ANNUAL REPORT

2018 - 19

MANAPPURAM HOME FINANCE LTD.

MANAPPURAM HOME FINANCE LTD.

BOARD'S REPORT

To,
The Members
Manappuram Home Finance Limited

Your Directors are pleased to present the 9th Annual Report on the working of the Company with the Audited Accounts and the Report of the Auditors for the financial year ended March 31, 2019.

1. Financial Results at a glance

Description	**2018-19**	**2017-18**
Total Revenue	66,28,11,046	51,51,18,399
Profit / (Loss) Before Tax	3,32,39,450	**(4,72,80,774)**
Provision for Taxes/Deferred tax	27,20,000	(27,44,770)
Net Profit / (Loss) after tax	**3,05,19,450**	**(4,45,36,004)**
Profit / (Loss) b/f from previous years	(16,05,46,563)	(11,60,10,559)
Amount available for appropriations	**(13,00,27,113)**	**(16,05,46,563)**
Less: Transfer to Special Reserve (Under section 29C of the NHB Act, 1987)	(61,03,890)	0
Less: Proposed dividend tax	0	0
Balance carried forward to next year	**(13,61,31,003)**	**(16,05,46,563)**

During the year under review, Company has achieved AUM of Rs 518.76 Crores by the end of FY 2018-19 spreads over 35 branches. The total revenue stands to Rs. 66.28 Crores includes income from other sources comes to Rs. 0.02 Crores which is in the form of dividend from mutual Fund. Net Owned Fund (NOF) stood at Rs 189.23 Crores as on 31st March 2019.

Outlook for 2019-20

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.

In case "buying a house" features in your New Year resolutions, the current environment presents a very good opportunity to take the plunge as attractive offers are available and interest rates are at their lowest levels. We certainly hope these factors lead to more fence-sitters spring into action in 2018.

2. Dividend

Directors do not recommend any dividend for the year under consideration.

3. Raising of Additional Capital

During the year 2018-19 your company has increased the Authorised and paid up share capital from Rs.100,00,00,000/- to Rs.200,00,00,000/- by issue of 10,00,00,000 equity shares

4. Reserves

During the year the company has incurred a profit of around Rs. 3.05 Crores, Further, the company has transferred Rs. 0.61 Crores to Special Reserve as per section 29C of the NHB Act, 1987.

5. Acceptance of Deposits

The company being a non-deposit taking Housing Finance Company (HFC) has not accepted public deposit during the year.

6. Compliance with Directions/Guidelines of National Housing Bank (NHB)

Company has adhered to the prudential guidelines issued by the National Housing Bank (NHB) under its Directions 2010, as amended from time to time.

Company has complied with the Guidelines and Directions issued by the NHB on Investments, Fair Practices Code and Customer Complaints Redressal Mechanism, Know Your Customer (KYC) and Anti Money Laundering Guidelines and other related aspects.

7. Compliance with the Secretarial Standards

The Company is in Compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India.

8. Directors

Retirement of Directors by Rotation

Mr. V.P.Nandakumar, Director of the company whose period of office is liable to be determination by retirement by rotation and offers himself for reappointment.

Re-Appointment of Mr. T Balakrishanan as Independent Director

Mr. T Balakrishnan (DIN No. 00052922), who was appointed as an Additional Director (Non-Executive &Independent Director) on 18th March 2014 and confirmed as Director(Independent) for a period of five years from the date of AGM ie 21.07.2014 in terms of Section 161(1) of the Companies Act, 2013 and whose term of office expires at the coming Annual General Meeting be and is hereby re appointed as an Independent Director of the Company whose period of office shall not be liable to determination by retirement of directors by rotation."

9. Auditors

M/s Deloitte Haskins & Sells, Chartered Accountants, Firm Registration Number-117366W, 12,Dr.Anni Besant Road, Opp. Shiv Sagar Estate, Worli, Mumbai-400018, shall continue to hold the office of statutory auditors till the 12th Annual General Meeting of the Company.

10. Extract of Annual Return

In accordance with Section 134(3)(a) of the Companies Act, 2013,the details forming part of the extract of the Annual Return, as provided under Section 92(3) read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, are posted in the website of the Company www.manappuramhomefin.com.

11. Director & KMP changes

Dr.Sumitha Jayasankar, Director has resigned from the Board of the Company w.e.f. 22nd March 2019.

12. Declaration from Independent Directors

The Company has received necessary declaration from each Independent Director of the Company as per Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

13. Corporate Governance

The Company is committed to achieving the highest standards of Corporate Governance and it aspires to benchmark itself with the best practices in this regard.

Board of Directors

The composition of the Board of Directors of the Company is governed by the relevant provisions of the Companies Act, 2013 and the Rules made there under. The Company's Board consists of Executive, Non Executive and Independent directors with expertise and experience in the field of banking, finance, operations management, engineering, auditing and/or accounting. As on 31st March 2019, the Company's Board consisted of 4 Directors. Brief details on name of the Director, category, number of directorships, meeting and attendance etc are given below:-

Name of Director & DIN	Category of Directors	Total no of meetings	No. of Board Meetings Attended	Details of membership in Committees of the Board *		Number of Directorships in other Companies**
				Chairman	Member	Member
Mr. V. P Nandakumar Chairman DIN:00044512	Promoter & Non-Executive	7	7		4	12
Mr. Munish Dayal DIN:01683836	Non Independent & Non Executive	7	7	-	-	8
Mr. Gautam Saigal DIN:00640229	Non Independent & Non Executive	7	7		3	3
Dr Sumitha Jayasankar DIN:03625120	Non Executive(Resigned w.e.f 22nd March 2019	7	2		NIL	2
Mr. T.Balakrishnan DIN:00052922	Independent Non-Executive	7	7		6	7
Mr Jeevandas Narayan	Executive Director-MD	7	7	-	-	1

* Includes Audit, Remuneration & stake holders committee

** Directorship in both listed & unlisted companies including our company

b). Number of meetings of the Board

During the Financial year 2018-19, Board met Seven times as noted below:-

24th April 2018	01st February 2019
16th May 2018	27th February 2019
06th August 2018	22nd March 2019
02nd November 2018	

c) Disclosure on Composition of Audit Committee

The Company has constituted an Audit Committee in accordance with Section 177 of the Companies Act, 2013. Presently the Committee is chaired by Mr. Gautam Saigal (Non Executive Director) & Mr. Munish Dayal (Non Executive Non Independent) and Mr.T.Balakrishnan (Non Executive & Independent), as Members. The Audit Committee acts in accordance with the Terms of Reference as approved by the Board and as per the Policy on Internal Guidelines on corporate Governance. Audit Committee has met four times during FY-2018-19 and all the recommendations made by the Committee to the Board were duly accepted. Details of the meeting along with the attendance of the members are as follows:-

Name of Directors	AUDIT COMMITTEE DATES			
	Name of Directors	Name of Directors	Name of Directors	Name of Directors
Gautam Saigal—Present Chairman	✔	✔	✔	✔
T.Balakrishnan-Member				
Mr. Munish Dayal-Member	Absent	✔	✔	✔

The brief description of the scope of the Audit Committee Charter are as follows:-

- The recommendation for appointment, remuneration and terms of appointment of Auditors of the company;
- Examination of the financial statements and the Auditor's report thereon;
- Review and evaluation of the effectiveness and adequacy of the internal financial control and risk management systems of the Company
- Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
- Reviewing the scope and plans of statutory, internal, and systems audits, and discussing the main audit findings and comments with the Management and auditors to focus on any significant area of concern and to ensure expeditious rectification of short comings, if any, noticed;
- 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

d) Disclosure on Composition of Nomination Compensation and Corporate Governance Committee

The Company has constituted NCCGC in accordance with Section 178 of the Companies Act, 2013.Presently the Committee is chaired by Mr. T.Balakrishnan –Independent Director &, Mr V.P.Nandakumar-Non executive Director & Mr. Munish Dayal –Non-Executive Director as members

The NCCG Committee acts in accordance with the Terms of Reference made by the Board and as per the Policy on Internal Guidelines on corporate Governance.

NCCGC has met one Times during FY-2018-19.Details of the meeting attended by the members are as under:-

Members	NOMINATION COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE DATE
	16th May 2018
T.Balakrishnan,Chairman	✔
V.P.Nandakumar	✔
Mr. Munish Dayal	Absent

The brief description of the scope of the Committee are as follows:-

- Identifying persons who are qualified to become Directors and those who may be appointed in senior management;
- Undertaking the process of due diligence to determine the suitability of Directors based upon qualification, track record, integrity and other fit and proper criteria and recommending the Director's appointment and continuation as a Director
- Formulation of the criteria for determining qualifications, positive attributes and independence of Directors and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees;

- Formulation of criteria for evaluation of Independent Directors and the Board;
- Ensuring that such persons meet the relevant criteria prescribed under applicable laws;
- Reviewing the said criteria annually
- Fixing / re-fixing the remuneration of the Executive Directors (Whole-time Directors) of the Company; and
- Approving the remuneration / any change therein of the managerial personnel of the Company when there are no profits / inadequate profits / negative effective capital as per Schedule V to the Companies Act, 2013.

e) Asset Liability Management Committee

The Company has constituted an Asset Liability Management Committee (ALCO). The Committee, functions under the supervision of the Board and within the regulatory framework.

The Committee will, inter-alia, specifically oversee the following:

a) Compliance with NHB Directions/Guidelines for Asset Liability Management
b) Debt Composition and plan of the Company for fund raising
c) Tenor of the Liabilities.

The objective of this policy is to create an institutional mechanism to compute and monitor periodically the maturity pattern of the various liabilities and assets of MAHOFIN to :

a. Ascertain in percentage terms the nature and extent of mismatch in different maturity buckets, especially the 1-14 and 15-31 days bucket, which would indicate the structural liquidity.
b. The extent and nature of cumulative mismatch in different buckets indicative of short term dynamic liquidity and
c. The residual maturity pattern of re pricing of assets and liabilities which would show the likely impact of movement of interest rate in either direction on profitability.

ALCO has met four Times during FY-2018-19. Details of the meeting attended by the members are as under:-

Members	ALCO Committee dates			
	14th June 2018	21st September 2018	11th December 2018	13th March 2019
Mr.V.P.Nandakumar	✔	✔	✔	✔
Mr.Subhash Samant	-	✔	✔	✔
Mr.Jeevandas Narayan	✔	✔	✔	✔
Mr. Vipul Patel	✔	✔	✔	✔
Mr.Manish Malakan	✔	✔	✔	✔

f) Risk Management Committee

The Company has constituted risk management Committee to review the Risk Management Policy, document and improve risk management practices, ensure appropriate / adequate reporting to the Board, 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 Committee meets periodically and reports to the top Management and Board. Committee shall function as per the charter of Risk Management Committee. Member representing risk department has made quarterly presentation on the Risk management.

Name of the Member	Position	Category
Mr.Gautam Saigal	Chairman	Non-Executive Director
Mr.T.Balakrishnan	Member	Independent Director
Mr.Munish Dayal	Member	Non-Executive Director
Head – Risk Management Department		

Composition of Committee:

The broad responsibilities of the Risk Management Department are:

i) **Implementing the Risk Management Policy as approved by the Board of Directors. Reviewing the provi sions of the policy periodically and recommending to the Board of Directors appropriate modifications or improvements if required.**

ii) Provide a methodology to identify, quantify and analyze the company's exposure to loss arising out of probable uncertain event.

iii) Instilling a culture of risk awareness across the length and breadth of the organization.

iv) To develop and update a complete system for recording, monitoring, and communicating the organiza tion's risk exposure/issues to Top Management and Board/Committee of Board.

v) Designing or assist in the designing of work processes or activities having risk implications, getting them approved, assisting in implementation of the processes and engaging in periodical review of the effective ness of such processes.

vi) Development of 'models' for assessment of loss in projected circumstances. Limiting unfavorable outcome by containing risks and suggesting mitigation therefore.

Risk Committee has met two times during FY-2018-19.Details of the meeting attended by the members are as under:-

Members	RISK COMMITTEE DATES	
	06th August 2018	01st February 2019
Mr.Gautam Saigal	✔	✔
Mr.T.Balakrishnan	✔	✔
Mr.Munish Dayal	✔	✔

g) Investment Committee

The Company has also constituted Investment Committee to consider safety, liquidity, credit risk, Interest Rate Risk and yield of the investment while making investments . The Investment Committee shall function as per the Investment Credit Committee Charter .Committee consisting of the following members:

Name of the Member	Position	Category
Mr. V.P.Nandakumar	Chairman	Chairman
Mr.Subbhash Samant	CEO	Member
Mr.Vipul Patel	Chief Financial Officer	Member

The investment portfolio will be managed by the Chief Financial Officer, who will strive to invest with the judgment and care that prudent individuals would exercise in the execution of their own affairs, to maintain the safety of principal, maintain liquidity to meet cash flow needs and to provide competitive investment returns for MAHOFIN.

h) Management Committee

The Company has constituted the management Committee for assisting the Board in the day to day operations and for the smooth functioning of the company on 29th October 2014. A committee of the Board and CEO is to be constituted and shall be responsible for overseeing and dealing with operational matters from time to time. The committee shall meet as and when it becomes necessary to consider the urgent matters coming up between two board meetings.

Composition of Committee:

Name of the Member	Position	Category
Mr. V.P.Nandakumar	Chairman	Member
Mr.Jeevandas Narayan	Non-Executive Director	Member
Mr.Gautam Saigal	Non-Executive Director	Member

A summary of the business transacted by the committee as initialed by the Company Secretary shall be presented to the succeeding board meeting for the purpose of noting and recording.

i) IT strategy Committee

The Company has also constituted IT strategy Committee in line with the NHB circular as IT Governance is an integral part of corporate governance and so as to advice on the strategic direction on IT and to review IT investments on Board's behalf. The IT Strategy Committee shall meet at an appropriate frequency but not more than six months shall elapse between two meetings.

Members

Mr. T.Balakrishnan, Chairman
Mr. V.P.Nandakumar-Member
Mr. Munish Dayal -Member
Mr. Jeevandas Narayan-Member

14. Policy on Board Composition, Compensation & Evaluation Criteria & Related Disclosure

The Board of Directors has adopted a policy on directors appointment and remuneration for directors, KMP and other employees including criteria for determining qualification, positive attributes, and independence of directors as laid down by the nomination and remuneration committee of the board which is attached to this report as **Annexure I.** The Board has also adopted some criteria for evaluating its own performance and of its committees and individual directors viz as Structure & Composition, extent of fulfilment of duties & key responsibilities Board process, information & functioning, effectiveness of meeting, relationship with Board & management, attendance, Professional Conduct, Duties, Role & functions, contribution to the Board, Committee &management.

15. During the year 2018-19, the Company has not provided/made any loan, guarantee as per section 186 of the Companies Act 2013. However Company has invested Rs 9.63 crores in top 10 mutual funds.

16. During the year 2018-19, Auditors has not reported any fraud neither to the Central Government, nor to the Audit Committee constituted under section 177 of Companies Act 2013.

17. Pursuant to section 35b (ii) of the Companies (Amendment) Bill 2016, Company has been made Annual evaluation of the performance of the Board ,its Committees and of individual directors.

18. PARTICULARS OF CONTRACTORS AND ARRANGEMENT WITH RELATED PARTIES

During the Year, the Company did not enter into any materially significant transactions with related parties, ie., its Promoters, Directors, Key Managerial Personnel and their relatives, conflicting with the Company's interests as laid down under section 188(1) of the Companies Act 2013.

Approval of Audit Committee is obtained by the Company before entering into any related party transaction as per the applicable provisions of Companies Act ,2013.

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were on an arm's length basis. **Form AOC-2** ,as required under Section 134(3)(h) of the Act, read with Rule 8(2) of the Companies (Accounts)Rules 2014,is annexed as part of Board Report.**(Annexure-I)**

Further, as mandated under the Directions issued by the National Housing Bank vide Notification No.NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 09th February 2017, the Company has formulated a Policy on Related Party Transactions and the Policy is Annexed as part of this Boards Report.**(Annexure – III)**. The same has also been hosted on the Company's Website.

19. Material Changes

There were no material changes and commitments affecting the financial position of the Company, occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

20. Credit Rating & migration of rating

CARE, CRISIL & BRICKWORKS has assigned AA-, A+ & A+ rating for Bank borrowings respectively and CRISIL has also assigned A1+ for commercial paper.

21. Conservation of energy, & Technology absorption

Since the Company is not engaged in any manufacturing activity and its operations are not energy intensive, the disclosure relating to conservation of energy and technology absorption as stipulated under Section 134(3)(m) read with Rule 8 of the Companies (Accounts) Rules, 2014 is not applicable to the Company.

The Company actively pursues a culture of technology adoption, leveraging on the advancements in technology to serve customers better, manage process more efficiently and economically and strengthen control systems.

22. Foreign exchange earnings and outgo

During the year 2018-19, there were no foreign exchange earnings and outgo.

23. During the year 2018-19, the Company has not paid any Remuneration to the Directors except the sitting fee for attending the Board & Committee meetings.

24. During the year 2018-19, Company has not entered on any pecuniary relationship or transactions with the non executive directors of the Company.

25. STATEMENT ON RISK MANAGEMENT POLICY

The Company has a Board approved Risk Management Policy wherein all material risks faces by the Company viz. Credit Risk, Operational Risk, Regulatory Risk, Price and Interest rate Risk are identified and assessed. Risk Management Department headed and managed by competent professionals for identification, assessment and managing/ mitigating risk related issues across the organization. For each of the Risks identified in the process, corresponding controls are assessed and policies and procedure are put in place for monitoring, mitigating and reporting risk on a periodic basis.
The Company has constituted the risk management Committee on its Board meeting 11/02/2016. Head Risk will be a permanent invitee of the Risk Management Committee. Company Secretary shall be Secretary of the RMC.

26. Disclosure under Sexual Harassment of Women at workplace (POSH Act 2013)

The Company has in place a Policy in line with the requirements of the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) as been set up to redress complaints, as and when received regarding Sexual Harassment and all employees are covered under this policy. The policy has been posted on the Company's website. There was no Sexual harassment cases filed during the year 2018-19.

27. Whistle Blower Policy

The Company has adopted a whistle Blower policy and established the necessary vigil mechanism for Directors and employees to report genuine concerns about un-ethical behavior, pursuant to the provision of section 177(9) and (10) of the Companies Act,2013. The mechanism provides for adequate safeguards against victimisation of persons who use such mechanism and makes provision for direct access to the designated Member of the Audit Committee in appropriate or exceptional cases. It is hereby affirmed that no personnel of the Company has been denied access to the Audit Committee. There were no complaints from the employees during the year 2018-19.

The whistle Blower policy has been hosted on the Company's Website.

28. Significant Material Orders

During the year under review, no significant and material orders were passed by the regulators courts or tribunals against the Company, impacting its going concern status or its future operations.

29. The Directors' Responsibility Statement

As required under clause (c) of sub-section (3) Section 134 of the Companies Act, 2013, the Board of Directors hereby declares that :-

a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b. the directors had 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 and loss of the company for that period;

c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

d. the directors had prepared the annual accounts on a going concern basis; and

e. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

30. Disclosure of contingent liabilities:-

The Company does not recognize a contingent liability but discloses its existence in the financial statements.

31. Applicability of CSR provision under Sec 135

The provisions of sec 135 of the Companies Act 2013 pertaining to the Corporate Social Responsibility are not applicable to the Company.

32. Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of the Board's Report.**(Annexure-II)**

33. Secretarial Auditors

In terms of Section 204 of the Companies Act, 2013 and the Rules there under, the Company has appointed M/s KSR & Co, Practicing Company Secretary firm, for conducting Secretarial Audit of the Company for the Financial Year 2018-19. The Secretarial Audit Report for the Year, in Form MR-3 as prescribed under the Companies Act, 2013 is annexed to this Board's Report **(Annexure III)**.

There is no qualification, observation or remark in the Secretarial Audit Report requiring explanation by the Board of Directors.

34. Acknowledgement

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

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

S/d
V.P.Nandakumar
Chairman

Place: Valapad
Date:07/05/2019

Annexure-1

Particulars Pursuant to clause (H) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules ,2014

Form for Disclosure of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act ,2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.
   All transactions entered into by the Company during the year with related parties were on an arm's length basis.
2. Details of material contracts or arrangement or transactions at arm's length basis:
   The transactions entered into by the Company during the year with related parties on an arm's length basis were not material in nature. However the transaction details are as follows.

SL NO	Particulars	Details
a)	Names (s) of the related party & nature of relations	a)
b)	Nature of Contracts/arrangements/transactions	1. Short Term loan of Rs.50 cr from MAFIL
		2. Sharing of office 365 EA and Micro Soft facility
		3. Enhancing MAFIL credit facility limit from Rs.50 cr to Rs.150 cr
		4. Sharing of new MAFIL premises at Mumbai
		5.Purchase of MACOM Legal Management System
c)	Duration of the contracts/arrangements/transaction	1. Duration not specified. Can be terminated on mutual consent of both the parties.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Payment under SLA:Rs.28,08,731/- Loan repayment to MAFIL:Rs.1,61,00,00,000/- Interest on loan paid to MAFIL:Rs.2,39,43,403/-
e)	Date of approval by the Board	• SLA lastly modified on 12/02/2019
f)	a)	• Loan from MAFIL approved on:16/05/2018 • Sharing of office 365 EA and Micro Soft facility from MAFIL approved on 16/05/2018 • Enhancing MAFIL credit facility limit from Rs.50 cr to Rs.150 cr approved on 02/11/2018 • Sharing of new MAFIL premises at Mumbai approved on 02/11/2018 • Purchase of MACOM Legal Management System approved on 02/11/2018
g)	Amount paid as advance ,if any	Nil

Annexure II

Manappuram Home Finance Limited
Management Discussion and Analysis Report

I. Industry Structure and Developments
a. Macro-economic environment

Housing sales jumped by nearly 8 per cent in first three quarters of 2018. NBFC crisis hijacks Indian real estate's growth story, fallout into 2019. General elections will play a role in the sector's fate in 2019. In the last couple of years, affordable housing is the only segment where transactions have happened in real estate.

As far as affordable housing is concerned, the 95% of the country's population consists of the lower middle class or economically weaker section. These sections are driving demand in affordable housing. Moreover, in the past few years, the government's focus and incentives to developers as well as homebuyers was why demand in the segment went up. Affordable Housing segment is not just real estate, it is the need of the masses.

In the true sense, the real estate market is now emerging in a different manner and in the next 10 years, it will see a turnaround. The premium segment will also see demand, but affordable housing will drive the sector.

As per the industry report, affordable housing witnessed a growth of 22% in sales during 2018. Even this number is not big because there are few developers in this segment at present. Demand is huge and supply is limited. Once more developers start offering projects in this segment, it will witness tremendous growth.

The government should also consider putting affordable housing in the list of priority sector lending for banks as well as other financial institutions. Easy availability of loan will boost the sector and make it more feasible for developers to enter it.

The NBFC crisis will surely have a fallout effect in the current year. However, trends in the Indian housing market and data indicate that there can be a 15-18% increase in the number of new residential launches in H1 2019. The resultant supply would be anywhere between 96,000 to 98,600 units. This calculation is basis the fact that new residential units across the top 7 cities increased from about 75,970 units in H1 2017 to almost 83,520 units in H1 2018.

Despite the teething pains of game-changing policies like RERA and GST in 2017 and early in 2018, project launches increased by 18% in the first three quarters of 2018 as against the same period in 2017. Considering this growth pattern and the fact that the real estate sector is looking more upbeat in terms of overall consumer sentiments, builders will focus on launching more new projects across the cities in 2019. However, the ongoing consolidation process brought on by the NBFC crisis as well as RERA and GST will cause a lot of this supply to change hands.

Unsold inventory has declined from 7.44 lakh units in Q3 2017 to around 6.87 lakh units in Q3 2018 in the top 7 cities. Meanwhile, the recent consumer survey also indicates that after a prolonged period of fence-sitting, as much as 61% buyers with genuine purchase intentions hope to buy homes in the next 12 months. The conducive Indian real estate environment over the last few quarters has already prompted as many as 24% of the polled buyers to take the plunge.

b. Demand for Affordable Housing Finance

The government has been very focused on the housing sector. People have been encouraged to buy houses in the expectation that by giving a boost to the housing sector, effectively, it will give a boost to all the core sectors in the economy – cement, steel, power, paint -- various ancillary industries associated with housing. When housing gets a boost, different allied industries also get a boost and lots of jobs are generated for construction workers, masons, carpenters, plumbers and engineers.

The government has provided fiscal benefits on housing loans and a CLSS or a subsidy scheme is also available for home buyers. And last but not the least, one of the most important factors for the growth is the fact that two-thirds of the population in India is below 35 years of age. India has a young population compared to the rest of the world.
The demand for housing in India continues to be very robust. In the affordable housing segment, average loan size is Rs 27 lakh. Affordable housing segment means borrowers in the lower income group and in the economically weaker section. They account for 18% in value terms of the loans and in number terms, as much as 37%.

According to the McKinsey Report (2010), India will have 40 per cent of its population living in urban areas with 68 cities with one million plus population (from 42 currently) by 2030. It estimates that the demand for affordable housing will increase to 38 million housing units in 2030 from 19 million in 2012.

c. Government measures to encourage Affordable Housing

The Government of India along with the governments of the respective states 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:

- Under the Pradhan Mantri Awas Yojana (PMAY) Urban, more than 6.85 million houses have been sanctioned up to December 2018.
- In February 2018, creation of National Urban Housing Fund was approved with an outlay of Rs 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 3,21,567 affordable houses were sanctioned under the scheme.

In the Union Budget 2017-18, a number of measures to boost affordable housing, which include: (i) granting infrastructure status to affordable housing; (ii) increasing the time for project completion to affordable housing promoters from earlier three years to five years; (iii) providing a year's time to developers to pay tax on notional rental income on completed but unsold units; (iv) reducing the tenure for long-term capital gains for affordable housing from three to two years; (v) revision of the qualifying criteria for affordable housing from saleable area to the carpet area; (vi) announcement of a new CLSS for the MIG with a provision of `1,000 crore; and (vii) refinancing facility by National Housing Bank (NHB) for individual loans for the affordable housing segment. Apart from the Centre, some State Governments, viz., Madhya Pradesh, Chhattisgarh and Gujarat are also encouraging affordable housing by providing rebates on stamp duty rates levied on housing for the EWS, low and middle-income groups.

II. Opportunities & Threats

I. Strength: Strong Capitalization, Parent Company Brand & Network, experienced professionals, Digitalization, Government Initiative.

II. Weakness: Long term fund, Narrow profit margin, hiring best talent, High Operating Cost, High Rate of Interest

III. 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.

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

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 Scheme Pradhan Mantri Awas Yojana, Credit Linked Subsidy Scheme for Middle Income Group has been further extended till March 2020.

Apart from the above, the RBI has also taken various policy measures to promote affordable housing. First, in July 2014, the RBI defined affordable housing loans as eligible under priority sector lending, as also housing loans to individuals up to `50 lakhs for houses of values up to `65 lakhs located in the six metropolitan centres (Mumbai, New Delhi, Chennai, Kolkata, Bengaluru and Hyderabad) and `40 lakhs for houses of values up to `50 lakhs in other centres for purchase/ construction of dwelling unit per family. Second, it allowed banks to issue long term bonds (of minimum 7 years maturity) to finance loans to affordable housing and exempt such bonds from the computation of adjusted net bank credit (ANBC). Third, the RBI allowed the banks to provide home loans up to 90 per cent for properties that cost up to `30 lakh in October 2015.7 Fourth, the RBI also modified the provisioning or risk-weight norms for home loans to make them cheaper – it cut the standard asset provisioning on housing loans to 0.25 per cent from 0.4 per cent in June 7, 2017. In its Monetary Policy Statement of October 2017, the RBI has indicated that faster rollout of affordable housing program with time bound single window clearances and rationalisation of high stamp duties by the state governments can support growth.

III. Segment wise or Product wise performance

Affordable Housing Finance Company (A-HFC) Industry Overview

Asset Quality of HFCs, by and large, have been stable with gross NPAs at 1.0 % as on date, despite Demonetization, RERA and GST. However, the asset quality of some of the affordable housing companies have deteriorated in the recent past owing to aggressive growth, bad underwriting and to an extent seasoning of portfolio. Having said that, strong monitoring/control processes of HFCs, borrower's own equity in the properties, large % of properties financed for self-occupation, availability of SARFAESI process for recovery and comfort of lending to a secured asset class mitigates the above concerns to a large extent.

Funding mix for large HFCs continued to be well diversified and they rely more on debt market, while smaller HFCs rely more on bank borrowings. In FY 2018, there have been quite a few instances of even smaller HFCs accessing the debt market and multilateral financing agencies. Share of NHB refinance to HFCs has also being going up. There has been an increase in the share of NCDs and CPs in the overall borrowing mix of HFCs. As regards cost of borrowings, there was a considerable decline in the cost of borrowings of HFCs till Q2 FY 2018. With interest rates hardening from Q3 FY 2018, the cost of borrowing is edging upwards more particularly in the case of HFCs with a higher share of short-term borrowings in their overall borrowing mix.

IV. Outlook:

The Securities and Exchange Board of India (SEBI) has given its approval for the Real Estate Investment Trust (REIT) platform which will help in allowing all kinds of investors to invest in the Indian real estate market. It would create an opportunity worth Rs 1.25 trillion (US$ 19.65 billion) in the Indian market over the years. Responding to an increasingly well-informed consumer base and, bearing in mind the aspect of globalisation, Indian real estate developers have shifted gears and accepted fresh challenges. The most marked change has been the shift from family owned businesses to that of professionally managed ones. Real estate developers, in meeting the growing need for managing multiple projects across cities, are also investing in centralised processes to source material and organise manpower and hiring qualified professionals in areas like project management, architecture and engineering.

The growing flow of FDI into Indian real estate is encouraging increased transparency. Developers, in order to attract funding, have revamped their accounting and management systems to meet due diligence standards.
There is an uncanny similarity between the stock market and the real estate market today. Though the overall equity market is looking weak, there are several stocks worth investing right now. Similarly, though the broader real estate market is flat, action is happening at the micro level. There are several pockets across metros and large cities where property prices are reasonable, and investors can expect good returns.

V. Risk management/ Internal control systems and their adequacy:

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 organization and adequate.

VI. Discussion on 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 wise spread**

The company has a presence in 35 Indian locations across six states (Maharashtra, Gujarat, Tamil Nadu, Kerala, Karnataka, Andhra Pradesh). The total AUM as on 31-03-2019 stands at Rs. 540 crores.
The Company is expanding its horizon to scale up Business to reach Rs. 1000 crores AUM by FY 2019-20. Considering the increasing urbanization of tier II and tier III cities, the company is also planning to cover about the 40 nearby sub-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 Rs. 9.50 lakhs and for the LAP segment, it stands at about Rs. 7.00 lakhs.

- **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 focused 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 digitization, 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 and Current Paid up Capital is Rs.200 crore. Capital adequacy ratio is around 62%, as against regulatory requirement of 12%.

VII. Material Development in Human Resources/Industrial Relations Front, including number of people employed

The company has 400+ 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.

Annexure-III

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, 2019

To,

The Members
Manappuram Home 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 Home Finance Limited** (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2019 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, 2019 according to the provisions of:

(i) The Companies Act, 2013 and the Rules made there under

(ii) The National Housing Bank Act, 1987.

(iii) The Housing Finance Companies (NHB) Directions, 2010.

(iv) Corporate Governance (National Housing Bank) Directions, 2016

We have also examined compliance with the applicable clauses of Secretarial Standards under Section 118 of the Companies Act, 2013

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

a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

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

c) 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.

We further report that

The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors. The Company is not required to appoint Independent Directors since it is a wholly owned subsidiary of Manappuram Finance Limited. 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 exists 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 understand that there were no dissenting members' views requiring to be captured in the minutes.

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

We further report that during the period covered under the Audit, the Company has made specific actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines referred to above:

(a) The Company vide resolution passed at its Eighth Annual General Meeting held on 06th August, 2018 enhanced its borrowing powers under Section 180(1)(c) of the Companies Act, 2013 to Rs.1000 Crores.

(b) The Company has issued and allotted 10,00,00,000 Equity Shares of Rs.10/- each for cash at a par on a rights basis, aggregating to Rs. 100,00,00,000/- to its holding company vide resolution of its Board of Directors dated 27th February, 2019.

For KSR & Co Company Secretaries LLP

Date: 7th May 2019
Place: Coimbatore

S/d
Dr.C.V.Madhusudhanan
Partner
(FCS: 5367; CP: 4408)

Deloitte Haskins & Sells LLP

Chartered Accountants
Lotus Corporate Park
1st Floor, Wing A – G
CTS No.185/A, Jay Coach
Off Western Express Highway
Goregaon (East)
Mumbai – 400 063
Maharashtra, India

Tel: +91 22 6245 1000
Fax: +91 22 6245 1001

INDEPENDENT AUDITOR'S REPORT

To The Members of Manappuram Home Finance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Manappuram Home Finance Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis and Directors Report (the "Reports"), but does not include the financial statements and our auditors' report thereon. The Reports are expected to be made available to us after the date of this auditors' report.

- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Management's Responsibility for the Financial Statements

Regd. Office: Indiabulls Finance Centre, Tower 3, 27th - 32nd Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400 013, Maharashtra, India.
(LLP Identification No. AAB-8737)

Deloitte Haskins & Sells LLP

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

**Deloitte
Haskins & Sells LLP**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other matter

The comparative financial information of the Company for transition date opening balance sheet as at 1st April 2017 included in these financial statements, have been prepared after adjusting previously issued financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 and guidelines issued by the National Housing Bank (NHB)to comply with Ind AS. The previously issued financial statements were audited by the predecessor auditor whose report for the year ended 31st March 2017 dated 20th May 2017 expressed an unmodified opinion on this financial statements. Adjustments made to the previously issued financial statements to comply with Ind AS have been audited by us.

Our opinion on the financial statements is not modified in respect of the above matter on the comparative financial information.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 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.

Deloitte
Haskins & Sells LLP

g) With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position as at 31st March 2019;

ii. The Company did not have any long-term contracts including derivative contracts as at year-end for which there were any material foreseeable losses.

iii. There were no amounts which were 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)

Anjum A. Qazi
Partner
(Membership No. 104968)

Place: Valapad

Date: 7th May 2019

Deloitte
Haskins & Sells LLP

Report on Internal Financial Controls 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")

We have audited the internal financial controls over financial reporting of Manappuram Home Finance Limited ("the Company") as of 31st March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India" (the "Guidance Note"). 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 policy, 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 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.

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

Deloitte Haskins & Sells LLP

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 31st March 2019, 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.

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

Anjum A. Qazi
Partner
(Membership No. 104968)

Place: Valapad

Date: 7th May 2019

Deloitte
Haskins & Sells LLP

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the period by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause 3(i)(c) of the Order is not applicable.

(ii) To the best of our knowledge and according to the information and explanations given to us the Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.

(iii) To the best of our knowledge and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act.

(iv) To the best of our knowledge and according to information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees under the provisions of Sections 185 and 186 of the Act and hence reporting under clause 3(iv) of the Order is not applicable.

(v) To the best of our knowledge and according to the information and explanations given to us, the Company has not accepted any deposit during the year and no order in this respect has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals.

(vi) To the best our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company.

(vii) To the best of our knowledge and 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, Goods and Service Tax and cess to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax and cess in arrears as at 31st March 2019 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax and Goods and Service Tax as on 31st March 2019 on account of disputes.

(viii) To the best of our knowledge and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and financial institution. The Company has not taken any loan from government and financial institutions. The Company has not issued any debentures.

Deloitte
Haskins & Sells LLP

(ix) To the best of our knowledge and according to the information and explanations given to us, the money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. The Company has not raised moneys by way of initial public offer/ further public offer including debt instruments.

(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.

(xi) To the best of our information and according to the explanations given to us, the remuneration paid / provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.

(xiii) To the best of our knowledge and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, during the year under review the Company has made private placement of 10,00,00,000 Equity Shares bearing a face value of Rs.10/-.

In respect of the above issue, we further report that:

a. the requirement of Section 42 of the Act, as applicable, have been complied with; and

b. the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application.

(xv) To the best of our knowledge 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 persons connected with them and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Anjum A. Qazi
Partner
(Membership No. 104968)

Place: Valapad

Date: 7th May 2019

Deloitte
Haskins & Sells LLP

Chartered Accountants
Lotus Corporate Park
1st Floor, Wing A - G
CTS No.185/A, Jay Coach
Off Western Express Highway
Goregaon (East)
Mumbai – 400 063
Maharashtra, India

Tel: +91 22 6245 1000
Fax: +91 22 6245 1001

Ref: AQ/91

Independent Auditor's Certificate

We have examined audited books of accounts as at and for the year ended 31 March 2019, other relevant records and documents maintained by Manappuram Home Finance Limited ("the Company") on a test check basis, in respect of the data furnished in enclosed annual return ("the Return") for the year ended 31 March 2019 and which has been signed by us for identification purpose. We certify that to the best of our knowledge and according to information, explanation given and representation made to us and records by examined by us, the data furnished in the return read with the notes / comments thereof and annexure 1 to this certificate.

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Anjum A. Qazi

Partner

(Membership No. 104968)

Mumbai, 28 June 2019

UDIN: 19104968AAAABK1243

Regd. Office: Indiabulls Finance Centre, Tower 3, 27th - 32nd Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400 013, Maharashtra, India.
(LLP Identification No. AAB-8737)

Deloitte
Haskins & Sells LLP

Annexure 1

1. This certificate is issued in accordance with the terms of our engagement letter reference no. SB / 2018-19 / 33 dated 13 November 2018

Management's Responsibility for the compliance

2. The management of the Company is responsible for compliance with all the regulations and maintenance of proper books of accounts and such other records as per NHB(ND)/DRS/REG/MC-01/2018 Master Circular - The Housing Finance Companies (NHB) Directions, 2010 dated 2 July 2018 issued by National Housing Bank (NHB) as amended from time to time (the Directions). The management is responsible for preparation of the Return and furnishing the information specified in schedule I of the Directions as at and for the year ended March 31, 2019.

3. The management of the Company is also responsible for interpretation and compliance with the guidelines and requirements prescribed by the Directions and other applicable regulations and maintenance of proper books of accounts and other records as per the Directions. This responsibility includes the preparation and maintenance of all accounting and other relevant supporting records and documents and the design, implementation and maintenance of internal control relevant to the computation of the data furnished in the Return; preparation of the Return; applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Auditor's responsibility

4. We have performed test checks on the books of account and other relevant records and documents maintained by the Company produced before us as at and for the year ended 31 March 2019 for the purpose of providing reasonable assurance on the particulars mentioned in the Annual return.

5. We have not performed testing to ensure the correctness of following and have relied on details and representation provided by the management

    - The classification of disbursement of loans into urban and rural as included in Part 4.1 of the Return;
    - The classification of disbursement of loans into scheduled Caste and scheduled tribe as included in Part 4.1 of the Return;
    - The classification of disbursement of loans into different purposes i.e. for acquisition/ construction of new houses, for upgradation including major repairs of existing houses and for purchase of old / existing houses (Resale) as included in part 4.1 of the Return;
    - The classification of disbursement of loans based on income of the customer as included in Part 4.3 of the Return;
    - The classification of disbursement of loans based on area of the dwelling units as included in Part 4.3 of the Return

6. The audited financial statements referred to in paragraph 4 above, have been audited by us, on which we issued an unmodified audit opinion vide our report dated 7 May 2019. Our audit of these financial statements was conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

7. We conducted our work in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI), in so far as applicable for the purpose of this certificate which includes the concepts of test check and materiality. This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

8. 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 formation, and Other Assurance and Related Services Engagements.

Restrictions on Use

9. This certificate has been issued at the request of the Company for submission to NHB in relation to annual return as on 31 March 2019. This certificate is intended solely for the information and use of the NHB and is not intended to be and should not be distributed to or used for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Anjum A. Qazi

Partner

(Membership No. 104968)

Mumbai, 28 June 2019

UDIN: 19104968AAAABK1243

Deloitte Haskins & Sells LLP

Chartered Accountants
Lotus Corporate Park
1st Floor, Wing A – G
CTS No.185/A, Jay Coach
Off Western Express Highway
Goregaon (East)
Mumbai – 400 063
Maharashtra, India

Tel: +91 22 6245 1000
Fax: +91 22 6245 1001

Ref: AQ/92

Independent Auditor's Report

To
The Board of Directors
Manappuram Home Finance Limited
5th Floor, IV/470A(Old)
W/638A (New), Manappuram House
Valapad P.O.,
Thrissur - 680567

1. This report is issued in accordance with the terms of our engagement letter reference no. SB / 2018-19 / 33 dated 13 November 2018.

Management's Responsibility for the Compliance

2. Management of the Manappuram Home Finance Limited ("the Company") is responsible for ensuring compliance with NHB(ND)/DRS/REG/MC-01/2018 Master Circular - The Housing Finance Companies (NHB) Directions, 2010 dated 2 July 2018 ("the NHB Directions") issued by National Housing Bank (NHB) and other applicable regulations.

3. The Management of the Company is also responsible for maintenance of proper books of account and such other records. This responsibility includes the preparation and maintenance of all accounting and other relevant supporting records and documents and the design, implementation and maintenance of internal control relevant to ensure compliance with the NHB Directions and other applicable regulations; applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Auditors' Responsibility

4. Our responsibility is to report on matters specified in paragraphs 3 and 4 of the NHB(ND)/DRS/REG/MC-05/2018 Master Circular- Housing Finance Companies - Auditor's Report (NHB) Directions, 2016 dated 2 July 2018 ("the Directions") issued by NHB. We conducted our work in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI), in so far as applicable for the purpose of this report which includes the concepts of test check and materiality. This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

5. 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 formation, and Other Assurance and Related Services Engagements.

✓

Regd. Office: Indiabulls Finance Centre, Tower 3, 27th - 32nd Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400 013, Maharashtra, India.
(LLP Identification No. AAB-8737)

6. We have examined the audited books of account and other relevant records and documents maintained by the Company produced before us as at and for the year ended 31 March 2019 for the purpose of providing reasonable assurance on the matters specified in the Directions.

7. The audited financial statements referred to in paragraph 6 above, have been audited by us, on which we issued an unmodified audit opinion vide our report dated 7 May 2019. Our audit of these financial statements was conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Opinion

8. On the basis of our examination on a test check basis of such books of account and other relevant records and documents and to the best of our information and explanations and representations given to us by the Management of the Company, we report that

- The Company has obtained a certificate of registration (COR) from the NHB as required under section 29A of the NHB Act, 1987 with registration No. 08.0158.17 dated August 22, 2017.
- The Company has met the required Net owned fund (NOF) requirement as prescribed under section 29A of the NHB Act, 1987.
- The Company has complied with provisions of section 29C of the NHB Act, 1987, relating to transfer of amounts to the Statutory Reserve.
- The Company is not accepting / holding public deposit and the board of directors has passed the resolution for non- acceptance of any public deposits in its meeting held on May 12, 2012.
- The Company has not accepted any public deposits during the financial year 2018-19.
- The total borrowings of the Company are within the limits prescribed under the limits prescribed under paragraph 3(2) of the NHB Directions.
- The Company has generally complied with the prudential norms on income recognition, accounting standards, assets classification, loan to value ratio, provisioning requirements, disclosure in balance sheet, investment in real estate, exposure to capital market and engagement of brokers and concentration of credit / investment in specified in the NHB Directions;
- Capital adequacy ratio as disclosed in the Schedule-II return submitted to the National Housing Bank in terms of the NHB Directions has been correctly determined and is in compliance with the minimum capital to risk weighted asset ratio (CRAR) prescribed therein;
- The Company has generally furnished to the NHB within the stipulated period the schedule II return as specified in the NHB Directions;
- The Company has generally furnished to NHB within the stipulated period the schedule III return on Statutory Liquid Assets as specified in the NHB directions;
- The Company has complied with the provisions of the NHB Directions with regard to opening of new branches / offices or in the case of closure of existing branches / offices;
- The Company has complied with the provisions contained in paragraph 38 and 38A of the NHB Directions.

Deloitte
Haskins & Sells LLP

Restrictions on Use

9. This report has been issued at the request of the Company for submission to NHB. This report is intended solely for the information and use of the NHB and is not intended to be and should not be distributed to or used for any one other purpose Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Anjum A. Qazi

Partner

(Membership No. 104968)

Mumbai, 28 June 2019

UDIN: 19104968AAAABL5270

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Balance Sheet as at 31 March, 2019
(All amounts are in Indian Rupees, unless otherwise stated)

Particulars	Notes	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
I ASSETS				
1 Financial assets				
Cash and cash equivalents	4	19,24,89,797	3,70,22,880	9,69,11,357
Loans	5	5,13,58,62,492	3,68,34,93,572	3,07,50,44,033
Other Financial assets	6	4,16,50,937	1,13,29,784	1,14,61,526
2 Non-financial Assets				
Current tax assets (net)	7	65,91,013	22,73,100	-
Deferred tax assets (net)		-	-	-
Property, plant and equipment	8	86,12,679	1,37,71,100	1,42,56,956
Capital work-in-progress	9	-	-	49,23,540
Other Intangible assets	10	74,03,244	74,09,165	4,26,953
Other non financial assets	11	76,88,877	79,50,297	44,25,348
Total assets		5,40,02,99,039	3,76,32,49,898	3,20,74,49,713
II LIABILITIES AND EQUITY				
1 Financial Liabilities				
Payables				
(I)Trade Payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
(II)Other Payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		92,95,508	80,92,831	48,84,876
Borrowings (other than debt security)	12	3,46,20,59,922	2,86,80,30,626	2,29,63,91,201
Other Financial liabilities	13	1,57,64,310	1,44,13,168	29,76,662
Non-financial Liabilities				
Current tax liabilities (net)	14	-	89,289	4,71,670
Provisions	15	54,96,316	32,68,257	44,55,364
Other non-financial liabilities	16	79,03,187	61,00,120	43,96,844
		3,50,05,19,243	2,89,99,94,291	2,31,35,76,617
Equity				
Equity share capital	17	2,00,00,00,000	1,00,00,00,000	1,00,00,00,000
Other equity	18	(10,02,20,204)	(13,67,44,393)	(10,61,26,904)
Total Liabilities and Equity		5,40,02,99,039	3,76,32,49,898	3,20,74,49,713

See accompanying notes forming part of the financial statements (Notes : 1-41)

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Anjum A. Qazi
Partner

For and on behalf of the Board of Directors

V.P. Nandakumar
Chairman
DIN : 00044512

Jeevandas Narayan
Managing Director
DIN : 07656546

Sobhash Samant
CEO

Vipul Patel
CFO

Sreedivya S
Company Secretary

Place. VALAPAD
Date: 7 May 2019

Place: VALAPAD
Date: 7 May 2019

Manappuram Home Finance Limited

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Statement of Profit and Loss for the year ended 31 March, 2019
(All amounts are in Indian Rupees, unless otherwise stated)

		Particulars	Notes	Year ended 31 March 2019	Year ended 31 March 2018
		Revenue from operations			
	(i)	Interest income	19 (i)	64,43,43,962	49,53,17,797
	(ii)	Net gain on fair value changes	19 (ii)	2,08,012	37,71,673
	(iii)	Other operating income	19 (iii)	1,82,59,072	1,60,28,929
(I)		**Total Revenue from operations/ Total Income**		**66,28,11,046**	**51,51,18,399**
		Expenses			
	(i)	Finance cost	20	30,97,51,899	22,87,80,282
	(ii)	Impairment of financial instruments	21	32,93,365	4,61,94,487
	(iii)	Employee benefit expenses	22	21,37,27,291	19,32,01,320
	(iv)	Depreciation, amortization and impairment	8 & 10	77,02,451	84,31,346
	(v)	Other expenses	23	9,54,04,590	8,57,91,738
(II)		**Total Expenses (II)**		**62,98,79,596**	**56,23,99,173**
(III)		**Profit/(loss) before expceptional items and tax (I - II)**		**3,29,31,450**	**(4,72,80,774)**
(IV)		**Exceptional items**		-	-
(V)		**Profit/(loss) before tax (III - IV)**		**3,29,31,450**	**(4,72,80,774)**
(VI)		Tax Expense:			
		(1) Current tax	24	22,00,000	31,09,289
		(2) MAT Credit Entitlement		26,19,802	(31,09,289)
		(3) Deferred tax Asset		-	-
		(4) Earlier years adjustments		(20,99,802)	(27,44,770)
(VII)		**Profit/(loss) for the year**		**3,02,11,450**	**(4,45,36,004)**
(VIII)		**Other Comprehensive Income**			
	A	(i) Items that will not be classified to profit or loss			
		Acturial Gain / (Loss)		3,08,000	-
		Subtotal (A)		**3,08,000**	-
	B	(i) Items that will be classified to profit or loss		-	-
		(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
		Subtotal (B)		-	-
		Other Comprehensive Income (A + B)		**3,08,000**	-
(IX)		**Total Comprehensive Income for the year**		**3,05,19,450**	**(4,45,36,004)**
(X)		**Earnings per equity share**			
		Basic (Rs.)	25	0.28	(0.45)
		Diluted (Rs.)	25	0.28	(0.45)

See accompanying notes forming part of the financial statements.

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Anjum A. Qazi
Partner

Place: VALAPAD
Date: 7 May 2019

For and on behalf of the Board of Directors

V.P. Nandakumar
Chairman
DIN : 00044512

Jeevandas Narayan
Managing Director
DIN : 07656546

Subhash Samant
CEO

Vipul Patel
CFO

Sreedivya S
Company Secretary

Place: VALAPAD
Date: 7 May 2019

Manappuram Home Finance Limited

MANAPPURAM HOME FINANCE LTD.

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Cash Flow statement for the year ended 31 March, 2019
(All amounts are in Indian Rupees, unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Operating activities		
Profit before tax	3,32,39,450	(4,72,80,774)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	77,02,451	84,31,346
Impairment on financial instruments	32,93,365	4,61,94,487
Bad Debts Written off	21,28,424	24,73,320
Dividend income	(2,08,012)	(37,71,673)
Share based payments to employees	60,04,739	1,39,18,515
Impact of Fair Value on Security Deposits	2,99,080	(2,52,314)
Working capital changes		
Loans	(1,45,77,90,709)	(65,71,17,346)
Trade payables and contract liability	12,02,677	32,07,955
Other Financial Liability	13,51,142	1,14,36,506
Other Non Financial Liability	15,41,639	58,98,558
Other Financial Assets	(3,06,20,233)	3,84,056
Other Non Financial Assets	(88,76,295)	(57,98,049)
Income tax paid	45,00,000	(30,20,000)
Net cash flows from/(used in) operating activities	**(1,43,62,32,282)**	**(62,52,95,413)**
Investing activities		
Purchase of fixed and intangible assets	(25,38,109)	(1,00,04,162)
Dividend Income	2,08,012	37,71,673
Net cash flows from/(used in) investing activities	**(23,30,097)**	**(62,32,489)**
Financing activities		
Borrowings other than debt securities issued	59,40,29,296	57,16,39,425
Issue of Share Capital	1,00,00,00,000	-
Net cash flows from financing activities	**1,59,40,29,296**	**57,16,39,425**
Net increase in cash and cash equivalents	15,54,66,917	(5,98,88,477)
Cash and cash equivalents as at the beginning of the year	3,70,22,880	9,69,11,357
Cash and cash equivalents at at the end of the year	**19,24,89,797**	**3,70,22,880**

See accompanying notes forming part of the financial statements (Notes : 1-41)

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Anjum A. Qazi
Partner

Place. VALAPAD
Date: 7 May 2019

For and on behalf of the Board of Directors

V.P. Nandakumar
Chairman
DIN : 00044512

Jeevandas Narayan
Managing Director
DIN : 07656546

Subhash Samant
CEO

Vipul Patel
CFO

Sreedivya S
Company Secretary

Place: VALAPAD
Date: 7 May 2019

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Statement of changes in Equity for the year ended 31 March, 2019
(All amounts are in Indian Rupees, unless otherwise stated)

a. Equity Share Capital

Equity shares of Rs. 10 each issued, subscribed and fully paid

	No. of shares	Amount
As at 31 March 2018	10,00,00,000	1,00,00,00,000
Issued during the year	10,00,00,000	1,00,00,00,000
As at 31 March 2019	20,00,00,000	2,00,00,00,000
As at 1 April 2017	10,00,00,000	1,00,00,00,000
Issued during the year	-	-
As at 31 March 2018	10,00,00,000	1,00,00,00,000

b. Other Equity

	Reserves and Surplus			Other Comprehensive Income	Total
	Statutory Reserve	Employee Share Option Outstanding of Parent Company	Retained Earnings		
Balance as at April 1, 2018	9,10,640	2,28,91,530	(16,05,46,563)	-	(13,67,44,393)
Share based payments to employees	-	60,04,739	-	-	60,04,739
Amt transferred to Statutory Reserve	61,03,890	-	(61,03,890)	-	-
Total Comprehensive Income for the year	-	-	3,08,000	-	3,08,000
Profit / (loss) after tax	-	-	3,02,11,450	-	3,02,11,450
Balance as at March 31, 2019	70,14,530	2,88,96,269	(13,61,31,003)	-	(10,02,20,204)
Balance as at April 1, 2017	9,10,640	89,73,015	(11,60,10,559)	-	(10,61,26,904)
Share based payments to employees	-	1,39,18,515	-	-	1,39,18,515
Total Comprehensive Income for the year	-	-	-	-	-
Profit / (loss) after tax	-	-	(4,45,36,004)	-	(4,45,36,004)
Balance as at March 31, 2018	9,10,640	2,28,91,530	(16,05,46,563)	-	(13,67,44,393)

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Anjum A. Qazi
Partner

For and on behalf of the Board of Directors

V.P. Nandakumar
Chairman
DIN : 00044512

Jeevandas Narayan
Managing Director
DIN : 07656546

Subhash Samant
CEO

Vipul Patel
CFO

Sreedivya S
Company Secretary

Place: VALAPAD
Date: 7 May 2019

Place: VALAPAD
Date: 7 May 2019

Manappuram Home Finance Limited

MANAPPURAM HOME FINANCE LTD.

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179

Accounting Policies

Note 1: Corporate Information

Manappuram Home Finance Limited ('MHFL' or 'the Company') is a public limited company domiciled in India and incorporated on October 7, 2010 in Thrissur, Kerala. The Company is a Non-Deposit accepting Housing Finance Company registered with National Housing Bank (NHB) under the provisions of National Housing Bank Act 1987 ('NHB Act').The Company is engaged in providing housing loans.

The company's registered office is at Third Floor, A Wing, Unit No 301-315, Kanakia Wall Street, Andheri Kurla Road, Andher East, Mumbai-400093.

The financial statements for the year ended 31st March 2019 were authorised for issuance in accordance with a resolution of the directors on 7th May 2019.

Note 2: New Accounting Standards issued but not effective

Ind AS 116 Leases was notified on 30 March, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 30 March, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Note 3: Significant accounting policies

a. Statement of Compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2018. Previous period figures have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2018 and April 1, 2017 and of the Total comprehensive income for the year ended March 31, 2018. These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act").

b. Basis of preparation

The financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c. Functional and presentation currency

The financial statements are presented in Indian Rupees which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Manappuram Home Finance Limited

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179

d. Use of estimates, judgments and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions, that affect the application of accounting policy and reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, at the end of the reporting period and reported amounts of revenues and expenses for the year presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

e. Recognition of Income

i) Interest and similar Income

Under Ind AS 109 interest income and expenses is recorded using the effective interest rate (EIR) method for all interest bearing financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR.

The company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the company reverts to calculating interest income on a gross basis.

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

f. Property, Plant and equipment (PPE)

An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. PPE are initially recognised at cost. The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When significant parts of property, plant and equipment are required to be replaced in regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognised from the balance sheet and cost of the new item of PPE is recognised. The expenditures that are incurred after the item of PPE has been put to use, such as repairs and maintenance, are normally charged to the statement of profit and loss in the period in which such costs are incurred. However, in situations where the said expenditure can be measured reliably, and is probable that future economic benefits associated with it will flow to the Company, it is included in the asset's carrying value or as a separate asset, as appropriate.

Depreciation on Property, Plant and equipment is calculated on a straight-line basis using the rates arrived at based on useful lives estimated by the management.

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179

The estimated useful lives are, as follows:

Particulars	Useful Life of Assets
Computers	3 years
Furniture & Fittings	5-10 years
Office Equipment	3-5 years
Motor Car	8 years

Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other operating income in the Statement of profit and loss in the year in which the asset is derecognised.

The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

g. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss. Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company considers that the useful life of an intangible asset will not exceed 5 years from the date when the asset is available for use.

h. Assets Held for Sale

The company classifies certain assets held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. In its normal course of business whenever default occurs, the Company may take possession of properties. The company may not physically repossess properties but engage external agents to recover the funds generally at auctions to settle the outstanding debt. Any surplus funds are returned to the customers or obligors. As a result of this practice, the properties under legal repossessions process are not recorded on the balance sheet as loans and are treated as non-current assets held for sale. The company currently records them in the financial statement at lower of loan amount outstanding or recoverable value as per the valuation report. Any deficit is transferred to profit or loss account.

Manappuram Home Finance Limited

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179

i. Impairment of non-financial assets

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets not yet available for use, are tested for impairment annually at each balance sheet date, or earlier, if there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cashgenerating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

As at March 31, 2019, none of the Company's property, plant and equipment and intangible assets were considered impaired.

j. Leases

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease based on the substance of the lease arrangement.

Company as a lessee

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

k. Retirement and other employee benefits

Provident Fund (Defined Contribution Plans)

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

Gratuity (Defined Benefit Plan)

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method with acturial valuations being carried out at each balance sheet date. Acturial gains and losses are recognised in full in other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognised as an expense at the earlier of (a.) when the plan amendment or curtailment occurs; (b) when the entity recognises related restructuring costs or related termination benefits .

The retirement benefits / obligations recognised in the balance sheet represents the present value of the defined benefit / obligations reduced by the fair value of scheme assets. Any assets resulting from this calculation is limited to present value of available refunds and reductions in future contributions to the scheme.

Manappuram Home Finance Limited

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized in the Statement of Profit and Loss during the year.

Compensated absence

Compensated absence which are expected to occur within 12 months after end of the period in which the employee renders the related services are recognised as an acturially determined liabilities at the present value of the obligation at the balance sheet date.

l. Taxes

Income tax expense comprises of current and deferred income tax. Current / Deferred tax is recognized in the Statement of Profit and Loss except to the extent it relates to an item which is recognized directly in equity or in other comprehensive income in which case the related income tax is also recognised accordingly.

i) Current Taxes

Current income tax expense includes income tax payable by the company on its taxable profits for the period. Advance tax and provision for income tax are provided after off setting advance tax paid and provision for tax arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liabilities on net basis.

ii) Deferred Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized. Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

m. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of the company by the weighted average number of equity shares outstanding during the year. Diluted EPS is calculated by dividing the net profit attributable to equity holders of company by the weighted average number of equity shares outstanding during the year plus dilutive potential shares except where results are anti dilutive.

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179

n. Provisions and other Contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current market assessment of time value of money and risk is specific to liabilities. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement in other operating expenses.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

o. Cash and cash equivalent

Cash and cash equivalents in the balance sheet comprise cash on hand and balances with banks in current accounts.

p. Cash flow statement

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. Determination of Fair Value

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The fair values of financial instruments measured at amortised cost are measured and disclosed in the said financial statements.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described as follows:

- Level 1 financial instruments –Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Manappuram Home Finance Limited

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179

- Level 2 financial instruments–Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.
- Level 3 financial instruments – Those that includes one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

r. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instruments.

i. Financial Assets

Initial Recognition - All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in three categories:

- At amortised cost
- At fair value through other comprehensive income (FVTOCI).
- At fair value through profit or loss (FVTPL).

Financial assets measured at amortised cost

A 'financial asset' is measured at amortised cost if both the following conditions are met:

a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement at fair value plus directly attributable costs, these financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Business model: The business model reflects how the company manages the assets in order to generate cash flows. That is, whether the company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL.

Manappuram Home Finance Limited

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortised cost, as mentioned above, is computed using the effective interest rate method.

Financial liabilities

Initial Measurement : Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement : Financial liabilities are subsequently carried at amortized cost using the effective interest method.

Impairment of financial assets

The company applies the expected credit loss (ECL) model for recognising impairment loss in accordance with IND AS 109.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

The company assesses at each reporting date whether a financial asset (or a group of financial assets) such as loans and advances held at amortised cost for impairment based on evidence or information that is available without undue cost or effort.

The company applies a three-stage approach to measuring expected credit losses (ECLs) for financial assets at amortised cost and loan commitments.

Stage 1 : 12-months ECL All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The company has assessed that all loans with no default or upto 30 days default would fall under this category. For these assets, 12-month ECL are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).

Stage 2: Lifetime ECL – Significant increase in credit risk

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk and classified under this category. For these assets, lifetime ECL are recognized, but interest revenue is still calculated on the gross carrying amount of the asset.

Stage 3: Lifetime ECL – credit impaired

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

Manappuram Home Finance Limited

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179

Credit-impaired financial assets:

At each reporting date, the company assesses whether financial assets carried at amortised cost. A financial asset is 'credit-impaired' when a breach of contract such as a default or past due event that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Measurement of ECLs

The measurement of ECL reflects:

a) An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes

b) The time value of money

c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the company in accordance with the contract and the cash flows that the company expects to receive.
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the company if the commitment is drawn down and the cash flows that the company expects to receive.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:
a) Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
b) Loan commitments and financial guarantee contracts: generally, as a provision;

Derecognition of financial assets and financial liabilities

Financial assets

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Offsetting

The company has not offset financial assets and financial liabilities.

Manappuram Home Finance Limited

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Notes to Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

Note 4: Cash and cash equivalents

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Cash on hand	59,09,168	9,11,519	12,30,566
Balances with bank			
In current accounts	18,65,80,629	83,88,774	3,53,05,338
In Cash credit accounts	-	2,77,22,587	6,03,95,653
	19,24,89,797	3,70,22,880	9,69,11,357

Note 5: Loans (At Amortised Cost)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(A)			
i) Term loans	5,21,52,64,713	3,76,57,04,867	3,11,16,55,757
- Home Loans	3,78,04,18,607	2,66,63,57,796	2,29,91,13,854
- Others	1,43,48,46,106	1,09,93,47,071	81,25,41,903
Total (A) - Gross	5,21,52,64,713	3,76,57,04,867	3,11,16,55,757
Less : Impairment loss allowance	7,94,02,221	8,22,11,295	3,66,11,724
Total (A) - Net	5,13,58,62,492	3,68,34,93,572	3,07,50,44,033
(B)			
i) Secured by tangible assets	5,21,52,64,713	3,76,57,04,867	3,11,16,55,757
a) Mortgage/Property loan	5,21,52,64,713	3,76,57,04,867	3,11,16,55,757
Total (B) - Gross	5,21,52,64,713	3,76,57,04,867	3,11,16,55,757
Less : Impairment loss allowance	7,94,02,221	8,22,11,295	3,66,11,724
Total (B) - Net	5,13,58,62,492	3,68,34,93,572	3,07,50,44,033
(C) Loans in India			
i) Retail loan *	5,21,52,64,713	3,76,57,04,867	3,11,16,55,757
Total (C) - Gross	5,21,52,64,713	3,76,57,04,867	3,11,16,55,757
Less : Impairment loss allowance	7,94,02,221	8,22,11,295	3,66,11,724
Total (C) - Net	5,13,58,62,492	3,68,34,93,572	3,07,50,44,033
Total	5,13,58,62,492	3,68,34,93,572	3,07,50,44,033

** Note - Retail does not include exposure to public sector undertaking*

Credit Quality of Assets (Gross)

	As at 31 March 2019				As at 31 March 2018				As at 1 April 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Low Risk Assets	4,61,72,33,853	42,83,20,216	21,21,22,087	5,25,76,76,156	3,14,49,36,880	46,66,58,207	18,18,27,916	3,79,34,23,003	2,83,94,88,126	24,79,80,132	4,63,80,516	3,13,38,48,774
Medium Risk Assets	-	-	-	-	-	-	-	-	-	-	-	-
High Risk Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total	4,61,72,33,853	42,83,20,216	21,21,22,087	5,25,76,76,156	3,14,49,36,880	46,66,58,207	18,18,27,916	3,79,34,23,003	2,83,94,88,126	24,79,80,132	4,63,80,516	3,13,38,48,774

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Home loans is, as follows *

	Year ended 31 March 2019				Year ended 31 March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	2,20,67,19,664	32,39,68,971	16,33,87,299	2,69,40,75,934	2,07,68,46,818	19,94,02,921	4,50,57,133	2,32,13,06,872
New assets originated or increase in contractual cash flow	1,58,18,28,712	1,71,83,213	1,04,08,905	1,60,94,20,830	90,90,97,429	1,75,37,976	13,98,464	92,80,33,869
Assets derecognised or repaid (excluding write offs) or decrease in contractual cash flow	(38,45,12,481)	(2,97,13,014)	(3,11,11,120)	(44,49,36,615)	(51,57,26,014)	(3,48,90,635)	(46,48,158)	(55,52,64,807)
Transfers to Stage 1	9,26,02,922	(8,14,76,841)	(1,11,26,081)	-	3,37,15,243	(3,37,15,243)	-	-
Transfers to Stage 2	(12,60,13,730)	13,60,51,246	(1,00,37,516)	-	(24,09,77,691)	24,09,77,691	-	-
Transfers to Stage 3	(2,25,41,514)	(5,14,72,120)	7,40,13,634	-	(5,62,36,121)	(6,53,43,739)	12,15,79,860	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Amounts written off	(44,12,489)	(1,11,20,908)	(2,01,96,698)	(3,57,30,095)	-	-	-	-
Gross carrying amount closing balance	3,34,40,71,084	30,14,20,547	17,53,38,423	3,82,28,30,054	2,20,67,19,664	32,39,68,971	16,33,87,299	2,69,40,75,934

Manappuram Home Finance Limited

MANAPPURAM HOME FINANCE LTD.

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Notes to Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

Reconciliation of ECL balance is given below:

	Year ended 31 March 2019				Year ended 31 March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	1,64,68,618	1,87,00,200	3,73,14,520	7,24,83,338	1,22,38,020	1,02,79,440	1,16,11,689	3,41,29,149
New assets originated or purchased	63,02,515	52,77,182	1,42,80,431	2,58,60,128	96,44,454	1,37,73,609	2,18,93,622	4,53,11,685
Assets derecognised or repaid (excluding write offs)	(1,30,64,204)	(46,48,712)	(85,60,432)	(2,62,73,348)	(51,97,793)	(12,42,740)	(5,16,963)	(69,57,496)
Transfers to Stage 1	76,35,726	(45,75,070)	(30,60,656)	-	19,18,915	(19,18,915)	-	-
Transfers to Stage 2	(11,50,776)	35,92,584	(24,41,808)	-	(17,04,079)	17,04,079	-	-
Transfers to Stage 3	(2,52,085)	(31,61,618)	34,13,703	-	(4,30,899)	(38,95,273)	43,26,172	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Amounts written off	(62,734)	(8,90,288)	(43,97,413)	(53,50,435)	-	-	-	-
ECL allowance - closing balance	1,58,77,060	1,42,94,278	3,65,48,345	6,67,19,683	1,64,68,618	1,87,00,200	3,73,14,520	7,24,83,338

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Other loans is, as follows *

	Year ended 31 March 2019				Year ended 31 March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	93,82,17,216	14,26,89,236	1,84,40,617	1,09,93,47,069	76,26,41,308	4,85,77,211	13,23,383	81,25,41,902
New assets originated or purchased	54,16,06,601	45,43,494	21,85,695	54,83,35,790	43,94,29,956	40,36,847	11,26,614	44,45,93,417
Assets derecognised or repaid (excluding write offs)	(18,16,55,313)	(2,10,88,623)	(24,99,431)	(20,52,43,367)	(14,08,08,445)	(1,67,37,513)	(2,42,292)	(15,77,88,250)
Transfers to Stage 1	3,94,89,777	(3,94,89,777)		-	70,72,210	(62,89,053)	(7,83,157)	-
Transfers to Stage 2	(5,66,48,008)	5,75,62,200	(9,14,192)	-	(12,07,29,584)	12,07,29,584	-	-
Transfers to Stage 3	(63,78,015)	(1,48,52,117)	2,12,30,132	-	(93,88,229)	(76,27,840)	1,70,16,069	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Amounts written off	(14,69,489)	(44,64,744)	(16,59,157)	(75,93,390)	-	-	-	-
Gross carrying amount closing balance	1,27,31,62,769	12,48,99,669	3,67,83,664	1,43,48,46,102	93,82,17,216	14,26,89,236	1,84,40,617	1,09,93,47,069

Reconciliation of ECL balance is given below:

	Year ended 31 March 2019				Year ended 31 March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	30,18,419	36,23,360	36,99,603	1,03,41,382	14,72,889	8,36,742	2,78,051	25,87,682
New assets originated or purchased	17,88,113	24,50,088	44,79,045	87,17,246	21,02,762	31,32,839	34,49,246	86,84,847
Assets derecognised or repaid (excluding write offs)	(20,56,673)	(8,91,308)	(4,35,425)	(33,83,406)	(6,27,764)	(3,03,383)	-	(9,31,147)
Transfers to Stage 1	9,84,454	(9,84,454)	-	-	3,17,776	(1,53,230)	(1,64,546)	-
Transfers to Stage 2	(1,99,455)	3,82,863	(1,83,408)	-	(2,29,848)	2,29,848	-	-
Transfers to Stage 3	(26,716)	(4,07,412)	4,34,128	-	(17,396)	(1,19,456)	1,36,852	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Amounts written off	(10,680)	(1,07,158)	(3,26,588)	(4,44,426)	-	-	-	-
ECL allowance - closing balance	34,97,462	40,65,979	76,67,355	1,52,30,796	30,18,419	36,23,360	36,99,603	1,03,41,382

** The figures shown are excluding impact of EIR of Rs. 3,98,63,186 as at 31 March 2019 (Rs.2,71,04,712 as at 31 March 2018 and Rs. 2,20,87,912 as at 1 April 2017)*

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Notes to Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

Note 6: Other financial assets

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Security deposits	83,09,633	77,81,513	70,51,383
Assets held for Sale *(Refer Note 3 (h))*	3,15,49,642	-	-
Deferred lease rental	17,91,662	35,48,271	44,10,143
Total	**4,16,50,937**	**1,13,29,784**	**1,14,61,526**

Note 7: Current Tax

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Advance Tax Net off Provision	65,91,013	22,73,100	-
Total	**65,91,013**	**22,73,100**	-

Note 8: Property, plant and equipment

Particulars	Office Equipments	Computer Equipments	Furniture & Fixtures	Vehicles	Total
Cost:					
At April 1, 2018	**37,66,476**	**1,21,64,114**	**98,18,421**	**27,46,117**	**2,84,95,128**
Additions	2,06,546	3,86,515	75,400	-	6,68,461
Less : On Disposals/Transfers	25,850	-	3,28,036	-	3,53,886
At March 31, 2019	**39,47,172**	**1,25,50,629**	**95,65,785**	**27,46,117**	**2,88,09,703**
At April 1, 2017	**31,44,581**	**97,25,279**	**91,12,084**	-	**2,19,81,944**
Additions	6,69,174	24,87,896	6,57,337	27,46,117	65,60,524
On Disposals/Transfers	47,279	49,061	(49,000)	-	47,340
At March 31, 2018	**37,66,476**	**1,21,64,114**	**98,18,421**	**27,46,117**	**2,84,95,128**
Accumulated Depreciation :					
At April 1, 2018	**21,94,277**	**78,55,472**	**43,31,202**	**3,43,077**	**1,47,24,028**
Less : On Disposals/Transfers	20,798	-	1,18,736	-	1,39,534
Charge for the year	11,69,111	24,69,590	16,87,744	2,86,085	56,12,530
At March 31, 2019	**33,42,590**	**1,03,25,062**	**59,00,210**	**6,29,162**	**2,01,97,024**
At April 1, 2017	**10,22,567**	**43,73,315**	**23,29,106**	-	**77,24,988**
Less : On Disposals/Transfers	4,900	47,346	(4,900)	-	47,346
Charge for the year	11,76,610	35,29,503	19,97,196	3,43,077	70,46,386
At March 31, 2018	**21,94,277**	**78,55,472**	**43,31,202**	**3,43,077**	**1,47,24,028**
Net book value:					
At March 31, 2019	**6,04,582**	**22,25,567**	**36,65,575**	**21,16,955**	**86,12,679**
At March 31, 2018	**15,72,199**	**43,08,642**	**54,87,219**	**24,03,040**	**1,37,71,100**
At April 1, 2017	**21,22,014**	**53,51,964**	**67,82,978**	-	**1,42,56,956**

Note 9: Capital work-in-progress

Cost or deemed cost (gross carrying amount)	Amount
At March 31, 2018	-
Additions	-
Disposals	-
At March 31, 2019	-
At April 1, 2017	49,23,540
Additions	-
Capitalised During the year	-49,23,540
At March 31, 2018	-

Manappuram Home Finance Limited

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Notes to Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

Note 10: Other Intangible Assets

Particulars	Computer Software
Cost:	
At April 1, 2018	**84,50,822**
Additions	20,84,000
Less : On Disposals	-
At March 31, 2019	**1,05,34,822**
At April 1, 2017	**22,84,150**
Additions	83,67,172
Less : On Disposals	22,00,500
At March 31, 2018	**84,50,822**
Accumulated Amortisation :	
At April 1, 2018	**10,41,657**
Less : On Disposals	-
Charge for the year	20,89,921
At March 31, 2019	**31,31,578**
At April 1, 2017	**18,57,197**
On Disposals	22,00,500
Charge for the year	13,84,960
At March 31, 2018	**10,41,657**
Net book value:	
At March 31, 2019	**74,03,244**
At March 31, 2018	**74,09,165**
At April 1, 2017	**4,26,953**

Note 11: Other Non-financial assets

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
GST/Service tax Input Credit	33,664	1,46,533	4,20,139
Prepaid expenses	65,88,705	42,84,721	25,82,372
MAT Credit Entitlement	4,89,487	31,09,289	-
Others	5,77,021	4,09,754	14,22,837
	76,88,877	**79,50,297**	**44,25,348**

Manappuram Home Finance Limited

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Notes to Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

Note 12: Borrowings (other than debt security)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	At Amortised cost	At Amortised cost	At Amortised cost
Term Loans - Indian rupee loan from banks (Secured)	2,52,49,49,711	2,71,84,68,397	2,29,63,91,201
Working Capital Demand Loan - Indian rupee loan from third parties (Secured)	30,00,00,000	-	-
Commercial Paper (Unsecured)	24,50,15,367	-	-
Cash credit facilities from banks (secured)	39,20,94,844	14,95,62,229	-
Total	3,46,20,59,922	2,86,80,30,626	2,29,63,91,201

All Borrowings made in India.

Indian Rupee loan from banks (secured)
As at 31st March, 2019

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Term Loans :*		
More than 5 years	9.35% - 10.50%	7,89,21,528
Due within 2-5 years	9.35% - 10.50%	1,31,65,30,460
Due within 1-2 years	9.35% - 10.50%	56,99,29,436
Due within 1 year	9.35% - 10.50%	55,95,68,287
Total		**2,52,49,49,711**
Working Capital Demand Loan :*		
Due within 1 year	9.35% - 10.50%	30,00,00,000
Total		**30,00,00,000**
Commercial Papers :		
Due within 1 year	9.35% - 10.50%	24,50,15,367
Total		**24,50,15,367**
Cash Credit Facilities from Banks :*		
Due within 1 year	9.35% - 10.50%	39,20,94,844
Total		**39,20,94,844**

* These are secured by an exclusive charge by way of pari passu first charge on housing loans receivables of the Company.

As at 31st March, 2018

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Term Loans :*		
More than 5 years	8.80% - 9.65%	33,73,60,410
Due within 2-5 years	8.80% - 9.65%	1,31,07,97,330
Due within 1-2 years	8.80% - 9.65%	53,66,76,477
Due within 1 year	8.80% - 9.65%	53,36,34,180
Total		**2,71,84,68,397**
Cash Credit Facilities from Banks :*		
Due within 1 year	8.80% - 9.65%	14,95,62,229
Total		**14,95,62,229**

* These are secured by an exclusive charge by way of pari passu first charge on standard loans receivables of the Company.

As at 1st April, 2017

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Term Loans :*		
More than 5 years	9.30% - 11.00%	46,45,38,986
Due within 2-5 years	9.30% - 11.00%	1,19,20,40,975
Due within 1-2 years	9.30% - 11.00%	39,73,46,098
Due within 1 year	9.30% - 11.00%	24,24,65,144
Total		**2,29,63,91,203**

* These are secured by an exclusive charge by way of pari passu first charge on standard loans receivables of the Company.

Manappuram Home Finance Limited

MANAPPURAM HOME FINANCE LTD.

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Notes to Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

Note 13: Other Financial liabilities

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Interest accrued and due on borrowings	15,60,908	15,34,406	-
Other liabilities	1,42,03,402	1,28,78,762	29,76,662
	1,57,64,310	**1,44,13,168**	**29,76,662**

Note 14: Current Tax Liabilities

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Provision for Tax Net off Advance Tax	-	89,289	4,71,670
	-	**89,289**	**4,71,670**

Note 15: Provisions

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
ECL Provision on Loan Commitments	14,40,764	11,78,734	5,83,818
Employee Benefits (Refer Note 25)			
- Gratuity	25,05,000	9,14,000	25,69,023
- Provision for compensated absences	12,08,000	8,54,000	9,81,000
Others	3,42,552	3,21,523	3,21,523
	54,96,316	**32,68,257**	**44,55,364**

Loan Commitments (Gross)

	Year ended 31 March 2019				Year ended 31 March 2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Low Risk Assets	48,29,50,148	1,52,600	-	48,31,02,748	21,08,71,969	10,68,150	-	21,19,40,119
Medium Risk Assets	-	-	-	-	-	-	-	-
High Risk Assets	-	-	-	-	-	-	-	-
Total	**48,29,50,148**	**1,52,600**	**-**	**48,31,02,748**	**21,08,71,969**	**10,68,150**	**-**	**21,19,40,119**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Home loans is, as follows

	Year ended 31 March 2019				Year ended 31 March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**21,08,71,969**	**10,68,150**	**-**	**21,19,40,119**	**16,18,77,199**	**14,74,855**	**-**	**16,33,52,054**
New exposures	48,29,50,148	1,52,600	-	48,31,02,748	21,08,71,969	10,68,150	-	21,19,40,119
Exposures derecognised or matured (excluding write-offs)	(21,08,71,969)	(10,68,150)	-	(21,19,40,119)	(16,18,77,199)	(14,74,855)	-	(16,33,52,054)
Gross carrying amount closing balance	**48,29,50,148**	**1,52,600**	**-**	**48,31,02,748**	**21,08,71,969**	**10,68,150**	**-**	**21,19,40,119**

Reconciliation of ECL balance is given below:

	Year ended 31 March 2019				Year ended 31 March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**11,23,334**	**55,399**	**-**	**11,78,733**	**5,32,514**	**51,305**	**-**	**5,83,819**
New exposures	14,39,579	1,184	-	14,40,763	11,23,334	55,399	-	11,78,733
Exposures derecognised or matured (excluding write-offs)	(11,23,334)	(55,399)	-	(11,78,733)	(5,32,514)	(51,305)	-	(5,83,819)
ECL allowance - closing balance	**14,39,579**	**1,184**	**-**	**14,40,763**	**11,23,334**	**55,399**	**-**	**11,78,733**

Note 16: Other Non-financial liabilities

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Statutory Remittances	50,59,246	46,28,540	36,96,098
Employee related payables	28,43,941	14,71,580	7,00,746
	79,03,187	**61,00,120**	**43,96,844**

Manappuram Home Finance Limited

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Notes to Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

Note 17: Equity share capital

The reconciliation of equity shares outstanding at the beginning and at the end of the period

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Authorised			
200,000,000 (March 31, 2018: 100,000,000, April 1, 2017: 100,000,000) equity shares of Rs. 10/- each	2,00,00,00,000	1,00,00,00,000	1,00,00,00,000
	2,00,00,00,000	**1,00,00,00,000**	**1,00,00,00,000**
Issued, subscribed and fully paid up			
200,000,000 (March 31, 2018: 100,000,000, April 1, 2017: 100,000,000) equity shares of Rs. 10/- each	2,00,00,00,000	1,00,00,00,000	1,00,00,00,000
Total Issued, subscribed and fully paid up	**2,00,00,00,000**	**1,00,00,00,000**	**1,00,00,00,000**

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

	No. of shares	Amount
As at March 31, 2018	10,00,00,000	1,00,00,00,000
Issued during the year	10,00,00,000	1,00,00,00,000
As at March 31, 2019	**20,00,00,000**	**2,00,00,00,000**
As at April 1, 2017	10,00,00,000	1,00,00,00,000
Issued during the year	-	-
As at March 31, 2018	**10,00,00,000**	**1,00,00,00,000**

Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share.

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

Details of shareholders holding more than 5% shares in the Company

Particulars	31 March 2019		31 March 2018		As at 1 April 2017	
	No. of equity shares held	% of holding	No. of equity shares held	% of holding	No. of equity shares held	% of holding
Equity shares of Rs. 10 each fully paid						
Manappuram Finance Limited (Holding company) and its nominees	20,00,00,000	100%	10,00,00,000	100%	10,00,00,000	100%

As per records of the Company, including its register of shareholders/members, the above shareholding represents legal ownership of shares.

Manappuram Home Finance Limited

MANAPPURAM HOME FINANCE LTD.

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Notes to Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

Note 18: Other equity

Employee Shares Option Outstanding of Parent Company	
At March 31, 2018	**2,28,91,530**
Add: Other Additions/ Deductions during the year	60,04,739
At March 31, 2019	**2,88,96,269**
At April 1, 2017	89,73,015
Add: Other Additions during the year	1,39,18,515
At March 31, 2018	**2,28,91,530**
Statutory Reserve pursuant to Section 29-C of the National Housing Act, 1987	
At March 31, 2018	**9,10,640**
Add: Transfer from surplus balance in the Statement of Profit and Loss	61,03,890
At March 31, 2019	**70,14,530**
At April 1, 2017	**9,10,640**
Add: Transfer from surplus balance in the Statement of Profit and Loss	-
At March 31, 2018	**9,10,640**
Surplus in Statement of Profit and Loss	
At March 31, 2018	**(16,05,46,563)**
Add: Profit for the year	3,05,19,450
Less: Appropriations	-
Transfer to Statutory Reserve	(61,03,890)
At March 31, 2019	**(13,61,31,003)**
At April 1, 2017	**(11,60,10,559)**
Add: Profit for the year	(4,45,36,004)
Add/Less: Appropriations	-
At March 31, 2018	**(16,05,46,563)**
Total other equity	
At March 31, 2019	**(10,02,20,204)**
At March 31, 2018	**(13,67,44,393)**
At April 1, 2017	**(10,61,26,904)**
Total Reserves and Surplus	

Nature and purpose of Reserves

Employee Share Option Outstanding : Shares of parent company has been issued to the employees of the company for rendering services. Expense of such shares has been booked by the company and corresponding increase to the equity has been shown in the reserves as other equity.

Statutory Reserve : Statutory reserve (Pursuant to section 29C of the NHB Act, 1987 & Section 36(1)(viii) of Income Tax Act, 1961): Section 29C (i) of The National Housing Bank Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1) (viii) of Income tax Act 1961, is considered to be an eligible transfer. The Company has transferred an amount of Rs. 61,03,891 (P.Y. Nil) to special reserve in terms of Section 36(1) (viii) of the Income Tax Act 1961 considered eligible for special reserve u/s 29C of NHB Act 1987.

Manappuram Home Finance Limited

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Notes to Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

Note 19 : Revenue from operations

Note 19 (i): Interest income

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest on Financial Assets Measured at Amortised Cost		
- Home loans	45,01,86,130	32,66,44,975
- Others	19,40,65,029	16,75,52,923
Other interest income	92,803	11,19,899
Total	64,43,43,962	49,53,17,797

Note 19 (ii): Net gain on fair value changes

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Net gain/ (loss) On trading portfolio		
- Investments	2,08,012	37,71,673
Total Net gain/(loss) on fair value changes	2,08,012	37,71,673

Note 19 (iii): Other operating income

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Foreclosure Charges	93,17,972	1,09,30,608
Others	89,41,100	50,98,321
Total	1,82,59,072	1,60,28,929

Note 20: Finance Cost

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest expense on Financial Liabilities measured at Amortised Cost:-		
- on Bank and other borrowings	29,64,43,869	22,71,13,127
- on Commercial papers	1,01,27,117	-
Other borrowing cost	31,80,913	16,67,155
Total	30,97,51,899	22,87,80,282

Note 21: Impairment of financial instruments

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Loans	(25,47,044)	4,61,94,487
Provision on assets held for sale	58,40,409	-
Total	32,93,365	4,61,94,487

The table below shows the ECL charges on financial instruments for the year recorded in the profit and loss based on evaluation stage

Particulars	Year ended 31 March 2019				Year ended 31 March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	(1,12,515)	(39,63,303)	12,66,745	(28,09,073)	57,76,128	1,12,07,378	2,86,16,067	4,55,99,573
Loan Commitments	3,16,245	(54,215)	-	2,62,030	5,90,820	4,094	-	5,94,914
Total impairment loss	2,03,730	(40,17,518)	12,66,745	(25,47,043)	63,66,948	1,12,11,472	2,86,16,067	4,61,94,487

Manappuram Home Finance Limited

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Notes to Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

Note 22: Employee Benefit Expenses

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and wages	19,08,87,651	16,57,11,804
Contribution to provident and other funds	1,21,35,367	1,12,36,498
Share based payments to employees	60,04,739	1,39,18,515
Staff welfare expenses	18,40,534	15,47,503
Gratuity and Leave Encashment	28,59,000	7,87,000
Total	**21,37,27,291**	**19,32,01,320**

Note 23: Other Expenses

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Rent expense	2,37,52,572	2,16,68,781
Electricity expense	20,16,779	17,97,584
Travelling and conveyance	1,01,91,071	71,23,240
Insurance	4,83,865	3,05,748
Printing and stationary	38,17,954	53,42,419
Communication	28,54,344	24,40,393
Rates and taxes	4,29,771	61,85,463
Legal and Professional fees	1,24,65,289	85,74,063
Advertisement Expense	20,06,884	10,000
Directors sitting fees	17,73,200	18,00,000
IT Cost	2,84,95,858	2,22,80,201
Bad Debts	21,28,424	24,73,320
Repairs and maintenance	2,84,002	4,53,248
Miscellaneous expenses	15,45,740	15,50,237
Bank and other Charges	13,45,524	23,62,041
Auditor's remuneration	18,13,313	14,25,000
Total	**9,54,04,590**	**8,57,91,738**

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
As auditor:		
Audit fee	11,44,500	9,00,000
Limited reviews	4,42,813	2,25,000
Certification fees	2,18,000	2,00,000
Reimbursement of expenses	8,000	1,00,000
	18,13,313	**14,25,000**

Note 24: Income Tax

	Year ended 31 March 2019	Year ended 31 March 2018
Current tax	22,00,000	31,09,289
MAT Credit Entitlement	26,19,802	(31,09,289)
Adjustment in respect of current income tax of prior years	(20,99,802)	(27,44,770)
Deferred tax relating to origination and reversal of temporary differences	-	-
Total tax charge	**27,20,000**	**(27,44,770)**
Current tax	27,20,000	(27,44,770)
Deferred tax	-	-

Manappuram Home Finance Limited

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Notes to Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Profit Before Tax	**3,29,31,450**	**(4,72,80,774)**
Income tax expense calculated at 27.82% (PY 20.39%)	91,60,000	(96,40,006)
Effect of expenses that are not deductible in determining taxable profit	76,10,000	33,10,916
Utilisation of previously unrecognised tax losses	(92,10,000)	-
Effect of incomes which are exempt from tax	(25,60,000)	(5,13,309)
Utilisation of MAT Credit	20,99,802	(31,09,289)
Effect of expenses for which weighted deduction under tax laws is allowed	(22,80,000)	-
Tax provision for earlier years	(20,99,802)	(27,44,770)
Others	-	79,51,688
Income tax expense recognised in statement of profit and loss	**27,20,000**	**(27,44,770)**

Tax at effective Income Tax rate of 27.82% (PY 20.39%)

Note 25: Earnings per share

	Year ended 31 March 2019	Year ended 31 March 2018
Net profit for calculation of Earnings Per Share	3,05,19,450	(4,45,36,004)
Weighted average number of equity shares in calculating Earnir	10,87,67,123	10,00,00,000
Basic Earnings Per Share (Rs.)	0.28	(0.45)
Diluted Earnings Per Share (Rs.)	0.28	(0.45)

Note 26: Retirement Benefit Plan

Defined Contribution Plan

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized Rs. 1,00,22,104 as on March 31, 2019 and Rs. 92,97,983 as on March 31, 2018 for Provident and other Fund contributions and Rs. 20,48,008 as on March 31, 2019 and Rs. 19,08,548 as on March 31, 2018 for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed 5 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 Rs.25,05,000 as on March 31, 2019.

Risks Associated with Defined Benefit Plan :

Gratuity is a defined benefit plan and the Company is exposed to the following risks:
Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

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.

Manappuram Home Finance Limited

Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost

	Year ended 31 March 2019	Year ended 31 March 2018
Current service cost	23,41,000	15,49,000
Past Service Cost	-	-
Loss/Gain from Settlement	-	-
Interest cost on net defined benefit obligation	34,000	99,000
Net (benefit) / expense	**23,75,000**	**16,48,000**

Movement in Other Comprehensive Income

	Year ended 31 March 2019	Year ended 31 March 2018
Balance at start of year (Loss)/Gain	-	-
Re-measurements on DBO	-	
a. Actuarial loss / (gain) from changes in demographic assumptions	-	-
b. Actuarial loss / (gain) from changes in financial assumptions	(87,000)	1,67,000
c. Actuarial loss / (gain) from experience over the past year	(56,000)	6,33,000
Re-measurements on Plan Assets	-	
a. Actuarial (Loss)/Gain from changes in financial assumptions	-	-
b. Return on plan assets excluding amount included in net interest on the net defined benefit liability/ (asset)	(1,65,000)	(66,000)
c. Changes in the effect of limiting a net defined benefit asset to the asset ceiling	-	-
Balance at end of year (Loss)/Gain	**(3,08,000)**	**7,34,000**

Balance Sheet

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

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Defined benefit obligation	77,95,000	47,70,000	25,69,000
Fair value of plan assets	52,90,000	38,56,000	-
(Asset)/liability recognized in the balance sheet	25,05,000	9,14,000	25,69,000
Funded Status (Surplus/(Deficit))	(25,05,000)	(9,14,000)	(25,69,000)
Of which, Short term liability	-	-	12,000
Experience adjustments on Plan liabilities (Gain) / Loss	56,000	(6,33,000)	(2,37,000)
Experience adjustments on plan Assets Gain / (Loss)	(1,65,000)	(66,000)	-

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

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Opening defined benefit obligation	47,70,000	25,69,000	14,83,000
Current service cost	23,41,000	15,49,000	15,39,000
Past Service Cost	-	-	-
Loss/(Gain) from Settlement	-	-	-
Interest cost	3,51,000	2,17,000	1,11,000
Benefits paid	(1,23,000)	(5,24,000)	-
Remeasurements			
Actuarial loss / (gain) from changes in demographic assumptions	-	-	(5,21,000)
Actuarial loss / (gain) from changes in financial assumptions	87,000	(1,67,000)	1,94,000
Actuarial loss / (gain) from experience over the past year	56,000	(6,33,000)	(2,37,000)
Transfer in/Out	3,13,000	17,59,000	-
Closing defined benefit obligation	**77,95,000**	**47,70,000**	**25,69,000**

Manappuram Home Finance Limited

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

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Opening fair value of plan assets	38,56,000	-	-
Contributions by employer	10,92,000	25,69,000	-
Transfer in/Out	3,13,000	17,59,000	-
Benefits paid	(1,23,000)	(5,24,000)	-
Interest income on Plan Assets	3,17,000	1,18,000	-
Re-measurements			-
a. Actuarial (Loss)/Gain from changes in financial assumptions	-	-	-
b. Return on plan assets excluding amount included in net interest on the net defined benefit liability/ (asset)	(1,65,000)	(66,000)	-
c. Changes in the effect of limiting a net defined benefit asset to the asset ceiling	-	-	-
Closing fair value of plan assets	52,90,000	38,56,000	-
Actual Return on Plan Assets	1,52,000	52,000	-
Expected Employer Contributions for the coming year	25,00,000	9,00,000	-

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

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Salary Escalation	8.00%	8.00%	8.00%
Discount rate	6.70%	6.90%	6.30%
Attrition rate			
- Managerial grade and above	15.00%	15.00%	15.00%
- Below managerial grade	50.00%	50.00%	50.00%
Expected rate of return on assets	6.90%	6.30%	NA

Investments quoted in active markets:

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Investment funds with Insurance Company	100%	100%	0%
Of which, Unit Linked	0%	0%	0%
Of which, Traditional/ Non-Unit Linked	100%	100%	0%

Assumptions

Sensitivity Level

1. Increase/(decrease) on present value of defined benefits obligation at the end of the year	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(i) One percentage point increase in discount rate	(4,40,000)	(2,98,000)	(1,84,000)
(ii) One percentage point decrease in discount rate	4,87,000	3,29,000	2,15,000
(i) One percentage point increase in rate of salary growth rate	4,76,000	3,23,000	2,10,000
(ii) One percentage point decrease in rate of salary growth rate	(4,39,000)	(2,98,000)	(1,90,000)
(i) One percentage point increase in withdrawal rate	(1,51,000)	(91,000)	(1,06,000)
(ii) One percentage point decrease in withdrawal rate	1,57,000	95,000	1,10,000

Expected payment for future years	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Within the next 12 months (next annual reporting period)	12,84,000	4,92,000	12,000
Between 2 and 5 years	99,77,000	70,11,000	55,92,000
Between 5 and 10 years	2,05,39,000	1,40,12,000	1,51,69,000
Total expected payments	**3,18,00,000**	**2,15,15,000**	**2,07,73,000**

The weighted average duration of the defined benefit obligation as at 31st March 2019 is 3 years (31st March 2018 : 3 years)

The fund is administered by Life Insurance Co-operation of India. 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:

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Discount rate	6.70%	6.90%	6.30%
Attrition rate			
- Managerial grade and above	15.00%	15.00%	15.00%
- Below managerial grade	50.00%	50.00%	50.00%
Salary escalation	8.00%	8.00%	8.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Manappuram Home Finance Limited

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Notes to Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

Note 27: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Financial assets									
Cash and cash equivalents	19,24,89,797	-	19,24,89,797	3,70,22,880	-	3,70,22,880	9,69,11,357	-	9,69,11,357
Loans	38,77,99,355	4,74,80,63,137	5,13,58,62,492	11,36,08,384	3,56,98,85,188	3,68,34,93,572	9,33,53,507	2,98,16,90,526	3,07,50,44,033
Other Financial assets	3,32,59,188	83,91,749	4,16,50,937	28,72,408	84,57,376	1,13,29,784	8,61,872	1,05,99,654	1,14,61,526
Non-financial Assets									
Current tax assets (net)	-	65,91,013	65,91,013	-	22,73,100	22,73,100	-	-	-
Deferred tax assets (net)	-	-	-	-	-	-	-	-	-
Property, plant and equipment	-	86,12,679	86,12,679	-	1,37,71,100	1,37,71,100	-	1,42,56,956	1,42,56,956
Capital work-in-progress	-	-	-	-	-	-	-	49,23,540	49,23,540
Other intangible assets	-	74,03,244	74,03,244	-	74,09,165	74,09,165	-	4,26,953	4,26,953
Other non financial assets	70,64,434	6,24,443	76,88,877	48,41,014	31,09,283	79,50,297	44,25,348	-	44,25,348
Total assets	62,06,12,774	4,77,96,86,265	5,40,02,99,039	15,83,44,686	3,60,49,05,212	3,76,32,49,898	19,55,52,084	3,01,18,97,629	3,20,74,49,713
Liabilities									
Financial Liabilities									
Payables	92,95,508	-	92,95,508	80,92,831	-	80,92,831	48,84,876	-	48,84,876
Borrowings (other than debt security)	1,49,66,78,498	1,96,53,81,424	3,46,20,59,922	68,31,96,409	2,18,48,34,217	2,86,80,30,626	24,24,65,144	2,05,39,26,057	2,29,63,91,201
Other Financial liabilities	1,57,64,310	-	1,57,64,310	1,44,13,168	-	1,44,13,168	29,76,662	-	29,76,662
Non-financial Liabilities									
Current tax liabilities (net)	-	-	-	89,289	-	89,289	4,71,670	-	4,71,670
Provisions	54,96,316	-	54,96,316	32,68,257	-	32,68,257	44,55,364	-	44,55,364
Other non-financial liabilities	79,03,187	-	79,03,187	61,00,120	-	61,00,120	43,96,844	-	43,96,844
Total Liabilities	1,53,51,37,819	1,96,53,81,424	3,50,05,19,243	71,51,60,074	2,18,48,34,217	2,89,99,94,291	25,96,50,560	2,05,39,26,057	2,31,35,76,617
Net	(91,45,25,045)	2,81,43,04,841	1,89,97,79,796	(55,68,15,388)	1,42,00,70,995	86,32,55,607	(6,40,98,476)	95,79,71,572	89,38,73,096

MANAPPURAM HOME FINANCE LTD.

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Notes to Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

Note 28: Change in liabilities arising from financing activities

Changes in liabilities arising from financing activities

Particulars	As at 31 March 2018	Cash Flows	Other	As at 31 March 2019
Borrowings other than debt securities	2,86,80,30,626	60,40,89,432	(1,00,60,136)	3,46,20,59,922
Total	2,86,80,30,626	60,40,89,432	(1,00,60,136)	3,46,20,59,922

Particulars	As at 1 April 2017	Cash Flows	Other	As at 31 March 2018
Borrowings other than debt securities	2,29,63,91,201	57,74,60,680	(58,21,255)	2,86,80,30,626
Total	2,29,63,91,201	57,74,60,680	(58,21,255)	2,86,80,30,626

Note 29: Contingent liabilities, commitments and leasing arrangements

(A) Contingent Liabilities
There is Nil contingent liability outstanding as at March 31, 2019 (March 31, 2018: Nil, April 1, 2017: Nil)

(B) Commitments
There is Nil capital commitment outstanding as at March 31, 2019 (March 31, 2018: Nil, April 1, 2017: Nil)

(C) Lease Disclosures
Operating Lease :

The Company has not entered into any non-cancellable operating lease arrangement for office premises with a lease term of 5 years. There are no restrictions placed upon the company by entering into these leases.

Particulars	As at March 31, 2019	As at March 31, 2018
Future minimum lease rental payments :		
Lease payments recognised in the statement of profit and loss for the period	2,37,52,572	2,16,68,781
Lease payments due:-		
Not later than one year	2,16,21,177	1,83,66,705
Later than one year but not greater than five years	5,75,98,166	2,97,79,718
More than five years	1,27,86,281	40,56,081
	9,20,05,624	5,22,02,504

Manappuram Home Finance Limited

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Notes to Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

Note 30: Related Party Disclosures

Relationship	Name of the party
Holding Company	Manappuram Finance Limited
Fellow Subsidiary	Asirvad Microfinance Limited (Formerly, Asirvad Microfinance Private Limited)* Manappuram Insurance Brokers Limited* Manappuram Comptech and Consultants Limited
Key management personnel (KMP)	Mr. V. P. Nandakumar (Chairman)* Mr. Jeevandas Narayan (Manging Director with effect from June 1, 2017) Mr. Subhash Samant (CEO with effect from June 12, 2017) Mr. Aloke Ghosal (CEO till June 8, 2017) Mr. Vipul Patel (CFO) Mrs. Sreedivya (Company Secretary)
Post Employment Benefit Plan	LIC Manappuram Gratuity Trust

* No transactions during the year

Related Party transactions during the year:

Particulars	Holding Company			KMP		Others	
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Rent							
Manappuram Finance Limited	22,07,856	6,32,338	-	-	-	-	-
Other expenses							
Manappuram Finance Limited	6,00,875	2,22,071	-	-	-	-	-
Salary							
Mr. Jeevandas Narayan	-	-	-	1,00,00,080	83,33,400	-	-
Mr. Subhash Samant	-	-	-	1,19,99,794	96,14,317	-	-
Mrs. Sreedivya	-	-	-	21,14,232	15,95,037	-	-
Mr. Vipul Patel	-	-	-	34,86,272	32,33,287	-	-
Mr. Aloke Ghosal	-	-	-	-	9,53,695	-	-
Transfer of Fixed assets							
Manappuram Finance Limited	-	-	9,19,989	-	-	-	-
Loan taken from							
Manappuram Finance Limited	1,91,00,00,000	24,50,00,000	14,00,00,000	-	-	-	-
Loan Repaid to							
Manappuram Finance Limited	1,61,00,00,000	24,50,00,000	14,00,00,000	-	-	-	-
Interest expense							
Manappuram Finance Limited	2,39,43,403	67,123	-	-	-	-	-
Issue of Equity Share Capital							
Manappuram Finance Limited	1,00,00,00,000	-	-	-	-	-	-
Software Expenses							
Manappuram Comptech and Consultants Limited	-	-	-	-	-	34,62,500	13,50,000
Post Employment Benefit Plan							
Contribution to LIC Manappuram Gratuity Trust	-	-	-	-	-	9,14,000	-
Amounts payable (net) to related parties							
Manappuram Finance Limited	4,78,956	-	2,618	-	-	-	-

Manappuram Home Finance Limited

MANAPPURAM HOME FINANCE LTD.

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Notes to Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

Compensation of key management personnel

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salary	2,76,00,378	2,37,29,736
Short-term employee benefits	3,63,000	2,78,000
Other Long Term Benefit Plan	67,000	1,58,000
Post Employment Benefits	32,57,000	18,77,000
Share Based Payments	59,34,371	1,59,59,529
	3,72,21,749	**4,20,02,265**

Note 31: Capital

Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Capital Adequacy Ratio	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Common Equity Tier1 (CET1) capital	61.81%	39.50%	46.02%
Other Tier 2 capital instruments	0.51%	0.62%	0.60%
Total capital	**62.32%**	**40.12%**	**46.62%**

Regulatory capital	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
CET1 capital	1,92,53,27,000	90,83,27,000	92,73,66,000
Total capital	1,94,11,22,000	92,25,99,000	93,95,82,000

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, retained earnings including current year profit less accrued dividends . Certain adjustments are made to Ind AS–based results and reserves, as prescribed by the National Housing Bank of India.

Note 32: Fair Value Measurement

The carrying value and fair value of financial instruments by categories are as follows:

Particulars	Carrying Value			Fair Value		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Financial assets						
Cash and cash equivalents	19,24,89,797	3,70,22,880	9,69,11,357	19,24,89,797	3,70,22,880	9,69,11,357
Loans	5,13,58,62,492	3,68,34,93,572	3,07,50,44,033	5,48,90,36,625	4,47,57,02,017	3,35,76,08,409
Other Financial assets	4,16,50,937	1,13,29,784	1,14,61,526	4,16,50,937	1,13,29,784	1,14,61,526
Total financial assets	**5,37,00,03,226**	**3,73,18,46,236**	**3,18,34,16,916**	**5,72,31,77,359**	**4,52,40,54,681**	**3,46,59,81,292**
Financial Liabilities						
Payables	92,95,508	80,92,831	48,84,876	92,95,508	80,92,831	48,84,876
Borrowings (other than debt security)	3,46,20,59,922	2,86,80,30,626	2,29,63,91,201	3,38,20,42,334	2,79,12,46,825	2,23,54,45,672
Other Financial liabilities	1,57,64,310	1,44,13,168	29,76,662	1,57,64,310	1,44,13,168	29,76,662
Financial Liabilities	**3,48,71,19,740**	**2,89,05,36,625**	**2,30,42,52,739**	**3,40,71,02,152**	**2,81,37,52,824**	**2,24,33,07,210**

The management assessed financial assets except loan portfolio, investment in equity shares and investment in mutual funds; and financial liabilities except borrowings approximate their carrying amounts largely due to short term maturities of these instruments.

MANAPPURAM HOME FINANCE LTD.

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Notes to Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

Fair Value Hierarchy of assets and liabilities

Fair Value measurement

Particulars	As at 31 March 2019					As at 31 March 2018					As at 1 April 2017				
	Carrying Value	Fair Value				Carrying Value	Fair Value				Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Financial Assets:															
Loans and advances	5,13,58,62,492	-	-	5,48,90,36,625	5,48,90,36,625	3,68,34,93,572	-	-	4,47,57,02,017	4,47,57,02,017	3,07,50,44,033	-	-	3,35,76,08,409	3,35,76,08,409
Other Financial assets	4,16,50,937	-	1,01,01,295	3,15,49,642	4,16,50,937	1,13,29,784	-	1,13,29,784	-	1,13,29,784	1,14,61,526	-	1,14,61,526	-	1,14,61,526
Total financial assets	5,17,75,13,429	-	1,01,01,295	5,52,05,86,267	5,53,06,87,562	3,69,48,23,356	-	1,13,29,784	4,47,57,02,017	4,48,70,31,801	3,08,65,05,559	-	1,14,61,526	3,35,76,08,409	3,36,90,69,935
Financial Liabilities:															
Borrowing other than debt securities	3,46,20,59,922	-	3,38,20,42,334	-	3,38,20,42,334	2,86,80,30,626	-	2,79,12,46,825	-	2,79,12,46,825	2,29,63,91,201	-	2,23,54,45,672	-	2,23,54,45,672
Total financial liabilities	3,46,20,59,922	-	3,38,20,42,334	-	3,38,20,42,334	2,86,80,30,626	-	2,79,12,46,825	-	2,79,12,46,825	2,29,63,91,201	-	2,23,54,45,672	-	2,23,54,45,672

Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions , regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

In normal course of business of the company, the company does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. As a result of this practice, the residential properties under legal repossession process are not recorded on the balance sheet and treated as non-current assets held for sale. Of the non-current assets held for sale, assets worth Rs.3,15,49,642 crores are classified as level 3 on the basis distressed valuation.

Valuation methodologies of financial instruments not measured at fair value :

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions explained.

Financial Assets and Liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include : cash and balances, balances other than cash and cash equivalents, trade payables and contract liability without a specific maturity. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Valuation techniques

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

Manappuram Home Finance Limited

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Notes to Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

Note 33: Risk Management

Risk is an integral part of the Company's business and sound risk management is critical to the success of Healthy Business Model. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Company has a risk management policy which covers risk associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors.

The Company has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in the changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed by implementing required preventive, detective and corrective controls, and through mitigating actions on a continuing basis.

Credit Risk

Credit risk is the risk of loss that may occur from defaults by our Borrowers under our loan agreements. In order to address credit risk, we have stringent credit risk assessment policies for client selection. The Credit policy is approved by Board of Director and changes in credit policy is placed before the board for approval. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also suppliment the efforts for containing credit risk. There is a exhaustive client due diligence process in place which includes verification through both internal employees of the company and external due diligence agency.
We also follow a systematic methodology in the opening of new branches, which takes into account factors such as demand for credit in the area; income and market potential; and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposal and to confirm that it meets the structured credit assessment parameter laid down by company's credit policy and process.

In order to mitigate the impact of credit risk in the future profitability, the company makes reserves basis the expected credit loss (ECL) model for the outstanding loans as balance sheet date.

The below discussion describes the Company's approach for assessing impairment as stated in the significant accounting policies.

The Company considers a financial instrument defaulted and therefore Stage 3 (credit impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations ow whether Stage 2 is appropriate.

Exposure at Default (EAD)
The outstanding balance at the reporting date is considered as EAD by the Company. Considering that the PD determined above factors in amount at default, there is no separate requirement to estimate EAD.

The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. The PD is calculated using incremental NPA approach considering fresh slippage of past 3 years.

Based on its review of macro-economic developments and economic outlook, the Company has assessed that no adjustment is required for temporary overlays to determine qualitative impact on its PD's as at March 31, 2019 and March 31, 2018.

Pools	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
1.) Construction	0.59%	1.11%	0.77%
2.) Ready to use House	3.09%	4.59%	2.95%
3.) Home Improvement	0.47%	0.88%	0.77%
4.) Home Extension	2.70%	0.88%	0.77%
5.) Balance Transfer & Top-Up	2.94%	1.98%	2.00%
6.) LAP	1.47%	1.69%	0.77%

Loss Given Default

The Company determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. Based on its analysis of collateral valuation, the Company has assessed that significant recoveries happens within 2 years from the year of default. In estimating LGD, the company reviews macro-economic developments taking place in the economy.

Portfolio	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
1.) Construction	20.84%	20.06%	21.01%
2.) Ready to use House	20.84%	20.06%	21.01%
3.) Home Improvement	20.84%	20.06%	21.01%
4.) Home Extension	20.84%	20.06%	21.01%
5.) Balance Transfer & Top-Up	20.84%	20.06%	21.01%
6.) LAP	20.84%	20.06%	21.01%

Manappuram Home Finance Limited

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Notes to Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

Liquidity Risk

Liquidity risk refers to the risk that the Company may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management, is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operating and financial activities to meet its financial obligations as and when they fall due. Our resource mobilisation team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilisation team is responsible for diversifying fund raising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed.

The table below provide details regarding the contractual maturities of significant financial assets and liabilities as on:-

Maturity pattern of assets and liabilities as on March 31, 2019:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	84,55,799	4,93,34,211	32,13,71,335	14,18,40,218	97,56,76,935	1,15,21,42,610	75,48,17,286	7,89,21,528	3,46,20,59,922
Advances	1,99,36,006	1,31,87,246	1,33,63,719	4,11,20,583	30,61,91,800	41,60,41,418	53,45,86,635	3,79,74,35,085	5,13,58,62,492

Maturity pattern of assets and liabilities as on March 31, 2018:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	82,12,338	4,90,88,964	7,61,08,923	13,35,83,161	41,61,98,023	1,06,66,32,202	78,08,41,605	33,73,60,410	2,86,80,30,626
Advances	1,24,04,942	85,67,726	87,43,906	2,69,13,467	5,69,78,343	27,59,11,971	37,60,09,109	2,91,79,64,108	3,68,34,93,572

Maturity pattern of assets and liabilities as on April 01, 2017:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	-	-	-	2,91,66,667	21,32,98,476.65	73,28,76,985	85,65,10,088	46,45,38,986	2,29,63,91,201
Advances	1,73,78,396	69,46,259	70,29,556	2,15,73,306	4,54,26,190	21,60,33,328	29,11,11,250	2,47,45,45,947	3,07,50,44,033

Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity, and other market changes. The Company is exposed to two types of market risk as follows:

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before taxes affected through the impact on floating rate borrowings, as follows:

	Year ended 31 March 2019	Year ended 31 March 2018
Finance Cost	30,97,51,899	22,87,80,282
0.50% increase	32,58,01,220	24,12,13,993
0.50% decrease	29,37,02,578	21,63,46,571

Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surpluses in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

MANAPPURAM HOME FINANCE LTD.

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Notes to Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

Note 34: First-time Adoption of Ind AS

These financial statements, for the year ended 31 March 2019, are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with Companies (Accounting Standard) Rules, 2006 (Indian GAAP or previous GAAP).
Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2019, together with the comparative period data as at and for the year ended 31 March 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2017, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2017 and the financial statements as at and for the year ended 31 March 2018.

Exemptions applied:
Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

> A first-time adopter may opt to continue with the carrying value for all of its PPE as recognised in its previous GAAP financial as deemed cost at the transition date. However, it makes necessary adjustments for decommissioning liabilities to be included in the carrying value of PPE. The Company has used Ind AS 101 exemption and continued with the carrying value as recignised in previous GAAP as deemed cost on the transition date.

> Ind AS 109 requires a financial asset to be measured at amortised cost if it meets two tests that deal with the nature of the business that holds the assets and the nature of the cash flows arising on those assets. A first-time adopter must assess whether a financial asset meets the conditions on the basis of the facts and circumstances that exist at the date of transition to Ind AS.
Ind AS 101 also contains mandatory exception related to classification of financial asset which states that conditions for classifying financial assets to be tested on the basis of facts and circumstances existing at the date of transition to Ind AS instead of the date on which it becomes party to the contract.
The Company has opted to classify all financial assets and liabilities based on facts and circumstances existing on transition date.

> As per Ind AS 101 – An entity shall apply the exception to the retrospective application in case of "Derecognition of financial assets and financial liabilities" wherein a first-time adopter shall apply the Derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind ASs. For example, if a first time adopter derecognised non-derivative financial assets or non-derivative financial liabilities in accordance with its previous GAAP as a result of a transaction that occurred before the date of transition to Ind ASs, it shall not recognise those assets and liabilities in accordance with Ind ASs (unless they qualify for recognition as a result of a later transaction or event).
The Company has opted not to re-evaluate financial assets derecognized in the past including those sold to asset restructuring companies.

Estimates:

The estimates at 1 April 2017 and at 31 March 2018 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:
> Amortisation of processing fees net of expenses using effective interest rate
> Impairment of financial assets based on expected credit loss model
The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2017, the date of transition to Ind AS and as of 31 March 2018.

Equity reconciliation for 1 April 2017

Particulars	Previous GAAP	Adjustments	Ind AS
ASSETS			
Financial Assets			
Cash and cash equivalents	9,69,11,357	-	9,69,11,357
Loans	3,12,64,38,480	(5,13,94,447)	3,07,50,44,033
Other financial assets	1,17,22,220	(2,60,694)	1,14,61,526
Total (A)	**3,23,50,72,057**	**(5,16,55,141)**	**3,18,34,16,916**
Non-financial assets			
Current tax assets (net)	-	-	-
Deferred tax assets (net)	-	-	-
Property, plant and equipment	1,42,56,956	-	1,42,56,956
Other Intangible assets	4,26,953	-	4,26,953
Capital work-in-progress	49,23,540	-	49,23,540
Other non-financial assets	1,05,33,480	(61,08,132)	44,25,348
Total (B)	**3,01,40,929**	**(61,08,132)**	**2,40,32,797**
Total Assets (A+B)	**3,26,52,12,986**	**(5,77,63,273)**	**3,20,74,49,713**

Manappuram Home Finance Limited

Liabilities and equity			
Liabilities			
Financial liabilities			
Payables	48,84,876	-	48,84,876
Borrowings (other than debt securities)	2,30,24,99,333	(61,08,132)	2,29,63,91,201
Other financial liabilities	29,76,662	-	29,76,662
Total (C)	**2,31,03,60,871**	**(61,08,132)**	**2,30,42,52,739**
Non-financial liabilities			
Provisions	1,65,59,599	(1,16,32,565)	49,27,034
Other non-financial liabilities	43,96,844	-	43,96,844
Total (D)	**2,09,56,443**	**(1,16,32,565)**	**93,23,878**
Total Liabilities (C+D)	2,33,13,17,314	(1,77,40,697)	2,31,35,76,617
Equity Share Capital	1,00,00,00,000	-	1,00,00,00,000
Other Equity	(6,61,04,328)	(4,00,22,576)	(10,61,26,904)
Total equity	**93,38,95,672**	**(4,00,22,576)**	**89,38,73,096**
Total liabilities and equity	**3,26,52,12,986**	**(5,77,63,273)**	**3,20,74,49,713**

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Equity reconciliation for 31 March 2018

Particulars	Previous GAAP	Adjustments	Ind AS
ASSETS			
Financial Assets			
Cash and cash equivalents	3,70,22,880	-	3,70,22,880
Loans	3,75,91,64,304	(7,56,70,732)	3,68,34,93,572
Other financial asset	1,13,38,164	(8,380)	1,13,29,784
Total (A)	**3,80,75,25,348**	**(7,56,79,112)**	**3,73,18,46,236**
Non-financial assets			
Current tax assets (net)	22,73,100	-	22,73,100
Deferred tax assets (net)	-	-	-
Property, plant and equipment	1,37,71,098	-	1,37,71,098
Other Intangible assets	74,09,165	-	74,09,165
Other non-financial assets	1,37,71,552	(58,21,255)	79,50,297
Total (B)	**3,72,24,915**	**(58,21,255)**	**3,14,03,660**
Total Assets (A+B)	3,84,47,50,263	(8,15,00,367)	3,76,32,49,896
Liabilities and equity			
Liabilities			
Financial liabilities			
Payables	80,92,831	-	80,92,831
Borrowings (other than debt securities)	2,87,38,51,881	(58,21,255)	2,86,80,30,626
Other financial liability	1,44,13,168	-	1,44,13,168
Total (C)	**2,89,63,57,880**	**(58,21,255)**	**2,89,05,36,625**
Non-financial liabilities			
Provisions	1,64,50,016	(1,30,92,471)	33,57,545
Other non-financial liability	61,00,120	-	61,00,120
Total (D)	**2,25,50,136**	**(1,30,92,471)**	**94,57,665**
Total Liabilities (C+D)	2,91,89,08,016	(1,89,13,726)	2,89,99,94,290
Equity Share Capital	1,00,00,00,000	-	1,00,00,00,000
Other Equity	(7,41,57,752)	(6,25,86,641)	(13,67,44,393)
Total equity	**92,58,42,248**	**(6,25,86,641)**	**86,32,55,607**
Total liabilities and equity	**3,84,47,50,264**	**(8,15,00,367)**	**3,76,32,49,897**

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Manappuram Home Finance Limited

MANAPPURAM HOME FINANCE LTD.

Profit reconciliation for the year ended 31 March 2018

Particulars	Previous GAAP	Adjustments	Ind AS
Revenue from operations			
Interest income	49,68,67,097	(15,49,300)	49,53,17,797
Net gain on fair value changes	37,71,673	-	37,71,673
Other operating income	1,60,28,929	-	1,60,28,929
Total revenue from operations	51,66,67,699	(15,49,300)	51,51,18,399
Total Income	**51,66,67,699**	**(15,49,300)**	**51,51,18,399**
Expenses			
Finance costs	22,87,80,282	-	22,87,80,282
Employee benefits expenses	17,92,82,805	1,39,18,515	19,32,01,320
Depreciation, amortisation and impairment	84,31,346	-	84,31,346
Other expenses	11,09,71,461	2,10,14,765	13,19,86,226
Total expenses	**52,74,65,894**	**3,49,33,280**	**56,23,99,174**
Profit /(loss) before exceptional items and tax	(1,07,98,195)	(3,64,82,580)	(4,72,80,775)
Exceptional items	-	-	-
Profit/(loss) before tax	**(1,07,98,195)**	**(3,64,82,580)**	**(4,72,80,775)**
Tax Expense:			
(1) Current tax	31,09,289	-	31,09,289
(2) MAT Credit Entitlement	(31,09,289)	-	(31,09,289)
(2) Deferred tax (credit)	-	-	-
(3) Earlier years adjustments	(27,44,770)	-	(27,44,770)
Profit/(loss) for the year	**(80,53,425)**	**(3,64,82,580)**	**(4,45,36,005)**
Other Comprehensive Income			
(i) Items that will not be classified to profit or loss	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
Subtotal (A)	-	-	-
(i) Items that will be classified to profit or loss	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-
Subtotal (B)	-	-	-
Other Comprehensive Income	-	-	-
Total comprehensive income	(80,53,425)	(3,64,82,580)	(4,45,36,005)

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Manappuram Home Finance Limited

MANAPPURAM HOME FINANCE LTD.

Footnotes to the reconciliation of equity as at 1 April 2017 and 31 March 2018 and profit or loss for the year ended 31 March 2018

1. EIR

a. Under Indian GAAP, transaction costs charged to customers was recognised upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset and recognised as interest income using the effective interest method. Consequently loan to customers on date of transition date have decreased by Rs.2,20,87,912. The impact of Rs. 50,16,800 for the ended 31 March 2018 has been taken to Profit and loss.

2. Recording of impairment as per ECL

Under IGAAP, asset provisioning was computed based on the NHB guidelines. Under Ind AS, the impairment is computed based on Expected Credit Loss model. This has resulted in an additional impairment provision of Rs. 1,78,41,747 on the date of transition to Ind AS the impact of which was taken to retained earnings. Impact of Rs. 1,86,22,651 for the year ended 31 March 2018 has been taken to the Profit and loss account.

3. Interest income on NPA

Under IGAAP, interest income on NPA was recognised on cash basis. However, under Ind AS the interest income on NPA is recorded based on EIR and ECL provision is provided on the same. As a result of recording interest income on NPA, the retained earnings as on transition date has increased by Rs. 3,95,151 . The impact of Rs. 35,64,506 for the year ended 31 March 2018 has been taken to Profit and loss.

4. Fair valuation of security deposit

The Company has given interest free security deposit in the form of rental advance for branches taken on lease. Such deposits have been fair valued under Ind AS. As a result of the fair valuation, there has been a reduction in the balance of security deposits to the extent of Rs. 46,70,837 impact of which was taken to retained earnings as on 1 April 2017. The impact of Rs. 11,19,898 for the year ended 31 March 2018 has been taken in Profit and loss. Also the Company has amortised deferred lease rental as on 31 March 2017 to the extent of Rs. 44,10,143 , the impact of which was taken to retained earings as on 1 April 2017. The impact of Rs. 8,67,585 for the year ended 31 March 2018 has been taken in Profit and loss.

5. Fair valuation of ESOP

Shares of Manappuram Finance Limited (Holding Company) are provided to the employees of the company. Under IGAAP, ESOP was not recorded by the company. However, under Ind AS, these shares need to be recorded using Fair value method. As a result of this, there was an impact of ESOP on the transition date of Rs. 89,73,015 which has lead to reduction in the retained earnings. The impact for the year ended 31 March 2018 is Rs. 1,34,71,465 which has been taken to the profit and loss.

Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

As per NHB circular NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14,2018 the following disclosures are as per the extant provisions of National Housing Bank Act 1987and Housing Finance Companies (NHB) Directions 2010 including framework on Prudential Norms, and other related Circulars etc., issued in this regard by the NHB from time to time.

Note: 35

Derivatives:

There are no derivatives taken during the current and previous year.

Note: 36

Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC:

The Company has not exceeded the Single borrower and group borrower limits

Note: 37

Provisions and Contingencies

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Break -up of Provision and contingencies to be charged in statement of profit and loss under IGAAP		
Provision towards NPA	1,09,09,871	2,39,92,485
Provision on assets held for sale	58,40,409	-
Provision for Standard Assets	15,24,183	20,54,822
Provision for Bonus	19,61,023	-
Provision for Gratuity and Leave Encashment	28,59,000	9,14,000

Manappuram Home Finance Limited

Note: 38
Draw down from Reserves

Details of draw down from reserves, if any, are provided in Note 15 to these financial statements.

Notes: 39
i) Concentration of Advances

Particulars	As at 31 March 2019	As at 31 March 2018
Total advances to twenty largest borrowers	7,51,93,354	8,31,03,230
Percentage of advances to twenty largest borrowers to total advances of the Company	1.45%	2.04%

ii) Concentration of Exposures

Particulars	As at 31 March 2019	As at 31 March 2018
Total exposure to twenty largest borrowers/customers	7,60,64,880	8,31,03,230
Percentage of exposures to twenty largest borrowers/customers to total exposure of the Company on borrowers/customers	1.31%	2.22%

iii) Concentration of NPA's

Particulars	As at 31 March 2019	As at 31 March 2018
Total exposure to top ten NPA accounts	2,98,53,410	3,64,62,664

iv) Sector-wise NPAs

Particulars	As at 31 March 2019	As at 31 March 2018
A) Housing Loans:		
1. Individuals	16,34,88,299	15,92,28,125
2. Builders/Project Loan	-	-
3. Corporates	-	-
4. Others	-	-
B) Non-Housing Loans		
1. Individuals	3,64,08,682	1,95,81,936
2. Builders/Project Loan	-	-
3. Corporates	-	-
4. Others	-	-

v) Movement of NPAs

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
I) Net NPAs to Net Advances (%)	3.07%	4.00%
II) Movement of NPAs (Gross)		
a) Opening balance	17,88,10,061	4,60,66,922
b) Addition during the year	9,49,44,372	13,79,99,913
c) Reduction during the year	7,38,57,453	52,56,774
d) Closing balance	19,98,96,980	17,88,10,061
III) Movement of NPAs (Net)		
a) Opening balance	14,79,07,538	3,91,56,884
b) Addition during the year	8,07,02,716	11,72,99,924
c) Reduction during the year	7,05,25,668	85,49,270
d) Closing balance	15,80,84,586	14,79,07,538
IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	3,09,02,523	69,10,038
b) Provision made during the year	1,42,41,656	2,39,92,485
c) Write-off/write-back of excess provisions	33,31,785	-
d) Closing balance	4,18,12,394	3,09,02,523

MANAPPURAM HOME FINANCE LTD.

Notes: 40

Customer Complaints

Particulars	As at 31 March 2019	As at 31 March 2018
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	58	65
No. of complaints redressed during the year	58	65
No. of complaints pending at the end of the year	-	-

Note: 41

Miscellaneous

i) Registration obtained from other financial sector regulators

The Company is not registered with any other financial sector regulators.

ii) Disclosure of Penalties imposed by RBI and other regulators

No penalties /Adverse Comments have been imposed by NHB and other Regulators during the year ended 31, 2019 and March 31, 2018.

iii) Securitisation

Company does not have any Secrutisation transaction.

iv) Exposure to Capital Market

Company do not have Exposure to Capital Market

v) Details of financing of parent company products

Company do not have financing of parent company products.

vi) Investments

Company does not have any Investment as on 31st March 2019.

vii) Overseas Assets

Company does not have any Overseas Assets.

viii) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms) Name of the SPV sponsored

Company does not have Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms).

ix) Loan against Gold

Company does not have any loans/advances against Gold.

x) Unhedged Foreign Currency

The company does not have unhedged foreign currency as on reporting date.

xi) Immovable Property

The company does not have "Fixed Assets" (Immovable) of its own.

xii) Fraud Reporting

There is Nil Fraud Reported during the Financial Year 2018-19.

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

Instrument	Credit rating agency	Ratings assigned
Fund based term loan Fund based cash credit	Brickwork	BWR A+
Fund based term loan	CARE Rating	CARE AA- Stable
Long term bank loan CP	CRISIL	CRISIL A+/stable CRISIL A1+

For and on behalf of the Board of Directors

V.P. Nandakumar
Chairman
DIN : 00044512

Jeevandas Narayan
Managing Director
DIN : 07656546

Subhash Samant
CEO

Vipul Patel
CFO

Sreedivya S
Company Secretary

Place: VALAPAD
Date: 7 May 2019

Manappuram Home Finance Limited