Annual Report

2019 - 20

MANAPPURAM HOME FINANCE LTD.

A wholly owned subsidiary of Manappuram Finance Limited

OUR VISION

To become the nation's 'preferred' financial intermediary, affording fulfilment of the common man's aspirations.

OUR MISSION

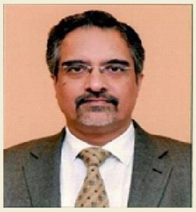
To serve ordinary people by facilitating the flow of resources at reasonable rates, enabling ownership of "Affordable Housing".

OUR BOARD OF DIRECTORS

VAZHAPPULLY PADMANABHAN NANDAKUMAR

Vazhappully Padmanabhan Nandakumar aged 66 years is the Non- Executive Chairman of our Company. The Young Scientists University has conferred upon him the degree of Doctor of Excellence, Honours Causa in Financial Management on July 20, 2018. In 1992, he was promoted as a Director in Manappuram Finance Limited and has been a Director of Manappuram Finance Limited since then. He became a life time member of Thrissur Management Association, an affiliate body of All India Management Association, on June 05, 2015. The Indian Institute of Management Kozhikode nominated him on the Board of IIM Kozhikode for four years commencing from January 19, 2019 till January 18, 2023. He was one of 16 finalists shortlisted for the EY Entrepreneur of the Year Awards 2017 that was held at Mumbai in February 2018. He has been associated with our Company since March 12, 2014.

JEEVANDAS NARAYAN



Jeevandas Narayan aged 64 years is the Managing Director of our Company. He holds a bachelor's degree in Commerce from University of Mysore.
He was ranked among the top 40 CEOs by the BT-PwC list of India's Top 40 CEOs from the BFSI Sector 2015-16. His last assignment was with State Bank of Travancore as the Managing Director. He has been associated with our Company since February 2, 2017.

THOTANCHATH BALAKRISHNAN

He holds a Masters degree in Political Science & International Relations from Delhi University and cleared the Indian Administrative Service in 1980.
Thotanchath Balakrishnan aged 67 years is the Independent Director of our Company. He holds a bachelor's degree in Arts from University of Delhi. He holds Master's Degree in Political Science and International Relations from Delhi University. He is a retired Indian Administrative Service officer (1980 Batch). He has thirty-eight years of experience in general administration. Presently, he is a managing director of Kerala High Speed Rail Corporation Limited. He has been associated with our Company since June 18, 2014.

GAUTAM RATHINDRANATH SAIGAL

Gautam Saigal aged 53 years is the Non-Executive Director of our Company. He holds a bachelor's degree in commerce from St. Xavier's College, Calcutta and a master's degree in commerce from the Calcutta University. He is a qualified Chartered Accountant. He is the founder partner of Pachira Financial Services LLP. He was the Managing Director of AA Indian Development Capital Advisors, a mid-market focused private equity fund, from July 2006 till July 2013. Prior to joining our Company, he was associated with American International Group, Inc. and was responsible for several private equity investments in India. He is currently on the boards of Bonanza Business Services Private Limited and Asirvad Micro Finance Limited. He has been associated with our Company since May 13, 2015.

PRATIMA RAM

Pratima Ram aged 69 years is an Independent Director of our Company. She completed her Master of Arts (Linguistics) from the University of Virginia June 03, 1973. She is currently on the boards of Havells India Limited, Suzlon Energy Limited, Cadila Pharmaceuticals Limited, Minda Corporation Limited and Nanadan Denim Limited. She has been associated with our Company since June 19, 2019.

BOARD'S REPORT

To,
The Members
Manappuram Home Finance Limited

Your Directors are pleased to present the 10th 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, 2020.

1. Financial Results at a glance

Rs. In lakhs

Description	**2019-20**	**2018 19**
Total Revenue	8,567.32	6,644.46
Profit / (Loss) Before Tax	992.30	329.32
Provision for Taxes/Deferred tax	(64.06)	27.20
Net Profit / (Loss) after tax	**1,056.36**	**302.12**
Profit / (Loss) b/f from previous years	(1,361.31)	(1,605.47)
Amount available for appropriations	**(319.45)**	**(1,300.27)**
Less: Transfer to Special Reserve (Under section 29C of the NHB Act, 1987)	(211.27)	(61.04)
Less: Proposed dividend tax	0	0
Balance carried forward to next year	**(530.72)**	**(1,361.31)**

During the year under review, Company has achieved AUM of Rs 6,296.10 lakhs by the end of FY 2019-20 spread over 47 branches. The total revenue stands to Rs. 8,567.32 lakhs. Net Owned Fund (NOF) stood at Rs 19,983 lakhs as on 31st March 2020.

Outlook for 2020-21

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 globalization, 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 centralized processes to source material and organize 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.

The Indian real estate market has always been chaotic, due to constant mismatch in demand and supply. However, one segment that has frequently acted as its savior when the chips are down, has been affordable housing. The fundamental reason behind this is that it is not just real estate, but a need for the masses. In the next half-a-decade, it will see a small-scale turnaround driven largely by the affordable housing sector. Almost 95% of the country's population consists of the striving middle class, and the demand in this sector is still huge while supply is limited and there are only a handful dedicated developers.

Developers in the premier and luxury housing segment have been used to high profit margins, whereas the margin in the affordable segment is 10%-15% only. Therefore, just like rapid digitization changed the focus from per unit margin to transacting in volumes, real estate also needs to move towards the volume first model by catering to the demand in affordable housing. One also needs to understand that a majority of buyers in this segment are end-users, therefore the chances of pricing fluctuations is much less as properties are not being bought for speculative purposes. On the other hand, affordable housing projects can also appeal to investors as projects under this segment invariably cost at least 25-30% less than other projects in the same vicinity but outside its ambit.

However, in the current pandemic situation ICRA Ratings expects the Covid-19 related slowdown in home loans extended by HFCs by 11%-13% in FY'2020. It expects the slowdown in home loan disbursals in the first half of FY'2021 as well. Recovery in the second half would be dependent on the overall economic turnaround.

It is likely that people will defer their home purchases and home improvement/extension decisions in the current fiscal, till they are able to achieve stability in income levels and resumption of business activities.

2. Dividend

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

3. Raising of Funds through Public Issue

During the year 2019-20 company has raised funds by way of public issue of listed secured Non-convertible redeemable debentures to the tune of Rs.94.32 Cr. Your Company is promptly making payment of interest.

4. Reserves

During the year the company has incurred a profit of around Rs. 10.56 Crores, Further, the company has transferred Rs. 2.11 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. Change in Directors & KMPs

Appointment of Mrs. Pratima Ram as Independent Director

Pursuant to the provisions of section 149 of the Companies Act, 2013 (as amended or re-enacted from time to time) read with rule no 3 of the Companies (Appointment and Qualifications of Directors) Rules 2014, Mrs. Pratima Ram (DIN: 03518633) is appointed as Non-Executive & Independent Director of the company on 19th June 2019.

Resignation of Director & KMP changes

Mr.Munish Dayal, Director has resigned from the Board of the Company w.e.f. 30th October 2019.and Mr.Subhash Samant, CEO has also resigned from the company w.e.f 9th August 2019.

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

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

11. 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).

12. Corporate Governance

The Company is committed to achieve 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 2020, the Company's Board consisted of 5 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	Number of Directorships in other Companies*
Mr. V. P Nandakumar Chairman DIN:00044512	Promoter & Non-Executive	6	6	19
Mr. Gautam Saigal DIN:00640229	Non Independent & Non Executive	6	6	3
Mr.Munish Dayal DIN:01683836 (Resigned on 30.10.2019)	Non Independent & Non Executive	6	4	8
Mrs.Pratima Ram(From 19.06.2019) DIN:03518633	Independent Non-Executive	6	4	7

Mr. T.Balakrishnan DIN:00052922	Independent Non-Executive	6	6	7
Mr Jeevandas Narayan DIN:07656546	Executive Director-MD	6	6	1

*Directorship in both listed & unlisted companies including our company

a) Number of meetings of the Board

During the Financial year 2019-20, Board met Six times as mentioned below:-

7th May 2019	24th January 2020
19th June 2019	28th February 2020
9th August 2019	
30th October 2019	

b) 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), Mrs. Pratima Ram (Non-Executive & 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 F.Y. 2019-20 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			
	07th May 2019	09th August 2019	30th October 2019	24th January 2020
Gautam Saigal—Present Chairman	✓	✓	✓	✓
T. Balakrishnan-Member	✓	✓	✓	✓
Mr. Munish Dayal-Member (Till 30.10.2019)	✓	✓	✓	--
Mrs. Pratima Ram (became Member w.e.f 30.10.2019 but attended from 24th Jan 2020)				✓

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

c) 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.Gautam Saigal –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 two Times during FY 2019-20. Details of the meeting attended by the members are as under:-

Members	NOMINATION COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE DATE	
	07th May 2019	19th June 2019
T. Balakrishnan, Chairman	✓	✓
V.P. Nandakumar	✓	✓
Mr. Munish Dayal (Till 30.10.2019)	✓	✓
Mr. Gautam Saigal (from 30.10.2019)	-	-

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.

d) 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-2019-20. Details of the meeting attended by the members are as under: -

Members	ALCO Committee Dates			
	29th June 2019	30th September 2019	19th December 2019	19th March 2020
Mr. V.P. Nandakumar	✓	✓	✓	✓
Mr. Subhash Samant (till 09th August 2019)	✓	-	-	-
Mr. Jeevandas Narayan	✓	✓	✓	✓
Mr. Sandeep Kumar (from 09th August 2019)	-	✓	✓	✓
Mr. Vipul Patel	✓	✓	✓	✓
Mr. Manish Malkan	✓	✓	✓	✓
Himanshu Tyagi				✓

e) 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.

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 provisions 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 organization'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 effectiveness 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-2019-20. Details of the meeting attended by the members are as under: -

Members	RISK COMMITTEE DATES	
	09th August 2019	24th January 2020
Mr.Gautam Saigal	✓	✓
Mr.T.Balakrishnan	✓	✓
Mr.Munish Dayal (Till 30.10.2019)	✓	-
Mrs. Pratima Ram (attended from 24.01.2020)	-	✓

f) 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. Sandeep Kumar	Dy. 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. There was no meeting held during the year FY 19-20.

g) 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. 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

Number of meetings of the Management Committee

During the Financial year 2019-20, Management Committee met four times as noted below:-

24th July 2019
30th September 2019
8th November 2019
11th December 2019

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.

h) 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. Gautam Saigal -Member Mr. Jeevandas Narayan-Member

Meeting Frequency- Half yearly

IT Strategy Committee should meet at an appropriate frequency but not more than six months should elapse between two meetings. During the Financial year 2019-20, IT Strategy Committee met two times as noted below: -

9th August 2019
28th February 2020

Terms of Reference

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining HFC's growth and becoming aware about exposure towards IT risks and controls.

i) Debenture Committee

The Company has also constituted Debenture Committee for public issuance of debentures of company. The Debenture Committee shall function as per the terms of reference fixed by the Board.

Composition of Committee :

Name of the Member	Position	Category
Mr. V.P. Nandakumar	Chairman	Member
Mr. Jeevandas Narayan	Managing Director	Member
Mr. Sandeep Kumar	Dy. CEO	Member
Mr. Vipul Patel	CFO	Member
Mrs. Sreedivya. S	CS	Member

Number of meetings of the Debenture Committee

During the Financial year 2019-20, Debenture Committee met Seven times as noted below: -

6th September 2019
9th September 2019
13th September 2019
17th September 2019
19th September 2019
4th November 2019
5th November 2019

j) Stakeholder's Relationship Committee

Company has constituted Stakeholder's relationship committee with an objective of considering and resolving the grievances of security holders of the Company and also to ensure speedy disposal of various requests received from security holders from time to time; The Stakeholder's Relationship Committee shall function as per the Audit Committee Charter as follows:-

- Formulation of policies and procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from security holders from time to time;
- The main objective of the Committee is to consider and resolve the grievances of security holders of the Company;
- To approve, register, refuse to register transfer / transmission of shares and other securities
- Monitor and review any investor complaints received by the Company or through SEBI; and SCORES and ensure its timely and speedy resolution, in consultation with the Company Secretary & Compliance officer and RTA of the Company.

Composition of Committee:

Name of the Member	Position	Category
Mrs. Pratima Ram	Independent Director	Chairperson
Mr. T Balakrishnan	Independent Director	Member
Mr. Jeevandas Narayan	Managing Director	Member

The Committee shall meet at least as and when required. Two members either personally present or through Electronic mode shall be the quorum. Sitting fee shall be Rs 10,000/- per meeting and the same may be increased by the Board from time to time.

The Company Secretary shall act as the Secretary to the Committee Meetings. The adequacy of this charter shall be reviewed and reassessed by the Committee as may be deem fit by the Committee and appropriate recommendations shall be made to the Board to update the same based on the changes that may be brought about to the regulatory framework, from time to time. There was no meeting held during the FY 2019-20

13. **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.

14. During the year 2019-20, the Company has not provided/made any loan, guarantee as per section 186 of the Companies Act 2013.

15. During the year 2019-20, Auditors has not reported any fraud neither to the Central Government, nor to the Audit Committee constituted under section 177 of Companies Act 2013.

16. **Annual Evaluation**

Pursuant to section 35b (ii) of the Companies (Amendment) Bill 2016, Board of directors has carried out Annual evaluation of its own performance, its Committees and of individual directors. Nomination Committee reviewed the performance of the Non-Executive directors (including Independent Director) on the basis of the criteria such as attendance, Board composition, Board procedure, level of participation, contribution to the meetings and its decision making, Independence, Risk management, continuity on the board, and performance appraisal questionnaire, etc. In addition, the chairman and Managing Director was also evaluated on the key aspects of their role. The performance of the board and committee as a whole also evaluated by the board after seeking inputs from all the directors on the basis of the criteria such as the composition and structure, effectiveness of board processes, information and functioning

17. **Particulars of contractors and arrangement with related parties**

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-II)**

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.

18. **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.

19. **Credit Rating & migration of rating**

CARE, CRISIL & BRICKWORKS has assigned ratings as mentioned.

Instrument	**Credit rating agency**	**Ratings assigned**
Loan Term Bank Facilities	CARE Rating	CARE AA- Stable
NCD Public Issue	CARE Rating	CARE AA- Stable
Long term bank loan	CRISIL	CRISIL AA-/stable
Commercial Paper	CRISIL	CRISIL A1 +
Fund based term loan Fund based cash credit	Brickwork	BWR AA - Stable

20. **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.

21. **Foreign exchange earnings and outgo**

During the year 2019-20, there were no foreign exchange earnings and outgo.

22. During the year 2019-20, the Company has not paid any Remuneration to the Non-Executive Directors except the sitting fee for attending the Board & Committee meetings. Remuneration of Managing Director is given in the Note No 29-schedule of Related Party, of the Financials.

23. During the year 2019-20, Company has not entered on any pecuniary relationship or transactions with the non-executive directors of the Company.

24. **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 the Secretary of the RMC.

25. **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) has 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. During the year 2019-20, there were no compliant under POSH.

26. **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 have been denied access to the Audit Committee. There were no complaints from the employees during the year 2019-20.

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

27. **Significant Material Orders**

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

28. **The Directors' Responsibility Statement**

As required under clause (c) of sub-section (3) Section 134 of the Companies Act, 2013, the Board of Directors to the best of their knowledge and ability, confirm 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. they have selected such accounting policies and applied them consistently and made Judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

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

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

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

29. **Disclosure of contingent liabilities**: -

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

30. **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 during the Financial Year 2019-20.

However, we have framed a policy on CSR and the same was approved by the Board of Directors on 9th May 2020 in line with the profit for the Financial year ended March 31st, 2020

31. **Management Discussion and Analysis Report**

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

32. **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 2019-20. 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 V**).

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

33. **Details of adequacy of Internal Financial Controls and Internal Audit**

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

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

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

34.**Material Event Subsequent to the Date of Financial Statement**

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

35. **Maintenance of Cost Records**

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

36. **Particulars of employees and related disclosure**

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

37. **Significant & material orders passed by the regulators**

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

38. **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

Sd/-
V.P.Nandakumar
Chairman

Place: Valapad
Date: 12/05/2020

Annexure-I

Policy on Independent Directors & Compensation

(As approved by the Board on 13th May 2015)

As per section 178 of the Companies Act 2013, Nomination and Remuneration Committee shall formulate a policy on the criteria for determining the qualifications, positive attributes and Independence of a director and recommend to the Board a policy on the remuneration for the directors , KMPs and other employees.
In line with the above statutory requirement under sections 149 and 178 of the Companies Act, 2013 the following policies are proposed to be adopted for the appointment of directors and the matters connected therewith.

Definitions

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

i. **Act -** means the Companies Act, 2013 including any amendments and reenactments as the case may be from time to time
ii. **Board**- means the collective body of directors of the Company
iii. **Director**- means a director appointed on the board of the company
iv. **Independent director**- means an independent director referred to in sub-section (5) of section 149 of the Companies Act, 2013
v. **Nomination Committee**- means the Nomination Compensation and Corporate Governance Committee of the Board.
vi. **Committee**- means the committees of directors constituted by the Board

(I) Appointment

The company shall maintain the strength of independent directors on its board keeping in mind the regulatory requirements issued from time to time and as per the present norms, Company shall have at least Two directors as Independent Directors.

On selection of an independent director, the Chairman of the Board shall issue a letter of appointment to the director.

The independent directors appointed in the company will have a tenure of 5 years. They can be re-appointed for another term of 5 years in compliance with the applicable provisions of the Companies Act.

Any intermittent vacancy caused of an independent director shall be filled up by the Board within a period of 3months or at the next board meeting whichever is earlier.

(II) Criteria for Determining Qualifications, Positive Attributes & Independence of Director:

1. Qualifications of Independent Director:

An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, Technical operations or other disciplines related to the company's business.

2. Positive attributes of Independent Directors:

An independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the company in implementing the best corporate governance practices.

3. Independence of Independent Directors:

While considering the appointment of an independent director, the nomination committee and the board shall ensure that the incumbent satisfies the test of independence as provided under the Companies Act, 2013 as below: -

i) Apart from receiving director's remuneration, do not have any material pecuniary relationships or transactions with the company, its promoters, its directors, its senior management or its holding company, subsidiaries, and associates.

II) Do not have any relation with the promoters or persons occupying management positions at the board level or at one level below the board.

III) not an executive of the company in the immediately preceding three financial years.

IV) not a partner or an executive or was not partner or an executive during the preceding three years, of the Statutory Audit Firm(s), Internal Audit Firm(s), Legal Firm(s) and Consulting Firm(s) that have a material association with the Company;

V) not a material supplier, service provider or customer or a lesser or lessee of the company.

VI) not a substantial shareholder of the company i.e. owning two percent or more of the block of voting shares.

The board shall on a continuous basis ensure that the independent directors continue to maintain their independence during their tenure on the board. To ensure the same, the board may obtain proper declarations from the directors at the time of appointment, annually and at such intervals as the board may deem fit.

(III) Performance Evaluation

The nomination committee and the board shall put in place a mechanism for the review of performance of the Board, Committees and individual directors. The review of Performance shall be undertaken annually preferably before the next Annual General Meeting and a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of committees and individual directors shall be annexed to the Directors Report.

(IV) Remuneration Policy for Directors, Key Managerial Personnel and other employees

A. Remuneration to NON-EXECUTIVE DIRECTORS (NEDs)

The NEDs including Independent Directors shall be entitled for sitting fees for attending board/ committee meetings at such rate as may be approved by the board from time to time. Present sitting fee for Board, Audit, Risk & Nomination Committee Meeting is Rs. 40,000/- for Management committee meeting Rs. 20,000/-, IT strategy -Rs 15000/- and stakeholder committee Rs 10,000/-

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

On the recommendation of the Nomination Committee and subject to the Compliance of the provisions of the Companies Act 2013, the board may fix the commission to NEDs for the year or any part thereof, up to an aggregate amount not exceeding 3% of the net profits of the company subject to the availability of profits.

Additional commission, apart from commission referred to above, may be paid to nonexecutive directors as may be decided by the board of directors of the company from time to time, depending on the extra time and effort as may be devoted and contribution as may be made by the non-executive directors.

The company has no stock options plans and no payment by way of bonus, pension, incentives etc. shall be paid.

B. REMUNERATION TO KEY MANAGERIAL PERSONNEL & OTHER EMPLOYEES

The objective of the policy is directed towards having a compensation philosophy and structure that will reward and retain the talented work force, with a long-term perspective.

Remuneration to Key Managerial Personnel will involve a balance between fixed salary at par with the Industrial Standards in general and a performance linked incentive/ bonus pay which will ensure and support a high-performance culture. The Remuneration to other employees will be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

The above criteria and policy are subject to review by the Nomination & Remuneration committee & the Board of Directors of the Company.

(V) <u>Applicability of Law</u>

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

VI) <u>Amendment to the policy</u>.

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

Annexure-II

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 arm's 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	1. MANAPPURAM FINANCE LIMITED (Holding Company) 2. MANAPPURAM COMPTECH AND CONSULTANTS LIMITED (Group Company) 3. MANAPPURAM TRAVELS (Promoter Entity)
b)	Nature of Contracts/arrangements/transactions	1. Renewal of Credit Facility of Rs. 50 Cr
		2. Empanelling Manappuram Travels for various travel requirements of the Company
		3. Availing DP Services, • Facility of Lead generation through MAFIL Branches, • other IT services /media support etc from MAFIL
		4. Secured Loan into Unsecured Loan
		5. Renewal of unsecured working capital loan of Rs.100 Cr from MAFIL
		6. Inter Corporate Loan of Rs.75Cr to MAFIL
		7. SME Portfolio transfer from MAFIL to MAHOFIN

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.218.2 Lakhs Loan repayment to MAFIL: Rs. 17350.00 Lakhs Interest on loan paid to MAFIL: Rs. 602.61 Lakhs Acquisition of SME portfolio Rs. 885.70 Lakhs MACOM –Software's Rs. 34.57 Lakhs Manappuram Travels Rs.5.08 Lakhs
e)	Date of approval by the Board	• Renewal of Credit Facility of Rs. 50 Cr on 09/08/2019 • Empanelling Manappuram Travels for various travel requirements of the Company on 09/08/2019 • Availing DP Services, • Facility of Lead generation through MAFIL Branches,• other IT services /media support etc from MAFIL on 09/08/2019 • Secured Loan into Unsecured Loan on 09/08/2019 • Renewal of unsecured working capital loan of Rs.100 Cr from MAFIL on 30/10/2019 Inter Corporate Loan of Rs.75Cr to MAFIL on 30/10/2019 • SME Portfolio transfer from MAFIL to MAHOFIN on 24/01/2020
F)	Amount paid as advance, if any	Nil

Annexure III

POLICY ON MATERIALITY OF RELATED PARTY AND MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS.

Objective

Manappuram Home Finance Pvt Ltd (MAHOFIN or Company) is governed, amongst others, by the rules and regulations framed by the National Housing Bank. NHB has mandated every HFC with asset size of 50 Cr and above to frame & disclose the policy on dealing with Related Party Transactions and also the materiality of Related Party Transactions on its website and also in the Annual Report vide their Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 .

Accordingly, the Company has formulated this policy on Materiality of Related Party Transactions and to dealing with Related Party Transactions (Policy). This Policy regulates all transactions between the Company and its related parties.

1. **Title and commencement: -**

This policy will be known as the Related party policy of Manappuram Home Finance Ltd. and will be effective from the date as may be specified by the Board.

2. **Important definitions**

'Audit Committee' or the 'Committee' means the committee of the Board of Directors of the company constituted under the Companies Act 2013 or its earlier enactment.

Board means Board of Directors of the Company.

Key managerial personnel means;

i. Managing Director & Chief Executive Officer, Executive Directors and Directors in the whole-time employment of the company
ii. Chief Financial Officer
iii. Company Secretary.
iv. And any other person as may be prescribed by the Central Government and to be applicable to the company.

Material related Party transactions means;

A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

Related party; -

Related party, with reference to a company, means-

i) A director or his relative;

ii) A key managerial personnel or his relative;

iii) A firm in which a director, manager or his relative is a partner;

iv) A private company in which a director or manager is a member or director ;

v) A public company in which a director or manager is a director or holds along with his relatives, more than two percent of its paid up share capital

vi) Any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instruction of a director or manager;

vii) Any person on whose advice, direction or instructions a director or manager is accustomed to act

Provided that nothing in sub clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity.

viii)Any company which is

A) A holding, subsidiary or an associate company of such company

B) A subsidiary of a holding company to which it is also a subsidiary

ix) And such other entity which is a related party as provided under the applicable accounting standards

Related party transactions means;

A related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

3. Policy

All Related Party Transactions must be reported to the Audit Committee and referred for review and recommendation by the Committee, to the Board for its approval in accordance with this Policy.

4. Identification of Potential Related Party Transactions

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

5. Manner of dealing with related party transactions.

i. Company will entertain only such transactions which are in the interest or beneficial to the company and are at arm's length.

ii. All the related party transactions other than the remuneration/ compensation to any director or key managerial personnel in connection with the discharge of his or her duties in the company, its holding, subsidiary or associate company including the re-imbursement of reasonable expense towards travel, boarding and lodging, other perquisites or benefits as per the terms of employment or contract of service or as per the tradition or practice or pursuant to any provision of any statue and shall require the prior approval of the board after the review and recommendation by the audit committee.

iii. The approval of the Board for a transaction shall be by means of a resolution passed at its meeting.

6. Manner of dealing with material related party transactions

i. Company may enter into any material related party transactions as defined in this policy only with the prior approval of the shareholders by way of a resolution passed either at a meeting of the shareholders or by way of a postal ballot in accordance with the applicable provisions of the Companies Act and the Rules made there under

ii. Any proposal for a material related party transaction shall be reviewed by the audit committee and recommend to the board before putting it up to the shareholders for approval.

iii. The related party shall not cast votes on the resolution in which he is interested.

7. Independent directors and related party transactions.

A person shall not be considered for the purpose of appointment or continuing as an independent director of the company if he has or had material pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors during the two immediately preceding financial years or during the current financial year apart from receiving directors remuneration.

8. Non material transactions and pecuniary relationships

i. For the purpose of this policy, directors, including independent directors and key Managerial personnel may enter into transactions with the company in the ordinary course of its business at arm's length prices where such transactions do not involve a consideration or commercial value exceeding Rs.10. million in the aggregate during a financial year. However, they shall not enter into any negotiated transactions, contracts or other arrangements with the company without complying with the other provisions of this policy.

ii. Any transaction in which the Related Party's interest arises solely from ownership of securities, if any, issued by the Company and all holders of such securities receives the same benefits pro rata as the Related Party.

9. Parent & Associate companies

i. All related party transactions with the Parent company & its associates require the prior approval of the audit committee and the board.

ii. The company may enter into a transaction with its Parent company & its associates if they are urgent in nature and have to be undertaken in between two scheduled board /audit committee meetings and in such case the same shall be presented to the next board / committee meetings with all relevant particulars for necessary ratifications.

10. Review and Approval of Related Party Transactions

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and recommend for the approval of the Board. Any member of the Committee who has a potential interest in any Related Party Transaction will refuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

The Committee shall be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In addition while reviewing the transactions, the committee shall be entitled to call for additional information or opinions of expertise at the cost of the company and also to demand for the attendance of any officer or other employee of the company. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;

Assessing the business reasons for the Company to enter into the Related Party Transaction and the nature or availability of alternative transactions, if any;

Whether the Related Party Transaction would affect the independence of an independent director;

Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;

Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and

Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, considering the size of the transaction, the overall financial position of the director, Executive Officer or other

Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

Depending on the recommendation/ views of the committee or otherwise, the board of the company may consider all or any of the above-mentioned factors while considering a related party transaction.

11. Manner of dealing with escaped transactions.

Where the company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate or submit their recommendation to the Board.

12. Disclosures.

All the related party transactions shall be disclosed in the annual report of the company as required under the applicable laws and regulations or accounting standards.

13. Amendment to the policy

The Board of directors may on the recommendation of the Audit Committee can amend the policy as and when required.

14. Communication of the policy

This Policy will be published on the website of the company and a link will be provided in the annual report of the company the publication on the web site will constitute a notice to all to whom it is applicable.

15. Effective date and applicability

The policy shall be effective from the date of approval of the policy by the Board.

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Annexure IV

Manappuram Home Finance Limited

Management Discussion and Analysis Report

I. Industry Structure and Developments

a. Macro-economic environment

The real estate sector is one of the most globally recognized sectors. Real estate sector comprises four sub sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth of the corporate environment and the demand for office space as well as urban and semi-urban accommodations. The construction industry ranks third among the 14 major sectors in terms of direct, indirect, and induced effects in all sectors of the economy.

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

By 2040, real estate market to grow to Rs 65,000 crore (US$ 9.30 billion) from Rs 12,000 crore (US$ 1.72 billion) in 2019. Real estate sector in India is expected to reach a market size of US$ 1 trillion by 2030 from US$ 120 billion in 2017 and contribute 13 per cent of the country's GDP by 2025. Retail, hospitality, and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs. Indian real estate increased by 19.5 per cent CAGR from 2017 to 2028.

Real estate sector in India is expected to reach US$ 1 trillion by 2030. By 2025, it will contribute 13 per cent of the country's GDP. Real Estate stock in India is expected to reach 3.7 million square feet in 2019, with addition of 200 million square feet during the year. Emergence of nuclear families, rapid urbanisation and rising household income are likely to remain the key drivers for growth in all spheres of real estate, including residential, commercial, and retail. Rapid urbanisation in the country is pushing the growth of real estate. More than 70 per cent of India's GDP will be contributed by the urban areas by 2021. Indian real estate increased by 19.5 per cent CAGR from 2017 to 2028.

Real estate attracted around Rs 43,780 crore (US$ 6.26 billion) of investments in 2019. The retail segment in Indian realty attracted private equity investments of around US$ 1 billion in 2019. Real estate attracted around US$ 14 billion of foreign private equity (PE) between 2015 and Q3

2019. First REIT raised Rs 4,750 crore (US$ 679.64 million) and was launched earlier in 2019 by the global investment firm Blackstone and realty firm Embassy group.

b. <u>Demand for Affordable Housing Finance</u>

Within the attractive real estate sector of India, affordable housing appears as a particularly bright opportunity. The potential of affordable housing is bolstered, to a great extent, by the very nature of its business model, which is in sync with India's shifting socioeconomic landscape--the rise of the middle class. Moreover, due to its wider target market, affordable housing is less susceptible to the vagaries of the macroeconomic environment.

In the sections that follows, the report first defines the scope of affordable housing in the Indian context, then goes on to trace its emergence in the wake of the global economic downturn, before identifying the enormous potential this segment holds in India's robust growth story, and the ways to capitalize on that potential.

The present status of infrastructure in urban Indian leaves much to be desired. Availability of housing, in particular, is a key stress point--about 80 million households in India are estimated to be living in slums, for want of affordable housing. As the Indian middle class expands, the demand for affordable housing is likely to increase even further.

Consequently, the potential market size for affordable housing in urban India is forecasted to grow about 1.5 times from an estimated 25 million households in 2010 to 38 million in 2030. Maximum potential is believed to be in the rich Tier 1 cities that have a considerable mass of urban poor, middle class in Tier 2 and Tier 2 cities and in lower-income Tier 4 cities.

Key factors bolstering growth in demand for affordable housing include:

- Rapid urbanisation: India's urban population is forecasted to grow to 590 million by 2030, at a compounded annual growth rate (CAGR) of 2.4% between 2010 and 2030. The percentage of urban-to-total population is forecasted to increase from 30% in 2010 to 40% by 2030.

- Rising demand for affordable homes: With home prices far outpacing general inflation and wage growth, premium homes in Tier 1 cities have become largely unaffordable, increasing demand for affordable homes in Tier 2 and Tier 3 cities extending upto Tier 4 cities in the coming years

- A culture of home ownership: The local Indian culture has an inclination for home ownership. Even people in lower income groups are determined to purchase a home, rather than rent one.

- **Focus of Government** : The current Government has a well-defined mission of Housing for all by the year 2022 which will provide positive environment for affordable housing segment with various subsidies schemes for customer and development of affordable housing colony under Pradhan mantri Awas yojana and development authority of various states.

The government of India has provided fiscal benefits on housing loans and a CLSS or a subsidy scheme is also available for home buyers. Also, the Govt. of India, through National Housing Bank is offering refinance at lower rate to lend further to individual housing in affordable sector.

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.

The government has been tweaking policies and regulations, especially for the last two years, to pique the interest of developers and home buyers in 'Affordable Housing' with a larger goal of achieving the set targets under the PMAY-U. Accordance of the "Infrastructure status" in budget 2017 was a big step in this direction, apart from initiatives such as the tax sops and incentives under the credit linked subsidy scheme (CLSS), the tax exemption in profits from such projects, goods and services tax (GST) implementation, and enactment of the real estate regulatory authority (RERA) Act. In 2018 too, several more policy measures were announced, which further widened the scope of affordable housing in urban areas.

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.

In the wake of the COVID-19 pandemic, Reserve Bank of India has provided a Special Liquidity Facility (SLF) of Rs.10,000 crore to National Housing Bank (NHB) to enable it to infuse liquidity into the housing sector through Housing Finance companies (HFCs) as also other PLIs at more affordable rates and to meet the credit needs of the sector.

Accordingly, National Housing Bank has launched Special Refinance Facility (SRF) scheme. The objective of the scheme is to provide short term refinance support to HFCs and other eligible PLIs which will partially mitigate their liquidity risk and improve the much-needed liquidity into the overall housing finance system. The total amount allocated under this scheme shall be Rs. 10,000 crore.

Opportunities & Threats

I. Strength: Strong Capitalization, Parent Company Brand & Network, experienced professionals, Digitalization, constructing good financials of the Company and the Government Initiative. The special refinance scheme (SRF) rolled by the regulator for short term loans to mitigate the liquidity risk.

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

III. Opportunities: Increasing urbanization, rising affordability, increased penetration in housing, Government initiatives and subsidies to customers

IV. Threats: Pandemic COVID-19 impact and lockdown is drastically impacted on real estate sector. The transactions are not being undertaken or executed. Due to this slowdown in economic scenario and resultant income contraction, increase in 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) has been implemented since last 2 years by the Company as introduced by the Government of India with effect from 17th June 2015. 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 Company has enrolled under the scheme of Pradhan Mantri Awas Yojana, (U) Credit Linked Subsidy Scheme for LIG/EWS, Middle Income Group I & II. The Company, in the financial year 2019-20, has enrolled under the scheme of Rural Housing Interest Subsidy Scheme to extend its benefit to the customer to whom loans are extended so far. As on March 2020, the company has extended the benefit of subsidy of Rs. 5.91 Cr. to its customers.

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 -17. 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.

Segment wise or Product wise performance

Affordable Housing Finance Company (A-HFC) Industry Overview

Home loan growth and its asset quality of housing finance companies (HFCs) will come under pressure following the economic impact of coronavirus pandemic as salaried class and self-employed face the prospect of a job loss, salary cuts, according to ratings firm ICRA.

ICRA Ratings expects the Covid-19 related slowdown in home loans extended by HFCs to be around 11%-13% in FY'2020. It expects the slowdown in home loan disbursals in the first half of FY'2021 as well. Recovery in the second half would be dependent on the overall economic turnaround.

It is likely that people will defer their home purchases and home improvement/extension decisions in the current fiscal, till they are able to achieve stability in income levels and resumption of business activities.

ICRA expects non-performing assets in the housing segment to increase to 1.8 %-2% by March 2021 from 1.4% as of December 2019. While slippages in the non-housing segment could be higher with gross NPAs increasing to 3%-3.5% in FY'2021 from 2.1% as on December 31, 2019. "Liquidation of repossessed properties could get impacted, leading to delays in recoveries or possibly higher losses on the sale of such properties”

The Regulator has also taken steps to infuse liquidity into the system via targeted long-term repo operations (TLTROs), which could increase the available liquidity. The Rs. 50,000 crore of additional TLTROs announced on April 17, 2020 and the additional Rs. 10,000 crore of refinance facility to National Housing Bank (NHB) will support the immediate liquidity requirements of HFCs to some extent, especially those operating in the affordable housing space where collections are likely to be impacted more.

III. 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 globalization, 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 centralized processes to source material and organize 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.

The Indian real estate market has always been chaotic, due to constant mismatch in demand and supply. However, one segment that has frequently acted as its saviour when the chips are down, has been affordable housing. The fundamental reason behind this is that it is not just real estate, but a need for the masses. In the next half-a-decade, it will see a small-scale turnaround driven largely by the affordable housing sector. Almost 95% of the country's population consists of the striving middle class, and the demand in this sector is still huge while supply is limited and there are only a handful dedicated developers.

Developers in the premier and luxury housing segment have been used to high profit margins, whereas the margin in the affordable segment is 10%-15% only. Therefore, just like rapid digitization changed the focus from per unit margin to transacting in volumes, real estate also needs to move towards the volume first model by catering to the demand in affordable housing. One also needs to understand that a majority of buyers in this segment are end-users, therefore the chances of pricing fluctuations is much less as properties are not being bought for speculative purposes. On the other hand, affordable housing projects can also appeal to investors as projects under this segment invariably cost at least 25-30% less than other projects in the same vicinity but outside its ambit.

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

The company has strong internal governance structure including inhouse audit and risk management team. 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.

V. 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 47 Indian locations across eight states (Maharashtra, Gujarat, Tamil Nadu, Kerala, Karnataka, Andhra Pradesh, Rajasthan, Madhya Pradesh & Odisha). The total AUM as on 31-03-2020 stands at Rs. 629.60 crores.

The Company is expanding its horizon to scale up Business to reach Rs. 1026 crores AUM by FY 2020-21.

The company has also started focusing on micro home loan of Rs 3 lacs- 5 lacs with average LTV of 35% which could result into higher yield and better asset quality management.

- **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. 9.00 lakhs and for the LAP segment, it stands at about Rs. 7.00 lakhs. Also, company is bringing down the average ticket size by increasing focus on micro home loan.

- **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. Past few months, the Customers are facing the locked down / quarantined due to pandemic situation. Accordingly, the collection has somewhat affected. To conquer the situation, the company is adopting the digitalization measures of payments which will make the collection process more robust and provide various convenient mode of payment to customers at his doorsteps. Accordingly, Company has developed its own mobile application and made a tie-up with for making payments digitally and Airtel Payment bank to provide local cash drops facilities to customers at its doorstep.

- **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 the current paid- up Capital is Rs.200 crore. Capital adequacy ratio is around 53%, as against regulatory requirement of 15%. Apart from the above, the Company has applied for Special Refinance Scheme (SRF) to NHB.

VI. <u>Material Development in Human Resources/Industrial Relations Front, including number of people employed</u>

The company has 464 highly dedicated and motivated staff who have been contributing relentlessly to the development of the organizations. Adequate training on Sales, Collections, KYC & AML, Customer Relationship, Technical, IT Security, Policy & Credit Processing etc is provided to staff to enhance their knowledge and capabilities.

Near future, the company is planning to give training on Legal & technical aspects to all its employees which shall help the employees to groom their skill sets.

Annexure-V

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

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2020

To,

The Members,
Manappuram Home Finance Limited,
IV/470A (Old), W638A (New),
5th Floor, Manappuram House,
Valapad, Thrissur,
Kerala - 680567

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

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

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

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.

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

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

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

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

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

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

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

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

(a) The National Housing Bank Act, 1987

(b) The Housing Finance Companies (NHB) Directions, 2010

(c) Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016

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

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

(b) The Listing Agreement entered into by the Company with BSE Limited for listing its debt securities

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

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

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

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

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

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

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

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

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

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

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

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

We further report the following details of specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

1. Articles of Association of the Company were fully replaced, and a New set of Articles of Association was adopted to align with the provisions of Companies Act, 2013. This was approved at the Extraordinary General Meeting held on 21st August 2019.

2. Public issue of Secured Redeemable Non-Convertible Debentures of upto Rs. 200 crores vide Prospectus dated 19th September 2019 was made during the financial year and Non-Convertible Debentures were allotted for an amount of Rs. 91.82 crores. The borrowings in the form of Non- Convertible debentures were within the overall limit of Rs. 1,000 crores approved by the shareholders of the company vide their Extraordinary General Meeting dated 6th August 2018. The Company had listed its debt securities on the BSE Limited with effect from 4th November 2019.

3. The Company had increased its borrowing powers from Rs. 1,000 crores to Rs. 2,000 crores by obtaining approval of shareholders vide their Extraordinary General Meeting held on 4th March 2020.

Place: Coimbatore
Date: 9th May 2020

For KSR & Co Company Secretaries LLP

S/d

Shilpa Vishwanathan, Partner
Membership No. F10589
Certificate of Practice No. 18138
UDIN. F010589B000213880

Annexure-VI

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2020
[Pursuant to section 92(3) *of the Companies Act, 2013* and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U65923KL2010PLC039179
ii) Registration Date	07th October 2010
iii) Name of the Company	Manappuram Home Finance Ltd
iv) Category / Sub-Category of the Company	Home Finance Company
v) Address of the registered office and contact details	IV/470A(Old)W638A(New), Manappuram House , P.O Valapad, Phone: 3050419/435
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	S.K.D.C.Consultants Limited,Category I Registrars and Share Transfer Agents ,Kanapathy Towers, 3rd Floor, 1391/A1, Sathy Road, Ganapathy, Coimbatore – 641 006,Phone: +91 422 6549995, 2539835-836 ,Email: info@skdc-consultants.com

II.PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY	
All the business activities contributing 10 % or more of the total turnover of the company shall be stated	As per Annexure I(A)
III.PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES	As per Annexure 1(B)
IV.SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)	
i) Category-wise Share Holding	Entire shares are held by the holding Company - Manappuram Finance Limited
ii) Shareholding of Promoters	Nil
iii) Change in Promoters' Shareholding	As Per Annexure I(C)
iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	Nil
v) Shareholding of Directors and Key Managerial Personnel	Nil
V. INDEBTEDNESS	
Indebtedness of the Company including interest outstanding/accrued but not due for payment	Annexure 1(D)
VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL	
A. Remuneration to Managing Director, Whole-time Directors and/or Manager	As Per Annexure I (E)

B. Remuneration to other directors	As Per Annexure I (F)
C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD	As Per Annexure I (G)
VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES	Nil

Annexure 1(A)

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Housing Loan & Non Housing Loan	65922	100%

Annexure 1(B)

PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
3	Manappuram Finance Limited	L65910KL1992PLC006623	Holding	100%	

Annexure 1(c)

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year			10,00,00,000	100%	10,00,00,000	100%
	Changes during the year	Nil		10,00,00,000	Nil	20,00,00,000	
	At the end of the year			20,00,00,000	100%	20,00,00,000	100%

Annexure 1(D)

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

(Rupees in million)

Indebtedness at the beginning of the financial year	**Secured Loans excluding deposits**	**Unsecured Loans**	**Deposit**	**Total Indebtedness**
(i) Principal Amount	32,170.45	2,450.15	0	34,620.60
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	15.61	0	0	15.61
Total(i+ii+iii)	32,186.06	2,450.15	0	34,635.21
Change in indebtedness during the year				
• Additions	20,377.00	17,250.00	0	37,627.00
• Reduction	12,462.51	16,800.15	0	29,262.66
Net change	7,914.49	449.85	0	8,364.34

Indebtedness at the end of the financial year				
(i) Principal Amount	40,084.94	2,900.00	0	42,984.94
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	333.60	0	0	333.60
Total(i+ii+iii)	40,418.54	2,900.00	0	43,318.54

Annexure 1(E)

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

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Jeevandas Narayan	
	Gross salary	10000080/-	10000080/-
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act,1961		
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961		
	c. Profits in lieu of salary under section 17(3) Income- tax Act, 1961		
	Stock Option*		
	Sweat Equity		
	Commission		
	- as % of profit		
	- others, specify…		
	Others, please specify		
	Total (A)	10000080/-	10000080/-
	Ceiling as per the Act	In terms of the provisions of the companies Act, 2013, the remuneration to MD/WTD shall not exceed 5% of the net profit of the Company. However due to inadequacy of profits, remuneration paid to the MD has taken based on Part II schedule V	

**Manappuram Finance Limited, our Parent Company has granted 500000 no of shares under their ESOP scheme .*

Annexure 1 (F)

Remuneration to other directors

Sl. No	Particulars of Remuneration	Name of Directors			
		T Balakrishnan (Independent Director)	Pratima Ram (Independent Director)	Munish Dayal	Gautam Saigal
	Fee for attending board committee meetings	2,61,600	1,74,400	1,74,400	2,61,600
	Commission	NA	NA	NA	NA
	Others, please specify (Other meetings)	4,14,200	87,200	2,83,400	3,92,400
	Total	6,75,800	2,61,600	4,57,800	6,54,000
	Total Managerial Remuneration	20,49,200			
	Overall Ceiling as per the act		In terms of provisions of the Companies Act,2013, the remuneration payable to directors other than executive directors shall not exceed 1% of the net profit of the Company. During the year No Remuneration was paid to the directors apart from sitting fees.		

Annexure 1 (G)

Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

Sl. No	Particulars of Remuneration	CEO	CFO	CS
	Gross salary	3702355	3824489	3076650

	a. Salary as per provisions contained in section 17(1) of the Income-tax Act,1961			
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961			
	c. Profits in lieu of salary under section 17(3) Income- tax Act, 1961			
	Stock Option*			
	Sweat Equity			
	Commission			
	- as % of profit			
	- others, specify…			
	Others, please specify			
	Total	**3702355**	**3824489**	**3076650**

**Manappuram Finance Limited, our Parent Company has granted* 300000,76250 *& 75000 no of shares respectively, under their ESOP scheme to the* CEO,*CFO & CS of the Company* respectively.

Annexure-VII

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

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

Sl. No	Name of Director/KMP and designation	% increase in Remuneration in the Financial Year 2019-20	Ratio of remuneration of eachDirector/KMP/to median remuneration o employees
1	Jeevandas Narayan(MD)	0 %	33:1
2	Subash Samant (CEO)	0 %	39:1
2	Vipul Patel(CFO)	14%	13:1
3	Sreedivya S(CS)	8%	11:1

i. The median remuneration of employees of the Company during the financial year 2019-20 was Rs. 3,06,000.

ii. In the financial year, there was an increase of 10% in the median remuneration of employees.

iii. There were 490 permanent employees on the rolls of Company as on 31 March, 2020

iv. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e.2019-20 was 10% whereas the increase in the managerial remuneration for the same financial year was 10% .

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

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

Sr. no.	Employee Name	Designation	Educational Qualification	Age	Nature of Employment	% of equity shares held by the employee in the company	Experience (Yrs)	Date of joining	Gross Remuneration paid	Previous employment & designation
1	Vipul Patel	Chief Financial Officer	Chartered Accountant	49.9	Active	-	25	01-Mar-16	3824489	MAFIL
2	Subhash Samant	Chief Executive Officer	MBA - Marketing	47.8	Resigned*	-	25	12-Jun-17	3702355	L&T
3	Manish Malkan	Chief Risk Officer	CA, CISA	42.5	Active	-	19	30-Oct-17	3318403	Dewan Housing Finance Corporation Limited
4	Sreedivya S	Company Secretary	MBA,CS	46	Active	-	17	14-Mar-14	3076650	MAFIL
5	Sachin Kondhare	Compliance Head	BA	44.1	Active	-	24	16-Apr-18	2698757	Reliance Capital Ltd.
6	Bikash Kumar Mishra	Head - MHL	Chartered Accountant	34.6	Active	-	10	01-Dec-15	2637521	MAFIL
7	Sachin Kumar Deo	National Credit Manager	PG in HRM	43.6	Active	-	18	03-Jun-19	2023504	Shriram Housing Finance Ltd
8	Praveen Sarawgi	Head – Audit	Chartered Accountant	30.9	Active	-	7	15-Oct-14	1846418	MAFIL
9	Sameer S Shilotri	Head Collections	B.Com	41.2	Resigned**	-	19	19-Mar-19	1757218	Shriram Housing Finance Ltd
10	Rajesh P G	National Business Head	MBA	49.5	Resigned**	-	24	12-Nov-18	1705855	Aspire Home Finance Corporation Ltd

* Relieved on 09th August 2019

**Relieved on 01st February 2020

***Relieved on 03rd October 2019

EMPLOYEES DRAWING A REMUNERATION OF 8.50 LAKHS OR MORE PER MONTH AND EMPLOYED FOR PART OF THE FINANCIAL YEAR 2019-20

Sr. no.	Employee Name	Designation	Educational Qualification	Age	Nature of Employment	% of equity shares held by the employee in the company	Experience (Yrs)	Date of joining	Gross Remuneration paid	Previous employment & designation
1	Subhash Samant	Chief Executive Officer	MBA - Marketing	47.7 Yrs	Resigned		25 Yrs	12-Jun-17	3702355	L&T

INDEPENDENT AUDITORS' 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 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the 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.

Emphasis of Matter

We draw attention to Note 34 (a) to the financial statements, which describes that the potential impact of the COVID-19 Pandemic on the Company's financial statements. Specifically, the provision for credit loss on financial assets is based on management's assessment and estimates of future developments, which are uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Impairment of carrying value of loans and advances:** The business of the Company is providing credit facility to retail borrowers in affordable	**Principal audit procedures performed:** • We read the Company's impairment provisioning policy and assessed it for reasonableness;

	housing, hence it is the main asset of the Company. To assess the amount of potential losses resulting from default by borrowers, the Management of Company exercises significant judgement using assumptions over both when and how much to record as provision for loans losses. Due to the significance of the judgments used in classifying loans and advances into various stages as stipulated in IND AS 109, determination of probability of default (PD), Loss Given Default, valuation of immovable property and finally determining related impairment provision, this is considered to be the area that had a greater focus of our overall audit of the Company and a key audit matter. As at 31 March 2020, the Company's gross loans and advances amounted to Rs. 63,488.82 lacs and the related impairment provisions amounted to Rs. 1,210.10 lacs. (Refer note no. 4 to IndAS financial Statements)	• We gained understanding of the Company's key credit processes comprising granting, booking, monitoring, staging and provisioning. We tested design, implementation and operating effectiveness of key controls over these processes, controls over the completeness and accuracy of the key inputs into the impairment models. • We tested the completeness of loans and advances included in the Expected Credit Loss calculations as of 31 March, 2020; • For a sample of exposures, We tested the appropriateness of staging into Stage 1, 2 and 3; • We assessed the appropriateness and presentation of disclosures against relevant accounting standards. • We assessed the appropriateness of the Company's impairment methodologies using our experience to independently assess segmentation and recovery period assumptions. • For provisions, we tested data inputs and agreed a sample of data used in the models and calculators to source documents viz sanction letter, Loan agreement. We used our Financial Advisory – Valuation team to test to test valuation of collateral i.e. Immovable properties for samples. • We evaluated the methodology to establish model parameters and assessed the appropriateness of the models used. Also evaluated the past trends of actual losses on settlement of properties and the management's review controls over provisions for assets in all states. • Reviewed and evaluated for reasonableness of management's assessment of the overlay impact of COVID-19 on the ECL provisioning.

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 management's report (but does not include the financial statements and our auditor's report thereon). Management's report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.
- When we read the management report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these 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.
- 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report , that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and 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 2020 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the

Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 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 the year-end except stated in Note 29 (c) to the financial statements.

   ii. The Company did not have any long-term contracts as at year-end including derivative contracts 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)
UDIN: 20104968AAAABV2982

Place: Mumbai

Date: 23th May 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Manappuram Home Finance Limited ("the Company") as of 31st March 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (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 policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note 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 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 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Anjum A. Qazi
Partner
(Membership No. 104968)
UDIN: 20104968AAAABV2982

Place: Mumbai
Date: 23rd May 2020

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 year 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 bought one immovable property during the year and title deed of the same has been registered in the name of the Company.

(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, and 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 in regard to the Company.

(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 Income-tax, Goods & Services tax, Provident Fund and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Goods & Services tax, Provident Fund and other material statutory dues in arrears as at 31st March 2020 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, and Goods & Services tax as on 31st March 2020 on account of disputes.

(viii) To the best 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 financial institutions and banks and dues to debenture holders.

(ix) The Company has not raised moneys by way of initial public offer or further public offer. Further, in respect of moneys borrowed through term loans and issuance of debt instruments, in our opinion and accordingly to information and explanation given to us, the Company has utilized the money for the purpose for which they were borrowed, other than temporary deployment pending application of proceeds.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

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

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, during the year the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review

(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 him 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)
UDIN: 20104968AAAABV2982

Place: Mumbai
Date: 23rd May 2020

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
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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. AQ/158 dated 20 June 2020.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Manappuram Home Finance Limited (the "Company") a Housing Finance Company ("HFC") registered with the National Housing Bank ("the NHB") having its registered office at 5th Floor, IV/470A(Old), W/638A (New), Manappuram House, Valapad P.O., Thrissur - 680567, have been requested by the Company to verify and report on matters specified in the NHB's Master Circular- Housing Finance Companies - Auditor's Report (NHB) Directions, 2016 - NHB(ND)/DRS/REG/MC-05/2019 (the "the Directions"), for the year ended 31 March 2020 for submission to the NHB.

Management's Responsibility for the Compliance

3. Management of the Company is responsible for ensuring compliance with NHB(ND)/DRS/REG/MC-01/2019 Master Circular - The Housing Finance Companies (NHB) Directions, 2010 dated 1 July 2019 ("the NHB Directions") issued by NHB and other applicable regulations. This includes collecting, collating and validating data and the design, implementation and maintenance of internal controls suitable for such compliance.

4. The Management of the Company is also responsible for maintenance of proper books of account and such other records.

Auditors' Responsibility

5. Our responsibility is to report on matters specified in paragraphs 3 and 4 of the Directions. 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.

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

6. 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.

7. 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 2020 for the purpose of providing reasonable assurance on the matters specified in the Directions.

8. 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 23 May 2020. 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 from material misstatement.

Opinion

9. 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

I. 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.

II. The Company has met the required Net owned fund (NOF) requirement as prescribed under section 29A of the NHB Act, 1987.

III. The Company has complied with provisions of section 29C of the NHB Act, 1987, relating to transfer of amounts to the Statutory Reserve.

IV. 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.

V. The Company has not accepted any public deposits during the financial year 2019-20.

VI. The total borrowings of the Company are within the limits prescribed under the limits prescribed under paragraph 3(2) of the NHB Directions.

VII. The Company's financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind AS") referred to in section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015. The Company has complied with the extant provisions of respective applicable Ind AS for the purpose of income recognition, asset classification based on credit risks and provisioning as per expected credit loss model during the financial year ended March 31, 2020. In respect of asset classification and provisioning, the Company has complied with RBI Circulars dated March 13, 2020 on implementation of Indian Accounting Standards and considered the impact of the RBI circulars dated March 27, 2020 and April 17, 2020 for Covid regulatory package – Asset classification and provisioning.

VIII. The Company has correctly determined capital to risk weighted asset ratio (CRAR) disclosed in the schedule II return submitted to NHB and in compliance with minimum prescribed norms. In computation of CRAR, Right of Use Assets (in respect of which corresponding liabilities are also recognised) measured in accordance with Ind AS 116, hav e not been regarded as Intangible Assets (recognised and measured as per Ind AS 38) as the recognition and subsequent measurement does not result in the increase in Tier-I Capital of the Company. Therefore, Right

Deloitte Haskins & Sells LLP

of Use Assets have not been deducted for the purpose of calculation of Tier-I Capital / Net Owned Fund.

IX. The Company has furnished to the NHB within the stipulated period the schedule II return as specified in the NHB Directions.

X. The Company has furnished to NHB within the stipulated period the schedule III return on Statutory Liquid Assets as specified in the NHB directions

XI. 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,

XII. The Company has complied with the provisions contained in paragraph 38 and 38A of the NHB Directions.

Restrictions on Use

10. 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 purposes. 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, 31 July 2020

UDIN: 20104968AAAADR8498

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)

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Balance Sheet as at 31 March, 2020
(All amounts are in Rupees in lakhs, unless otherwise stated)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
I ASSETS			
1 Financial assets			
Cash and cash equivalents	3	407.65	1,924.89
Loans	4	62,278.42	51,358.63
Other Financial assets	5	446.45	416.52
2 Non-financial Assets			
Current tax assets (net)	6	45.80	65.91
Deferred tax assets (net)		411.10	-
Property, plant and equipment	7	88.66	86.13
Right of use Asset	8	449.14	-
Capital work-in-progress		-	-
Other Intangible assets	9	62.23	74.03
Other non financial assets	10	116.04	76.88
Total assets		**64,305.49**	**54,002.99**
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		182.10	92.95
Borrowings (Debt security)	11	9,182.45	-
Borrowings (other than debt security)	12	33,802.49	34,620.60
Other Financial liabilities	13	983.03	157.64
Non-financial Liabilities			
Current tax liabilities (net)	14	18.75	-
Provisions	15	76.80	54.97
Other non-financial liabilities	16	76.70	79.02
Total Liabilities		**44,322.32**	**35,005.18**
Equity			
Equity share capital	17	20,000.00	20,000.00
Other equity	18	(16.83)	(1,002.19)
Total Liabilities and Equity		**64,305.49**	**54,002.99**

See accompanying notes forming part of the financial statements (Notes : 1-34)
In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Anjum Qazi
Partner

Place: ________
Date:

For and on behalf of the Board of Directors

V.P. Nandakumar
Chairman
DIN : 00044512

Jeevandas Narayan
Managing Director
DIN : 07656546

Vipul Patel
CFO

Sreedivya S
Company Secretary

Place: ________
Date:

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Statement of Profit and Loss for the year ended 31 March, 2020
(All amounts are in Rupees in lakhs, unless otherwise stated)

		Particulars	Notes	Year ended 31 March 2020	Year ended 31 March 2019
		Revenue from operations			
	(i)	Interest income	19 (i)	8,372.96	6,459.79
	(ii)	Net gain on fair value changes	19 (ii)	-	2.08
	(iii)	Other operating income	19 (iii)	194.36	182.59
(I)		**Total Revenue from operations/ Total Income**		**8,567.32**	**6,644.46**
		Expenses			
	(i)	Finance cost	20	3,741.59	3,097.51
	(ii)	Impairment of financial instruments	21	538.95	54.21
	(iii)	Employee benefit expenses	22	2,207.40	2,137.28
	(iv)	Depreciation, amortization and impairment	7,8 & 9	194.69	77.03
	(v)	Other expenses	23	892.39	949.11
(II)		**Total Expenses (II)**		**7,575.02**	**6,315.14**
(III)		**Profit/(loss) before exceptional items and tax (I - II)**		**992.30**	**329.32**
(IV)		**Exceptional items**		**-**	**-**
(V)		**Profit/(loss) before tax (III - IV)**		**992.30**	**329.32**
(VI)		Tax Expense:			
		(1) Current tax	24	344.28	21.99
		(2) MAT Credit Entitlement		-	26.20
		(3) Deferred tax Asset	24	(408.34)	-
		(4) Earlier years adjustments		-	(20.99)
(VII)		**Profit/(loss) for the year**		**1,056.36**	**302.12**
(VIII)		**Other Comprehensive Income**			
	A	(i) Items that will not be reclassified to profit or loss			
		Actuarial Gain / (Loss)		(10.98)	3.08
		(ii) Income tax relating to items that will not be reclassified to profit or loss		(2.76)	-
		Subtotal (A)		**(8.22)**	**3.08**
	B	(i) Items that will be reclassified 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)		**(8.22)**	**3.08**
(IX)		**Total Comprehensive Income for the year**		**1,048.14**	**305.20**
(X)		**Earnings per equity share**			
		Basic (Rs.)	25	0.53	0.28
		Diluted (Rs.)	25	0.53	0.28

See accompanying notes forming part of the financial statements.
In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Anjum Qazi
Partner

Place: _________
Date:

For and on behalf of the Board of Directors

V.P. Nandakumar
Chairman
DIN : 00044512

Jeevandas Narayan
Managing Director
DIN : 07656546

Vipul Patel
CFO

Sreedivya S
Company Secretary

Place: _________
Date:

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Cash Flow statement for the year ended 31 March, 2020
(All amounts are in Rupees in lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Operating activities		
Profit before tax	992.30	329.32
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	194.69	77.03
Impairment on financial instruments	458.07	32.93
Bad Debts Written off	80.88	21.28
Dividend income	-	(2.08)
Impact on adoption of IND AS 116	(94.43)	-
Share based payments to employees	(56.50)	60.05
Profit on sale of fixed asset	(0.62)	-
Net actuarial loss that will not be reclassified to profit and loss (OCI)	(10.98)	3.08
Impact of Fair Value on Security Deposits	-	2.99
Working capital changes		
Loans	(11,458.74)	(14,577.91)
Trade payables and contract liability	89.15	12.03
Other Financial Liability	350.89	13.51
Other Non Financial Liability	(286.74)	15.41
Other Financial Assets	(29.93)	(306.20)
Other Non Financial Assets	(363.33)	(88.77)
Income tax paid (net)	325.00	45.00
Net cash flows from/(used in) operating activities	**(9,810.29)**	**(14,362.33)**
Investing activities		
Purchase of fixed and intangible assets	(72.05)	(25.38)
Sale of fixed and intangible assets	0.76	-
Dividend Income	-	2.08
Net cash flows from/(used in) investing activities	**(71.29)**	**(23.30)**
Financing activities		
Borrowings other than debt securities issued	28,444.00	32,425.33
Borrowings other than debt securities repaid	(29,262.11)	(26,485.04)
Borrowings - debt securities issued	9,182.45	-
Issue of Share Capital	-	10,000.00
Net cash flows from financing activities	**8,364.34**	**15,940.29**
Net increase in cash and cash equivalents	(1,517.24)	1,554.66
Cash and cash equivalents as at the beginning of the year	1,924.89	370.23
Cash and cash equivalents at at the end of the year	**407.65**	**1,924.89**

See accompanying notes forming part of the financial statements (Notes : 1-34)

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Anjum Qazi
Partner

Place: _________
Date:

For and on behalf of the Board of Directors

V.P. Nandakumar
Chairman
DIN : 00044512

Jeevandas Narayan
Managing Director
DIN : 07656546

Vipul Patel
CFO

Sreedivya S
Company Secretary

Place: _________
Date:

MANAPPURAM HOME FINANCE LTD.

Manappuram Home Finance Limited
(Formerly Manappuram Home Finance Private Limited)
CIN : U65923KL2010PLC039179
Statement of changes in Equity for the year ended 31 March, 2020
(All amounts are in Rupees in lakhs, 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 2019	**2,000.00**	**20,000.00**
Issued during the year	-	-
As at 31 March 2020	**2,000.00**	**20,000.00**
As at 31 March 2018	1,000.00	10,000.00
Issued during the year	1,000.00	10,000.00
As at 31 March 2019	**2,000.00**	**20,000.00**

b. Other Equity

	Reserves and Surplus			Total
	Statutory Reserve	Employee Share Option Outstanding of Parent Company	Retained Earnings	
Balance as at April 1, 2019	**70.15**	**288.97**	**(1,361.31)**	**(1,002.19)**
Share based payments to employees	-	(56.50)	-	(56.50)
Amt transferred to Statutory Reserve	211.27	-	(211.27)	-
Additional Provision as per RBI Guidelines	-	-	-	-
Total Comprehensive Income for the year	-	-	(8.22)	(8.22)
Transition impact of IND AS 116	-	-	(6.28)	(6.28)
Profit / (loss) after tax	-	-	1,056.36	1,056.36
Balance as at March 31, 2020	**281.42**	**232.47**	**(530.72)**	**(16.83)**
Balance as at April 1, 2018	**9.11**	**228.92**	**(1,605.47)**	**(1,367.44)**
Share based payments to employees	61.04	60.05	(61.04)	60.05
Amt transferred to Statutory Reserve	-	-	-	-
Total Comprehensive Income for the year	-	-	3.08	3.08
Profit / (loss) after tax	-	-	302.12	302.12
Balance as at March 31, 2019	**70.15**	**288.97**	**(1,361.31)**	**(1,002.19)**

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Anjum Qazi
Partner

For and on behalf of the Board of Directors

V.P. Nandakumar
Chairman
DIN : 00044512

Jeevandas Narayan
Managing Director
DIN : 07656546

Vipul Patel
CFO

Sreedivya S
Company Secretary

Place: _________
Date:

Place: _________
Date:

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 IV/470A, (OLD) W/638A (NEW), Manappuram House, Valapad, Thrissur, Kerala - 680567 and corporate office is at Third Floor, A Wing, Unit No 301-315, Kanakia Wall Street, Andheri Kurla Road, Andheri East, Mumbai-400093.
The financial statements for the year ended 31st March 2020 were authorised for issuance in accordance with a resolution of the directors on 12th May 2020.

Note 2: Significant accounting policies

a. 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.

b. 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.

c. 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.
(Refer Note 34 for significant estimate on ECL.)

d. 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.

e. 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.

The estimated useful lives are, as follows:

Particulars	Useful Life of Assets
Building	30 years
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.

f. 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.

g. 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.

h. 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 cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.
As at March 31, 2020, none of the Company's property, plant and equipment and intangible assets were considered impaired.

i. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term and costs relating to the termination of the lease. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts.

Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether : (i)the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.
At the date of commencement of the lease, the Company recognizes a right-of-use asset("ROU")and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases)and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.
The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.
Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. The higher of the fair value less cost to sell and the value-in-use)is determined on an individual asset basis unless the asset does not generate cashflows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.
Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

j. 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 actuarial valuations being carried out at each balance sheet date. Actuarial 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.

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 actuarially determined liabilities at the present value of the obligation at the balance sheet date.

k. 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. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

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.

l. 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.

m. 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.

n. Cash and cash equivalent

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

o. 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.

p. 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.

· 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.

q. 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.

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 above 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.

For the purpose of counting of day past due for the assessment of significant increase in credit risk, special dispensations in respect of any class of assets, if any (eg under COVID-19 relief package of RBI) are applied in line with the notification by the RBI in this regard.

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.

For the purpose of counting of day past due for the assessment of default, special dispensations in respect of any class of assets, if any (eg under COVID-19 relief package of RBI) are applied in line with the notification by the RBI in this regard.

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) The time value of money

b) 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 best estimates of expected loss by the management, 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.

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Note 3: Cash and cash equivalents

	As at 31 March 2020	As at 31 March 2019
Cash on hand	5.92	59.09
Balances with bank		
In current accounts	228.24	1,865.80
In Cash credit accounts	173.49	-
	407.65	**1,924.89**

Note 4: Loans (At Amortised Cost)

Particulars	As at 31 March 2020	As at 31 March 2019
(A)		
i) Term loans	**63,488.82**	**52,152.65**
- Home Loans	45,490.90	37,804.19
- Others	17,997.92	14,348.46
Total (A) - Gross	**63,488.82**	**52,152.65**
Less : Impairment loss allowance	1,210.40	794.02
Total (A) - Net	**62,278.42**	**51,358.63**
(B)		
i) Secured by tangible assets	**63,488.82**	**52,152.65**
a) Mortgage/Property loan	63,488.82	52,152.65
Total (B) - Gross	**63,488.82**	**52,152.65**
Less : Impairment loss allowance	1,210.40	794.02
Total (B) - Net	**62,278.42**	**51,358.63**
(C) Loans in India		
i) Retail loan *	63,488.82	52,152.65
Total (C) - Gross	**63,488.82**	**52,152.65**
Less : Impairment loss allowance	1,210.40	794.02
Total (C) - Net	**62,278.42**	**51,358.63**
Total	**62,278.42**	**51,358.63**

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

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

	As at 31 March 2020				As at 31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**33,440.72**	**3,034.20**	**1,753.39**	**38,228.31**	**22,067.20**	**3,239.69**	**1,633.87**	**26,940.76**
New assets originated or increase in contractual cash flow	11,324.74	26.57	188.60	11,539.91	15,818.29	171.83	104.09	16,094.21
Assets derecognised or repaid (excluding write offs) or decrease in contractual cash flow	(3,030.72)	(340.27)	(235.64)	(3,606.63)	(3,841.12)	(297.13)	(311.11)	(4,449.36)
Transfers to Stage 1	871.75	(811.17)	(60.58)	-	926.03	(814.77)	(111.26)	-
Transfers to Stage 2	(908.71)	925.18	(16.47)	-	(1,260.14)	1,360.51	(100.37)	-
Transfers to Stage 3	(555.54)	(813.92)	1,369.46	-	(225.42)	(514.72)	740.14	-
Amounts written off	(20.67)	-	(360.38)	(381.05)	(44.12)	(111.21)	(201.97)	(357.30)
Gross carrying amount closing balance	**41,121.57**	**2,020.59**	**2,638.38**	**45,780.54**	**33,440.72**	**3,034.20**	**1,753.39**	**38,228.31**

Reconciliation of ECL balance in relation to Home Loans is given below:

	As at 31 March 2020				As at 31 March 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance - opening balance	**158.78**	**142.94**	**365.49**	**667.21**	**164.69**	**187.00**	**373.15**	**724.84**
New assets originated or purchased	115.52	60.11	302.67	478.30	63.03	52.77	142.80	258.60
Assets derecognised or repaid (excluding write offs)	(51.47)	(15.81)	(48.80)	(116.08)	(130.64)	(46.49)	(85.60)	(262.73)
Transfers to Stage 1	47.68	(35.05)	(12.63)	-	76.36	(45.75)	(30.61)	-
Transfers to Stage 2	(6.56)	9.99	(3.43)	-	(11.51)	35.92	(24.41)	-
Transfers to Stage 3	(4.19)	(38.76)	42.95	-	(2.52)	(31.61)	34.13	-
Amounts written off	(4.31)	-	(68.97)	(73.28)	(0.63)	(8.90)	(43.97)	(53.50)
ECL allowance - closing balance	**255.45**	**123.42**	**577.28**	**956.15**	**158.78**	**142.94**	**365.49**	**667.21**

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

	As at 31 March 2020				As at 31 March 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount opening balance	**12,731.64**	**1,248.98**	**367.85**	**14,348.47**	**9,382.17**	**1,426.89**	**184.41**	**10,993.47**
New assets originated or increase in contractual cash flow	5,903.19	1.55	44.01	5,948.75	5,416.07	45.43	21.86	5,483.36
Assets derecognised or repaid (excluding write offs) or decrease in contractual cash flow	(1,811.88)	(220.53)	(73.84)	(2,106.25)	(1,816.55)	(210.89)	(24.99)	(2,052.43)
Transfers to Stage 1	278.94	(259.94)	(19.00)	-	394.90	(394.90)	-	-
Transfers to Stage 2	(376.70)	376.70	-	-	(566.48)	575.62	(9.14)	-
Transfers to Stage 3	(122.10)	(324.56)	446.66	-	(63.78)	(148.52)	212.30	-
Amounts written off	-	-	(41.77)	(41.77)	(14.69)	(44.65)	(16.59)	(75.93)
Gross carrying amount closing balance	**16,603.09**	**822.20**	**723.91**	**18,149.20**	**12,731.64**	**1,248.98**	**367.85**	**14,348.47**

Reconciliation of ECL balance in relation to Non Home Loans is given below:

	As at 31 March 2020				As at 31 March 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance - opening balance	**34.95**	**40.67**	**76.68**	**152.30**	**30.18**	**36.23**	**37.00**	**103.41**
New assets originated or purchased	79.70	28.24	98.32	206.26	17.88	24.50	44.79	87.17
Assets derecognised or repaid (excluding write offs)	(13.24)	(7.57)	(15.39)	(36.20)	(20.57)	(8.91)	(4.35)	(33.83)
Transfers to Stage 1	10.38	(6.42)	(3.96)	-	9.84	(9.84)	-	-
Transfers to Stage 2	(1.67)	1.67	-	-	(2.00)	3.83	(1.83)	-
Transfers to Stage 3	(0.49)	(10.96)	11.45	-	(0.27)	(4.07)	4.34	-
Amounts written off	-	-	(8.71)	(8.71)	(0.11)	(1.07)	(3.27)	(4.45)
ECL allowance - closing balance	**109.63**	**45.63**	**158.39**	**313.65**	**34.95**	**40.67**	**76.68**	**152.30**

**** The figures shown are excluding impact of EIR of Rs. 381.51 lakhs as at 31 March 2020 (Rs.398.63 lakhs as at 31 March 2019).***

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Note 5: Other financial assets

Particulars	As at 31 March 2020	As at 31 March 2019
Security deposits	57.42	83.10
Assets held for Sale *(Refer Note 2 (g))*	382.79	315.50
Deferred lease rental	6.24	17.92
Total	**446.45**	**416.52**

Note 6: Current Tax

Particulars	As at 31 March 2020	As at 31 March 2019
Advance Tax Net off Provision	45.80	65.91
Total	**45.80**	**65.91**

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Note 7: Property, plant and equipment

Particulars	Office Equipments	Computer Equipments	Furniture & Fixtures	Building	Land	Vehicles	Total
Cost:							
At April 1, 2019	**39.47**	**125.51**	**95.65**	**-**	**-**	**27.46**	**288.09**
Additions	20.36	20.70	12.27	5.13	3.23	-	61.69
Less : On Disposals/Transfers	1.79	-	53.10	-	-	-	54.89
At Mar 31, 2020	**58.04**	**146.21**	**54.82**	**5.13**	**3.23**	**27.46**	**294.89**
At April 1, 2018	**37.66**	**121.64**	**98.18**	**-**	**-**	**27.46**	**284.94**
Additions	2.07	3.87	0.75	-	-	-	6.69
Less : On Disposals/Transfers	0.26	-	3.28	-	-	-	3.54
At March 31, 2019	**39.47**	**125.51**	**95.65**	**-**	**-**	**27.46**	**288.09**
Accumulated Depreciation :							
At April 1, 2019	**33.42**	**103.25**	**59.00**	**-**	**-**	**6.29**	**201.96**
Less : On Disposals/Transfers	1.64	-	53.10	-	-	-	54.74
Charge for the year	6.89	18.51	30.08	0.10	-	3.43	59.01
At Mar 31, 2020	**38.67**	**121.76**	**35.98**	**0.10**	**-**	**9.72**	**206.23**
At April 1, 2018	**21.94**	**78.55**	**43.31**	**-**	**-**	**3.43**	**147.23**
Less : On Disposals/Transfers	0.21	-	1.19	-	-	-	1.40
Charge for the year	11.69	24.70	16.88	-	-	2.86	56.13
At March 31, 2019	**33.42**	**103.25**	**59.00**	**-**	**-**	**6.29**	**201.96**
Net book value:							
At Mar 31, 2020	**19.37**	**24.45**	**18.84**	**5.03**	**3.23**	**17.74**	**88.66**
At March 31, 2019	**6.05**	**22.26**	**36.65**	**-**	**-**	**21.17**	**86.13**

Note 8: Right of use Asset

Particulars	Right to Use
Cost:	
At April 1, 2019	**-**
Additions	562.65
Less : On Disposals/Transfers	-
At Mar 31, 2020	**562.65**
At April 1, 2018	**-**
Additions	-
Less : On Disposals/Transfers	-
At March 31, 2019	**-**
Accumulated Depreciation :	
At April 1, 2019	-
Less : On Disposals/Transfers	-
Charge for the year	113.51
At Mar 31, 2020	**113.51**
At April 1, 2018	-
Less : On Disposals/Transfers	-
Charge for the year	-
At March 31, 2019	**-**
Net book value:	
At Mar 31, 2020	**449.14**
At March 31, 2019	**-**

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Note 9: Other Intangible Assets

Particulars	Computer Software
Cost:	
At April 1, 2019	**105.35**
Additions	10.37
Less : On Disposals	-
At Mar 31, 2020	**115.72**
At April 1, 2018	**84.51**
Additions	20.84
Less : On Disposals	-
At March 31, 2019	**105.35**
Accumulated Amortisation :	
At April 1, 2019	**31.32**
Less : On Disposals	-
Charge for the year	22.17
At Mar 31, 2020	**53.49**
At April 1, 2018	**10.42**
Less : On Disposals	-
Charge for the year	20.90
At March 31, 2019	**31.32**
Net book value:	
At Mar 31, 2020	**62.23**
At March 31, 2019	**74.03**

Note 10: Other Non-financial assets

Particulars	As at 31 March 2020	As at 31 March 2019
GST/Service tax Input Credit	22.25	0.33
Prepaid expenses	85.28	65.89
MAT Credit Entitlement	-	4.89
Others	8.51	5.77
	116.04	**76.88**

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Note 11: Borrowings (debt security)

Particulars	As at 31 March 2020	As at 31 March 2019
	At Amortised cost	At Amortised cost
Non Convertible Debentures	9,182.45	-
Total	**9,182.45**	**-**

ISIN No.	Private Placement/ Public issue	Date of allotment	Date of redemption	Nominal value per debenture	Total No of Debentures	ROI	Face value	As at 31 March 2020		As at 31 March 2019		Secured/ Unsecured*
								Non-current	Current	Non-current	Current	
INE360T07025	Public Issue	04-Nov-2019	03-Nov-2022	1000	1.72	9.75%	1,720.00	1,720.00	-	-	-	Secured
INE360T07033	Public Issue	04-Nov-2019	03-Nov-2022	1000	0.85	10.00%	850.00	850.00	-	-	-	Secured
INE360T07041	Public Issue	04-Nov-2019	03-Nov-2022	1000	1.33	10.00%	1,330.00	1,330.00	-	-	-	Secured
INE360T07058	Public Issue	04-Nov-2019	03-Nov-2024	1000	2.36	10.25%	2,360.00	2,360.00	-	-	-	Secured
INE360T07066	Public Issue	04-Nov-2019	03-Nov-2024	1000	0.64	10.65%	640.00	640.00	-	-	-	Secured
INE360T07074	Public Issue	04-Nov-2019	03-Nov-2024	1000	0.33	10.65%	330.00	330.00	-	-	-	Secured
INE360T07082	Public Issue	04-Nov-2019	07-Sep-2026	1000	2.20	10.65%	2,200.00	2,200.00	-	-	-	Secured

*The principal amount of NCDs to be issued in terms of this Prospectus together with all interest due on the NCDs, as well as costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first charge ranking pari passu with existing secured creditors, on all loans and advances, book debts, current assets, other receivables (both present and future) of the Company, equal to the value of one time of the NCDs outstanding plus interest accrued thereon and by way of first charge on the immovable property being land admeasuring an extent of 877 sq.ft. together with building measuring an extent of 180 sq. ft. of built-up area, situated at Door No. 124, Comprised in Survey No. 348/3C1, as per Patta Bearing No. 625, New Survey No. 348/17, at No 78, Anupampattu, 2 Village, (Old No 80, Elavambedu Village), Ponneri Taluk, Thiruvallur District, 601203, Tamil Nadu.

The table shown above is exclusive of EIR impact to the extent of Rs. 249.49 lakhs.

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Note 12: Borrowings (other than debt security)

Particulars	As at 31 March 2020	As at 31 March 2019
	At Amortised cost	At Amortised cost
Term Loans - Indian rupee loan from banks (Secured)	30,573.12	25,249.50
Working Capital Demand Loan - Indian rupee loan from related party (Secured)	2,900.00	3,000.00
Working Capital Demand Loan - Indian rupee loan from banks (Secured)	194.00	-
Commercial Paper (Unsecured)	-	2,450.15
Cash credit facilities from banks (secured)	135.37	3,920.95
Total	**33,802.49**	**34,620.60**

All Borrowings made in India.

Indian Rupee loan from banks (secured)
As at 31 March 2020

Terms of repayment

Tenure (from the date of Balance Sheet)	**Rate of Interest**	**Amount**
Term Loans :*		
More than 5 years	8.95% - 10.25%	1,997.22
Due within 2-5 years	8.95% - 10.25%	14,014.73
Due within 1-2 years	8.95% - 10.25%	7,795.04
Due within 1 year	8.95% - 10.25%	6,766.90
Total		**30,573.89**
Working Capital Demand Loan :*		
Due within 1 year	9.90% - 11.15%	3,094.00
Total		**3,094.00**
Cash Credit Facilities from Banks :*		
Due within 1 year	9.85% - 10.50%	135.37
Total		**135.37**

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

As at March 31, 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%	789.21
Due within 2-5 years	9.35% - 10.50%	13,165.30
Due within 1-2 years	9.35% - 10.50%	5,699.29
Due within 1 year	9.35% - 10.50%	5,595.68
Total		**25,249.48**

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

Working Capital Demand Loan :*		
Due within 1 year	9.35% - 10.50%	3,000.00
Total		**3,000.00**
Commercial Papers :		
Due within 1 year	9.35% - 10.50%	2,450.15
Total		**2,450.15**
Cash Credit Facilities from Banks :*		
Due within 1 year	9.35% - 10.50%	3,920.95
Total		**3,920.95**

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

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Note 13: Other Financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Interest accrued and due on borrowings	63.53	15.61
Interest accrued and due on NCD	270.07	-
Lease Liability	477.92	-
Other liabilities	171.51	142.03
	983.03	**157.64**

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Note 14: Current Tax Liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for tax net off advance tax	18.75	-
	18.75	**-**

Note 15: Provisions

Particulars	As at 31 March 2020	As at 31 March 2019
ECL provision on loan commitments	9.38	14.41
Employee Benefits (Refer Note 26)		
- Gratuity	52.42	25.05
- Provision for compensated absences	15.00	12.08
Others	-	3.43
	76.80	**54.97**

Reconciliation of changes in the gross carrying amount and the corresponding ECL allowances in relation to commitment of Loans is, as follows

	As at 31 March 2020				As at 31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**4,829.50**	**1.53**	**-**	**4,831.03**	**2,108.72**	**10.68**	**-**	**2,119.40**
New exposures	2,346.45	6.00	-	2,352.45	4,829.50	1.53	-	4,831.03
Exposures derecognised or matured (excluding write-offs)	(4,829.50)	(1.53)	-	(4,831.03)	(2,108.72)	(10.68)	-	(2,119.40)
Gross carrying amount closing balance	**2,346.45**	**6.00**	**-**	**2,352.45**	**4,829.50**	**1.53**	**-**	**4,831.03**

Reconciliation of ECL balance is given below:

	As at 31 March 2020				As at 31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**14.40**	**0.01**	**-**	**14.41**	**11.23**	**0.55**	**-**	**11.78**
New exposures	9.30	0.08	-	9.38	14.40	0.01	-	14.41
Exposures derecognised or matured (excluding write-offs)	(14.40)	(0.01)	-	(14.41)	(11.23)	(0.55)	-	(11.78)
ECL allowance - closing balance	**9.30**	**0.08**	**-**	**9.38**	**14.40**	**0.01**	**-**	**14.41**

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Note 16: Other Non-financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Statutory Remittances	48.24	50.59
Employee related payables	28.46	28.43
	76.70	**79.02**

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Note 17: Equity share capital

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

Authorised	**As at 31 March 2020**	**As at 31 March 2019**
200,000,000 (March 31, 2019: 200,000,000) equity shares of Rs. 10/- each	20,000.00	20,000.00
	20,000.00	**20,000.00**
Issued, subscribed and fully paid up		
200,000,000 (March 31, 2019: 200,000,000) equity shares of Rs. 10/- each	20,000.00	20,000.00
Total Issued, subscribed and fully paid up	**20,000.00**	**20,000.00**

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, 2019	2,000.00	20,000.00
Issued during the year	-	-
As at March 31, 2020	**2,000.00**	**20,000.00**
As at April 1, 2018	1,000.00	10,000.00
Issued during the year	1,000.00	10,000.00
As at March 31, 2019	**2,000.00**	**20,000.00**

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	**As at 31 March 2020**		**As at 31 March 2019**	
	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%	20,00,00,000	100%

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

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Note 18: Other equity	
Employee Shares Option Outstanding of Parent Company	
At March 31, 2019	**288.97**
Add: Other Additions/ Deductions during the year	(56.51)
At March 31, 2020	**232.46**
At March 31, 2018	228.92
Add: Other Additions/ Deductions during the year	60.05
At March 31, 2019	**288.97**
Statutory Reserve pursuant to Section 29-C of the National Housing Act, 1987	
At March 31, 2019	**70.15**
Add: Transfer from surplus balance in the Statement of Profit and Loss	211.27
At March 31, 2020	**281.42**
At March 31, 2018	**9.11**
Add: Transfer from surplus balance in the Statement of Profit and Loss	61.04
At March 31, 2019	**70.15**
Surplus in Statement of Profit and Loss	
At March 31, 2019	**(1,361.31)**
Add: Profit for the year	1,048.14
Less: Appropriations	-
Impact on initial adoption of Ind AS 116	(6.28)
Transfer to Statutory Reserve	(211.27)
At March 31, 2020	**(530.72)**
At March 31, 2018	**(1,605.47)**
Add: Profit for the year	305.20
Transfer to Statutory Reserve	(61.04)
Add/Less: Appropriations	-
At March 31, 2019	**(1,361.31)**
Total other equity	
At March 31, 2020	**(16.84)**
At March 31, 2019	**(1,002.19)**
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. 211.27 lakhs (P.Y. 61.04 lakhs) 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.

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Note 19 : Revenue from operations

Note 19 (i): Interest income

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest on Financial Assets Measured at Amortised Cost		
- Home loans	5,941.92	4,783.33
- Others	2,431.04	1,676.46
Total	**8,372.96**	**6,459.79**

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Net gain/ (loss) On trading portfolio		
- Investments	-	2.08
Total Net gain/(loss) on fair value changes	**-**	**2.08**

Note 19 (iii): Other operating income

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Foreclosure Charges	88.26	93.18
Others	106.10	89.41
Total	**194.36**	**182.59**

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Note 20: Finance Cost

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest expense on Financial Liabilities measured at Amortised Cost:-		
- on Bank and other borrowings	3,235.50	2,964.44
- on Commercial papers	-	101.27
- on NCD	429.28	-
Interest expense on Unamortised Future Lease Liabilities	47.57	-
Other borrowing cost	29.24	31.80
Total	**3,741.59**	**3,097.51**

Note 21: Impairment of financial instruments

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Loans	411.35	(25.47)
Bad Debts	80.88	21.28
Provision on assets held for sale	46.72	58.40
Total	**538.95**	**54.21**

Particulars	Year ended 31 March 2020				Year ended 31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	171.35	(14.56)	259.59	416.38	(1.14)	(39.62)	12.67	(28.09)
Loan Commitments	(5.10)	0.07	-	(5.03)	3.16	(0.54)	-	2.62
Total impairment loss	**166.25**	**(14.49)**	**259.59**	**411.35**	**2.02**	**(40.16)**	**12.67**	**(25.47)**

Note 22: Employee Benefit Expenses

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Salaries and wages	2,054.03	1,908.88
Contribution to provident and other funds	128.85	121.35
Share based payments to employees	(56.50)	60.05
Staff welfare expenses	45.73	18.41
Gratuity and Leave Encashment	35.29	28.59
Total	**2,207.40**	**2,137.28**

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Note 23: Other Expenses

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Rent expense	93.81	237.53
Electricity expense	18.70	20.17
Travelling and conveyance	133.83	101.91
Business Processing Charges	26.59	16.34
Insurance	11.64	4.84
Printing and stationary	55.40	38.18
Communication	17.05	28.54
Rates and taxes	14.87	4.30
Legal and Professional fees	80.60	124.65
Advertisement Expense	30.41	20.07
Directors sitting fees	20.49	17.73
IT Cost	324.96	284.96
Repairs and maintenance	4.01	2.84
Miscellaneous expenses	17.88	15.46
Bank and other Charges	14.82	13.46
Auditor's remuneration	27.33	18.13
Total	**892.39**	**949.11**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
As auditor:		
Audit fee	13.14	11.44
Limited reviews	4.43	4.43
Certification fees	2.45	2.18
Others	6.00	-
Reimbursement of expenses	1.31	0.08
	27.33	**18.13**

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Note 24: Income Tax

	Year ended 31 March 2020	Year ended 31 March 2019
Current tax	344.28	21.99
MAT Credit Entitlement	-	26.20
Adjustment in respect of current income tax of prior years	-	(20.99)
Deferred tax relating to origination and reversal of temporary differences	(408.34)	-
Total tax charge	**(64.06)**	**27.20**
Current tax	344.28	27.20
Deferred tax	(408.34)	-

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Profit Before Tax	**992.30**	**329.32**
Income tax expense calculated at 25.17% (PY 20.39%)	249.76	91.60
Effect of expenses that are not deductible in determining taxable profit	126.59	76.10
Utilisation of previously unrecognised tax losses	-	(92.10)
Effect of incomes which are exempt from tax	-	(25.60)
Utilisation of MAT Credit	-	20.99
Effect of expenses for which weighted deduction under tax laws is allowed	(32.08)	(22.80)
Tax provision for earlier years	-	(20.99)
Deferred tax relating to origination and reversal of temporary differences	(408.34)	-
Income tax expense recognised in statement of profit and loss	**(64.06)**	**27.20**

Tax at effective Income Tax rate of 25.17% (PY 20.39%)

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense :

Particulars	Deferred Tax Assets Year ended 31 March 2020	Deferred Tax Liabilities Year ended 31 March 2020	Deferred Tax Liabilities Year ended 31 March 2019	Deferred Tax Liabilities Year ended 31 March 2019
Provision as per ECL	288.88	-	-	-
Provision on Leave encashment and Gratuity	16.97	-	-	-
Income tax relating to items that will be reclassified to profit or loss	-	2.76		
Effect of IND AS 116	-	7.24	-	-
ECL Provision on Stage 3 Interest Income	14.95	-	-	-
Unamoritsed Processing Fees	96.03	-	-	-
Depreciation of Fixed Assets	1.51	-	-	-
Total	**418.34**	**10.00**	-	-
Net credit to statement of Profit and Loss	**408.34**			
Impact of DTA on OCI	2.76	-	-	-
Net Deferred Tax Asset as on March 31, 2020	**411.10**			

Tax at effective Income Tax rate of 25.17% (PY 20.39%)

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Note 25: Earnings per share

	Year ended 31 March 2020	Year ended 31 March 2019
Net profit for calculation of Earnings Per Share	1,056.36	302.12
Weighted average number of equity shares in calculating Earnings Per Share (Nos.)	2,000.00	1,087.67
Basic Earnings Per Share (Rs.)	0.53	0.28
Diluted Earnings Per Share (Rs.)	0.53	0.28

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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. 111.49 lakhs as on March 31, 2020 and Rs. 100.22 lakhs as on March 31, 2019 for Provident and other Fund contributions, Rs. 17.01 lakhs as on March 31, 2020 and Rs. 20.48 as on March 31, 2019 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. 52.42 lakhs as on March 31, 2020.

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 Government Securities. 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.

Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current service cost	30.53	23.41
Past Service Cost	-	-
Loss/Gain from Settlement	-	-
Interest cost on net defined benefit obligation	2.95	0.34
Net (benefit) / expense	**33.48**	**23.75**

Movement in Other Comprehensive Income

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Balance at start of year (Loss)/Gain	(3.08)	-
Re-measurements on DBO	-	
a. Actuarial loss / (gain) from changes in demographic assumptions	-	-
b. Actuarial loss / (gain) from changes in financial assumptions	11.94	(0.87)
c. Actuarial loss / (gain) from experience over the past year	(9.04)	(0.56)
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)	(1.92)	(1.65)
c. Changes in the effect of limiting a net defined benefit asset to the asset ceiling	-	-
Balance at end of year (Loss)/Gain	**(7.90)**	**(3.08)**

Balance Sheet

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

Particulars	As at 31 March 2020	As at 31 March 2019
Defined benefit obligation	144.01	77.95
Fair value of plan assets	91.59	52.90
(Asset)/liability recognized in the balance sheet	52.42	25.05
Funded Status (Surplus/(Deficit))	(52.42)	(25.05)
Of which, Short term liability	-	-
Experience adjustments on Plan liabilities (Gain) / Loss	(9.04)	0.56

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

Particulars	As at 31 March 2020	As at 31 March 2019
Opening defined benefit obligation	77.95	47.70
Current service cost	30.53	23.41
Past Service Cost	-	-
Loss/(Gain) from Settlement	-	-
Interest cost	7.30	3.51
Benefits paid	(5.69)	(1.23)
Remeasurements		
Actuarial loss / (gain) from changes in demographic assumptions	-	-
Actuarial loss / (gain) from changes in financial assumptions	11.94	0.87
Actuarial loss / (gain) from experience over the past year	(9.04)	0.56
Transfer in/Out	31.02	3.13
Closing defined benefit obligation	**144.01**	**77.95**

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

Particulars	As at 31 March 2020	As at 31 March 2019
Opening fair value of plan assets	52.90	38.56
Contributions by employer	9.14	10.92
Transfer in/Out	32.81	3.13
Benefits paid	(5.69)	(1.23)
Interest income on Plan Assets	4.35	3.17
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)	(1.92)	(1.65)
c. Changes in the effect of limiting a net defined benefit asset to the asset ceiling	-	-
Closing fair value of plan assets	**91.59**	**52.90**
Actual Return on Plan Assets	2.43	1.52
Expected Employer Contributions for the coming year	50.00	25.00

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

Particulars	As at 31 March 2020	As at 31 March 2019
Salary Escalation	8.00%	8.00%
Discount rate	5.50%	6.70%
Attrition rate		
- Managerial grade and above	15.00%	15.00%
- Below managerial grade	50.00%	50.00%
Expected rate of return on assets	6.70%	6.90%

Investments quoted in active markets:

Particulars	As at 31 March 2020	As at 31 March 2019
Investment funds with Insurance Company	100%	100%
Of which, Unit Linked	0%	0%
Of which, Traditional/ Non-Unit Linked	100%	100%

Assumptions

Sensitivity Level

1. Increase/(decrease) on present value of defined benefits obligation at the end of the year	**As at 31 March 2020**	**As at 31 March 2019**
(i) One percentage point increase in discount rate	(7.75)	(4.40)
(ii) One percentage point decrease in discount rate	8.64	4.87
(i) One percentage point increase in rate of salary growth rate	8.35	4.76
(ii) One percentage point decrease in rate of salary growth rate	(7.65)	(4.39)
(i) One percentage point increase in withdrawal rate	(2.29)	(1.51)
(ii) One percentage point decrease in withdrawal rate	2.42	1.57

Expected payment for future years	**As at 31 March 2020**	**As at 31 March 2019**
Within the next 12 months (next annual reporting period)	30.99	12.84
Between 2 and 5 years	145.51	99.77
Between 5 and 10 years	176.87	205.39
Total expected payments	**353.37**	**318.00**

The weighted average duration of the defined benefit obligation as at 31st March 2020 is 3 years (31st March 2019 : 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 2020	As at 31 March 2019
Discount rate	5.50%	6.70%
Attrition rate		
- Managerial grade and above	15.00%	15.00%
- Below managerial grade	50.00%	50.00%
Salary escalation	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.

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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 2020			As at 31 March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	407.65	-	407.65	1,924.89	-	1,924.89
Loans	2,346.00	59,932.42	62,278.42	3,877.99	47,480.64	51,358.63
Other Financial assets	384.83	61.62	446.45	332.59	83.93	416.52
Non-financial Assets						
Current tax assets (net)	-	45.80	45.80	-	65.91	65.91
Deferred tax assets (net)	-	411.10	411.10	-	-	-
Property, plant and equipment	-	88.66	88.66	-	86.13	86.13
Right to Use	-	449.14	449.14	-	-	-
Capital work-in-progress	-	-	-	-	-	-
Other Intangible assets	-	62.23	62.23	-	74.03	74.03
Other non financial assets	110.56	5.48	116.04	70.64	6.24	76.88
Total assets	**3,249.04**	**61,056.45**	**64,305.49**	**6,206.11**	**47,796.88**	**54,002.99**
Liabilities						
Financial Liabilities						
Payables	182.10	-	182.10	92.95	-	92.95
Borrowings (Debt security)	-	9,182.45	9,182.45	-	-	-
Borrowings (other than debt security)	9,860.90	23,941.59	33,802.49	14,966.78	19,653.82	34,620.60
Other Financial liabilities	983.03	-	983.03	157.64	-	157.64
Non-financial Liabilities						
Current tax liabilities (net)	18.75	-	18.75	-	-	-
Provisions	41.77	35.03	76.80	54.97	-	54.97
Other non-financial liabilities	76.70	-	76.70	79.02	-	79.02
Total Liabilities	**11,163.25**	**33,159.07**	**44,322.32**	**15,351.36**	**19,653.82**	**35,005.18**
Net	**(7,914.21)**	**27,897.38**	**19,983.17**	**(9,145.25)**	**28,143.06**	**18,997.81**

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Note 28: Change in liabilities arising from financing activities

Changes in liabilities arising from financing activities

Particulars	As at 31 March 2019	Net Cash Flows	Other*	As at 31 March 2020
Borrowings (debt securities)	-	9,431.94	(249.49)	9,182.45
Borrowings other than debt securities	34,620.60	(727.83)	(90.28)	33,802.49
Total	**34,620.60**	**8,704.11**	**(339.77)**	**42,984.94**

Particulars	As at 1 April 2018	Net Cash Flows	Other*	As at 31 March 2019
Borrowings other than debt securities	28,680.31	6,040.89	(100.60)	34,620.60
Total	**28,680.31**	**6,040.89**	**(100.60)**	**34,620.60**

**EIR adjustment as per IND AS 109*

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Note 29: Contingent liabilities, commitments and leasing arrangements

(A) Contingent Liabilities
There is Nil contingent liability outstanding as at March 31, 2020 (March 31, 2019: Nil)

(B) Commitments
There is Nil capital commitment outstanding as at March 31, 2020 (March 31, 2019: Nil)

(C) Litigations
The company does not have any pending litigations as on March 31, 2020.

(D) Lease Disclosures
Transition :

Effective April1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.
On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of Rs. 562.65 lakhs, and a lease liability of Rs. 572.36 lakhs. The cumulative effect of applying the standard, amounting to Rs. 9.70 lakhs was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.
The following is the summary of practical expedients elected on initial application:
1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date

2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4.Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020 :

Particulars	Buildings
Balance as at April 1, 2019	**562.65**
Reclassified on account of adoption of IND AS 116	-
Additions	-
Deletion	-
Depreciation	(113.51)
Balance as at March 31, 2020	**449.14**

Following is the movement in the lease liabilities for the year ended March 31, 2020 :

Particulars	Amount
Balance as at April 1, 2019	**572.36**
Reclassified on account of adoption of IND AS 116	-
Additions	-
Deletion	-
Payment of Lease liabilities	(142.00)
Finance cost accrued during the period	47.56
Balance as at March 31, 2020	**477.92**

Amounts recognised in profit and loss

Particulars	Amount
Depreciation expense on right-of-use assets	113.51
Interest expense on lease liabilities	47.57

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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
Others	Manappuram Travels
Key management personnel (KMP)	Mr. V. P. Nandakumar (Chairman)* Mr. Jeevandas Narayan (Managing Director) Mr. Subhash Samant (CEO resigned with effect from August 09, 2019) 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 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Payment against Lease Liability						
Manappuram Finance Limited	120.07	22.08	-	-	-	-
Other expenses						
Manappuram Finance Limited	12.88	6.01	-	-	-	-
NCD Issue related expenses						
Manappuram Finance Limited	85.25	-	-	-	-	-
Salary						
Mr. Jeevandas Narayan	-	-	100.19	100.00	-	-
Mr. Subhash Samant	-	-	37.02	120.00	-	-
Mrs. Sreedivya	-	-	30.77	21.14	-	-
Mr. Vipul Patel	-	-	38.24	34.86	-	-
Transfer of Fixed assets						
Manappuram Finance Limited	-	-	-	-	-	-

Loan taken from						
Manappuram Finance Limited	17,250.00	19,100.00	-	-	-	-
Loan Repaid to						
Manappuram Finance Limited	17,350.00	16,100.00	-	-	-	-
Interest expense						
Manappuram Finance Limited	602.61	239.43	-	-	-	-
Issue of Equity Share Capital						
Manappuram Finance Limited	-	10,000.00	-	-	-	-
Acquisition of SME Portfolio						
Manappuram Finance Limited	885.70	-	-	-	-	-
Software Expenses						
Manappuram Comptech and Consultants Limited	-	-	-	-	34.57	34.63
Travelling Expenses						
Manappuram Travels	-	-	-	-	5.08	-
Post Employment Benefit Plan						
Contribution to LIC Manappuram Gratuity Trust	-	-	-	-	9.14	9.14
Amounts payable (net) to related parties						
Manappuram Finance Limited	3,288.52	3,004.79	-	-	-	-
Manappuram Comptech and Consultants Ltd	-	-	-	-	9.56	-

Compensation of key management personnel

	Year ended 31 March 2020	Year ended 31 March 2019
Salary	206.22	276.00
Short–term employee benefits	4.93	3.63
Other Long Term Benefit Plan	2.09	0.67
Post Employment Benefits	29.82	32.57
Share Based Payments	(55.76)	59.34
	187.30	**372.21**

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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 2020**	**As at 31 March 2019**
Common Equity Tier1 (CET1) capital	52.43%	61.81%
Other Tier 2 capital instruments	1.00%	0.51%
Total capital	**53.43%**	**62.32%**

Regulatory capital	**As at 31 March 2020**	**As at 31 March 2019**
CET1 capital	19,192.09	19,253.27
Total capital	19,557.17	19,411.22

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, retained earnings including current year profit less accrued dividends.

Particulars	**As at 31 March 2020**	**As at 31 March 2019**
Net Debt	42,984.94	34,620.60
Total Equity	19,983.17	18,997.81
Net Debt to Equity Ratio	**2.15:1**	**1.82:1**

Note 32: Segment Reporting

The Company's main business is Financing Activity. All other activities of the Company revolve around the main business. As such, there are no separate reportable segments, as per the IND AS 108 "Operating Segments" specified under section 133 of the Companies Act, 2013.

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Note 33: 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 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Financial assets				
Cash and cash equivalents	407.65	1,924.89	407.65	1,924.89
Loans	62,278.42	51,358.63	51,725.70	54,890.37
Other Financial assets	446.45	416.52	446.45	416.52
Total financial assets	**63,132.52**	**53,700.04**	**52,579.80**	**57,231.78**
Financial Liabilities				
Payables	182.10	92.95	182.10	92.95
Borrowings (debt security)	9,182.45	-	8,894.31	-
Borrowings (other than debt security)	33,802.49	34,620.60	33,051.45	33,820.42
Other Financial liabilities	983.03	157.64	983.03	157.64
Financial Liabilities	**44,150.07**	**34,871.19**	**43,110.89**	**34,071.01**

The management assessed financial assets except loan portfolio and financial liabilities except borrowings approximate their carrying amounts largely due to short term maturities of these instruments.

Fair Value Hierarchy of assets and liabilities

Fair Value measurement

Particulars	As at 31 March 2020					As at 31 March 2019				
	Carrying Value	Fair Value				Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Financial Assets:										
Loans and advances	62,278.42	-	-	51,725.70	**51,725.70**	51,358.63	-	-	54,890.37	**54,890.37**
Other Financial assets	446.45	-	63.66	382.79	**446.45**	416.52	-	101.02	315.50	**416.52**
Total financial assets	**62,724.87**	**-**	**63.66**	**52,108.49**	**52,172.15**	**51,775.15**	**-**	**101.02**	**55,205.87**	**55,306.89**
Financial Liabilities:										
Borrowing (debt securities)	9,182.45	8,894.31	-	-	**8,894.31**	-	-	-	-	-
Borrowing (other than debt securities)	33,802.49	-	33,051.45	-	**33,051.45**	34,620.60	-	33,820.42	-	**33,820.42**
Total financial liabilities	**42,984.94**	**8,894.31**	**33,051.45**	**-**	**41,945.76**	**34,620.60**	**-**	**33,820.42**	**-**	**33,820.42**

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.382.79 lakhs 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.

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Note 34: 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.

a. 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 supplement 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.

For the purpose of counting of day past due for the assessment of significant increase in credit risk, special dispensations in respect of any class of assets, if any (eg under COVID-19 relief package of RBI) are applied in line with the notification by the RBI in this regard.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19) :

The SARS-CoV-2 virus responsible for COVID-19, a global health pandemic has affected the world economy including India leading to significant decline and volatility in financial markets and decline in economic activities. On March 24, 2020, the Indian Government announced a strict 21-day lock-down which was further extended in two phases by 19 days and 14 days respectively across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Company's operations and realisability of its financial assets will depend on the future developments, which are uncertain, including among the other things any new information concerning the severity of the COVID-19 pandemic and the effectiveness of the government measures to contain its spread and provide support to the segments impacted adversely by the same.

The RBI on March 27, 2020 and April 17, 2020, announced 'COVID-19 Regulatory Package' on asset classification and provisioning. In terms of the RBI guidelines, the lending institutions have been permitted to grant a moratorium of three months on payment of all instalments/interest on loans, as applicable, falling due between March 1, 2020 and May 31, 2020 ('moratorium period') in respect of all accounts classified as standard as on February 29, 2020, even if overdue. For all such accounts where the moratorium is granted, the asset classification will remain at a standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification as per the Company's policy).

Given the uncertainty over the potential macro-economic impact, the Company's Board of Directors and the management has considered internal and external information including credit reports and economic forecasts up to the date of approval of these financial results. Accordingly, the Company has made provision for expected credit loss on financial assets as at March 31, 2020. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate and expects to recover the carrying amount of these financial assets. The impact of the COVID-19 pandemic on the operations and the realisability of its financial assets may be different from that estimated as at the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions. The Company has therefore increased its existing LGD by 5% and existing PD by 10% as a part of the macro economic overlay.

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.

Pools	As at 31 March 2020	As at 31 March 2019
1.) Construction	1.11%	0.59%
2.) Ready to use House	3.90%	3.09%
3.) Home Improvement	8.15%	0.47%
4.) Home Extension	1.64%	2.70%
5.) Balance Transfer & Top-Up	3.14%	2.94%
6.) LAP	2.92%	1.47%

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 2020	As at 31 March 2019
1.) Construction	21.88%	20.84%
2.) Ready to use House	21.88%	20.84%
3.) Home Improvement	21.88%	20.84%
4.) Home Extension	21.88%	20.84%
5.) Balance Transfer & Top-Up	21.88%	20.84%
6.) LAP	21.88%	20.84%

b. 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, 2020:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	241.72	519.97	790.22	4,696.72	3,612.27	18,030.41	11,007.87	4,085.76	**42,984.94**
Loans*	181.62	184.55	186.82	575.29	1,217.72	5,855.77	11,921.28	42,155.37	**62,278.42**

**The information on the maturity pattern is based on the reasonable assumptions made by the management before considering the impact of RBI Circular dated March 27, 2020.*

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	84.56	493.34	3,213.71	1,418.40	9,756.77	11,321.43	7,543.17	789.22	**34,620.60**
Loans	139.36	131.87	133.64	411.21	3,061.92	4,160.41	5,345.87	37,974.35	**51,358.63**

c. 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:

d. 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 taxis affected through the impact on floating rate borrowings, as follows:

	Year ended 31 March 2020	Year ended 31 March 2019
Finance Cost	3,741.59	3,097.51
0.50% increase	3,928.30	3,258.01
0.50% decrease	3,554.88	2,937.02

e. 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.

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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: NHB Disclosures

i. Derivatives:

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

ii. 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

iii. a. Provisions and Contingencies

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Break -up of Provision and contingencies to be charged in statement of profit and loss under IGAAP		
Provision towards NPA	280.65	109.10
Provision on assets held for sale	46.72	58.40
Provision for Standard Assets	-	15.24
Provision for Bonus	-	19.61
Provision for Gratuity and Leave Encashment	35.29	28.59

iii. b. Provisions and Contingencies

Breakup of Loans and Advances and Provisions thereon	Housing		Non Housing	
	Current Year	Previous Year	Current Year	Previous Year
Standard Assets				
a) Total Outstanding Amount	43,193.65	36,100.42	17,376.01	13,776.42
b) Provisions made	-	12.15	-	3.09
Sub Standard Assets				
a) Total Outstanding Amount	1,330.13	887.56	469.52	242.82
b) Provisions Made	66.40	(46.06)	33.99	8.60
Doubtful Assets 1				
a) Total Outstanding Amount	473.86	540.41	110.48	118.71
b) Provisions Made	(16.64)	35.64	(2.05)	27.11
Doubtful Assets 2				
a) Total Outstanding Amount	603.70	206.92	103.14	2.55
b) Provisions Made	158.71	82.77	40.24	1.02
Total				
a) Total Outstanding Amount	**45,601.34**	**37,735.31**	**18,059.15**	**14,140.50**
b) Provisions Made	**208.47**	**84.50**	**72.18**	**39.82**

iv. Draw down from Reserves

Details of draw down from reserves, if any, are provided in Note 18 to these financial statements.

v) Concentration of Advances

Particulars	As at 31 March 2020	As at 31 March 2019
Total advances to twenty largest borrowers	798.44	751.93
Percentage of advances to twenty largest borrowers to total advances of the Company	1.27%	1.45%

vi) Concentration of Exposures

Particulars	As at 31 March 2020	As at 31 March 2019
Total exposure to twenty largest borrowers/customers	808.11	760.65
Percentage of exposures to twenty largest borrowers/customers to total exposure of the Company on borrowers/customers	1.27%	1.31%

vii) Concentration of NPA's

Particulars	As at 31 March 2020	As at 31 March 2019
Total exposure to top ten NPA accounts	366.57	298.53

viii) Sector-wise NPAs

Particulars	As at 31 March 2020	As at 31 March 2019
A) Housing Loans:		
1. Individuals	2,407.69	1,634.88
2. Builders/Project Loan	-	-
3. Corporates	-	-
4. Others	-	-
B) Non-Housing Loans		
1. Individuals	683.15	364.09
2. Builders/Project Loan	-	-
3. Corporates	-	-
4. Others	-	-

ix) Movement of NPAs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
I) Net NPAs to Net Advances (%)	3.80%	3.07%
II) Movement of NPAs (Gross)		
a) Opening balance	1,998.97	1,788.10
b) Addition during the year	1,716.08	949.44
c) Reduction during the year	624.21	738.57
d) Closing balance	3,090.84	1,998.97
III) Movement of NPAs (Net)		
a) Opening balance	1,580.85	1,479.08
b) Addition during the year	1,458.67	807.03
c) Reduction during the year	647.45	705.26
d) Closing balance	2,392.07	1,580.85
IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	418.12	309.02
b) Provision made during the year	257.41	142.42
c) Write-off/write-back of excess provisions	(23.24)	33.32
d) Closing balance	698.77	418.12

x. Customer Complaints

Particulars	As at 31 March 2020	As at 31 March 2019
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	60	58
No. of complaints redressed during the year	60	58
No. of complaints pending at the end of the year	-	-

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Note 36(a): RBI Disclosure

As per RBI Circular No RBI/2019-20/170 dated March 13, 2020, NBFCs shall hold impairment allowances as required by IND AS. In parallel NBFCs shall also maintain the asset classification and compute provisions as per extant prudential norms on Income Regonition, Asset Classification and Provisioning for standard as well as restructured assets, NPA ageing etc. A comparision between provisions required under IRACP and impairment allowances made under IND AS 109 should be disclosed by NBFCs in their notes to financial statements.

A comparision between provisions required under IRACP and impairment allowances made under IND AS 109 is disclosed below :

Asset Classification as per RBI Norms	Asset Classification as per IND AS 109	Gross Carrying Amount as per IND AS	Loss Allowances (Provisions as required under IND AS 109)	Net Carrying Amount	Provisions required as per IRACP norms	Difference between IND AS 109 provisions and IRACP Norms
Performing assets						
	Stage 1	57,726.87	365.08	57,361.79	220.01	145.07
Standard	Stage 2	2,842.79	169.05	2,673.74	136.44	32.61
Subtotal		**60,569.66**	**534.13**	**60,035.53**	**356.45**	**177.68**
Non Performing Assets (NPA)						
Substandard	Stage 3	1,799.65	393.76	1,405.89	269.95	123.81
Doubtful - Upto 1year	Stage 3	584.34	127.85	456.49	146.08	(18.23)
1 to 3 years	Stage 3	706.85	154.66	552.19	282.74	(128.08)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for Doubtful		**1,291.19**	**282.51**	**1,008.68**	**428.82**	**(146.31)**
Loss		-	-	-	-	-
Subtotal for NPA		**3,090.84**	**676.27**	**2,414.57**	**698.77**	**(22.50)**
Other items such as guarantees, loan commitments, etc. which are in the scope of IND AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	2,346.45	9.30	2,337.15	-	9.30
	Stage 2	6.00	0.08	5.92	-	0.08
	Stage 3	-	-	-	-	-
Total	**Stage 1**	**60,073.32**	**374.38**	**59,698.94**	**220.01**	**154.37**
	Stage 2	**2,848.79**	**169.13**	**2,679.66**	**136.44**	**32.69**
	Stage 3	**3,090.84**	**676.27**	**2,414.57**	**698.77**	**(22.50)**
	Total	**66,012.95**	**1,219.78**	**64,793.17**	**1,055.22**	**164.56**

Note 36(b): RBI Disclosure

RBI Circular No BP.BC.63/21.04.048/2019-20 dated 17th April 2020 requires every lending institution to disclose following in the 'Notes to Accounts' while preparing their financial statements for the half year ending September 30, 2020 as well as the financial years 2019-20 and 2020-2021 :

(i) Respective amounts in SMA/overdue categories, where the moratorium/deferment has been extended is Rs. 5,195.09 lakhs.

(ii) Respective amount where asset classification benefits has been extended is Rs.983.56 lakhs.

(iii) Provisions made during the Q4FY2020 in terms of paragraph 5 of the above mentioned circular is Rs.51.92 lakhs.

(iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of the above mentioned circular is Nil.

Note 37: Miscellenous
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, 2020 and March 31, 2019.

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 2020.

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 has purchased "Fixed Assets" (Immovable) of its own during the year FY 2019-20.

xii) Fraud Reporting
There is Nil Fraud Reported during the Financial Year 2019-20.

xiii) Unsecured Advances
The company has not given any unsecured advances.

xiv) Details of Assignment Transactions undertaken by HFC
The company has purchased SME portfolio from its parent company amount to Rs.885.70 lakhs.

xv) 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 AA - Stable
Loan Term Bank Facilities	CARE Rating	CARE AA- Stable
NCD Public Issue	CARE Rating	CARE AA- Stable
Long term bank loan	CRISIL	CRISIL AA-/stable
Commercial Paper	CRISIL	CRISIL A1 +

For and on behalf of the Board of Directors

V.P. Nandakumar
Chairman
DIN : 00044512

Jeevandas Narayan
Managing Director
DIN : 07656546

Vipul Patel
CFO

Sreedivya S
Company Secretary

Place: _________
Date:

Notes

Corporate Information

Registered Office Address

Manappuram Home Finance Limited
Regd. Office : 5th Floor, IV/470A(Old) W/638A(New),
Manappuram House, Valapad P.O, Thrissur, Kerala-680567
PH: (0487) 3050435, 3050419
E-Mail: cs.sreedivya@manappuramhomefin.com
Website: www.manappuramhomefin.com

Corporate Office Address

Manappuram Home Finance Limited
Unit No 301-315, A Wing, Kanakia Wall Street,
Andheri Kurla Road, Andheri East,
Mumbai, Maharashtra - 400 093.
PH: 02266211000

Chairman

Mr. V. P. Nandakumar

Managing Director

Mr. Jeevandas Narayan

Board Members

Mr. T. Balakrishnan

Mr. Gautam Saigal

Mrs. Pratima Ram

Chief Financial Officer

Mr. Vipul Patel

Company Secretary

Ms. Sreedivya S

Registrar and Share Transfer Agents - Shares

SKDC Consultants Limited
Kanapathy Towers
3rd Floor, 1391/A-1, Sathy Road,
Ganapathy Po, Coimbatore - 641 006.
Tel: +91 422 4958995, 2539835-836
Fax: +91 422 2539837
Email: info@skdc-consultants.com

Registrar and Transfer Agent - Debentures

LINK INTIME INDIA PRIVATE LIMITED
C-101, 1st Floor, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai - 400 083.
Maharashtra, India.
Telephone: +91 - 22 - 4918 6200
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Debenture Trustees

CATALYST TRUSTEESHIP LIMITED

(formerly GDA Trusteeship Limited)
GDA House, Plot No. 85,
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Kothrud, Pune - 411 038.
Telephone: +91 - 22 - 4922 0543
Fax: +91 - 22 - 4922 0505
Email: complianceCTL-Mumbai@ctltrustee.com
Website: www.catalysttrustee.com

Statutory Auditor

Deloitte Haskins & Sells LLP
Chartered Accountants
Lotus Corporate Park,
CTS No. 185/A, Jay Coach,
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Email: analtaf@deloitte.com

Secretarial AuditorSecretarial Auditor

KSR and Co Company Secretaries LLP
'Indus Chambers', Ground Floor
No. 101, Govt. Arts College Road
Coimbatore - 641 018.
Tel: 0422-2305676, 230286

MANAPPURAM HOME FINANCE LTD.

A wholly owned subsidiary of Manappuram Finance Limited

Registered Office Address
Manappuram Home Finance Limited
Regd. Office : 5th Floor, IV/470A(Old) W/638A(New),
Manappuram House, Valapad P.O, Thrissur, Kerala - 680 567.
PH: (0487) 3050435, 3050419
Website: www.manappuramhomefin.com

Corporate Office Address
Manappuram Home Finance Limited
Unit No 301-315, A Wing, Kanakia Wall street, Andheri Kurla Road
Andheri East, Mumbai, Maharashtra - 400 093.
PH: 02266211000