



MANAPPURAM FINANCE LIMITED

®

Make Life Easy

Ref: Sec/SE/304/2018-19
29th August, 2018

To

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400001 Scrip Code: 531213	National Stock Exchange of India Limited 5 th Floor, Exchange Plaza Plot No. C/1, G Block Bandra – Kurla Complex, Bandra (E) Mumbai – 400051 Scrip Code: MANAPPURAM
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Dear Sir,

Sub: Submission of Annual Report as per Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Please find the attached Annual Report for the Financial Year 2017 – 18 as adopted at the 26th Annual General Meeting of the Company held on 21st August, 2018

Request you to take the same on record as required under the provisions of the said Regulation.

Thanking you.

Yours Faithfully,
For Manappuram Finance Limited

RAMESH
PERIASAMY

Digitally signed by RAMESH PERIASAMY
DN: cn=IN, o=Personal, postalCode=638151, st=TAMIL
NADU,
serialNumber=b7e07658e0d4a7d5d0f0dec2c8bc73f69
971d6a2d12293a78a651da1f891702, c=RAMESH
PERIASAMY
Date: 2018.09.03 16:04:13 +05'30'

Ramesh Periasamy
Company Secretary

India's First Listed and Highest Credit Rated Gold Loan Company

Registered & Corporate Office : (CIN-L65910KL1992PLC006623) IV/470A (old) W638A(New), Manappuram House, Valapad, Thrissur, Kerala - 680 567, India
Tel : 0487 - 3050100, 3050108 Fax : 0487 - 2399298 E mail : mail@manappuram.com Website : www.manappuram.com

Leading the way, digitally



What's inside

Scorecard

Assets Under Management (AUM)

₹ **15,765** Crore
15.4% y-o-y



Gold Loan Disbursements

₹ **62,155** Crore
18.5% y-o-y



Net Interest Income

₹ **23,957** Crore
8% y-o-y



Book Value Per Share

₹ **45.53**
14% y-o-y



Total Customers

3.8 million
12% y-o-y



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Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This Report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.



View this
Annual Report online at
www.manappuram.com



Tribute to a Visionary

Shri V. C. Padmanabhan dedicated his entire life to elevate the socio-economic condition of poor farmers and fishermen by providing them affordable loans. He believed in grassroots entrepreneurship and in 1949, laid the foundation for an institution of trust, Manappuram. Over the years, the Company has crossed several milestones, leveraging emerging opportunities as the Indian economy continued to grow and prosper and become more inclusive.

Guided by Shri Padmanabhan's values, we at Manappuram have helped millions of people to accomplish their financial aspirations. We have now diversified and de-risked our business by venturing into the synergistic segments of microfinance, home loans and commercial vehicle loans, among others.

We will continue to drive our transformation roadmap in step with the changing times, while at the same time staying true to our core values of customer centricity, stakeholder integrity and quick adoption of top-notch technology for seamless operations.

Shri Padmanabhan was a true visionary and continues to inspire us for all our present and future endeavours.

Shri V. C. Padmanabhan
(1916-1986)



A woman with long dark hair is smiling and looking at a smartphone held in her left hand. She is also holding a white mug with her right hand. The background is a bright, out-of-focus window. Overlaid on the bottom left is a network diagram with white lines connecting various colored dots (red, yellow, orange).

Leading the way,
digitally

We are building a more agile brand with an ambition for aggressive growth and our digital strategy is part of that overarching future roadmap.

Digitisation is helping us eliminate operational inefficiencies, accelerate decision making, touch more customers and sharpen insights into market trends and aspirations, based on analytics across all our businesses.

While our brick-and-mortar branches will continue to be an important cornerstone of the business, our digital drive will help us 'navigate the next' and contribute more significantly towards the nation's drive for an inclusive economy.

We see digital as the one big idea whose time has arrived and we are focused on leading the way digitally in the industry in which we operate.

Manappuram at a Glance

Progressing with Vigour

We are India's second largest gold loan company and have earned the trust and respect of our customers for more than two decades. Our strategy of embracing a culture of innovation across our people, processes, technologies and branding has helped us stay ahead of the curve. We cater primarily to people who are denied access by formal channels of finance and help them fulfil their aspirations.

At Manappuram, technology and customer centricity have always been our key focus areas and we are now leveraging digital channels and even providing our customers doorstep services. We have also de-risked our business from the volatility in gold prices by re-aligning the tenure and loan-to-value of our gold loans. These efforts have started fructifying in the form of stable asset quality and profitable growth of our gold loan business.

We are diversifying, with products spanning microfinance, commercial vehicles finance and housing finance, among others. We are making steady progress on this front. New businesses currently represent about one fourth of our total assets and their share is likely to go up in the future. Our strategy is to minimise our risk profile and enable us to emerge as a larger, multi-product Non-Banking Financial Company (NBFC).



Mission

Our purpose is to bring convenience to the lives of the ordinary people of India, to 'make life easy' for them. We provide them with 'instant' credit at reasonable rates of interest against their used gold jewellery to enable them to meet their requirements for short-term funds.



Vision

Our enduring vision is to energise the vast stock of privately held gold in India. India's households own anywhere from 20,000 to 25,000 tonnes of gold, the equivalent of two thirds of the country's Gross Domestic Product (GDP), of which hardly 10% is monetised. We hope to unlock the value of this gold to the benefit of the common people of India, most of whom have savings in the form of gold jewellery.



Core values

Customer is all important

Our products aim at delivering value to the customer. No matter what our customer's economic status is, we believe that time is precious and everyone is entitled to courtesy and prompt service with high levels of transparency.

No compromise on integrity

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

Cutting-edge technology

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

Quick facts of the Group

Presence

28 States

4 Union
Territories of India

Network

4,199

Branch
outreach

Broad-based

25.5%

Share of new
businesses

Team

24,886

Manappuram
employees

Diversified

8

Business verticals

Gold

63.98 tonnes

Gold assets

Cost

8.7%

Average
borrowing cost

Fund

27

Fund sources
across banks and
financial institutions

Credit ratings

Manappuram Finance

Long Term: AA- (Stable) by CRISIL and ICRA
Long Term: AA (Stable) by Bricwork and CARE
Short Term: A1+ by CARE
Commercial Paper: A1+ by CRISIL and CARE

Asirvad Microfinance

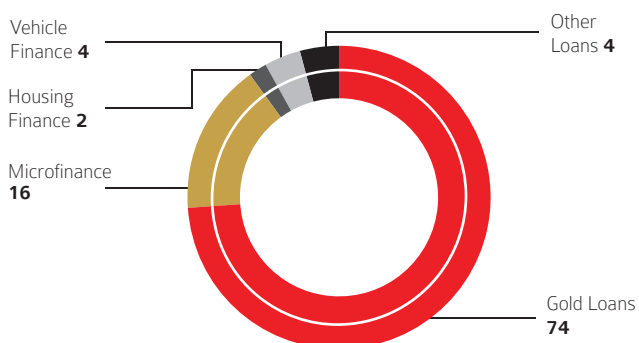
Long Term: A+ (Stable) by CRISIL, and
CARE Short Term: A1+ by CRISIL

Housing Finance

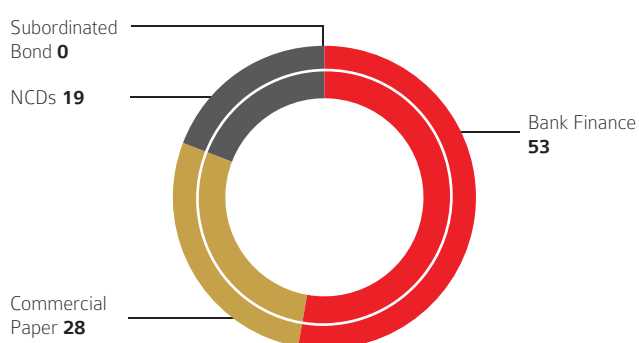
Long Term: A+ (Stable) by CRISIL
Short Term: A1+ by CRISIL
Long Term: AA- (Stable) by CARE

Business mix in 2017-18

Asset side (%)



Liability side (%)



Product Portfolio

Our Offerings Spectrum



Gold loans business



Gold loans

- A wide range of schemes to cater to diverse customer requirements
- No end-use restriction on gold loans
- Doorstep gold loans in pilot mode since May 1
- Loan to Value (LTV) linked to the loan tenure

Online Gold Loans (OGL)

- Gold loans offered at the convenience of the borrower
- Gold loans of up to ₹ 1.5 crore offered online
- Easy documentation, instant approval, convenient 24x7 online repayment
- Hassle-free, paper-less transactions online
- Free safe custody for gold



Micro finance business

- Microfinance Institution (MFI) loans under our subsidiary – Asirvad Microfinance
- Three types of loans
 - Income Generating Programme (IGP) loan
 - Product loan
 - Small and Medium Enterprises (SME) loan
- Loan tenure of up to 24 months



Housing finance business

- Home loans under our subsidiary – Manappuram Home Finance
- Focus on affordable housing loans for mid-income to low-income groups
- Average loan size of up to ₹ 10 lakh





Vehicle finance business

- Loans for new/preowned commercial vehicles and refinancing
- Minimum loans starting from ₹ 1 lakh
- 60-month maximum tenure



Others

SME finance

- Loans provided against the collateral security of property
- Loan amount ranging from ₹ 5 lakh to ₹ 2 crore
- Tenure of loan ranging from 24 months to 60 months
- 10-day Turnaround Time (TAT)

Forex and money transfer

- Fast, easy and safe money transfer
- No bank account needed for amount of up to ₹ 50,000
- Send cash anywhere in India within seconds
- Send money abroad
- Reserve Bank of India (RBI) certified

Insurance broking

- Housed under our 100% subsidiary – Manappuram Insurance Brokers Limited
- Provides insurance broking services for all leading players



Review of our Businesses

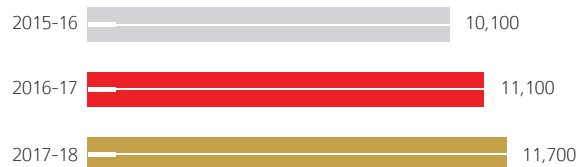
Business-wise Progress



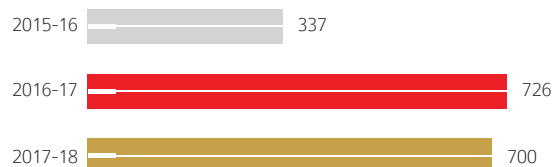
Gold loans business

- The impact of demonetisation and the Goods and Services Tax (GST) implementation began to wane in the second half of the fiscal and facilitated gold loan demand, as reflected in our Assets Under Management (AUM) growth.
- Overall, gold loan AUM grew 55% and disbursements grew 18.5% during the year.
- Our strategy of de-linking gold prices with our gold loan business is paying rich dividends as reflected in the sound credit quality of our gold loans.
- Online Gold Loans (OGL) accounted for one-fourth of our overall gold loans in FY18 and this metric is likely to be higher in the future.

Gold loan AUM (₹ in Crore)



Net profit (₹ in Crore)



3,330
Branches

28
States

32.6
Average loan ticket size (in ₹ 000s)



Asirvad Microfinance

- AUM of this business expanded by a robust 35.7% during the year. This growth was an outcome of multiple factors such as healthy addition of new customers (0.30 million), enhanced reach via a balanced mix of branch-led expansion (added 69 new branches) as well as more client acquisition via our online/digital platforms.
- The business was impacted by the cash crunch caused by demonetisation as well as the rising compliance arising from GST implementation.
- While some asset quality pressure continued in the first half of FY18, it started fading away gradually and led to the revival of both asset quality as well as return ratios in the second half of the year. Provisions stood at ₹ 17 crore and declined 57.2% on a y-o-y basis and 45.4% on a quarter-on-quarter (q-o-q) basis.
- The MFI business is also expected to be an important growth driver in the next few years.

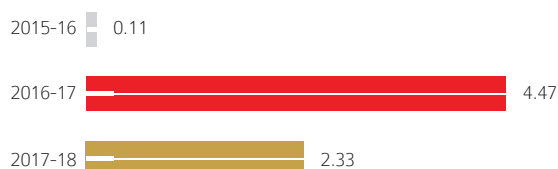
832
Branches

20
States

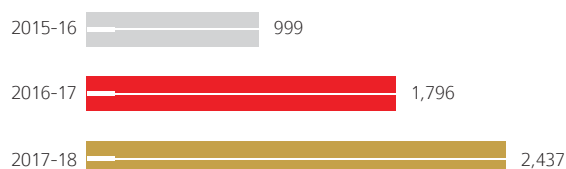
1.50
Customer base (in million)

2.33%
Gross Non-Performing Assets (NPA)

Gross NPA (%)



MFI AUM (₹ in Crore)



Review of our Businesses

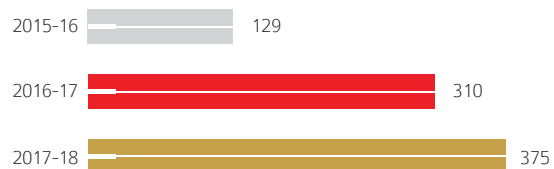
Business-wise Progress



Housing finance

- Our housing finance business registered 20.7% growth in its AUM, owing to its focus on the fast-growing affordable housing segment for individuals belonging to the mid-to-low income group.
- The gross NPA ratio touched 4.8% in the last quarter of the fiscal and we have stepped up the process of resolving these loans. These efforts coupled with prudent growth will help us bring down the gross NPA in this business to 2% levels by the end of FY19.
- We have set a target to achieve an AUM of ₹ 1,000 crore in this business over the next 2-3 years.
- We have brought down our opex ratio from 10.30% in FY17 to 8.44% in FY18 and will bring it down further in the current financial year.
- Our focus is to grow at steady pace while keeping our profitability as well as credit quality upbeat.

Housing finance AUM (₹ in Crore)



35
Branches

6
States

14.9%
Average yield

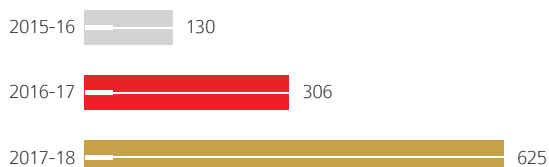
4.8%
Gross NPA



Vehicle finance

- AUM of our vehicle finance business doubled during the year to ₹ 625 crore owing to healthy traction and improved demand momentum in the preowned commercial vehicles space.
- We added 26 new branches and nine new states in this business during the year.
- We believe growth momentum in this business will sustain going forward, owing to our focus on underserved customers.
- We are leveraging our existing gold loan branches to expand this business and hence will have to incur very little expenditure while growing this business, thereby leading to higher business profitability.
- With expectations of normal monsoon and enhanced government outlay for infrastructure projects, portfolio growth is expected to be robust in FY19.
- We plan to take our total branch count to 95 in FY19.
- We commenced the two-wheeler financing business in FY17 and scaled up the loan book to ₹ 64.6 crore in FY18. Going forward, we will continue to grow the business by leveraging our existing customers.

Vehicle finance AUM (₹ in Crore)

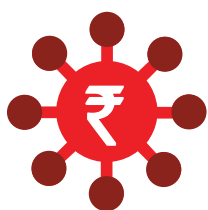


76
Branches

2.7%
Gross NPA

19
States

18.2%
Average yield



Other businesses

Manappuram Insurance Brokers Limited, our 100% subsidiary, achieved its maiden net profit of ₹ 1.35 crore during the year and is likely to grow rapidly from here on by entering into new tie-ups with insurance companies. As the Company attains a higher scale, its profitability too is expected to improve significantly.

Manappuram's payments business (includes remittances and money changing) became an RBI-licensed Principal Agent in the year and tied up with Western Union as their principal agent. It also tied up with Yes Bank to provide Banking Correspondent services. Going forward, we intend to grow our outward remittances business. We

are also looking to leverage higher synergies between our online gold lending platform and our digital wallet 'MAKASH'. Besides, we will ramp up our forex business and are adding workforce.

We commenced our SME business in November 2017 to serve the underserved segment and help them grow their businesses. We are building our team and have only launched this business in Maharashtra.

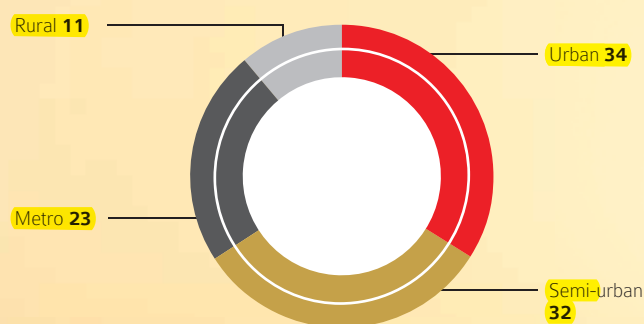
Geographic Presence

National Outreach

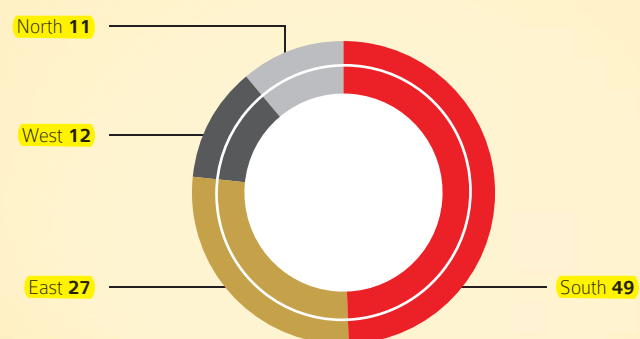


Map not to scale

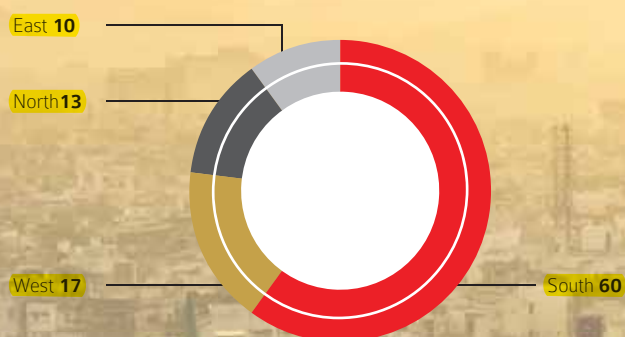
Gold AUM – Rural-urban mix in FY18 (%)



MFI AUM – Region-wise break-up in FY18 (%)



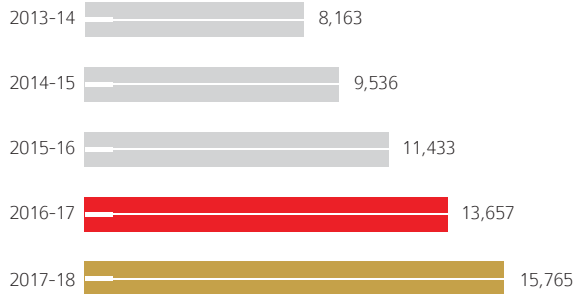
Gold AUM – Region-wise break-up in FY18 (%)



Key Financial Metrics

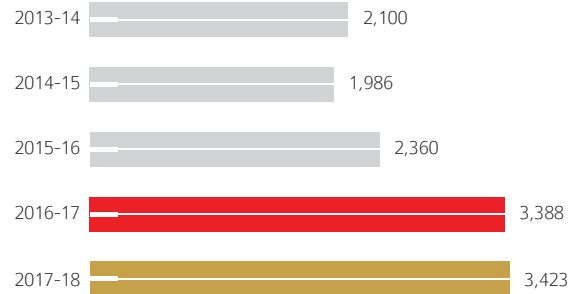
Sustainable Performance

Consolidated AUM (₹ in Crore)



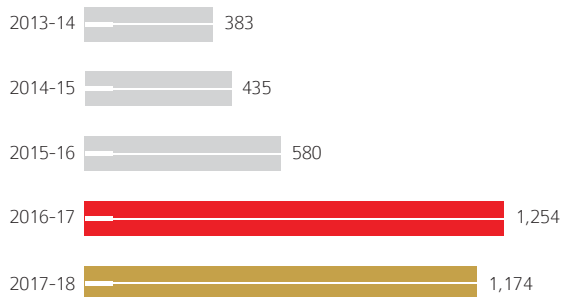
17.89%
5-year CAGR

Income from operations (₹ in Crore)



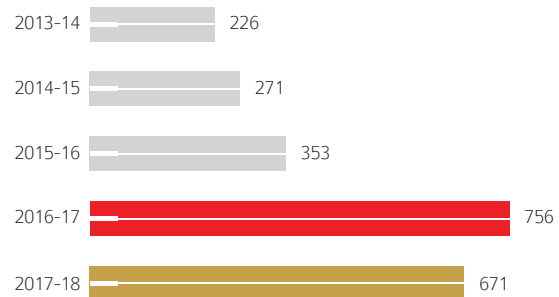
12.99%
5-year CAGR

Pre-provisioning profit (₹ in Crore)



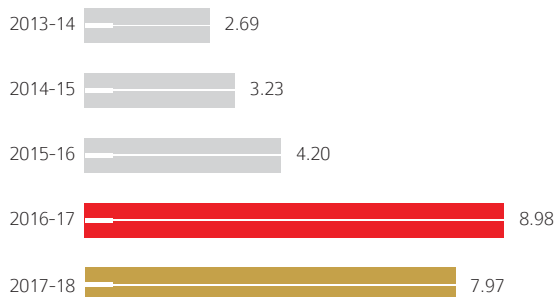
32.32%
5-year CAGR

Net profit (₹ in Crore)



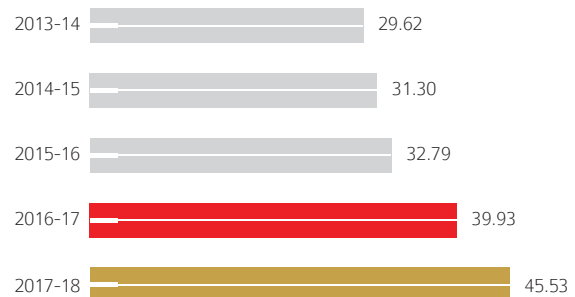
31.27%
5-year CAGR

Earnings Per Share (EPS) (₹)

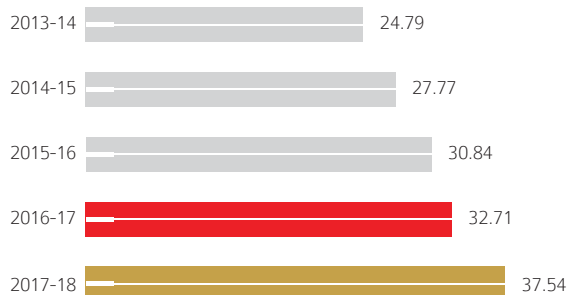


31.20%
5-year CAGR

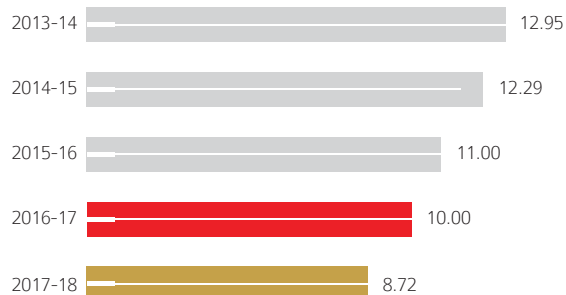
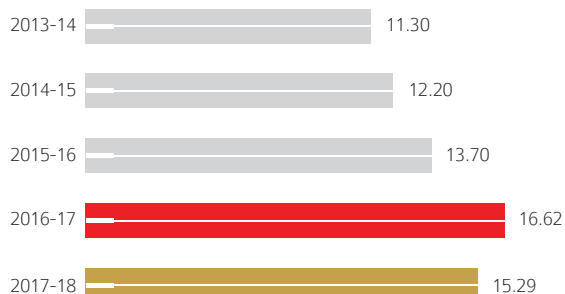
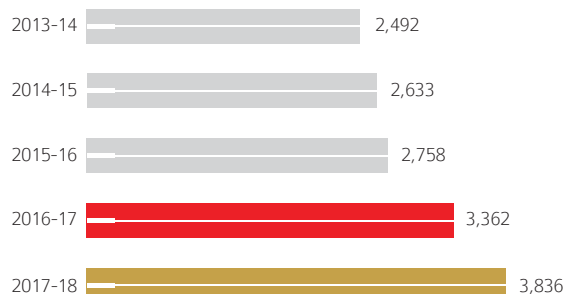
Book value per share (₹)



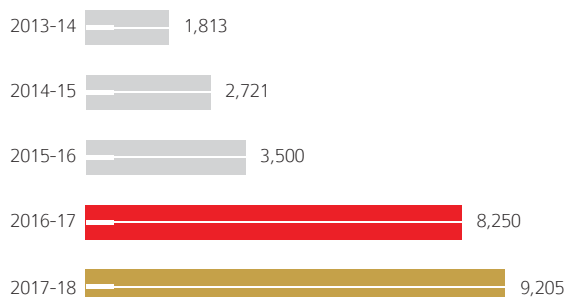
11.35%
5-year CAGR

AUM per branch (₹)

10.93%
5-year CAGR

Cost of borrowings (%)**Net interest spread (%)****Net worth (₹ in Crore)**

11.39%
5-year CAGR

Market capitalisation (₹ in Crore)

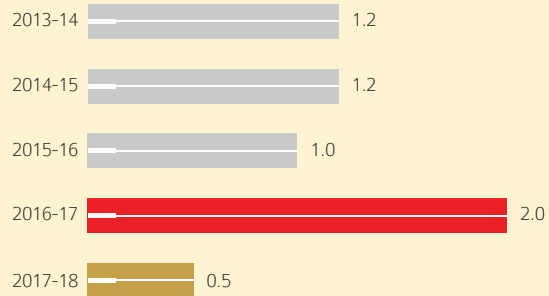
50.11%
5-year CAGR

Key Financial Metrics

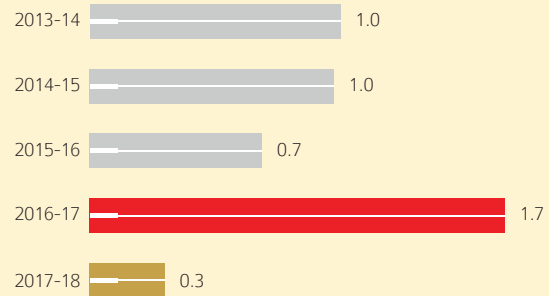
Sustainable Performance

ASSET QUALITY METRICS

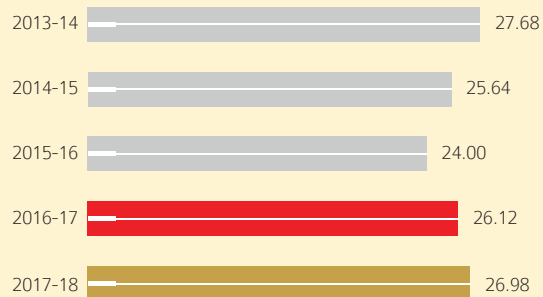
Gross NPA (%)



Net NPA (%)

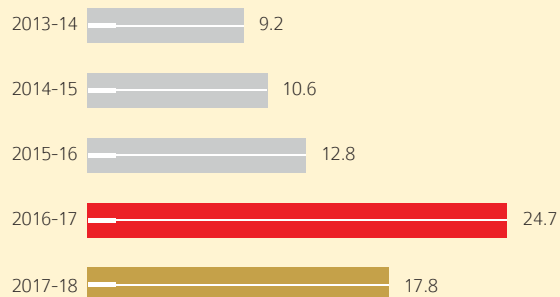


Capital adequacy ratio (%)

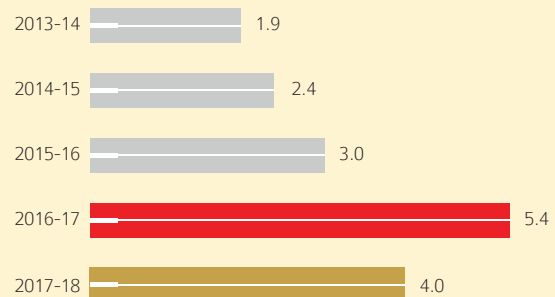


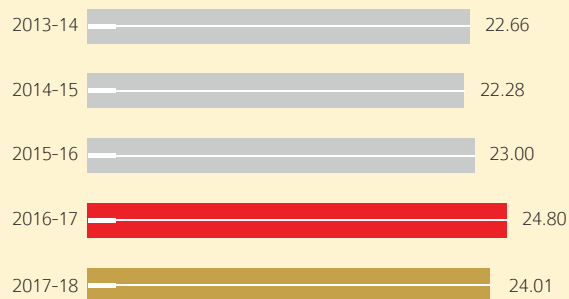
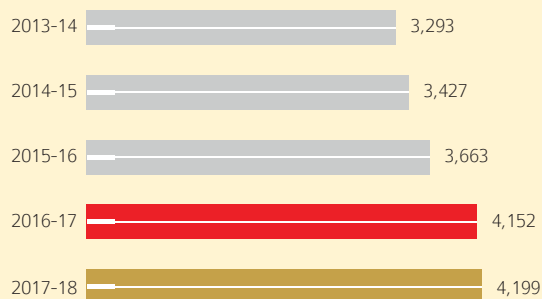
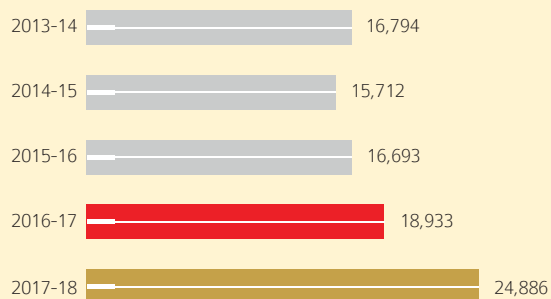
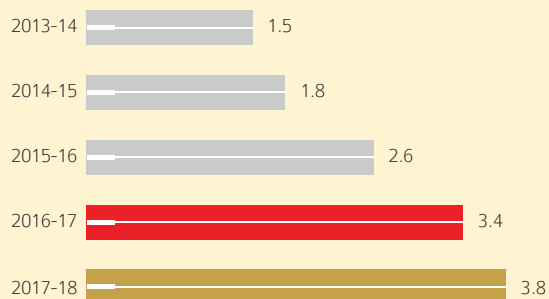
KEY PROFITABILITY RATIOS

Return on Equity (RoE) (%)



Return on Asset (RoA) (%)



Net yield (%)**KEY OPERATIONAL METRICS****Branches (Nos.)****Employees (Nos.)****Customers (Million)**

MD & CEO's Perspective

Leadership is Thinking Long Term

It is with pleasure and
great



pride

that I present to you our
26th Annual Report for the year
ended March 31, 2018.



We ended the year with a growth of over 15% in our consolidated AUM and a consolidated net profit of about ₹ 670 crore. It is, by all measures, a commendable performance considering the circumstances under which we operated. You may recall that the first half of the year was difficult for sectors such as microfinance and gold loans

with the rural economy and the unorganised sector continuing to face the after-effects of demonetisation and GST implementation. In fact, it was only in the second half of the year that we could get back on the growth track and since then, growth has picked up quite well and the outlook now is bright.

MD & CEO's Perspective

Leadership is Thinking Long Term

ECONOMIC OUTLOOK

The Central Statistics Office (CSO) revised its estimate for 2017-18, indicating that India's real Gross GDP growth rate was at 6.6%, which is lower than the 7.1% growth achieved in 2016-17. The deceleration in the economy was mainly attributed to the after-effects of demonetisation and implementation of the Goods and Services Tax (GST). The initial hiccups from the GST implementation have now been resolved and the economy is showing signs of robust recovery. At the same time, rising inflation poses a threat to growth. Inflation had edged up to 4.87% in May 2018 from 4.58% in April 2018. Incidentally, inflation was at a low of 1.46% as recently as in June 2017.

Rising inflation, the risk of fiscal slippage in the run up to the general election, the external pressure of rising global crude oil price, trade protectionism and interest rate hikes by the US Federal Reserve resulted in a shift in India's monetary policy, with repo rates being hiked by 25 basis points (to 6.25%) in June 2018, the first increase after January 2014. With crude oil price continuing to rule firm and with emerging markets generally seeing an outflow of funds given the lower risk appetite, it is likely that the RBI may push through more interest rate hikes in the current fiscal year. Meanwhile, the government has adhered to the fiscal consolidation path so far. The fiscal deficit marginally exceeded the target at 3.2% of GDP for 2017-18, while the target is 3.3% for 2018-19. The long-term goal is to bring fiscal deficit down to 3% by 2020-21.

OUTLOOK FOR NON-BANKING FINANCIAL COMPANIES (NBFCs)

NBFCs have gained market share from the established banks, as their portfolio of loans grew at 14.9% during the first half of 2017-18, compared to 6.2% for banks. The share of NBFCs in the total credit granted by NBFCs and banks put together rose from 9.5% in 2008 to 15.5% as of March 2017, a pointer to the rising significance of NBFCs as a source of finance.

NBFCs have gained market share during the year despite the slowdown in the economy during the first half and a sharper focus on retail loans by banks. Moreover, there is no doubt that the rise of NBFCs has helped bridge the credit gap in the country



Our OGL portfolio, which is an important focus area for us, now accounts for 32% of the total gold loan book compared to 11.9% last year. Our eKYC has been live in the branches for over a year now as we continue to work on developing an in-house eKYC solution.

and reduced the dependence on banking institutions by providing an alternate source of finance to people and allowing lower credit rated individuals and entities access to finance.

OUTLOOK FOR GOLD LOANS

The organised gold loan market in India is expected to grow to over ₹ 3 lakh crore by 2020 at a 3 year CAGR of 13.7% according to a recent KPMG report. The report mentions that gold loan companies will increasingly address the risk of gold price volatility by offering more variants of shorter tenure loan products of 3-6 months. Incidentally, short tenure gold loan products were first introduced by your Company in 2014. The advent of the Small Finance Banks (SFBs) is likely to increase competition, but gold loan NBFCs will be able to maintain their competitive edge by timely investments in technology and automation. Also, an analysis of the market share within the organised Indian gold loan industry shows that gold loan NBFCs command a larger market share. Though banks offer gold loans at relatively lower interest rates, NBFCs offer a better value proposition to customers with their exclusive focus on gold loans, lower TAT, flexible schemes, wider branch network and relatively longer working hours.

PERFORMANCE OF NEW BUSINESSES

Back in FY15, we took a decision to diversify our business by leveraging our vast customer base developed through our

mainstay Gold Loans business over the years. Our diversification efforts are paying off as overall growth was ably supported by the robust growth witnessed in the new businesses. In fact, the non-gold portfolio collectively grew by 59% during the year led by the commercial vehicles portfolio, which more than doubled its AUM even as our microfinance subsidiary, Asirvad Microfinance, closed the year with a 36% growth in AUM, almost touching the ₹ 2,500 crore mark. Put together, non-gold businesses now contribute 25.5% of our consolidated AUM as against 18.5% last fiscal.

LEADING THE WAY, DIGITALLY

In our uncertain world, there is no doubt that the next phase of growth in the financial services sector will be driven by digitalisation. Already, we have made good progress with some important initiatives in this direction, even as other initiatives are work in process.

Our OGL portfolio, which is an important focus area for us, now accounts for 32% of the total gold loan book compared to 11.9% last year. Our eKYC has been live in the branches for over a year now as we continue to work on developing an in-house eKYC solution. Other projects under the digitalisation ambit include one where we are working with leading solution providers to digitise paper work in the Company. The focus is on customising our existing Enterprise Resource Planning (ERP) solution to achieve digitisation. We are also getting

all our documents scanned, from the Human Resources (HR), legal, finance and admin departments, in a structured manner so as to achieve our goal of becoming 100% paperless.

We will shortly undertake a process rationalisation initiative wherein we will reengineer our existing processes to suit the Business Process Management (BPM) and Document Management System (DMS) tools. On the branch operations side, we are testing a Robotic Process Automation (RPA) solution for the customer on-boarding process. We are working on image-processing software that will read off the details from standard government documents such as the voter ID and PAN card, so that filling up a loan application becomes easy. We have done work on creating secure self-serve vaults that will almost eliminate losses due to theft and robbery. Moreover, we are working on many consumer-facing tools that will help create digitisation of the loan processes right from the first step. For the customer, it will mean shorter TAT and faster loan disbursal.

Simultaneously, we are also increasing our digital marketing footprint. This is important as we diversify more into non-gold businesses. In these segments, more often than not, the search for a product starts online, and we want to be present to serve those needs from the earliest stage. We are rapidly increasing our presence across various search engines, social media websites and display networks.

We have begun to apply analytics in all aspects of our businesses. For example, in loan sourcing, we are consistently optimising our marketing budgets by looking at Return on Investment (ROI) from various channels. This is an analytical exercise that requires benchmarking of response rates from each channel and then examining the incremental lift that marketing spend is bringing. For cross-selling, we work with bureaus to develop surrogate variables for the incomes and expenditures of our gold loan customers. Once we have this data, we should be able to apply advanced clustering techniques and affinity models. These methods will help us sell the right product to the right customer.

As we look to grow our non-gold portfolio, we are increasingly going to underwrite



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NBFCs have gained market share from the established banks, as their portfolio of loans grew at 14.9% during the first half of 2017-18, compared to 6.2% for banks.

loans using score cards. We are working on collecting surrogate data by analysing their bank statements, social media data, etc. For portfolio risk monitoring, we are furthering our understanding of portfolio risk with early warning systems using default data and bounced cheques data. Once the system is in place, it will give our risk managers a full view of the future risk of our portfolio. Summing up, if technology was hitherto seen as an enabler of business, it is now set to become the driver of our business.

PERFORMANCE OF THE COMPANY

We have recorded good growth in consolidated AUM which, at nearly ₹ 15,800 crore, is an increase of 15% over the year before. Along with the growth in AUM, we have delivered good returns to our investors with RoA of 4.04% and RoE of 17.81%. Our net worth stands at over ₹ 3,800 crore and our standalone capital adequacy is at a healthy 26.98%. Putting it all together, the picture is one of growth and profitability, founded on a solid footing of low

gearing, and we are well poised to further improve our performance in the current fiscal year.

I am grateful to all our shareholders and all other stakeholders for the support extended to the Company through all these many years. We are thankful to the RBI for the stability in the regulatory regime and for having done so much to bring about transparency and improve risk management practices in the industry. I seek your continued support so that we consistently improve our performance and fulfil our vision to emerge as a truly multi-product NBFC, meeting the very diverse financial needs of the less well-to-do sections of society.

With best wishes,

V.P. Nandakumar
MD & CEO

Macro Growth Enablers and Strategic Priorities

Operating Context

We are inspired by emerging opportunities on the horizon; we continue to reimagine our future roadmap, based on the changing dynamics of the economy, industry and our business.

Emphasis on financial inclusion

The Government of India is focusing on broad-based economic growth and is encouraging disbursement of hassle-free credit to SME and individuals who belong close to the bottom of the social pyramid.

- ▶ NBFCs addressing the credit demand of disadvantaged sections of the population are enabling inclusive growth of the economy.

Middle-class matters

India enjoys a huge youth bulge and the working age population is expected to grow in the coming years. The country's middle-class population is also likely to double over FY2016-26. These factors will lead to higher disposable income and bolster consumption demand.

- ▶ NBFCs that are focused on addressing middle-class demand and offer diversified products will benefit from this trend.

Rural resurgence

Two consecutive years of better monsoon have played a key role in reviving rural demand. Better yield, backed by a hike in minimum support price for crops such as wheat and pulses, is expected to further facilitate rural demand growth.

- ▶ NBFCs having sizeable presence in the rural market are well placed to gain market share in these areas.

Formal economy for New India

Thanks to government initiatives such as the implementation of the GST, direct benefits transfer and Aadhaar linkages, the Indian economy is becoming more formal. The higher compliances and regulatory requirements have created a level-playing field for organised players.

- ▶ Amid increasing formalisation of the economy, organised players are well placed to seize market share from unorganised players.

Digital India drive

The Government of India has launched multiple initiatives to promote cashless economy. These include Unified Payments Interface (UPI), Jan Aadhaar Mobile, linking of Aadhaar number with Personal Account Number (PAN) and availability of free Wi-Fi at public places, among others. With rising internet penetration, NBFCs are offering a host of digital platforms, apps, payment wallets and so on.

- ▶ Rising digitisation will accelerate the pace of customer acquisition for NBFCs and bring down costs incurred towards servicing and retaining customers.

Agile Response

We have identified high-potential areas and have accordingly defined a two-pronged strategy to make the most of opportunities.

Strengthen the core gold loan business

- De-linking the gold business from gold prices
- Emphasis on various in-branch activations with attractive offers for customers
- Enhanced marketing initiatives

Add synergistic new business segments

- Leverage our strong brand equity and existing retail customer base
- Successfully ventured into new businesses such as Microfinance, Mortgage & Housing Finance, Commercial Vehicles (CV) Lending, etc.
- Foray into multiple business segments to tap into macro opportunities and become a diversified, multi-product NBFC.

Building new businesses

Corporate finance

- Focus on lending to vendors and dealers of large, good-quality corporates
- These segments are underbanked and have significant, unmet credit requirements
- Tie-ups with large corporates
- Will provide post shipment and inventory finance products
- Plan to launch in the west and south of India

Micro, Small and Medium Enterprises (MSME)

- Introduce tailor-made products to meet working capital demands of MSME
- Average loan size to be between ₹ 30 and ₹ 50 lakh
- Focus on tapping the Tier 1, Tier 2 and Tier 3 cities
- Partner with budding entrepreneurs to help them prosper
- Will capitalise on existing branch network
- Significant cross-selling opportunities, especially for existing customers in the gold loans and vehicle finance businesses

Personal loans

- Offer secured, personal loans on our online platform
- Average ticket size will be ₹ 2 lakh
- Plan to disburse ~ ₹ 20 crore soon
- Launch in five cities
- Target markets comprise non-metro cities with high literacy and low Current Account Savings Account (CASA)
- Focus will be on consumer durables loans and personal loans

Project and industrial finance

- Extend construction finance to ongoing projects in the affordable housing segment
- Target clients will be local and mid-size developers
- Exposure restricted to Real Estate Regulatory Authority (RERA) registered projects, which have started construction and launched sales
- Average ticket size of loans to be ₹ 5-10 crore
- Plan to launch in Maharashtra initially and gradually expand to other states

A Sound Investment Case

Our Value Propositions

Our consistent endeavour is to drive profitable growth across all our businesses. By staying closer to customers and catering to their financial requirements, we will continue to create value for our investors for the long term.

Strong brand equity in the gold loan industry

Brand 'Manappuram' enjoys robust recall in the gold loan industry; in addition to an enviable foothold in India's southern markets. Over the preceding 26 years, we have gained a strong foothold in the NBFC industry on the back of unwavering stakeholder trust.

▶ We intend to further leverage on the strength of our brand to launch into multiple new lending segments.

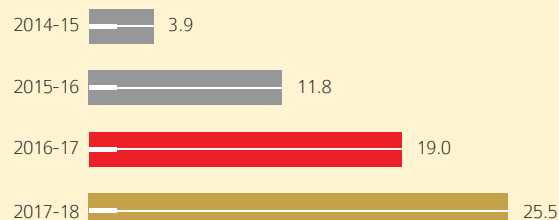
Customer-centric approach

At Manappuram, the customer remains at the heart of the strategy. Whether it is our existing or new businesses, our products and services are tailor-made to suit our customers' financial requirements. This explains how we have doubled our total number of customers over FY 2015-18 and continue to welcome many new customers to our family.

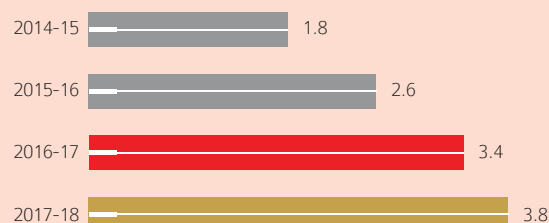
Encouraging traction in new businesses

Our new businesses (Microfinance, Mortgage & Housing Finance and CV Lending) have grown rapidly in the preceding four years. In such a short time span, these businesses have achieved reasonable size and profitability. The traction in these businesses is likely to continue and they will represent a significant part of our portfolio, going forward.

Rising share of new businesses in consolidated AUM (%)



Growing customer base (Million)



Penetration in the key segments of gold loans and MFIs

Compared to other countries, the penetration of gold loans and microfinance lending is low in India. As a leading industry player, we are committed to enhance our outreach in these segments to address a larger segment of the population.

3.8%

India's gold loan penetration

₹ 6 lakh crore

microfinance industry, of which organised lenders account for ~28%

Best-in-class asset quality

Our robust underwriting and risk governance have enabled us to retain good asset quality. Our asset quality ratios are among the best in the industry, as we have adopted prudent credit appraisal and monitoring policies.

0.5%

Gross NPA

0.3%

Net NPA

Improving operating leverage

In recent years, we have recalibrated the loan-to-value of our gold loans to the tenure of the loan. This means that loans with shorter tenures can have LTV of up to 75% (the maximum permitted by RBI regulations), which delinks gold prices from

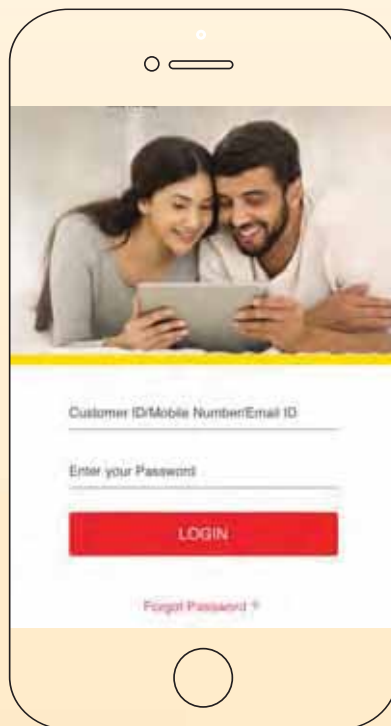
our gold loan business. Additionally, the adoption of best-in-class technology solutions will lead to significant savings in the cost of acquiring, servicing and retaining customers and also bring down our cost-to-income ratio.

► We expect to realise higher operating leverage in the future, which would aid our return ratios and profitability.

Digitally Driven

**Leadership
is staying
ahead on the**

digital



We, at Manappuram, believe that India is evolving into a digital-first economy and the next phase of growth in the financial services sector will be driven by wide-ranging digitisation.

We have already made encouraging progress in integrating digital technologies and in-depth analytics into our day-to-day operations to provide tailored products to more customers with speed and precision.

highway

HERE ARE CERTAIN KEY INITIATIVES THAT WE HAVE UNDERTAKEN TO STRENGTHEN OUR DIGITAL CAPABILITIES:

ACHIEVING HIGHER OPERATIONAL EFFICIENCIES

- Planning to automate branch outlets via robotic process automation technology
- Focusing on implementing Internet of Things (IOT) to automate gold storage and retrieval
- Leveraging technology to deploy an anti-theft mechanism
- Reducing compliance issues to simplify the audit process
- Digitalising paperwork in our branches and head offices

Outcome

These initiatives will lead to improved TAT, compliance and audit requirements for us.

DELIGHTING CUSTOMERS

- Gold loan disbursal at doorstep is already in the pilot stage
- Video facilities in branches are likely to be set up soon
- SMS-based gold loans are in pilot run and have received the approval of the RBI
- eKYC solution has been live in branches for over a year
- Developing an inhouse eKYC solution, which will go live soon
- Planning to introduce chatbots and voice bots with speech-to-text features
- UPI-based payments went live in our branches recently

Outcome

These initiatives will help attract, service and retain more customers.

IMPLEMENTING WIDE-RANGING INNOVATION

We are working on developing multiple technology-led solutions internally. The prominent ones include:

- An image-processing software that can read off details from standard government documents such as Voter ID and PAN card to expedite the process of filling a long loan application
- Working on an automated process where a bot fills up most of the application data
- Built a personal loan platform that will be a self-serve consumer-lending platform wherein customers can apply for the loan online
- Looking to explore cyber security to protect customer data
- Creating secure self-serve vaults to reduce leakages due to misplacement and theft
- Planning to bring eKYC-based attendance system at branches to ensure only the right people get access to a branch
- To develop an Net Promoter Score (NPS) Score mechanism to evaluate the performance of sales force efficiently
- Planning to use data analytics extensively

Outcome

Our technology-driven initiatives will lead to cross-selling, underwriting, portfolio risk management and financial product development.

OUR DIGITAL PLATFORMS

- OGL business and OGL eWallet
- Tie-ups with Paytm, ItzCash, etc.
- Mobile app – iRefer

₹ 23,975 Crore
Volume of online transactions in 2017-18

214,556
Customers using the apps

We are fast transforming into a technology-driven business, rather than a technology-enabled business.

Inspiring Brand

Leadership is
fortifying

brand Manna

₹ 27.28 Crore

Branding and Marketing
expenditure during the
year

Our brand equity has been built over the years and our objective is to continue to drive our outreach initiatives to get closer to customers and reinforce brand Manappuram.



ppuram

SOME OF OUR INITIATIVES ARE ENUMERATED BELOW:

- Local marketing initiatives such as village campaigns, loan melas, shop visits, home visits and notice distribution were conducted extensively
- Local marketing initiatives were conducted on a scale ranging from mass marketing to individual marketing; local

marketing lies between these two levels and implies segmentation at a local level (grassroots marketing) wherein marketing activities concentrate on getting close and become personally relevant for customers

- Major 360-degree campaigns for OGL were conducted on mass media, which accelerated the acquisition of new customers

- Employee motivation through incentives also contributed to the Company's growth trajectory
- Manappuram is endorsed by well-known icons of the film industry, comprising Venkatesh, Mohan Lal, Puneeth Rajkumar, Vikram, Akshay Kumar, Jeet, Sachin Khedekar and Uttam Mohanty



Our Human Assets

Building

tomorrow's

At Manappuram, we focus on building a strong leadership pipeline that can elevate the Company to the next growth trajectory. Our people – an interesting mix of youth and experience – are customer-centric, focused and forward-looking in their approach.

We empower our people through various skill advancement programmes and engagement initiatives. We recognise talent and reward employees accordingly to motivate them.

METHODS OF TRAINING AND DEVELOPMENT

- Classroom Training
- E-learning
- On-the-job Training
- Job Rotation
- Case Study
- Role Plays
- Distance Learning
- Video Conferencing
- Social Media
- Mentoring and Coaching

DEVELOPING TALENT POOL

- Multitasking and job rotation
- Career progression
- Employee empowerment
- IT automation

- Behavioural development: Designed to enhance the underlying social behaviours and influencing capabilities of our employees
- Professional development: These programmes are generally conducted

by external bodies; they help employees to professionally develop themselves and enhance their qualifications

TRAINING AT MANAPPURAM

Training is classified into five categories:

- Company-specific: Features company-specific information, policies and procedures
- Job-or task-specific: Focuses on the actual performance of a specific task or job function, which is a fundamental component of an employee's responsibilities
- Compliance-specific: Designed to help our organisation become legally compliant with various standards, as specified by regulators



leaders

OUR TRAINING INFRASTRUCTURE

We have 32 regional training centres and two apex training centres called the Manappuram School of Training. These training centres are well equipped with facilities such as video conferencing.

MANAGEMENT DEVELOPMENT PROGRAMME (MDP)

- Aims at training leaders who are already familiar with a topic, but want to gain new perspectives for strategic development
- Covers areas of finance, marketing, Human Resource Management (HRM), IT and corporate strategy, among others
- A healthy mix of in-house initiatives and nominating employees to attend open programmes

EXECUTIVE DEVELOPMENT PROGRAMME (EDP)

- Aimed at training executives and managers (future leaders), who need knowledge to make better decisions in their current profiles

- Sharpen essential skills that can be applied to real-life situations, for instance, decision-making and interpersonal skills, among others
- Follow a few methods such as job rotation and special courses, among others, to be more effective

MANDATORY TRAINING

- Employees who join our Company at the junior-most level are made to attend training programmes mandatorily
- We have a predefined number of training modules for each level of employees
- The training programmes are scheduled in advance, nominated automatically and trainees are informed at least seven days in advance

COMPANY-SPONSORED BBA AND MBA COURSES

- Employees are encouraged to pursue graduation and post-graduation in management through affiliated

universities under the Company's patronage, where the Company bears the expense of the courses

- Candidates who attain distinction are given additional increments

The training evaluation includes online pre- and post-training assessment. Trainees are considered for promotion after successful completion of their post-training assessment.

70,000 hours
Classroom training

4 work days
Classroom training per employee per year



Citizenship Efforts

Community Wellbeing

We believe, leadership is also about being responsible to the communities in which we operate. Our Corporate Social Responsibility (CSR) initiatives are handled by the Manappuram Foundation. In 2009, the Manappuram Foundation came into being as a charitable trust to implement the Company's CSR vision under the inspirational leadership of its Chief Patron and Managing Trustee Mr. V.P Nandakumar. Manappuram works with the vision to make healthy, educated and happy communities.

SOME OF THE MAJOR PROJECTS UNDERTAKEN BY THE FOUNDATION ARE EXPLAINED BELOW:



The Foundation's flagship project 'Janaraksha Manappuram Free Health Insurance Scheme' was launched in 2010.

- The plan provides free health insurance to around 17,000 Below Poverty Line (BPL) families in the coastal belt of Trissur district.
- In the seven years that the scheme has run, an amount of nearly ₹ 11 crore was reimbursed to beneficiaries.



Manappuram Foundation joined hands with Valapad Panchayath to launch Vision Valapad 2020.

- This programme aims at the holistic development of Valapad by focusing on the key areas of health, environment preservation and empowerment of women.
- It promotes organic farming to make Valapad Panchayat self-sufficient in organic vegetables. The vision is to shape Valapad into a model village with pesticide-free vegetables grown locally.
- Waste management is another focus area.
- The Anganwadi Modernisation Project aims to upgrade the existing anganwadis.



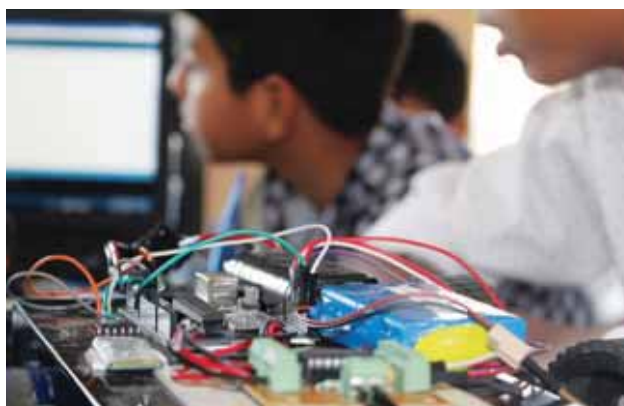
The Foundation operates a subsidised 24*7 ICU ambulance service to serve the coastal community.

- The ICU ambulance is equipped with life-saving devices, including ventilator, defibrillator, a cardiac unit with monitor, etc., and it is managed by paramedical staff trained in trauma care.



Manappuram Foundation has been building toilets in government schools.

- To make these toilets friendly for girl students, the Foundation has also installed sanitary napkin vending machines and incinerators.



The Manappuram Academy of Entrance Coaching (MAEC) was set up in 2015 to train under-privileged students in the art of cracking entrance tests for admission in medical and engineering colleges.

- Unlike other such commercial institutes of this kind, MAEC is a not-for-profit organisation.

Board of Directors

Responsible Leadership



MR. JAGDISH CAPOOR

**Independent and Non-Executive
Chairman**

Mr. Jagdish Capoor holds a master's degree in Commerce from Agra University and a fellowship from the Indian Institute of Banking and Finance. He has over 40 years of work experience in banking and finance. He is the former Deputy Governor of Reserve Bank of India, former Chairman of HDFC Bank, former Chairman of Deposit Insurance and Credit Guarantee Corporation of India, Unit Trust of India and BSE Ltd and also a Director on the Boards of several commercial banks. Currently, he is on the Boards of LIC Housing Finance Ltd, Nitesh Estates Limited, HDFC Securities Limited, Assets Care and Reconstruction Enterprise Limited, LIC Pension Fund Limited, LICHFL Trustee Company Private Limited and Banyan Tree Bank, Mauritius and is the Chairman of Quantum Trustee Company Private Limited.



MR. V. P. NANDAKUMAR

Managing Director & CEO

Mr. V.P. Nandakumar is a post-graduate in science with additional qualifications in Banking & Foreign Trade. Immediately after completing his education, he joined the erstwhile Nedungadi Bank Limited. In 1986, he resigned from the Bank to take over the family business, upon the demise of his father, V.C. Padmanabhan. In 1992, he promoted Manappuram Finance Ltd. and has been a director of the Company since then. Mr. Nandakumar is a Managing Committee member of leading trade and industry associations such as Associated Chambers of Commerce and Industry of India (ASSOCHAM) and Federation of Indian Chambers of Commerce and Industry (FICCI). He is also a past Chairman of the Kerala state council of the Confederation of Indian Industry (CII). Recently, he was one of 16 finalists shortlisted for the EY Entrepreneur of the Year Awards 2017 that was held at Mumbai in February 2018.



MR. B.N. RAVEENDRA BABU

Executive Director

Mr. B.N. Raveendra Babu holds a master's degree in Commerce from the Calicut University and completed his internship from the Institute of Certified Management Accountants. Prior to joining the Manappuram Group, Mr. Babu occupied senior positions in Finance and Accounts in various organisations in the Middle East. He has been the Director of our Company since July 15, 1992. He was appointed as the Joint Managing Director on January 11, 2010 and redesignated as Executive Director on May 19, 2012.

**MR. SHAILESH J. MEHTA****Lead Independent Director**

Mr. Shailesh J. Mehta holds a Bachelor of Technology degree in mechanical engineering from IIT Mumbai and MSc degree in Operations Research from Case Western Reserve University and a PhD degree in Operation Research and Human Letters from California State University and in Computer Science and Operations Research from Case Western Reserve University. He has over 40 years of experience, during which he was the President of Granite Hill Capital Ventures, Chairman and CEO of Providian Financial Corporation, Operating General Partner of West Bridge Capital, President and COO of Capital Holding and Executive Vice President of Key Corp.

**MR. E. A. KSHIRSAGAR****Nominee Director**

Mr. E. A. Kshirsagar is a Fellow of the Institute of Chartered Accountants in England & Wales. He was associated with the Management Consultancy division of A F Ferguson for over three decades and retired in 2004 as the Senior Partner. He has wide experience in Corporate Strategy & Structure, Valuation, Feasibility Studies, Disinvestments and Mergers & Acquisitions. Mr. Kshirsagar serves on the Boards of other leading companies in India and abroad. He is a nominee of Baring India.

Board of Directors

Responsible Leadership



MR. P. MANOMOHANAN
Independent Director

Mr. P. Manomohanam holds a Bachelor of Commerce degree from Kerala University and a Diploma in Industrial finance from Indian Institute of Bankers and is also a Certified associate of the Indian Institute of Bankers. Has over 38 years of work experience in the RBI and in the regulatory aspects of NBFCs. He retired as the General Manager of the RBI, Department of Banking Supervision, Trivandrum and served in the Board of the South Indian Bank Ltd. and the Federal Bank Ltd.



MR. RAJIVEN V. R.
Independent Director

Mr. Rajiven.V.R holds a Bachelor of Science degree and has completed his LLB from Govt. Law College, Kochi. He is an IPS officer, who retired in 2010 as Director General of Police & Commandant General, Fire & Rescue Services, Kerala. He was the CEO of M/s. KGS Nelsun Kraft Paper Manufacturing Mill (Cochin Kagaz Ltd.). He is the recipient of police medal for meritorious service and President's medal for distinguished service.



DR. AMLA SAMANTA
Independent Director

Dr. Amla Samanta holds a Bachelor of Science degree from Mumbai University and a master's degree in Biochemistry from G S Medical College, Mumbai. She is a doctorate in medical biochemistry from G S Medical College, Mumbai. Dr. Samanta was a lecturer in Saifee Hospital for MD students and also held various positions in the field of medicine. Presently, she is the MD of Samanta Organics Pvt. Ltd., Synermed Biologicals Pvt. Ltd. and Ashish Rang Udyog Pvt. Ltd. and Director in HDFC Securities Ltd.



MR. V. R. RAMCHANDRAN
Independent Director

Mr. V. R. Ramchandran holds a Bachelor of Science degree from the Calicut University and a bachelor's degree in Law from Kerala University. He has over 32 years of work experience and is a civil lawyer enrolled with the Thrissur Bar Association.



MR. GAUTAM NARAYAN
Additional Director

Mr. Gautam Narayan is a Chartered Accountant with a Post Graduate Diploma in Management from IIM Ahmedabad. He is a partner with Apax Partners and leads investments in financial services and business services in India. He is actively involved in the not-for-profit sector and contributes in a Board / Advisory capacity to Mann Deshi Foundation (focused on development of women entrepreneurs in rural Maharashtra) and Toolbox India Foundation (focused on capacity building services). He was recognised among the 40 under-40 business leaders by the Economic Times in 2017.

Management Discussion and Analysis

India is set to regain its position as the fastest growing major economy in the world. The weakness registered during the first half of 2017 (arising from demonetisation) has bottomed out and the economy has moved to a path of recovery in FY 2018. The economy has undergone significant reforms, in particular, the introduction of GST, which will aid economic growth. Downside risks are seen to emanate from the global environment with the increasing price of crude and the oft stated intention of the US Federal Reserve to hike interest rates which is likely to pose a challenge to India's balance of payments given the possibility of capital outflow.

INDIAN ECONOMY

The Central Statistics Office (CSO) revised its estimate for 2017-18, indicating India's real Gross GDP growth rate was at 6.6% which is lower compared to 7.1% growth achieved in 2016-17. The deceleration in the economy was mainly attributed to the after-effect of demonetisation and implementation of the Goods and Service Tax (GST). The initial hiccups from the GST implementation have now been resolved and the economy is showing signs of robust recovery in early 2018. This is borne out by economic indicators like index of industrial production, industry and manufacturing growth, auto and tractor sales and business confidence index.

After the formation of the Monetary Policy Committee (MPC), they have the objective of achieving the medium-term target of consumer price index (CPI) inflation of 4% within a band of +/- 2%, while supporting growth. Following its decision to lower the policy repo rate by 25 basis points (bps) in August 2017, the MPC decided to hold the policy rate as of its first Bi-monthly Monetary Policy Statement conducted on April 5, 2018. The repo rate currently stands at 6%. The headline consumer price inflation (CPI) excluding food and fuel remained unchanged at 5.2% for the third consecutive month in February. The MPC expects inflationary risk from the hike in minimum support price for kharif crop, HRA revisions for public sector employees, expectation of possible fiscal slippage due to upcoming general election, uncertainty over monsoon impacting agricultural output and possible rise in input and output prices. The external pressure of rising global crude price, trade protectionism and normalisation of monetary policy from the US Fed would also influence the course of future policy decision. Taking these factors into consideration, projected CPI inflation for 2018-19 is revised to 4.7-5.1% in H1:2018-19 and 4.4% in H2 with risks tilted to the upside.

The government has been playing a vital role in improving economic environment by providing necessary structural reform measures. Some of the key structural reforms undertaken are Goods and Services Tax (GST), the ordinance to tackle the growing problem of non-performing assets (NPA) within the financial system, in addition to the newly amended Insolvency and Bankruptcy Code 2016. On the external front, the abolition of the Foreign Investment Promotion Board will boost investors' confidence and bring efficiency gains and

improve ease of doing business. Meanwhile the government has adhered to the fiscal consolidation path. The finance ministry has been evaluating the macroeconomic needs to support the slowing growth rate by increase public expenditure and investment. However, the second half of 2017-18 showed signs of gradual recovery in private consumption and investment, indicating that the slowdown in GDP growth has bottomed out. The recovery seems to be resilient given the rise in corporate earnings and uptick in key economic indicators. The fiscal deficit has marginally exceeded the target at 3.2% of GDP for 2017-18, while the target is 3.3% for 2018-19. The long term goal is to bring fiscal deficit down to 3% by 2020-21.

The balance of payment (BOP) has been under strain recently with imports rising faster than exports and crude oil prices firming up. The higher imports of mainly oil and gold resulted in current account deficit (CAD) of 1.8% in the first half of FY 2017-18 and further expected to increase to around 2% for the full year.

The global economy is growing at robust pace where growth is evenly spread across all regions. According to the world economic outlook report (April 2018) from International Monetary Fund (IMF), the global economic growth increased to 3.8% in 2017, the fastest rate since 2011. However, there are risks emanating from a faster pace of increase in Fed policy rate, waning of popular support for global economic integration, growing trade tension and moves towards protectionism in leading economies. In addition, rising crude oil prices with appreciating US dollar would impact trade balance for may oil importing and emerging countries. The normalising of US Fed policy rate can impact capital flow and global liquidity. On the domestic front, the rising corporate debt levels could impact the financial system especially with an appreciating US dollar. The deteriorating balance sheets in the banking system could lower credit growth. On the other hand, structural reforms and larger than expected benefits from the implementation of GST can aid growth.

On the whole, GDP growth is projected to strengthen from 6.6% in 2017-18 to 7.4% in 2018-19 – in the range of 7.3-7.4% in H1 and 7.3-7.6% in H2 – with risks evenly balanced.

OUTLOOK FOR NON-BANKING FINANCIAL COMPANIES (NBFCs)

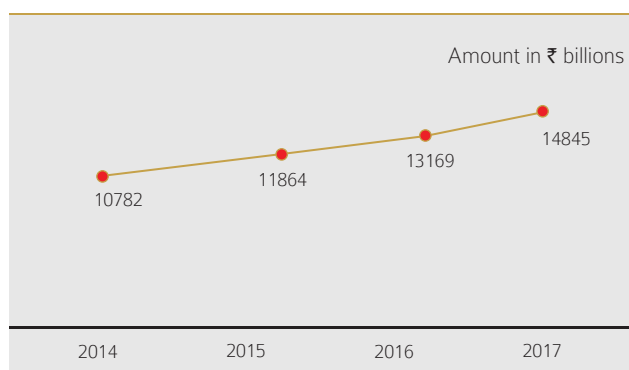
As per the recently released 'Trend and Progress of Banking in India' report by RBI, NBFCs have given a stiff competition to established banks in the country, having finally edged ahead in the financial credit race in the country as their portfolio of loans grew at 14.9% during the first half of 2017-18, compared to 6.2% in the case of banks. The share of NBFCs in the total credit granted by NBFCs as well as Banks rose from 9.5% in 2008 to 15.5% as of March 2017, thus demonstrating the increasing popularity of NBFCs as a source of finance. The credit granted by NBFCs as a percentage of GDP rose to 8%, displaying

their significance in the country's financial ecosystem. While the bank credit reached a historical low during 2016-17, NBFCs recorded an increased credit performance during the same year, highlighting the growing popularity in the country.

Despite sluggish economic growth during first half, slowdown in demand and sharper bank focus on retail loans, NBFCs have been gaining market share across major asset classes. During fiscal 2012 and fiscal 2017 NBFCs' wholesale finance outstanding has grown at a Compound Annual Growth Rate (CAGR) of 31%. Banks preoccupied with cleaning up their balance sheets have been losing out to NBFCs in incremental loan disbursements. Having a widely diversified loan book has helped many NBFCs tide over the distress in corporate lending as they took refuge in the fast-growing retail loan book.

The amount of loans advanced in the year increase to ₹ 14,846 billion, a growth of 12.7% over the previous year. The rise of NBFCs has helped bridge the credit gap in the country and reduced the dependence on banking institutions, thus providing an alternate source of finance to the people and allowing lower credit rated individuals and entities to avail financing as well.

Loans and Advances



This rise was mainly on account of subdued performance by banks due to events such as Demonetisation and implementation of resurrected actions such as Prompt Corrective Action (PCA) and Asset Quality Review (AQR) by RBI. The fact that NPAs account for around 12% of the total loans advanced by banks has further paralysed the sector and allowed NBFCs to gain the upper hand. This is also evident by the fact that Bank borrowings by NBFCs fell sharply during the year, falling by around 7%.

Rating agency ICRA has revised the outlook on NBFCs' retail credit growth upwards to about 17-19% for FY2018 and said the growth trend will hold in the current financial year also. The total managed NBFC-

Diversification efforts paid off as growth in the overall business was well supported by the robust growth witnessed in the new businesses. Company was able to register a consolidated AUM growth of 15.43% and Gold Loan AUM growth of 5.48% in FY17-18.

retail credit of NBFCs stood at around ₹ 7 trillion as on December 31, 2017 (₹ 6.1 trillion in March 2017), posting a year-on-year growth of 18.3%, compared with nearly 15.5 per cent in FY2017 and 19% in FY2016.

Gold loan NBFCs likely to witness moderate growthⁱⁱ

On account of higher penetration in the southern region (as evident from consolidation of branches in the south) and slower addition of branches in non-southern region, growth in AUM is likely to be moderate and is likely to be conditioned by movement in gold prices. The credit risk profile of larger gold loan NBFCs likely to remain stable on account of stronger balance sheet and various risk mitigation strategies adapted by these companies in the past few years. However, the improvement in profitability witnessed by gold loan NBFCs in the past two years due to combination of factors including growth in AUM, risk mitigation strategies, etc, may witness moderation going forward unless operational efficiencies improve further. At the same time, profitability of small gold loan NBFCs is likely to remain moderate at the current levels in view of high competition in the industry. Bond yields and loan rates are on the climb and this will begin to hit cost of borrowings for NBFCs. Considering they are heavy borrowers in both markets, margins will be under threat.

Diversification: With strong balance sheets and limited opportunity to grow gold loan portfolio, gold loan NBFCs are expected to grow by diversification into the non-gold products. Simultaneously, these entities are also expected to focus on increasing geographical diversification. With significant experience of the workforce lying solely in collateral based lending (i.e. against gold jewellery), the alignment of the people and the processes to cash flow based lending remains critical to achieve healthy growth while maintaining the quality of the portfolio.

GOLD LOAN SECTORⁱⁱⁱ

Gold loans occupy a special place in the portfolio of Indian financial service provider's book. As one of the oldest forms of secured lending, gold pawning has been prevalent in India for centuries. Given the liquidity it offers, gold helps both the borrower and lender to complete transactions faster than all other forms of financing.

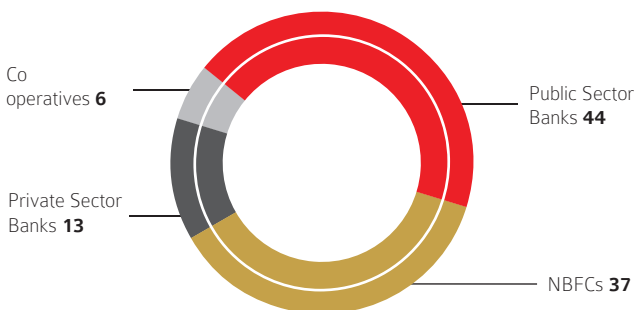
Traditionally known as a hyper local retail business, India's gold loan market has started attracting large investors since the last decade. India has seen emergence of gold loan specialty players commanding high market valuation during this time. Today this product is an integral part of all banks, NBFC's and other financial services player's strategy.

At a broader level, there are mainly two categories of gold loan lenders:

- Formal sector (banks, NBFCs, cooperatives)
- Informal sector (pawnbrokers, local moneylenders).

As per WGC estimates, the informal lending space which is largely unregulated accounts for nearly 60 to 70 per cent of the total gold loan market.

Share of organised gold loan market (%)



Growth drivers for gold loan

Although gold loan as a credit product is not a new phenomenon in the country, it is only in the recent past that Indians have started losing their inhibitions over pledging their family heirlooms to mainstream commercial lenders and leveraging multiple benefits, such as instant credit, flexible schemes, lower interest rates and minimal paperwork without the hassles of rigid credit appraisal. As banks and NBFCs offer gold loans at interest rates much lower than those of informal moneylenders, they have successfully targeted a new segment of customers who would have otherwise not taken a gold loan. The growing penetration of gold loans in India can be attributed to a number of factors:

Exclusion from mainstream personal and retail loans by scheduled banks: Traditional banking products are not as accessible to rural and lower-income groups as they are to the relatively higher income groups. A farmer, for example, earns his living based on harvests. Upon taking a loan, his loan repayment ability would depend on factors outside his control: monsoon, harvest output and market

New Businesses helped support the overall AUM growth as microfinance (35.71% growth), home loans (20.71%), commercial vehicle loans (104.49%) and other (non-gold) loans (391.80%) portfolios registered strong growth. The non-gold portfolio collectively grew by 59% during the year albeit on a low base. New businesses now contribute nearly 25.5% of its consolidated AUM as against 19% last year.

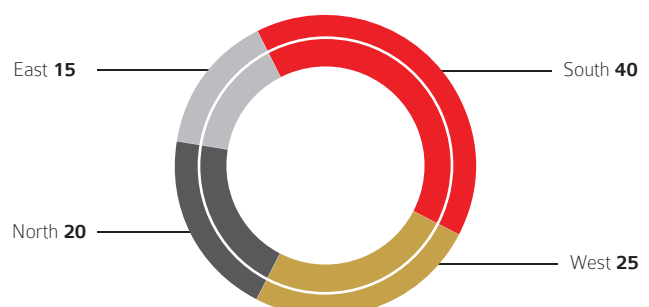
prices. Credit scores would undermine one's effort to get normal loans during distress periods. This is the situation faced by a large portion of the Indian population engaged in farming and rural employment. Gold loans offer a viable solution in this situation. Since gold loans are fully securitised, lenders have the option to recoup the full principle amount (in most cases) if the borrower defaults – hence, there is no need for extensive checks on borrower's previous repayment records. The relative ease in obtaining a loan approval has boosted the popularity of gold loans.

Economic correlation: Research analysis by WGC has shown that a 1 per cent rise in income boosts gold demand by 1 per cent. India's bright future growth outlook implies the total gold stock will increase and people will tend to utilise the same to meet their credit demands.

Changing attitudes towards applying for gold loans: It is not only the rural communities who are willing to put household jewellery in the market – acceptance towards using family gold for financial needs is increasing in the relatively untapped urban market. Using gold loans to meet household exigencies is gaining popularity in Indian cities and metros.

Geographical demands: The untapped markets in West and North India (which together hold almost 45% of gold in India, but have minimal credit penetration) reflects there is more scope for gold loans in the future.

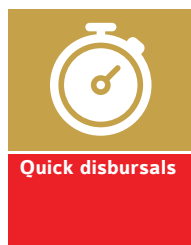
Regional gold load demand (%)



Existing gold held by rural communities: WGC estimates that about 65 per cent of the Indian household gold belongs to rural communities, who are the biggest purchasers of gold loan (India's gold market: evolution and innovation, WGC, January 2017). Unpredictability of the rain and harvest season means farmers become cash strapped frequently. For them, unlocking value of their household gold is the easiest way to meet their financial obligations. Additionally, the rising consumerism in rural areas are leading to increased gold loans being taken for non-income generating purposes.

Availability of gold loan in extremely flexible terms: Unlike the rigid products offered by traditional banks, gold loan products are designed in a way that specifically meets the situation of the target customer segments. Disbursements are made within a quick time period after loan approval (some NBFCs position their gold loans with a turnaround time (TAT) of 3 minutes). A good number of loans do not have fixed Equated Monthly Instalment (EMI) facility - only the interest needs to be paid on a monthly basis while the principle should be paid at the end of the tenure. The ability to choose product features (repayment scheme, tenure) has facilitated increased gold loan penetration.

Supply side: Lower default rates: Low customer default rates has been one of the primary factors contributing to increased comfort of formal lenders in the gold loan space. Default rates typical vary within the range of 1 to 2 per cent which is much lower compared to the other traditional products offered by financial institutions. This makes gold loan an attractive product with higher return on assets.

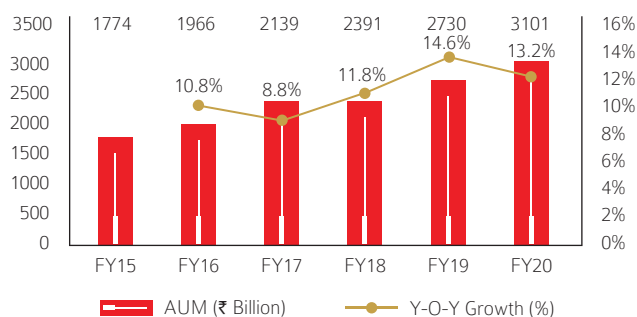


Organised gold loan market: Industry projections

Industry outlook: ₹ 3101 billion by 2020 at a three year CAGR of 13.17 per cent according to KPMG report of December 2017.

Gold loan companies are expected to continue delinking the gold price volatility risk by offering more variants of lower tenure loan products (3 months to 6 months). Increased competition from Small Finance Banks (SFBs) reduces the yield and players should invest in technology and automation to a great extent. The space is likely to see interesting partnerships with fintechs to help streamline and automate processes.

Organised gold loan market projection



COMPANY OVERVIEW

Manappuram Finance Limited is one of the largest NBFCs in India predominantly dealing in gold loans. It is the second largest listed player in the gold loan segment with a consolidated AUM of ₹ 157,650 million (FY2018), of which gold loans account for 117,350 million. It has a strong pan-India presence through its 4,199 strong branch network, spread across 24 states and 4 union territories, serving a customer base of more than 3.8 million.

Strong Brand Equity & Brand Presence

The Company has built strong brand loyalty across the country by adopting a customer first approach, providing hassle-free, convenient and flexible gold loan products over the years leading to satisfied customers. Smart marketing initiatives including celebrity endorsements have helped Manappuram in gaining enhanced visibility and expanding its footprint. Manappuram is endorsed by well known icons of the film industry from all major regions of India.

New Business Strategy

a) Diversification for Sustainable Growth

Back in FY2015, the management of the Company took a decision to diversify its business by leveraging its vast customer base developed through its mainstay Gold Loans business over the years. The Company had a large net worth and access to debt capital on competitive terms.

The objective of this diversification was to build over the years, 40 to 50% of total Assets under Management from sources other than gold loans, so as to mitigate the risk of being a single-product NBFC and eventually meet the eligibility conditions to apply for a universal banking license, especially PSL norms. The diversification strategy offered two potential advantages: Firstly, it would address the perceived vulnerability to concentration risk. Secondly, it would enable the Company to cater to existing and new customers with new products and services.

Accordingly, the Company focused on three main areas - affordable housing finance, commercial vehicle loans and microfinance. With home and commercial vehicle loans, the Company would reach out to the upwardly mobile customers. To cater to the people at the bottom of the pyramid, the Company would take the microfinance route using the collateral-free, joint liability model.

The Chennai based Asirvad Microfinance was acquired by Manappuram Finance Ltd. in February 2015 pursuant to this strategy. Prior to this, the Company had acquired a shell company for starting a housing finance business and organically initiated Commercial Vehicle lending and loan against property.

b) Introduction of short term gold loans

After going through challenging years in FY2013 and FY2014, the Company decided to change its strategy in FY2015. The intention was to strengthen the gold loan business and protect the business as much as possible from the volatility in the gold prices and drive volume growth. Accordingly, the Company introduced short tenure gold loans and over the last couple of years has managed to shift its entire gold loans portfolio to the short term bucket of three months tenure.

Business Performance in FY2017-18

Fiscal year 2017-18 was a year of recovery for the Company after witnessing a sharp slowdown in business being the lingering impact of demonetisation in November 2016. Manappuram Finance Limited has witnessed revival of growth across all business segments including the key gold loan business during FY17-18, as compared to the stagnation seen in the same period last year.

Diversification efforts paid off as growth in the overall business was well supported by the robust growth witnessed in the new businesses. Company was able to register a consolidated AUM growth of 15.43% and Gold Loan AUM growth of 5.48% in FY17-18.

New Businesses helped support the overall AUM growth as microfinance (35.71% growth), home loans (20.71%), commercial vehicle loans (104.49%) and other (non-gold) loans (391.80%) portfolios registered strong growth. In fact, the non-gold portfolio collectively grew by 59% during the year albeit on a low base. New businesses now contribute nearly 25.5% of its consolidated AUM as against 19% last year. Thanks to the revived growth in volumes visible in the third and fourth quarters, the Company posted an annual net profit of ₹ 668.41 crore which is only marginally short of its achievement in the year before.

Along with the growth in AUM and good profitability, the Company has delivered strong returns to investors with RoA of 4.04% and RoE of 17.81%. The Company's networth stands at ₹ 3836.21 crore and its standalone capital adequacy is at a healthy 26.98%, indicating that the growth in volumes and improved profitability is founded on low gearing.

The Company's average cost of borrowing continued to decline having fallen by 104 bps during the year. It now stands at 8.66%.

In August 2017, CARE Ratings has upgraded the long-term credit rating of Manappuram Finance Ltd (MAFIL) to CARE AA (double A) stable from CARE AA- (double A minus) stable. The revision in the long term rating factors in the significant improvement in financial

performance of the Company during FY17, primarily supported by its focus on shorter tenure loans, leading to lesser under-recovery.

Gold loan Business Overview

The Company's Gold Loan Portfolio registered a growth of 5.48% to increase from ₹ 11,125.00 crore to ₹ 11735.00 crore as of March 31, 2018. The growth in Gold Loan business was backed by moderate growth in gold tonnage which increased by 4.8% to reach 64 tonnes in FY2018. Average Gold prices were relatively firm during the year which helped AUM growth to an extent. The momentum of growth picked up only in the third and fourth quarters as the first two quarters faced the after effects of demonetisation, particularly its lingering impact on the rural and unorganised sector which is a key market for the Company. It is expected that the pick-up in volumes seen in the second half of the year will be sustained in the coming financial year, i.e. 2018-19.

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 strong brand value and reputation in India. Reputation and trust play a significant role in this financing segment as these give the customer an assurance of credibility.

Adequate capitalisation: The Company has a healthy capital adequacy ratio of more than 26.98% as on March 31, 2018. Lower asset-side risk (security of gold, which is liquid and is in the lender's possession) also supports capitalisation. Assets under management (AUM) in the gold loan segment are expected to grow moderately over the medium term. Also, other segments (affordable housing finance, loans against property, and commercial vehicle finance) have a relatively small scale.

Stable funding profile: Around 50% of the consolidated borrowing is from over 30 banks (public and private) and financial institutions, with which the Company has an established relationship. This source is stable and cost competitive. Funds are also raised from long-term capital market instruments such as non-convertible debentures and subordinated debt. In addition, microfinance and commercial vehicle portfolios are eligible for securitisation, further widening the funding sources.

Strong profitability: Profitability has improved during fiscal 2017. 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.

Weaknesses

Geographical concentration in revenue: Operations have significant regional concentration compared with large asset-financing

non-banking financial companies (NBFCs). South India accounted for about 60% of total AUM as on March 31, 2018, though this has reduced from 82% as on March 31, 2012. More than 50% of the microfinance portfolio is concentrated in south Indian states of Tamil Nadu, Karnataka, and Kerala. In view of the very large size of the gold loan book compared with other segments, and the predominant presence of the gold loan business in south Indian states, revenue is likely to continue to be concentrated geographically and in terms of 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. Asirvad's profitability may be affected on account of increased credit cost during fiscal 2018. 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 good growth potential. The World Gold Council (WGC) estimates privately held gold to be anywhere between 20,000 to 25,000 tonnes in India. The gold loans business model aims essentially to impart liquidity to this stock which is still largely 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: It is observed that proximity to home is an important reason for choosing a given type of financial institution when availing gold loan. This implies that people prefer convenience over other factors and also reflects the fact that transaction cost plays an important role in the financial behaviour of a client. This means that in spite of the increasing network of financial services of the formal sector, the informal sector continues to dominate the overall market for gold loans. For formal players, this presents an opportunity to expand their network and win over business from the informal sector.

Technology innovations: In 2015, 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 regulated more and more, OGL is well poised to increasingly take a larger share of the market.

The Company has delivered strong returns to investors with RoA of 4.04% and RoE of 17.81%. The Company's network stands at ₹ 3836.21 crore and its standalone capital adequacy is at a healthy 26.98%, indicating that the growth in volumes and improved profitability is founded on low gearing.

THREATS

- Gold loans constitute about 81% of the total advances of the Company. A sharp decline in price of gold within a short period may adversely affect repayments and also growth prospects of the business.
- Business is highly regulated and it may be adversely affected by future regulatory changes. In this context, one risk factor is the possibility of a squeeze on the use of cash in the business which may adversely affect future business prospects given the general preference for cash by small ticket borrowers.
- Financial performance is particularly vulnerable to interest rate risk as the bulk of funding is raised from banking channels.
- AUM growth remains a key factor as gold price fluctuations could impact negatively.
- Unexpected regulatory actions by State and Central Governments.
- Greater competition from other NBFC and Banks could impact growth in AUM and profits.

HOME FINANCE

I. Industry Structure and Developments

a. Macro-economic environment

The real estate sector is one of the most important components of the economy. In India, real estate is the second largest employer after agriculture and is slated to grow at 30 per cent over the next decade. The real estate sector comprises four sub sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth of the corporate environment and the demand for office space as well as urban and semi-urban accommodations. The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy.

It is also expected that this sector will incur more non-resident Indian (NRI) investments in both the short term and the long term. Bengaluru is expected to be the most favoured property investment destination for NRIs, followed by Ahmedabad, Pune, Chennai, Goa, Delhi and Dehradun.

India's rank in the Global House Price Index has jumped 13 spots to reach the ninth position among 55 international markets, on the back of increasing prices in mainstream residential sector

The Indian real estate market is expected to touch US\$ 180 billion by 2020. Housing sector is expected to contribute around 11 per cent to India's GDP by 2020. In the period FY2008-2020, the market size of this sector is expected to increase at a CAGR of 11.2 per cent. Retail, hospitality and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs.

b. Demand for Affordable Housing Finance

India's housing finance market is worth an estimated ₹ 9.7 trillion and has achieved steady growth over the last 3 years. The market is dominated by a handful of banks, accounting for close to 70% of the market. However, the housing finance market continues to face considerable supply constraints, particularly in the lower income segment due to the perceived high risk of lending to the informal sector. A low-income household is classified as one with a monthly household income below ₹ 20,000 and price per dwelling unit below ₹ 10 lakh. The lower-income housing market is worth over ₹ 1,10,000 crore, comprises of approximately 2.2 crore households consisting of both salaried and self-employed individuals. The housing finance market in India has the potential to expand and include these borrowers who are currently not being serviced by financial institutions. These are individuals in the lower income segment that generally do not have formal proofs of income, a challenge for larger Housing Finance Companies (HFCs). This has paved the way for new entrants in a niche segment within the housing finance market, the affordable housing sector.

The Affordable housing finance market can be segmented based on the target market it is catering to and the home loan size. The aggregate AUM of all AHFCs is estimated to be ₹ 20,000-21,000 crore. Within this segment, large HFCs dominate the market, catering to borrowers in the formal sector who can produce documented proofs of income. Excluding DHFL, GRUH and Mahindra Rural Housing, who collectively account for more than 90% of the market share, all other AHFCs manage less than ₹ 500 crore of assets, individually. Semiformal and informal sectors remain largely under-served; this is especially true when the loan requirement falls below ₹ 7 lakh. AHFCs rely on their ability to assess the clients' income, develop

templates to understand the margins and cash flows of local businesses, and have a strong in-house process of credit and security verification.

c. Government measures to encourage Affordable Housing

The States government along with centre has taken several initiatives to encourage the development in the sector. The Smart City Project, where there is a plan to build 100 smart cities, is a prime opportunity for the real estate companies. Below are some of the other major Government Initiatives:

- In February 2018, creation of National Urban Housing Fund was approved with an outlay of ₹ 60,000 crore (US\$ 9.27 billion).
- Under the Pradhan Mantri Awas Yojana (PMAY) Urban 1,427,486 houses have been sanctioned in 2017-18. In March 2018, construction of additional 321,567 affordable houses was sanctioned under the scheme.
- Under the Pradhan Mantri Awas Yojana (PMAY), Govt. of India has introduced the Middle-Income Group scheme viz (MIG I & II). The Scheme was initially valid for 1 year. Now, the scheme validity has been extended up to March 2019.

Also, NHB RESIDEX, India's first official housing price index, was an initiative of the National Housing Bank (NHB) undertaken at the behest of the Ministry of Finance, Government of India. The index was formulated under the guidance of a Technical Advisory Committee (TAC) comprising of stakeholders from the housing market. It was launched in July, 2007 and updated periodically till March 2015, taking 2007 as the base year. During this period, the coverage of NHB RESIDEX was expanded gradually to 26 cities.

Initially, NHB RESIDEX was computed using market data, which 2010 onwards, was shifted to valuation data received from banks and housing finance companies (HFCs). Thereafter, data was sourced from Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) from 2013 to 2015.

With a view to make the NHB RESIDEX more current and up-to-date with the prevailing macro-economic scenario, NHB undertook a review of the processes and methodology used for computation of the index along with the base year and segmentation used.

II. Recent regulatory measures

Pradhan Mantri Awas Yojana (PMAY): A Credit Linked Subsidy Scheme (CLSS) is being implemented by the Government of India with effect from 17th June 2015, PMAY (U)

mission guidelines have been amended from time to time with the intention to ensure that the benefits of the schemes reach to the vast segment of population especially to those coming from downtrodden society. The amendment have been broadly in two categories:

- 1) The definition of Beneficiary was broadened to include an adult earning member (irrespective of marital status) making him/her eligible to apply for PMAY(U) under CLSS for MIG scheme effective from 1st January 2017. Subsequently, this definition of "Beneficiary" was also made applicable to entire PMAY (U) scheme w.e.f. 27th June 2017.
- 2) The coverage area under PMAY(U) mission has been extended further vide ministry's letter dated 12th January 2018. In this amendment, in addition to all the "Statutory Towns" and Notified Planning/Development area under the jurisdiction of an Industrial Development Authority / Special Area Development Authority / Urban Development Authority of any such Authority under State Legislative which is entrusted with the functions of urban planning and regulations.

III. Affordable Housing Finance Company (A-HFC) Industry Overview

Housing finance is a pre-requisite for meeting housing needs. Therefore, government policy has usually focused on creating a facilitative robust environment for housing.

Housing shortage in India can be classified into urban and rural housing. Both problems have their own dimensions. The urban housing shortage adds to about 20 million units – therefore, the target of Housing for All is a daunting number! The problem seems even more acute as the population pyramid depicts yawning shortage at the lower segments. Penetration levels of housing finance in India still remain quite low in global comparison. The growth rate of housing finance over the last 7 years or so shows a CAGR of 18%. Affordable housing finance, albeit a recent entrant, promises to grow at a much higher rate.

While the housing finance market in India is served by both banks and HFCs, the market share of HFCs is consistently growing. What is quite an interesting change over time is that the average rate of interest charged by banks, and by leading HFCs, have almost converged, leading to a conclusion that HFCs have attained a cost of capital comparable to banks. An analysis of the weighted average interest rate charged by different HFCs reveals that the net interest margin (difference between cost of funds and weighted average lending rates) may range between 2.5% to 3%, considering the impact of higher yielding components of the portfolios including loans against properties.

The growth in business, in year 2016-17 was obviously impacted by macro factors including demonetisation. However, new

entrants in housing finance business continued to spread both geographically as also in terms of customer profile.

IV. Outlook:

The Big Bang reforms implemented in 2017 have brought about a significant change in the tax, regulatory and business environment in India. Post demonetisation, the introduction of RERA and GST improved the transparency and accountability in the sector, thereby catching the attention of institutional investors who are now looking at Indian real estate with renewed vigour.

While these measures deserve praise, there are many more areas where reforms are eagerly awaited which will boost confidence amongst buyers. For example, legal reforms like the introduction of Title Insurance which will safeguard the interests of the buyers.

The coming year will see consolidation in the real estate sector as larger players will peak in strength and smaller ones will be eroded or will align with the established ones. Owing to stringent RERA norms, only credible developers who conduct their business with transparency will survive in the future and will be able to navigate the roadmap. This is good from a buyer's perspective as one is assured of quality product within stipulated timelines.

As per market reports, the potential employment opportunity in the real estate sector is expected to increase by more than 80 per cent by 2025. The share of the real estate sector in India's GDP is expected to double by 2025. Not only will this result in an increase in job opportunities, but it will also have a cascading effect on various ancillary industries which are dependent on the real estate industry. Increasing urbanisation and the expanding urban fabric of tier II and tier III cities in the country will be the prime drivers for the growth of real estate in the future.

MANAPPURAM HOME FINANCE LIMITED (MAHOFIN)

MAHOFIN, a wholly own subsidiary of Manappuram Finance, was incorporated as Milestone Home Finance Company Pvt. Ltd. (Milestone). Manappuram Finance acquired Milestone in 2014 and renamed it. The Company started operations in January 2015 and operates in the affordable housing finance segment in Tier-II and Tier-III cities. It had an AUM of ₹ 3.75 billion as on March 31, 2018 (₹ 3.1 billion as on March 31, 2017). Currently, there are 35 branches across 6 states: Maharashtra, Gujarat, Tamil Nadu, Kerala, Andhra Pradesh, and Karnataka. 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.

The Company has around 419 highly dedicated and motivated staff who have been contributing relentlessly to the development of the organisations. Adequate training on Sales, Collections, KYC & AML, IT

Security, Policy & Credit Processing etc is provided to staff to enhance their knowledge and capabilities.

Given the strategic importance of affordable home finance to the Company's future plans as it proceeds with the diversification of the range of its financial products, it is reasonable to expect strong support from the parent. The business is scalable and expected to grow substantially over the medium term. Manappuram Finance holds 100% equity in MAHOFIN. Parent has infused growth capital and will infuse additional capital as and when required. With Mr. V P Nandakumar (MD & CEO of Manappuram Finance) and one other directors of the Company on the board of MAHOFIN, the parent company is certain to extend full financial and managerial support to this subsidiary.

Risk management/ Internal control systems

Among the risk factors are the small scale of operations with limited track record, modest earnings profile and the exposure to inherent risks relating to the affordable housing finance segment.

The Company has adopted risk management practices in its lending operation. Detailed credit and operational procedures are laid out in Board approved credit and operation policy and is reviewed periodically. Internal control system commensurate to the size of the organisation and adequate.

Financial performance with respect to operational performance

● **Target Areas / segment:**

As the Company is positioned as an affordable home finance company, the target customer segments are the self-employed from the unorganised sector who are usually deprived of access to mainstream credit facilities from financial institutions. The Company has strengthened its presence in its area of operations with a keen emphasis on the unserved and under-served customer segments.

● **Region wise / geographic spread**

The Company has a presence in 35 Indian locations across six states (Maharashtra, Gujarat, Tamil Nadu, Kerala, Karnataka, Andhra Pradesh). Considering the increasing urbanisation of tier II and tier III cities, the Company is also planning to cover nearby locations.

● **Average ticket size business**

The Company offers two products – Home Loans and Loan Against Property. Average ticket size of a Home Loan is about ₹ 11.50 lakh and for the LAP segment, it stands at about ₹ 8.00 lakh.

● **Business process / operations /system and IT**

The target segments are mostly self-employed people in tier II and tier III cities who are not served by the mainstream financial system. Direct branch interaction with customers takes place through on roll direct sales team. Majority of customer acquisition is made through dedicated in-house sales team who interact with prospective borrowers and stay close to the market where transactions happened. Credit appraisal process involves meeting with customers, understanding cash flows, independent RCU verifications etc. The Company is highly focussed on a timely collection process. MAHOFIN uses one of the widely used end-to-end lending management applications to automate and assist business growth. As a part of digitisation, the Company has introduced the "Mobile-Customer Acquisition System" (mCas) for faster processing of loan applications and "Mobile Collect" (M-Collect) for speeding up collection process.

● **Funding /capitalisation**

The Company has an arrangement with banks and financial institutions both in the Public and private sectors to augment growth of the Company. The Company is in the process of sourcing funds from diversified sources. The Company is well capitalised with the strong support given by its parent company. Capital adequacy ratio is around 40%, as against regulatory requirement of 12%.

SWOT ANALYSIS

Strength: Strong Capitalisation, Parent Company Brand, experienced professionals, Digitalisation

Weakness: Long term fund, Narrow profit margin, hiring best talent, operating cost, High Rate of Interest

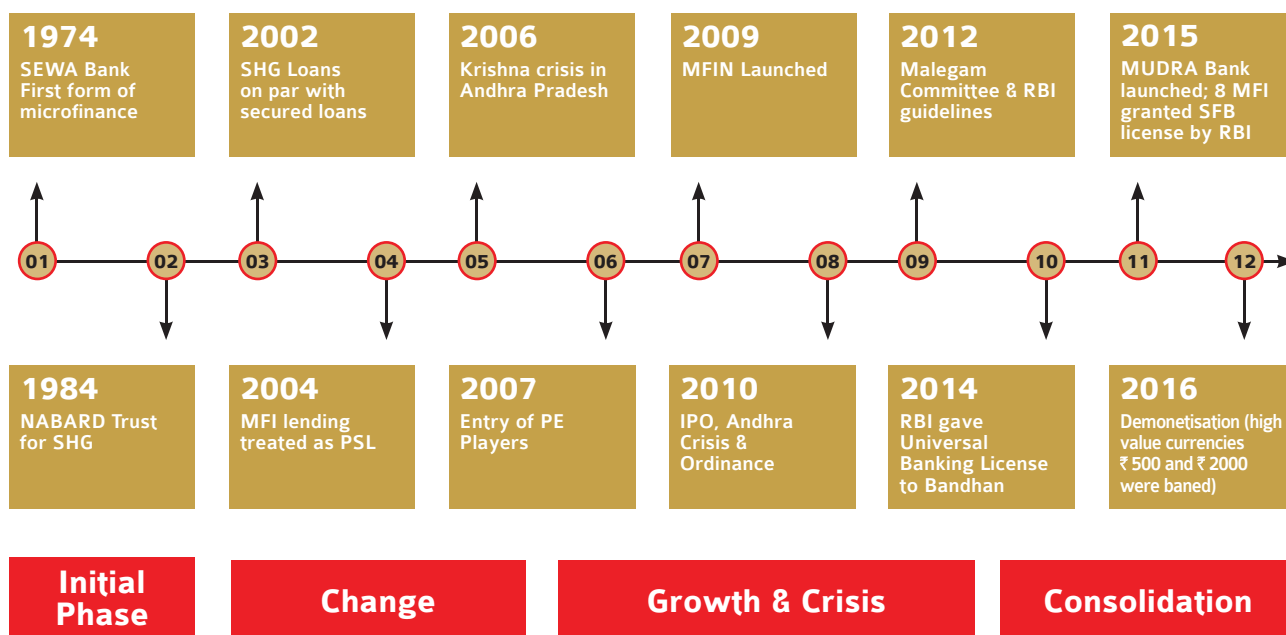
Opportunities: Increasing urbanisation, rising affordability, increased penetration in housing. Govt. of India has introduced scheme for Middle Income Group(MIG) III for State of Gujarat, wherein the business opportunities in the Gujarat has been increased.

Threats: Slowdown in economic and income contraction, High competition & new entrants, Maintaining desired asset quality, Real Estate Regulation Act & GST impact, Early transfer of the loan with another lender for lower interest rate.

MICROFINANCE

The concept of micro credit or micro finance in India originated with the commencement of Self Employed Women's Association (SEWA) Bank in Ahmedabad. An organised group of women numbering in the few thousands contributed ₹ 10 each towards the share capital to establish the Mahila Cooperative SEWA bank in 1974.

Evolution of MFI Sector in India



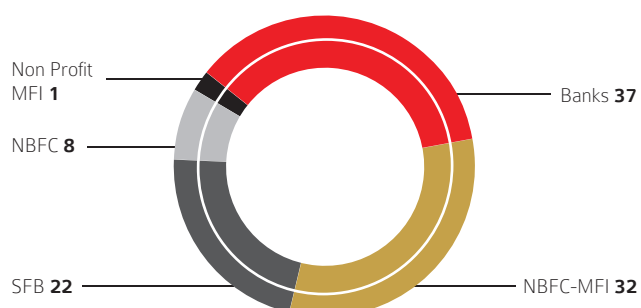
The informal source of finance had a strong hold in remote parts of Indian villages as the rural population is largely not financially literate to understand formal banking procedures or because the locations are not easily connected with formal finance. In addition, recourse to informal source of financing is widely accepted because of easy availability and greater flexibility in terms of minimal or no documentation required. Further, the loan can be used for any purpose like personal consumption for marriage or for productive uses even though the interest charge on the loan may be exorbitant as the need for money is immediate and pressing.

The relentless efforts of the Government of India and the Reserve Bank of India (RBI) to nurture the growth of formal finance is now showing signs of success. To ensure the success of formal source of finance, the monopoly over door step availability of credit by informal source at the hours of crisis needs to be addressed. That is where the Self Help Group (SHG) turned to be successful by combining the flexibility and availability of informal source of finance with accountability and transparency of formalise financial structure.

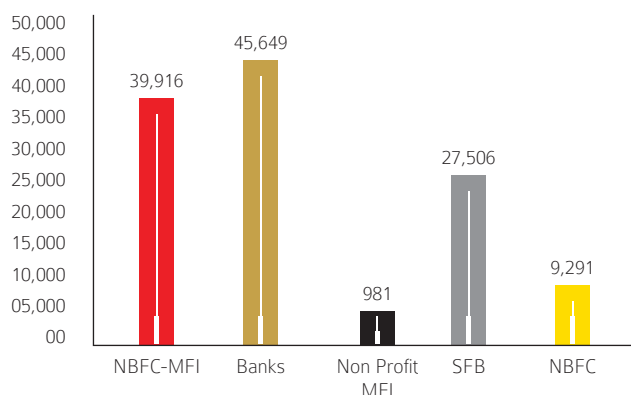
In India, MFI industry has been growth at the robust pace for the past few years (except for the small period during demonitisation) and the potential to grow even stronger. NBFC- MFI model and SHG-BPL model, besides other, has played an active role for the success. The recent development of converting large MFI to differential bank, the Small Bank Finance (SBF) is also expected to transform the MFI industry in India.

As of Dec 2017, Banks hold largest share of portfolio in micro-credit with total loan outstanding of ₹ 45,649 crore. This includes both direct lending as well as indirect lending through Business Correspondent (BC) partnerships. Banks thus account for almost 37% of total micro-credit universe. NBFC-MFIs as a group remain the second largest provider of micro-credit with a loan amount outstanding of ₹ 39,916 crore (excluding BC portfolio channelled through NBFC-MFIs), accounting for 32% to total industry portfolio (i.e. loan amount outstanding). SFBs have a total loan amount outstanding of ₹ 27,506 crore with total share of 22%. NBFCs account for another 8% and Non-profit MFIs account for 1% of universe.

Share of MFI's (%)



Loan Outstanding (₹ crore)



ASIRVAD MICRO FINANCE LTD. (ASIRVAD)

Asirvad, an NBFC operating as a micro finance institution (NBFC-MFI), is a majority-owned subsidiary of Manappuram Finance. The Company was set up by its present managing director, Mr. S V Raja Vaidyanathan, in 2007. In February 2015, Manappuram Finance acquired an 85% stake in Asirvad and subsequently increased it to 90%. Asirvad had 832 branches spread across 20 states as on March 31, 2018. It had Assets Under Management (AUM) of ₹ 24,372 million as on March 31, 2018, as compared to 17,960 million as on March 31, 2017.

Being the largest business, after gold loans, microfinance is strategically important to the Company. The business is both scaleable and profitable and hence will be a key growth driver for Manappuram Finance. With Mr. V P Nandakumar (MD & CEO of Manappuram Finance) and two other directors of the Company on the board of Asirvad, the parent company is likely to extend full financial and managerial support to Asirvad. Further, Asirvad is adequately capitalised and shows healthy profitability. This can potentially improve the competitive position, geographical diversification, and sustenance of strong profitability and healthy asset quality. Among the risk factors are the geographical concentration in revenue profile, the rapid growth in portfolio in the last couple of years, and the risks arising from potential regulatory and legislative changes in the microfinance sector. Should the downside risks materialise, significant deterioration in asset quality or profitability, or considerable increase in gearing may come about.

VEHICLE & EQUIPMENT FINANCE

In order to diversify and de-risk portfolio, MAFIL had entered into commercial vehicle financing activity in FY'15 operating from southern and western regions and subsequently into other regions. The vehicle finance portfolio is about ₹ 6.28 billion spread across 116 locations in 20 States as on 31 Mar'18.

The Commercial Vehicle and construction equipment portfolio comprises of approximately 70% pre-owned vehicles and balance new vehicles with portfolio of ₹ 5.33 billion with 10,030 live contracts

as at the end of Mar'18. The two-wheeler finance portfolio is of ₹ 0.64 billion with more than 15,000 live contracts and other vehicle loans comprises of a portfolio of around ₹ 0.31 billion.

The team consists of domain specialists and has established marketing channels and networks for lead acquisition, processing and receivable management. The business is supported by strong pre-screening methodologies and credit assessment for a healthy portfolio mix.

Our strategy envisages financing customers who are largely from unorganised sector, the retail clientele that is underserved by the formal banking channels. With the background of good monsoon prediction and increased government outlay for infrastructure projects, the growth of vehicle loan portfolio is expected to be robust in FY'19.

The Vehicle and Equipment Finance vertical of the Company is in the course of building a scorecard model for a quicker customer assessment process and disbursements reducing the end to end turnaround time. With plans to focus on existing customer base for consumer vehicle loans your Company strongly believes that digital technology would be an integral component for the growth of the business in coming years.

CORPORATE FINANCE

With the Indian Economy slated to grow at over seven percent and government's plan to boost 'Make in India', the corporate ecosystem is set to witness a huge demand for credit going forward. As we are aware that these companies which are mostly having turnover of up to ₹ 3000 million are availing credit facilities from mostly PSU Banks which are not able to service these smaller companies in the best possible manner. For example, most of the smaller companies get assessed by PSU's one's a year only. In case on increase in sales of these companies, they are not able to Tie-up their working capital & term loan credit facilities enhanced in time & often end up starved of cash which impede their growth. Also, with overall slowdown in the PSU segment owing to issues relating to their capital adequacy ratios, rising NPA's & other recent issues, we expect that there is a huge opportunity to offer timely credit to this segment of corporates. Which is why most of the existing & new NBFC's have set their sight on focusing on this segment as against the consumer finance segment which is already adequately covered by Banks, NBFC's & Fintech.

In 2018, Manappuram Finance made plans to diversify its business in corporate finance by starting a business vertical focusing on lending to the Corporate Ecosystem-Vendors & Dealers of large, good quality corporates. While the bigger vendors & dealers are being adequately covered by most Banks & NBFC's, the strategy is to target Vendor & Dealer segment which does not get adequately covered by PSU's & Private Sector Bank due to the smaller size of the vendors/dealers and the limited reach of these Banks. Though these target vendors and dealers are suppliers and buyers of reputed high rated companies, they still don't get covered owing to the above reasons and hence the opportunity.

The Corporate Finance Business Vertical endeavours to build a strong franchise for Manappuram Finance by tapping these reputed good quality corporates (Anchor Corporates) with excellent track records pan India by offering their vendors & dealers post shipment & inventory finance products. The Corporate Finance Business will tie-up with these corporates and generate comfort of capturing the cash flows of their vendors and dealers. All payments made to their vendors would be through the escrow account opened with Manappuram Finance. With the comfort from the Anchor Corporate and other credit comforts like collaterals where ever required, these vendors and dealers would be extended finance facility by us.

Initially we plan to launch this business in the West and South region in FY19 followed by the North & East Region subsequently. The Corporate Finance Vertical will have experienced professionals from the private sector Banks & NBFC's putting all their relevant experience into building this Franchise for the firm.

PROJECT AND INDUSTRIAL FINANCE

'Housing for All by 2022', and its push for affordable housing supported by several schemes and incentives has resulted in Affordable housing segment emerging as a new growth driver in the construction industry. The government has set a target of building 50 million new housing units by 2022 through the PMAY, out of which 30 million units are likely to be constructed in rural areas.

The implementation of the Real Estate (Regulation and Development) Act, 2016 (RERA) will also lead to regularisation of the affordable housing sector and coupled with tax exemption for construction of affordable housing will form the basis for an exponential growth in construction industry. Given the immense opportunities, your Company is diversifying into Project and Industrial Finance which will comprise extending construction finance to ongoing residential projects, particularly in the affordable housing segment.

MAFIL will offer loans to developers on sole lending basis for the construction and development of residential projects. The target clientele will be local and mid-size developers where finance will be extended at the project level after ascertaining that all requisite development approvals are in place and exposure will be restricted to RERA Registered Projects which have started construction and launched sales.

RISKS AND CONCERNS

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

In August 2017, CARE Ratings has upgraded the long-term credit rating of Manappuram Finance Ltd (MAFIL) to CARE AA (double A) stable from CARE AA- (double A minus) stable. The revision in the long term rating factors in the significant improvement in financial performance of the Company during FY17, primarily supported by its focus on shorter tenure loans, leading to lesser under-recovery

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

CAUTIONARY STATEMENT

This document contains statements about expected future events, financial and operating results of Manappuram Finance Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Manappuram Finance Limited's Annual Report, FY2018.

- i. vinodkothari.com
- ii. Care ratings report of March 2018
- iii. KPMG report of December 2017

Business Responsibility Report

SECTION A GENERAL INFORMATION ABOUT THE COMPANY

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 Fax : 0487 2399298
4. Website:	www.manappuram.com
5. E-mail id:	mail@manappuram.com
6. Financial Year reported:	2017-18
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)	<ul style="list-style-type: none"> ● Gold loan ● Vehicle and Equipment Finance ● SME Finance ● Corporate Finance
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 March 31, 2018, Manappuram Finance has over 3327 branches across 24 states and 4 UTs of India of which.
10. Markets served by the Company: (Local / State / National / International)	Manappuram Finance serves customers in national market.

SECTION B FINANCIAL DETAILS OF THE COMPANY

- Paid-up Capital (₹ million):** 1,685.07
- Total Turnover (₹ million):** 29,498.59
- Total Profit after Taxes (₹ million):** 7,001.69
- Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after tax (%):** 1.47%
- 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.

SECTION 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. Three 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.

SECTION 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?	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 <http://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 with respect to employees 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 second Business Responsibility Report of the Company. Manappuram Finance publishes BR Report annually which forms part of Annual Report. It is available at <http://www.manappuram.com/investors/annual-reports.html>.

SECTION E 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 cover not only Manappuram Finance, but also extends 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 service of the 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 was Nil stakeholder complaint received in the reporting period with regard to ethics, bribery and corruption. Further, as an 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 product 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 contribute to social progress.

The Company has also incorporated social and environmental opportunities in its financial operations, as in the following examples:

- Manappuram Finance has developed Online Gold Loan (OGL) which is India's first attempt at digitalisation of the field. OGL is a step forward to attain the National objective of cashless transactions.
- E- KYC platform linked to Aadhaar had been successfully developed and implemented over 3220 branches.

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 initiated to make the 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.

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 equipments. 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 in 24 states and 4 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 to 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. For example, at the Head Office in Valapad, the canteen facility is run by a self help group of women belonging to the neighbourhood.

Principle 3

1. Please indicate the Total number of employees:

20174 employees were on the payroll of Manappuram Finance as on March 31, 2018.

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

Manappuram Finance has hired 103 employees on temporary / contractual / casual basis.

3. Please indicate the Number of permanent women employees.

7856 permanent women employees were on the payroll of the Company as on March 31, 2018.

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

20 permanent employees with disabilities were on the payroll of the Company as on March 31, 2018.

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

Yes.

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 8 were resolved by the Committee during FY 2017-18, hearing process is going on for 1 complaint.

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:

19592 Employees (99%)

b. Permanent Women Employees:

7892 Women Employees (40%)

c. Casual / Temporary / Contractual Employees:

104 Casual Employees (0.53%)

d. Employees with Disabilities:

20 (0.10%)

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 March 31, 2018, out of 3327 branches of the Company, 713 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 is described below:

Shareholders, Customers & Investors

Equity Shareholders, NCD holders, FIIs, 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 transcript of this call is made available on the organisation's website: www.manappuram.com.

Employees

Employees too 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, the 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 also carried 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 through its Green Initiative program. A Paperless office project has been initiated 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.

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 has several products and services which provide 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. CSR activities were also carried by the Company at regional level across the Country.

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.

40.76 % of Consumer cases were pending as on the end of FY 2017-18.

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 368 cases filed against the Company regarding unfair trade practices during last five years out of which 150 cases were pending as on the end of FY 2017-18.

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

Manappuram Finance periodically carries out surveys to measure 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 26th Annual Report of the Company together with the Audited Consolidated and Standalone Statements of Accounts for the financial year ended 31st March, 2018.

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		
	2017-18	2016-17	2015-16	2017-18	2016-17	2015-16
Gross Income	29498.59	30084.33	22148.89	34765.56	34,089.16	23,712.35
Total Expenditure	18833.04	18935.56	16959.77	24595.47	22,431.96	18,228.52
Profit Before Tax	10665.55	11148.77	5189.12	10170.09	11,657.20	5,483.83
Provision for Taxes/Deferred tax	3663.86	3888.43	1816.69	3486.01	4072.3	1932.25
Minority interest	0	0	0	-24.86	26.42	17.9
Net Profit	7001.69	7260.34	3272.43	6708.94	7,558.48	3,533.68
Profit b/f from previous year	7285.07	3098.64	2848.66	7574.79	3,159.29	2,851.54
Amount available for appropriations	14286.76	10358.98	6221.09	14283.73	10,717.77	6,385.22
Appropriations:						
Transfer to Statutory Reserve	1400.34	1452.07	674.49	1400.34	1,521.12	722.41
Transfer to General Reserve	0	0	0	0	0	0
Transfer to Debenture Redemption Reserve	-676.68	102.26	169.91	-676.68	102.26	169.91
Interim Dividend on Equity Shares	1683.94	1262.56	1892.74	1683.94	1,262.56	1,892.74
Tax on Interim Dividend	342.81	257.02	385.31	343.27	257.02	385.31
Proposed Equity Dividend	0	0	0	0	0	0
Tax on dividend	0	0	0	0	0	0
Balance carried forward to next year	11536.35	7285.07	3098.64	11532.86	7,574.81	3,159.29

During the Financial Year ("FY") 2017-18 under review, the Company's consolidated revenue from operations grew 1.10% to ₹ 34,234.00 million and the Profit after Tax fell by 11.2% to ₹ 6,709.00 million. The profitability was impacted by a one-time provisioning of ₹ 120 million towards a legal case where the Company could liquidate only half of the collateral that was handed over to it. The Company liquidated the rest of the collateral in the quarter ended 30th June, 2018, following which, management believes provisions are likely to normalise. The Company's consolidated AUM grew by 15.4% to ₹ 1,57,648.00 million during the year owing to rapid growth in the microfinance (grew 35.7%), housing finance (grew 20.7%) and vehicle finance (grew 104.5%) AUMs. Gold loan AUMs grew 5.5% during the year. Addition of new customers, increasing branch activation for the non-gold businesses, fall in average cost of borrowing and all-round improvement in asset quality were the key factors driving the Company's financial performance during the year.

During the year, the Company continued to augment its digital platforms to facilitate customers to avail loans at their convenience. In the gold loan business, the Company introduced doorstep gold loans (pilot stage) and further leveraged its online

gold lending platform which accounted for 32% of the total gold loan book. The Company also invested in ramping up safety of the lockers by installing IOT-based keyless e-lockers which offer multiple benefits including monitoring of the lockers by the customer from a remote location. Similarly, a host of other digital initiatives were implemented to drive greater convenience for the customers at every stage of their engagement with us – from applying for the loan to repaying it back. Healthy additions of new customers along with continued branch expansions and investments in branding and marketing activities aided growth of the new businesses in the year. These businesses now form about a fourth of the Company's consolidated AUMs as compared to 19% in the preceding 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

Since 2014, with its large net worth and access to debt capital on competitive terms, your Company in the verge of diversification its business by leveraging its vast numbers of existing and new customers' relationship developed through its mainstay Gold Loans business over the years. The objective of this diversification was to build at least 40 to 50% of total Assets under Management from sources other than gold loans, so as to mitigate the risk of being a single-product NBFC.

Your Company's diversification strategy offered three clear potential advantages: Firstly, it sought to address the regulatory discomfort with mono-line NBFCs perceived as vulnerable to concentration risk. Secondly, it would enable the Company to cater to existing and new customers with new products and services. Finally, your Company would be able to accelerate the government's agenda for inclusion by addressing the needs of the underprivileged sections of the 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. The idea was that with home and vehicle and equipment finance, the Company would reach out to the upwardly mobile customers. To cater to the people at the bottom of the pyramid, the Company would take the microfinance route with the collateral-free, joint liability model.

Over the last three years, i.e. FY 2016, FY 2017 & FY 2018, the new business verticals have been successful in steadily scaling up their operations by leveraging (wherever required) your Company's customer base, branch network and the goodwill of the Manappuram Brand. During the year under reference, the management was able to stabilise the business processes, scale up the operations (including network), enhance the manpower strength of each vertical and forge synergistic lead generation connections with the Company's network.

The key achievement for FY 2018 has been that having begun literally from scratch in FY 2015, the Company's non-gold new businesses now contribute 25.5% of the total assets under management. Over the three two years, Microfinance AUM has grown from ₹ 3,221 million in FY 2015 to ₹ 24,372 million in FY 2018. Your Company's divisions vehicle and equipment finance

and corporate finance have ended the year with an AUM of ₹ 6,254 million and ₹ 5,513 million, respectively. Your Company's housing subsidiary, Manappuram Home Finance Limited has ended the year with an AUM of ₹ 3,747 million while insurance broking subsidiary has contributed a revenue of ₹ 19.6 million. Importantly, having established a sound footing, home loans, microfinance, corporate loans and vehicle & equipment loans are expected to continue to record strong growth in the coming years.

Microfinance

Asirvad Microfinance Limited took steps to consolidate the operations by addressing the issues arising out of demonetisation event during November/December 2016. The full financial effect of that event spilled over to this financial year resulting in loss of ₹ 323 million. Most of the geographies, where Asirvad operates bounced back to pre-demonetisation repayment levels except for few States like Karnataka and Haryana.

Asirvad is ranked 6th All India as NBFC MFIs. The Company has a network of 832 branches across 20 States with presence in 245 districts and 1,45,394 centres. It pursues the policy of continuing re-assessment of concentration risk & diversification. During the year, the Company passed on the reduction in interest rate charged by banks/Financial Institutions by reducing interest rate charged to customers from 23% to 22.25%.

Asirvad AUM grew by 36% to ₹ 24372 million in FY 17-18 from ₹ 17959 million in FY16-17, Active loan accounts grew by 21% to 2.3 million from 1.9 million in March 2017. 1.6 million Loan accounts were disbursed during the financial year and these loans have 99.4% repayment rate.

Total Operational Revenue grew by 28% to ₹ 4372 million for period FY17-18 compared with ₹ 3428 million for period FY 16-17, Pre provisional profit of ₹ 1083 million for period FY 17-18 compared to ₹ 1045 million for corresponding period. Provision for loan loss/Bad debt written off stood at ₹ 1583 million including standard provision of ₹ 205 million made for period FY17-18 as per Company policy. Had the Company followed RBI norms provision, ₹ 240 million less provision would have created during the financial year.

Housing Finance

Manappuram Home Finance Limited (MAHOFIN), is your Company's dedicated subsidiary that has been set up to cater to the affordable housing space. Its overall objective is to provide options for affordable home finance in the ticket size of about ₹ 8-11 lacs, majorly distributed into the outskirts of metros, tier-II and tier-III cities. Your Company's customer acquisition strategy focuses on the team's ability to understand the needs of the customer, his net-worth and financial limits. Its management

team is made up of seasoned people with core domain expertise and who possess mature appraisal methodologies and product structuring solutions that are friendly for a customer to manage. In combination with its dedicated 35 branches the growth of the Home Loans business and Loan Against Property will be based on fresh lead generation and on the cross-selling strategies within the Manappuram group's network of branches and regional points of contacts. Having established its IT backbone and product configurations in the period between FY 2015 to FY 2017, in FY 2018 the management essentially focused on establishing the unit's manpower strength through recruitment and training in robust business practices for building the business. During the year, it established dedicated human resources and branches in urban and semi-urban locations, both in the South and the West. By the end of FY 2018, MAHOFIN achieved a loan book size of ₹ 3,746 million. The business grew by 20.8% YoY and the loan portfolio has so far faced minimal delinquencies with NPAs held to 4.8%. Going forward, your Company is now ready with its teams, products and branches to grow the loan book size steadily to touch ₹ 7,773 million plus in FY 2019. Going forward, with strong demand, professional management and strong brand and network support of the parent, MAHOFIN remains focused on delivering results responsibly and achieving steady growth of business.

Manappuram Insurance Brokers

Manappuram Insurance Brokers Limited (MAIBRO), a 100% Subsidiary of Manappuram Finance Limited has closed the year at ₹ 91 crore of Total Business. The Company has done a new Business of ₹ 84.5 crore. The Company has in 2017-2018 launched various products across protection, health and motor to cater to various sections of the society.

The Company has the distinction of covering 16.7 lakh customers in 2017-2018. The Company covered 50000 families with a Health cover and 15.5 lakh customers through a Death cover. MAIBRO today has presence across the length and breadth of the country. The Company has used the parents brand and strength to its advantage and provided new products across all Branches of the parent company and the Group companies.

In 2017-2018 MAIBRO has exclusively setup a renewal and claims team to cater to its customers. The Company has improved its 13 month persistency to 71% and has been able to settle 95% of claims reported. The renewal and claims team regularly call up the customer to either collect the renewal premiums or help the customers get the benefits of the claims. MAIBRO is poised to achieve newer heights in 2018-2019.

Vehicle and Equipment Finance

In order to diversify and de-risk portfolio, your Company had entered into commercial vehicle financing activity in FY 15 operating from southern and western regions and subsequently into other regions. The vehicle finance portfolio is about ₹ 6.28 billion spread across 116 locations in 20 States as on Mar 31, 18.

The Commercial Vehicle and construction equipment portfolio comprises of approximately 70% pre-owned vehicles and balance new vehicles with portfolio of ₹ 5.33 billion with 10030 live contracts as at the end of Mar 31, 18. The two-wheeler finance portfolio is of ₹ 0.64 billion with more than 15000 live contracts and other vehicle loans comprises of a portfolio of around ₹ 0.31 billion.

The team consists of domain specialists and has established marketing channels and networks for lead acquisition, processing and receivable management. The business is supported by strong pre-screening methodologies and credit assessment for a healthy portfolio mix.

Our strategy envisages financing customers who are largely from unorganised sector, the retail clientele that is underserved by the formal banking channels. With the background of good monsoon prediction and increased government outlay for infrastructure projects, the growth of vehicle loan portfolio is expected to be robust in FY 19.

Your Company is in the course of building a scorecard model for a quicker customer assessment process and disbursements reducing the end to end turnaround time. With plans to focus on existing customer base for consumer vehicle loans your Company strongly believes that digital technology would be an integral component for the growth of the business in coming years.

MSME Lending

Micro, small and medium enterprise (MSME) sector is a vibrant and dynamic sector promising high growth potential for the Indian Economy. MSME's play a critical role in the economy by providing large employment opportunities while contributing significantly to the Gross Domestic product (GDP) and exports of India. There are close to 51 million MSME units in the country that employ about 117 million people across various sectors constituting 40% of the workforce. The MSME share to the total GDP is about 37% and they also contribute to 43% of exports based on the data maintained by Ministry of Commerce. Apart from being a key contributor to the Indian economy, the MSME sector also has the fastest growing exposures in the commercial lending space with low delinquency (NPA) rates.

To participate in the robust growth demonstrated by the MSME sector and to address its ever-increasing credit demand, your Company has decided to foray into MSME lending by way of introducing tailored products for meeting working capital demands of MSME's, which would be different than traditional secured financing options available. A focused approach, customised product offerings and a healthy mix of target geographies, will enable your Company to build a good quality book in this segment.

Corporate Lending

Manappuram corporate lending vertical caters to financing small and mid size NBFC's which are mainly into housing, micro

finance, vehicle and SME lending. It targets transactions ranging from ₹ 2 crore to 40 crore. Borrowers benefit from a range of products at competitive rates, each customisable in terms of repayment schedule and security. The attractiveness of lending to such companies is that they fetch better yield. In corporate loans, Manappuram focuses on providing funds to other NBFC's for their portfolio origination. Corporate loan portfolio primarily consists of fund based product i.e. Term Loan.

Currently, all such loans are sourced through Northern Arc Capital (earlier known as IFMR Capital) who go beyond what the rating agencies do, they do a lot of field level study and based on that Manappuram also have its own internal set of criteria for evaluation. Such corporate lenders are typically companies, which have some external private equity investments so that one can be assured of the corporate governance and also good auditors, and a professional promoter, so these are kind of companies which normally Manappuram lends.

Forex and Payments

Your Company has started taking baby steps in the payments landscape. Broadly the Payments division in MAFIL includes Inward Remittances under Money Transfer Service Scheme, Domestic Remittances under Banking Correspondent and Pre-Paid Instrument, Outward Remittances and Money Changing. The Company has recently raised its profile by becoming an RBI licensed Principal Agent. The Company already offers MTSS services through its network of branches. It has tied up with Western Union as a principal agent to bring in more focus on this business.

Your Company has a PPI license and a digital wallet offering "MAKASH" to its customer. The Company is also a Banking Correspondent through its tie up with Yes Bank. Your Company offers this service to its gold loan customers. The Company intends to bring in focus by adding innovative features in its wallet proposition.

Your Company is an AD Category 2 license holder from Reserve Bank of India. RBI had also increased the limit outward remittances by an individual to USD 2,50,000 per annum in Jan 2016 under the LRS scheme. The sub segments of "travel abroad" and "Studies abroad" have grown the maximum. Your Company intends to enter this market in a focused way by starting this business in a few branches and then growing it in phase-wise manner.

3. SUBSIDIARIES

Your Company holds 90.38% equity shares of Asirvad Microfinance Limited and 100% equity shares of Manappuram Home Finance Limited and 100% equity shares of Manappuram Insurance Brokers Limited as on FY 2017-18.

Asirvad Microfinance Limited

Gross Income of the Company as at 31st March, 2018 is ₹ 4,683.28 million as compared to ₹ 3,634.20 million for the year

ended 31st March, 2017 and Loss after Tax 31st March, 2018 with ₹ 323.01 million as compared to ₹ 343.32 million for the year ended 31st March, 2017.

Manappuram Home Finance Limited

Gross Income of the Company as at 31st March, 2018 is ₹ 535.27 million as compared to ₹ 368.36 million for the year ended 31st March, 2017 and net loss is ₹ 8.05 million for the year ended 31st March, 2018 as compared to the net loss of ₹ 10.7 million as at 31st March, 2017. AUM of the Company as at 31st March, 2018 is ₹ 3746.61 million which is 2.43% of consolidated AUM.

Manappuram Insurance Brokers Limited

Gross Income of the Company as at 31st March, 2018 is ₹ 4,97,64,635/- as compared to ₹ 2,02,84,414/- as for the year ended 31st March, 2017 and Profit for the year ended 31st March, 2018 is ₹ 134,79,858/- as compared to the Loss of ₹ 80,98,768/- as at 31st March, 2017.

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 2017-18, the Company has not transferred any amount to General Reserves and it remains same as last FY, ₹ 3885.08 million. The total reserves and surplus as on March 31, 2018 stands at ₹ 36,459.76 million.

5. DEBENTURE REDEMPTION RESERVE

Pursuant to the provisions of the Companies Act, 2013 ("Act") and the relevant circulars issue by the Ministry of Corporate Affairs, the Company is required to create a Debenture Redemption Reserve (DRR), to which amounts shall be transferred from the profits every year till the debenture is redeemed. The amount of DRR shall be 25% of the NCDs issued through public issue in compliance with SEBI (Issue and Listing of Debt Securities) Regulations, 2008, and no reserve is required in respect of NCDs issued through private placement.

As a matter of policy, your Company creates a reserve on a proportionate basis till the redemption of the debentures. Accordingly, the Company transferred a sum of ₹ 676.68 million from DRR during the year.

Furthermore, the Act stipulates that the Company has to invest, on or before 30th April of each year, in the prescribed manner, a sum equal to 15% of the NCDs maturing during the year ending on the 31st March of the next year. The Company had duly deposited with a Scheduled Bank, ₹ 291.20 million in April 2017 w.r.t debentures matured during FY 2017-18 and has also deposited ₹ 2.62 million in April 2018 w.r.t. debentures maturing in FY 2018-19.

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 March 31, 2018 availed various credit facilities from 20 banks.

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 privately placed Secured Redeemable Non-Convertible Debentures (NCDs). In addition, the Company also raised funds through the issue of Commercial Papers (CPs).

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://manappuram.com/public/uploads/editor-images/files/Manappuram%20BRR%2014-21%20Pages%20%281%29.pdf>

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 and Manappuram Insurance Brokers 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 policies 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 2017-18.

11. MEETINGS OF THE BOARD

During the financial year 2017-18, Board of Directors met on seven 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/public/uploads/editor-images/files/Policy%20on%20Board%20composition%20and%20Compensation..pdf> 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-12, 14, 15 and 33 to the Standalone Financial Statements

15. PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES

contracts / arrangements / transactions entered by the Company during the FY 2017-18 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 25 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/public/uploads/editor-images/files/POLICYONRELATEDPARTYTRANSACTIONS080217.pdf>.

16. DIVIDEND

Four interim dividends were declared at the rate of 50 paise per equity share during the financial year 2017-18, on 25th May 2017, 10th August 2017, 7th November 2017 and 08th February, 2018 respectively.

An aggregate of ₹ 2.00/- per equity share, amounting to 100% of the paid-up value of the shares was paid by the Company during the financial year 2017-18.

The Dividend Distribution Policy as per the SEBI LODR is available at the following link: <https://www.manappuram.com/public/uploads/editor-images/files/Dividend%20Distribution%20Policy-090816.pdf>

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/public/uploads/editor-images/files/20-Risk-Management-Policy.pdf>

19. CORPORATE SOCIAL RESPONSIBILITY POLICY

The 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/public/uploads/editor-images/files/CSR%20Policy.pdf>

The Corporate Social Responsibility initiatives taken by the Company during the FY 2017-18, 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 during the year;

Board	Committees	Non-Executive Directors (including Independent Director)
Board Composition and Quality	Function and Duties	Participation at Board/ Committee Meetings.
Board Meetings and Procedure	Committee Meetings and Procedures	Relationship, Knowledge and Skill Procedures
Board Strategy and Risk Management	Overall rating of Board Committees	Independence
Overall rating of Board Performance		

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 2017-18, Mr. B.N.Raveendra Babu (Executive Director) has received remuneration by way of sitting fee, ₹ 0.32 million for attending Board/Committees 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 2017-18.

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 2017-18.

Secretarial audit report for year ended on March 31, 2018 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.

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

Mr.Gautam Ravi Narayan has been appointed as Additional Director on 08.02.2018. The Board recommends his appointment subject to approval by the Shareholders at the ensuing Annual General Meeting.

There were no other changes in Directors or Key Managerial Personnel during the FY 2017-18.

24. SHARE CAPITAL

During the year 2017-18, the Company has allotted 636126 equity shares of ₹ 2 each pursuant to exercise of stock options.

Consequently, the paid-up equity share capital of the Company stood as on 31.03.2018 at ₹ 1,685.07 million consisting of 842,535,762 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 2017-18 the Company has not accepted deposits as per Chapter V of the Act..

The balance unclaimed deposit as on March 31, 2017 was ₹ 0.062 million and the same has been transferred to IEPF in accordance with the provisions of Companies Act, 2013, during FY 2017-18. There is NIL balance unclaimed deposit as on March 31, 2018.

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 March 31, 2018, the Capital Adequacy Ratio of the Company is 26.60%, 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').

Board at its meeting held on August 10, 2017 has canceled the ESOS 2009 and 448500 lapsed options under ESOS 2009 based on the recommendation of the Nomination Compensation and Corporate Governance Committee with effect from August 10, 2017 and the same has been intimated to the stock exchanges.

Disclosures in terms of 'Guidance note on accounting for employee share based payments' issued by ICAI and diluted EPS in accordance with Accounting Standard 20 - Earnings Per Share are provided in note 24 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 June 16, 2015 are provided in Note 24 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

Composition of CSR Committee

Name of the Member	Position	Category of Directors
Mr. Rajiven.V.R	Chairman	Independent, Non-Executive
Mr. V.P. Nandakumar	Member	Non-Independent, Executive
Adv.V.R. Ramachandran	Member	Independent, Non-Executive
Dr. Amla Samanta	Member	Independent, Non-Executive

Composition of Audit Committee

Name of the Member	Position	Category of Directors
Mr. P. Manomohanan	Chairman	Independent, Non-Executive
Dr. Shailesh J Mehta	Member	Independent, Non-Executive
Mr. E.A. Kshirsagar	Member	Non-Independent Non-Executive
Mr. V.R. Rajiven	Member	Non-Independent Non-Executive
Dr. Amla Samanta	Member	Non-Independent Non-Executive

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 dedicated telephone line or a letter to the Chairperson and a Member (Woman Director) of the Audit Committee.

No person has been denied access to the Chairman and a Member (Woman Director) 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/public/uploads/editor-images/files/22-Whistle-blower-Policy-v2.pdf>

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, 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 2017-18 to Bombay Stock Exchange (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 4 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 2017-18.

33. CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Act, SEBI LODR and Accounting Standard (AS) – 21 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 ₹ 2,500 million as CRISIL AA- / Stable.
- b. CRISIL rated Non – Convertible Debentures amounting to ₹ 25,075 million as CRISIL AA- / Stable.
- c. CRISIL rated Commercial Paper of ₹ 35,000 million as CRISIL A1 + Stable
- d. ICRA rated Non – Convertible Debentures amounting to 2,701.2 million as [ICRA] AA- (Stable)
- e. CARE rated Bank Loan Facilities for Long Term amounting to ₹ 56,800 million as CARE AA;- Stable (Double A; Stable)
- f. CARE rated Bank Loan Facilities for Short Term amounting to ₹ 33,200 million as CARE A1+ (A One Plus)
- g. Care rated Non-Convertible Debentures amounting to ₹ 5,800 million as CARE as AA;-Stable
- h. Care rated Commercial Paper of ₹ 35,000 million as CARE A1+ (A 1 Plus)
- i. Brickwork rated Non – Convertible Debentures amounting to ₹ 547 million as BWR AA-

35. DETAILS OF AUCTIONS HELD DURING THE YEAR 2017-18

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)
March 31, 2017	3,05,439	9289.54	1466.29	10755.83	10704.05
March 31, 2018	3,32,767	9,045.30	1,126.70	10,172.00	10,585.50

Note: No sister concern participated in the auctions during the year ended March 31, 2017 and March 31, 2018

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 March 31, 2018 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 2017-18.

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 2017-18 and the date of this report.

40. 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

DIN: 00002516

Chairman

Place: Valapad

Date: May 18, 2018

Annexure I (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:

Part A Subsidiaries

Name of the subsidiary	Manappuram Insurance Brokers Ltd.
The date since when subsidiary was acquired	1st January 2016
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Nil
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Rupee
Share capital	₹ 1,57,00,000/-
Reserves and surplus	₹ 1,29,07,900/-
Total assets	₹ 3,99,83,548/-
Total Liabilities	₹ 3,99,83,548/-
Investments	0
Turnover	₹ 4,97,64,635/-
Profit before taxation	₹ 1,46,69,218/-
Provision for taxation	₹ 11,89,360/-
Profit after taxation	₹ 1,34,79,858/-
Proposed Dividend	NIL
Extent of shareholding	100%

Name of the Subsidiary:	Manappuram Home Finance Limited
The date since when subsidiary was acquired	12th March 2014
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Nil
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Rupee
Share Capital	₹ 1,00,00,00,000
Reserves & Surplus:	₹ -7,41,57,757
Total assets:	₹ 3,84,47,50,258
Total Liabilities:	₹ 3,84,47,50,258.
Investments:	Nil
Turnover:	₹ 53,52,73,826
Profit before taxation:	₹ -1,07,98,196
Provision for taxation:	₹ 27,44,770
Profit after taxation:	₹ -80,53,426
Proposed Dividend:	Nil
Shareholding:	100%

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	Nil
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Rupee
Share capital	₹ 32,07,48,600
Reserves	₹ 2,55,28,67,590
Total assets	₹ 25,02,51,33,353
Total Liabilities	₹ 25,02,51,33,353
Investments:	₹ 5,00,000
Turnover:	₹ 4,68,32,82,564
Profit before taxation	₹ -49,92,99,841
Provision for taxation	₹ -17,62,90,329
Profit after taxation	₹ -32,30,09,512
Proposed Dividend	Nil
Extent of shareholding	90.39%

Annexure I (b)

FINANCIAL PERFORMANCE HIGHLIGHTS OF MANAPPURAM INSURANCE BROKERS LIMITED

(Amount in ₹ Million)

Sl.No.	Particulars	Year ended 31st March 2018	Year ended 31st March 2017
1	Gross Income	₹ 49.76	₹ 20.28
2	Less: Total Expenditure	₹ 35.10	₹ 27.23
3	Profit Before Tax	₹ 14.67	₹ (-) 7.65
4	Profit after Tax	₹ 13.48	₹ (-) 8.10

During the FY ending 31.03.2018, your Company made Total Revenue from operations to the tune of ₹ 4,87,16,434/- as compared to ₹ 1,98,46,774/- in the year 2017-18.

Total other income stood at ₹ 10,48,201/- as compared to ₹ 4,37,640/- in the year ending 31.03.2017 (139.35% increase).

Profit for the year after adjusting tax came to ₹ 134,79,858/- as compared to loss of ₹ 80,98,768/- during the last year ending 31.03.2017. Gross Income of the Company as at 31st March 2018 is ₹ 4,97,64,635/-.

FINANCIAL PERFORMANCE HIGHLIGHTS OF ASIRVAD MICROFINANCE LIMITED

(Amount in ₹ Million)

Sl.No.	Particulars	Year ended 31st March 2018	Year ended 31st March 2017
1	Gross Income	4683.28	3,634.20
2	Less: Total Expenditure	5182.58	3,111.12
3	Profit Before Tax	-499.30	523.08
4	Profit after Tax	-323.01	343.32

During the year, Asirvad Microfinance Limited expanded its operations to the state of Assam as part of diversifying into other areas. The operational highlights of your Company are:

- Client base has increased to 15 lakh across 832 branches in 20 states (from 11 lakh across 763 branches in 17 states) Gross Loan Portfolio at ₹ 24,372 million
- Total disbursement during the year was at ₹ 28,760 million
- Asirvad Microfinance Limited has ensured compliance to all guidelines stipulated by Reserve Bank of India for the Microfinance Industry.
- Head Count of 4168 employees

CARE has upgraded the grading of Asirvad Microfinance Limited to MF11, the highest in the industry. The bank loan rating is also upgraded to A+ by ICRA & CARE for Long Term and A1+ by CRISIL for Short Term. SMERA has provided C1 for Excellent performance on Code of Conduct.

The Capital Adequacy Ratio was 15.19% as on 31st March 2018. The minimum capital adequacy requirement stipulated for NBFC MFIs by Reserve Bank of India is 15%.

Gross Income of the Company as at 31st March, 2018 is ₹ 4683.28 million which is 13.68% of consolidated Gross Income (Loss)/Profit after Tax as at 31st March, 2018 is ₹ (323.01) on which is (4.8%) of consolidated Profit after Tax after adjusting minority interests. AUM of the Company as at 31st March, 2018 is ₹ 24372.03 million which is 15.45% of consolidated AUM.

FINANCIAL PERFORMANCE HIGHLIGHTS OF MANAPPURAM HOME FINANCE LIMITED

(Amount in ₹ Million)

Sl.No.	Particulars	Year ended 31st March 2018	Year ended 31st March 2017
1	Gross Income	535.27	368.36
2	Less: Total Expenditure	546.07	375.39
3	Profit Before Tax	(10.80)	(7.03)
4	Profit after Tax	(8.05)	(10.70)

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 had 3958 loan accounts as on 31st March 2018. Gross loan portfolio stood at ₹ 3746.6 million.

Total disbursement during the year 2017-18 was ₹1412.0 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 495 as at March 2018.

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	BWR A-
Brickwork	Fund based cash credit	BWR A-
CRISIL	Long term bank loan	CRISIL A+/stable
CRISIL	Commercial Paper	CRISIL A1+
CARE	Long term bank facilities	CARE AA-; stable

The Capital Adequacy Ratio was 40.1 % as on 31st March 2018. The Net Owned Funds (NOF) as on that date was ₹ 913.06 million. The minimum capital adequacy requirement stipulated for Company by National Housing Bank is 12%.

Gross Income of the Company as at 31st March, 2018 is ₹ 535.27 million as compared to ₹ 368.36 million for the year ended 31st March, 2017 and net loss is ₹ 8.05 million for the year ended 31st March, 2018 as compared to the net loss of ₹ 10.7 million as at 31st March, 2017. AUM of the Company as at 31st March, 2018 is ₹ 3746.61 million which is 2.43% of consolidated AUM.

Gross Income of the Company as at 31st March, 2018 is ₹ 535.27 million which is 1.54% of consolidated Gross Income. Total Loss as at 31st March, 2018 is ₹ (8.05) million. AUM of the Company as at 31st March, 2018 is ₹ 3746.6 million which is 2.43% of consolidated AUM.

The Capital Adequacy Ratio was 46.6% as on 31st March 2018. The Net Owned Funds (NOF) as on that date was ₹ 925.84 million. The minimum capital adequacy requirement stipulated for Company by National Housing Bank is 12%.

Annexure II

MANAPPURAM FINANCE LTD.,

Policy on Board composition and Compensation. (As amended by the board on August 14, 2015)

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 read with clause 49 of the Listing agreement with the stock exchanges 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.

Definitions

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

Act - means the Companies Act, 2013 including any amendments and reenactments as the case may be from time to time

Board- means the collective body of directors of the Company

Clause 49- means the clause 49 of the listing agreement with stock exchanges relating to the guidelines on Corporate Governance.

Committee- means the committees of directors constituted by the Board

Director- means a director appointed on the board of the Company

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.

Independent director- means an independent director referred to in sub-section (5) of section 149 of the Companies Act, 2013 or referred to in sub clause (B) of clause 49 (II) of the listing agreement.

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

Policy statements

Board Diversity

The board of directors of the Company should have a fair combination of executive and non-executive directors with not less than 50% being non- executive directors.

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 listing agreement 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.

The Board shall have at least one woman director.

The independent director to be appointed on the board shall not hold directorships in more than 7 listed companies.

The vacancy caused by the demitting of office by an independent director in any manner shall be filled within a period of 3months 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.

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;

Banking, Finance, Accountancy, Taxation Governance, Regulatory background, Law and practice Management, Administration (including Civil Service) Engineering, Human resource, Subject of social relevance IT, Marketing

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.

Familiarization & Skill enhancement program for directors

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.

A newly appointed non- executive directors may be given the opportunity to familiarize with the Company.

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.

Assessment of independence & Fit and proper criteria

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 and clause 49 of the listing agreement. The board shall on a continuous basis ensure that the independent directors continue to maintain their independence during their tenure on the board.

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.

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.

Age and tenure of independent and non-executive directors

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, 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, listing agreements and direction/guideline from RBI from time to time, for new appointments to the position of independent directors and non-executive directors.

Review of performance of independent directors

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.

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

Based on the review of performance, the board may recommend for the continuance, re- appointment or removal of directors.

Compensation of Executive and Non- executive directors

On the recommendation of the Nomination Committee, the board will fix the remuneration of non-executive directors (including independent directors)

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.

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.

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.

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.

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 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.

Succession planning for appointment to board and senior management positions

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

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.

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.

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.

The 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.

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

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.

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.

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.

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.

Applicability of the policy

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

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

MAFIL: Policy on Related Party Transactions

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.

I. 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.

II. 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.

III. 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;

"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 may be.

IV. 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.

IV.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.

IV.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 ₹ 1,00,00,000/- (Rupees One Crore 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 relevant to that transaction 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.

V. 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	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:

Place:

Name:

Date:

Designation:

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 topped 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, 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

(A) 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 : ₹ 1.69 million towards foreign travel and training expenses Nil towards import of capital goods

Annexure V

Report on 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.

Brief Outline of CSR Policy of the Company

The CSR policy of the Company seeks to build on the social relevance of its core business area of gold loans, which has promoted inclusive growth by enabling the common man to meet his credit requirements with ease.

The major activities identified for CSR spend are as follows:-

- Promotion of Quality Education
- Promotion of Healthcare
- Overall development of the rural communities

The CSR policy further states that the Company may additionally take up projects, programmes or activities pertaining to empowerment of women, environmental sustainability, ecological balance, protection of national heritage, measures for the benefit of veterans of the armed forces, training, promotion of rural sports, contributions to technology incubators, rural development projects and contributions to Prime Minister's National Relief Fund etc.

In line with the above CSR policy, major CSR programmes of Manappuram Finance Limited (MAFIL) and its group companies are being undertaken/implemented by Manappuram Foundation formed under the Trust Act.

Manappuram Foundation, a charitable organisation set up in October 2009, with the express mandate of driving forward the CSR of MAFIL. Today, the Foundation brings resources and commitment to projects that enrich people's lives and make a visible difference.

Manappuram Foundation works with a vision to create healthy, educated and happy communities.

Manappuram Foundation's strategy is to collaborate with internal as well as external stakeholders to make an impact in the community at large through grassroots programmes in healthcare, quality education, empowerment of women, livelihood projects, community development etc.. At present, the bulk of the Foundation's activities are restricted to the Thrissur coastal belt, which is also where this Company is headquartered.

A CSR committee, as per section 135 of the Companies act 2013, is fully involved in framing its CSR policy, formulating CSR strategy and periodically monitor and review each quarter the projects implemented by the Trust.

The social audit is also conducted periodically to measure the impact of all major projects and to make sure the activities are in line with the vision and mission of the trust. The CSR policy of the Company can be accessed in the following link <http://www.manappuram.com/public/uploads/editor-images/files/CSR%20Policy.pdf>

The major CSR focus areas are as follows: -

I) Promotion of Quality Education

In line with the CSR policy, quality education is an area where several initiatives have been taken by the Foundation as described below:

1. Manappuram Foundation commences transformation of Mukundapuram Public School (ICSE Syllabus).

Manappuram Foundation has taken over the Mukundapuram Public school situated on Nadavaramba Kallamkunnu Road, about 4 kilometres south of Irinjalakuda Town. The campus spreads over an area of 7.25 acres of scenically beautiful land. The main objective of the school is to impart child centred and activity oriented modern quality education to the new generation using the best available technology enabled pedagogy. The school is currently affiliated to the prestigious and internationally recognised Council for the Indian School Certificate Examination (ICSE), New Delhi.

2. Manappuram Academy of Professional Education (MAPE)

To increase the presence of professionals like chartered accountants, company secretaries and cost accountants among the weaker sections of the society, the Manappuram Foundation has set up a one-of-its-kind educational institution "Manappuram Academy of Professional Education" in 2013. The academy offers training for completing CA-CPT, CA-IPCC, CA-Final and CMA.

Eligible students hailing primarily from weaker sections are given coaching and other facilities at 50% subsidised cost, while other students pay nominal fees. The Academy is equipped with a library and a conference hall. The pass percentage of the Academy trained students is well above the National average.

3. Manappuram Academy for Entrance Education (MAEC)

Another initiative taken up under quality education is the Manappuram Academy for Entrance Education (MAEC) established to provide professional coaching for Medical/ Engineering entrance examination to bright students

hailing from the weaker sections of the society. The high tech educational Institute has imparted coaching to students and the amount spent on this initiative during the year is ₹ 7.97 million. The success of the facility has led to expansion of a similar facility at Palakkad and is being operational to accommodate students of weaker sections. The amount spent during the year for this initiative is ₹ 5.06 million.

4. **Manappuram Institute of Skill Development (MISD)**

Manappuram Institute of Skill Development (MISD) established by Manappuram Foundation with the objective of equipping youth from the coastal belt with skills (under the National Skill Development Council framework – in association with an accredited partner) required for employment in various Sectors including Hospitality, Media Etc. MISD ensures 100% placement assistance so that students can look forward to a bright career. MISD endeavours to maintain high standards in both training and the infrastructure provided to students. The amount spent during the year for this initiative is ₹ 6.40 million.

5. **MAgeet Montessori School and Crèche**

Manappuram Foundation is committed to offer quality primary education to the underserved society in the Manappuram coastal belt. In line with this objective, MAgeet Montessori School and Crèche has been established in the year 2016 with the best facilities following the modern Montessori curriculum at subsidised rates. The amount spent on this initiative during the year is ₹ 6.20 million.

II. **Promotion of Health care**

i) **Janaraksha Manappuram Free Health**

Manappuram Foundation has been involved in delivery of health insurance programme in the coastal belt for the last six years. Janaraksha Manappuram Free Health Insurance Scheme is the Foundation's most important initiative, under which it extends free health insurance to the BPL category in the seven Panchayats adjoining Valapad in the coastal belt of Thrissur District. It covers almost one lakh beneficiaries (i.e. 18,000 BPL families) in the seven Panchayats near the Corporate Office of the Company. The Panchayats are Edathiruthy, Engandiyur, Kaipamangalam, Nattika, Vatanappally, Valapad and Thalikulam.

The cheques received from the Insurance company in reimbursement of claims under the policy are periodically distributed to the beneficiaries at public functions involving local government officials to ensure their continuing support for the project. The project is implemented through MAHIMA Counselling and Psychotherapy centres. Janaraksha Manappuram Free Health insurance scheme got over in November 2017 given the focus of

the government to promote a national health insurance scheme. As an alternative, a scheme named as Manappuram Janaraksha Arogya Padathi (MJAP) has been introduced with an aim to provide better health care at nominal cost. In association with MACare Limited, Manappuram Foundation is providing free/concessional Doctor consultation, medicine, lab and radiology test etc.

ii) **MAHIMA (Manappuram Action for Health Intervention in Mental Ability) Counselling and Psychotherapy Centers**

The two model MAHIMA counselling and psychotherapy centres functioning in the Manappuram coastal belt at Vatanappilly and Valapad Panchayaths aims to uplift the comprehensive health of the people. These centres provide services like Family counselling, Student counselling, Adolescent counselling and Addiction counselling given by experts in the field of psychiatry and psychology. Specialist services of a clinical psychologists and Speech therapist is also available. The medical -psychiatry and community development social workers leads special training programmes for the children with learning disability and conducts psychological tests, Brain gym motivational classes, soft skill training programmes, workshops, seminars and personality development programmes with support from local administration for aided and unaided schools, Anganwadies, Kudumbasree Mission etc. along with family and school counselling. MAHIMA also focus on the trainings and workshops for teachers and parents. Operational support through verifications and reporting for the beneficiaries who need financial supports is done through MAHIMA Counselling and Psychotherapy Therapy Centers.

iii) **Vision Valapad**

Manappuram Foundation joined hands with Valapad Grama Panchayath to launch "Vision Valapad 2020" through MAHIMA Counselling and Psychotherapy Centers. This is a major community programme which focuses on the holistic development of Valapad by focusing on the key areas of health, environmental preservation, and women empowerment. It promotes organic farming with the aim of making Valapad Panchayat self-sufficient in organic vegetables through individual and group efforts. The vision is to shape Valapad into a model village with pesticide-free vegetables grown locally. Waste management is another area of focus. A third component is the Anganwadi Modernisation Project to upgrade the existing anganwadis that lack the required infrastructure.

iii) **Dialysis Treatment**

With the number of kidney patients increasing day by day and considering the prohibitive cost of dialysis treatment, Manappuram Foundation with Perungottukara Association, Perungottukara, Thrissur which provides free

dialysis treatment to needy people in the area. During the year an amount of ₹ 0.25 million was donated to the Association.

Likewise, Santhi Medical Information Centre (Guruvayur), headed by a well known social worker, Ms. Uma Preman, provides free dialysis treatment to needy people. The total amount donated for the above scheme is ₹ 0.3 million.

ICU Ambulance service

A 24*7 ICU ambulance service for the health care service of people living in the coastal area has been introduced from July 2015 at subsidised rates. Accident services are offered free of cost. Emergency number – 9349220220 is popular among the coastal community to depend for emergency health needs. During the year an amount of ₹ 4.68 million has been spent on this initiative. Almost 552 lives were saved and accident trips were taken free of cost especially in the coastal belt of Thrissur, Kerala.

Medical camp

Manappuram Foundation in association with Macare Limited was conducted Diabetic checkup camp among the under privileged in Thrissur district. In addition, would aim in creating awareness for prevention and cure. During the period ₹ 1.3 million spend for the medical camp.

III Overall development of the rural communities

Old age Homes / Day Care Facilities for Senior Citizens Day Care Centre (Pakalveedu):

A Day Care Centre for senior citizens has been established at Thalikulam, Thrissur District, in association with Thalikulam Vikas Trust. The Centre is open during daytimes for senior citizens of the locality to come and spend their time productively and enjoyably. The Centre provides food, health check-up, medicines and recreational facilities to the inmates free of cost. At present there are about 30-40 beneficiaries who are regularly availing the benefits at the “Pakal Veedu”.

The Centre employs Medical Officers, one care taker, two care providers, two cooks and one helper to look after the inmates who are present during the day time. The total expenditure on this account during the last FY 2017-18 amounted to ₹ 0.65 million.

Other Initiatives

Talent Integrated Program for the students Manappuram Foundation conducts ten camps focusing on personality development for the upper primary students in and around Valapad through MAHIMA Counselling and Psychotherapy Centre. The whole objective of this initiative is to make the

children suitable for the competing world by developing the life skills through activities and games. Mainstreaming programmes and exposure visits are the major highlight for the programme.

The sessions are organised on the third Saturdays of each month and the classes are handled by the experts in the field.

Vacation Camps

MAHIMA Counselling and Psychotherapy Centre organises vacation camps for students and adolescents highlighting Robotics, sky watch, planetarium, art and craft, chess, cooking without fire, fun with science, experimental mathematics etc. During the financial year 2017-18, 7 camps conducted and 274 students participated in these camps.

Projects in association with Lions Clubs

Manappuram Foundation as an equal partner with Lions Club International Multiple District 318 has entered into agreements for 50% contribution of funds to multifaceted service projects. Consequent of the Lions clubs involvement, Foundation could double its contribution to the society through equal contribution from both parties. Over and above ease of implementation at non – staffed regions with wider recognition of Manappuram Foundation activities.

Lions District 318 A comprising of Thiruvanthapuram, Kollam, Kottarakkara, Karunagapally and Kayamkulam districts, where Manappuram Foundation has contributed ₹ 0.95 million mentoring service projects like installing water purifiers, napkin vending machines in government schools and public places and Ayush Project by providing monthly assistance for terminally children, Skill training for the unemployed youth and make them employed, etc

Lions District 318 B comprising of Pathanamthitta, Adoor, Thiruvalla, Munnar and Idukki districts, where Manappuram Foundation has contributed ₹ 0.55 million implementing service projects like installing water purifiers, napkin vending machines in government schools and public places and implementing Lions Quest adolescent training programmes involving both Parents and Teachers are few highlights of the joint association.

Lions District 318 C comprising of Alappuzha, Ernakulam and Kottayam districts, where Manappuram Foundation has contributed ₹ 0.9 million implementing service projects like installing water purifiers, napkin vending machines in government schools and public places, implementing Santhwanam project, where medical supporting aids are donated to the elderly, implementing Lions Quest adolescent training programmes involving both Parents and Teachers, erecting solar street lamps in highways are few highlights of the joint association.

Lions District 318 D comprising of Thrissur, Malappuram and Palakad districts, where Manappuram Foundation has contributed ₹ 0.95 million implementing service projects like installing napkin vending machines in government schools and public places, implementing Lions Quest adolescent training programmes involving both Parents and Teachers and donation of ladies bicycles 100 Adolescent girls. An amount of ₹ 2.03 million was spent in the year 2017-18 for infrastructure development of permanent Lions district office and Leadership institute for efficient implementation under joint association.

Lions District 318 E comprising of Kannur, Kozhikode, Kasargode and Waynad districts, where Manappuram Foundation has contributed ₹ 0.6 million implementing service projects like installing water purifiers, napkin vending machines in government schools and public places, implementing Disha project, where orientation on Drug abuse is being provided through documentary films to the high school students along counseling and follow-up session for the drug abuse victims, implementing Lions Quest adolescent training programmes involving both Parents and Teachers, erecting solar street lamps in highways are few highlights of the joint association.

2. THE COMPOSITION OF CSR COMMITTEE

Composition of the committee:

Name of the Member	Position	Category of Directors
Mr. Rajiven.V.R	Chairman	Independent, Non-Executive
Mr.V.P.Nandakumar	Member	Non-Independent Executive
Adv.V.R.Ramachandran	Member	Independent, Non-Executive
Dr.Amla Samanta	Member	Independent, Non-Executive

3. AVERAGE NET PROFIT OF THE COMPANY FOR LAST THREE YEAR (IN ₹ MILLION)

March 31, 2015	March 31, 2016	March 31, 2017	Average Net Profit before Tax
₹ 4167.66	₹ 5283.34	₹ 11261.17	₹ 6904.06

4. PRESCRIBED CSR EXPENDITURE (AMOUNTS IN MILLION)

2% of the Average Net Profit of ₹ 6904.06	= ₹ 138.08
Unspent amount carry forward (FY 2016-17)	= ₹ 6.01
Total CSR expenditure required to be spent for FY 2017-18	= ₹ 144.09

5. PRESCRIBED CSR EXPENDITURE (AMOUNT IN MILLION)

Sl. No.	CSR project or activity identified	Sector in which project is covered	Projects or programs	Amount outlay (Budget) Projects or program wise	Amount spent on the projects or programs Subhead (1) Direct expenditure on project or program	Amount spent on the projects or programs Subhead (2) Overhead	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency
1	Eradicating Hunger, Poverty and Malnutrition, promoting preventive health care and sanitation and making available safe drinking water	Healthcare	Various projects like Ayush, Santhwanam, Free Sanitary napkin vending machines.	16.23	8.87	0.17	9.04	Amount spent by implementing agency Manappuram Foundation and Lions Club.
" do "		Healthcare	Ambulance service-Serving Accident cases and critical care patients - Local area Valapad	3.81	4.37	0.31	4.68	Amount spent by implementing agency Manappuram Foundation.
" do "		Healthcare	Gym & Fitness Centre	3.33	4.23	0.29	4.52	Amount spent by implementing agency Manappuram Foundation.
" do "		Healthcare	Diabetic Medical Camps	2.21	1.32		1.32	Amount spent by implementing agency Manappuram Foundation.
" do "		Healthcare	Aid to Siliguri Lal Vidhyasagar Eye Hospital construction.	2.03	1.80		1.80	Amount spent By implementing agency Manappuram Foundation and Lions Club.
" do "		Healthcare	Yoga Centre	-	0.59	0.03	0.62	Amount spent by implementing agency Manappuram Foundation.
" do "		Healthcare	16 KV DG set to MI Hospital, Engandiyur	2.00	1.06		1.06	Amount spent by implementing agency Manappuram Foundation.
" do "		Healthcare	Free dialysis to Poor patients In Local Area with Manappuram Foundation and Peringottukara Association Thrissur dist Kerala State	0.23	0.25		0.25	Amount spent by implementing agency Manappuram Foundation through Peringottukara Association Dialysis Centre.
" do "		Healthcare	Punarjani - Aid to Eye hospitals	0.69	1.85	0.17	2.02	Amount spent by implementing agency Manappuram Foundation in association with Lions Club International.
" do "		Healthcare	Ambulance donated to Ramakrishna Ashrama Bhopal, Madhya Pradesh for residential school	-	0.43		0.43	Amount spent by implementing agency Manappuram Foundation and Lions Club.
" do "		Healthcare	Santhi Meidcal Information centre-Medical help to poor patients for dialysis	0.34	0.30		0.30	Amount spent by implementing agency Manappuram Foundation through Santhi Medical Information centre

5. PRESCRIBED CSR EXPENDITURE (AMOUNT IN MILLION) (Contd.)

Sl. No.	CSR project or activity identified	Sector in which project is covered	Projects or programs	Amount outlay (Budget) Projects or program wise	Amount spent on the projects or programs Subhead (1) Direct expenditure on project or program	Amount spent on the projects or programs Subhead (2) Overhead	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency
" do "		Healthcare	Mobile Paediatric Auto refracto meter, Dengue awareness camp etc.	0.50	0.21		0.21	Amount spent by implementing agency Manappuram Foundation.
" do "		Eradication of poverty	Financial support for construction of House to Ms Sreera and SN College Student in local area and student fee to Sreelakshmi.	-	0.02		0.02	Amount spent by implementing agency Manappuram Foundation.
" do "		Eradication of poverty	Financial support to Gopalan, Babu, Saniya, Faiyz, Sudhan and other 10 other individuals for medical treatment.	-	0.13		0.13	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 enhancement projects	Quality education	Mukundapuram Public School	58.24	33.72	1.06	34.78	Amount spent by implementing agency Manappuram Foundation.
" do "		Quality education	Manappuram Academy of professional education, Entrance coaching, Computer education & Pre school for the promotion of education in local area Valapad and Palakkad.	33.43	24.24	1.63	25.87	Amount spent by implementing agency Manappuram Foundation.
" do "		Quality education	Manappuram Institute of Skill development- For skilling local people- NSDC approved training.	7.30	6.01	0.39	6.40	Amount spent by implementing agency Manappuram Foundation.
" do "		Quality education	Balasahaya Samithi	0.04	0.04	-	0.04	Amount spent by implementing agency Manappuram Foundation.
" do "		Quality education	Kerala University Of Fisheries and Ocean Studies(KUFOS) - Scholarship to deserving students	0.45	0.36	-	0.36	Amount spent by implementing agency Manappuram Foundation.

5. PRESCRIBED CSR EXPENDITURE (AMOUNT IN MILLION) (Contd.)

Sl. No.	CSR project or activity identified	Sector in which project is covered	Projects or programs	Amount outlay (Budget) Projects or program wise	Amount spent on the projects or programs Subhead (1) Direct expenditure on project or program	Amount spent on the projects or programs Subhead (2) Overhead	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency
	" do "	Quality education	SNS Samajam School	0.17	0.13	-	0.13	Amount spent by implementing agency Manappuram Foundation.
	" do "	Quality education	Vidyavilasam UP School, Valapad	0.28	0.26		0.26	Amount spent by implementing agency Manappuram Foundation.
	" do "	Quality education	Talent Integrated programs for students(TIPS) - Seminars	0.18	0.09		0.09	Amount spent by implementing agency Manappuram Foundation.
	" do "	Quality education	Robotic camps, summer camp at Kamala Nehru VHHS, VVUP Valapad, Balavedi District camp, Financial Aid for higher education	0.68	0.43		0.43	Amount spent by implementing agency Manappuram Foundation.
	" do "	Quality education	Payment to Rajiv Gandhi Trust- who indulge in scholarships to talented, but underprivileged students	-	0.10		0.10	Amount spent by implementing agency Manappuram Foundation.
3	Rural Development Projects	Community development	Vision Valapad- Anganwadi modernisation, Solid Waste Management awareness program,	1.69	0.65		0.65	Amount spent by implementing agency Manappuram Foundation.
	" do "	Rural Development Projects	Sneharam Training Centre- Donation for construction of auditorium for sneharam training centre	-	0.23		0.23	Amount spent by implementing agency Manappuram Foundation.
	" do "	Community development	Donation to yoginimatha sevakendram for the construction of children's park	-	0.50		0.50	Amount spent by implementing agency Manappuram Foundation.
	" do "	Community development	E-Valapad- Educating people on digital transaction	-	0.07		0.07	Amount spent directly by Manappuram Finance Ltd.

5. PRESCRIBED CSR EXPENDITURE (AMOUNT IN MILLION) (Contd.)

Sl. No.	CSR project or activity identified	Sector in which project is covered	Projects or programs	Amount outlay (Budge) Projects or program wise	Amount spent on the projects or programs Subhead (1) Direct expenditure on project or program	Amount spent on the projects or programs Subhead (2) Overhead	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency
	" do "	Environmental sustainability and Ecological balance	Salim Ali Foundation, at Vellangallur panchayath- For promoting Organic Farming	1.35	0.63		0.63	Amount spent by implementing agency Manappuram Foundation through Salim Ali Foundation
	" do "	Environmental sustainability and Ecological balance	Rain water harvesting facility at Thriprayar, Kottakal herbal park for children, Contribution for Edakkara check dam	1.00	0.24		0.24	Amount spent by implementing agency Manappuram Foundation.
4	Promoting Gender equality, empowering women, setting up homes and hostels for women and orphans ;,setting up old age homes, day care centre and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	Setting up of old age homes, day care centre and such other facilities for senior citizens	Pakalveedu, A Day Care Centre for senior citizens has been established at Thalikulam, Thrissur District, in association with Thalikulam Vikas Trust.	1.10	0.65		0.65	Manappuram Foundation through Thalikulam Vikas Trust
	" do "	Women empowerment	Mahima Counselling centres - Vatanapally and new office at valapad- Various camps like cake baking	6.83	4.91	0.32	5.23	Amount spent by implementing agency Manappuram Foundation.
				144.09	98.70	4.37	103.07	

6. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR: (AMOUNTS IN MILLION)

- Total amount to be spent for the financial year: ₹ 144.09 million (includes brought forward unspent amount of ₹ 6.01 million for the financial year 2016-17)
- Amount unspent, if any: ₹ 41.02 million
- Manner in which the amount spent during the financial year is detailed below

The Administrative overhead of ₹ 4.37 million has been allocated on the projects

	In million
Unspent amount 2016-17	6.01
CSR Contribution for The Year	138.08
Total	144.09
Total Amount spent	103.07
Amount unspent in 17-18	41.02

- In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:

An amount of ₹ 41.02 million could not be utilised. This amount could not be utilised because capital expenditure allocated for Mukundapuram Public School has carry forward to FY2018-19 and reduction in expenditure in the Academies and other projects such as Mageet Crèche & Montessori, Manappuram Institute of Skill Development and Mahima Counselling Centers.

The same amount will be spent during financial year 2018-19.

8. A RESPONSIBILITY STATEMENT OF THE CSR COMMITTEE THAT THE IMPLEMENTATION AND MONITORING OF CSR POLICY IS IN COMPLIANCE WITH CSR OBJECTIVES AND POLICY OF THE COMPANY.

We certify that the implementation and monitoring of CSR policy as adopted by the board is in compliance with the CSR objectives and policy of the Company.

V.R.Rajiven

Chairman - CSR Committee
DIN: 06503049

V.P.Nandakumar

Member CSR Committee MD & CEO
DIN: 00044512

Adv. V.R.Ramachandran

Member CSR Committee
DIN: 00046848

Dr. Amla Samanṭa

Member-CSR Committee
DIN: 00758883

Annexure VI

KSR/CBE/ M177 / 185 /2018-2019 May 18, 2018

The Members,

Manappuram Finance Limited,

IV/470A(Old) W638A (New),

Manappuram House, Valappad,

Thrissur, Kerala – 680 567

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

1. Maintenance of secretarial record 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. 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.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. 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 compliance of Act, Regulations, Directions listed under Para (vi) of the report is limited to issue of securities, corporate governance aspects and filing of forms and returns there under.
5. 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 **KSR & Co Company Secretaries LLP**

Date: 18th May, 2018

Place: Coimbatore

C.V.Madhusudhanan

(FCS: 5367; CP: 4408)

SECRETARIAL AUDIT REPORT

**(Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
For the Financial Year ended 31st March, 2018**

To
The Members,
Manappuram Finance Limited,
IV/470A(Old) W638A (new),
Manappuram House, Valappad,
Thrissur, Kerala – 680 567

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 for the financial year ended on 31st March, 2018 in a manner that provided us reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit, We hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, 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 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 and the Rules made there under and the Companies Act, 1956 and the Rules made there under to the extent applicable.
- (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.
- (iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

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

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
- f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client.
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
- h. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998
- i. Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

(vi) The following laws, regulations, directions, orders applicable specifically to the Company:

- 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. Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

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

- (i) Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India.
- (ii) Listing Agreement for equity and debt securities entered into with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

On the basis of the information and explanation provided, the Company had no transaction during the period under Audit requiring the compliance of applicable provisions of Act / Regulations / Directions as mentioned above in respect of:

- (i) Foreign Direct Investment, External Commercial Borrowings and Overseas Direct Investment.
- (ii) Buy-back of securities.

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

Adequate notice and detailed notes on Agenda was given to all Directors at least seven days in advance to schedule the Board Meetings. There exist a system 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. We did not find any dissenting directors' views recorded 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 period covered under the Audit, the Company has made the following specific actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above:

The Company has raised a sum of ₹ 200 crore through private placement of Non Convertible Debentures during the financial year 2017-18.

For **KSR & Co Company Secretaries LLP**

Date: 18th May, 2018
Place: Coimbatore

C.V.Madhusudhanan
(FCS: 5367; CP: 4408)

Annexure- VII

Additional Disclosures w.r.t. ESOS 2009

ADDITIONAL DISCLOSURES W.R.T. ESOS 2009

- (i) 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
- (ii) 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
- (iii) Source of shares: Primary
- (iv) Variation in terms of options: No variation made to the terms of options.
- (v) Money realised by exercise of options under ESOS 2009 during the FY 2017-18: ₹ 1.56 million
- (vi) Disclosure of Weighted average exercise price and Weighted average fair value is not applicable as there is only one exercise price.

ADDITIONAL DISCLOSURES W.R.T. ESOS 2016

(i) Employee wise details of options granted to

a) Senior managerial personnel of Manappuram Finance Limited

Sl. No	Name of Employee	Designation	No: of options granted during the year	Exercise Price
1			NIL	

b) Senior managerial personnel of Subsidiary -Manappuram Insurance Brokers Limited

Sl. No	Name of Employee	Designation	No: of options granted during the year	Exercise Price
1	Mr. Kamalakar Sai Palavalasa	CEO & Principal Officer	250000	101.50

c) Senior managerial personnel of Subsidiary- Manappuram Home Finance Limited

Sl. No	Name of Employee	Designation	No: of options granted during the year	Exercise Price
1	Mr. Subash Samant	CEO	300000	100.88
2	Mr. Jeevandas Narayanan	MD	500000	100.88

- (i) 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
- (ii) 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
- (iii) Money realised by exercise of options under ESOS 2016 during the FY 2017-18: ₹ 50.67 million
- (iv) Disclosure of Weighted average exercise price and Weighted average fair value is not applicable as there is only one exercise price.
- (v) Options Vested during the year: 41,25,140

Annexure- VIII

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2018 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	:	15th July 1992
iii)	Name of the Company	:	Manappuram Finance Limited
iv)	Category / Sub-Category of the Company	:	NBFC
v)	Address of the registered office and contact details	:	IV/470A(Old)W638A(New) Manappuram House P.O Valapad Phone: 0487 3050000,100,108
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 I(A)
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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	95.48%

Annexure-I(B)

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. NO	NAME OF THE COMPANY	ADRESS 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 Valappad, 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	U65923TN2007PTC064550	SUBSIDIARY	90.38	2(87)(ii)
3	Manappuram Insurance Brokers Limited	2nd Floor, Manappuram House(Old Bldg), Valapad 680567, Kerala,License No. 335	U66010KL2002PTC015699	SUBSIDIARY	100	2(87)(ii)

Annexure-I (C)

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

i) Category-wise Share Holding

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	290074471	0	290074471	34.455	291850792	0	291850792	34.640	0.185
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)	290074471	0	290074471	34.455	291850792	0	291850792	34.640	0.185
(2) Foreign									
a) Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.000	0	0	0	0.000	0.000
b) Bodies Corporate	0	0	0	0.000	0	0	0	0.000	0.000
c) Institutions	0	0	0	0.000	0	0	0	0.000	0.000
d) Qualified Foreign Investor	0	0	0	0.000	0	0	0	0.000	0.000
e) Any Others(Specify)	0	0	0	0.000	0	0	0	0.000	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)	290074471	0	290074471	34.455	291850792	0	291850792	34.64	0.185
(B) Public shareholding									
(1) Institutions									
a) Mutual Funds/ UTI	42505341	0	42505341	5.049	51379201	0	51379201	6.098	1.049
b) Financial Institutions / Banks	368887	0	368887	0.044	883001	0	883001	0.105	0.061
c) Central Government/ State Government(s)									
d) Venture Capital Funds									
e) Insurance Companies									
f) Foreign Institutional Investors									
g) Foreign Venture Capital Investors									
h) Qualified Foreign Investor									
i) Alternate Investment Funds	697441	0	697441	0.083	3086327	0	3086327	0.366	0.283
j) Any Other (specify)									
Foreign Financial Institutions	90613045	0	90613045	10.763	0	0	0	0.000	-10.763
Foreign Portfolio Investors	203996475	0	203996475	24.230	318318771	0	318318771	37.781	13.551
Sub-Total (B)(1)	338181189	0	338181189	40.169	373667300	0	373667300	44.350	4.181
(2) Non-institutions									
a) Bodies Corporate									
i) Indian	26009883	4100	26013983	3.090	15806378	2100	15808478	1.876	-1.214
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	76764353	6162510	82926863	9.850	81594694	5420715	87015409	10.328	0.478
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	75360202	764000	76124202	9.042	50306259	1267730	51573989	6.121	-2.921
c) Others (specify)									
TRUSTS	1244503	0	1244503	0.148	316549	0	316549	0.038	-0.110
DIRECTORS & THEIR RELATIVES	6545728	0	6545728	0.777	5710728	0	5710728	0.678	-0.099
NON RESIDENT INDIANS	9620890	280000	9900890	1.176	10238279	240000	10478279	1.244	0.068
CLEARING MEMBERS	6551829	0	6551829	0.778	2227538	0	2227538	0.264	-0.514
HINDU UNDIVIDED FAMILIES	3824519	0	3824519	0.454	3090599	0	3090599	0.367	-0.087
FOREIGN CORPORATE BODIES	6926	0	6926	0.001	6926	0	6926	0.001	0.000
NRI DIRECTORS	500000	0	500000	0.059	500000	0	500000	0.059	0.000
Foreign Nationals	4533	0	4533	0.001	17928	0	17928	0.002	0.001
Inv.Education and Protection Fund Auth.	0	0	0	0.000	271247	0	271247	0.032	0.032
Sub-Total (B)(2)	206433366	7210610	213643976	25.376	170087125	6930545	177017670	21.010	-4.366
Total Public Shareholding (B)= (B)(1)+(B)(2)	544614555	7210610	551825165	65.545	543754425	6930545	550684970	65.360	-0.185
C. Shares held by Custodian for GDRs & ADRs									
GRAND TOTAL (A)+(B)+(C)	834689026	7210610	841899636	100.000	835605217	6930545	842535762	100.000	0.000

Annexure-I (D)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) Shareholding of Promoters

Sl no	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	237567239	28.218	4.060	239366824	28.410	4.030	0.192
2	SUSHAMA NANDAKUMAR	48000078	5.701	0.000	48001078	5.697	0.000	-0.004
3	JYOTHI	4462165	0.530	0.000	4462165	0.530	0.000	0.000
4	SUHAS NANDAN.	12909	0.002	0.000	17051	0.002	0.000	0.000
5	SOORAJ NANDAN	820	0.000	0.000	3674	0.000	0.000	0.000
6	SUMITHA JAYASANKAR	31260	0.004	0.000				-0.004
Total		290074471	34.455	4.060	291850792	34.639	4.030	0.184

Annexure-I (E)

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

iii) Change in Promoters' Shareholding

SL No	Names	Shareholding at the beginning of the year as on 01-04-2017		Date	Date wise Increase / Decrease in Promoters Share holding during the year	Reason	Cumulative Shareholding during the year 31-03-2018	
		No of Shares	% of the total share of the Company				No of Shares	% of the total share of the Company
1	NANDAKUMAR V P	237567239	28.218	17-11-2017	1009077	Market Purchase	238576316	28.32
				24-11-2017	8	Market Purchase	238576324	28.32
				08-12-2017	489000	Market Purchase	239065324	28.37
				22-12-2017	301500	Market Purchase	239366824	28.41
2	SUSHAMA NANDAKUMAR	48000078	5.701	08-09-2017	1000	Market Purchase	48001078	5.70
3	Jyothi Prasannan	4462165	0.530	01-04-2017	Nil	Nil	Nil	Nil
4	SUHAS NANDAN.	12909	0.002	07-07-2017	15	Market Purchase	12924	0.00
				14-07-2017	1	Market Purchase	12925	0.00
				04-08-2017	1	Market Purchase	12926	0.00
				29-12-2017	4125	Market Purchase	17051	0.00
5	SOORAJ NANDAN	820	0.000	08-12-2017	1850	Market Purchase	2670	0.00
				05-01-2018	1000	Market Purchase	3670	0.00
				12-01-2018	4	Market Purchase	3674	0.00
6	SUMITHA JAYASANKAR	31260	0.004	07-04-2017	-25000	Market Sale	6260	0.00
				22-12-2017	-6260	Market Sale	0	-

Annexure-1 (F)

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

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

Sl No	Names	Shareholding at the beginning of the year as on 01-04-2017		Date	Date wise Increase / Decrease in Promoters Share holding during the year	Reason	Cumulative Shareholding during the year 31-03-2018	
		No of Shares	% of the total share of the Company				No of Shares	% of the total share of the Company
1	QUINAG ACQUISITION (FPI) LTD	Nil	Nil	25-08-2017	43650000	Market Purchase	43650000	5.184
				10-11-2017	4370000	Market Purchase	48020000	5.703
				17-11-2017	4260000	Market Purchase	52280000	6.209
				02-03-2018	2765880	Market Purchase	55045880	6.538
				09-03-2018	1470000	Market Purchase	56515880	6.712
				31-03-2018	1270000	Market Purchase	57785880	6.859
2	BARING INDIA PRIVATE EQUITY FUND III LISTED INVESTMENTS LIMITED	47616584	5.656	NA	Nil	NA	47616584	5.652
3	WF ASIAN RECONNAISSANCE FUND LIMITED	33593014	3.990	25-08-2017	1296000	Market Purchase	34889014	4.144
				31-03-2018	Nil	NA	34889014	4.141
4	BARCLAYS MERCHANT BANK (SINGAPORE) LTD.	31744389	3.771	NA	Nil	NA	31744389	3.768
5	BARING INDIA PRIVATE EQUITY FUND II LIMITED	26453439	3.142	NA	Nil	NA	26453439	3.140
6	DSP BLACKROCK SMALL AND MID CAP FUND	10493262	1.246	11-08-2017	-1161120	Market Sell	9332142	1.108
				25-08-2017	-4500000	Market Sell	4832142	0.574
				15-12-2017	2523753	Market Purchase	7355895	0.874
				09-02-2018	1167067	Market Purchase	8522962	1.012
				31-03-2018	1812000	Market Purchase	10334962	1.227
	DSP BLACKROCK MICRO CAP FUND	14423140	1.713	11-08-2017	-2112221	Market Sell	12310919	1.462
				25-08-2017	-5500000	Market Sell	6810919	0.809
				31-03-2018	Nil	NA	6810919	0.808
	DSP BLACKROCK OPPORTUNITIES FUND	Nil	Nil	22-12-2017	1398888	Market Purchase	1398888	0.166
				19-01-2018	615407	Market Purchase	2014295	0.239
				26-01-2018	408236	Market Purchase	2422531	0.288
				02-02-2018	208152	Market Purchase	2630683	0.312
				09-02-2018	354364	Market Purchase	2985047	0.355
				16-03-2018	474535	Market Purchase	3459582	0.411
				23-03-2018	328646	Market Purchase	3788228	0.450
				31-03-2018	Nil	NA	3788228	0.450
	DSP BLACKROCK TAX SAVER FUND	Nil	Nil	22-12-2017	3122353	Market Purchase	3122353	0.371
				09-02-2018	179997	Market Purchase	3302350	0.392
				31-03-2018	Nil	NA	3302350	0.392
	DSP BLACKROCK ARBITRAGE FUND	Nil	Nil	02-03-2018	18000	Market Purchase	18000	0.002
				31-03-2018	Nil	NA	18000	0.002
	DSP BLACKROCK MIP FUND	262703	0.031	16-06-2017	-46334	Market Sell	216369	0.026
				23-06-2017	-23561	Market Sell	192808	0.023
				14-07-2017	-21284	Market Sell	171524	0.020
				28-07-2017	-16874	Market Sell	154650	0.018
				04-08-2017	-8335	Market Sell	146315	0.017
				11-08-2017	-35171	Market Sell	111144	0.013
				25-08-2017	-111144	Market Sell	0	0.000

Annexure-1 (F)

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

Sl No	Names	Shareholding at the beginning of the year as on 01-04-2017		Date	Date wise Increase / Decrease in Promoters Share holding during the year	Reason	Cumulative Shareholding during the year 31-03-2018	
		No of Shares	% of the total share of the Company				No of Shares	% of the total share of the Company
	DSP BLACKROCK DUAL ADVANTAGE FUND - SERIES 39 - 36M	3388	0.000	16-06-2017	-3388	Market Sell	2216	0.000
				14-07-2017	-2216	Market Sell	837	0.000
				11-08-2017	-837	Market Sell	635	0.000
				25-08-2017	-635	Market Sell	0	0.000
	DSP BLACKROCK EQUITY SAVINGS FUND	344846	0.041	14-04-2017	78300	Market Purchase	423146	0.050
				11-08-2017	-101716	Market Sell	321430	0.038
				25-08-2017	-321430	Market Sell	0	0.000
7	FIDELITY INVESTMENT TRUST FIDELITY SERIES EMERGING MARKETS FUND	Nil	Nil	16-02-2018	418981	Market Purchase	418981	0.050
				23-02-2018	6318433	Market Purchase	6737414	0.800
				02-03-2018	3050083	Market Purchase	9787497	1.162
				09-03-2018	1938816	Market Purchase	11726313	1.393
				16-03-2018	1346995	Market Purchase	13073308	1.552
				23-03-2018	1947185	Market Purchase	15020493	1.783
				31-03-2018	714173	Market Purchase	15734666	1.868
8	MOUSSEGANESH LIMITED	11691876	1.389	NA	Nil	NA	11691876	1.388
9	Dolly Khanna	10208675	1.213	07-04-2017	-55740	Market Sell	10152935	1.206
				14-04-2017	-5000	Market Sell	10147935	1.205
				28-04-2017	-66335	Market Sell	10081600	1.197
				05-05-2017	-12880	Market Sell	10068720	1.196
				12-05-2017	-25410	Market Sell	10043310	1.193
				19-05-2017	-81823	Market Sell	9961487	1.183
				26-05-2017	-5550	Market Sell	9955937	1.182
				02-06-2017	-60190	Market Sell	9895747	1.175
				09-06-2017	-7750	Market Sell	9887997	1.174
				16-06-2017	-63132	Market Sell	9824865	1.167
				23-06-2017	-64741	Market Sell	9760124	1.159
				30-06-2017	-15685	Market Sell	9744439	1.157
				07-07-2017	-56361	Market Sell	9688078	1.151
				14-07-2017	-66870	Market Sell	9621208	1.143
				21-07-2017	-25045	Market Sell	9596163	1.140
				28-07-2017	-81736	Market Sell	9514427	1.130
				04-08-2017	-46462	Market Sell	9467965	1.125
				11-08-2017	-87322	Market Sell	9380643	1.114
				18-08-2017	-21065	Market Sell	9359578	1.112
				25-08-2017	-22963	Market Sell	9336615	1.109
				01-09-2017	-17695	Market Sell	9318920	1.107
				08-09-2017	-4900	Market Sell	9314020	1.106
				15-09-2017	-22425	Market Sell	9291595	1.104
				22-09-2017	-4595	Market Sell	9287000	1.103
				30-09-2017	247454	Market Purchase	9534454	1.132
				06-10-2017	20200	Market Purchase	9554654	1.135
				13-10-2017	31000	Market Purchase	9585654	1.138
				20-10-2017	175	Market Purchase	9585829	1.139
				27-10-2017	-80935	Market Sell	9504894	1.129

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

Sl No	Names	Shareholding at the beginning of the year as on 01-04-2017		Date	Date wise Increase / Decrease in Promoters Share holding during the year	Reason	Cumulative Shareholding during the year 31-03-2018	
		No of Shares	% of the total share of the Company				No of Shares	% of the total share of the Company
				31-10-2017	-4100	Market Sell	9500794	1.128
				03-11-2017	-9980	Market Sell	9490814	1.127
				10-11-2017	-71540	Market Sell	9419274	1.119
				17-11-2017	-12150	Market Sell	9407124	1.117
				01-12-2017	24212	Market Purchase	9431336	1.120
				08-12-2017	50557	Market Purchase	9481893	1.126
				15-12-2017	15443	Market Purchase	9497336	1.128
				22-12-2017	10000	Market Purchase	9507336	1.129
				29-12-2017	22250	Market Purchase	9529586	1.132
				05-01-2018	36000	Market Purchase	9565586	1.136
				19-01-2018	40000	Market Purchase	9605586	1.141
				26-01-2018	82000	Market Purchase	9687586	1.151
				02-02-2018	38000	Market Purchase	9725586	1.155
				09-02-2018	37000	Market Purchase	9762586	1.160
				16-02-2018	27000	Market Purchase	9789586	1.163
				23-02-2018	40000	Market Purchase	9829586	1.167
				02-03-2018	12000	Market Purchase	9841586	1.169
				16-03-2018	5000	Market Purchase	9846586	1.169
				31-03-2018	27899	Market Purchase	9874485	1.172
10	VANGUARD EMERGING MARKETS STOCK INDEX FUND, ASERIE	Nil	Nil	23-03-2018	7264721	Market Purchase	7264721	0.862
				31-03-2018	-46600	Market Sell	7218121	0.857
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, ASERIE	5668590	0.673	07-04-2017	92214	Market Purchase	5760804	0.684
				28-04-2017	8460	Market Purchase	5769264	0.685
				05-05-2017	67680	Market Purchase	5836944	0.693
				12-05-2017	21150	Market Purchase	5858094	0.696
				19-05-2017	45684	Market Purchase	5903778	0.701
				02-06-2017	18612	Market Purchase	5922390	0.703
				30-06-2017	344361	Market Purchase	6266751	0.744
				07-07-2017	29610	Market Purchase	6296361	0.748
				14-07-2017	21150	Market Purchase	6317511	0.750
				04-08-2017	18612	Market Purchase	6336123	0.753
				11-08-2017	24534	Market Purchase	6360657	0.755
				25-08-2017	632127	Market Purchase	6992784	0.831
				01-09-2017	41461	Market Purchase	7034245	0.835
				08-09-2017	43146	Market Purchase	7077391	0.841
				15-09-2017	38916	Market Purchase	7116307	0.845
				06-10-2017	25380	Market Purchase	7141687	0.848
				13-10-2017	26226	Market Purchase	7167913	0.851
				20-10-2017	19458	Market Purchase	7187371	0.854
				27-10-2017	17766	Market Purchase	7205137	0.856
				22-12-2017	-10192	Market Sell	7194945	0.855
				26-01-2018	36848	Market Purchase	7231793	0.859
				02-02-2018	32928	Market Purchase	7264721	0.863
				23-03-2018	-7264721	Market Sell	Nil	0.000

Annexure-I (G)

Shareholding of Directors and Key Managerial Personnel:

SL NO	Names	Designation	Shareholding at the beginning of the year as on 01-04-2017		Date	Date wise Increase / Decrease in Promoters Share holding during the year	Reason	Cumulative Shareholding during the year 31-03-2018	
			No of Shares	% of the total share of the Company				No of Shares	% of the total share of the Company
1	NANDAKUMAR V P	MD & CEO	237567239	17.336	17-11-2017	1009077	Market Purchase	238576316	28.31646166
					24-11-2017	8	Market Purchase	238576324	28.31646261
					08-12-2017	489000	Market Purchase	239065324	28.37450169
					22-12-2017	301500	Market Purchase	239366824	28.41028652
2	BLANGAT NARAYANAN RAVINDRA BABU	ED	1665236	0.198	01-04-2017	-200000	Market Sale	1465236	0.17390787
3	V R RAMACHANDRAN	Director	1625000	0.087	15-09-2017	-100000	Market Sale	1525000	0.181001219
					22-09-2017	-98573	Market Sale	1426427	0.169301656
					30-09-2017	-51427	Market Sale	1375000	0.16319782
					05-01-2018	-230000	Market Sale	1145000	0.135899276
4	MANOMOHANAN P	Director	1043582	0.124	01-04-2017	-100000	Market Sale	943582	0.11199311
5	SHAILESH JAYANTILAL MEHTA.	Director	500000	0.059	01-04-2017	0	nil	500000	0.059344662
6	RAJIVEN VAYALIL RAVINDRAN	Director	10600	0.001	01-04-2017	0	nil	10600	0.001258107
7	JAGDISH CAPOOR	Director	2000	0.000	01-04-2017	0	nil	2000	0.000237379
8	KAPIL KRISHAN	Director	150000	0.018	07-04-2017	-50000	Market Sale	100000	0.011868932
					28-04-2017	-2000	Market Sale	98000	0.011631554
					12-05-2017	2000	Market Purchase	100000	0.011868932
					02-03-2018	-40000	Market Sale	60000	0.007121359

Annexure-I (H)

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
In indebtedness at the beginning of the financial year				
(i) Principal Amount	67,586.66	24,045.11	0.06	91,631.83
(ii) Interest due but not paid	1.66	-	-	1.66
(iii) Interest accrued but not due	2,169.53	759.85	-	2,929.39
Total(i+ii+iii)	69,757.85	24,804.96	0.06	94,562.88
Change in indebtedness during the year				
● Additions	222,260.35	141,189.48		363,449.83
● Reduction	217,017.46	136,068.21	0.06	353,085.73
Net change	5,242.89	5,121.27	(0.06)	10,364.10
In indebtedness at the end of the financial year				
(i) Principal Amount	73,240.04	29,166.38	-	102,406.42
(ii) Interest due but not paid	2.15	-	-	2.15
(iii) Interest accrued but not due	2,134.31	180.74	-	2,315.05
Total(i+ii+iii)	75,376.50	29,347.12	-	104,723.63

Annexure-I (I)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SI No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		V.P Nandakumar	B.N Raveendra Babu	
1	Gross salary	47,861,549.00	9,716,966.00	57,578,515.00
	(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	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission	37,500,000.00	5,000,000.00	42,500,000.00
	- as % of profit	0.54%	0.07%	
	- others, specify...			
5	Others, please specify			
Total (A)		85,361,549.00	14,716,966.00	100,078,515.00
	Ceiling as per the Act	In terms of the provisions of the companies Act, 2013, the remuneration to MD/WTD shall not exceed 5% of the net profit of the Company. The remuneration paid to the MD/WTD is well with in the said limit		

Annexure-I (J)

B. Remuneration to other directors:

SI No	Particulars of Remuneration	Name of Directors						Total Amount
		Jagdish Capoor	P.Manomohanam	Shailesh J Mehta	Rajiven V.R	V.R Ramachandran	Amla Samanta	
1	Independent Directors							
	● Fee for attending board committee meetings	440,000.00	760,000.00	615,000.00	380,000.00	355,000.00	485,000.00	3,035,000.00
	● Commission	4,000,000.00	3,000,000.00	10,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	23,000,000.00
	● Others, please specify							
Total (1)								
2	Other Non-Executive Directors							
	● Fee for attending board committee meetings							
	● Commission							
	● Others, please specify							
Total (2)								
Total (B)=(1+2)		4,440,000.00	3,760,000.00	10,615,000.00	2,380,000.00	2,355,000.00	2,485,000.00	26,035,000.00
Total Managerial Remuneration								
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)

C) REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SL	Particulars of Remuneration	Chief Financial Officer	Company Secretary	Total
		Kapil Krishan	Ramesh Periasamy	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8,780,686.00	2,918,273.00	11,698,959.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	903,000.00		903,000.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission	-	-	-
	- as % of profit			
	- Others, specify			
5	Others, please specify			
	Total	9,683,686.00	2,918,273.00	12,601,959.00

Annexure-I (L)

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ punishment/ compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty					
Punishment					
Compounding					
C. Other Officers in Default					
Penalty					
Punishment					
Compounding					

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 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 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 2017-18	Ratio of remuneration of each Director/KMP/to median remuneration of employees
01	Jagdish Capoor (Chairman)	0.91%	30:1
02	Shailesh J. Mehta (Director)	(0.66)%	76:1
03	P. Manomohanan (Director)	3.16%	23:1
04	V.R. Ramachandran (Director)	9.79%	14:1
05	V.R. Rajiven (Director)	(12.18)%	11:1
06	Amla Samanta (Director)	20.05%	15:1
07	Gautam Ravi Narayan (Director)		-
08	V.P. Nandakumar (MD & CEO)	4.47%	695:1
09	B.N. Raveendra Babu (ED)	(3.94)%	121:1
10	Kapil Krishan (CFO)	(6.20)%	75:1
11	Ramesh Periasamy (CS)	14.89%	24:1

- i. The median remuneration of employees of the Company during the financial year 2017-18 was ₹ 0.13 million.
- ii. In the financial year, there was an increase of 9% in the median remuneration of employees.
- iii. There were 20,165 permanent employees on the rolls of Company as on March 31, 2018
- iv. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2017-18 was 10% whereas the increase in the managerial remuneration for the same financial year was 2.34 %. The difference between average percentage increase in salaries of employees and managerial personnel was mainly due to perquisites in terms of stock options which were exercised by the managerial personnel during the financial year.
- 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 YEAR 2017-18

Sl. No	Employee Name #	Designation	Educational Qualification	Age	Nature of Employment	Percentage of equity shares held by the employee in the Company	Experience (in years)	Date of Joining	Gross Remuneration paid (₹ in Million)	Previous Employment and designation
01	Kapil Krishan	Executive Vice President	Chartered Accountant	53	Permanent	0.011	27	09-Sep-13	9.87	India Infoline, CFO
02	Sumitha Nandan Jayasankar ^	Senior Vice President	MBBS	38	Permanent	0.00	9	03-Feb-15	7.31	KIMS Kochi, Associate Consultant
03	K Senthil Kumar	Executive Vice President	MBA	47	Permanent	0.00	22	02-Jun-14	7.23	Fullerton India Credit Company Ltd., Head ABF Business
04	Bindu A L	Chief General Manager	Chartered Accountant	45	Permanent	0.0001	20	15-Jun -98	6.12	Mohandas & Associates Chartered Accountants, Audit Assistant
05	Thamarai Selvi M	Vice President	MBA	41	Outsource	0.00	16.9	23-Sep-17	6.05	Uniphore Software Systems, Director Marketing and Communication
06	Avik Saha	Executive Vice President	P.G. Diploma in Management	44	Permanent	0.00	21.7	01-Dec-16	5.02	M Junction, Head – BI and Analytics
07	Sooraj Nandan \$	Senior Vice President	MSC. Risk Management	36	Permanent	0.0004	7	12-Feb-14	4.89	Coffee Shops of Koffee Co.Ltd, London, Owner
08	Saket Anand	Executive Vice President	MBA	37	Permanent	0.00	11	01-Jul-17	4.85	Enterprise-Quotient.com, Co-Founder and Business Head
09	Raju N	Senior General Manager	Chartered Accountant	39	Permanent	0.00	13	15-Dec-04	4.81	C Seshadri Nadan FCA, Audit Assistant
10	Shekhar Ramarajan	Executive Vice President	Chartered Accountant	40	Permanent	0.00	15.6	16-Dec-17	4.54	Aditya Birla Housing Finance Ltd., Head Risk

Employees excluding executive directors

*Gross Remuneration paid includes perquisites in terms of exercise of stock options

^Ms. Sumitha Nandan Jayasankar is the daughter of MD & CEO of the Company

\$Mr. Sooraj Nandan is the son of MD & CEO of the Company

EMPLOYEES DRAWING A REMUNERATION OF 1.02 CRORE OR ABOVE PER ANNUM

Sl. No	Employee Name #	Designation	Educational Qualification	Age	Nature of Employment	Percentage of equity shares held by the employee in the Company	Experience (in years)	Date of Joining	Gross Remuneration paid (₹ in Million)	Previous Employment and designation
10	Kapil Krishan	-NIL-								

Employees excluding executive directors

*Gross Remuneration paid includes perquisites in terms of exercise of stock options

Annexure – X

To The Members of
Manappuram Finance Limited

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with the terms of our engagement letter dated October 29, 2017.
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 March 31, 2018, 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 (the Listing Regulations).

Management's 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 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 Listing Regulations during the year ended March 31, 2018.
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)

S Sundaresan
Partner
(Membership No.25776)
BENGALURU, 18th May, 2018
Ref: DHSLLP/KOC/SS/2018/1026

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 had engaged CRISIL, for Corporate Governance and value creation diagnostic study to analyse the value creation practices of the Company and to identify the gap between the Company's practices and global practices so as to lay down a road map for improvement.

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://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. Out of the (10) ten directors, (2) two are Executive Directors, (1) one is nominee director and (6) six are independent directors and (1) one is additional director. Out of (6) Six 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 March 20, 2018 and all Independent Directors were present for that meeting. 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 2017-18 the Board met on seven occasions viz. 25.05.2017, 10.08.2017, 12.10.2017, 07.11.2017, 23.01.2018, 08.02.2018 and 20.03.2018. 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 *		Share Holding of Non- Executive Directors (Equity Shares)	Number of Directorships in other Companies**	
				Chairman	Member		Chairman	Member
Mr. Jagdish Capoor Chairman	Independent, Non-Executive	7	Yes	3	1	2,000	-	2
Mr. V. P Nandakumar (Managing Director & CEO)	Promoter, Executive	7	Yes	-	1	Not Applicable	-	-
Mr. B. N. Raveendra Babu	Executive	7	Yes	-	1	Not Applicable	-	-
Adv. V. R. Ramachandran	Independent, Non-Executive	7	Yes	-	1	11,45,000	-	-
Mr. P. Manomohan	Independent, Non-Executive	7	Yes	-	-	9,43,582	-	-
Mr. Shailesh J. Mehta	Independent, Non-Executive	6	Yes	1	1	5,00,000	-	1
Mr. E. A. Kshirsagar	Independent, Non-Executive (Nominee Director of Baring India Pvt Equity Fund III Listed Investment Ltd – equity investor)	6	No	4	4	NIL	-	3
Mr. V. R. Rajiven	Independent, Non-Executive	3	Yes	-	-	10,600	-	-
Dr. Amla Samanta	Independent, Non-Executive	6	Yes	-	1	-	-	-
Mr. Gautam Narayan	Additional Directors	1	No	-	-	NIL	-	-

*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 other than Manappuram Finance Limited only are shown.

** Only Listed Companies other than Manappuram Finance Limited are shown.

C. Change in the board of directors during FY 2017-18

Mr. Gautam Narayan Appointed as Additional Director by the Board at its meeting held on 08.02.2018.

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 four 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 2017-18 viz. 25-05-2017, 10-08-2017, 11-10-2017, 06-11-2017, 07-02-2018 and 19-03-2018. The constitution, record of attendance of meetings and other details of the Audit Committee of the Company are below:

Composition, Meetings and Attendance

Sl. No.	Name of the Member	Position	Category of Directors	Number of Meetings during the financial year	
				2017 -18	
				Held	Attended
1	Mr. P. Manomohanan	Chairman	Independent, Non-Executive	6	6
2	Dr. Shailesh J Mehta	Member	Independent, Non-Executive	6	5
3	Mr. E.A. Kshirsagar	Member	Nominee, Non-Executive	6	6
4	Mr. V.R.Rajiven	Member	Independent, Non-Executive	6	3
5	Dr. Amla Samanta	Member	Independent, Non-Executive	6	5

Terms of Reference of Audit Committee

- 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.
- Recommending to the Board the appointment, reappointment, and if required, the replacement or removal of the statutory auditor and the fixation of audit fee.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with management the annual financial statements before submission to the Board for approval with particular reference to:
 - 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.
 - Changes if any in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustment made in the financial statement arising out of audit findings.
- Compliance with listing and other legal requirements relating to the financial statements.
- Disclosure of any related party transactions.
- Qualifications in the draft audit report.
- Reviewing with the management the quarterly financial statements before submission to the board for approval.
- 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.
- Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- 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.

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 May 08, 2007 to ensure that eminent and experienced persons are appointed as directors. The Committee was reconstituted on December 23, 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 4 times during FY 2017-18 viz. 24-05-2017, 10-08-2017, 06-11-2017 and 08-02-2018

Composition, Meetings and Attendance

Sl. No.	Name of the Member	Position	Category of Directors	Number of Meetings during the financial year	
				2017 -18	
				Held	Attended
1	Dr. Shailesh J Mehta	Chairman	Independent, Non-Executive	4	4
2	Mr. Jagdish Capoor	Member	Independent, Non-Executive	4	4
3	Mr. V.R.Rajiven	Member	Independent, Non-Executive	4	2
4	Mr. E.A. Kshirsagar	Member	Independent, Non-Executive	4	4

Terms of Reference of Nomination, Compensation and Corporate Governance Committee

Considering the statutory provisions of Section 178 of the Companies Act, 2013, Regulation 19 of SEBI (LODR) Regulations, 2015 and RBI Master Direction, 2016, the roles 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) Recommend to the Board a broader policy describing the qualification, experience and other positive attributes for selection of Executive/whole time directors including their age of retirement.
- b) Formulation of 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. Recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees from time to time. 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;
- b. 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.
- c. 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.
- d. On annual basis, review along with the management 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.

III. Role on ensuring Compliance on governance standards

- a. Ensure 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, listing regulations, 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. Oversee the refreshment trainings for directors on relevant subject.
- d. 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. Formulate 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. Ensure 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. Oversee 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. Others

The committee also carry outs the following additional roles:

- a. Review and recommend the fit and proper criteria of existing directors on a continuing basis to the Board.
- b. Review and recommend the employees stock option schemes/plans to the Board and administer such schemes.
- c. Recommend the appointment of directors in the Subsidiaries.
- d. Provide guidelines for remuneration and fix performance evaluation criteria of directors of Subsidiaries.
- e. Performing 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 of 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.

c) **Disclosures with respect to Remuneration**

Independent, Non-Executive Directors

(₹ In Million)

Sl No	Name of Directors	Commission	Sitting Fee	ESOS
1.	Mr. Jagdish Capoor	4.00	0.44	Nil
2.	Mr. P.Manomohanan	3.00	0.76	Nil
3.	Mr. Shailesh J Mehta	10.00	0.62	Nil
4.	Mr. V.R.Rajiven	2.00	0.38	Nil
5.	Adv. V.R.Ramachandran	2.00	0.36	Nil
6.	Dr. Amla Samanta	2.00	0.49	Nil

Non-Independent, Executive Directors

(₹ In Million)

Sl No	Name of Directors	Salary	Commission	Benefits/ Provident Fund	Perquisites	Bonus	Sitting Fee	ESOS
1.	Mr. V.P Nandakumar	47.86	37.5	6.03	Nil	0.0028	Nil	Nil
2.	Mr. B.N.Raveendra Babu	9.71	5.00	1.22	Nil	0.0084	Nil	Nil

The above mentioned salary to Executive Directors are the only fixed component of remuneration and performance linked incentive/ commission paid for the FY 2017-18 based on the evaluation of performance criteria fixed by the Nomination, Compensation and Corporate Governance Committee are detailed below:

Performance Evaluation Parameter for MD & CEO

Parameters FY 17-18	Weight	Target
Consolidated AUM	20%	₹ 18000 crore
Risk Management	20%	To develop Risk Management System and begin its implementation
OPEX (Consolidated)	20%	₹ 2500 crore
PAT	20%	₹ 810 crore
Strengthening the Management Team	20%	Enhance the management team and recruiting Senior Executives
Total Weight	100%	

Performance Evaluation Parameter for ED

Sl. No	Role Responsibility and Deliverables / Key Result Area (KRA)	Maximum		Benchmarks to be used for computing actual points per KRA at the end of the financial year	
		Weightage	Points Per KRA		Total Points (@ 5 Per KRA)
I	Resolving Past IT Vendor Related Issues All pending issues with IBM and Oracle to be resolved in CY 2017	20	5	100	Old unresolved IT issues to be settled with minimum recourse / damages to Co / Board
II	HR Provide support, room to function and good working atmosphere for senior CXO level recruits that are likely to join. Assist all senior management at the HO to integrate well into the MAFIL culture and work closely as one close unit / team	15	5	75	Several CXO level positions are planned in HO; especially in the IT segment; a good working relationship and atmosphere is essential for the success of this transformation
III	Technology / Purchase Support in making technology 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.	50	5	250	Improve the functioning of the IT Department; Smoothen process and workflow issues that appear to hinder progress Purchases / IT decisions within 1 week maximum (or revert with clear suggestions for the team to work on
IV	Business Plan Cost Controls Improve per branch productivity; classification and close monitoring of branches	5	5	25	
	Cost controls - reduce operating costs, security, personnel and IT costs wherever possible	10	5	50	Keep costs under control
Total		100		500	

Performance evaluation criteria for independent directors is detailed in Boards Report.

d) Service Contracts, Notice Period, Severance Fees: Nil

C. Stakeholders Relationship and Securities Transfer Committee

The Company has 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:

Sl. No.	Name of the Member	Position	Category of Directors	Number of Meetings* during the financial year	
				2017 -18	
				Held	Attended
1	Adv.V.R.Ramachandran	Chairman	Independent, Non-Executive	4	4
2	Mr. V.R.Rajiven	Member	Independent, Non-Executive	4	2
3	Mr. P. Manomohanan	Member	Independent, Non-Executive	4	4
4	Mr. V.P.Nandakumar	Member	Non-Independent, Executive	4	4
5	Mr. B.N.Raveendra Babu	Member	Non-Independent, Executive	4	4

*Number of meetings include 1 meeting of Stakeholders Relationship Committee and 3 meetings of the merged Committee

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. Ramesh Periasamy, 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

Details of investor complaints received and redressed during the financial year 2017- 18 are as follows:

Nature of Security	Complaints pending at the beginning of the year ended 31.03.2018	Complaints received during the year ended 31.03.2018	Complaints disposed and resolved at the end of the year 31-03-2018	Complaints unresolved at the end of the year 31-03-2018
Equity	Nil	3	3	Nil
Private placement-				
Retail NCD	1	36	37	Nil
Private Placement-				
Institutional NCD	Nil	Nil	Nil	Nil
Public Issue of Bonds	Nil	234	234	Nil
Complaints registered in SCORES	5	6	11	Nil
Subordinated Bonds	Nil	56	56	Nil

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.

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

Name of the Member	Position	Category of Directors	Number of meetings during the financial year 2017 -18	
			Held	Attended
Mr. Rajiven.V.R	Chairman	Independent, Non-Executive	1	1
Mr. V.P.Nandakumar	Member	Non-Independent, Executive	1	1
Adv. V.R.Ramachandran	Member	Independent, Non-Executive	1	1
Dr. Amla Samanta	Member	Independent, Non-Executive	1	1

Role of the CSR Committee include

- Review and recommend any new CSR initiatives to be taken up by the Company including the selection / appointment of implementation agencies.
- Review the progress of CSR projects already undertaken by the Company and the utilisation of budgets for each such projects
- Review and recommend the CSR report to be included in the board's report.
- Review and recommend any amendments to be made in the CSR policy of the Company.
- 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

Name of the Member	Position	Category of Directors	Number of meetings during the financial year 2017 -18	
			Held	Attended
Mr. P. Manomohanam	Chairman	Independent, Non-Executive	2	2
Mr. Shailesh J Mehta	Member	Independent, Non-Executive	2	1
Mr. E.A.Kshirsagar	Member	Non-Independent, Non-Executive	2	2
Mr. Rajiven V.R.	Member	Independent, Non-Executive	2	1
Mr. V.P.Nandakumar	Member	Non-Independent, Executive	2	2
Dr. Amla Samanta	Member	Independent, Non-Executive	2	2
Mr. B.N.Raveendra Babu	Member	Executive, Non-Independent	2	2

Scope of RMC

- 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:
 - Oversee the development and implementation of the risk management strategy and practices by the Company and assess the effectiveness thereof.
 - 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.
 - 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.
 - Ensure that the risk management policy in force is in tune with regulatory requirements, corporate governance standards, emerging new risks and industry best practices.
 - Review major breaches in policy.
- Appraise uncovered / residual risks to the Board.
- 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.
- 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

Name of the Member	Position	Category of Directors	Number of meetings during the financial year 2017 -18	
			Held	Attended
Mr. V P. Nandakumar	Chairman	MD & CEO	3	3
Mr. B.N. Raveendra Babu	Member	Executive Director	3	3
Mr. Kapil Krishan	Member	Chief Financial Officer	3	3
Sridhar Kalyanasundaram	Member	GM – Risk	3	1

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

Name of the Member	Position	Category of Directors	Number of meetings during the financial year 2017 -18	
			Held	Attended
Mr. V P. Nandakumar	Chairman	MD & CEO	10	10
Mr. B.N. Raveendra Babu	Member	Executive Director	10	09
Mr. P. Manomohanan	Member	Independent, Non-Executive	10	10

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.
- b) 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.
- c) 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

Name of the Member	Position	Category of Directors	Number of meetings during the financial year 2017 -18	
			Held	Attended
Mr. V P. Nandakumar	Chairman	MD & CEO	0	0
Mr. B.N. Raveendra Babu	Member	Executive Director	0	0
Mr.Kapil Krishan	Member	Chief Financial Officer	0	0
Ms.Bindu A.L	Member	CGM-Finance & Accounts	0	0
Mr.Ramesh Periasamy	Member	Company Secretary	0	0

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
2017	August 18	10.30.a.m Lata Convention Centre Valapad Thrissur	Raising of Fund through Private Placement of Secured Redeemable Non- Convertible Debentures (NCDs).
2016	August 9	10.30.a.m Anugraha Auditorium Valapad Thrissur	Raising of Fund through Private Placement of Secured Redeemable Non- Convertible Debentures (NCDs).
2015	August 6	10.30.a.m Anugraha Auditorium Valapad Thrissur	1. Raising of Fund through Private Placement of Secured Redeemable Non- Convertible Debentures (NCDs). 2. Ratification of Commission paid to Non- Executive Directors for the FY 2013-14 and 2014-15

Extraordinary General Meeting held during the financial year Details are given below:-

Year	Date	Time & Place	Details of Special Business
Nil	Nil	Nil	Nil

Details of Postal Ballot held during the Financial Year: -

Year	Date	Res No.	Subject Matter of The Resolution	Mode of Voting	TOTAL VOTES	Details of voting pattern of Special Resolutions			
						VOTES IN FAVOUR		VOTES AGAINST	
						NO OF VOTES	%	NO OF VOTES	%
2017	17th October 2017 to 15th November 2017								
		1.	Adoption of new set of Articles of Association Part-1	E VOTING	13,96,19,697	13,20,78,255	94.60	75,41,442	5.40
				POSTAL BALLOT	24,37,65,901	24,37,64,394	100.00	1,507	0.00
				Total	38,33,85,598	37,58,42,64	98.033	75,42,949	1.97
		2.	Revision of Remuneration of Mr Sooraj Nandan	E VOTING	13,96,17,697	13,96,13,121	100.00	4,576	0.00
				POSTAL BALLOT	61,98,163	61,87,655	99.83	10,508	0.17
				Total	14,58,15,860	14,58,00,776	99.99	15,084	0.01
		3.	Revision of Remuneration of Dr Sumitha Nandan	E VOTING	13,96,17,697	13,95,81,730	99.97	35,967	0.03
				POSTAL BALLOT	61,98,364	61,87,655	99.83	10,709	0.17
				Total	14,58,16,061	14,57,69,385	99.97	46,676	0.03

Mr. Sathish V. Practicing Company Secretary (C.P. No.8343) conducted the postal ballot / e-voting process in a fair and transparent manner as the Scrutinizer.

No special resolution is proposed to be conducted through postal ballot at the AGM to be held on August 21, 2018.

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 Book Closure / record date, 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 Bombay Stock Exchange and the same are posted in the Company's website.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting	Date: 21st August 2018 Time: 11.00 am Place: Lata Convention Centre (earlier Anugraha Auditorium), Valapad PO, Thrissur, Kerala – 680567
Financial Year :	2017-18
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.Ramesh Periasamy 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 2018-19 has been paid by the Company to BSE and NSE.

PAYMENT OF DEPOSITORY FEES

Annual Custody/Issuer fee for FY 2018-19 has been paid by the Company to NSDL and CDSL.

MARKET PRICE DATA

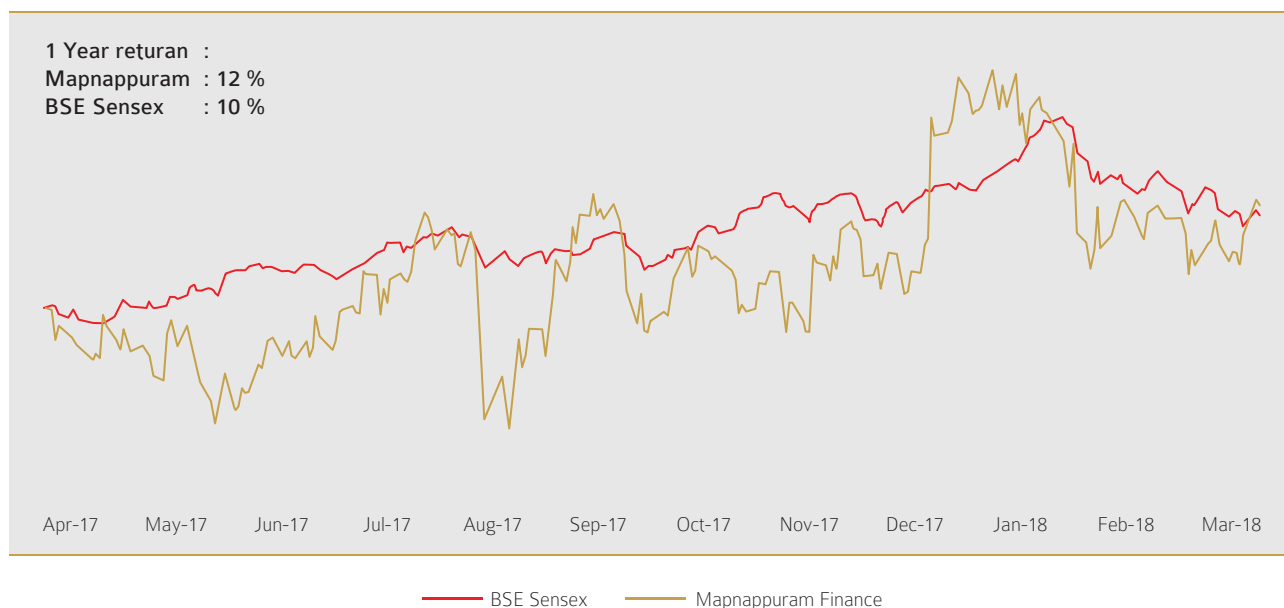
Share Price Movements of the Company [NSE] during each month of FY 2017-18

Month	Prev Close	Open Price	High Price	Low Price	Last Price	Close Price	Average Price	Total Traded Quantity	Turnover	No. of Trades
Apr-17	98.15	98.5	99.75	92	93.4	93.45	94.98	62252716	5929222503	344860
May-17	93.45	93.35	97.9	82.1	89.15	89.2	91.49	70490733	6454607716	411078
Jun-17	89.2	89.5	99.25	88.2	97.6	97.95	93.67	96120023	9112043971	522983
Jul-17	97.95	98.4	110.35	96.1	106.7	106.75	102.41	129634658	13322698006	505298
Aug-17	106.75	106.6	107.5	82.1	99.4	99.3	96.31	204298586	19164565051	683103
Sep-17	99.3	100.25	112.5	93.35	96.6	96.65	104.3748	179754984	18869634913	711396
Oct-17	96.65	98.55	106.9	96.5	101	100.8	101.296	102108290	10347938500	397323
Nov-17	100.8	101.7	108.9	92.45	105.65	105.35	101.7682	151676027	15434396249	550760
Dec-17	105.35	106	125.35	96.2	123.1	123.4	107.307	183709399	20637716099	642788
Jan-18	123.4	123.45	126.4	109.25	111.3	110.95	119.6395	128616087	15415739868	531445
Feb-18	110.95	112.4	117.4	96.2	107.8	107.95	107.4853	107986620	11653453832	467102
Mar-18	107.95	107.8	111.5	100.15	108.25	109.05	105.5811	57661257	6085421873	369777

Share Price Movements of the Company BSE during each month of FY 2017-18

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (₹)	Deliverable Quantity	% Deli. Qty to Traded Qty
Apr-17	97.4	99.85	92.1	93.4	9726506	55391	927007449	4766403	49
May-17	93.4	97.75	82	89.15	9286861	61931	849770735	4153182	44.72
Jun-17	89.75	99.15	88.2	97.9	10127558	66050	957098376	3687447	36.41
Jul-17	98.6	110.4	96.3	106.7	13923343	77596	1431193880	4943983	35.51
Aug-17	107	107.5	81.5	99.25	36144762	112125	3407938214	20128632	55.69
Sep-17	100.1	112.55	93.35	96.65	22060314	76634	2304866714	5390025	24.43
Oct-17	98	106.95	93.6	100.85	12237939	48267	1245146258	3563156	29.12
Nov-17	101.8	108.9	92.3	105.3	20965902	73846	2102856524	8671472	41.36
Dec-17	106	125.3	96.15	123.3	16924335	76604	1898447217	4861853	28.73
Jan-18	124.45	126.4	109.3	111	13486830	60655	1618019545	3139440	23.28
Feb-18	112.15	117.35	96.8	107.75	9890594	45697	1065825685	2240514	22.65
Mar-18	108	111.6	100.7	109.25	5601465	32641	589556567	2635950	47.06

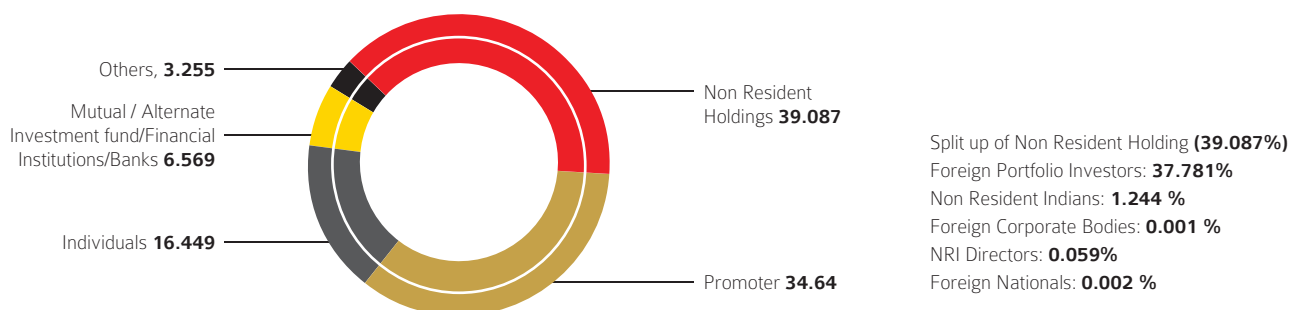
Share Price Performance



Performance of the Share Price in comparison to BSE Sensex.

List of Top 10 Shareholders as on March 31, 2018:

Sl.No	Name of Shareholder	Total Number of Equity Shares	No. of Shares in demat form	Total Shareholding as % of total no. of equity shares
1	NANDAKUMAR V P	239366824	239366824	28.41028652
2	QUINAG ACQUISITION (FPI) LTD	57785880	57785880	6.859
3	SUSHAMA NANDAKUMAR	48001078	48001078	5.697096808
4	BARING INDIA PRIVATE EQUITY FUND III	47616584	47616584	5.651580164
5	WF ASIAN RECONNAISSANCE FUND LIMITED	34889014	34889014	4.140953485
6	BARCLAYS MERCHANT BANK (SINGAPORE) LTD.	31744389	31744389	3.76772007
7	BARING INDIA PRIVATE EQUITY FUND II LIM	26453439	26453439	3.139740791
8	FIDELITY INVESTMENT TRUST FIDELITY	15734666	15734666	1.86753687
9	MOUSSEGANESH LIMITED	11691876	11691876	1.387700858
10	DSP BLACKROCK MIDCAP FUND	10334962	10334962	1.226649653

Distribution of Shareholding (%)**SHARE TRANSFER SYSTEM**

The Company's shares are compulsorily in the Demat list and are transferrable through Depository System. Both the dematerialisation requests and physical share transfers are processed at the office of the Registrar and Transfer Agents of the Company, M/s. SKDC Consultants Limited.

Transfer of shares in physical form is normally processed within ten to twelve days from the date of receipt, if the documents are complete in all respects.

Distribution of share holding as on March 31, 2018:

Value (₹)	No. of Shareholders	%	Amount (₹ In Million)	%
Upto 5,000	133042	94.70	80116090	4.75
5,001 - 10,000	3554	2.53	26522876	1.57
10,001 - 20,000	1708	1.22	25515456	1.51
20,001 - 30,000	554	0.39	13856868	0.82
30,001 - 40,000	514	0.37	19324534	1.15
40,001 - 50,000	194	0.14	8882156	0.53
50,001 - 1,00,000	452	0.32	32389774	1.92
1,00,001 and above	463	0.33	1478463770	87.74
Total	140481	100.00	1685071524	100.00

DEMATERIALIZATION 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 31/03/2018, 99.18% of the equity shares of the Company are in electronic form with the depositories as detailed below;

Category	No. of Shares	%	No. of S/h
National Securities Depository Ltd.	776365170	92.146	79079
Central Depository Services Ltd.	59240047	7.031	60825
Physical Holdings	6930545	0.823	577
Total	842535762	100.000	140481

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 March 31, 2018, 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

Your Board has declared four interim dividends during the FY 2017-18 with an amount of 0.50 paise per equity share (face value ₹ 2/-

per share). The aggregate amount of ₹ 2/- per shares in FY 2017-18, amounts to 100% of the paid up value of the shares.

PAYMENT OF UNCLAIMED OR UNPAID DIVIDEND

Unclaimed dividend for the years prior to and including the financial year 2009-10 has been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government, as applicable.

Dividends relating to subsequent financial years would be transferred to said account on the expiry of seven years after transfer of the same to unpaid dividend account.

Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer And Refunds) Rules, 2016 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 the Company has to transfer not only the unclaimed dividends but also the equity shares in respect of which dividends are not claimed for the continuous period of seven years by any shareholder, to the IEPF Demat A/c as may be identified by the IEPF Authority.

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
2011	18/Aug/2011	25/Sep/2018
2012	2/Feb/2012	9/Mar/2019
2012	2/Aug/2012	9/Sep/2019
2013	13/Mar/2013	20/Apr/2020
2014	9/Aug/2013	16/Sep/2020
2014	13/Nov/2013	20/Dec/2020
2014	7/Feb/2014	14/Mar/2021
2014	31/Jul/2014	7/Sep/2021
2015	25/Jul/2014	1/Sep/2021
2015	30/Oct/2014	7/Dec/2021
2015	3/Feb/2015	10/Mar/2022
2015	14/May/2015	21/Jul/2022
2016	14/Aug/2015	21/Sep/2022
2016	5/Nov/2015	12/Dec/2022
2016	12/Feb/2016	19/Mar/2023

Last date for claiming Unclaimed Dividend from the Company are detailed below: (Contd.)

FINANCIAL YEAR	Date of Declaration of Dividend	Last date for claiming unpaid dividend
2016	11/Mar/2016	18/Apr/2023
2017	9/Aug/2016	16/Sep/2023
2017	10/Nov/2016	17/Dec/2023
2017	8/Feb/2017	15/Mar/2024
2018	25/May/2017	2/Jul/2024
2018	10/Aug/2017	17/Sep/2024
2018	7/Nov/2017	14/Dec/2024
2018	8/Feb/2018	15/Mar/2025

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 i.e., the financial year from 2010-11 onwards and whose shares are to be transferred to IEPF after due date of 16/09/2018 is 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 25 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 2015-16, 2016-17 and 2017-18.

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 –

<http://www.manappuram.com/public/uploads/editor-images/files/14-Policy-for-determining-Material-Subsidiaries.pdf>

Policy for Determination of Materiality and Disclosure of Material Events / Information –

– <http://www.manappuram.com/public/uploads/editor-images/files/13-Policy-for-Determination-of-Materiality-and-Disclosure-of-Mater.pdf>

Policy on Preservation of Documents and Archival of Documents in the Company Website –

– <http://www.manappuram.com/public/uploads/editor-images/files/17-Policy-on-Preservation-of-Documents-and-Archival-of-Documents-in-the-Company-Website.pdf>

Policy on Related Party Transactions –

<http://www.manappuram.com/public/uploads/editor-images/files/POLICYONRELATEDPARTYTRANSACTIONS080217.pdf>

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:

- The auditors' report on statutory financial statements of the Company are unmodified.
- 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.
- 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 – <http://www.manappuram.com/public/uploads/editor-images/files/22-Whistle-blower-Policy-v2.pdf>

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.

Board of Directors of unlisted subsidiary companies consist of one independent director of the Company. The Company does not have any material non-listed Indian 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 <http://www.manappuram.com/public/uploads/editor-images/files/DirectorsCompanionEdition2-020517.pdf>.

Details regarding familiarization programmes conducted for Directors can be viewed on the Company's website at <http://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 <http://www.manappuram.com/public/uploads/editor-images/files/05-FPC-v2.pdf>

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 2017-18 was taken note by the Board of Directors at its meeting held on May 18, 2018 is published in this report as Annexure – B.

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.

On Behalf of the Board
Sd/-

Place: Valapad
Date: May 18, 2018

V.P. Nandakumar
Managing Director & CEO

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 March 31, 2018, 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.

Place: Valapad
Date: May 18, 2018

On Behalf of the Board
Sd/-
V.P. Nandakumar
Managing Director & CEO

Annexure - B

CEO & CFO CERTIFICATION UNDER SEBI (LODR) REGULATIONS, 2015

We, V.P.Nandakumar, Managing Director & CEO and Kapil Krishan, 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 31st March 2018 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 31st March 2018 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 18, 2018

V.P.Nandakumar
Managing Director & CEO

Kapil Krishan
Chief Financial Officer

Independent Auditor's Report

To The Members of MANAPPURAM FINANCE LIMITED

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of MANAPPURAM FINANCE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("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 and cash flows of the Company in accordance with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section

143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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.

OPINION

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 Act in the manner so required and give a true and fair view in conformity with the Accounting Standards and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit and its cash flows for the year ended on that date.

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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

Independent Auditor's Report

- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

S Sundaresan
Partner
(Membership No.25776)
BENGALURU, 18th May, 2018

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 March 31, 2018 in conjunction with our audit of the standalone 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "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 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 Act.

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 issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, 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.

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")

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 March 31, 2018, 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 issued by the ICAI.

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

S Sundaresan
Partner
(Membership No.25776)
Bengaluru, 18th May, 2018

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 and 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 and lease agreement in the case of lease of Land, are held in the name of the Company as at the balance sheet date.
- (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 repayment of principal and payment of interest have been made as stipulated.
 - (c) In respect of loan granted by the Company in an earlier year to a wholly owned subsidiary company, 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 stipulation, upto the date of pre-closure of the loan.
- (d) 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 the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (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 has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Goods and Services Tax, Value Added 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, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

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)

- (c) Details of dues of Income-tax, Service Tax and Value Added Tax dues which have not been deposited as on March 31, 2018 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 (₹ in Million)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Assessment years 2012-13 to 2015-16	751.77
Finance Act 1994	Service Tax (Excluding Penalty and interest, if any)	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	Assessment Years 2006-07 and 2008-09	0.93
Andhra Pradesh Value Added Tax, 2005	Value Added Tax (Excluding Penalty and interest, if any)	Deputy Commissioner (Appeals)	Assessment Year 2011-12	1.68
Kerala Value Added Tax Act, 2003	Value added Tax (Excluding Penalty and interest, if any)	Deputy Commissioner (Appeals), Thrissur	Financial Year 2009-10, 2012-13 and 2014-15.	49.86

- (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.
- (ix) The Company has not raised monies by way of initial public offer / further public offer (including debt instruments) as on the balance sheet date. The term loans raised by the Company from Banks 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 47 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 Companies Act, 2013.
- (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 financial statements etc. 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 & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

S Sundaresan
Partner
(Membership No.25776)
Bengaluru, 18th May, 2018

Standalone Balance Sheet

as at March 31, 2018

	Note No.	As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,685.07	1,683.80
Reserves and surplus	4	36,459.76	31,423.73
		38,144.83	33,107.53
Non-current liabilities			
Long-term borrowings	5	13,785.91	19,529.31
Other long term liabilities	6	683.93	1,134.50
		14,469.84	20,663.81
Current liabilities			
Short-term borrowings	7	77,975.10	62,559.51
Trade Payables	8		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		415.97	641.55
Other current liabilities	9	14,546.00	13,478.82
Short-term provisions	10	1,207.12	1,012.42
		94,144.19	77,692.30
Total		146,758.86	131,463.64
ASSETS			
Non-current assets			
Fixed assets			
Property, Plant and Equipment	11A	2,609.31	1,760.51
Intangible assets	11B	41.52	29.92
Capital work-in-progress		0.07	1.36
Non-current investments	12	3,749.78	3,241.92
Deferred tax assets (net)	13	640.10	555.34
Long-term loans and advances	14	8,704.57	3,323.87
Other non current assets	15	317.72	184.00
		16,063.07	9,096.92
Current assets			
Cash and Cash Equivalents	16	4,431.88	4,116.50
Short-term loans and advances	14	123,018.98	114,962.91
Other current assets	15	3,244.93	3,287.31
		130,695.79	122,366.72
Total		146,758.86	131,463.64

See accompanying notes forming part of the standalone financial statements.

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

S.Sundaresan
Partner

V.P. Nandakumar
Managing Director & Chief Executive Officer
DIN: 00044512

Kapil Krishan
Chief Financial Officer

B. N. Raveendra Babu
Executive Director
DIN: 00043622

Ramesh Periasamy
Company Secretary

Place: Bengaluru
Date : May 18, 2018

Place: Valapad, Thrissur
Date : May 18, 2018

Statement of Standalone Profit and Loss

for the year ended March 31, 2018

	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
INCOME			
Revenue from operations	17	29,281.98	30,070.14
Other income	18	216.61	14.19
Total revenue		29,498.59	30,084.33
EXPENSES			
Finance costs	19	7,909.50	10,025.55
Employee benefits expense	20	5,041.28	4,205.01
Other expenses	21	5,272.56	4,122.39
Depreciation and amortization expense	22	609.70	582.61
Total Expenses		18,833.04	18,935.56
Profit before tax		10,665.55	11,148.77
Tax expenses			
Current tax		3,763.08	4,052.93
Excess Provision for Tax relating to Prior years		(14.46)	-
Deferred tax		(84.76)	(164.50)
Total tax expense		3,663.86	3,888.43
Profit for the year		7,001.69	7,260.34
Earnings per share [Face value of ₹ 2/- each]	23		
Basic earnings per share (₹)		8.32	8.63
Diluted earnings per share (₹)		8.30	8.63

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 18, 2018

For and on behalf of the Board of Directors

V.P. Nandakumar

Managing Director & Chief Executive Officer

DIN: 00044512

Kapil Krishan

Chief Financial Officer

Place: Valapad, Thrissur

Date : May 18, 2018

B. N. Raveendra Babu

Executive Director

DIN: 00043622

Ramesh Periasamy

Company Secretary

Standalone Cash flow Statement

for the year ended March 31, 2018

	For the year ended March 31, 2018	For the year ended March 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	10,665.55	11,148.77
Depreciation and amortization	609.70	582.61
Profit on sale of fixed assets	(3.41)	(5.17)
Interest income on DLB Bond	(5.95)	(5.98)
Provision for standard assets	61.93	95.90
Bad debts/advances written off / provision for other assets and Provision for non performing assets	414.24	459.99
Amortisation of Forward Exchange Contracts premium	27.68	89.77
Provision for Litigation claim	0.23	6.56
Operating profit before working capital changes	11,769.97	12,372.45
Movements in working capital :		
Increase/ (decrease) in trade payable	(225.58)	452.71
Increase/ (decrease) in other current liabilities and provisions	401.95	1,985.14
Decrease / (increase) in long-term loans and advances	(5,336.06)	(636.90)
Decrease / (increase) in short-term loans and advances	(8,371.73)	(13,485.41)
Decrease / (increase) in other current assets	414.50	513.03
Increase / (decrease) in Other long term liabilities	(433.22)	(187.27)
Cash generated from /(used in) operations	(1,780.17)	1,013.75
Direct taxes paid (net of refunds)	(4,122.66)	(3,847.09)
Net cash flow from/ (used in) operating activities (A)	(5,902.83)	(2,833.34)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including Capital work in progress	(1,515.89)	(464.04)
Proceeds from sale of fixed assets	5.86	5.57
Purchase of non current investments	(507.86)	-
Interest income on DLB Bond	5.95	5.98
Redemption/ maturity of bank deposits (having original maturity of more than three months)	656.46	1,148.11
Investments in bank deposits (having original maturity of more than three months)	(849.98)	(1,019.65)
Net cash flow from/ (used in) investing activities (B)	(2,205.46)	(324.03)

Standalone Cash flow Statement

for the year ended March 31, 2018

	For the year ended March 31, 2018	For the year ended March 31, 2017
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	52.23	21.65
Proceeds from Institutional debentures (long term)	2,000.00	15,050.00
Repayment of Institutional debentures (long term)	(767.00)	(436.40)
Repayment of Public debentures	(2,706.74)	(1,539.72)
Repayment of Retail Debenture	(320.72)	(94.66)
Proceeds from commercial paper	140,976.40	87,246.61
Repayment of commercial paper	(135,119.36)	(73,489.32)
Proceed from Vehicle Loan	-	31.00
Repayment of Vehicle Loan	(5.30)	(1.73)
Proceed from Finance Lease	110.35	27.01
Repayment of Finance Lease	(39.64)	(27.55)
Repayment of Subordinate Debt	(857.58)	(1,807.31)
Proceed from Term loan/WCDL from Bank	220,150.00	103,820.00
Repayment of Term Loan/WCDL from Banks	(206,889.24)	(124,470.30)
Proceeds from Foreign currency term loan - Bank	0.00	1,500.00
Proceeds from Foreign currency WCDL - Bank	-	5,500.00
Repayment of Foreign currency WCDL - Bank	(5,617.44)	-
Proceeds from Borrowings from others	213.08	122.26
Repayment of Borrowings from others	(91.27)	(248.53)
Proceeds / (Repayment) in Cash credit facilities (net)	(671.38)	(7,206.18)
Dividends paid	(1,683.94)	(1,262.56)
Tax on dividend	(342.81)	(257.02)
Net cash flow from/ (used in) in financing activities (C)	8,389.64	2,477.25
Net increase/(decrease) in cash and cash equivalents (A + B + C)	281.35	(680.12)
Cash and cash equivalents at the beginning of the year	2,621.42	3,301.54
Cash and cash equivalents at the end of the year (Note 16)	2,902.77	2,621.42

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 18, 2018

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director & Chief Executive Officer
DIN: 00044512

Kapil Krishan
Chief Financial Officer

Place: Valapad, Thrissur
Date : May 18, 2018

B. N. Raveendra Babu
Executive Director
DIN: 00043622

Ramesh Periasamy
Company Secretary

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

1) CORPORATE INFORMATION

Manappuram Finance Limited ('MAFIL' or 'the Company') was incorporated on July 15, 1992 in Thrissur, Kerala. 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 currently operates through 3,329 branches spread across the country. The Company is a Systemically Important Non-Deposit taking NBFC.

2) BASIS OF PREPARATION

The standalone financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards prescribed under section 133 of the Companies Act 2013 and the guidelines issued by the Reserve Bank of India as applicable to a Systemically Important Non-Deposit accepting NBFC ('NBFC-ND-SI'). The standalone financial statements have been prepared under the historical cost convention and on an accrual basis except for interest and discounts on non-performing assets which are recognized on realization basis.

The accounting policies adopted in the preparation of standalone financial statements are consistent with those of previous year.

2.1) Statement of significant accounting policies

a) Use of estimates

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

(b) Property, Plant and Equipment

Property, plant and equipment, capital work in progress are stated at cost, less accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

The company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the

asset and has useful life that is materially different from that of the remaining asset.

c) Depreciation

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

Nature of asset	Useful life in years
Computer equipment	
- End user equipment	3
- Server*	3
Furniture and fixtures	
- Safe and strong rooms	10
- Others*	3-5
Office equipment *	3
Buildings	30
Vehicles	8
Plant & machinery	15

*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.

d) Intangible assets – Computer software & licenses

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

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

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

e) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

e) Leases

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

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

f) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Quoted current investments for each category is valued at cost or market value whichever is lower. Unquoted investments in the units of mutual fund in the nature of

current investment are also carried at lower of cost and fair value determined on an individual investment basis.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

g) Revenues

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

Interest income on loans given is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Such interests, where instalments are overdue in respect of non-performing assets are recognized on realization basis. Any such income recognized and remaining unrealized after they become overdue in respect of secured and unsecured loans are reversed.

Loan origination income i.e. processing fee and other charges collected upfront are recognized at the inception of the loan. Except, in the case of Gold Loans these income are recognized at the time of settlement.

All other charges such as cheque return charges, overdue charges etc are recognized on realization basis. These charges are treated to accrue on realization, due to the uncertainty of their realization.

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

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

h) Employee benefits

i. Retirement benefit in the form of Provident Fund is a defined contribution scheme. The Company has no obligation payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme and Employees State Insurance Scheme are considered as defined

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees. If the contribution payable to the scheme for the service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as the 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 recognized as an asset to the extent the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

- ii. Gratuity liability under the Payment of Gratuity Act which is a defined benefit scheme is accrued and provided for on the basis of an actuarial valuation as per projected unit credit method made at the end of each financial year.
- iii. Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.
- iv. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet considering the absence of unconditional right to defer its settlement.

- v. 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 Intrinsic Value

Method stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India.

i) Foreign currency transactions

(i) Initial Recognition

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

(ii) Conversion

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

(iii) Exchange Differences

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

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The Company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risk associated with foreign currency fluctuations. The premium or discount arising at the inception of forward exchange contract (other than firm commitment or highly probable forecast transaction) is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period. Any gain/

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

loss arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with the following

- a) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset
- b) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

(v) Derivative instruments and hedge accounting

The company uses derivative financial instruments, such as, foreign currency forward contracts to hedge foreign currency risk arising from future transactions in respect of which firm commitments are made or which are highly probable forecast transactions. It also uses interest rate swaps to hedge interest rate risk arising from variable rate loans. The company designates these forward contracts and interest rate swaps in a hedging relationship by applying the hedge accounting principles of set out in Guidance note on Derivative Contracts issued by ICAI.

The use of derivative contracts is governed by the Company's policies on the use of such derivative consistent with the Company's risk management strategy. The company doesn't use the derivative financial instrument for speculative purposes.

Derivative contracts are initially measured at fair value and re-measured at subsequent reporting dates. Change in fair value of these Derivative contracts are designated and effective as hedges of future cash flows are recognized directly in "Hedge Reserve Account" under shareholders' Funds and the ineffective portion is recognized immediately in Statement of Profit and Loss.

Changes in fair value of Derivative Contracts that do not qualify for hedge accounting are recognized in statement of Profit and Loss as they arise.

The amounts recognized in the Hedge Reserve are transferred to the statement of Profit and loss when the hedged transaction crystallises.

If the forecast transactions are no longer expected to occur, the cumulative gain or loss previously recognized in the hedge reserve is transferred to Statement of Profit and Loss.

Hedge Accounting is discontinued when the hedging instrument expires or sold, terminated or exercised, or no longer qualifies for hedge accounting. If any of these events occur or if a hedge transaction is no longer expected to occur, the net cumulative gain or loss recognized under Shareholders' Fund is transferred to the Statement of Profit and Loss for the year.

j) Borrowing costs

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

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

k) Income Tax

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years.

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

Deferred tax assets are recognized for deductible timing differences only to the extent that there is a reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized. At each balance sheet date the Company re-assesses unrecognized deferred tax assets. Deferred tax liabilities are recognized for all taxable timing differences.

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

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

l) Earnings per share

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

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

m) Provisions

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

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

Secured loans/Others loans are classified / provided for, as per management's best estimates, subject to the minimum provision required as per Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Other loans are classified/ provided for, as per management's best estimate, subject to the

minimum provisions required as per Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

n) Segment reporting

The Company operates in a single reportable segment i.e., financing, which has similar risks and returns for the purpose of AS 17 on 'Segment Reporting'. The Company operates in a single geographical segment i.e., domestic.

o) Cash and Cash Equivalents (for purposes of Cash Flow Statements)

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

p) Cash Flow Statements

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past / future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

q) Ancillary borrowing costs

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

r) Insurance claims

Insurance claims are accrued for on the basis of claims admitted and/or to the extent there is no uncertainty in receiving the claims. The Company re-assesses the claims made at each reporting period for recoverability.

s) Surplus on auction of pledged gold

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

t) Expenditure on Corporate Social Responsibility (CSR)

The Company accounts the expenditure incurred towards Corporate Social Responsibility as required under the Act as a charge to the statement of profit and loss.

u) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

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 as there is no indication of the uncertainties relating to any outflow.

NOTE: 3 SHARE CAPITAL

	As at March 31, 2018	As at March 31, 2017
Authorised		
980,000,000 (March 31, 2017: 980,000,000) equity shares of ₹2/- each	1,960.00	1,960.00
400,000 (March 31, 2017: 400,000) redeemable preference shares of ₹100/- each	40.00	40.00
	2,000.00	2,000.00
Issued, subscribed and fully paid-up		
842,535,762 (March 31, 2017: 841,899,636) equity shares of ₹2/- each	1,685.07	1,683.80
Total issued, subscribed and fully paid-up	1,685.07	1,683.80

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

	March 31, 2018		March 31, 2017	
	No. Million	₹ (in Million)	No. Million	₹ (in Million)
At the beginning of the year	841.89	1,683.80	841.20	1,682.41
Issued during the year - ESOP (Refer note 24)	0.64	1.27	0.69	1.39
Outstanding at the end of the year	842.53	1,685.07	841.89	1,683.80

b. Terms/rights attached to equity shares

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

During the year ended March 31, 2018, the amount of per share dividend recognized as distributions to equity shareholders was ₹2/- per share (March 31, 2017: ₹1.50 per share).

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

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

	March 31, 2018	March 31, 2017
	No. Millions	No. Millions
Equity shares allotted as fully paid bonus shares by capitalization of securities premium, general reserve and capital redemption reserve.	-	614.56

In addition, the Company has issued 1,328,626 equity shares (March 31, 2017: 746,500) 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.

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

	March 31, 2018		March 31, 2017	
	No. Millions	% of holding	No. Millions	% of holding
Mr. Nandakumar V P	239.37	28.41	237.57	28.22
Ms. Sushama Nandakumar	48.00	5.70	48.00	5.70
Baring India Private Equity Fund III	47.62	5.66	47.62	5.66
Quinag Acquisition (FPI) Ltd	57.79	6.86	-	-

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

NOTE: 4 RESERVES AND SURPLUS

	As at March 31, 2018	As at March 31, 2017
Securities premium account		
Opening Balance	13,719.43	13,699.17
Add: Premium on shares issued during the year	50.96	20.26
Closing Balance	13,770.39	13,719.43
Statutory Reserve pursuant to Section 45-IC of The RBI Act, 1934		
Opening Balance	5,735.90	4,283.83
Add: Transfer from surplus balance in the Statement of Profit and Loss	1,400.34	1,452.07
Closing Balance	7,136.24	5,735.90
Debenture Redemption reserve		
Opening Balance	821.21	718.95
Add: Amount transferred from surplus in the Statement of Profit and Loss (refer note 4 (b))	-	102.26
Less: Amount transferred to surplus in the Statement of Profit and Loss	(676.68)	-
Closing Balance	144.53	821.21
General Reserve		
Opening Balance	3,885.08	3,885.08
Closing Balance	3,885.08	3,885.08
Hedging Reserve		
Opening Balance	(22.96)	-
Add/(Less): Effect of foreign exchange rate variations in Hedging instruments	10.13	(22.96)
	(12.83)	(22.96)
Surplus in Statement of Profit & Loss		
Opening Balance	7,285.07	3,098.64
Add: Profit for the year	7,001.69	7,260.34
Less: Appropriations		
Transfer to/(from) debenture redemption reserve	(676.68)	102.26
Interim dividend on equity shares	1,683.94	1,262.56
Tax on interim dividend on equity shares	342.81	257.02
Transfer to Statutory reserve	1,400.34	1,452.07
Total appropriations	2,750.41	3,073.91
Surplus in the Statement of Profit and Loss	11,536.35	7,285.07
Total Reserves and Surplus	36,459.76	31,423.73

Notes:

a) Pursuant to Section 71 of the Companies Act, 2013 and circular 04/2013, read with notification issued date June 19, 2016 issued by Ministry of Corporate Affairs, the Company is required to transfer 25% of the value of the outstanding debentures issued through public issue as per the present SEBI (Issue and Listing of Debt Securities) Regulation, 2008 to Debenture Redemption Reserve (DRR) and no DRR is required in case of privately placed debenture. Also the Company is required 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.

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

b) In respect of the debentures issued through public issue, the Company has created DRR of ₹144.53 as at March 31, 2018 (March 31, 2017 ₹821.21). The Company subsequent to the year end has deposited a sum of ₹ 2.62 (March 31, 2017 ₹291.20) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date net of redemption before April 30, 2018.

NOTE: 5 LONG-TERM BORROWINGS

	Non-current portion		Current maturities	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Sub-ordinated debt (Unsecured)				
Subordinate debt from banks	-	-	-	500.00
Subordinate bonds from others	55.43	63.99	4.97	353.99
Debentures (Secured)				
Non-convertible Debentures - Private placement	8,930.00	16,612.06	9,653.39	1,059.05
Non-convertible Debentures - Public issue	562.04	578.10	16.06	2,706.74
Term loans				
Indian rupee loan from banks (secured)	2,700.00	795.83	754.16	4,841.67
Foreign Currency Term Loan from banks (secured)	1,446.21	1,438.99	-	-
Indian rupee loan from others (Unsecured)	-	-	153.08	31.27
Vehicle loans (Secured)	18.66	24.44	5.78	5.30
Finance lease obligation (secured)	73.57	15.90	57.97	44.93
	13,785.91	19,529.31	10,645.41	9,542.95
The above amount includes				
Secured borrowings	13,730.48	19,465.32	10,487.36	8,657.69
Unsecured borrowings	55.43	63.99	158.05	885.26
Amount disclosed under the head "other current liabilities" (note 9)	-	-	(10,645.41)	(9,542.95)
Net amount	13,785.91	19,529.31	-	-

A) Indian rupee loan from banks (secured)

As at March 31, 2018

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within 1-2 years	8.20 -10.00%	2,700.00	-
Due within 1 year	8.20 -10.00%	-	754.16
Total		2,700.00	754.16

As at March 31, 2017

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within 1-2 years	9.60 -10.45%	795.83	-
Due within 1 year	9.60 -10.70%	-	4,841.67
Total		795.83	4,841.67

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 ₹ 4,770.05 (March 31, 2017 ₹ 4,671.71)

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

B) Indian rupee loan from others (Unsecured)

As at March 31, 2018

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within One year	12.30 -13.75 %	-	153.08
Total		-	153.08

As at March 31, 2017

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within One year	12.30 -13.75 %	-	31.27
Total		-	31.27

C) Vehicle loans (Secured loans)

As at March 31, 2018

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest		Total
	< 10%	>= 10% < =12%	
	Amount	Amount	Amount
Due within 3-5 years	5.53	-	5.53
Due within 2-3 years	6.84	-	6.84
Due within 1-2 years	6.29	-	6.29
Due within 1 year	5.78	-	5.78
Grand Total	24.44	-	24.44
Non current portion			18.66
Current Maturities			5.78

The loans are secured by hypothecation of the respective vehicles against which the loan has been availed.

As at March 31, 2017

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest		Total
	< 10%	>= 10% < =12%	
	Amount	Amount	Amount
Due within 3-5 years	12.37	-	12.37
Due within 2-3 years	6.29	-	6.29
Due within 1-2 years	5.78	-	5.78
Due within 1 year	5.30	-	5.30
Grand Total	29.74	-	29.74
Non current portion			24.44
Current Maturities			5.30

The loans are secured by hypothecation of the respective vehicles against which the loan has been availed.

- D)** Subordinate debt from banks as at March 31, 2018 aggregating ₹ Nil, (March 31, 2017 ₹500) which carries an interest rate of (floating - BR + 3.30%) is repayable at the end of five years and six months from the date of the loan viz. January 28, 2012.

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

E) 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. ₹ 83.52 (March 31, 2017 - ₹ 9.88) each.

F) Foreign currency loan:

- 1) ₹ 1,000 as at March 31, 2018 (March 31, 2017 ₹1,000) which carries interest @ LIBOR plus 265bps. The loan is repayable after 3 years from the date of its origination, viz., May 9,2016.
- 2) ₹ 500 as at March 31, 2018 (March 31, 2017 ₹ 500) which carries interest @ LIBOR plus 215bps. The loan is repayable after 3 years from the date of its origination, viz., December 22, 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 ₹ 4,770.05 (March 31, 2017 ₹ 4,671.71)

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 March 31, 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
Non-current portion								55.43
Current maturities								4.97
Total								60.40

As at March 31, 2017

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	-	-	1,472	1.47	3,542	3.54	5,014	5.01
Due within 4-5 years	-	-	18,452	18.45	12,463	12.46	30,915	30.91
Due within 3-4 years	6,857	6.86	10,589	10.59	-	-	17,446	17.45
Due within 2-3 years	413	0.41	2,937	2.94	2,309	2.31	5,659	5.66
Due within 1-2 years	-	-	-	-	4,965	4.97	4,965	4.97
Due within 1 year	-	-	139,795	139.80	214,189	214.19	353,984	353.99
Grand Total	7,270	7.27	173,245	173.25	237,468	237.47	417,983	417.98
Non-current portion								63.99
Current maturities								353.99
Total								417.98

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

Debentures (Secured)

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

As at March 31, 2018

Terms of repayment

Redeemable at par within	Rate of interest									
	< 10%		≥ 10% < 12%		≥ 12% < 14%		≥ 14% < 16%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 1-2 years	-	-	-	-	-	-	-	-	-	-
Due within 1 year	-	-	-	-	1,080,075	1,080.08	423,310	423.31	1,503,385	1,503.39
Grand Total	-	-	-	-	1,080,075	1,080.08	423,310	423.31	1,503,385	1,503.39
Non-current portion										-
Current maturities										1,503.39
Total										1,503.39

As at March 31, 2017

Terms of repayment

Redeemable at par within	Rate of interest									
	< 10%		>= 10% < 12%		>= 12% < 14%		>= 14% < 16%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 1-2 years	-	-	-	-	1,105,068	1,105.07	426,990	426.99	1,532,058	1,532.06
Due within 1 year	-	-	20,000	20.00	104,961	104.96	167,097	167.10	292,058	292.05
Grand Total	-	-	20,000	20.00	1,210,029	1,210.03	594,087	594.09	1,824,116	1,824.11
Non-current portion										1,532.06
Current maturities										292.05
Total										1,824.11

Nature of Security

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

Debentures are offered for a period of 366 days to 65 months.

Non-Convertible debentures

Private Placement

Particulars	Non-Current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
i) Retail	-	1,532.06	1,503.39	292.05
ii) Institutional	8,930.00	15,080.00	8,150.00	767.00
Total	8,930.00	16,612.06	9,653.39	1,059.05

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

ii) Private Placement - Institutional issue of Redeemable Non-convertible Debentures of ₹ 1,000,000/- each

As at March 31, 2018

Terms of repayment

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Put and Call option
20-Mar-13	30	30.00	13.00%	20-Mar-23	None
24-May-16	750	750.00	10.50%	04-Apr-19	None
24-May-16	750	750.00	10.50%	08-Apr-19	None
29-Jun-16	400	400.00	9.80%	28-Jun-19	None
28-Jul-16	1,400	1,400.00	10.30%	28-Jul-18	None
05-Aug-16	1,000	1,000.00	10.31%	28-Dec-18	None
05-Aug-16	1,500	1,500.00	10.31%	15-Mar-19	None
23-Aug-16	750	750.00	10.20%	22-Mar-19	None
26-Aug-16	500	500.00	10.25%	26-Aug-19	None
31-Aug-16	2,000	2,000.00	10.20%	20-Dec-18	None
12-Sep-16	2,000	2,000.00	10.15%	12-Sep-19	None
27-Sep-16	1,500	1,500.00	10.05%	20-Mar-19	None
14-Oct-16	2,500	2,500.00	9.99%	14-Oct-19	None
30-Oct-17	2,000	2,000.00	8.80%	20-Dec-20	None
Total	17,080	17,080.00			
Non-current portion		8,930.00			
Current maturities		8,150.00			
Total		17,080.00			

As at March 31, 2017

Terms of repayment

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Put and Call option
31-Dec-12	400	400.00	12.55%	31-Dec-17	None
09-Jan-13	116	116.00	12.40%	09-Jan-18	None
01-Feb-13	250	250.00	12.55%	01-Feb-18	None
20-Mar-13	1	1.00	12.40%	20-Mar-18	None
20-Mar-13	30	30.00	13.00%	20-Mar-23	None
24-May-16	750	750.00	10.50%	04-Apr-18	None
24-May-16	750	750.00	10.50%	08-Apr-18	None
29-Jun-16	400	400.00	9.80%	28-Jun-19	None
28-Jul-16	1,400	1,400.00	10.30%	28-Jul-18	None
05-Aug-16	1,000	1,000.00	10.31%	28-Dec-18	None
05-Aug-16	1,500	1,500.00	10.31%	15-Mar-19	None
23-Aug-16	750	750.00	10.20%	22-Mar-19	None
26-Aug-16	500	500.00	10.25%	26-Aug-19	None
31-Aug-16	2,000	2,000.00	10.20%	20-Dec-18	None
12-Sep-16	2,000	2,000.00	10.15%	12-Sep-19	None
27-Sep-16	1,500	1,500.00	10.05%	20-Mar-19	None
14-Oct-16	2,500	2,500.00	9.99%	14-Oct-19	None
Total	15,847	15,847.00			
Non-current portion		15,080.00			
Current maturities		767.00			
Total		15,847.00			

Nature of Security

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

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

iii) Public issue of Redeemable Non-convertible Debentures of ₹ 1,000/- each

As at March 31, 2018

Terms of repayment

Date of allotment	Number	Amount	Interest Rate	Redeemable at par on
28-Jan-14	4,919	4.92	11.50%	28-Jan-19
28-Jan-14	11,140	11.14	12.00%	28-Jan-19
05-Apr-14	5,012	5.01	11.50%	05-Apr-19
05-Apr-14	8,447	8.45	12.00%	05-Apr-19
18-Oct-14	22,024	22.02	11.25%	18-Oct-19
18-Oct-14	12,970	12.97	11.50%	18-Oct-19
28-Jan-14	175,298	175.30	12.61%	28-Nov-19
05-Apr-14	187,771	187.77	12.61%	05-Feb-20
18-Oct-14	150,523	150.52	11.70%	18-Jan-21
Total	578,104	578.10		
Non-current portion		562.04		
Current maturities		16.06		
Total		578.10		

As at March 31, 2017

Terms of repayment

Date of allotment	Number	Amount	Interest Rate	Redeemable at par on
05-Apr-14	585,064	585.06	12.25%	05-Apr-17
05-Apr-14	315,100	315.10	12.50%	05-Apr-17
18-Oct-14	1,137,977	1,137.98	11.50%	18-Oct-17
18-Oct-14	668,597	668.60	11.75%	18-Oct-17
28-Jan-14	4,919	4.92	11.50%	28-Jan-19
28-Jan-14	11,140	11.14	12.00%	28-Jan-19
05-Apr-14	5,012	5.01	11.50%	05-Apr-19
05-Apr-14	8,447	8.45	12.00%	05-Apr-19
18-Oct-14	22,024	22.02	11.25%	18-Oct-19
18-Oct-14	12,970	12.97	11.50%	18-Oct-19
28-Jan-14	175,298	175.30	12.61%	28-Nov-19
05-Apr-14	187,771	187.77	12.61%	05-Feb-20
18-Oct-14	150,523	150.52	11.70%	18-Jan-21
Total	3,284,842	3,284.84		
Non-current portion		578.10		
Current maturities		2,706.74		
Total		3,284.84		

Nature of Security

Secured by mortgage of the immovable property of the Company and a charge on all book debts and other current assets as fully described in the debenture trust deed except those receivables exclusively charged, on a first ranking pari passu basis with all other lenders to the Company holding pari passu charge over security. The Company shall maintain an asset cover of at least 1.10 times of the outstanding amount of debenture, at all times, till the debentures are completely redeemed.

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

NOTE: 6 OTHER LONG TERM LIABILITIES

	As at March 31, 2018	As at March 31, 2017
Interest accrued but not due on long term borrowings	319.41	855.89
Security deposits from employees	297.90	194.64
Derivative Liability(Refer Note 34)	66.62	83.97
	683.93	1,134.50

NOTE: 7 SHORT-TERM BORROWINGS

	As at March 31, 2018	As at March 31, 2017
Cash credit / Overdraft facilities from banks (secured)	4,976.28	5,647.66
Working Capital demand loan from banks (secured)	44,045.92	33,815.99
Sub total (Secured)	49,022.20	39,463.65
Commercial Papers (unsecured)	28,952.90	23,095.86
Total	77,975.10	62,559.51
The above amount includes		
Secured borrowings	49,022.20	39,463.65
Unsecured borrowings	28,952.90	23,095.86
Total	77,975.10	62,559.51

Cash credit / Overdraft facilities from banks and Working Capital demand loan from banks (secured)

	March 31, 2018	March 31, 2017
Secured by hypothecation of specific/paripassu assets covered and Margin/cash collateral under hypothecation agreements. The loans have been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director & CEO to the extent of ₹ 4,770.05 (March 31, 2017 ₹ 4,671.71)	49,022.20	39,463.65
Total	49,022.20	39,463.65

The cash credit is repayable on demand and carries interest @ 8.15% to 10.00% p.a.(March 31, 2017 9.85%-11.75% p.a.)

The working capital demand loan from banks carries interest @ 7.85% to 8.10% p.a.(March 31, 2017 8.81%-9.90% p.a.)

Commercial papers carry interest rates of 7.85% to 8.30% (March 31, 2017 7.25% - 10.05% p.a.) and their tenor ranges from 60 days to 364 days

NOTE: 8 TRADE PAYABLES

	As at March 31, 2018	As at March 31, 2017
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	415.97	641.55
	415.97	641.55

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

Note 8 (A): Disclosures required under Section 22 of the Micro, Small & Medium Enterprises Development Act, 2006

Particulars	As at March 31, 2018	As at March 31, 2017
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) 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 MSMED Act	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors

NOTE: 9 OTHER CURRENT LIABILITIES

	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term borrowings (note 5) (Includes current maturity of finance lease obligation ₹ 57.97 (As at March 31, 2017 ₹ 44.93))	10,645.41	9,542.95
Interest accrued but not due on borrowings	2,001.31	2,075.15
Statutory dues payable	106.65	167.62
Employee related payables	478.33	388.41
Auction surplus	601.20	579.13
Forward cover contract payable	-	403.27
Unclaimed matured Non convertible debenture	12.69	11.67
Unclaimed dividend	33.75	30.90
Unclaimed matured deposits	-	0.06
Unclaimed matured subordinate bonds	12.20	153.87
Unpaid Interest - NCD/Bond	-	1.91
Others	654.46	123.88
	14,546.00	13,478.82

NOTE: 10 SHORT TERM PROVISIONS

	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
Provision for gratuity	87.56	71.52
Provision for leave encashment	104.21	86.29
	191.77	157.81
Other provisions		
Provision for non performing assets	267.27	331.28
Provision for Other Assets	196.59	34.00
Provision for standard assets	515.78	453.85
Provision for litigation	35.71	35.48
	1,015.35	854.61
	1,207.12	1,012.42

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

The table below gives information about movement in provision for litigation claim.

	As at March 31, 2018	As at March 31, 2017
At the beginning of the year	35.48	28.92
Arising during the year	0.23	6.56
Utilized during the year	-	-
Unused amounts reversed	-	-
At the end of the year	35.71	35.48
Current portion	35.71	35.48
Non-current portion	-	-

NOTE: 11A PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Building	Office equipment	Electrical Installation	Computer equipment *	Furniture and Fittings	Vehicle	Plant & Machinery	Total
Cost									
As at April 1, 2016	98.19	306.81	366.28	307.59	1,222.40	2,226.05	36.91	44.98	4,609.21
Additions	35.47	1.63	46.67	18.95	132.56	187.53	33.05	2.34	458.20
Disposals	-	-	33.94	18.72	113.04	127.84	-	-	293.54
As at March 31, 2017	133.66	308.44	379.01	307.82	1,241.92	2,285.74	69.96	47.32	4,773.87
Cost									
As at April 1, 2017	133.66	308.44	379.01	307.82	1,241.92	2,285.74	69.96	47.32	4,773.87
Additions	14.92	945.58	40.72	15.48	257.42	168.95	2.63	-	1,445.70
Disposals	-	0.68	0.01	0.48	42.57	9.46	0.91	-	54.11
As at March 31, 2018	148.58	1,253.34	419.72	322.82	1,456.77	2,445.23	71.68	47.32	6,165.46
Accumulated Depreciation									
As at April 1, 2016	-	28.25	233.80	260.94	845.25	1,343.95	18.09	10.83	2,741.11
Charge for the year	-	10.56	69.81	25.73	199.53	250.19	6.33	3.26	565.41
Eliminated on disposal of Assets	-	-	33.93	18.71	112.88	127.64	-	-	293.16
As at March 31, 2017	-	38.81	269.68	267.96	931.90	1,466.50	24.42	14.09	3,013.36
Accumulated Depreciation									
As at April 1, 2017	-	38.81	269.68	267.96	931.90	1,466.50	24.42	14.09	3,013.36
Charge for the year	-	16.26	69.08	24.69	215.19	258.26	9.03	3.31	595.82
Eliminated on disposal of Assets	-	0.03	0.01	0.48	42.45	9.18	0.88	-	53.03
As at March 31, 2018	-	55.04	338.75	292.17	1,104.63	1,715.58	32.57	17.40	3,556.14
Net Block as at March 31, 2017	133.66	269.63	109.33	39.86	310.02	819.24	45.54	33.23	1,760.51
Net Block as at March 31, 2018	148.58	1,198.30	80.97	30.65	352.13	729.65	39.11	29.92	2,609.31

*Includes Computers taken on finance lease - Gross block ₹218.23 as at March 31, 2018 (March 31, 2017 ₹108.07). Depreciation for the year ₹43.18 (March 31, 2017 ₹30.44) and Net block ₹127.74 as at March 31, 2018 (March 31, 2017 ₹60.76)

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

NOTE: 11 B INTANGIBLE ASSETS

	Computer Software
Cost	
As at April 1, 2016	144.92
Additions	16.96
Disposals	15.66
As at March 31, 2017	146.22
Cost	
As at April 1, 2017	146.22
Additions	26.85
Disposals	2.20
As at March 31, 2018	170.87
Amortization	
As at April 1, 2016	114.74
Charge for the year	17.20
Eliminated on disposal of Assets	15.64
As at March 31, 2017	116.30
Amortization	
As at April 1, 2017	116.30
Charge for the year	13.88
Eliminated on disposal of Assets	0.83
As at March 31, 2018	129.35
Net block	
As at March 31, 2017	29.92
As at March 31, 2018	41.52

NOTE: 12 NON-CURRENT INVESTMENTS

	As at March 31, 2018	As at March 31, 2017
Non trade - (Unquoted, valued at cost)		
50 (March 31, 2017: 50) Non Convertible Subordinate bonds of ₹1,000,000/- each fully paid in Dhanalaxmi Bank Limited	50.00	50.00
Trade - Investment in wholly owned subsidiary (Unquoted, valued at cost)		
100,000,000 (March 31, 2017 - 100,000,000) equity share of ₹ 10/- each fully paid in Manappuram Home Finance Limited (formerly Manappuram Home Finance Private Limited)	1,052.56	1,052.56
1,570,000 (March 31, 2017 - 770,000) equity share of ₹ 10/- each fully paid in Manappuram Insurance Brokers Limited.(formerly Manappuram Insurance Brokers Private Limited.)	23.50	15.50
Trade - Investment in other subsidiary (Unquoted, valued at cost)		
28,992,800 (March 31, 2017 - 23,749,979) equity share of ₹ 10/- each fully paid in Asirvad Microfinance Limited (formerly Asirvad Microfinance Private Limited).	2,623.69	2,123.83
Non trade - Investment in other companies (Unquoted, valued at cost)		
1,000 (March 31, 2017 - 1,000) equity share of ₹ 10/- each fully paid in The Catholic Syrian Bank Limited.	0.03	0.03
	3,749.78	3,241.92
Note :		
1. Aggregate amount of unquoted investments	3,749.78	3,241.92
2. Aggregate provision for diminution in value of investments	-	-

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

NOTE: 13 DEFERRED TAX ASSETS (NET)

	As at March 31, 2018	As at March 31, 2017
Deferred tax liability		
On unamortised debenture issue expense	(1.68)	(4.90)
Gross deferred tax liability	(1.68)	(4.90)
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting.	265.62	216.27
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	74.78	99.02
Provision for advances	254.12	232.67
Others	47.26	12.28
Gross deferred tax asset	641.78	560.24
Net deferred tax asset	640.10	555.34

NOTE: 14 LOANS AND ADVANCES

	Non-current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Portfolio Loan				
Secured, considered good				
- Gold Loan	-	-	117,085.50	111,022.69
- Commercial Vehicle Loan	3,416.72	1,450.81	2,435.07	1,579.29
- Mortgage/Property Loan	219.27	257.56	34.81	65.72
- Onlending*	3,478.94	426.21	2,033.83	373.04
- Other Loans	-	-	8.08	16.41
Total (A)	7,114.93	2,134.58	121,597.29	113,057.15
Secured, considered doubtful				
- Gold Loan	-	-	264.32	222.65
- Commercial Vehicle Loan	43.70	14.13	63.30	14.11
- Mortgage/Property Loan	28.04	25.89	69.50	22.17
Total (B)	71.74	40.02	397.12	258.93
Portfolio Loan				
Unsecured, considered good				
- Business loan	6.33	7.33	44.84	11.62
- Personal loan	-	-	-	-
Unsecured, considered doubtful	-	-	1.59	-
Total (C)	6.33	7.33	46.43	11.62
Total Loans (A+B+C)	7,193.00	2,181.93	122,040.84	113,327.70
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	823.45	1,499.50
	-	-	823.45	1,499.50
Deposits (Unsecured, considered good)				
Rental deposits	433.12	478.17	150.11	85.11
Other security deposits	41.20	45.20	3.49	8.40
	474.32	523.37	153.60	93.51
Service tax and other taxes recoverable, from Government (Unsecured, considered good)	-	-	1.09	42.20
Capital advances (Unsecured, considered good)	64.26	19.62	-	-
Advance tax (net of Provisions for taxation and tax deducted at source)	972.99	598.95	-	-
Total	8,704.57	3,323.87	123,018.98	114,962.91
* Portfolio Loan - Onlending Corporate loan includes dues from relative of directors and related parties	-	0.38	-	0.75

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

NOTE: 15 OTHER ASSETS

	Non-current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Non-current bank deposits (note 16)	304.77	145.29	-	-
(A)	304.77	145.29	-	-
Interest accrued:				
Loan Portfolio (Secured, considered good)	-	-	2,994.19	2,984.50
Fixed deposits and investment	1.56	0.90	14.63	13.23
Unamortized premium on forward exchange contracts	-	-	-	27.68
Ancillary cost of arranging the borrowings	11.39	37.81	32.25	44.47
Others	-	-	203.86	217.43
(B)	12.95	38.71	3,244.93	3,287.31
Total (A + B)	317.72	184.00	3,244.93	3,287.31

NOTE: 16 CASH AND CASH EQUIVALENTS

	Non-current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Cash and cash equivalents (as per AS 3 Cash Flow Statements)				
Balances with banks:				
On current accounts	-	-	2,000.42	1,595.86
Cash on hand	-	-	902.34	1,025.56
Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements)	-	-	2,902.76	2,621.42
Other bank balances				
On Escrow accounts				
Unpaid matured deposit	-	-	0.07	0.07
Unpaid NCD trustee account			19.15	24.39
Unpaid auction surplus deposit			620.31	510.40
Unpaid dividend account	-	-	33.79	30.91
Other balance				
Deposits with original maturity for more than 3 months but less than 12 months*	-	-	849.81	917.07
Deposits with original maturity for more than 12 months*	304.77	145.29	5.99	12.24
	304.77	145.29	1,529.12	1,495.08
Amount disclosed under				
non-current assets (note 15)	304.77	145.29	-	-
	-	-	4,431.88	4,116.50

* Includes:

- a) Cash collateral deposits aggregating to ₹ 820 (March 31, 2017 ₹ 840) towards approved bank facilities;
- b) Employee security deposits aggregating to ₹297.72 (March 31, 2017 ₹ 187.60) placed as fixed deposits with banks;
- c) Deposits aggregating to ₹42.85 (March 31, 2017 ₹ 40.57) towards security deposit to various authorities.

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

NOTE: 17 REVENUE FROM OPERATIONS

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Income		
- Gold loans	27,776.51	29,153.01
- Bank and other deposits	61.52	61.99
- Property loans	57.28	74.26
- Personal loans	1.31	-
- Commercial Vehicles	778.05	402.37
- Corporate Loan	310.93	116.03
- Other loans	-	-
Processing Fees	182.98	172.70
Total Operating income (A)	29,168.58	29,980.36
Other operating revenue		
- Money transfer	39.32	46.80
- Interest income on DLB Bond	5.95	5.98
- Provisions no longer required written back	29.40	-
- Bad debts recovered	5.27	9.02
- Insurance claim received	-	6.95
- Others	33.46	21.03
Total Other Operating Revenue (B)	113.40	89.78
Revenue from operations (A+B)	29,281.98	30,070.14

NOTE: 18 OTHER INCOME

	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit on sale of fixed assets (net)	3.41	5.17
Other non-operating income	213.20	9.02
	216.61	14.19

NOTE: 19 FINANCE COST

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest		
- on Debentures	2,240.47	1,898.67
- on Bank and other borrowings	3,348.81	5,854.57
- on Subordinate bonds and loans	29.34	277.38
- on Commercial papers	2,051.70	1,642.30
- Others	25.09	33.32
Amortisation of Forward contracts premium	27.68	89.77
Other borrowing cost	186.41	229.54
	7,909.50	10,025.55

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

NOTE: 20 EMPLOYEE BENEFIT EXPENSE

	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus	4,432.16	3,682.77
Contribution to provident and other funds	477.38	415.36
Gratuity expense (note 25)	122.26	91.19
Staff welfare expenses	9.48	15.69
	5,041.28	4,205.01

NOTE: 21 OTHER EXPENSES

	For the year ended March 31, 2018	For the year ended March 31, 2017
Electricity	203.66	186.79
Rent	1,119.41	1,023.60
Rates and taxes	33.62	30.26
Insurance	129.06	50.54
Repairs and maintenance		
-Vehicles	5.19	5.28
-Others	156.83	145.50
Advertising and sales promotion	271.89	436.77
Commission Paid	126.67	119.64
Travelling and conveyance	174.07	133.47
Communication costs	311.59	232.84
Printing and stationery	105.11	105.11
IT Support costs	257.50	265.79
Legal and professional fees	87.51	81.47
Security charges	1,659.19	590.79
Bad debts/advances written off	315.66	313.21
Provision for Other Assets	162.59	-
Provision for non performing assets	(64.01)	459.99
Provision for standard assets	61.93	95.90
Corporate social responsibility expenditure (refer note 51)	103.07	112.40
Miscellaneous expenses	52.02	46.25
	5,272.56	4,122.39

Legal and professional charges include Payment to auditors:

As auditor:

Audit fee	3.50	3.73
Limited reviews	1.60	3.10
Certification fees	-	0.84
Reimbursement of expenses	0.24	0.80
	5.34	8.47

NOTE: 22 DEPRECIATION AND AMORTIZATION EXPENSE

	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation	595.82	565.41
Amortization of intangible assets	13.88	17.20
	609.70	582.61

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

NOTE: 23 EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	Year ended March 31, 2018	Year ended March 31, 2017
Net profit for calculation of basic EPS	7,001.69	7,260.34
Weighted average number of equity shares in calculating basic EPS (Nos.)	841,979,381	841,539,979
Effect of dilution:		
Stock options granted under ESOP (Nos.)	1,909,241	31,870
Weighted average number of equity shares in calculating diluted EPS (Nos.)	843,888,621	841,571,849
Basic EPS (₹)	8.32	8.63
Diluted EPS (₹)	8.30	8.63

NOTE: 24 EMPLOYEE STOCK OPTION SCHEME (ESOS)

Employee Stock Option Scheme (ESOS), 2009

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

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

Subsequent to the share split and bonus issue in year 2010, the number of options has been adjusted to 8,295,000 options and the exercise price has been adjusted to ₹33.12 per share in accordance with the terms of the scheme. Further, subsequent to bonus issue in the year 2011, the exercise price has been adjusted to ₹16.56 per share.

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

The Company has re-issued the lapsed options, pursuant to the approval of the Nomination Compensation and Corporate Governance Committee. The Company has granted 1,191,000 options at an exercise price of ₹ 31.25 on November 03, 2014 which will vest over a period of two years from the grant date (50% of the eligible share on November 03, 2015 and balance 50% of the eligible share on November 03, 2016). The exercise period commences from the date of vesting and will expire not later than four years from the date of vesting.

Board at its meeting held on August 10, 2017 has canceled the ESOS 2009 and 448500 lapsed options under ESOS 2009 based on the recommendation of the Nomination Compensation and Corporate Governance Committee with effect from August 10, 2017 and the same has been intimated to the stock exchanges.

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

The summary of the movements in options is given below:

Particulars	March 31, 2018	March 31, 2017
Options outstanding, beginning of year	50,000	875,000
Options exercised during the year	(50,000)	(692,500)
Options lapsed during the year	-	(132,500)
Options outstanding, end of year	-	50,000
Options outstanding at the yearend comprise of :		
- Options eligible for exercise at year end	-	50,000
- Options not eligible for exercise at year end	-	-

Particulars	March 31, 2018	March 31, 2017
Weighted average remaining contract life of options	-	-
weighted average market price at the exercise date	-	-

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

	Vesting I	Vesting II
	16-Aug-2010 50%	16-Aug-2011 50%
Option fair value (pre-split and bonus at a face value of ₹10/- per share)	₹142.43	₹157.92
Risk-free interest rate	6.51%	6.53%
Expected life	3 years	4 Years
Expected volatility	67.11%	66.62%
Expected dividend yield	2.76%	2.76%
Share price on the date of grant (face value of ₹10/-)	₹ 331.15	₹ 331.15

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

Employee Stock Option Scheme (ESOS), 2016

The details of the Employee Stock Option Scheme 2016 are as under:

Date of share holders' approval	July 05, 2016
Number of options approved	25,236,214
Date of grant	August 08, 2016
Date of In principle Approval	In principle approval of the BSE was obtained on December 20, 2016 and NSE on December 28, 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

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

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 August 08, 2016 which will vest over a period of three years from the grant date (08.08.2016) 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.

The summary of the movements in options is given below: Independent Auditor's Report

Particulars	March 31, 2018	March 31, 2017
Options outstanding, beginning of year	11,817,829	-
Options granted during the year	-	13,750,466
Increase on account of Bonus issue	-	-
Lapsed Options restored during the year	1,089,589	-
Options lapsed during the year	(2,260,349)	(1,932,637)
Options Allotted during the year	(586,126)	-
Options unvested and Outstanding at the End of the Year	10,060,943	11,817,829

Particulars	March 31, 2018	March 31, 2017
Weighted average remaining contract life of options	-	-
weighted average market price at the exercise date	-	-

	Vesting I 8-Aug-2017 30%	Vesting II 8-Aug-2018 30%	Vesting III 8-Aug-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.

Pro-forma Disclosures for ESOS

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for ESOS 2016 been recognized based on the fair value at the date of grant in accordance with Black-Scholes method, the amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	Profit after tax	Basic EPS (₹)	Diluted EPS (₹)
Year ended March 31, 2018			
- Amounts as reported	7,001.69	8.32	8.32
- Amounts as per pro-forma	6,830.79	8.11	8.11

Particulars	Profit after tax	Basic EPS (₹)	Diluted EPS (₹)
Year ended March 31, 2017			
- Amounts as reported	7,260.34	8.63	8.63
- Amounts as per pro-forma	7,139.78	8.47	8.47

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

NOTE: 25 RELATED PARTY DISCLOSURES

Names of related parties

Relationship	Name of the party
Subsidiary company	Manappuram Home Finance Company Limited
	Asirvad Microfinance Limited (Formerly, Asirvad Microfinance Private Limited)
	Manappuram Insurance Brokers Limited
Associates / Enterprises owned or significantly influenced by key management personnel or their relatives	Manappuram Jewellers Limited
	Manappuram Agro Farms Limited
	Manappuram Foundation
	Manappuram Comptech and Consultant Limited
	Manappuram Health Care Limited *
	Manappuram Construction and Properties Limited*
	Manappuram Chit Funds Company Private Limited *
	MABEN Nidhi Limited*
	Manappuram Asset Finance Limited *
	Manappuram Chits (Karnataka) Private Limited *
	Manappuram Chits India Limited *
	Adlux Medicity and Convention Centre Private Limited*
	MAFIN Enterprise *
	Manappuram travels *
	Manappuram Chits *
Key Management Personnel	Mr. V P Nandakumar- Managing Director & CEO
	Mr. B.N Raveendra Babu- Executive Director
	Mr. Kapil Krishan -Chief Financial Officer
	Mr.Ramesh Periasamy -Company Secretary
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)

* No transactions with these related parties.

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	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Debentures and Subordinate Bond redeemed during the year	-	-	-	-	-	-	0.80	0.80
Mrs. Rajalakshmi Raveendra Babu	-	-	-	-	-	-	0.80	0.40
Ms. Biji Babu	-	-	-	-	-	-	-	0.40
Equity contribution	507.86	-						
Asirvad Microfinance Limited	499.86	-	-	-	-	-	-	-
Manappuram Insurance Brokers Limited	8.00	-	-	-	-	-	-	-

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

Related Party transactions during the year: (Contd.)

Particulars	Subsidiary Company		Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Interest expense	-	-	-	-	-	-	0.15	0.51
Mrs. Rajalakshmi Raveendra Babu	-	-	-	-	-	-	0.00	0.29
Ms. Biji Babu	-	-	-	-	-	-	-	0.09
Mrs. Shelly Ekalavyan	-	-	-	-	-	-	0.15	0.13
Commission to Directors	-	-	-	-	42.50	30.00	-	-
Mr. V.P.Nandakumar	-	-	-	-	37.50	25.00	-	-
Mr. Raveendra Babu	-	-	-	-	5.00	5.00	-	-
Remuneration to Directors	-	-	-	-	64.69	67.03	-	-
Mr. V.P.Nandakumar	-	-	-	-	53.77	56.71	-	-
Mr. Raveendra Babu	-	-	-	-	10.92	10.32	-	-
Remuneration to other KMPs	-	-	-	-	12.68	10.69	-	-
Remuneration paid to Relative of KMP	-	-	-	-	-	-	13.84	12.23
Mr Sooraj Nandan	-	-	-	-	-	-	5.28	4.06
Mrs Sumita Jayshankar	-	-	-	-	-	-	7.32	6.95
Mr. Suhas Nandan	-	-	-	-	-	-	1.25	1.22
Reimbursement of Travelling expense	-	-	-	-	1.98	-	-	-
Mr. V.P.Nandakumar	-	-	-	-	1.83	-	-	-
Mr. Raveendra Babu	-	-	-	-	0.15	-	-	-
Donation made	-	-	-	-	-	-	-	-
Manappuram Foundation	-	-	101.10	104.80	-	-	-	-
Rent Paid	-	-	1.24	0.75	0.36	0.33	0.34	0.39
Mr. V.P.Nandakumar	-	-	-	-	0.36	0.33	-	-
Mr. Suhas Nandan	-	-	-	-	-	-	0.14	0.20
Mrs Sumitha Jayshankar	-	-	-	-	-	-	0.12	0.12
Mr. Sooraj Nandan	-	-	-	-	-	-	0.08	0.07
Manappuram Agro Farms Limited	-	-	1.24	0.75	-	-	-	-
Reimbursement of Rent & Expenses	-	-	-	-	-	-	-	-
Manappuram Foundation	-	-	1.90	0.35	-	-	-	-
Other Income	-	-	-	-	-	-	-	-
Manappuram Foundation	-	-	0.10	0.13	-	-	-	-
Rent Received	0.35	1.09	1.30	1.20	-	-	-	-
Manappuram Jewellers Limited	-	-	0.48	0.50	-	-	-	-
Manappuram Agro Farms Limited	-	-	0.14	0.19	-	-	-	-
Manappuram Insurance Brokers Limited	0.35	1.09	-	-	-	-	-	-
Manappuram Foundation	-	-	0.68	0.51	-	-	-	-
Electricity Charge Received	-	0.12	0.85	1.07	-	-	-	-
Manappuram Jewellers Limited	-	-	0.73	0.95	-	-	-	-
Manappuram Insurance Brokers Limited	-	0.12	-	-	-	-	-	-
Manappuram Foundation	-	-	0.12	0.12	-	-	-	-

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

Related Party transactions during the year: (Contd.)

Particulars	Subsidiary Company		Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Purchase of assets								
Manappuram Comptech and Consultants Ltd	-	-	2.50	-				
Manappuram Home Finance Company Limited	-	0.92	-	-	-	-	-	-
Rent, Electricity, telephone and printing charges Received								
Manappuram Home Finance Company Limited	0.85	1.53	-	-	-	-	-	-
Manappuram Foundation	-	-	2.66	0.16	-	-	-	-
Consultation Charge Paid								
Manappuram Construction and Properties Limited	-	-	-	0.87	-	-	-	-
Monthly usage charges paid								
Manappuram Comptech and Consultants Ltd	-	-	0.78	-	-	-	-	-
Rent Advance Received								
Manappuram Insurance Brokers Limited	-	0.01	-	-	-	-	-	-
Interest Income	0.15	19.99	-	-	-	-	-	-
Manappuram Home Finance Company Limited	0.07	0.17	-	-	-	-	-	-
Asirvad Microfinance Limited	-	19.73	-	-	-	-	-	-
Manappuram Insurance Brokers Limited	0.08	0.09	-	-	-	-	-	-
Processing Fee Received								
Asirvad Microfinance Limited	-	0.80	-	-	-	-	-	-
Manappuram Insurance Brokers Limited	-	0.78	-	-	-	-	-	-
Manappuram Insurance Brokers Limited	-	0.02	-	-	-	-	-	-
Corporate loan given to	245.00	891.50	-	-	-	-	-	-
Asirvad Microfinance Limited	-	750.00	-	-	-	-	-	-
Manappuram Home Finance Company Limited	245.00	140.00	-	-	-	-	-	-
Manappuram Insurance Brokers Limited	-	1.50	-	-	-	-	-	-
Repayment of Corporate loan from	246.13	890.38	-	-	-	-	-	-
Asirvad Microfinance Limited	-	750.00	-	-	-	-	-	-
Manappuram Home Finance Company Limited	245.00	140.00	-	-	-	-	-	-
Manappuram Insurance Brokers Limited	1.13	0.38	-	-	-	-	-	-
Balance outstanding as at the year end:								
Investment in Subsidiary company	3,699.75	3,191.89	-	-	-	-	-	-

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

Related Party transactions during the year: (Contd.)

Particulars	Subsidiary Company		Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Manappuram Home Finance Company Limited	1,052.56	1,052.56	-	-	-	-	-	-
Asirvad Microfinance Limited	2,623.69	2,123.83	-	-	-	-	-	-
Manappuram Insurance Brokers Limited	23.50	15.50	-	-	-	-	-	-
Corporate loan Outstanding								
Manappuram Insurance Brokers Limited	-	1.13	-	-	-	-	-	-
Amounts payable (net) to related parties	3.59	3.59	-	-	27.84	20.23	1.18	2.65
Mr. V.P.Nandakumar	-	-	-	-	24.56	17.18	-	-
Mr. Raveendra Babu	-	-	-	-	3.28	3.05	-	-
Mrs. Rajalakshmi Raveendra Babu	-	-	-	-	-	-	-	1.60
Mrs. Shelly Ekalavyan	-	-	-	-	-	-	1.18	1.05
Asirvad Microfinance Limited	3.59	3.59	-	-	-	-	-	-

Note:

- Related parties have been identified on the basis of the declaration received by the management and other records available.
- Loans given to related parties are repayable on demand. These loans carry interest @ of 12% to 13% p.a.
- The loans have been utilised by the Manappuram Home Finance Company Limited for lending Home Loan and meeting the working capital requirements.
- Asirvad Microfinance Limited has used the loan for meeting the working capital requirements.
- 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.

NOTE: 26 EMPLOYMENT BENEFITS DISCLOSURES:

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 recognized ₹379.27 (March 31, 2017 ₹ 329.39) for Provident Fund contributions and ₹ 135.12 (March 31, 2017 ₹ 86.02) 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.

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 recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

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forming part of the Standalone Financial statements for year ended March 31, 2018

Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost

	March 31, 2018	March 31, 2017
Current service cost	98.86	85.42
Interest cost on benefit obligation	26.53	23.05
Expected return on plan assets	(24.38)	(21.38)
Past Service Cost	5.36	-
Net actuarial (gain)/loss recognized in the year	14.57	4.10
Net (benefit) / expense	120.94	91.19
Actual return on plan assets	19.94	23.97

Balance sheet

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

	March 31, 2018	March 31, 2017
Defined benefit obligation	(465.62)	(384.45)
Fair value of plan assets	378.06	312.93
Asset/(liability) recognized in the balance sheet	(87.56)	(71.52)
Experience adjustments on plan liabilities (Gain) / Loss	21.88	(7.61)
Experience adjustments on plan assets Gain / (Loss)	(6.57)	(1.74)

	March 31, 2016	March 31, 2015
Defined benefit obligation	(307.37)	(216.33)
Fair value of plan assets	244.83	177.21
Asset/(liability) recognized in the balance sheet	(62.54)	(39.12)
Experience adjustments on plan liabilities (Gain) / Loss	5.20	(16.58)
Experience adjustments on plan assets Gain / (Loss)	-1.57	4.32

	March 31, 2014
Defined benefit obligation	(151.07)
Fair value of plan assets	141.96
Asset/(liability) recognized in the balance sheet	(9.11)
Experience adjustments on plan liabilities (Gain) / Loss	0.45
Experience adjustments on plan assets Gain / (Loss)	-1.02

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

	March 31, 2018	March 31, 2017
Opening defined benefit obligation	384.45	307.37
Transfer in/Out	(1.76)	-
Interest cost	26.53	23.05
Current service cost	98.86	85.42
Benefits paid	(57.95)	(38.09)
Past Service Cost	5.36	-
Actuarial loss / (gain) on obligation	10.12	6.69
Closing defined benefit obligation	465.62	384.45

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

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

	March 31, 2018	March 31, 2017
Opening fair value of plan assets	312.93	244.83
Transfer in/Out	(1.76)	-
Expected return	24.38	21.38
Contributions by employer	104.88	82.22
Benefits paid	(57.95)	(38.09)
Actuarial gains / (losses)	(4.45)	2.59
Closing fair value of plan assets	378.04	312.93
Expected contribution to fund to be made in the next year	100.00	70.00

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

	March 31, 2018	March 31, 2017
Discount rate	7.3%	6.9%
Attrition rate	15%	15%
Expected rate of return on assets	6.9%	7.5%

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

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

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

	March 31, 2018	March 31, 2017
Discount rate	7.3%	6.9%
Attrition rate	15%	15%
Salary escalation	8.0%	8.0%

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.

NOTE: 27 COMMITMENTS

- Estimated amount of contracts remaining to be executed on capital account, net of advances is ₹ 188.00 as at March 31, 2018 (March 31, 2017 - ₹ 82.99).
- The Company has entered into an agreement for outsourcing of Information Technology support in April 2011 for a period of 10 years with an annual expense of ₹ 270.

NOTE: 28 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.

Notes

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(b) Litigations

Particulars	₹ In Million
i) Income Tax Demand under Appeal before The Commissioner of Income Tax (Appeals) for the Assessment Year 2012-13 to 2015-16	781.67
ii) Kerala Value Added Tax demands under appeal pending before The Deputy Commissioner for the Assessment Years 2009-10, 2012-13 and 2014-15 (Excluding Penalty and Interest, if any)	49.86
iii) Andhra Pradesh Value Added Tax Appeal 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	0.93
Total	834.14

NOTE: 29 BALANCE SHEET DISCLOSURES AS REQUIRED BY MASTER DIRECTION DNBR. PD. 008/03.10.119/2016-17 DATED SEPTEMBER 1, 2016.

a) Capital to Risk Assets Ratio

Particulars	March 31, 2018	March 31, 2017
CRAR (%)	26.98	26.12
CRAR - Tier I Capital (%)	26.59	25.73
CRAR - Tier II Capital (%)	0.39	0.39
Amount of subordinated debt raised as Tier-II Capital	285.10	434.71
Amount raised by issue of Perpetual Debt Instruments	-	-

b) Asset liability management

Maturity pattern of certain items of assets and liabilities as at March 31, 2018

Liabilities	1 day to 30/31 days (one month)	Over one month upto 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Borrowings from banks	3,006.36	22,810.41	18,522.90	5,374.20	62.50	2,699.99	-	-	52,476.36
Foreign Currency liabilities	-	-	-	-	-	1,446.21	-	-	1,446.21
Market borrowings #	904.45	10,227.20	18,941.80	1,769.60	8,516.70	8,056.20	67.90	-	48,483.85

Assets @	1 day to 30/31 days (one month)	Over one month upto 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Advances (net)	33,504.54	31,661.20	46,211.20	6,131.60	2,576.80	6,968.50	2,168.40	11.60	129,233.84
Investments	50.00	-	-	-	-	-	-	3,699.78	3,749.78

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

Maturity pattern of certain items of assets and liabilities as at March 31, 2017

Liabilities	1 day to 30/31 days (one month)	Over one month upto 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Borrowings from banks	7,459.21	3,375.00	15,630.10	4,704.17	7,922.66	795.83	-	-	39,886.97
Foreign Currency liabilities	4,258.75	-	955.43	-	-	1,438.99	-	-	6,653.17
Market borrowings #	6,960.83	16,749.48	1,141.87	73.48	2,871.48	17,048.23	211.25	35.01	45,091.63

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

Assets @	1 day to 30/31 days (one month)	Over one month upto 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Advances (net)	43,009.30	30,841.33	37,751.89	398.26	779.82	2,301.27	377.12	50.64	115,509.63
Investments	-	-	-	-	-	50.00	-	3,191.92	3,241.92

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

These disclosures are given only for certain items of assets and liabilities from the Balance sheet as required by the above circular and is not a complete depiction of the asset liability maturity position of the Company as at March 31, 2018 and March 31, 2017.

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

NOTE: 30 LEASE DISCLOSURES

Operating Lease :

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

Finance Leases:

The Company has finance leases for 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, 2018	March 31, 2017
Total minimum lease payments at the year end	145.77	68.08
Less: amount representing finance charges	14.23	7.25
Present value of minimum lease payments	131.54	60.83
Lease payments for the year	37.54	33.50
Minimum lease Payments:		
Not less than one year [Present value ₹ 75.32 as on March 31, 2018 (₹ 44.93 as on March 31, 2017)]	85.27	50.79
Later than one year but not later than five years[Present value ₹ 56.21 as on March 31, 2018 (₹ 15.90 as on March 31, 2017)]	60.50	17.29

NOTE: 31 CASH COLLATERAL DEPOSITS

Deposit with Banks includes Cash collaterals deposits aggregating ₹820.00 (March 31, 2017 ₹ 840.00) towards approved facilities. Bank / institution wise breakup of the same is as under :

Bank/Financial institution	March 31, 2018	March 31, 2017
The Federal Bank Ltd	-	40.00
Punjab National Bank	20.00	-
State Bank of India	800.00	800.00
Total	820.00	840.00

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

NOTE 32(A): GOLD AND OTHER LOAN PORTFOLIO CLASSIFICATION AND PROVISION FOR NON PERFORMING ASSETS (AS PER RBI PRUDENTIAL NORMS)

Particulars	Gross Loan Outstanding		Provision For Assets		Net Loan Outstanding	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Secured Loans						
A) Gold Loan						
Standard Asset	116,893.74	109,005.04	467.93	437.18	116,425.81	108,567.86
Sub Standard Asset	191.76	2,017.65	19.18	201.77	172.58	1,815.88
Doubtful Asset	198.89	122.08	49.64	27.63	149.25	94.45
Loss Asset	65.43	100.57	65.43	100.57	-	-
Total - A	117,349.82	111,245.34	602.18	767.15	116,747.64	110,478.19
B) Other Loans						
Standard Asset	11,594.35	4,148.12	47.65	16.59	11,546.70	4,131.53
Sub Standard Asset	58.16	20.92	7.45	2.67	50.71	18.25
Doubtful Asset	100.04	73.85	45.28	30.19	54.77	43.66
Loss Asset	78.70	2.45	78.70	2.45	-	-
Total - B	11,831.26	4,245.34	179.08	51.90	11,652.18	4,193.44
Total (A+B)	129,181.08	115,490.68	781.26	819.05	128,399.82	114,671.63
Unsecured Loans						
A) Other Loans						
Standard Asset	51.17	18.95	0.20	0.08	50.97	18.87
Loss Asset	1.59	-	1.59	-	-	-
Total	52.76	18.95	1.79	0.08	50.97	18.87

Particulars	Non-current	Current	Total
Secured Loans			
Gold Loan			
Secured, considered good	-	117,085.50	117,085.50
Secured, considered doubtful	-	264.32	264.32
Total	-	117,349.82	117,349.82
Other Loans			
Secured, considered good			
- Commercial Vehicle Loan	3,416.72	2,435.07	5,851.79
- Mortgage/Property Loan	219.27	34.81	254.08
- Onlending*	3,478.94	2,033.83	5,512.77
- Other Loans	-	8.08	8.08
Total[A]	7,114.93	4,511.79	11,626.72
Secured, considered doubtful			
- Commercial Vehicle Loan	43.70	63.30	107.00
- Mortgage/Property Loan	28.04	69.50	97.54
Total[B]	71.74	132.80	204.54
Total[A+B]	7,186.67	4,644.59	11,831.26
Unsecured Loans			
Unsecured, considered good			
- Business loan	6.33	44.84	51.17
- Personal loan	-	-	-
Total[A]	6.33	44.84	51.17
Unsecured, considered doubtful			
- Business loan	-	1.59	1.59
- Personal loan	-	-	-
Total[B]	-	1.59	1.59
Total[A+B]	6.33	46.43	52.76

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

NOTE 32 (B) PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS

Particulars	March 31, 2018	March 31, 2017
Provision for diminution in value of investments - Refer Note 12	-	-

NOTE: 33 INVESTMENTS

Particulars	March 31, 2018	March 31, 2017
1) Value of Investments		
i) Gross Value of Investments		
(a) In India	3,749.78	3,241.92
(b) Outside India	-	-
ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
iii) Net Value of Investments		
(a) In India	3,749.78	3,241.92
(b) Outside India	-	-
2) Movement of provisions held towards depreciation on investments		
i) Opening balance	-	-
ii) Add : Provisions made during the year	-	-
iii) Less : Write-off / write-back of excess provisions during the year	-	-
iv) Closing balance	-	-

NOTE: 34 DERIVATIVES

Pursuant to the Guidance note issued by Institute of Chartered Accountants of India (ICAI) in respect of "Accounting for Derivative Contracts", the Company has adopted to follow hedge accounting principles relating to accounting for derivatives.

Consequently, as at March 31, 2018, the Company has recognised a net Market to Market (MTM) loss of ₹ 66.62 (March 31, 2017 ₹83.97) relating to derivative contracts entered to hedge the foreign currency risk of future interest payment and repayment of loans designated as cash flow hedges, in Hedging Reserve Account as part of the Shareholders' funds

Particulars	March 31, 2018	March 31, 2017
At the Beginning of the year	(22.96)	-
Net Movement	10.13	(22.96)
	(12.83)	(22.96)

Details of outstanding derivative contracts as at the year end.

Type of Derivatives	March 31, 2018		March 31, 2017	
	No of contracts	Value (USD)	No of contracts	Value (USD)
Forward Contracts entered into hedge the currency risk of future interest payments	-	-	6	304,725
Currency Swaps	2	22,189,567	2	102,593,177

Type of Derivatives	March 31, 2018		March 31, 2017	
	No of contracts	Value (USD)	No of contracts	Value (USD)
Forward Contracts entered into hedge the currency risk of future interest payments	-	-	6	19.76
Currency Swaps	2	1,446.21	2	6,653.17

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

Disclosure required as per RBI

Forward rate agreement / Interest rate swap

Particulars	March 31, 2018	March 31, 2017
i) The notional principal of swap agreements	1,446.21	6,653.17
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements.	-	-
iii) Collateral required by the NBFC upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swap	-	-
v) The fair value of the swap book	1,446.21	6,653.17

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	March 31, 2018	March 31, 2017
i) Derivatives (Notional principal amount)		
For Hedging	1,446.21	6,653.17
ii) Marked to Market Positions		
a) Asset (+)		
b) Liability (-)	(66.62)	(83.97)
iii) Credit Exposure	-	-
iv) Unhedged Exposure	-	-

NOTE: 35 (I) DISCLOSURES RELATING TO SECURITISATION

The Company has no securitisation transaction during the current and previous year.

NOTE: 35 (II) DETAILS OF ASSIGNMENT TRANSACTIONS

Particulars	March 31, 2018	March 31, 2017
(i) Number of Accounts	1,466	-
(ii) Aggregate value (net of provisions) of accounts sold	552	-
(iii) Aggregate consideration	502	-
(iv) Aggregate consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

NOTE: 36 EXPOSURE

i) Exposure to real estate sector

Category	March 31, 2018	March 31, 2017
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.	295.38	287.80
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.	50.94	39.32
c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:	-	-
i) Residential		
ii) Commercial Real Estate		
ii) Commercial Real Estate	-	-
Total Exposure to Real Estate Sector	346.32	327.12

ii) Exposure to Capital Market

Particulars	March 31, 2018	March 31, 2017
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;	3,699.78	3,191.92
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	3,699.78	3,191.92

NOTE: 37 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

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forming part of the Standalone Financial statements for year ended March 31, 2018

NOTE: 38 PROVISIONS AND CONTINGENCIES

Particulars	March 31, 2018	March 31, 2017
Break -up of Provision and contingencies in statement of profit and loss		
Provision towards NPA	(64.01)	146.78
Provisions for depreciation on Investment	-	-
Provision made towards current tax	3,763.08	4,052.93
Provision for litigation	0.23	6.56
Provision for Standard Assets	61.93	95.90

NOTE: 39 DRAW DOWN FROM RESERVES

There has been no draw down from reserves during the year ended March 31, 2018 (March 31, 2017 - Nil)

NOTES: 40 CONCENTRATION OF ADVANCES, EXPOSURES AND NPAS

i) Concentration of Advances

Particulars	March 31, 2018	March 31, 2017
Total advances to twenty largest borrowers	4,845.00	1,640.33
Percentage of advances to twenty largest borrowers to total advances of the Company	0.77%	0.31%

ii) Concentration of Exposures

Particulars	March 31, 2018	March 31, 2017
Total exposure to twenty largest borrowers/customers	4282.66	877.98
Percentage of exposures to twenty largest borrowers/customers to total exposure of the Company on borrowers/customers	3.31%	0.76%

iii) Concentration of NPA's

Particulars	March 31, 2018	March 31, 2017
Total exposure to top four NPA accounts	44.73	35.56

iv) Sector-wise NPAs

Sector	Percentage of NPAs to Total Advances in that Sector	
	March 31, 2018	March 31, 2017
Agriculture & allied activities	-	-
MSME	2.75%	8.68%
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	-	-
Auto loans	2.54%	1.51%
Other personal loans	0.47%	2.05%

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

v) Movement of NPAs

Particulars	March 31, 2018	March 31, 2017
I) Net NPAs to Net Advances (%)	0.33%	1.77%
II) Movement of NPAs (Gross)		
a) Opening balance	2,337.52	996.41
b) Addition during the year	378.51	2,217.24
c) Reduction during the year	2,021.44	876.13
d) Closing balance	694.58	2,337.52
III) Movement of NPAs (Net)		
a) Opening balance	1,972.24	777.91
b) Addition during the year	86.02	1,965.50
c) Reduction during the year	1,630.95	771.17
d) Closing balance	427.31	1,972.24
IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	331.28	184.50
b) Provision made during the year	251.94	251.74
c) Write-off/write-back of excess provisions	315.94	104.96
d) Closing balance	267.27	331.28

NOTES 41: CUSTOMER COMPLAINTS

Particulars	March 31, 2018	March 31, 2017
No. of complaints pending at the beginning of the year	197	76
No. of complaints received during the year	17,672	10,570
No. of complaints redressed during the year	17,287	10,449
No. of complaints pending at the end of the year	582	197

NOTE 42: MISCELLANEOUS

i) Registration obtained from other financial sector regulators

The Company is registered with the following Financial sector regulators (Financial sector regulators as described by Ministry of Finance) :-

- a) Ministry of Corporate Affairs
- b) Ministry of Finance (Financial Intelligence Unit)
- ii) Disclosure of Penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and other Regulators during the year ended March 31, 2018 and March 31, 2017.

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

Credit rating Agency	Type of Facility	₹ In Million	Rating
Brickwork	Non-Convertible debentures	547	BWR AA
CRISIL	Bank Loan Facility	2,500	CRISIL AA-/ Stable
	Non-Convertible Debenture	25,075	CRISIL AA-/ Stable
	Commercial Paper	35,000	CRISIL A1+
ICRA	Non-Convertible Debentures	2,701	[ICRA]AA-(Stable)
CARE	Bank Loan Facility Long Term	56,800	CARE AA Stable
	Bank Loan Facility Short Term	33,200	CARE A1+
	Non-Convertible Debentures	5,800	CARE AA Stable
	Commercial Paper	35,000	CARE A1+

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

NOTE: 43 ADDITIONAL DISCLOSURES AS REQUIRED BY THE RESERVE BANK OF INDIA:

	March 31, 2018	March 31, 2017
Total Gold loan portfolio	117,349.82	111,245.34
Total Assets	146,758.86	131,463.64
Gold loan portfolio as a percentage age of total assets	80%	85%

NOTE: 44 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 Amount outstanding at the dates of auctions (B)	Total (A+B)	Value fetched *
31-Mar-17	305,439	9,289.54	1,466.29	10,755.83	10,704.05
31-Mar-18	332,767	9,045.30	1,126.70	10,172.00	10,585.50

Note:

No sister concerns participated in the auctions during the year ended March 31, 2018 and March 31, 2017.

* Net of GST / Sale Tax Collected from the buyer.

NOTE: 45 EXPENDITURE IN FOREIGN CURRENCY

	For the year ended March 31, 2018	For the year ended March 31, 2017
Travel	0.10	0.13
Software Expenses	1.60	-
	1.70	0.13

NOTE: 46 UNDER RECOVERY OF INTEREST INCOME

The Company disbursed some gold loans on which the total amount receivable including principal and accumulated interest have exceeded the value of the underlying security. As of March 31, 2018, the Company has not recognized interest income aggregating to ₹ 24.30 (March 31, 2017 - ₹143.00).

NOTE: 47

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 ₹63.29 (March 31, 2017 ₹ 72.17) of which the Company has recovered ₹ 10.22 (March 31, 2017 ₹ 54.71). 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 ₹ 53.07 (March 31, 2017 - ₹17.46) towards these losses based on its estimate.

NOTE: 48 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 March 31, 2018 NIL (March 31, 2017: NIL)
Maximum amount outstanding during the year ₹ 245.00 (March 31, 2017 - ₹ 90.00)
- b) **Manappuram Insurance Brokers Limited**
Balance as at March 31, 2018 Nil (March 31, 2017 - ₹1.13)
Maximum amount outstanding during the year ₹ 1.13 (March 31, 2017 - ₹1.50) Loan given to other subsidiary:
- a) **Asirvad Microfinance Limited**
Balance as at March 31, 2018 NIL (March 31, 2017: NIL)
Maximum amount outstanding during the year NIL (March 31, 2017 - ₹750.00)

Notes

forming part of the Standalone Financial statements for year ended March 31, 2018

NOTE: 49 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Gross Amount required to be spent by the Company during the year	138.08	85.88
b) Amount spent during the year ending on March 31, 2018		
i) Construction/Acquisition of Assets	-	-
ii) On purpose other than (i) above	103.07	-

	In Cash	Yet to be paid in Cash	Total
c) Amount spent during the year ending on March 31, 2017			
i) Construction/Acquisition of Assets	-	-	-
ii) On purpose other than (i) above	112.40	-	112.40

NOTE: 50

The comparative financial information of the Company for the year ended March 31, 2017 have been audited by the previous Auditor.

NOTE: 51 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

Kapil Krishan

Chief Financial Officer

Place: Valapad, Thrissur

Date : May 18, 2018

B. N. Raveendra Babu

Executive Director
DIN: 00043622

Ramesh Periasamy

Company Secretary

Schedule to the Balance Sheet of a NBFC

Particulars	Amount outstanding	Amount overdue
Liabilities side		
(1) Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid :		
(a) Debentures : Secured	21,298.34	
: Unsecured (other than falling within the meaning of public deposits*)		
(b) Deferred Credits		
(c) Term Loans	5,215.52	
(d) Inter-corporate loans and borrowing		
(e) Commercial Paper	29,097.50	
(f) Public Deposits*	-	
(g) Other Loans (specify nature)		
Subordinate bond	92.60	
Bank	49,022.20	
Others	-	
* Please see Note 1 below		
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :		
(a) In the form of Unsecured debentures		
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		
(c) Other public deposits	0	
* Please see Note 1 below		
Assets side		Amount outstanding
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
(a) Secured		129,181.08
(b) Unsecured		52.76
(4) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease		
(b) Operating lease		
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire		
(b) Repossessed Assets		
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed		
(b) Loans other than (a) above		
(5) Break-up of Investments		
Current Investments		
1. Quoted		
(i) Shares		
(a) Equity		
(b) Preference		
(ii) Debentures and Bonds		
(iii) Units of mutual funds		
(iv) Government Securities		
(v) Others (please specify)		
(2) Unquoted		
(i) Shares		
(a) Equity		
(b) Preference		
(ii) Debentures and Bonds		
(iii) Units of mutual funds		
(iv) Government Securities		
(v) Others (please specify)		

Schedule to the Balance Sheet of a NBFC

Particulars	Amount outstanding	Amount overdue
Long Term investments		
1. Quoted		
(i) Share		
(a) Equity		
(b) Preference		
(ii) Debentures and Bonds		
(iii) Units of mutual funds		
(iv) Government Securities		
(v) Others (please specify)		
2. Unquoted		
(i) Shares		
(a) Equity		
(b) Preference		
(ii) Debentures and Bonds		
(iii) Units of mutual funds		
(iv) Government Securities		
(v) Others (please specify)		
(vi)		
(6) Borrower group-wise classification of assets financed as in (3) and (4) above :		
Please see Note 2 below		
Category	Amount net of provisions	
	Secured	Unsecured
1. Related Parties **		
(a) Subsidiaries	0	
(b) Companies in the same group		
(c) Other related parties		
2. Other than related parties	129,181.08	52.76
Total		
(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :		
Please see note 3 below		
Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	3,699.75	3,699.75
(b) Companies in the same group		
(c) Other related parties		
2. Other than related parties	50.03	
Total		
** As per Accounting Standard of ICAI (Please see Note 3)		
(8) Other information		
Particulars	Amount	
(i) Gross Non-Performing Assets		
(a) Related parties		
(b) Other than related parties		694.58
iii Assets acquired in satisfaction of debt		
Notes :		
1	As defined in point xix of paragraph 3 of chapter 2 of these Directions.	
2	Provisioning norms shall be applicable as prescribed in these Directions	
3	All accounts standards and Guidance note issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However market value in respect of quoted investment and break up/share value/ NAV in respect of unquoted investment shall be disclosed irrespective of whether they are classified as long term or current in (5) above	

Independent Auditor's Report

To The Members of MANAPPURAM FINANCE LIMITED

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of MANAPPURAM FINANCE LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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.

OPINION

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 Act in the manner so required and give a true and fair view in conformity with the Accounting Standards and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit and their consolidated cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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 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.

Independent Auditor's Report

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the Statutory Auditors of its Subsidiary Companies, none of the directors of the Group companies, is disqualified as on March 31, 2018 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 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 internal financial controls over financial reporting of those companies, for the reasons stated therein.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, 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.
 - 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.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.
- For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)
- S Sundaresan**
Partner
(Membership No.25776)
BENGALURU, 18th May, 2018

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph (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")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, 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 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "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 Act.

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, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI 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.

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

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph (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")

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, 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 March 31, 2018, 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 issued by the ICAI.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No.117366W/W-100018)

S Sundaresan

Partner

(Membership No.25776)

BENGALURU, 18th May, 2018

Consolidated Balance Sheet

as at March 31, 2018

	Note No.	As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,685.07	1,683.80
Reserves and surplus	4	36,676.97	31,934.15
		38,362.04	33,617.95
Minority Interest			
		266.75	238.43
Non-current liabilities			
Long-term borrowings	5	26,962.54	31,224.11
Other long term liabilities	6	684.25	1,134.82
Long-term provisions	10	71.77	105.48
		27,718.56	32,464.41
Current liabilities			
Short-term borrowings	7	78,274.66	62,809.43
Trade Payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	8	534.57	733.58
Other current liabilities	9	25,280.38	20,111.66
Short-term provisions	10	1,887.66	1,548.06
		105,977.27	85,202.73
Total		172,324.62	151,523.52
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11A	2,691.48	1,832.10
Intangible assets	11B	52.88	31.10
Capital work-in-progress		1.46	6.28
Goodwill on consolidation		355.65	355.65
Non-current investments	12	50.53	50.53
Deferred tax assets (net)	13	1,039.64	777.16
Long-term loans and advances	14	13,615.08	8,748.07
Other Non current assets	15	659.32	623.84
		18,466.04	12,424.73
Current assets			
Cash and cash equivalents	16	6,986.45	5,554.26
Short-term loans and advances	14	143,019.25	129,872.40
Other current assets	15	3,852.88	3,672.13
		153,858.58	139,098.79
Total		172,324.62	151,523.52

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

For and on behalf of the Board of Directors

V.P. Nandakumar

Managing Director & Chief Executive Officer

DIN: 00044512

Kapil Krishan

Chief Financial Officer

B. N. Raveendra Babu

Executive Director

DIN: 00043622

Ramesh Periasamy

Company Secretary

Place: Bengaluru

Date : May 18, 2018

Place: Valapad, Thrissur

Date : May 18, 2018

Statement of Profit and Loss

for the year ended March 31, 2018

	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
INCOME			
Revenue from operations	17	34,233.57	33,854.00
Other income	18	531.99	235.16
Total revenue		34,765.56	34,089.16
EXPENSES			
Finance costs	19	10,276.64	11,687.05
Employee benefits expense	20	6,167.12	5,025.82
Other expenses	21	7,469.12	5,087.55
Depreciation and amortization expense	22	682.59	631.54
Total Expense		24,595.47	22,431.96
Profit before tax		10,170.09	11,657.20
Tax expense			
Current tax		3,748.49	4,415.60
Deferred tax		(262.48)	(343.30)
Total tax expense		3,486.01	4,072.30
Profit for the year before minority interest		6,684.08	7,584.90
Less : Minority interest - Share of profit / (Loss)		(24.86)	26.42
Profit for the year		6,708.94	7,558.48
Earnings per share [Face value of ₹ 2/-]	23		
Basic earnings per share (₹)		7.97	8.98
Diluted earnings per share (₹)		7.95	8.98

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

For and on behalf of the Board of Directors

V.P. Nandakumar

Managing Director & Chief Executive Officer

DIN: 00044512

Kapil Krishan

Chief Financial Officer

B. N. Raveendra Babu

Executive Director

DIN: 00043622

Ramesh Periasamy

Company Secretary

Place: Bengaluru

Date : May 18, 2018

Place: Valapad, Thrissur

Date : May 18, 2018

Consolidated Cash flow Statement

for the year ended March 31, 2018

	For the year ended March 31, 2018	For the year ended March 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	10,170.09	11,657.20
Depreciation and amortization	682.59	631.54
Profit on sale of fixed assets	(3.07)	(5.17)
Interest income on DLB Bond	(5.95)	(5.98)
Dividend Income	(19.59)	(11.86)
Interest Income	(59.34)	(49.48)
Income from Securitisation of Receivables	(221.57)	(158.76)
Interest Expense	0.09	0.11
Provision for standard assets	212.11	625.14
Bad debts/advances written off, provision for other assets and provision for non performing assets	1,875.53	454.93
Provision for gratuity	0.91	0.13
Amortisation of Forward exchange contract premium	27.68	89.77
Provision for Litigation claim	0.23	6.56
Operating profit before working capital changes	12,659.71	13,234.13
Movements in working capital :		
Increase/ (decrease) in trade payable	(199.01)	503.45
Increase/ (decrease) in trade Receivable	(7.63)	3.52
Increase/ (decrease) in other current liabilities and provisions	(502.56)	2,337.04
Increase / (decrease) in short term borrowings	149.56	(0.03)
Increase/ (decrease) in long term provisions	5.29	9.77
Decrease / (increase) in long-term loans and advances	(9,919.06)	(11,113.51)
Decrease / (increase) in short-term loans and advances	(8,375.66)	(13,498.50)
Decrease / (increase) in other current assets	99.79	260.66
Decrease / (increase) in other non-current assets	53.95	(86.15)
Increase / (decrease) in Other long term liabilities	(433.22)	(187.27)
Cash generated from /(used in) operations	(6,468.84)	(8,536.89)
Direct taxes paid (net of refunds)	(4,251.48)	(4,170.02)
Net cash flow from/ (used in) operating activities (A)	(10,720.32)	(12,706.91)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on Fixed Assets	(1,615.72)	(542.05)
Proceeds from sale of fixed assets	17.53	6.53
Sale of current investments	-	440.08
Interest income on DLB Bond	5.95	5.98
Dividend Received	19.59	11.86
Interest received	0.22	0.15
Redemption/ maturity of bank deposits (having original maturity of more than three months)	639.86	1,148.11
Investments in bank deposits (having original maturity of more than three months)	(1,587.38)	(1,319.68)
Net cash flow from/ (used in) investing activities (B)	(2,519.95)	(249.02)

Consolidated Cash flow Statement

for the year ended March 31, 2018

	For the year ended March 31, 2018	For the year ended March 31, 2017
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	105.17	21.65
Proceeds from Institutional debentures (long term)	3,668.47	18,860.12
Repayment of Institutional debentures (long term)	(767.00)	(436.40)
Repayment of Public debentures	(2,706.74)	(1,539.72)
Repayment of Retail Debenture	(320.72)	(94.66)
Proceeds from Commercial paper	140,876.48	87,246.61
Repayment of Commercial paper	(135,119.36)	(73,489.32)
Proceed from Vechile Loan	-	31.00
Repayment of Vechile Loan	(5.30)	(1.73)
Proceed from Finance Lease	110.63	35.30
Repayment of Finance Lease	(39.64)	(27.55)
Repayment of Subordinate Debt	(857.58)	(1,807.31)
Proceed from Term loan from Bank	224,526.59	109,529.96
Repayment of Term Loan from Banks	(207,657.45)	(124,610.68)
Proceeds from Foreign currency term loan - Bank	-	1,500.00
Proceeds from Foreign currency WCDL - Bank	(5,617.44)	5,500.00
Proceeds from Borrowings from others	213.08	122.27
Repayment of Borrowings from others	(92.40)	(248.53)
Net proceeds / (Repayments) of borrowings from others	-	(7,206.18)
Proceeds / (Repayment) in working capital bank borrowings (net)	(671.38)	248.12
Finance costs	(0.09)	(0.11)
Dividends paid	(1,683.94)	(1,262.56)
Tax on dividend	(342.81)	(257.02)
Net cash flow from/ (used in) in financing activities (C)	13,618.57	12,113.26
Net increase/(decrease) in cash and cash equivalents (A + B + C)	378.30	(842.67)
Cash and cash equivalents at the beginning of the year	3,427.61	4,270.28
Cash and cash equivalents at the end of the year (note 16)	3,805.91	3,427.61

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 18, 2018

For and on behalf of the Board of Directors

V.P. Nandakumar

Managing Director & Chief Executive Officer

DIN: 00044512

Kapil Krishan

Chief Financial Officer

Place: Valapad, Thrissur

Date : May 18, 2018

B. N. Raveendra Babu

Executive Director

DIN: 00043622

Ramesh Periasamy

Company Secretary

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

1) CORPORATE INFORMATION

Manappuram Finance Limited ('MAFIL' or 'the Company' or 'the Holding Company') was incorporated on July 15, 1992 in Thrissur, Kerala. 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 currently operates through 3,329 branches spread across the country. The Company is a Systemically Important Non-Deposit taking NBFC.

The Company has three subsidiaries, Manappuram Home Finance Limited ('MHF'), Manappuram Insurance Brokers Limited ("Maibro") and Asirvad Microfinance Limited ('Asirvad') 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.

The Consolidated Financial Statements ("the CFS") relate to the Group. The CFS has been prepared in accordance with (AS-21) "Consolidated Financial Statements", under section 133 of the Companies Act, 2013 ("the Act") read together with paragraph 7 of the Companies (Accounts) Rules, 2014

Following Subsidiary Companies have been considered in the preparation of the consolidated financial statements:

Name of the Company	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power either directly or indirectly through subsidiary as at	
				March 31, 2018	March 31, 2017
Manappuram Home Finance Limited	Wholly Owned Subsidiary Company	India	Manappuram Finance Limited	100%	100%
Manappuram Insurance Brokers Limited	Wholly Owned Subsidiary Company	India	Manappuram Finance Limited	100%	100%
Asirvad Microfinance Limited	Subsidiary Company	India	Manappuram Finance Limited	90.39%	90.38%

2) BASIS OF PREPARATION

a) The CFS of the Group has been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The management has prepared these CFS to comply in all material respects with the accounting standards prescribed under section 133 of the Act and the guidelines issued by the Reserve Bank of India as applicable to a non deposit accepting NBFC and the guidelines issued by the National Housing Board (NHB) as applicable to a non deposit accepting NBFC. The CFS has been prepared under the historical cost convention and on an accrual basis except for interest and discounts on non-performing assets which are recognized on realization basis.

The accounting policies adopted in the preparation of CFS are consistent with those of previous year.

b) The CFS of the Group has been prepared based on a line-by-line consolidation of the Balance Sheet as at March

31, 2018 and Statement of Profit and Loss and cash flows of the Company and its Subsidiaries for the year ended March 31, 2018.

c) The financial statements of the Subsidiaries used for consolidation are drawn for the same reporting period as that of the Company i.e. year ended March 31, 2018.

d) All material inter-company transactions and balances between the entities have been eliminated in the CFS.

e) The CFS has been prepared using uniform accounting policies, except as stated otherwise, for similar transactions and are presented to the extent possible, in the same manner as the Company's standalone financial statements.

f) The excess of cost to the Company of its investment in the subsidiary companies over its equity of the subsidiary companies, at the date on which the investment in the

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

subsidiary companies are made, is recognized as Goodwill being an asset in the consolidated financial statements.

- g) Minority interest, if any, in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the date on which investment are made by the Company in the subsidiary companies and further movement in their share in the equity, subsequent to the date of investment as stated above.

2.1) Statement of significant accounting policies

a) Use of estimates

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

b) Property Plant and Equipment

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

c) Depreciation

Depreciation is provided using straight line method (except for one of the subsidiaries, which is following written down value method) at the following rates, which is management's estimate of the useful lives of the assets:

Nature of asset	Useful life in years
Computer equipment	
- End user equipment	3
- Server*	3-6
Furniture and fixtures	
- Safe and strong rooms	10
- Others*	3-10
Office equipment *	3-10
Buildings	30
Vehicles	8
Plant & machinery	15

*The Group has estimated useful life which is different for Schedule II useful life's based on technical advice obtained by the management.

d) Intangible assets – Computer software & licenses

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

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

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

e) Impairment of tangible and intangible assets

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

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

f) Leases

Finance leases, which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease

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forming part of the Consolidated Financial statements for the year ended March 31, 2018

management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

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

g) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Quoted current investments for each category is valued at cost or market value whichever is lower. Unquoted investments in the units of mutual fund in the nature of current investment are also carried at lower of cost and fair value determined on an individual investment basis.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

h) Revenues

Interest Income

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

Interest income on loans given is recognized on a time proportion basis taking into account the amount

outstanding and the rate applicable. Such interests, where instalments are overdue in respect of non-performing assets are recognized on realization basis. Any such income recognized and remaining unrealized after they become overdue in respect of standard gold loan accounts are reversed.

Loan origination income i.e. processing fee and other charges collected upfront are recognized at the inception of the loan. Except in the case of Gold Loans these income are recognized at the time of settlement.

Income on securitisation

In respect of the receivables securitized / assigned, losses arising are recognized in the Statement of Profit and Loss immediately upon receipt of sale consideration. Gains arising from the transaction are amortized over the tenure of the transaction. Reversal of gains proportionate to the amount prepaid by the borrowers is also provided for during the year of prepayment.

Others

Commission income on marketing of products is recognised on accrual basis when the service is rendered taking into account the number of units sold at the rates applicable according to the terms of the agreement.

Commission income on the other services is recognised on accrual basis when the service is rendered at the rates applicable in accordance with the terms of the agreement.

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

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

Fee income on loans sourced on behalf of other business partners is recognized on accrual basis according to the terms of the agreement.

Commission from insurance companies is being recognised on acceptance of insurance policy by the insurance companies.

i) Employee benefits

i. Retirement benefit in the form of Provident Fund is a defined contribution scheme. The Group has no

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forming part of the Consolidated Financial statements for the year ended March 31, 2018

obligation payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme and Employees State Insurance Scheme as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees. If the contribution payable to the scheme for the service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as the 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 recognized as an asset to the extent the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

- ii. Gratuity liability under the Payment of Gratuity Act which is a defined benefit scheme is accrued and provided for on the basis of an actuarial valuation as per projected unit credit method made at the end of each financial year.
- iii. Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.
- iv. The Group 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 Group and its subsidiaries to acquire equity shares of the Group 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 Intrinsic Value Method stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India.

j) Leave benefit plan

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet considering the absence of unconditional right to defer its settlement.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

k) Foreign currency transactions

(i) Initial Recognition

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

(ii) Conversion

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

(iii) Exchange Differences

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

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The Company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risk associated with foreign currency fluctuations. The premium or discount arising at the inception of forward exchange contract (other than firm commitment or highly probable forecast transaction) is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period. Any gain/ loss arising on forward exchange contracts which are long-term foreign currency monetary items is recognized in accordance with the following

- a) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset
- b) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

(v) Derivative instruments and hedge accounting

The company uses derivative financial instruments, such as, foreign currency forward contracts to hedge foreign currency risk arising from future transactions in respect of which firm commitments are made or which are highly probable forecast transactions. It also uses interest rate swaps to hedge interest rate risk arising from variable rate loans. The company designates these forward contracts and interest rate swaps in a hedging relationship by applying the hedge accounting principles set out in Guidance note on Derivative Contracts issued by ICAI.

The use of derivative contracts is governed by the Company's policies on the use of such derivative

consistent with the Company's risk management strategy. The company doesn't use the derivative financial instrument for speculative purposes.

Derivative contracts are initially measured at fair value and re-measured at subsequent reporting dates. Change in fair value of these Derivative contracts are designated and effective as hedges of future cash flows are recognized directly in "Hedging Reserve Account" under Shareholders' Funds and the ineffective portion is recognized immediately in Statement of Profit and Loss.

Changes in fair value of Derivative Contracts that do not qualify for hedge accounting are recognized in Statement of Profit and Loss as they arise.

The amounts recognized in the Hedging Reserve are transferred to the Statement of Profit and Loss when the hedged transaction crystallises.

If the forecast transactions are no longer expected to occur, the cumulative gain or loss previously recognized in the hedging reserve is transferred to Statement of Profit and Loss.

Hedge Accounting is discontinued when the hedging instrument expires or sold, terminated or exercised, or no longer qualifies for hedge accounting. If any of these events occur or if a hedge transaction is no longer expected to occur, the net cumulative gain or loss recognized under Shareholders' Fund is transferred to the Statement of Profit and Loss for the year.

l) Borrowing costs

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

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

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

m) Income Tax

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years.

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

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

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

n) Earnings per share

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

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

o) Provisions

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

Loan and other credit facilities are classified as per the Reserve Bank of India (RBI) and National Housing Bank (NHB) guidelines, into performing and non-performing assets. Further non-performing assets are classified into sub-standard, doubtful and loss assets and provision made based on the criteria stipulated by RBI and NHB guidelines. Additional provision are made against specific non-performing assets over and above stated in RBI and NHB guidelines, if in the opinion of the management, increased provisions are necessary.

- (ii) Provision for credit enhancements on assets derecognized

Upto March 31, 2016, provision for credit enhancements on assets derecognized is made based on Management estimates @ 1% of the outstanding amount of assets de-recognized from the books of the company as at the Balance Sheet Date.

Effective from April 1, 2016, the Management has re-evaluated the requirement of provision taking into account the past trend / history of delinquencies and the nature of the securitisation transactions. Based on the same, no additional provision has been created with regard to the standard asset forming part of securitisation transactions entered with effect from April 1, 2016.

p) Segment reporting

The Group operates in a single reportable segment i.e., financing, which has similar risks and returns for the purpose of AS 17 on 'Segment Reporting'. The Company operates in a single geographical segment i.e., domestic.

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

q) Cash and Cash Equivalents (for purposes of Cash Flow Statements)

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

r) Cash Flow Statements

Cash flows are reported using the indirect method (except for one Subsidiary), whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past / future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

s) Ancillary borrowing costs

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

t) Securities issue expenses

Expenses incurred in connection with issue of shares are adjusted (net of tax effects, if any) against the securities premium account in accordance with Section 52 of the Companies Act, 2013.

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

u) Insurance claims

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

receiving the claims. The Group re-assesses the claims made at each reporting period for recoverability.

v) Surplus on auction of pledged gold

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

w) Expenditure on Corporate Social Responsibility (CSR)

The Group accounts the expenditure incurred towards Corporate Social Responsibility as required under the Act as a charge to the statement of profit and loss.

x) 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 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 Group does not recognize a contingent liability but discloses its existence in the CFS as there is no indication of the uncertainties relating to any outflow.

y) Goodwill on acquisition

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

NOTE: 3 SHARE CAPITAL

	As at March 31, 2018	As at March 31, 2017
Authorised		
980,000,000 (March 31, 2017: 980,000,000) equity shares of ₹ 2/- each	1,960.00	1,960.00
400,000 (March 31, 2017: 400,000) redeemable preference shares of ₹ 100/- each	40.00	40.00
	2,000.00	2,000.00
Issued, subscribed and fully paid-up		
842,535,762 (March 31, 2017: 841,899,636) equity shares of ₹ 2/- each	1,685.07	1,683.80
Total issued, subscribed and fully paid-up share capital	1,685.07	1,683.80

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

	March 31, 2018		March 31, 2017	
	No. Million	₹ (in Million)	No. Million	₹ (in Million)
At the beginning of the year	841.89	1,683.80	841.20	1,682.41
Issued during the year - ESOP	0.64	1.27	0.69	1.39
Outstanding at the end of the year	842.53	1,685.07	841.89	1,683.80

b. Terms/rights attached to equity shares

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

During the year ended March 31, 2018, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 2/- per share (March 31, 2017: ₹ 1.50 per share).

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

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

	March 31, 2018	March 31, 2017
	No. Millions	No. Millions
Equity shares allotted as fully paid bonus shares by capitalization of securities premium, general reserve and capital redemption reserve.	-	614.56

In addition, the Company has issued 1,328,626 equity shares (March 31, 2017: 746,500) 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.

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

	March 31, 2018		March 31, 2017	
	No. Millions	% of holding	No. Millions	% of holding
Mr. Nandakumar V P	239.37	28.41	237.57	28.22
Ms. Sushama Nandakumar	48.00	5.70	48.00	5.70
Baring India Private Equity Fund III	47.62	5.66	47.62	5.66
Quinag Acquisition (FPI) Ltd	57.79	6.86	-	-

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

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

NOTE: 4 RESERVES AND SURPLUS

	As at March 31, 2018	As at March 31, 2017
Securities premium account		
Opening balance	13,719.42	13,699.16
Add: Premium on shares issued during the year	50.96	20.26
Closing Balance	13,770.38	13,719.42
Statutory Reserve pursuant to Section 45-IC of The RBI Act, 1934		
Opening balance	5,906.61	4,385.49
Add: On acquisition	-	-
Add: Transfer from surplus in Consolidated Statement of Profit and Loss	1,400.34	1,521.12
Closing Balance	7,306.95	5,906.61
Debenture Redemption Reserve		
Opening balance	821.21	718.95
Add: amount transferred from surplus in Consolidated Statement of Profit and Loss (refer note 4 (a) & (b))	-	102.26
Less: Amount transferred to surplus in Consolidated Statement of Profit and Loss	(676.68)	-
Closing Balance	144.53	821.21
Capital Redemption Reserve		
Opening balance	50.00	50.00
Add: amount transferred from surplus in Consolidated Statement of Profit and Loss	-	-
Closing Balance	50.00	50.00
General Reserve		
Opening balance	3,885.08	3,885.08
Closing Balance	3,885.08	3,885.08
Hedging Reserve		
Opening Balance	(22.96)	-
Gains/(losses) during the year	10.13	(22.96)
	(12.83)	(22.96)
Surplus in Consolidated Statement of Profit and Loss		
Opening balance	7,574.79	3,159.29
Profit for the year	6,708.94	7,558.48
Less: Appropriations		
Transfer to/(from) Debenture Redemption Reserve	(676.68)	102.26
Interim dividend on equity shares	1,683.94	1,262.56
Tax on interim dividend on equity shares	343.27	257.04
Transfer to Statutory Reserve	1,400.34	1,521.12
Total appropriations	2,750.87	3,142.98
Surplus in Consolidated Statement of Profit and Loss	11,532.86	7,574.79
Total Reserves and Surplus	36,676.97	31,934.15

Notes:

- Pursuant to Section 71 of the Companies Act, 2013 and circular 04/2013, read with notification issued dated June 19, 2016 issued by Ministry of Corporate Affairs, the Company is required to transfer 25% of the value of the outstanding debentures issued through public issue as per the present SEBI (Issue and Listing of Debt Securities) Regulation, 2008 to Debenture Redemption Reserve (DRR) and no DRR is required in case of privately placed debenture. Also the Company is required 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.
- In respect of the debentures issued through public issue, the Company has created DRR of ₹ 144.53 as at March 31, 2018 (March 31, 2017 - ₹ 821.21). The Company subsequent to the year-end has deposited a sum of ₹ 2.62 (March 31, 2017 - ₹ 291.20) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date net of redemption before April 30, 2018.

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

NOTE: 5 LONG-TERM BORROWINGS

	Non-current		Current maturities	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Sub-ordinated debt (Unsecured)				
Subordinate debt from banks	-	-	-	500.00
Subordinate bonds from others	55.43	63.99	4.97	353.99
Debentures (Secured)				
Non-convertible Debentures - Private placement	13,842.44	21,561.06	11,819.12	1,519.76
Non-convertible Debentures - Public issue	562.04	578.10	16.06	2,706.74
Term loans				
Indian rupee loan from banks (secured)	9,178.82	5,461.25	6,592.75	8,738.41
Foreign Currency Term Loan from banks (secured)	1,446.21	1,438.99	-	-
Indian rupee loan from others (secured)	1,280.75	2,074.36	1,820.83	1,924.10
Indian rupee loan from others (unsecured)	500.00	-	403.08	31.27
Vehicle loans (secured)	18.66	30.46	5.78	8.55
Finance lease obligation (secured)	78.19	15.90	62.77	44.93
	26,962.54	31,224.11	20,725.36	15,827.75
The above amount includes				
Secured borrowings	26,407.11	31,160.12	20,317.31	14,942.49
Unsecured borrowings	555.43	63.99	408.05	885.26
Amount disclosed under the head "other current liabilities" (note 9)	-	-	(20,725.36)	(15,827.75)
Net amount	26,962.54	31,224.11	-	-

A) Indian rupee loan from banks (secured)

As at March 31, 2018

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within 1-2 years	8.20 -10.00%	2,700.00	-
Due within 1 year	8.20 -10.00%	-	754.16
Total (A)		2,700.00	754.16

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 (including Long term and short term) has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of ₹ 4,770.05 (March 31, 2017 - ₹ 4,671.71)

Particulars	Non current portion	Current Maturities
Base Rate+Spread	4,289.25	5,303.88
Total (B)	4,289.25	5,303.88

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans.

Particulars	Non current portion	Current Maturities
Fixed	2,189.57	534.71
Total ('C)	2,189.57	534.71

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

	Non current portion	Current Maturities
Total (A+B+C)	9,178.82	6,592.75

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.

As at March 31, 2017

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within 1-2 years	9.60 -10.45%	795.83	-
Due within 1 year	9.60 -10.70%	-	4,841.67
Total (A)		795.83	4,841.67

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 (including Long term and short term) has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of ₹ 4,770.05 (March 31, 2017 - ₹ 4,671.71)

Particulars	Non current portion	Current Maturities
Base Rate+Spread	2,606.37	3,653.29
Total (B)	2,606.37	3,653.29

All loans are secured by hypothecation of the Book Debts receivable under Microfinance Loans.

As at March 31, 2017

Particulars	Non current portion	Current Maturities
Fixed	2059.05	243.45
Total (C)	2,059.05	243.45

	Non current portion	Current Maturities
Total (A+B+C)	5,461.25	8,738.41

These are secured by an exclusive charge by way of pari passu first charge on housing loans receivables of the Manappuram Home Finance which are regular as per NHB Guidelines.

B) Indian rupee loan from others (Unsecured)

As at March 31, 2018

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within One year	7.60 -10 %	500.00	403.08
Total		500.00	403.08

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

As at March 31, 2017

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within One year	12.30 -13.75 %	-	31.27
Total		-	31.27

C) Vehicle loans (Secured loans)

As at March 31, 2018

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest		Total
	< 10%	>= 10% < =12%	
	Amount	Amount	Amount
Later than one year and not later than five years	18.66	-	18.66
Due within 1 year	5.78	-	5.78
Grand Total	24.44	-	24.44
Non current portion			18.66
Current Maturities			5.78

The loans are secured by hypothecation of the respective vehicles against which the loan has been availed.

As at March 31, 2017

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest		Total
	< 10%	>= 10% < =12%	
	Amount	Amount	Amount
Later than one year and not later than five years	30.46	-	30.46
Due within 1 year	8.55	-	8.55
Grand Total	39.01	-	39.01
Non current portion			30.46
Current Maturities			8.55

The loans are secured by hypothecation of the respective vehicles against which the loan has been availed.

- D)** Subordinate debt from banks as at March 31, 2018 aggregating to ₹ Nil (March 31, 2017 - ₹ 500) which carries an interest rate of 13.55% (floating - BR + 3.30%) is repayable at the end of five years and six months from the date of the loan viz. January 28, 2012.
- E)** 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. ₹ 145.77 Million (March 31, 2017 - ₹ 9.88) each.
- F) Foreign currency loan:**
- 1) ₹ 1,000 as at March 31, 2018 (March 31, 2017 - ₹ 1,000) which carries interest @ LIBOR plus 265bps. The loan is repayable after 3 years from the date of its origination, viz., May 9, 2016.
 - 2) ₹ 500 as at March 31, 2018 (March 31, 2017 - ₹ 500) which carries interest @ LIBOR plus 215bps. The loan is repayable after 3 years from the date of its origination, viz., December 22, 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 (including Long term and short term) has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of ₹ 4,770.05 (March 31, 2017 - ₹ 4,671.71)

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

G) Indian rupee loan from others (secured)

As at March 31, 2018

Particulars	Non current portion	Current Maturities
Fixed	1,280.75	1,820.83
Total	1,280.75	1,820.83

As at March 31, 2018

Particulars	Non current portion	Current Maturities
Base Rate+Spread	-	-
Fixed	2,074.36	1,924.10
Total	2,074.36	1,924.10

All loans are secured by hypothecation of the Book Debts receivable under Microfinance Loans.

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 March 31, 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
Non-current portion								55.43
Current maturities								4.97
Total								60.40

As at March 31, 2017

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	-	-	1,472	1.47	3,542	3.54	5,014	5.01
Due within 4-5 years	-	-	18,452	18.45	12,463	12.46	30,915	30.91
Due within 3-4 years	6,857	6.86	10,589	10.59	-	-	17,446	17.44
Due within 2-3 years	413	0.41	2,937	2.94	2,309	2.31	5,659	5.66
Due within 1-2 years	-	-	-	-	4,965	4.97	4,965	4.97
Due within 1 year	-	-	139,795	139.80	214,189	214.19	353,984	353.99
Grand Total	7,270	7.27	173,245	173.25	237,468	237.47	417,983	417.98
Non-current portion								63.99
Current maturities								353.99
Total								417.98

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

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

As at March 31, 2018

Terms of repayment

Redeemable at par within	Rate of interest									
	< 10%		≥ 10% < 12%		≥ 12% < 14%		≥ 14% < 16%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 2-3 years	-	-	-	-	-	-	-	-	-	-
Due within 1-2 years	-	-	-	-	-	-	-	-	-	-
Due within 1 year	-	-	-	-	1,080,075	1,080.08	423,310	423.31	1,503,385	1,503.39
Grand Total	-	-	-	-	1,080,075	1,080.08	423,310	423.31	1,503,385	1,503.39
Non-current portion										-
Current maturities										1,503.39
Total										1,503.39

As at March 31, 2017

Terms of repayment

Redeemable at par within	Rate of interest									
	< 10%		≥ 10% < 12%		≥ 12% < 14%		≥ 14% < 16%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 2-3 years	-	-	-	-	-	-	-	-	-	-
Due within 1-2 years	-	-	-	-	1,105,068	1,105.07	426,990	426.99	1,532,058	1,532.06
Due within 1 year	-	-	20,000	20.00	104,961	104.96	167,097	167.10	292,058	292.06
Grand Total	-	-	20,000	20.00	1,210,029	1,210.03	594,087	594.09	1,824,116	1,824.12
Non-current portion										1,532.06
Current maturities										292.06
Total										1,824.12

Nature of Security

Secured by a floating charge on the book debts of the Company on gold and other unencumbered assets. The Company shall maintain 100% security cover on the outstanding balance of debenture with accrued interest any time. Debentures are offered for a period of 366 days to 65 Months.

Non-Convertible debentures

Private Placement

Particulars	Non-Current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
i) Retail	4,912.44	6,481.06	3,669.12	292.06
ii) Institutional	8,930.00	15,080.00	8,150.00	1,227.70
Total	13,842.44	21,561.06	11,819.12	1,519.76

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

ii) Private Placement -Institutional issue of Redeemable Non-convertible Debentures of ₹ 1,000,000/- each

As at March 31, 2018

Terms of repayment

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Put and Call option
20-Mar-13	30	30.00	13.25%	20-Mar-23	None
24-May-16	750	750.00	10.50%	04-Apr-19	None
24-May-16	750	750.00	10.50%	08-Apr-19	None
28-Jun-16	400	400.00	9.80%	28-Jun-19	None
28-Jul-16	1,400	1,400.00	10.30%	28-Jul-18	None
05-Aug-16	1,000	1,000.00	10.31%	28-Dec-18	None
05-Aug-16	1,500	1,500.00	10.31%	15-Mar-19	None
23-Aug-16	750	750.00	10.20%	22-Mar-19	None
26-Aug-16	500	500.00	10.25%	26-Aug-19	None
31-Aug-16	2,000	2,000.00	10.20%	20-Dec-18	None
15-Sep-16	2,000	2,000.00	10.15%	15-Sep-19	None
27-Sep-16	1,500	1,500.00	10.05%	20-Mar-19	None
14-Oct-16	2,500	2,500.00	9.99%	14-Oct-19	None
30-Oct-17	2,000	2,000.00	8.80%	20-Dec-20	None
Total	17,080	17,080			
Non-current portion		8,930.00			
Current maturities		8,150.00			
Total		17,080.00			

As at March 31, 2017

Terms of repayment

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Put and Call option
31-Dec-12	400	400.00	12.55%	31-Dec-17	None
09-Jan-13	116	116.00	12.40%	09-Jan-18	None
01-Feb-13	250	250.00	12.80%	01-Feb-18	None
20-Mar-13	1	1.00	12.40%	20-Mar-18	None
20-Mar-13	30	30.00	13.25%	20-Mar-23	None
24-May-16	750	750.00	10.50%	04-Apr-18	None
24-May-16	750	750.00	10.50%	08-Apr-18	None
28-Jun-16	400	400.00	9.80%	28-Jun-19	None
28-Jul-16	1,400	1,400.00	10.30%	28-Jul-18	None
05-Aug-16	1,000	1,000.00	10.31%	28-Dec-18	None
05-Aug-16	1,500	1,500.00	10.31%	15-Mar-18	None
23-Aug-16	750	750.00	10.20%	22-Mar-18	None
26-Aug-16	500	500.00	10.25%	26-Aug-19	None
31-Aug-16	2,000	2,000.00	10.20%	20-Dec-18	None
15-Sep-16	2,000	2,000.00	10.15%	15-Sep-19	None
27-Sep-16	1,500	1,500.00	10.05%	20-Mar-19	None
14-Oct-16	2,500	2,500.00	9.99%	14-Oct-19	None
Total	15,847	15,847.00			
Non-current portion		15,080.00			
Current maturities		767.00			
Total		15,847.00			

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

Nature of Security

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

iii) Public issue of Redeemable Non-convertible Debentures of ₹ 1,000/- each

As at March 31, 2018

Terms of repayment

Date of allotment	Number	Amount	Interest Rate	Redeemable at par on
28-Jan-14	4,919	4.92	11.50%	28-Jan-19
28-Jan-14	11,140	11.14	12.00%	28-Jan-19
05-Apr-14	5,012	5.01	11.50%	05-Apr-19
05-Apr-14	8,447	8.45	12.00%	05-Apr-19
18-Oct-14	22,024	22.02	11.25%	18-Oct-19
18-Oct-14	12,970	12.97	11.50%	18-Oct-19
28-Jan-14	175,298	175.30	12.61%	28-Nov-19
05-Apr-14	187,771	187.77	12.61%	05-Feb-20
18-Oct-14	150,523	150.52	11.70%	18-Jan-21
Total	578,104	578.10		
Non-current portion		562.04		
Current maturities		16.06		
Total		578.10		

As at March 31, 2017

Terms of repayment

Date of allotment	Number	Amount	Interest Rate	Redeemable at par on
05-Apr-14	585,064	585.06	12.25%	05-Apr-17
05-Apr-14	315,100	315.10	12.50%	05-Apr-17
18-Oct-14	1,137,977	1,137.98	11.50%	18-Oct-17
18-Oct-14	668,597	668.60	11.75%	18-Oct-17
28-Jan-14	4,919	4.92	11.50%	28-Jan-19
28-Jan-14	11,140	11.14	12.00%	28-Jan-19
05-Apr-14	5,012	5.01	11.50%	05-Apr-19
05-Apr-14	8,447	8.45	12.00%	05-Apr-19
18-Oct-14	22,024	22.02	11.25%	18-Oct-19
18-Oct-14	12,970	12.97	11.50%	18-Oct-19
28-Jan-14	175,298	175.30	12.61%	28-Nov-19
05-Apr-14	187,771	187.77	12.61%	05-Feb-20
18-Oct-14	150,523	150.52	11.70%	18-Jan-21
Total	3,284,842	3,284.84		
Non-current portion		578.10		
Current maturities		2,706.74		
Total		3,284.84		

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

Nature of Security

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

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

iv) Secured, Redeemable Non-convertible Debentures

Nature of Security

The NCDs are secured by charge on specific loans and receivables of the Company.

v) Secured, Redeemable Non-convertible Debentures - Private placement Retail

As at March 31, 2018

Date of Allotment	No.of. Debentures	Face Value	Balance as at March 31, 2018	Int Rate	Due date of redemption
09-Aug-16	750	1,000,000	375.00	11.35%	01-Jul-22
09-Aug-16	2,500	100,000	150.00	11.45%	19-Mar-19
09-Aug-16	1,500	100,000	150.00	11.45%	19-Apr-19
15-Mar-16	700	1,000,000	700.00	13.25%	29-Mar-21
26-Apr-16	330	1,000,000	330.00	13.25%	01-May-21
15-Jun-15	100	1,000,000	100.00	14.50%	01-Dec-20
07-Jul-16	15	10,000,000	150.00	13.50%	12-Jul-19
07-Jul-16	25	10,000,000	250.00	13.50%	12-Jul-22
29-Dec-16	500	1,000,000	500.00	13.00%	01-Dec-22
15-Mar-17	350	1,000,000	350.00	13.00%	01-Jul-22
15-Mar-17	150	1,000,000	150.00	13.00%	01-Jul-22
28-Dec-16	150	1,000,000	150.00	13.00%	01-Jun-23
30-Jun-16	333	1,200,000	166.50	12.80%	01-Jul-19
09-Aug-16	400	1,000,000	260.00	12.25%	09-Aug-19
09-Aug-16	500	1,000,000	500.00	12.84%	19-Aug-19
09-Aug-16	380	1,000,000	380.00	12.00%	01-Nov-19
09-Aug-17	1,000	1,000,000	1,000.00	12.30%	09-Aug-23
27-Nov-17	1,000	1,000,000	916.67	11.55%	27-Nov-20
19-Mar-18	1,000	1,000,000	500.00	12.00%	31-Mar-21
Total	11,683		7,078.17		
Non-current portion			4,912.44		
Current maturities			2,165.73		
Total			7,078.17		

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

As at March 31, 2017

Date of Allotment	No. of. Debentures	Face Value	Balance as at March 31, 2017	Int Rate	Due date of redemption
28-Sep-16	750	1,000,000	750.00	11.35%	01-Jul-22
28-Sep-16	2,500	100,000	250.00	11.45%	19-Mar-19
17-Oct-16	1,500	100,000	150.00	11.45%	19-Apr-19
28-Mar-16	700	1,000,000	700.00	13.25%	01-Sep-20
19-May-16	330	1,000,000	330.00	13.25%	01-May-21
13-May-15	100	1,000,000	100.00	14.50%	01-Dec-20
13-Jul-16	150	1,000,000	150.00	13.50%	01-Jul-19
13-Jul-16	250	1,000,000	250.00	13.50%	01-Jul-22
29-Dec-16	500	1,000,000	500.00	13.00%	01-Dec-22
15-Mar-17	350	1,000,000	350.00	13.00%	01-Jul-22
15-Mar-17	150	1,000,000	150.00	13.00%	01-Jul-22
28-Dec-16	150	1,000,000	150.00	13.00%	01-Jun-23
01-Jul-16	333	100,000	299.70	12.80%	01-Jul-19
11-Aug-16	400	100,000	400.00	12.25%	01-Aug-19
19-Aug-16	500	1,000,000	500.00	12.20%	01-Aug-19
04-Nov-16	380	1,000,000	380.00	12.00%	01-Nov-19
	9,043		5,409.70		
Non-current portion			4,949.00		
Current maturities			460.70		
Total			5,409.70		

Nature of Security

The NCDs are secured by charge on specific loans and receivables of the Company.

NOTE: 6 OTHER LONG TERM LIABILITIES

	As at March 31, 2018	As at March 31, 2017
Interest accrued but not due on long term borrowings	319.41	855.89
Security deposits from employees	297.90	194.64
Derivative Liability	66.62	83.97
Provision for Rent Straight-Lining	0.32	0.32
	684.25	1,134.82

NOTE: 7 SHORT-TERM BORROWINGS

	As at March 31, 2018	As at March 31, 2017
Cash credit / Overdraft facilities from banks (secured)	5,125.84	5,897.58
Working Capital demand loan from banks (secured)	44,045.92	33,815.99
Sub total (Secured)	49,171.76	39,713.57
Commercial Papers (unsecured)	29,102.90	23,095.86
	78,274.66	62,809.43
The above amount includes		
Secured borrowings	49,171.76	39,713.57
Unsecured borrowings	29,102.90	23,095.86
Total	78,274.66	62,809.43

Notes

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Cash credit / Overdraft facilities from banks and Working Capital demand loan from banks (secured)

Particulars	March 31, 2018	March 31, 2017
Secured by hypothecation of specific/paripassu assets covered and Margin/cash collateral under hypothecation agreements.	49,171.76	39,713.57
Total	49,171.76	39,713.57

Commercial papers carry interest rates of 7.85% to 8.30% (March 31, 2017 - 7.25% to 10.05%) and their tenor ranges from 60 days to 364 days.

NOTE: 8 TRADE PAYABLES

	As at March 31, 2018	As at March 31, 2017
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	534.57	733.58
Total	534.57	733.58

NOTE: 9 OTHER CURRENT LIABILITIES

	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term borrowings (note 5) ((Includes current maturity of finance lease obligation ₹ 62.77 (March 31,2017 - ₹ 44.93))	20,725.36	15,827.75
Interest accrued but not due on borrowings	2,330.54	2,243.64
Statutory dues payable	145.19	194.99
Employee related payables	478.33	396.38
Auction surplus	601.20	579.13
Forward cover contract payable	-	403.27
Income received in advance (unearned revenue)	215.73	113.48
Unclaimed matured Non convertible debenture	12.69	11.67
Unclaimed dividend	33.75	30.90
Unclaimed matured deposits	-	0.06
Unpaid Interest - NCD/Bond	-	1.91
Unclaimed matured subordinate bonds	12.20	153.87
Others	725.39	154.61
Total	25,280.38	20,111.66

Notes

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NOTE: 10 PROVISIONS

	Non-current portion		Current maturities	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Provision for employee benefits				
Provision for gratuity	1.54	2.56	87.58	71.53
Provision for leave encashment	14.02	12.05	109.81	88.30
	15.56	14.61	197.39	159.83
Other provisions				
Provision for non performing assets	2.66	6.70	776.27	365.49
Provision for Other Assets		71.85	196.59	489.38
Provisions for taxation (net of advance tax and tax deducted at source)	-	0.47	0.09	42.06
Provision for standard assets	53.55	11.85	681.61	455.13
Provision for credit enhancement on asset derecognised	-	-	-	0.69
Provision for litigation	-	-	35.71	35.48
	56.21	90.87	1,690.27	1,388.23
	71.77	105.48	1,887.66	1,548.06

The table below gives information about movement in provision for litigation claim.

	As at March 31, 2018	As at March 31, 2017
At the beginning of the year	35.48	29.02
Arising during the year	0.23	6.46
Utilized during the year	-	-
Unused amounts reversed	-	-
At the end of the year	35.71	35.48
Current portion	35.71	35.48
Non-current portion	-	-

NOTE: 11A PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Building	Office equipment	Electrical Installation	Computer equipment *	Furniture and Fittings	Vehicle	Plant & Machinery	Total
Cost									
As at April 1, 2016	98.18	306.81	377.29	309.40	1,250.32	2,250.53	62.89	44.97	4,700.39
Additions	36.33	1.63	61.06	18.95	159.69	202.65	47.85	2.34	530.50
Disposals	-	-	34.59	18.72	113.04	128.73	-	-	295.08
As at 31 March 2017	134.51	308.44	403.76	309.63	1,296.97	2,324.45	110.74	47.31	4,935.81
Cost									
As at April 1, 2017	134.51	308.44	403.76	309.63	1,296.97	2,324.45	110.74	47.31	4,935.81
Additions	14.92	945.59	46.14	15.48	324.05	175.83	15.80	-	1,537.81
Disposals	-	0.68	0.92	0.48	49.39	10.64	17.82	-	79.93
As at March 31, 2018	149.43	1,253.35	448.98	324.63	1,571.63	2,489.64	108.72	47.31	6,393.69
Accumulated Depreciation									

Notes

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NOTE: 11A PROPERTY, PLANT AND EQUIPMENT (Contd.)

	Freehold Land	Building	Office equipment	Electrical Installation	Computer equipment *	Furniture and Fittings	Vehicle	Plant & Machinery	Total
As at April 1, 2016	-	28.25	240.74	262.00	861.07	1,355.83	26.20	10.84	2,784.93
Charge for the year	-	10.56	79.21	25.73	221.26	258.69	13.82	3.26	612.53
Eliminated on disposal of Assets	-	-	34.43	18.71	112.88	127.73	0.00	-	293.75
As at 31 March 2017	-	38.81	285.52	269.02	969.45	1,486.79	40.02	14.10	3,103.71
Accumulated Depreciation									
As at April 1, 2017	-	38.81	285.52	269.02	969.45	1,486.79	40.02	14.10	3,103.71
Charge for the year	-	16.26	78.41	24.69	254.01	268.96	19.44	3.31	665.08
Eliminated on disposal of Assets	-	0.03	0.67	0.48	44.55	10.38	10.47	-	66.58
As at March 31, 2018	-	55.04	363.26	293.23	1,178.91	1,745.37	48.99	17.41	3,702.21
Net Block as at March 31, 2017	134.51	269.63	118.24	40.61	327.52	837.66	70.72	33.21	1,832.10
Net Block as at March 31, 2018	149.43	1,198.31	85.72	31.40	392.72	744.27	59.73	29.90	2,691.48

*Includes Computers taken on finance lease - Gross block ₹ 218.23 as at March 31, 2018 (March 31, 2017 - ₹ 108.07). Depreciation for the year ₹ 43.18 (March 31, 2017 - ₹ 30.44) and Net block ₹ 127.74 as at March 31, 2018 (March 31, 2017 - ₹ 60.76)

NOTE: 11 B INTANGIBLE ASSETS

	Computer Software
Cost	
As at April 1, 2016	152.03
Additions	17.92
Disposals	15.66
As at March 31, 2017	154.29
Cost	
As at April 1, 2017	154.29
Additions	40.66
Disposals	4.40
As at March 31, 2018	190.55
Amortization	
As at April 1, 2016	119.82
Charge for the year	19.01
Eliminated on disposal of Assets	15.64
As at March 31, 2017	123.19
Amortization	
As at April 1, 2017	123.19
Charge for the year	17.51
Eliminated on disposal of Assets	3.03
As at March 31, 2018	137.67
Net block	
As at March 31, 2017	31.10
As at March 31, 2018	52.88

Notes

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NOTE: 12 NON-CURRENT INVESTMENTS

	As at March 31, 2018	As at March 31, 2017
Non trade - (Unquoted, valued at cost)		
50 (March 31, 2017 - 50) Non Convertible Subordinate bonds of ₹ 1,000,000/- each fully paid in Dhanlaxmi Bank Limited	50.00	50.00
50,000 (March 31, 2017 - 50,000) Equity Shares of Alpha Micro Finance Consultants Private Limited of ₹ 10/- each	0.50	0.50
Non-Trade Investment in other companies (Unquoted, valued at cost)		
1,000 (March 31, 2017 - 1,000) equity share of ₹ 10/- each fully paid in The Catholic Syrian Bank Limited.	0.03	0.03
	50.53	50.53
Note :		
1. Aggregate amount of unquoted investments	50.53	50.53
2. Aggregate provision for diminution in value of investments	-	-

NOTE: 13 DEFERRED TAX ASSETS (NET)

	As at March 31, 2018	As at March 31, 2017
Deferred tax liability		
On unamortised debenture issue expense	(1.89)	(4.90)
Gross deferred tax liability	(1.89)	(4.90)
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting.	273.80	227.53
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	73.74	116.94
Provision for advances	686.51	425.30
Others	7.48	12.29
Gross deferred tax asset	1,041.53	782.06
Net deferred tax asset	1,039.64	777.16

NOTE: 14 LOANS AND ADVANCES

	Non-current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Portfolio Loan				
Secured, considered good				
- Gold Loan	-	-	117,078.79	111,022.69
- Commercial Vehicle Loan	3,416.72	1,450.81	2,435.07	1,579.29
- Mortgage/Property Loan	218.96	257.56	34.51	65.72
- Home Loan	2,430.31	2,181.09	(0.00)	-
- Onlending	3,496.64	426.21	2,049.14	373.04
- Other Loans	1,019.57	781.05	8.08	16.41
Total (A)	10,582.20	5,096.72	121,605.59	113,057.15

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

NOTE: 14 LOANS AND ADVANCES (Contd.)

	Non-current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Secured, considered doubtful				
- Gold Loan	-	-	271.03	222.65
- Commercial Vehicle Loan	43.70	14.13	63.30	14.11
- Mortgage/Property Loan	27.86	25.89	66.64	22.17
- Home Loan	128.33	43.47	-	1.41
- Other Loans	19.58	1.18	-	0.01
Total (B)	219.47	84.67	400.97	260.35
Portfolio Loan				
Unsecured, considered good				
- Demand loan	6.64	7.33	49.77	11.62
- Micro finance loan	1,192.42	2,397.40	19,930.01	14,866.47
Total (C)	1,199.06	2,404.73	19,979.78	14,878.09
Total Loans (A+B+C)	12,000.73	7,586.12	141,986.34	128,195.59
Advances recoverable in cash or kind*				
Unsecured, considered good	0.24	0.11	846.90	1,504.30
Deposits (Unsecured, considered good)				
Rental deposits	448.03	484.41	180.33	89.78
Other security deposits	41.60	50.44	4.02	39.36
	489.63	534.85	184.35	129.14
Service tax and other taxes recoverable, from Government (Unsecured, considered good)	-	4.96	1.66	43.37
Capital advances (Unsecured, considered good)	65.17	23.09	-	-
Advance tax (net of Provisions for taxation and tax deducted at source)	1,059.31	598.94	-	-
Total	13,615.08	8,748.07	143,019.25	129,872.40
* Advances recoverable in cash or kind includes dues from relative of directors and related parties	-	-	-	-

NOTE: 15 OTHER ASSETS

	Non-current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Loan & other credit facilities				
Secured, considered good				
Housing loans			72.81	61.77
Other loans			45.10	30.16
Non-current bank deposits (note 16)	566.09	497.81	-	-
(A)	566.09	497.81	117.91	91.93
Interest accrued:				
Loan Portfolio (Secured, considered good)	-	-	3,288.13	3,017.71
Microfinance Loan (Unsecured, considered good)	-	-	-	134.79
Fixed deposits and investment	16.00	22.45	0.19	41.78
Deposit under Pradhan Mantri Garib Kalyan Yojna (PMGKY)	-	1.50	1.50	-
Advance tax (net of Provisions for tax)	5.38	-	-	-
Unamortized premium on forward exchange contract	-	-	-	27.68
Ancillary cost of arranging the borrowings	68.91	37.81	96.95	44.47
Gratuity	2.64	-	-	-
Others	0.30	64.27	348.20	313.77
(B)	93.23	126.03	3,734.97	3,580.20
Total (A + B)	659.32	623.84	3,852.88	3,672.13

Notes

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NOTE: 16 CASH AND CASH EQUIVALENTS

	Non-current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Cash and cash equivalents (as per AS 3 Cash Flow Statements)				
Balances with banks:				
On current accounts	-	-	2,899.02	2,344.99
Cash on hand	-	-	906.89	1,082.62
Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements)	-	-	3,805.91	3,427.61
Other bank balances				
On Escrow accounts				
Unpaid matured deposit			0.07	0.07
Unpaid NCD trustee account			19.15	24.39
Unpaid auction surplus deposit			620.31	510.40
Unpaid dividend			33.79	30.91
Other balance				
Deposits with original maturity for more than 3 months but less than 12 months*	-	-	2,501.23	1,548.64
Deposits with original maturity for more than 12 months*	566.09	497.81	5.99	12.24
	566.09	497.81	3,180.54	2,126.65
Amount disclosed under				
non-current assets (note 15)	566.09	497.81	-	-
	-	-	6,986.45	5,554.26

* Includes:

- a) Cash collateral deposits aggregating ₹ 820 (March 31, 2017 : ₹ 840) towards approved bank facilities;
- b) Employee security deposits aggregating ₹ 297.72 (March 31, 2017 : ₹ 187.60) placed as fixed deposits with banks;
- c) Deposits aggregating to ₹ 42.85 (March 31, 2017 : ₹ 40.57) towards security deposit to various authorities.

NOTE: 17 REVENUE FROM OPERATIONS

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Income		
- Gold loans	27,776.51	29,153.01
- Bank and other deposits	119.98	111.24
- Property Loans	57.28	76.09
- Personal loans	1.31	-
- Micro Finance	3,876.58	3,059.23
- Commercial Vehicles	778.05	402.37
- Home Loan	493.37	317.60
- Corporate Loan	310.78	95.32
Insurance Commission	48.72	19.85
Processing and application fees	407.96	368.98
Gain on Securitisation	221.57	158.76
Total Interest income (A)	34,092.11	33,762.45

Notes

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NOTE: 17 REVENUE FROM OPERATIONS (Contd.)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Other operating revenue		
- Money transfer	39.32	46.80
- Interest income on DLB Bond	5.95	5.98
- Provisions no longer required written back	29.40	-
- Bad debts recovered	33.33	10.79
- Insurance claim received	-	6.95
- Others	33.46	21.03
Total Other operating revenue (B)	141.46	91.55
Revenue from operations (A+B)	34,233.57	33,854.00

NOTE: 18 OTHER INCOME

	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit on sale of fixed assets (net)	3.57	5.17
Dividend on Mutual Funds	-	22.93
Commission	-	178.41
Other non-operating income	528.42	15.56
Reversal of Provision for Credit Enhancement on Assets De-recognised	-	13.09
	531.99	235.16

NOTE: 19 FINANCE COST

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest		
- on Debentures	3,001.05	2,360.34
- on Bank and other borrowings	4,823.00	6,949.50
- on Subordinate bonds and loans	29.34	277.38
- on Commercial papers	2,067.52	1,661.32
- Others	26.59	34.16
Other borrowing cost	329.14	404.35
	10,276.64	11,687.05

NOTE: 20 EMPLOYEE BENEFIT EXPENSE

	For the year ended March 31, 2018	For the year ended March 31, 2017
Employee benefit expense		
Salaries, wages and bonus	5,444.60	4,426.30
Contribution to provident and other funds	566.32	470.26
Gratuity expense (note 25)	135.38	100.85
Staff welfare expenses	20.82	28.41
	6,167.12	5,025.82

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NOTE: 21 OTHER EXPENSES

	For the year ended March 31, 2018	For the year ended March 31, 2017
Electricity	212.92	191.35
Rent	1,234.32	1,106.69
Rates and taxes	45.25	40.61
Insurance	135.51	65.95
Repairs and maintenance		
-Vehicles	11.52	10.23
-Others	163.93	153.14
Advertising and sales promotion	272.80	437.33
Commission paid	128.36	119.64
Travelling and conveyance	351.19	250.68
Communication costs	337.84	249.45
Printing and stationery	137.07	138.35
IT Support costs	322.53	301.62
Legal and professional fees	144.56	126.15
Security charges	1,660.11	591.47
Bad debts/advances written off	1,791.14	355.65
Provision for Other Assets	(364.64)	-
Provision for non performing assets	406.74	719.51
Provision for standard assets	268.24	16.97
Corporate social responsibility expenditure	103.07	112.40
Miscellaneous expenses	106.66	100.36
	7,469.12	5,087.55
Payment to auditors included in Legal and Professional Charges:		
As auditor:		
Audit fee	6.78	7.01
Limited reviews	1.60	3.10
Tax Audit	0.28	0.28
Certification fees	0.65	1.84
Other Services	0.97	0.76
Reimbursement of expenses	0.54	0.99
	10.82	13.98

NOTE: 22 DEPRECIATION AND AMORTIZATION EXPENSE

	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation	665.08	612.53
Amortization of intangible assets	17.51	19.01
	682.59	631.54

Notes

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NOTE: 23 EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	Year ended March 31, 2018	Year ended March 31, 2017
Net profit for calculation of basic EPS	6,708.94	7,558.48
Weighted average number of equity shares in calculating basic EPS (Nos.)	841,979,381	841,539,979
Effect of dilution:		
Stock options granted under ESOP (Nos.)	1,909,241	31,870
Weighted average number of equity shares in calculating diluted EPS (Nos.)	843,888,622	841,571,849
Basic EPS (₹)	7.97	8.98
Diluted EPS (₹)	7.95	8.98

NOTE: 24 EMPLOYEE STOCK OPTION SCHEME (ESOS)

Employee Stock Option Scheme (ESOS), 2009

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

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

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

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

The Company has re-allotted the lapsed options, pursuant to the approval of the Board. The Company has granted 1,191,000 options at an exercise price of ₹ 31.25 on November 03, 2014 which will vest over a period of two years from the grant date (50% of the eligible share on November 03, 2015 and balance 50% of the eligible share on November 03, 2016). The exercise period commences from the date of vesting and will expire not later than four years from the date of vesting.

Notes

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The summary of the movements in options is given below:

Particulars	March 31, 2018	March 31, 2017
Options outstanding, beginning of year	50,000	875,000
Options exercised during the year	(50,000)	(692,500)
Options lapsed during the year	-	(132,500)
Options outstanding, end of year	-	50,000
Options outstanding at the yearend comprise of :		
- Options eligible for exercise at year end	-	50,000
- Options not eligible for exercise at year end	-	-

Particulars	March 31, 2018	March 31, 2017
Weighted average remaining contract life of options	-	-
weighted average market price at the exercise date	-	-

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

	Vesting I	Vesting II
	16-Aug-2010 50%	16-Aug-2011 50%
Option fair value (pre-split and bonus at a face value of ₹ 10/- per share)	₹ 142.43	₹ 157.92
Risk-free interest rate	6.51%	6.53%
Expected life	3 years	4 Years
Expected volatility	67.11%	66.62%
Expected dividend yield	2.76%	2.76%
Share price on the date of grant (face value of ₹ 10/-)	₹ 331.15	₹ 331.15

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

Employee Stock Option Scheme (ESOS), 2016

The details of the Employee Stock Option Scheme 2016 are as under:

Date of share holders' approval	July 05, 2016
Number of options approved	25,236,214
Date of grant	August 08, 2016
Date of In principle Approval	In principle approval of the BSE was obtained on December 20, 2016 and NSE on December 28, 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 within 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

Notes

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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 13,750,466 options at an exercise price of ₹ 86.45 on August 08, 2016 which will vest over a period of three years from the grant date (08.08.2016) 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.

The summary of the movements in options is given below:

Particulars	March 31, 2018	March 31, 2017
Options outstanding, beginning of year	11,817,829	-
Options granted during the year	-	13,750,466
Increase on account of Bonus issue	-	-
Lapsed Options restored during the year	1,089,589	-
Options lapsed during the year	(2,260,349)	(1,932,637)
Options Allotted during the year	(586,126)	-
Options unvested and Outstanding at the End of the Year	10,060,943	11,817,829

Particulars	March 31, 2018	March 31, 2017
Weighted average remaining contract life of options	-	-
Weighted average market price at the exercise date	-	-

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

	Vesting I 8-Aug-2017 30%	Vesting II 8-Aug-2018 30%	Vesting III 8-Aug-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.

Pro-forma Disclosures for ESOS

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

Particulars	Profit after tax	Basic EPS (₹)	Diluted EPS (₹)
Year ended March 31, 2017			
- Amounts as reported	7,558.48	8.98	8.98
- Amounts as per pro-forma	7,429.24	8.83	8.83

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

Particulars	Profit after tax	Basic EPS (₹)	Diluted EPS (₹)
Year ended March 31, 2017			
- Amounts as reported	6,708.94	7.97	7.95
- Amounts as per pro-forma	7,429.24	8.83	8.83

NOTE: 25 RELATED PARTY DISCLOSURES

Names of related parties

Relationship	Name of the party
Associates / Enterprises owned or significantly influenced by key management personnel or their relatives	Manappuram Jewellers Limited
	Manappuram Agro Farms Limited
	Manappuram Foundation
	Manappuram Comptech and Consultant Limited
	Manappuram Health Care Limited *
	Manappuram Construction and Properties Limited*
	Manappuram Chit Funds Company Private Limited *
	Manappuram Chits (Karnataka) Private Limited *
	Manappuram Chits India Limited *
	Adlux Medicity and Convention centre Private Limited*
	MAFIN Enterprise *
	Manappuram travels *
	Manappuram Chits *
	MABEN Nidhi Limited*
	Manappuram Asset Finance Limited *
Key Management Personnel	Mr. V P Nandakumar- Managing Director & CEO
	Mr. B.N Raveendra Babu- Executive Director
	Mr. Kapil Krishan -Chief Financial Officer
	Mr.Ramesh Periasamy -Company Secretary
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 Nandakumar (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)

* No transactions with these related parties.

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

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	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Debentures and Subordinate Bond redeemed during the year	-	-	-	-	0.80	0.80
Mrs. Rajalakshmi Raveendra Babu	-	-	-	-	0.80	0.40
Ms. Bijji Babu	-	-	-	-	-	0.40
Interest expense	-	-	-	-	0.15	0.51
Mrs. Rajalakshmi Raveendra Babu	-	-	-	-	0.00	0.29
Ms. Bijji Babu	-	-	-	-	-	0.09
Mrs. Shelly Ekalavyan	-	-	-	-	0.15	0.13
Commission to Directors	-	-	42.50	30.00	-	-
Mr. V.P.Nandakumar	-	-	37.50	25.00	-	-
Mr. Raveendra Babu	-	-	5.00	5.00	-	-
Remuneration to Directors	-	-	64.69	67.03	-	-
Mr. V.P.Nandakumar	-	-	53.77	56.71	-	-
Mr. Raveendra Babu	-	-	10.92	10.32	-	-
Remuneration to other KMPs	-	-	12.68	10.69	-	-
Remuneration paid to Relative of KMP	-	-	-	-	13.84	12.23
Mr. Sooraj Nandan	-	-	-	-	5.28	4.06
Mrs. Sumita Jayshankar	-	-	-	-	7.32	6.95
Mr. Suhas Nandan	-	-	-	-	1.25	1.22
Donation made						
Manappuram Foundation	101.10	104.80	-	-	-	-
Rent Paid	1.24	0.75	0.36	0.33	0.34	0.39
Mr. V.P.Nandakumar	-	-	0.36	0.33	-	-
Mr. Suhas Nandan	-	-	-	-	0.14	0.20
Mrs Sumitha Nandakumar	-	-	-	-	0.12	0.12
Mr. Sooraj Nandan	-	-	-	-	0.08	0.07
Manappuram Agro Farms Limited	1.24	0.75	-	-	-	-
Reimbursement of Rent & Expenses						
Manappuram Foundation	1.90	0.35	-	-	-	-
Other Income						
Manappuram Foundation	0.10	0.13	-	-	-	-
Rent Received	1.30	1.20	-	-	-	-
Manappuram Jewellers Limited	0.48	0.50	-	-	-	-
Manappuram Agro Farms Limited	0.14	0.19	-	-	-	-
Manappuram Foundation	0.68	0.51	-	-	-	-
Electricity Charge Received	0.85	1.07	-	-	-	-
Manappuram Jewellers Limited	0.73	0.95	-	-	-	-
Manappuram Foundation	0.12	0.12	-	-	-	-
Purchase of assets						
Manappuram Comptech and Consultants Ltd	2.50	-	-	-	-	-

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

Related Party transactions during the year: (Contd.)

Particulars	Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Rent, Electricity, telephone and printing charges Received						
Manappuram Foundation	2.66	0.16	-	-	-	-
Consultation Charge Paid						
Manappuram Construction and Properties Limited	-	0.87	-	-	-	-
Monthly usage charges paid	0.78	-	-	-	-	-
Manappuram Comptech and Consultants Ltd						
Repayment of loan from Directors						
Mr. V.P.Nandakumar	-	-	0.00	1.80	-	-
Balance outstanding as at the year end:						
Amounts payable (net) to related parties	-	-	27.84	20.23	1.18	2.65
Mr. V.P.Nandakumar	-	-	24.56	17.18	-	-
Mr. Raveendra Babu	-	-	3.28	3.05	-	-
Mrs. Rajalakshmi Raveendra Babu	-	-	-	-	-	1.60
Mrs. Shelly Ekalavyan	-	-	-	-	1.18	1.05

Note:

1. Related parties have been identified on the basis of the declaration received by the management and other records available.
2. 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.

NOTE: 26 EMPLOYMENT BENEFITS DISCLOSURES:

The Group 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 recognized ₹ 441.79 (March 31, 2017 - ₹ 368.45) for Provident Fund contributions and ₹ 161.51 (March 31, 2017 - ₹ 101.87) 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.

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure for each completed year of service. The group has funded the scheme either with Life Insurance Corporation of India and Kotak Life Insurance.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost

	March 31, 2018	March 31, 2017
Current service cost	120.43	96.35
Interest cost on benefit obligation	28.21	23.83
Expected return on plan assets	(26.29)	(22.31)
Past Service Cost	6.40	-
Net actuarial (gain)/loss recognized in the year	5.29	2.98
Net (benefit) / expense	134.04	100.85
Actual return on plan assets	19.94	23.97

Balance sheet

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

	March 31, 2018	March 31, 2017
Defined benefit obligation	(499.30)	(406.87)
Fair value of plan assets	412.82	323.02
Asset/(liability) recognized in the balance sheet	(86.48)	(83.85)
Experience adjustments on on plan liabilities (Gain) / Loss	21.69	(7.85)
Experience adjustments on plan assets Gain / (Loss)	(6.59)	(1.74)

	March 31, 2016	March 31, 2015
Defined benefit obligation	(319.37)	(221.20)
Fair value of plan assets	254.10	181.97
Asset/(liability) recognized in the balance sheet	(65.27)	(39.23)
Experience adjustments on on plan liabilities (Gain) / Loss	5.24	(16.58)
Experience adjustments on plan assets Gain / (Loss)	(1.57)	4.32

	March 31, 2014
Defined benefit obligation	(151.07)
Fair value of plan assets	141.96
Asset/(liability) recognized in the balance sheet	(9.11)
Experience adjustments on on plan liabilities (Gain) / Loss	0.45
Experience adjustments on plan assets Gain / (Loss)	(1.02)

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

	March 31, 2018	March 31, 2017
Opening defined benefit obligation	405.37	319.37
Interest cost	28.21	23.83
Current service cost	120.43	96.35
Benefits paid	(59.20)	(38.20)
Past Service Cost	6.40	-
Actuarial loss / (gain) on obligation	(1.91)	4.02
Closing defined benefit obligation	499.30	405.37

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

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

	March 31, 2018	March 31, 2017
Opening fair value of plan assets	324.14	254.10
Expected return	26.29	22.31
Contributions by employer	128.79	82.26
Benefits paid	(59.20)	(38.20)
Actuarial gains / (losses)	(7.20)	3.67
Closing fair value of plan assets	412.82	324.14
Expected contribution to fund to be made in the next year	100.00	70.00

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

A) Holding Company

Manappuram Finance Limited

Particulars	March 31, 2018	March 31, 2017
	%	%
Discount rate	7.3%	6.9%
Attrition rate	15%	15%
Expected rate of return on assets	6.9%	7.5%

B) Subsidiary Companies

(i) Asirvad Microfinance Limited

Particulars	March 31, 2018	March 31, 2017
	%	%
Discount rate	7.7%	7.3%
Attrition rate	16%	16%

(ii) Manappuram Home Finance Limited

Particulars	March 31, 2018	March 31, 2017
	%	%
Discount rate	6.9%	6.3%
Attrition rate		
- Above Managerial grade	15%	15%
- Below Managerial grade	50%	50%
Expected rate of return on assets	6.3%	6.3%

(iii) Manappuram Insurance Brokers Limited

Particulars	March 31, 2018	March 31, 2017
	%	%
Discount rate	7.1%	6.6%
Attrition rate	20%	20%

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 Group's plans are shown below:

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

A) Holding Company

Manappuram Finance Limited

Particulars	March 31, 2018	March 31, 2017
	%	%
Discount rate	7.3%	6.9%
Attrition rate	15%	15%
Salary escalation	8.0%	8.0%

B) Subsidiary Company

Asirvad Microfinance Limited

Particulars	March 31, 2018	March 31, 2017
	%	%
Discount rate	7.6%	7.8%
Attrition rate	16%	16%
Salary escalation	10.0%	10.0%

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.

NOTE: 27 COMMITMENTS

- Estimated amount of contracts remaining to be executed on capital account, net of advances is ₹ 190.04 as at March 31, 2018 (March 31, 2017 - ₹ 83.87).
- The Company has entered into an agreement for outsourcing of Information Technology support in April 2011 for a period of 10 years with an annual expense of ₹ 270.

NOTE: 28 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.

(b) Litigations

Particulars	₹ In Million
i) Income Tax Demands under appeal before The Commissioner of Income Tax (Appeals) for the Assessment Years 2011-12, 2012-13, 2014-15 & 2015-16.	894.35
ii) Kerala Value Added Tax appeals pending before The Deputy Commissioner for the Assessment Years 2009-10, 2012-13 and 2014-15 (Excluding Penalty and Interest, if any)	49.86
iii) Andhra Pradesh Value Added Tax 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	0.93
Total	946.82

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

NOTE: 29 LEASE DISCLOSURES

Operating Lease:

The Company has operating lease agreements primarily for office spaces, the lease terms of which are different for each Company in the Group.

Particulars	March 31, 2018	March 31, 2017
Less than One Year	5.37	14.37
One Year to Five Years	3.26	16.46
Later than Five Years	-	-

Finance Leases:

The Group has finance lease for Vehicles and 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:

a) Computer

Particulars	March 31, 2018	March 31, 2017
Total minimum lease payments at the year end	145.77	68.08
Less: amount representing finance charges	14.23	7.25
Present value of minimum lease payments	131.54	60.83
Lease payments for the year	37.54	33.50
Minimum lease Payments:		
Not less than one year	85.27	50.79
Later than one year but not later than five years	60.50	17.29

b) Vehicles

Particulars	March 31, 2018	March 31, 2017
Total minimum lease payments at the year end	10.55	10.62
Less: amount representing finance charges	0.99	1.35
Present value of minimum lease payments	9.56	9.27
Minimum lease Payments:		
Not less than one year	5.69	4.05
Later than one year but not later than five years	4.86	6.57

NOTE: 30: UNDER RECOVERY OF INTEREST INCOME

The Company disbursed some gold loans on which the total amount receivable including principal and accumulated interest have exceeded the value of the underlying security. As of March 31, 2018, the Company has not recognized interest income aggregating to ₹ 24.30 (March 31, 2017 - ₹ 143.00).

NOTE: 31

During the year there have been certain instances of fraud on the Company by officer and employees, where gold loan related misappropriations / cash embezzlements / burglaries have occurred for amounts aggregating an amount of ₹154.06 (March 31, 2017 - ₹ 103.30) of which the Company has recovered ₹ 14.96 (March 31, 2017 - ₹ 64.88). 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 ₹ 139.10 (March 31, 2017 - ₹ 31.99) towards these losses based on its estimate.

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

NOTE: 32 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 March 31, 2018.

NOTE: 33 ADDITIONAL DISCLOSURE AS PER SCHEDULE III OF COMPANIES ACT 2013

For the year March 31, 2018

Name of the Entity	Net Assets, i.e Total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit and Loss	Amount
Manappuram Finance Limited	99.43%	38,144.83	104.36%	7,001.69
Manappuram Home Finance Limited	-0.21%	(78.75)	-0.12%	(8.05)
Manappuram Insurance Brokers Limited	0.03%	11.97	0.20%	13.47
Asirvad Microfinance Limited	0.74%	284.00	-4.81%	(323.01)
Minority Interest in subsidiary			0.37%	24.86

For the year March 31, 2017

Name of the Entity	Net Assets, i.e Total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit and Loss	Amount
Manappuram Finance Limited	98.31%	33,050.18	95.41%	7,236.67
Manappuram Home Finance Limited	-0.16%	(53.29)	-0.12%	(9.00)
Manappuram Insurance Brokers Limited	-	0.95	-0.09%	(6.78)
Asirvad Microfinance Limited	1.84%	620.11	4.45%	337.59
Minority Interest in subsidiary			0.35%	26.42

NOTE 34: DERIVATIVES

Pursuant to the Guidance note issued by Institute of Chartered Accountants of India (ICAI) in respect of "Accounting for Derivative Contracts", the Group has adopted to follow hedge accounting principles relating to accounting for derivatives.

Consequently, as at March 31, 2018, the Group has recognised a net Market to Market (MTM) loss of ₹ 66.62 (March 31, 2017 ₹ 83.97) relating to derivative contracts entered to hedge the foreign currency risk of future interest payment and repayment of loans designated as cash flow hedges, in Hedging Reserve Account as part of the Shareholders' funds.

Particulars	March 31, 2018	March 31, 2017
At the Beginning of the year	(22.96)	-
Net Movement	10.13	(22.96)
At the end of the Year	(12.83)	(22.96)

Details of outstanding derivative contracts as at the year end.

Type of Derivatives	March 31, 2018		March 31, 2017	
	No of contracts	Value (USD)	No of contracts	Value (USD)
Forward Contracts entered into hedge the currency risk of future interest payments	-	-	6	304,725
Currency Swaps	2	22,189,567	2	102,593,177

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

Type of Derivatives	March 31, 2018		March 31, 2017	
	No of contracts	Value (USD)	No of contracts	Value (USD)
Forward Contracts entered into hedge the currency risk of future interest payments	-	-	6	19.76
Currency Swaps	2	1,446.21	2	6,653.17

Disclosure required as per RBI

Forward rate agreement / Interest rate swap

Particulars	March 31, 2018	March 31, 2017
i) The notional principal of swap agreements	1,446.21	6,653.17
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements.	-	-
iii) Collateral required by the NBFC upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swap	-	-
v) The fair value of the swap book	1,446.21	6,653.17

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	March 31, 2018	March 31, 2017
i) Derivatives (Notional principal amount)		
For Hedging	1,446.21	6,653.17
ii) Marked to Market Positions		
a) Asset (+)		
b) Liability (-)	(66.62)	(83.97)
iii) Credit Exposure	-	-
iv) Unhedged Exposure	-	-

NOTE: 35 (I) DETAILS OF FINANCIAL ASSETS SOLD TO SECURITISATION COMPANY

Particulars	March 31, 2018	March 31, 2017
Total number of loan assets securitized during the year	370,839	125,860
Book value of loan assets securitized during the year (₹ In Million)	5,489.56	1,717.78
Sale consideration received during the year	4,973.16	1,673.30
MFL Loans subordinated as Credit Enhancement on Assets Derecognised	516.40	44.48
Gain / (loss) on the securitization transaction recognised in P&L	-	1.07
Quantum of Credit Enhancement provided on the transactions in the form of deposits	324.05	83.11
Quantum of Credit Enhancement as at year end	324.05	63.10
Interest spread Recognised in the Statement of Profit and Loss during the Year (including amortization of Unamortised Income)	221.57	158.76

Notes

forming part of the Consolidated Financial statements for the year ended March 31, 2018

NOTE: 35 (II) DETAILS OF ASSIGNMENT TRANSACTIONS

Particulars	March 31, 2018	March 31, 2017
(i) Number of Accounts	1,466	-
(ii) Aggregate value (net of provisions) of accounts sold	552	-
(iii) Aggregate consideration	502	-
(iv) Aggregate consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

NOTE: 36 MARKETING COMMISSION

The Company has entered into agreements with Inthree Financial Services, Uniq Synergy, Maryland and RAL Consumer Products for marketing their solar lamps, mobile phones and cookware to its members. The Company receives commission for the lamps, mobile phones and cookware sold at the volume based on slab rates specified according to the terms of the agreements. The Company has received an amount of ₹ 283.65 (March 31, 2017 - ₹ 178.41) towards commission for the marketing of solar lamps, mobile phones and cookware.

NOTE: 37 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Gross Amount required to be spent by the Company during the year	145.03	89.81

b) Amount spent during the year ending on March 31, 2018	In Cash / Cheque	Yet to be paid in Cash	Total
i) Construction/Acquisition of Assets	-	-	-
ii) On purpose other than (i) above	110.02	-	110.02

c) Amount spent during the year ending on March 31, 2017	In Cash / Cheque	Yet to be paid in Cash	Total
i) Construction/Acquisition of Assets	-	-	-
ii) On purpose other than (i) above	116.40	-	116.40

NOTE: 38

The comparative financial information of the Company for the year ended March 31, 2017 have been audited by the previous Auditor.

NOTE: 39 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

Kapil Krishan

Chief Financial Officer

Place: Valapad, Thrissur

Date : May 18, 2018

B. N. Raveendra Babu

Executive Director
DIN: 00043622

Ramesh Periasamy

Company Secretary

Corporate Information

REGISTERED OFFICE & CORPORATE OFFICE

IV/470a (Old) W/638 (New),
Manappuram House
Valapad P O, Thrissur - 680 567, Kerala.
Tel: 04873050100,108
Fax: 04872399298
E-mail: cosecretary@manappuram.com
Website: www.manappuram.com

CORPORATE OFFICE (ANNEXE)

Manappuram Finance Limited
501, 5th Floor, Aiswarya Business Plaza,
Near Aiswarya Tower, CST Road Kalina,
Santacruz - East, Mumbai - 400 098, India
Tel: 022 26674311
Company Registration No.: 09-06623
CIN No. : L65910KL1992PLC006623
RBI Registration No.: 16.00029

CHAIRMAN

Mr. Jagdish Capoor

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

Mr. V.P. Nandakumar

EXECUTIVE DIRECTOR

Mr. B.N. Raveendra Babu

BOARD MEMBERS

Adv. V.R. Ramachandran
Mr. P. Manomohanam
Dr. Shailesh J. Mehta
Mr. E.A. Kshirsagar
Mr. Rajiven.V.R
Dr. Amla Samanta
Mr. Gautam Narayan

COMPANY SECRETARY

Mr. Ramesh Pariasamy

CHIEF FINANCIAL OFFICER

Mr. Kapil Krishan

REGISTRAR & SHARE TRANSFER AGENTS – SHARES

SKDC Consultants Limited
Kanapathy Towers
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Tel: +91 422 4958995, 2539835-836
Fax: +91 422 2539837
Email Info@skdc-consultants.com

REGISTRAR & TRANSFER AGENT – DEBENTURES

Link Intime India Private Limited
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Vikhroli (West),
Mumbai-400 083
Tel: +91 022 49186000

DEBENTURE TRUSTEES

VISTRA ITCL (India) Limited
(Formerly Known As IL&FS Trust Company Limited)
The IL&FS Financial Center
Plot No. C-22, G Block, 7th Floor,
Bandra - Kurla Complex,
Bandra (East), Mumbai - 400 051
Tel: +91 22 26593535
Fax: +91 22 26533297
E-mail: mumbai@vistra.com
Catalyst Trusteeship Ltd.
(Formerly Known as GDA Trusteeship Ltd.)
GDA House, Plot No. 85, Bhusari Colony
(Right), Paud Road, Pune - 411 038
Tel: +91 20 25280081
Fax: +91 20 25280275
E-mail: dt@ctltrustee.com
www.catalysttrustee.com

STATUTORY AUDITOR

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First Floor, Wilmont Park Business Centre,
Warriam Road, Ernakulam ,
Kerala - 682 016, India

BANKERS / FINANCIAL INSTITUTIONS

Andhra Bank
Axis Bank
Bank of Maharashtra
Central Bank of India
Corporation Bank
Lakshmi Vilas Bank
Federal Bank
HDFC Bank
ICICI Bank
IDBI Bank
Kotak Mahindra Bank
Karnataka Bank
Jammu Kashmir Bank
Oriental Bank of Commerce
Punjab National Bank
South Indian Bank
State Bank of India
Syndicate Bank
Union Bank of India
Vijaya Bank
Catholic Syrian Bank
UCO Bank
RBL Bank
Canara Bank
Shinhan Bank
Bank of India

SECRETARIAL AUDITOR

KSR & Co Company Secretaries LLP,
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