Company	99.90%	99.70%	99.00%
Of which, Unit Linked	37.30%	40.00%	45.00%
Of which, Traditional/ Non-Unit Linked	68.60%	59.70%	54.00%
Cash and cash equivalents	0.10%	0.30%	1.00%
Total	**100%**	**100%**	**100%**

B) Subsidiary Companies

(i) **Asirvad Microfinance Limited**

	31-Mar-20	31-Mar-19	1-Apr-18
Investment Funds with Insurance Company	100%	100%	100%
Total	**100%**	**100%**	**100%**

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

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(ii) **Manappuram Home Finance Limited**

	31-Mar-20	31-Mar-19	1-Apr-18
Investment Funds with Insurance Company	100%	100%	100%
Of which, Unit Linked	0%	0%	0%
Of which, Traditional/ Non-Unit Linked	100%	100%	100%
Total	**100%**	**100%**	**100%**

(iii) **Manappuram Insurance Brokers Limited**

	31-Mar-20	31-Mar-19	1-Apr-18
Investment Funds with Insurance Company	100%	100%	100%
Total	**100%**	**100%**	**100%**

Sensitivity Analysis

A) Holding Company

Manappuram Finance Limited

	31-Mar-20		31-Mar-20	
Assumptions	Discount rate		Salary Growth Rate	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(54.72)	62.38	60.66	(54.33)

	31-Mar-19		31-Mar-19	
Assumptions	Discount rate		Salary Growth Rate	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(37.91)	42.97	42.18	(37.94)

	01-Apr-18		01-Apr-18	
Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(28.00)	31.57	31.05	(28.07)

B) Subsidiary Companies

(i) **Asirvad Microfinance Limited**

	31-Mar-20		31-Mar-20	
Assumptions	Discount rate		Future salary increases	
Sensitivity level	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
Impact on defined benefit obligation	(2.10)	2.24	2.15	(2.04)

	31-Mar-19		31-Mar-19	
Assumptions	Discount rate		Future salary increases	
Sensitivity level	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
Impact on defined benefit obligation	(1.32)	1.40	1.36	(1.29)

	01-Apr-18		01-Apr-18	
Assumptions	Discount rate		Future salary increases	
Sensitivity level	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
Impact on defined benefit obligation	(0.90)	0.96	0.93	(0.88)

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(ii) Manappuram Home Finance Limited

	31-Mar-20		31-Mar-20	
Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(0.78)	0.86	0.84	(0.77)

	31-Mar-19		31-Mar-19	
Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(0.44)	0.49	0.48	(0.44)

	01-Apr-18		01-Apr-18	
Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(0.30)	0.33	0.32	(0.30)

(iii) Manappuram Insurance Brokers Limited

	31-Mar-20		31-Mar-20	
Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(0.46)	0.50	0.49	(0.46)

	31-Mar-19		31-Mar-19	
Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(0.14)	0.15	0.15	(0.14)

	01-Apr-18		01-Apr-18	
Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(0.11)	0.12	0.11	(0.11)

(iv) Manappuram Comptech and Consultants Limited

	31-Mar-20		31-Mar-20	
Assumptions	Discount rate		Future salary increases	
Sensitivity level	0.25% increase	0.25% decrease	2% increase	2% decrease
Impact on defined benefit obligation	(12.69)	13.34	14.73	(11.49)

	31-Mar-19		31-Mar-19	
Assumptions	Discount rate		Future salary increases	
Sensitivity level	0.25% increase	0.25% decrease	0.25% increase	0.25% decrease
Impact on defined benefit obligation	(8.10)	8.72	10.36	(6.73)

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.

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

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to Consolidated Financial Statements for the Year ended ended 31 March 2020

The principal assumptions used in determining leave encashment obligations for the Group's plans are shown below:

A) Holding Company

Manappuram Finance Limited

Particulars	31-Mar-20 %	31-Mar-19 %	1-Apr-18 %
Discount rate	7.10%	7.10%	7.30%
Attrition rate	15.00%	15.00%	15%
Salary escalation	8.00%	8.00%	8%

B) Subsidiary Companies

Asirvad Microfinance Limited

Particulars	31-Mar-20 %	31-Mar-19 %	1-Apr-18 %
Discount Rate	7.00%	7.50%	7.60%
Salary escalation	10%	10%	10%
Attrition Rate	16%	16%	16%

(ii) **Manappuram Home Finance Limited**

Particulars	31-Mar-20 %	31-Mar-19 %	1-Apr-18 %
Discount rate	6.70%	6.90%	6.90%
Salary Escalation	8%	8%	8%
Attrition rate			
- Managerial grade and above	15%	15%	15%
- Below managerial grade	50%	50%	50%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

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

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to Consolidated Financial Statements for the Year ended ended 31 March 2020

NOTE 44: MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Derivatives have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the Group uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

Particulars	31-Mar-20			31-Mar-19			01-Apr-18		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Financial assets									
Cash and cash equivalents	32,930.76	-	32,930.76	8,403.80	-	8,403.80	4,842.82	-	4,842.82
Bank Balance other than above	3,528.65	-	3,528.65	3,238.15	-	3,238.15	2,398.43	-	2,398.43
Derivative financial instruments	1,369.97	-	1,369.97	32.31	-	32.31	-	-	-
Trade Receivables	24.77	-	24.77	27.13		27.13	10.88		10.88
Loans	205,095.23	26,798.10	231,893.33	150,007.36	28,092.71	178,100.06	135,895.74	16,534.23	152,429.97
Investments	5.05	895.75	900.80	9.22	1,728.33	1,737.55	49.25	-	49.25
Other Financial assets	6,694.04	1,325.34	8,019.38	4,308.00	1,767.79	6,075.79	3,157.73	1,366.36	4,524.09
Non-financial Assets									-
Current tax asset	-	961.62	961.62	-	1,694.05	1,694.05	-	1,057.71	1,057.71
Deferred tax assets (net)	-	1,013.57	1,013.57	-	770.59	770.59	-	1,082.64	1,082.64
Investment Property	-	0.86	0.86	-	0.86	0.86	-	0.86	0.86
Property, plant and equipment	-	3,272.20	3,272.20	-	3,124.73	3,124.73	-	2,686.56	2,686.56
Capital work-in-progress	-	34.61	34.61	-	8.90	8.90	-	1.47	1.47
Right of Use Asset		4,190.64	4,190.64				-	-	-
Goodwill	-	355.65	355.65	-	355.65	355.65	-	355.65	355.65
Other Intangible assets	-	207.03	207.03	-	184.66	184.66	-	56.90	56.90
Other non financial assets	50.95	756.66	807.61	-	702.56	702.56		729.19	729.19
Total assets	249,699.42	39,812.03	289,511.45	166,025.96	38,430.82	204,456.79	146,354.85	23,871.57	170,226.42
Liabilities									
Financial Liabilities									
Derivative financial liabilities	-	-	-	-	-	-	66.62	-	66.62
Trade Payables	1,736.62	-	1,736.62	1,326.56	-	1,326.56	1,181.55	-	1,181.55
Debt Securities	25,414.04	53,976.55	79,390.59	44,862.42	11,124.11	55,986.53	42,531.68	11,763.76	54,295.44
Borrowings (other than debt security)	94,981.29	42,582.55	137,563.86	80,455.73	15,315.11	95,770.84	58,097.91	12,477.66	70,575.57
Deposits	0.10	-	0.10	19.20	-	19.20	-	-	-
Subordinated Liabilities	16.95	1,195.72	1,212.67	5.66	1,190.22	1,195.88	26.51	1,173.04	1,199.55
Lease Liability	794.66	3,691.88	4,486.54	-	-		-		-
Other Financial liabilities	2,993.22	20.00	3,013.22	2,730.40	-	2,730.40	3,438.39	-	3,438.39
Non-financial Liabilities							-		-
Provisions	641.37	3.50	644.87	547.67	-	547.67	449.62	-	449.62
Other non-financial liabilities	3,419.08	-	3,419.08	954.53	-	954.53	566.66	-	566.66
Total Liabilities	129,997.32	101,470.21	231,467.55	130,902.16	27,629.43	158,531.61	106,358.92	25,414.46	131,773.40
Net	119,702.10	(61,658.18)	58,043.90	35,123.81	10,801.40	45,925.18	39,995.93	(1,542.89)	38,453.02

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

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NOTE 45: CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in liabilities arising from financing activities

Particulars	As at 31 March 2019	Cash Flows	Other	As at 31 March 2020
Debt Securities	55,986.53	24,160.54	(756.47)	79,390.59
Borrowings other than debt securities	95,770.84	41,904.60	(111.59)	137,563.86
Subordinated Liabilities	1,195.88	16.67	0.12	1,212.67
Total liabilities from financing activities	**152,953.25**	**66,081.81**	**(867.94)**	**218,167.12**

Particulars	As at 1 April 2018	Cash Flows	Other	As at 31 March 2019
Debt Securities	54,295.44	1,799.54	(108.45)	55,986.53
Borrowings other than debt securities	70,575.57	25,204.34	(9.07)	95,770.84
Subordinated Liabilities	1,199.55	(3.41)	(0.26)	1,195.88
Total liabilities from financing activities	**126,070.56**	**27,000.47**	**(117.78)**	**152,953.25**

NOTE 46: CONTINGENT LIABILITIES, COMMITMENTS AND LEASING ARRANGEMENTS

(A) Contingent Liabilities

(a) Applicability of Kerala Money Lenders' Act

The Group 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 Group 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.

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
i) Income Tax Demand under Appeal before The Commissioner of Income Tax (Appeals) for the Assessment Year 2012-13 to 2016-17	919.21	1,595.93	894.35
ii) Kerala Value Added Tax demands under appeal pending before The Deputy Commissioner for the Assessment Years 2009-10, 2010-11, 2011-12, 2012-13 and 2014-15 (Excluding Penalty and Interest, if any)	49.94	49.94	49.86
iii) Andhra Pradesh Value Added Tax demand under appeal pending before the Deputy Commissioner for the Assessment Year 2011-12	-	-	1.68
iv Service Tax demands under appeal pending before The Central Excise, Service Tax Appellate Tribunal for the Assessment Years 2006-07 and 2008-09 (Excluding Penalty and Interest, if any)	-	0.94	0.93
Total	**969.15**	**1,646.81**	**946.82**

(b) The Group has some labour cases pending against it in various courts and with labour Commissioners of various States. The Group's laibility for these cases are not disclosed since actual liability to be provided is unascertainable.

(B) Commitments

(i) Estimated amount of contracts remaining to be executed on capital account, net of advances is 289.87 million (31 March 2019: ₹ 171.11, 1 April 2018: ₹ 190.04).

(ii) The Company has entered into an agreement for outsourcing of Information Technology support in April 2011 for a period of 10 years with an total expense of ₹ 2,700.

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

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(C) Lease Disclosures

(a) Leases of Branch Premises

Transition:

(i) Effective 1 April 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

(ii) On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 2176.92 million, and a lease liability of ₹ 2600.90 million. The cumulative effect of applying the standard, amounting to ₹ 275.86 million was debited to retained earnings,net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share.

(iii) The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date. Discount rate has been taken as the Incremental Borrowing rate of borrowings with similar tenure.

2. Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

4. Applied practical expedient to grandfather the assessment of which transactions are leases. Accordingly Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

5. The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease

(iv) The entity takes branch premises and computers on lease. Below are the changes made during the year in the carrying value of:

-Right-of-use assets

Particulars	As at 31 March 2020
Balance as at April 1, 2019	2,176.92
Recognition of Deffered Lease Rentals as mentioned in (a)(ii) above.	65.46
Additions	2,787.94
Deletion	-
Depreciation	(839.68)
Balance as at 31 March 2020	**4,190.64**

-Lease liabilities

Particulars	As at 31 March 2020
Balance as at 1 April 2019	2,600.90
Additions	2,763.27
Deletion	-
Payment of Lease liabilities	(1,219.64)
Finance cost accrued during the period	342.01
Balance as at 31 March 2020	**4,486.54**

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

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- Amounts recognised in profit and loss

Particulars	As at 31 March 2020
Depreciation expense on right-of-use assets	838.96
Interest expense on lease liabilities	342.02

The total cash outflow for leases amount to ₹ 1219.64.02 million

Maturity analysis of Lease Liability

Particulars	As at 31 March 2020
Maturity in FY 21	794.66
Maturity in FY 22	502.58
Maturity in FY 23	455.73
Maturity in FY 24	482.12
Maturity in FY 25 and above	2,251.45
Balance as at 31 March 2020	**4,486.54**

Finance Leases:

The Group has finance leases for Computers and vehicles. These leases are non-cancellable and has no escalation clause. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

i) Computers

Particulars	31-Mar-20	31-Mar-19	01-Apr-18
Total minimum lease payments at the year end	55.21	91.45	145.77
Less: amount representing finance charges	3.70	6.75	14.23
Present value of minimum lease payments	51.51	84.70	131.54
Lease payments for the year	30.51	62.51	37.54
Minimum lease Payments:			
Less than one year [Present value as on 31 March 2020: ₹ 51.51, Present value as on 31 March 2019: ₹ 62.32, 1 April 2018: ₹ 75.32)]	55.21	68.56	85.27
Later than one year but not later than five years [Present values on 31 March 2020: ₹ Nil, as on 31 March 2019: ₹ 22.08, 1 April 2018: ₹ 56.21)]	0.00	22.89	60.5

ii) Vehicles

Particulars	31-Mar-20	31-Mar-19	01-Apr-18
Total minimum lease payments at the year end	-	0.90	10.55
Less: amount representing finance charges	-	0.07	0.99
Present value of minimum lease payments	-	0.83	9.56
Minimum lease Payments:			
Not less than one year	-	0.90	5.69
Later than one year but not later than five years	-	-	4.86

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

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NOTE 47: STATEMENT OF NET ASSETS, PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS AND NON-CONTROLLING INTEREST

Name of the entity in the Group	Net Assets, i.e. total assets minus total liabilities		Share in profit and loss		Share in Other comprehensive income		Share in Total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit and loss	Amount	As % of consolidated other comprehensive income	Amount	As % of Total comprehensive income	Amount
Manappuram Finance Limited	92.27%	53,558.97	83.11%	12,303.13	90.53%	(54.32)	83.08%	12,248.81
Subsidiaries								
Manappuram Home Finance Limited	(0.06%)	(35.17)	0.71%	105.64	2.29%	(1.37)	1.71%	104.27
Manappuram Insurance Brokers Limited	0.10%	60.63	0.16%	23.44	1.00%	(0.60)	0.15%	22.84
Asirvad Microfinance Limited	6.68%	3,877.67	15.05%	2,227.69	3.67%	(2.20)	15.10%	2,225.49
Manappuram Comptech And Consultants Limited	0.00%	(0.71)	0.00%	17.67	0.00%	(1.38)	0.00%	16.29
Non Controling Interest in subsidiary	1.00%	582.71	0.85%	125.60	0.21%	(0.13)	0.85%	125.47
Total	**100.00%**	**58,043.90**	**100.00%**	**14,803.17**	**100.00%**	**(60.00)**	**100.00%**	**14,743.17**

NOTE 48: RELATED PARTY DISCLOSURES

Associates / Enterprises owned or significantly influenced by key management personnel or their relatives.	
Manappuram Jewellers Limited	FINSEC AA Solutions Pvt Ltd*
Manappuram Agro Farms Limited	Orange Retail Finance India Private Limited
Manappuram Foundation	JSW Industrial Gases Pvt Ltd*
Manappuram Health Care Limited *	Ananya Finance for Inclusive Growth Private Limited*
Manappuram Construction and Properties Limited	Natafim Agricultural Financing Agency Private Limited*
Manappuram Chit Funds Company Private Limited *	Veritas Finance Private Limited*
MABEN Nidhi Limited*	Booker India Private Limited*
Manappuram Asset Finance Limited *	Booker Satnam Wholesale Private Limited*
Manappuram Chits (Karnataka) Private Limited *	NETAFIM Agricultural Financing Agency Pvt ltd*
Manappuram Chits India Limited *	VISTAAR Financial services Pvt Ltd*
Adlux Medicity and Convention Centre Private Limited*	Asirvad Development Foundation
MAFIN Enterprise *	Proficient investment and financial consultancy pvt ltd
Manappuram travels	Stallion Systems And Solutions Private Limited
Manappuram Chits *	Mentorguru Professional Services Private Limited
Orange Retail Finance Pvt Ltd*	Progno Financial Planning Systems Private Limited
DTA Advisory Pvt Ltd*	Mukundapuram Educational and Cultural Society
DTB Advisory Pvt Ltd*	Macare Dental Care Pvt Ltd
DT3 Advisory Pvt Ltd*	Propyl Packaging Limited
Lions Coordination committee of India association	Majo Ventures Private Limited
Finance Industry Development Council	SNST Advisories Private Limited
LICHFL Trustee Company Pvt Ltd*	Ridhvi Constructions and Interiors Private Limited
FINTECH Products and Solutions (India)Pvt Ltd*	AIBOT Technologies Private Limited
Key Management Personnel	
Mr. V P Nandakumar - Managing Director & CEO	
Mr.Jagdish Capoor - Chairman	
Mr. B.N Raveendra Babu - Executive Director	
Mrs. Bindhu AL - Chief Financial Officer	
Mr. Manoj Kumar VR - Company Secretary	
Mr.P.Manomohanan-Director	
Adv.V.R.Ramachandran-Director	

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Mr.Gautam Ravi Narayan - Director
Ms. Sutapa Banerjee-Director
Mr. Abhijit Sen-Director
Mr. Harshan Kollara-Director
Mr. Shailesh J Mehta-director
Relatives of Key Management Personnel
Mrs. Sushama Nandakumar (wife of Mr. V P Nandakumar)*
Mr. Sooraj Nandan (son of Mr. V P Nandakumar)*
Mrs Sumitha Jayshankar(daughter of Mr. V P Nandakumar)*
Mr. Suhas Nandan (son of Mr. V P Nandakumar)
Ms. Jyothy Prasannan(Sister of V.P Nandakumar)
Ms. Biji Babu (daughter of Mr. B.N Raveendra Babu)*
Mrs. Shelly Ekalavyan (sister of Mr. V P Nandakumar)*
Mrs. Rajalakshmi Raveendra Babu (wife of Mr. B.N Raveendra Babu)*
Mr. Benny (Husband of Mrs. Bindu A L)*

* No transactions with these related parties

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

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Related Party transactions during the year:

Particulars	Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives			Key Management Personnel			Relatives of Key Management Personnel		
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Debentures and Subordinate Bond redeemed during the year	-	-	-	-	-	-	-	**0.67**	-
Mrs. Shelly Ekalavyan	-	-	-	-	-	-	-	0.67	-
Interest expense	-	-	-	-	-	-	-	**0.23**	**0.15**
Mrs. Shelly Ekalavyan	-	-	-	-	-	-	-	0.23	0.15
Commission to Directors	-	-	-	**53.13**	**73.40**	**63.50**	-	-	-
Mr. V.P.Nandakumar	-	-	-	35.00	50.00	37.50	-	-	-
Mr. Raveendra Babu	-	-	-	3.85	5.50	5.00	-	-	-
Mr. V.R. Rajiven	-	-	-	1.06	2.50	2.00	-	-	-
Mr.Abhijit Sen	-	-	-	1.91	-	-	-	-	-
Mr.Harshan Kollara	-	-	-	0.35	-	-	-	-	-
Mr.Jagdish Capoor	-	-	-	3.83	4.50	4.00	-	-	-
Mr.P Manomohanan	-	-	-	2.55	3.50	3.00	-	-	-
Mr.Shailesh J. Mehta	-	-	-	0.32	4.50	10.00	-	-	-
Mrs.Sutapa Banerjee	-	-	-	2.13	0.40	-	-	-	-
Mr.V.R. Ramachandran	-	-	-	2.13	2.50	2.00	-	-	-
Remuneration to Directors	-	-	-	**96.54**	**85.33**	**64.69**	-	-	-
Mr. V.P.Nandakumar	-	-	-	84.38	73.70	53.77	-	-	-
Mr. Raveendra Babu	-	-	-	12.16	11.63	10.92		-	-
Remuneration to other KMPs	-	-	-	**12.20**	**7.21**	**12.68**	-	-	-
Mr. Kapil Krishan	-	-	-	-	2.19	9.72	-	-	-
Ms. Bindu A.L	-	-	-	9.17	1.63	-	-	-	-
Mr. Ramesh Periasamy	-	-	-	-	2.62	2.96	-	-	-
Mr. Manoj Kumar V R	-	-	-	3.03	0.77	-	-	-	-
Remuneration paid to Relative of KMP	-	-	-	-	-	-	**1.38**	**5.26**	**13.85**
Mr. Sooraj Nandan	-	-	-	-	-	-	-	0.81	5.28
Mrs. Sumita Jayshankar	-	-	-	-	-	-	-	3.06	7.32
Mr. Suhas Nandan	-	-	-	-	-	-	1.38	1.39	1.25
Sitting Fee Paid	-	-	-	**5.18**	**4.80**	**3.89**	**0.37**	**0.25**	**0.31**
Mr. V.P.Nandakumar	-	-	-	-	0.06	0.03	-	-	-
Mrs. Sushama Nandakumar	-	-	-				0.13	0.05	0.03
Mr. Abhijit Sen	-	-	-	0.34	-	-	-	-	-
Mr. V.R. Rajiven	-	-	-	0.36	1.16	0.48	-	-	-
Mr. B. N. Raveendra Babu	-	-	-	0.40	0.32	0.32	-	-	-

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Particulars	Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives			Key Management Personnel			Relatives of Key Management Personnel		
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Mr. V. R. Ramachandran	-	-	-	1.28	1.06	0.72	-	-	-
Ms. Jyothy Prasannan	-	-	-				0.24	0.12	0.16
Mr. Sooraj Nandan	-	-	-				-	0.08	0.12
Mr.Harshan Kollara	-	-	-	0.04	-	-	-	-	-
Mr.Jagdish Capoor	-	-	-	0.87	0.68	0.44	-	-	-
Mr.P Manomohanan	-	-	-	0.93	1.06	0.76	-	-	-
Mr.Shailesh J. Mehta	-	-	-	0.04	0.38	1.14	-	-	-
Mrs.Sutapa Banerjee	-	-	-	0.92	0.08	-	-	-	-
Reimbursement of Travelling expense	**-**	**-**	**-**	**-**	**0.63**	**1.98**	**-**	**-**	**-**
Mr. V.P.Nandakumar	-	-	-	-	0.44	1.83	-	-	-
Mr. Raveendra Babu	-	-	-	-	0.19	0.15	-	-	-
Donation Paid	**13.60**	**2.58**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Foundation	12.10	-	-	-	-	-	-	-	-
Asirvad Development Foundation	1.50	2.58	-	-	-	-	-	-	-
CSR Paid	**267.38**	**158.57**	**101.10**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Foundation	267.38	158.57	101.10	-	-	-	-	-	-
Payment to	**10.18**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Lions Coordination committee of India Association	10.18	-	-	-	-	-	-	-	-
Rent Paid	**4.65**	**3.46**	**1.24**	**-**	**-**	**-**	**0.13**	**0.16**	**0.34**
Mr. Suhas Nandan	-	-		-	-	-	0.13	0.16	0.14
Manappuram Agro Farms Limited	4.15	3.46	1.24	-	-	-	-	-	
Mrs Sumitha Jayshankar	-	-	-	-	-	-	-	-	0.12
Mr. Sooraj Nandan	-	-	-	-	-	-	-	-	0.08
Proficient Investment And Financial Consultancy Pvt Ltd	0.50	-	-	-	-	-	-	-	-
Reimbursement of Rent & Expenses	**3.80**	**5.70**	**1.90**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Foundation	3.80	5.70	1.90	-	-	-	-	-	-
Other Income	**-**	**-**	**0.10**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Foundation	-	-	0.10	-	-	-	-	-	-
Interest Income	**2.66**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Asset Finance Limited	2.66	-	-	-	-	-	-	-	-
Rent Received	**9.14**	**5.28**	**1.30**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Jewellers Limited	0.43	0.47	0.48	-	-	-	-	-	-
Manappuram Agro Farms Limited	0.08	0.08	0.14	-	-	-	-	-	-
Manappuram Foundation	8.63	4.73	0.68	-	-	-	-	-	-

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

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Particulars	Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives			Key Management Personnel			Relatives of Key Management Personnel		
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Electricity Charge Received	**0.85**	**0.90**	**0.85**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Jewellers Limited	0.61	0.76	0.73	-	-	-	-	-	-
Manappuram Foundation	0.16	0.07	0.12	-	-	-	-	-	-
Manappuram Agro Farms Limited	0.08	0.07	-	-	-	-	-	-	-
Other Expenses received	**8.24**	**7.99**	**2.66**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Foundation	8.24	7.99	2.66	-	-	-	-	-	-
Subscription Fee paid	**0.05**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Finance Industry Development Council	0.05	-	-	-	-	-	-	-	-
Advertisement expense	**0.10**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Finance Industry Development Council	0.10	-	-	-	-	-	-	-	-
Fee Received for Legal, Audit, Technical, IT, secreterial services	**55.51**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Asset Finance Ltd	-	-	-	-	-	-	-	-	-
Manappuram Jewellers Ltd	-	-	-	-	-	-	-	-	-
MABEN Nidhi Ltd	-	-	-	-	-	-	-	-	-
Manappuram Chits (India) Ltd	-	-	-	-	-	-	-	-	-
Manappuram Chits (Karnataka) Pvt Ltd	-	-	-	-	-	-	-	-	-
Manappuram Construction 8 Consultants Ltd	54.97	-	-	-	-	-	-	-	-
Manappuram Health Care Ltd	-	-	-	-	-	-	-	-	-
Manappuram Agro Farms Ltd	-	-	-	-	-	-	-	-	-
Macare Dental Care Pvt Ltd	-	-	-	-	-	-	-	-	-
V.P.Nandakumar	-	-	-	-	-	-	-	-	-
Manappuram Foundation	0.51	-	-	-	-	-	-	-	-
Manappuram Chit Funds Company Pvt Ltd	-	-	-	-	-	-	-	-	-
Mukundapuram Educational and Cultural Society	0.03	-	-	-	-	-	-	-	-
White Lillies Marketing Services Pvt Ltd	-	-	-	-	-	-	-	-	-
Ridhvi Constructions and Interiors Private Limited	-	-	-	-	-	-	-	-	-
AIBOT Technologies Private Limited	0.00	-	-	-	-	-	-	-	-
Construction Expenses	**7.39**	**8.83**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Construction and Properties Limited	7.39	8.83	-	-	-	-	-	-	-
Travelling Expenses	**39.58**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Travels	39.58	-	-	-	-	-	-	-	-
Invesment in Pass through certificates (PTC's)	**58.52**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Asset Finance Limited	58.52	-	-	-	-	-	-	-	-

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Particulars	Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives			Key Management Personnel			Relatives of Key Management Personnel		
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Post Employment Benefit Plan	0.91	1.09							
Contribution to LIC Manappuram Gratuity Trust	0.91	1.09	-	-	-	-	-	-	-
Balance outstanding as at the year end:									
Security Deposit	0.42	2.77	-	-	-	-	-	-	-
Manappuram Foundation	0.19	0.09	-	-	-	-	-	-	-
Manappuram Jewellers Limited	0.19	0.19	-	-	-	-	-	-	-
Manappuram Agro Farms Limited	0.04	0.14	-	-	-	-	-	-	-
Manappuram Health Care Limited	-	2.20	-	-	-	-	-	-	-
Manappuram Chit Funds Company Private Limited	-	0.15	-	-	-	-	-	-	-
Sundry Receivables	4.47	2.48	-	-	-	-	-	-	-
Manappuram Health Care Limited	-	0.17	-	-	-	-	-	-	-
Manappuram Chits (Karnataka) Private Limited	-	1.08	-	-	-	-	-	-	-
Macare Dental Care Pvt Ltd	-	0.09	-	-	-	-	-	-	-
Manappuram Construction & Consultants Ltd	4.46	-	-	-	-	-	-	-	-
Mukundappuram Education and Cultural Society	0.01	-	-	-	-	-	-	-	-
Manappuram Chits (Karnataka) Pvt Ltd	-	1.08	-	-	-	-	-	-	-
Ridhvi Constructions and Interiors Private Limited	-	0.03	-	-	-	-	-	-	-
AIBOT Technologies Private Limited	-	0.03	-	-	-	-	-	-	-
Invesment in Pass through certificates (PTC's) Outstanding	38.23	-	-	-	-	-	-	-	-
Manappuram Asset Finance Limited	38.23	-	-	-	-	-	-	-	-
Amounts receivable (net) from related parties	6.97	-	-	-	-	-	-	-	-
Manappuram Construction and Properties Limited	6.82	-	-	-	-	-	-	-	-
Manappuram Jewellers Limited	0.12	-	-	-	-	-	-	-	-
Manappuram Agro Farms Limited	0.03	-	-	-	-	-	-	-	-
Rent Payable	0.04	-	-	-	-	-	-	-	-
Proficient Investment And Financial Consultancy Pvt Ltd	0.04	-	-	-	-	-	-	-	-
Amounts payable (net) to related parties	4.00	-	-	24.91	32.88	27.84	0.10	0.10	1.18
Manappuram Construction and Properties Limited	3.54	-	-	-	-	-	-	-	-
Manappuram Travels	0.46	-	-	-	-	-	-	-	-
Mr. V.P.Nandakumar	-	-	-	22.44	29.01	24.56	-	-	-
Mr. Raveendra Babu	-	-	-	2.47	3.87	3.28	-	-	-
Mrs. Shelly Ekalavyan									1.18
Ms. Jyothy Prasannan	-	-	-				0.10	0.10	-

Note:

a) Related parties have been identified on the basis of the declaration received by the management and other records available.

b) The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

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NOTE 49: FAIR VALUE MEASUREMENT

49.1 Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

49.2 Valuation governance

The Group's process to determine fair values is part of its periodic financial close process. The Audit Committee exercises the overall supervision over the methodology and models to determine the fair value as part of its overall monitoring of financial close process and controls. The responsibility of ongoing measurement resides with business units. Once submitted, fair value estimates are also reviewed and challenged by the Risk and Finance functions.

49.3 Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

	31 March 2020				31 March 2019				1 April 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis												
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-
Cross Currency Swaps	-	592.87	-	592.87	-	32.31	-	32.31	-	-	-	-
Forward Rate Agreements	-	777.10	-	777.10	-	-	-		-	-	-	-
Total derivative financial instruments	**-**	**1,369.97**	**-**	**1,369.97**	**-**	**32.31**	**-**	**32.31**	**-**	**-**	**-**	**-**
Financial investment held for trading												
Equity Shares	0.12	-	0.50	0.62	-	-	0.53	0.53	-	-	0.53	0.53
Total financial investment held for trading	**0.12**	**-**	**0.50**	**0.62**	**-**	**-**	**0.53**	**0.53**	**-**	**-**	**0.53**	**0.53**
Total assets measured at fair value on a recurring basis	**0.12**	**1,369.97**	**0.50**	**1,370.59**	**-**	**32.31**	**0.53**	**32.84**	**-**	**-**	**0.53**	**0.53**
Assets measured at fair value on a non-recurring basis	-	-	-	-	-	-	-	-	-	-	-	
Liabilities measured at fair value on a recurring basis												
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-
Forward contracts	-	-	-		-	-	-		-	-	-	-
Cross Currency Swaps	-	-	-		-	-	-		-	66.62	-	-
Total derivative financial instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**66.62**	-	-
Liabilities measured at fair value on a non-recurring basis	-	-	-	-	-	-	-	-	-	-	-	-

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

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49.4 Valuation techniques

Equity instruments

Equity instruments in non-listed entities are initially recognised at transaction price and re-measured (to the extent information is available) and valued on a case-by-case and classified as Level 3. The Group uses prices from prior transactions without adjustment to arrive at the fair value. Prior transaction represents the price at which same investment was sold in the deal transaction.

Cross Currency Swaps

Interest rate derivatives include interest rate swaps, cross currency interest rate swaps, basis swaps and interest rate forwards (FRAs). The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves incorporating funding costs relevant for the position. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3.

Foreign exchange contracts

Foreign exchange contracts include open spot contracts, foreign exchange forward and swap contracts and overthe-counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Group classifies foreign exchange contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

Movements in Level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities which are recorded at fair value. The Group requires significant unobservable inputs to calculate their fair value.

31-Mar-20	At 1 April 2019	Purchase	Sales	Issuances	Settlements	Transfers into Level 3	Transfers from Level 3	Net interest income, net trading income and other income	Other comprehensive income	At 31 Mar 2020	Unrealised gains and losses related to balances held at the end of the period
Investments in Equity Shares of Catholic Syrian Bank	0.03	-	-	-	-	-	0.03	-	-		-
Alpha Micro Finance Consultants Private Ltd	0.50	-	-	-	-	-	-	-	-	0.50	-

31-Mar-19	At 1 April 2018	Purchase	Sales	Issuances	Settlements	Transfers into Level 3	Transfers from Level 3	Net interest income, net trading income and other income	Other comprehensive income	At 31 Mar 2019	Unrealised gains and losses related to balances held at the end of the period
Investments in Equity Shares of Catholic Syrian Bank	0.03	-	-	-	-	-	-	-	-	0.03	-
Alpha Micro Finance Consultants Private Ltd	0.50	-	-	-	-	-	-	-	-	0.50	-

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

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Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions

The table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of the Group's Level 3 assets and liabilities.

31 March 2020	Fair value of		Value techniques	Significant unobservable inputs
	Level 3 Assets	Level 3 Liabilities		
Investments-				
Alpha Micro Finance Consultants Private Ltd	0.50	-	Prior transaction pricing	

31 March 2019	Fair value of		Value techniques	Significant unobservable inputs
	Level 3 Assets	Level 3 Liabilities		
Investments-				
Equity Shares of Catholic Syrian Bank	0.03	-	Prior transaction pricing	
Alpha Micro Finance Consultants Private Ltd	0.50	-	Prior transaction pricing	

01 April 2018	Fair value of		Value techniques	Significant unobservable inputs
	Level 3 Assets	Level 3 Liabilities		
Investments-				
Equity Shares of Catholic Syrian Bank	0.03	-	Prior transaction pricing	
Alpha Micro Finance Consultants Private Ltd	0.50	-	Prior transaction pricing	

The carrying value and fair value of financial instruments by categories are as follows:

Particulars	Level	Carrying Value			Fair Value		
		Mar-20	Mar-19	Apr-18	Mar-20	Mar-19	Apr-18
Financial assets							
Cash and cash equivalents	2	**32,930.76**	8,403.80	4,842.82	**32,930.76**	8,403.80	4,842.82
Bank Balance other than above	2	**3,528.65**	3,238.15	2,398.43	**3,528.65**	3,238.15	2,398.43
Receivables	3	**24.77**	27.13	10.88	**24.77**	27.13	10.88
Loans	3	**231,893.33**	178,100.06	152,429.97	**231,893.33**	178,100.06	152,429.97
Investments	1	**0.12**	-	-	**0.12**	-	-
Investments	3	**900.68**	1,737.55	49.25	**900.68**	1,737.55	49.25
Derivative financial instruments	2	**1,369.97**	32.31	-	**1,369.97**	32.31	-
Other Financial assets	2	**7,981.10**	6,044.24	4,524.09	**7,981.10**	6,044.24	4,524.09
Other Financial assets	3	**38.28**	31.55	0.00	**38.28**	31.55	-
Total financial assets		278,667.66	197,614.79	164,255.44	278,667.66	197,614.79	164,255.45
Financial Liabilities							
Derivative financial instruments	2	**-**	-	66.62	**-**	-	66.62
Payables	2	**1,736.62**	1,326.56	1,181.55	**1,736.62**	1,326.56	1,181.55
Debt Securities	2	**79,390.59**	55,986.53	54,295.44	**79,390.59**	55,986.53	54,295.44
Borrowings (other than debt security)	2	**137,563.86**	95,770.84	70,575.57	**137,563.86**	95,770.84	70,575.57
Deposits	2	**0.10**	19.20	-	**0.10**	19.20	-
Subordinated Liabilities	2	**1,212.67**	1,195.88	1,199.55	**1,212.67**	1,195.88	1,199.55
Other Financial liabilities	2	**3,013.22**	2,730.40	3,438.39	**3,013.22**	2,730.40	3,438.39
Total Financial Liabilities		**222,917.06**	**157,029.41**	**130,757.12**	**222,917.06**	**157,029.41**	**130,757.12**

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

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The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These were calculated for disclosure purposes only.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, balances other than cash and cash equivalents, trade payables and other financial liabilities without a specific maturity. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances to customers

Fair value of Loans estimated using a discounted cash flow model on contractual cash flows using actual/estimated yields

Borrowings

The floating rate loans are fair valued on the basis of MCLR+spread.

For fixed rate loans, the carrying values are are a reasonable approximation of their fair value.

NOTE 50: RISK MANAGEMENT

Risk is an integral part of the Group's business and sound risk management is critical to the success. As a financial intermediary, the Group is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Group has a risk management policy which covers risk associated with the financial assets and liabilities. The Board of Directors of the Group are responsible for the overall risk management approach, approving risk management strategies and principles. The Group have a risk management policy which covers all the risk associated with its assets and liabilities.

The Group has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Group. The risk management process is continuously reviewed, improved and adapted in the changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis

The Group has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically adressed through mitigating actions on a continuing basis.

Credit Risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances.

The credit risk management policy of the Group seeks to have following controls and key metrics that allows credit risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardise the process of identifying new risks and designing appropriate controls for these risks
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Minimise losses due to defaults or untimely payments by borrowers
- Design appropriate credit risk mitigation techniques

In order to mitigate the impact of credit risk in the future profitability, the Group makes reserves basis the expected credit loss (ECL) model for the outstanding loans as balance sheet date.

The below discussion describes the Group's approach for assessing impairment as stated in the significant accounting policies.

The Group considers a financial instrument defaulted and therefore Stage 3 (credit impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations on whether Stage 2 is appropriate.

Exposure at Default (EAD)

The outstanding balance at the reporting date is considered as EAD by the Group. Considering that the PD determined above factors in amount at default, there is no separate requirement to estimate EAD.

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The Group uses historical information where available to determine PD. Considering the different products and schemes, the Group has bifurcated its loan portfolio into various pools. For certain pools where historical information is available, the PD is calculated using Incremental NPA approach considering fresh slippage of past 5 years. For those pools where historical information is not available, the PD default rates as stated by external reporting agencies is considered.

Based on its review of macro-economic developments and economic outlook, the Group has assessed that no adjustment is required for temporary overlays to determine qualitative impact on its PD's as at 31 March 2019 and 1 April 2018.

A) Manappuram Finance Limited

Pools	31 March 2020			31 March 2019		
	Stage I	**Stage II**	**Stage III**	**Stage I**	**Stage II**	**Stage III**
1) Gold Loan - Normal Risk*	**13.85%**	**13.85%**	**100.00%**	14.18%	14.18%	100.00%
2) Vehicle Loan	**2.68%**	**4.83%**	**100.00%**	1.24%	2.53%	100.00%
3) SME Loan	**6.36%**	**29.99%**	**100.00%**	5.39%	10.56%	100.00%

Pools	1 April 2018		
	Stage I	**Stage II**	**Stage III**
1) Gold Loan - Normal Risk*	18.34%	18.34%	100.00%
2) Vehicle Loan	0.97%	2.03%	100.00%
3) SME Loan	4.45%	14.19%	100.00%

4) Onlending, Corporate Finance and Project and Industrial Finance Loan, external ratings or internal evaluation with a management overlay for each customer.

5) Personal Loans and other verticals, external ratings or internal evaluation with a management overlay for each customer industry segment.

B) Asirvad Microfinance Limited

Pools	31 March 2020			31 March 2019		
	Stage I	**Stage II**	**Stage III**	**Stage I**	**Stage II**	**Stage III**
1) Micro Finance Loans	**1.00%**	**1.00%**	**100.00%**	1.00%	1.00%	100.00%
2) SME loans	**2.75%**	**2.75%**	**100.00%**	4.88%	4.88%	100.00%
3) MSME loans	**0.40%**	**0.40%**	**100.00%**	-	-	-

Pools	1 April 2018		
	Stage I	**Stage II**	**Stage III**
1) Micro Finance Loans	1.00%	1.00%	100.00%

C) Manappuram Home Finance Limited

Pools	31 March 2020			31 March 2019		
	Stage I	**Stage II**	**Stage III**	**Stage I**	**Stage II**	**Stage III**
1) Construction	**1.11%**	**7.54%**	**100.00%**	0.59%	7.52%	100.00%
2) Ready to use House	**3.90%**	**24.33%**	**100.00%**	3.09%	28.03%	100.00%
3) Home Improvement	**8.15%**	**44.84%**	**100.00%**	0.47%	6.01%	100.00%
4) Home Extension	**1.64%**	**10.94%**	**100.00%**	2.70%	6.01%	100.00%
5) Balance Transfer & Top-Up	**3.14%**	**20.03%**	**100.00%**	2.94%	13.06%	100.00%
6) LAP	**2.92%**	**18.72%**	**100.00%**	1.47%	11.24%	100.00%

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Pools	1 April 2018		
	Stage I	Stage II	Stage III
1) Construction	1.11%	4.05%	100.00%
2) Ready to use House	4.59%	19.74%	100.00%
3) Home Improvement	0.88%	3.21%	100.00%
4) Home Extension	0.88%	17.45%	100.00%
5) Balance Transfer & Top-Up	1.98%	18.86%	100.00%
6) LAP	1.69%	9.86%	100.00%

*Excludes portfolio where PD has been considered at 100%

In case of Gold loans, incremental NPA is considered after taking into account auctions during the year since in such cases is auctioned and total dues are recovered even before the account turns NPA.

Loss Given Default

The Group determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. Based on its analysis of historical trends, the Group has assessed that significant recoveries happen in the year in which default has occured. In estimating LGD, the Group reviews macro-economic developments taking place in the economy.

A) Manappuram Finance Limited

	Mar-20	Mar-19	01-04-2018
1) Gold Loan - Normal Risk	**1.76%**	0.72%	1.51%
2) Vehicle Loan	**42.88%**	42.40%	60%
3) SME Loan	**30%**	50%	50%
4) Other Loans	**60%**	60%	60%
5) Personel Loans	**65%**	65%	-

B) Asirvad Microfinance Limited

	31 March 2019	31 March 2018	01-04-2018
1) Micro Finance Loans	100.00%	100.00%	100.00%
2) SME loans	100.00%	100.00%	-
3) MSME loans	100.00%	100.00%	-

C) Manappuram Home Finance Limited

	31 March 2019	31 March 2018	01-04-2018
1) Construction	21.88%	20.84%	20.06%
2) Ready to use House	21.88%	20.84%	20.06%
3) Home Improvement	21.88%	20.84%	20.06%
4) Home Extension	21.88%	20.84%	20.06%
5) Balance Transfer & Top-Up	21.88%	20.84%	20.06%
6) LAP	21.88%	20.84%	20.06%

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LGD Rates have been computed internally based on the discounted recoveries in NPA accounts that are closed/ written off/ repossessed and upgraded during the year. LGD rates for SME, Onlending and other loans is considered based on proxy FIRB rates for secured loans.

In estimating LGD, the Group reviews macro-economic developments taking place in the economy. Based on internal evaluation, Group has provided a management overlay in LGD computed for Vehicle and SME portfolios.

The Group has applied management overlays to the ECL Model to consider the impact of the Covid-19 pandemic on the provision. The adjustment to the probability of default has been assessed considering the likelihood of increased credit risk and consequential default due to the pandemic. The impact on collateral values is also assessed for determination of adjustment to the loss given default and reasonable haircuts are applied wherever necessary. The number of days past due shall exclude the moratorium period for the purposes of asset classification as per the Group's policy

As part of the management overlays, as per the approved ECL policy, the management has adjusted the underlying PD as mentioned above and in case of corporate loan by downgrading the ratings to one level lower) and LGD as computed by ECL Model as mentioned above depending on the nature of the portfolio/borrower, the management's estimate of the future stress and risk and available market information. Refer note 5 to the financial statements.

Asset & Liability management

Asset and Liability Management (ALM) is defined as the practice of managing risks arising due to mismatches in the asset and liabilities. Group's funding consists of both long term as well as short term sources with different maturity patterns and varying interest rates. On the other hand, the asset book also comprises of loans of different duration and interest rates. Maturity mismatches are therefore common and has an impact on the liquidity and profitability of the group. It is necessary for Group to monitor and manage the assets and liabilities in such a manner to minimise mismatches and keep them within reasonable limits.

The objective of this policy is to create an institutional mechanism to compute and monitor periodically the maturity pattern of the various liabilities and assets of Group to (a) ascertain in percentage terms the nature and extent of mismatch in different maturity buckets, especially the 1-30/31days bucket, which would indicate the structural liquidity (b) the extent and nature of cumulative mismatch in different buckets indicative of short term dynamic liquidity and (c) the residual maturity pattern of repricing of assets and liabilities which would show the likely impact of movement of interest rate in either direction on profitability. This policy will guide the ALM system in Group

The scope of ALM function can be described as follows:

- Liquidity risk management

- Management of market risks

- Others

Liquidity Risk

Liquidity risk refers to the risk that the Group may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management, is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group consistently generates sufficient cash flows from operating and financial activities to meet its financial obligations as and when they fall due. Our resource mobilisation team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilisation team is responsible for diversifying fund raising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed.

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The table below provide details regarding the contractual maturities of significant financial assets and liabilities as on:-

Maturity pattern of assets and liabilities as on 31 March 2020:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total *
Borrowings	16,346.41	12,570.19	15,561.87	24,862.16	25,640.69	36,041.12	5,267.28	213.18	136,502.90
Foreign Currency Term Loan	-	-	-	-	-	1,060.96	-	-	1,060.96
Debt Security	-	9,966.24	9,394.16	747.69	5,305.96	48,816.98	4,348.40	811.16	79,390.59
Subordinated Debts	0.37	0.40	1.77	4.92	9.49	1,045.72	150.00	-	1,212.67
Advances	45,582.83	44,213.03	72,199.01	20,926.20	22,174.16	20,468.70	2,014.58	4,314.82	231,893.33

Maturity pattern of assets and liabilities as on 31 March 2019:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total *
Borrowings	10,573.00	13,317.51	3,915.80	42,415.16	8,701.38	11,405.53	1,673.81	2,235.78	94,237.99
Foreign Currency Term Loan	-	1,021.95	-	-	510.90	-	-	-	1,532.85
Debt Security	7,323.98	14,385.71	12,100.82	6,439.57	4,612.34	8,916.74	1,611.49	595.88	55,986.53
Subordinated Debts	0.62	0.18	0.21	3.19	1.47	43.78	1,146.43	-	1,195.88
Advances	38,296.96	37,184.96	48,467.58	12,358.91	13,698.94	22,609.95	1,628.58	3,854.18	178,100.06

Maturity pattern of assets and liabilities as on 1 April 2018:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total *
Borrowings	3,635.23	23,529.90	19,119.58	7,593.47	4,219.73	9,699.79	1,000.94	337.35	69,136.00
Foreign Currency Term Loan	-	-	-	-	-	1,439.57	-	-	1,439.57
Debt Security	799.64	10,447.85	19,257.53	2,044.32	9,982.33	11,724.48	39.29	-	54,295.44
Subordinated Debts	-	-	-	-	3.40	23.11	1,023.04	150.00	1,199.55
Advances	34,677.02	33,300.27	47,695.93	10,887.28	9,335.26	11,060.22	2,544.43	2,929.56	152,429.98

Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity, and other market changes. The Group is exposed to two types of market risk as follows:

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest ratesfor different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropraitely.

The Group has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

Price Risk

The Group's exposure to price risk is not material.

Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

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NOTE 51: DETAILS OF FINANCIAL ASSETS SOLD TO SECURITISATION COMPANY

As per RBI guidelines on Securitisation DNBR. PD. 008/03.10.119/2016-17 dated 1 September 2016 updated on 16 April 2019 the details of securitisation are given below:

Manappuram Finance Limited:

Particulars	31 March 2020	31 March 2019	1 April 2018
(i) No of SPVs sponsored by the NBFC for securitisation transactions	1	-	-
(ii) Total amount of securitised assets as per books of the SPVs Sponsored	307.07	-	-
(iii) Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance sheet	36.96	-	-
(iv) Amount of exposures to securitisation transactions Other than MRR as on the date of Balance sheet	-	-	-

Particulars	31 March 2020	31 March 2019	1 April 2018
Total number of loan assets securitised during the year	17,616	-	-
Book value of loan assets securitised during the year	484.70	-	-
Sale consideration received during the year	426.53	-	-
Vehicle Loans Subordinated as Credit Enhancement on Assets Derecognised	58.16	-	-
Gain / (loss) on the securitisation transaction recognised in P&L	-	-	-
Gain / (loss) on the securitisation transactions deferred	-	-	-
Quantum of Credit Enhancement provided on the transactions in the form of deposits	33.93	-	-
Quantum of Credit Enhancement as at year end	33.93	-	-
Interest spread Recognised in the Statement of Profit and Loss during the Year	14.25	-	-

Asirvad Microfinance Limited

Particulars	31 March 2020	31 March 2019	1 April 2018
(i) No of SPVs sponsored by the NBFC for securitisation transactions			
a. Through Direct assignment	13	4	1
b. Through PTC	18	14	8
Total	**31**	**18**	**9**
(ii) Total amount of securitised assets as per books of the SPVs Sponsored			
a. Through Direct assignment	10,724.62	2,873.39	13.74
b. Through Pass through Ceritificates	6,041.21	11,810.16	3,185.01
Total	**16,765.83**	**14,683.55**	**3,198.75**
(iii) Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance sheet			
a) Off-balance sheet exposures			
First loss	-	-	-
Others			
b) On-balance sheet exposures			
- First loss			
a. Direct Assignment	-	-	-
a. Pass through Ceritificates	-	-	-
- Others	2,692.90	1,784.17	516.40
	-	-	-
	-	-	-

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Particulars	31 March 2020	31 March 2019	1 April 2018
(iv) Amount of exposures to securitisation transactions Other than MRR	-	-	-
a) Off-balance sheet exposures	-	-	-
i) Exposure to own securitisations	-	-	-
First loss	-	-	56.50
a) Direct Assignment	-	-	-
b) Pass Through certificates	-	-	56.50
Loss	-	-	-
ii) Exposure to third party securitisations	-	-	-
First loss	-	-	-
Others	-	-	-
b) On-balance sheet exposures	-	-	-
i) Exposure to own securitisations	-	-	-
First loss	992.47	963.23	324.05
Others	-	-	-
ii) Exposure to third party securitisations	-	-	-
First loss	-	-	-
Others			

Details of Financial Assets sold to Securitisation Company

Particulars	31 March 2020	31 March 2019	1 April 2018
Total number of loan assets securitised during the year	1,016,474	1,065,278	370,839
a. Through Direct assignment (no. of accounts)	691,762	253,895	-
b. Through PTC (no. of accounts)	324,712	811,383	370,839
Book value of loan assets securitised during the year	**20,569.96**	**19,963.79**	**5,489.56**
a. Through Direct assignment	14,059.29	4,333.60	-
b. Through PTC	6,510.67	15,630.19	5,489.56
Sale consideration received during the year	**18,645.12**	**18,028.26**	**4,973.16**
a. Through Direct assignment	12,746.36	3,900.24	-
b. Through PTC	5,898.76	14,128.02	4,973.16
MFI Loans Subordinated as Credit Enhancement on Assets Derecognised	**1,924.83**	**1,935.53**	**516.40**
a. Through Direct assignment	1,312.92	433.36	-
b. Through PTC	611.91	1,502.17	516.40
Gain / (loss) on the securitisation transaction recognised in P&L	-	-	-
a. Through Direct assignment	-	-	-
b. Through PTC	-	-	-
Gain / (loss) on the securitisation transactions deferred	-	-	-
a. Through Direct assignment	-	-	-
b. Through PTC	-	-	-
Quantum of Credit Enhancement provided on the transactions in the form of deposits	**992.47**	**963.23**	**324.05**
a. Through Direct assignment	-	-	-
b. Through PTC	992.47	963.23	324.05
Quantum of Credit Enhancement as at year end	**992.47**	**963.23**	**324.05**
a. Through Direct assignment	-	-	-
b. Through PTC	992.47	963.23	324.05
Interest spread Recognised in the Statement of Profit and Loss during the Year	-	-	-
a. Through Direct assignment	1,259.10	295.72	14.71
b. Through PTC	-	-	206.86

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

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Details of Assignment transactions

Manappuram Finance Limited

Particulars	31 March 2020	31 March 2019	1 April 2018
(i) Number of Accounts	1,642	-	1,466.00
(ii) Aggregate value (net of provisions) of accounts sold	1,088.57	-	552.00
(iii) Aggregate consideration	1,088.57	-	502.00
(iv) Aggregate consideration realised in respect of accounts transferred in earlier years	-	-	-
(v) Aggregate gain / loss over net book value	-	-	-

Asirvad Microfinance Limited

Particulars	31 March 2020	31 March 2019	1 April 2018
(i) Number of Accounts	691,762	253,895	-
(ii) Aggregate value (net of provisions) of accounts sold	12,746	3,900.24	-
(iii) Aggregate consideration	12,746	3,900.24	-
(iv) Aggregate consideration realised in respect of accounts transferred in earlier years	-	-	-
(v) Aggregate gain / loss over net book value (As Per Ind AS)	1,259	296	-

NOTE 52: MARKETING COMMISSION

The Group has entered into agreements with Inthree Access, Uniq Synergy, Aspire Innovate, Eureka Forbes, Gloworld, Greenlight Planet, Greenway Grameen, Ulink Agritech, Preethi Appliances for facilitating sale of their products (solar lamps, water purifier, cookware, home utility appliance, biomass stoves etc.) to its members. The Company receives referral fees for the products disbursed based on slab rates specified in the terms of the agreements entered with them. The Company has received an amount of ₹ 454.33 (Previous Year : ₹ 531.86) towards referral fee for the facilitating of their products.

NOTE 53: DERIVATIVES DISCLOSURES AS PER RBI

As at 31 March 2020, the Group has recognised a net Market to Market (MTM) Gain of ₹ 1,489.81 (31 March 2019 ₹ 32.31 MTM Gain) relating to derivative contracts entered to hedge the foreign currency risk of future interest payment on fixed rate foreign currency denominated bond and foreign currency term loan, repayment of fixed rate foreign currency denominated bond and loans designated as cash flow hedges, in Hedging Reserve Account as part of the Shareholders' funds. Refer to Note no. 20 ' Derivative Financial Instruments'.

Details of outstanding derivative contracts as at the year end.

Type of Derivatives	31 March 2020		31 March 2019		April 1, 2018	
	No of contracts	Value (USD)	No of contracts	Value (USD)	No of contracts	Value (USD)
Forward Contracts entered into hedge the currency risk of future interest payments	7	176,550,000	-	-	-	-
Cross Currency interest rate Swaps	4	164,100,000	2	22,189,567	2	22,189,567

Type of Derivatives	31 March 2020		31 March 2019		April 1, 2018	
	No of contracts	Value ₹ In million	No of contracts	Value ₹ In million	No of contracts	Value ₹ In million
Forward Contracts entered into hedge the currency risk of future interest payments	6	11,349.75	-	-	-	-
Cross Currency interest rate Swaps	2	12,416.63	2	1,534.52	2	1,446.21

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Disclosure required as per RBI

Exchange Traded interest rate (IR) derivatives : NIL

Disclosures on risk exposure of derivatives

Qualitative disclosures

The Company has a Board approved policy in dealing with derivative transactions. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Company undertakes forward contracts for hedging on-balance sheet assets and liabilities. Such outstanding derivative transactions are accounted on accrual basis over the life of the underlying instrument. The Finance Resource Committee and Risk Management Committee closely monitors such transactions and reviews the risks involved.

Particulars	31 March 2020		31 March 2019		April 1, 2018	
	Swaps	Forward Agreements	Swaps	Forward Agreements	Swaps	Forward Agreements
i) Derivatives (Notional principal amount)						
For Hedging	12,416.63	11,349.75	1,534.52	-	1,446.21	-
ii) Marked to Market Positions						
a) Asset (+)	709.89	779.93	32.31	-		-
b) Liability (-)	-	-	-	-	(66.62)	-
iii) Credit Exposure	-	-	-	-	-	-
iv) Unhedged Exposure	-	-	-	-	-	-

NOTE 54: FRAUD

During the year there have been certain instances of fraud on the Company by officers and employees where gold loan related misappropriations / cash embezzlements /burglaries have occurred for amounts aggregating an amount of ₹ 78.33 (31 March 2019 ₹ 10.04) of which the Company has recovered ₹ 0.06 (31 March 2019 ₹ 3.97). The Group has taken insurance cover for such losses and has filed insurance claims in this regard. Further, the Company is in the process of recovering these amounts from the employees and taking legal actions, where applicable. The Company has created provision aggregating to ₹ 73.30 (31 March 2019 - ₹ 6.07) towards these losses based on its estimate.

NOTE 55: GOODWILL ON CONSOLIDATION

Goodwill on consolidation represents the excess purchase consideration paid over value of net assets of acquired subsidiaries on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are indicators for impairment. The Management does not foresee any risk of impairment on the carrying value of goodwill as at 31 March 2020.

NOTE: 56 SEGMENT REPORTING

S. No	Particulars	Year Ended		
		31-Mar-20	31-Mar-19	1-Apr-18
		Audited	Audited	Audited
1	**Segment Revenue**			
	Gold loan & others	44,497.44	35,015.85	30,096.48
	Microfinance	11,014.44	7,404.40	4,851.02
	Total Segment Revenue	**55,511.88**	**42,420.25**	**34,947.50**
2	**Segment Results (Profit before Tax)**			
	Gold loan & others	16,969.98	12,258.89	10,513.83
	Microfinance	3,103.00	2,307.02	(115.74)
	Total Segment Results	**20,072.98**	**14,565.91**	**10,398.09**
3	**Segment Assets**			
	Gold loan & others	236,295.67	161,880.22	146,353.64
	Microfinance	53,215.78	42,576.58	23,872.78
	Total Segment Assets	289,511.45	204,456.79	170,226.42
4	**Segment Liabilities**			
	Gold loan & others	188,646.95	123,999.2163	110,716.99
	Microfinance	42,820.60	34,532.393	21,056.41
	Total Segment Liabilities	**231,467.55**	**158,531.61**	**131,773.40**

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

Notes

to Consolidated Financial Statements for the Year ended ended 31 March 2020

NOTE 57 BUSINESS COMBINATION

(a) Summary of acquisition

As at March 30, 2019 the Holding Company acquired 81.07% equity shares in Manappuram Comptech and Consultants Limited ("MACOM"), a IT service provider. This acquisition of controlling stake will enable the group to synergise the IT services.

The assets and liabilities recognised as a result of the acquisition are as follows:

Particulars	Amount
Assets	
Property plant and equipment (including intangibles)	-
Current tax asset	11.25
Deferred tax asset	1.40
Capital work-in-progress	2.28
Other non-financial assets	0.89
Cash & bank balances	13.57
Trade receivables	1.45
Other financial assets	2.30
	33.14
Liabilities	
Current Tax liabilities (Net)	2.20
Provisions	8.21
Other Non-Financial Liabilities	3.48
Trade payables	0.43
Other financial liabilities	19.20
	33.52
Net Assets acquired	**(0.38)**
Calculation of gain/(loss) on acquisition	
Purchase consideration paid	7.99
Non-controlling interest in MACOM	2.43
Less: Net identifiable assets acquired	0.38
Less: Inter-company eliminations	(6.67)
Capital Reserve	**4.13**

The consolidated profit before tax for the year ended 31 March 2019 includes Nil profit before tax attributable to the business of MACOM and Revenue for the year ended 31 March 2018 includes Nil in respect to MACOM.

Had this acquisition occurred on 1 April 2018, the profit before tax for the year would have been higher by ₹ 3.3 and revenue for the year ended 31 March 2018, would have increased by ₹ 70.7.

NOTE 58: PREVIOUS YEAR FIGURES

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

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director & Chief Executive Officer
DIN: 00044512

B. N. Raveendra Babu
Executive Director
DIN: 00043622

Bindu A.L
Chief Financial Officer

Manoj Kumar V.R
Company Secretary

Place: Valapad, Thrissur
Date: May 14, 2020

Notes:

Notes:

Notes:

Corporate Information

Registered Office/Corporate Office
IV/470a (Old) W/638 (New)
Manappuram House
Valapad P.O, Thrissur - 680567, Kerala
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Website: www.manappuram.com

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A-Wing, 3rd Floor, Unit No 301 To 315
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Andheri East, Mumbai,
Maharashtra - 400093
Tel: 022 26674311

Chairman
Mr. Jagdish Capoor

Managing Director and CEO
Mr. V.P. Nandakumar

Board Members
Mr. B.N. Raveendra Babu

Other Members
Adv. V.R. Ramachandran
Mr. P. Manomohanan
Dr. Shailesh J. Mehta
Mr. Harshan Kollara
Mr. Abhijit Sen
Miss. Sutapa Banerjee
Mr. Gautam Narayan

Chief Financial Officer
Ms. Bindhu A.L.

Company Secretary
Mr. Manoj Kumar V.R.

Registrar and Share Transfer Agents - Shares
SKDC Consultants Limited
Kanapathy Towers
3rd Floor, 1391/A-1, Sathy Road,
Ganapathy Po, Coimbatore - 641 006
Tel: +91 422 4958995, 2539835-836
Fax: +91 422 2539837
Email: info@skdc-consultants.com

Registrar and Transfer Agent - Debentures
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C-101, 247 Park, LBS Marg
Vikhroli (West),
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Debenture Trustees
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Secretarial Auditor
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Coimbatore - 641018
Tel: 0422-2305676, 2302867

Bankers/ Financial Institutions
Axis Bank
Federal Bank
Hdfc Bank
ICICI Bank
IDBI Bank
Kotak Mahindra Bank
Karnataka Bank
Punjab National Bank
South Indian Bank
State Bank of India
IndusInd Bank
Union Bank of India
Bank of Baroda
Catholic Syrian Bank
UCO Bank
Qatar National Bank
RBL Bank Limited
Canara Bank
Indian Bank
Dhanlaxmi Bank
NABARD
Karur Vysya Bank
International Finance Corporation
SBI Life Insurance
Yes Bank
Uco Bank
Woori Bank
Central Bank of India
Bajaj Finance

MANAPPURAM FINANCE LIMITED

Make Life Easy

REGISTERED OFFICE

IV/470A (OLD) W/638 (NEW), MANAPPURAM HOUSE

VALAPAD PO, THRISSUR - 680 567, KERALA

CIN NO.: L65910KL1992PLC006623

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