MANAPPURAM HOME FINANCE LIMITED

*Our Company was incorporated on October 07, 2010 as 'Milestone Home Finance Company Private Limited', at Mumbai, Maharashtra, as a private limited company under the Companies Act, 1956 pursuant to a certificate of incorporation issued by Registrar of Companies, Mumbai. The name of our Company was changed to 'Manappuram Home Finance Private Limited' pursuant to a resolution passed by the shareholders of our Company at the EGM held on August 11, 2014 and a fresh certificate of incorporation dated September 4, 2014 issued by the Registrar of Companies, Mumbai. Further, the name of our Company was changed to 'Manappuram Home Finance Limited' as consequence of its conversion from private company to public company pursuant to a resolution passed by the shareholders of our Company at the EGM held on December 3, 2016 and a fresh certificate of incorporation dated July 31, 2017 issued by the Registrar of Companies, Kerala and Lakshadweep at Ernakulam("**RoC**").Pursuant to conversion from private company to public company, our Company has obtained a certificate of registration dated August 22, 2017 bearing registration no. 08.0158.17 issued by the National Housing Bank ("**NHB**") to carry on the business of a housing finance institution without accepting public deposits under Section 29A of the National Housing Bank Act, 1987 ("**NHB Act**"). For more details of changes in our name and registered office, see "History and Certain Other Corporate Matters" on page 86.*

Registered Office: IV/470A (Old)W/638A(New), Manappuram House, Valapad, Thrissur, Kerala, 680567, India
Telephone: +91 – 487 – 3050435
Corporate Office: Unit No. 301-315, 3rd Floor, Wing A, Kanakia Wall Street, Andheri Kurla Road, Andheri East, Mumbai 400093, Maharashtra India
Telephone: +91 – 22 – 66211000
Company Secretary and Compliance Officer: Sreedivya S.; **Telephone**: +91 – 487 – 3050435
E-mail: cs.sreedivya@manappuramhomefin.com **Website**: www.manappuramhomefin.com
Corporate Identity Number: U65923KL2010PLC039179

PUBLIC ISSUE BY MANAPPURAM HOME FINANCE LIMITED, ("COMPANY" OR "ISSUER") OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,000 EACH ("NCDS"), AT PAR, AGGREGATING UP TO ₹ 10,000 LAKHS, HEREINAFTER REFERRED TO AS THE "BASE ISSUE" WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UP TO ₹ 10,000 LAKHS, AGGREGATING UP TO ₹ 20,000 LAKHS, HEREINAFTER REFERRED TO AS THE "OVERALL ISSUE SIZE" (THE "ISSUE"). THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008, AS AMENDED (THE "SEBI DEBT REGULATIONS"), THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER AS AMENDED TO THE EXTENT NOTIFIED.

PROMOTER

Our Promoter is Manappuram Finance Limited. For further details, see "Our Promoter" on page 98.

GENERAL RISKS

Investors are advised to read the Risk Factors carefully before taking an investment decision in the Issue. For taking an investment decision, the investors must rely on their own examination of our Company and the Issue, including the risks involved. Specific attention of the investors is invited to "*Risk Factors*" on page 15 and "*Material Developments*" on page 103. This document has not been and will not be approved by any regulatory authority in India, including the Reserve Bank of India ("**RBI**"), the Securities and Exchange Board of India ("**SEBI**"), the NHB, the RoC or any stock exchange in India.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for, and confirms that this Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

COUPON RATE, COUPON PAYMENT FREQUENCY, MATURITY DATE, MATURITY AMOUNT & ELIGIBLE INVESTORS

For details relating to Coupon Rate, Coupon Payment Frequency, Maturity Date and Maturity Amount of the NCDs, see "*Terms of the Issue*" on page 118. For details relating to eligible investors, see "*Issue Structure*" on page 111.

CREDIT RATING

The NCDs proposed to be issued under this Issue have been rated "CARE AA-; Stable" (AA minus; Outlook Stable) by CARE Ratings Limited ("**CARE Ratings**") for an amount up to ₹ 20,000 lakhs, *vide* its letter dated August 26, 2019 and revalidated letter dated September 16, 2019 and the Rating Rationale letter dated August 28, 2019. The rating of NCDs by CARE Ratings indicates that instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The ratings provided by CARE Ratings Limited may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and Investors should take their own decisions. Please refer to page 226 for the rationale for the above rating.

LISTING

The NCDs offered through this Prospectus are proposed to be listed on the BSE ("**BSE**"). Our Company has obtained 'in-principle' approval for this Issue from BSE *vide* their letter dated September 18, 2019. BSE shall be the Designated Stock Exchange for this Issue.

PUBLIC COMMENTS

The Draft Prospectus was filed with BSE on September 09, 2019 pursuant to Regulation 6(2) of the SEBI Debt Regulations and was open for public comments for a period of 7 (seven) Working Days i.e. until 5 p.m. from the date of filing of the Draft Prospectus with the Designated Stock Exchange.

LEAD MANAGER TO THE ISSUE	DEBENTURE TRUSTEE*	REGISTRAR TO THE ISSUE
VIVRO FINANCIAL SERVICES PRIVATE LIMITED 607/608 Marathon Icon, Opp. Peninsula Corporate Park, Off. Ganpatrao Kadam Marg, Veer Santaji Lane, Lower Parel, Mumbai - 400 013 **Telephone:** +91 - 22 - 6666 8040/41/42 **Fax:** +91 - 22 - 6666 8047 **Email:** mhfl@vivro.net **Investor Grievance Email:** investors@vivro.net **Website:** www.vivro.net **Contact Person:** Harish Patel/ Yogesh Malpani **Compliance Officer:** Jayesh Vithlani **SEBI Registration No.:** INM000010122 **CIN:** U67120GJ1996PTC029182	**CATALYST TRUSTEESHIP LIMITED** **(formerly GDA Trusteeship Limited)** GDA House, Plot No. 85, Bhusari Colony (Right), Kothrud, Pune 411038 **Telephone:** +91 - 22 - 4922 0543; **Fax:** +91 - 22 - 4922 0505 **Email:** complianceCTL-Mumbai@ctltrustee.com **Website:** www.catalysttrustee.com **Contact Person:** Umesh Salvi **SEBI Registration Number:** IND000000034 **CIN:** U74999PN1997PLC110262	**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 **Fax**: +91 - 22 - 4918 6195 **Email**: manappuramhomefin.ncd@linkintime.co.in **Investor Grievance Id:** manappuramhomefin.ncd@linkintime.co.in **Website**: www.linkintime.co.in **Contact Person**: Shanti Gopalkrishnan **Compliance Officer:** B.N. Ramakrishnan **SEBI Registration Number**: INR000004058 **CIN**: U67190MH1999PTC118368

ISSUE PROGRAMME**

ISSUE OPENS ON SEPTEMBER 30, 2019	ISSUE CLOSES ON OCTOBER 29, 2019**

* *Catalyst Trusteeship Limited, by its letter dated August 21, 2019, has given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue. For further details, see "General Information – Debenture Trustee" on page 32.*

** *Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days) as may be decided by the Board of Directors of our Company or Committee thereof subject to receipt of necessary approvals. In the event of such early closure or extension of the Issue, our Company shall ensure that notice of such early closure or extension is given on or before such early date or extended date of closure or the initial Closing Date through an advertisement/s in a leading national daily newspaper. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE For further details, see "General Information – Issue Programme" on page 32.*

A copy of the Prospectus shall be filed with the RoC, in terms of Section 26 of the Companies Act, 2013 along with the requisite endorsed/certified copies of all requisite documents. For further details, see "Material Contracts and Documents for Inspection" beginning on page 217.

TABLE OF CONTENTS

SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

This Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning ascribed to such definitions and abbreviations set forth. References to any legislation, act, regulation, rules, guidelines, clarifications or policies shall be to such legislation, act, regulation, rules, guidelines, clarifications or policies as amended, supplemented or re-enacted from time to time until the date of this Prospectus, and any reference to a statutory provision shall include any subordinate legislation notified from time to time pursuant to such provision.

The words and expressions used in this Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such words and expressions under the SEBI Debt Regulations, NHB Act, the Companies Act, 2013, the SCRA, the Depositories Act and the rules and regulations notified thereunder.

Notwithstanding the foregoing, the terms defined as part of "Our Business", "Risk Factors" "Industry Overview", "Key Regulations and Policies", "Statement of Possible Tax Benefits Available to the Debenture Holders" and "Summary of Main Provisions of the Articles of Association" beginning on pages 68, 15, 57, 186, 48 and 197, respectively shall have the meaning ascribed to them as part of the aforementioned sections. Terms not defined as part of "Our Business", "Risk Factors" "Industry Overview" and "Key Regulations and Policies", beginning on pages 68, 15, 57 and 186, shall have the meaning ascribed to them hereunder.

General Terms

Term	Description
Company / Issuer/ MHFL	Manappuram Home Finance Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 having its Registered Office at IV/470A (Old)W/638A(New), Manappuram House, Valapad, Thrissur, Kerala- 680567 India and its Corporate Office at Unit No: 301-315, 3rd Floor, Wing A, Kanakia Wallstreet, Andheri Kurla Road, Andheri East, Mumbai 400093 Maharashtra, India
We / us / our	Unless the context otherwise indicates or implies, refers to our Company

Company Related Terms

Term	Description
AoA / Articles / Articles of Association	Articles of Association of our Company, as amended.
ALCO Committee	The committee re-constituted by the Board of Directors of our Company by a board resolution dated June 20, 2017.
Audited Financial Statements	IND AS Audited Financial Statements and Reformatted Financial Information.
Audit Committee	The committee re-constituted by the Board of Directors of our Company by a board resolution dated November 3, 2017.
Asset Under Management/AUM	For the period ended March 31, 2019, AUM represents loans excluding impairment loss allowance, outstanding interest and impact of effective interest rate in accordance with IND AS. For the year ended March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018, AUM represents aggregate value of outstanding loans before adjustment for provisions for NPA.
Board / Board of Directors / BoD	The Board of Directors of our Company and includes any Committee thereof.
Chief Financial Officer/ CFO	Vipul Patel
Company Secretary and Compliance Officer	Sreedivya S
Corporate Office	Corporate office of our Company located at Unit No: 301-315,3rd Floor, Wing A, Kanakia Wallstreet, Andheri Kurla Road, Andheri East, Mumbai 400093 Maharashtra, India

Term	Description
Debenture Committee	The committee constituted by the Board of Directors of our Company by a board resolution dated August 9, 2019**.**
Equity Shares	Equity shares of face value of ₹10 each of our Company.
Equity Shareholders	The holders of the Equity Shares of our Company.
Group Company	Manappuram Comptech and Consultants Limited
Gross NPA	Gross NPA for the year ended March 31, 2019 represents aggregate value of loans outstanding classified as stage 3 assets before adjustment for provision for non-performing assets under IND AS. Gross NPA for the year ended March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 represents aggregate value of loans outstanding classified as substandard assets, doubtful assets and loss assets before adjustment for provision for non-performing assets under Indian GAAP.
ICRA Reports	ICRA research reports titled "Indian Mortgage Finance Market" dated June, 2019 and various reports published by ICRA on Indian Economy.
IND AS Audited Financial Statements	The audited financial statements of our Company prepared and presented in accordance with IND AS for financial year ended March 31, 2019
KMP/Key Managerial Personnel	The key managerial personnel of our Company in accordance with the provisions of the Companies Act, 2013. For details, see "*Our Management*" on page 88
Management Committee	The committee re-constituted by the Board of Directors of our Company by a board resolution dated May 20, 2017
Memorandum / MoA / Memorandum of Association	Memorandum of Association of our Company, as amended.
Net NPA	Net NPA for the year ended March 31, 2019 represents Gross NPA less provision for non-performing assets under IND AS. Net NPA for the year ended March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 represents Gross NPA less provision for non-performing assets under Indian GAAP.
Nomination, Compensation and Corporate Governance Committee	The committee re-constituted by the Board of Directors of our Company by a board resolution dated November 3, 2017.
Promoter	Manappuram Finance Limited ("**MAFIL**")
Reformatted Financial Information	The reformatted statement of assets and liabilities as at March 31, 2018, 2017, 2016 and 2015, the reformatted statements of profit and loss, the reformatted cash flow statement for the years ended March 31, 2018, 2017, 2016 and 2015, the statement of significant accounting policies, and other explanatory statements. The audited financial statements as at and for the years ended March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 prepared in accordance with Indian GAAP, form the basis for such Reformatted Financial Information.
Risk Management Committee	The committee re-constituted by the Board of Directors of our Company by a board resolution dated November 3, 2017.
RoC / Registrar of Companies	The Registrar of Companies, Kerala and Lakshadweep at Ernakulam.
Registered Office	Registered office of our Company located at IV/470A (Old)W/638A(New), Manappuram House Valapad, Thrissur, Kerala, 680567 India
Statutory Auditor(s) / Auditor(s)	The statutory auditor of our Company, being Deloitte Haskins & Sells LLP, Chartered Accountants.

Issue Related Terms

Term	Description
Abridged Prospectus	A memorandum containing the salient features of the Prospectus.
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form.
Allot/Allotment/Allotted	The issue and allotment of the NCDs to successful Applicants pursuant to the Issue.
Allotment Advice	The communication sent to the Allottees conveying the details of NCDs allotted to the Allottees in accordance with the Basis of Allotment.
Allottee(s)	The successful Applicant to whom the NCDs are being Allotted pursuant to the Issue.
Applicant / Investor	A person who applies for the issuance and Allotment of NCD's pursuant to the terms of this Prospectus and the Application Form.
Application / ASBA Application	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising an SCSB to block the Application Amount in the ASBA Account which will be considered as the application for Allotment in terms of the Prospectus.
Application Amount	The aggregate value of NCDs applied for, as indicated in the Application Form for the Issue.
Application Form / ASBA Form	Form in terms of which an Applicant shall make an offer to subscribe to NCDs through the ASBA process and which will be considered as the Application for Allotment of NCDs and in terms of the Prospectus.
Application Supported by Blocked Amount / ASBA	The Application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorising the SCSB to block the bid amount in the specified bank account maintained with such SCSB.
ASBA Account	An account maintained with a SCSB and specified in the Application Form which will be blocked by such SCSB to the extent of the Application Amount in relation to the Application Form by an ASBA Applicant.
Base Issue	₹10,000 lakhs.
Basis of Allotment	The basis on which NCDs will be allotted to successful applicants under the Issue and which is described in "*Issue Procedure – Basis of Allotment for NCDs*" on page 131.
Broker Centres	Broker centres notified by the Stock Exchange, where Applicants can submit the Application Forms to a Trading Member. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the respective websites of the Stock Exchange.
Business Days	All days excluding Saturdays, Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account.
Collection Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, being the Designated Branch for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for CRTAs and Designated CDP Locations for CDPs.
Collecting Depository Participants / CDPs	A depository participant, as defined under the Depositories Act, 1996 and registered with the SEBI Act and who is eligible to procure Applications at the Designated CDP Locations in terms of the Debt Application Circular.
Collecting Registrar and Share Transfer Agents / CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of the Debt Application Circular.
Credit Rating Agency	For the present Issue, the credit rating agency, in this case being CARE Ratings Limited.
CRISIL	CRISIL Limited.
Coupon Rate / Interest Rate	The aggregate rate of interest payable in connection with the NCDs in accordance with the Prospectus. For further details, see "*Issue Structure*" on page 111.

Term	Description
Debenture Trusteeship Agreement	Debenture Trusteeship Agreement dated September 04, 2019 entered into between our Company and the Debenture Trustee.
Debenture Trust Deed	The trust deed to be executed by our Company and the Debenture Trustee for creating the security over the Secured NCDs to be issued under the Issue.
Debentures /NCDs	Secured, redeemable, non-convertible debentures of face value ₹1,000 issued pursuant to the Issue.
Deemed Date of Allotment	The date of issue of the Allotment Advice, or such date as may be determined by the Board or a duly constituted committee thereof, and notified to the Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on the NCDs shall be available to the investors from the Deemed Date of Allotment.
Debt Application Circular	Circular No. CIR/IMD/DF-1/20/2012 issued by SEBI on July 27, 2012 as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI.
Demographic Details	The demographic details of an Applicant such as his address, bank account details, category, PAN etc. for printing on refund/interest orders or used for refunding through electronic mode as applicable.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository(ies)	National Securities Depository Limited (NSDL) and/or Central Depository Services (India) Limited (CDSL).
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms used by the ASBA Applicants and a list of which is available at https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time.
Designated CDP Locations	Such centres of the Collecting Depository Participants where Applicants can submit the Application Forms. The details of such Designated CDP Locations, along with the names and contact details of the CDPs are available on the website of the Stock Exchange and updated from time to time.
Designated Date	The date on which the Registrar to the Issue issues the instruction to SCSBs for unblocking of funds from the ASBA Accounts to the Public Issue Account in terms of the Prospectus and the Public Issue Account Agreement and following which the Board, shall Allot the NCDs to the successful Applicants.
Designated Intermediaries	The Members of the Syndicate, SCSBs, Trading Members, RTAs and CDPs who are authorized to collect Application Forms from the Applicants, in relation to the Issue.
Designated Stock Exchange/ DSE	BSE Limited.
Designated RTA Locations	Such centres of the CRTAs where Applicants can submit the Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the CRTAs are available on the website of the Stock Exchange (www.bseindia.com) and updated from time to time.
DP/Depository Participant	A depository participant as defined under the Depositories Act.
Direct Online Application	The application made using an online interface enabling direct application by investors to a public issue of their debt securities with an online payment facility through a recognised stock exchange. This facility is available only for demat account holders who wish to hold the NCDs pursuant to the Issue in dematerialised form. Please note that the Applicants will not have the option to apply for NCDs under the Issue, through the direct online applications mechanism of the Stock Exchange.
Draft Prospectus / Draft Offer Document	The draft prospectus dated September 9, 2019 filed by our Company with the Designated Stock Exchange and with SEBI for receiving public comments, in accordance with the provisions of the Companies Act, 2013, as applicable and the SEBI Debt Regulations.
Existing Secured Creditors	1. South Indian Bank; 2. Punjab & Sind Bank;

Term	Description
	3. Bank of India; 4. Union Bank of India; 5. Dhanlaxmi Bank; 6. HDFC Bank; 7. Andhra Bank; 8. Kotak Mahindra Bank Limited; and 9. CSB Bank Limited.
Existing Unsecured Creditor	Manappuram Finance Limited.
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018, as amended
ICRA	ICRA Limited
Interest Payment Date / Coupon Payment Date	The dates on which interest/coupon on the NCDs shall fall due for payment which will be specified in the Prospectus. Please see the section titled "*Issue Structure – Interest and Payment of Interest*" on page 111.
Institutional Portion	Portion of Applications received from Category I of persons eligible to apply for the issue which includes Resident Public Financial Institutions as defined in Section 2(72) of the Companies Act 2013, Statutory Corporations including State Industrial Development Corporations, Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs, Provident Funds of minimum corpus of ₹2,500 lakhs, Pension Funds of minimum corpus of ₹2,500 lakhs, Systemically Important Non-Banking Financial Companies, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs, Venture Capital funds and/or Alternative Investment Funds registered with SEBI, Insurance Companies registered with the IRDA, National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India), Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India Mutual Funds, registered with SEBI.
Issue/ Issue Size	Public issue by our Company of NCDs up to ₹10,000 lakhs, with an option to retain over-subscription up to ₹10,000 lakhs, aggregating up to ₹20,000 lakhs, on the terms and in the manner set forth herein.
Issue Closing Date	October 29, 2019
Issue Opening Date	September 30, 2019
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days during which prospective Applicants may submit their Application Forms.
Lead Manager	Vivro Financial Services Private Limited.
Market Lot	1 (one) NCD
Maturity Amount	In respect of NCDs Allotted to NCD Holders, the repayment of the face value of the NCD along with interest that may have accrued as on the redemption date.
NCD Holder/Debenture Holder	Any debenture holder who holds the NCDs issued in this Issue and whose name appears on the beneficial owners list provided by the Depositories.
Non-Institutional Portion	Category II of persons eligible to apply for the Issue which includes Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs, Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs, Trust Including Public/private charitable/religious trusts which are authorised to invest in the NCDs, Association of Persons, Scientific and/or industrial research organisations, which are authorised to invest in the NCDs, Partnership firms in the name of the partners, Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009), Resident Indian

Term	Description
	individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹5 lakhs.
Offer Document	The Draft Prospectus, Prospectus, Application Form and abridged Prospectus read with any notices, corrigenda, addenda thereto
Prospectus	The prospectus to be filed with the RoC in accordance with the SEBI Debt Regulations, containing inter alia the coupon rate for the NCDs and certain other information.
Public Issue Account	Account(s) opened with the Public Issue Account Bank to receive monies from the ASBA Accounts maintained with the SCSBs on the Designated Date.
Public Issue Account Bank	Axis Bank Limited
Public Issue Account Agreement	Agreement dated September 14, 2019 entered into amongst our Company, the Registrar, the Public Issue Account Bank, the Refund Bank and the Lead Manager for collection of the Application Amounts from ASBA Accounts and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof.
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. In case Record Date falls on a day when stock exchange is having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.
Refund Account	Account opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount shall be made and as specified in the Prospectus.
Refund Bank	Axis Bank Limited
Registrar to the Issue / Registrar	Link Intime India Private Limited
Register of NCD Holders	The statutory register in connection with any NCDs which are held in physical form on account of rematerialisation, containing name and prescribed details of the relevant NCD Holders, which will be prepared and maintained by our Company / Registrar in terms of the applicable provisions of the Companies Act
RTAs/ Registrar and Share Transfer Agents	The registrar and share transfer agents registered with SEBI and eligible to procure Application in the Issue at the Designated RTA Locations.
SCSBs or Self Certified Syndicate Banks	The banks registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 offering services in relation to ASBA, including blocking of an ASBA Account, and a list of which is available on https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time. A list of the branches of the SCSBs where ASBA Applications submitted to the Lead Manager, Members of the Syndicate or the Trading Member(s) of the Stock Exchange, will be forwarded by such Lead Manager, Members of the Syndicate or the Trading Members of the Stock Exchange is available at https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time.
Security	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

Term	Description
	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.
Specified Locations	Collection centres where the Members of the Syndicate shall accept Application Forms, a list of which is included in the Application Form.
Stock Exchange	BSE Limited
Syndicate ASBA	Applications through the Designated Intermediaries.
Syndicate ASBA Application Locations	Collection centres where the Designated Intermediaries shall accept Application Forms from Applicants, a list of which is available on the website of the SEBI at https://www.sebi.gov.in and at such other websites as may be prescribed by SEBI from time to time.
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on https://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time.
Tenor	Tenor shall mean the tenor of the NCDs which will be specified in the Prospectus.
Trading Member(s)	Individuals or companies registered with SEBI as “trading member(s)” under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992, and who hold the right to trade in stocks listed on stock exchanges, through which investors can buy or sell securities listed on stock exchanges whose list is available on stock exchanges.
Transaction Registration Slip / TRS	The acknowledgement slip or document issued by any of the Members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of upload of the Application on the application platform of the Stock Exchange.
Tripartite Agreement(s)	Agreements as entered into between our Company, Registrar and each of the Depositories under the terms of which the Depositories shall act as depositories for the securities issued by our Company.
Trustees / Debenture Trustee	Trustees for the holders of the NCDs, in this case being Catalyst Trusteeship Limited
Wilful Defaulter	An issuer who is categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes an issuer whose director or promoter is categorised as such.
Working Days	All days excluding Sundays or a holiday of commercial banks in Mumbai and/or Thrissur, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closure to listing of the NCDs on the Stock Exchange, Working Days shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays in Mumbai, as per the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018, however, with reference to payment of interest/redemption of NCDs, Working Days shall mean those days wherein the money market is functioning in Mumbai.

Business / Industry Related Terms

Term	Description
ALM	Asset Liability Management
CAR	Capital Adequacy Ratio
CAGR	Compounded Annual Growth Rate
Code of Conduct	Model Code of Conduct for DSAs
CLSS	Credit Linked Subsidy Scheme
CP	Channel Partner
CPI	Consumer Price Index
CRAR	Capital to Risk Weighted Assets Ratio

Term	Description
DSA	Direct Selling Agents
DIN	Director Identification Number
DRR	Debenture Redemption Reserve
ECGC	Export Credit Guarantee Corporation of India
EMI	Equated monthly instalment
EWS	Economically Weaker Section
Fair Practices Code	The guidelines on fair practices code for HFCs issued by NHB on September 9, 2015 as updated through the master circular issued by the NHB bearing reference no. NHB(ND)/DRS/REG/MC-03/2017 dated July 1, 2017.
FICCI	Federation of Indian Chambers of Commerce & Industry
GDP	Gross Domestic Product
GNPA	Gross Non Performing Assets
GST	Goods and Services Tax
HRA	House Rent Allowance
HFC	Housing Finance Company
LAP	Loan Against Property
LIG	Low Income Group
LMI	Low and Middle Income
LTV	Loan-to-value ratio
MCLR	Marginal Cost of Funds Based Lending Rate
MIG	Middle Income Group
MSP	Minimum Support Price
NPA	Non-Performing Assets
NNPA	Net NPA
PMAY	Pradhan Mantri Awas Yojana
RoE	Return on Equity
SMS	Short Message Service
Tier I capital	Tier I capital means, owned fund as reduced by investment in shares of other HFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten percent of the owned fund
Tier II capital	Tier-II capital includes the following: (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55%; (c) general provisions (including that for standard assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (d) hybrid debt capital instruments; and subordinated debt to the extent the aggregate does not exceed Tier-I capital
WEO	World Economic Outlook
YoY	Year on Year

Conventional and General Terms or Abbreviations

Term	Description
₹ or Rupees or Rs. or Indian Rupees or INR	The lawful currency of Republic of India
AGM	Annual General Meeting
AML	Anti-Money Laundering
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CGST Act	Central Goods and Services Tax Act, 2017

Term	Description
Companies Act, 1956	The Companies Act, 1956 to the extent in force
Companies Act/Companies Act 2013	The Companies Act, 2013 read with rules framed by the Government of India from time to time
DIN	Director Identification Number
DRR	Debenture Redemption Reserve
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FDI	Foreign Direct Investment
FDI Policy	FDI in an Indian company is governed by the provisions of the FEMA read with the FEMA Regulations and the Foreign Direct Investment Policy
FEMA	Foreign Exchange Management Act, 1999
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
Financial Year/FY	Financial Year ending March 31
FPI	Foreign Institutional Investors defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 registered with SEBI and as repealed by Foreign Portfolio Investors defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014
GDP	Gross Domestic Product
GoI	Government of India
G-Sec	Government Securities
GST	Goods and Services Tax.
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
IGST Act	Integrated Goods and Services Tax Act, 2017
IND AS	The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015, as amended.
Indian GAAP	Accounting Standards as per the Companies (Accounting standards) Rules, 2006 read together with paragraph 7 of the Companies (Accounts) Rules 2014 as notified under Section 133 of the Act and other relevant provisions of the Act.
IRDA	Insurance Regulatory and Development Authority
IT	Information Technology
IT Act	The Income Tax Act, 1961
KYC	Know Your Customer
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic Ink Character Recognition
MIS	Management Information System
MoU	Memorandum of Understanding
NA	Not Applicable
NACH	National Automated Clearing House
NBFC	Non-Banking Financial Company
NEFT	National Electronic Funds Transfer
NHB	National Housing Bank
NHB Act	National Housing Bank Act, 1987 or as amended from time to time
NHB KYC Guidelines	Guidelines on Know Your Customer and Anti-Money Laundering measures for Housing Finance Companies dated April 23, 2015
N. I. Act	Negotiable Instruments Act, 1881
NII(s)	Non-Institutional Investor(s)
NIM	Net Interest Margin
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Bodies

Term	Description
PAN	Permanent Account Number
p.a.	Per annum
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
RM	Relationship Manager
RTGS	Real Time Gross Settlement
SARFAESI Act	Securitisation & Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Debt Regulations / Debt Regulations / SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time.
SEBI Delisting Regulations	SEBI (Delisting of Equity Shares) Regulations, 2009, as amended from time to time.
SEBI Listing Regulations / Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
SEBI Act	The Securities and Exchange Board of India Act, 1992
SGST Act	State Goods and Services Tax Act, 2017, as enacted by various state governments.
TDS	Tax Deducted at Source
WDM	Wholesale Debt Market

PRESENTATION OF FINANCIAL, INDUSTRY AND OTHER INFORMATION

Certain Conventions

All references in this Prospectus to "India" are to the Republic of India and its territories and possessions and all references to the "Government" or the "State Government" are to the Government of India, central or state, as applicable.

Unless otherwise stated, reference in this Prospectus to a particular year are to the calendar year ended on December 31 and to a particular "fiscal" or "fiscal year" are to the fiscal year ended on March 31.

Financial Data

Our Company publishes its financial statements in Indian Rupees. The financial statements for the years ended March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 were prepared in full Indian rupees and the currency denomination has been converted to ₹ in Lakhs in Reformatted Financial Information for better readability and convenience for the users of this Prospectus.

Our Company's financial statements are prepared in accordance with Indian GAAP, IND AS and the applicable provisions of the Companies Act. Our Company's financial statements for the year ended March 31, 2019 is prepared in accordance with IND AS, applicable standards and guidance notes specified by the ICAI, the Companies Act and financial statements for the year ended March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 have been prepared in accordance with Indian GAAP including the Accounting Standards notified under the Companies Act and other applicable statutory and / or regulatory requirements.

The Reformatted Financial Information of our Company included in this Prospectus are derived from the audited financials prepared in accordance with Indian GAAP for March 31, 2015 to March 31, 2018, which differs from IND AS in certain respects. The Ministry of Corporate Affairs ("**MCA"**), in its press release dated January 18, 2016, issued a roadmap for implementation of IND AS converged with IFRS for non-banking financial companies, scheduled 50 commercial banks, insurers, and insurance companies, which was subsequently confirmed by the RBI through its circular dated February 11, 2016. MCA via its notification dated March 30, 2016, has included Housing Finance Companies in the definition of a "Non-Banking Financial Company" ("**NBFCs**"). The notification further explains that NBFCs having a net worth of ₹50,000 lakh or more as of March 31, 2016, shall comply with IND AS for accounting periods beginning on or after April 1, 2018, with comparatives for the periods ending on March 31, 2018. Further, it also explains that IND AS shall also be applicable to companies which are subsidiaries to such entities to which IND AS is applicable. Since IND AS is applicable to our holding company i.e. MAFIL, our Company is also subject to this notification.

NHB pursuant its policy Circular No.88/2017-18 dated April 16, 2018 has clarified that HFCs are advised to be guided by the extant provisions of IND AS, including the date of implementation i.e. April 1, 2018. HFCs are also required to follow the extant directions on prudential norms, including on asset classification, provisioning, etc. issued by the National Housing Bank.

The examination report on the Reformatted Financial Information is included in this Prospectus, as issued by our Company's Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants in the chapter titled "*Financial Statements*" beginning on page 102.

Unless stated or context requires otherwise, the financial data in this Prospectus is derived from our Reformatted Financial Information for the financial years ended on March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018. The audited financials of the Company as at and for the years ended March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015, prepared in accordance with Indian GAAP and applicable accounting standards, form the basis of such Reformatted Financial Information.

Unless stated or context requires otherwise, the financial data used in this Prospectus for the financial year ended on March 31, 2019 is derived from audited financials prepared in accordance with IND AS, applicable standards and guidance notes specified by the ICAI, the Companies Act and other applicable statutory and / or regulatory requirements.

In this Prospectus, any discrepancies in any table, including "*Capital Structure*" and "*Objects of the Issue*" between the total and the sum of the amounts listed are due to rounding off. All the decimals have been rounded off to two decimal places.

Our IND AS Audited Financial Statements reported under IND AS may not be directly comparable with our Reformatted Financial Information, including those disclosed in this Prospectus. We would urge you to consult your own advisors regarding the differences between Indian GAAP and IND AS and the impact of such differences on our financial data included in this Prospectus.

There are significant differences between Indian GAAP, IND AS, US GAAP and IFRS. We urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP or IND AS, financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP or IND AS as the case may be. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited.

Currency and units of Presentation

In this Prospectus, all references to 'Rupees'/ 'Rs.'/ 'INR'/ '₹' are to Indian Rupees, the official currency of the Republic of India. Except where stated otherwise in this Prospectus, all figures have been expressed in 'lakhs'. All references to 'lakh/lakhs' means 'one hundred thousand' and 'crore' means 'ten million' and 'billion /billions' means 'one hundred crores'.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although our Company believes that industry data used in this Prospectus is reliable, it has not been independently verified. Also, data from these sources may not be comparable. Similarly, internal reports, while believed by us to be reliable, have not been verified by any independent sources.

The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. The methodologies and assumptions may vary widely among different industry sources. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. We have used information from ICRA Reports, *"Indian Mortgage Finance Market"* dated June, 2019 and various reports published by ICRA on Indian Economy, for industry related data that has been disclosed in this Prospectus. Accordingly, no investment decision should be made solely on the basis of such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors including those disclosed in "*Risk Factors*" on page 15.

FORWARD LOOKING STATEMENTS

This Prospectus contains certain statements that are not statements of historical fact and are in the nature of "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "continue", "expect", "estimate", "intend", "objective", "plan", "potential", "project", "will", "will continue", "will pursue", "will likely result", "will seek to", "seek" or other words or phrases of similar import. All statements regarding our expected financial condition and results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability and other matters discussed in this Prospectus that are not historical facts.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results, performance or achievements to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to our businesses and our ability to respond to them, our ability to successfully implement our strategies, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry.

Important factors that could cause actual results to differ materially from our expectations including, without limitation, the following:

1. Continue our expansion by focusing on housing loans and the affordable housing segment;
2. Any volatility in interest rates which could cause our gross spreads to decline and consequently affect our profitability;
3. Unanticipated turbulence in interest rates or other rates or prices; the performance of the financial and capital markets in India and globally;
4. Continue to maintain prudent risk management policies for our AUM;
5. The outcome of any legal or regulatory proceedings we are or may become a party to;
6. Continue to leverage our business relationships with holding company and alternative distribution channels to build our existing customer base.
7. Changes in Indian and/or foreign laws and regulations, including tax, accounting, banking, securities, insurance and other regulations; changes in competition and the pricing environment in India; and regional or general changes in asset valuations;
8. Increase in the levels of NPAs;
9. Ability to maintain minimum CAR prescribed by NHB;
10. Any changes in connection with policies, statutory provisions, regulations and/or NHB directions in connection with NHB, including laws that impact our lending rates and our ability to enforce our collateral;
11. Emergence of new competitors or disruptive technologies;
12. Occurrence of natural calamities or natural disasters affecting the areas in which our Company has operations;
13. Other factors discussed in this Prospectus, including under the chapter titled "*Risk Factors*" beginning on page 15.

For further discussion of factors that could cause our actual results to differ from our expectations, please refer to the chapter titled "*Risk Factors*" and chapters titled "*Industry Overview*" and "*Our Business*" beginning on pages 15, 57 and 68, respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward looking statements speak only as on the date of this Prospectus. The forward-looking statements contained in this Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

Neither the Lead Manager, our Company, its Directors and its officers, nor any of their respective affiliates or associates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI Debt Regulations, our Company, the Lead Manager will ensure that investors in India are informed of material developments between the date of filing this Prospectus with the Stock Exchange and the date of the Allotment of NCDs.

SECTION II - RISK FACTORS

The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose off the NCDs. Prospective investors should carefully consider the risks and uncertainties described below, in addition to the other information contained in this Prospectus including "Our Business" beginning on page 68 and "Financial Information" beginning on page 102, before making any investment decision relating to the NCDs. If any of the following risks or other risks that are not currently known or are now deemed immaterial, actually occur, our business, financial condition and result of operation could suffer, the trading price of the NCDs could decline and you may lose all or part of your interest and/or redemption amounts. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations, financial condition and cash flow.

Unless the context otherwise requires in the relevant risk factors set forth, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another. This Prospectus contains forward looking statements that involve risk and uncertainties. Our Company's actual results could differ materially from those anticipated in these forward looking statements as a result of several factors, including the considerations described below and elsewhere in this Prospectus.

Unless the context otherwise requires the financial information included herein is based on IND AS Audited Financial Statements and Reformatted Financial Information, as included in this Prospectus.

Internal Risks pertaining to our business and operations

1. ***Our business is particularly vulnerable to volatility in interest rates.***

   A substantial component of our income is the interest income that we receive from the loans we disburse. Our interest income is affected by any volatility in interest rates in our lending operations. Interest rates are highly volatile due to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, and domestic and international economic and political conditions. If there is an increase in the interest rates that we pay on our borrowings, which we are unable to pass on to our customers, our profitability may be affected.

   Our failure to pass on increased interest rates on our borrowings may cause our net interest income to decline, which would decrease our return on assets and could adversely affect our business, future financial performance and result of operations. Also, when interest rates decline, we are subject to greater re-pricing and prepayment risks as borrowers take advantage of the attractive interest rate environment. In periods of low interest rates and high competition among lenders, borrowers may seek to reduce their borrowing cost by asking lenders to re-price loans. If we are required to re-price loans, it could adversely affect our profitability. If borrowers prepay loans, we will lose interest income expected from the loans over the course of their tenure and the return on our capital may be impaired if we are not able to deploy the received funds at similar interest rates. In addition, all housing finance providers in India are prohibited from charging pre-payment penalties (in case of repayment through own source) on loans granted to individual borrowers, which has led to balance transfer refinancing between lenders. Lenders, such as us, therefore usually witness high turnover of loans assets and face increased origination costs. If we are unable to recover the origination costs due to the short lifespan of the loans, our profitability could be adversely affected.

2. ***Any increase in the levels of NPAs in our loan portfolio, for any reason whatsoever, would adversely affect our business, results of operations and financial condition.***

   With the growth in our business, we expect an increase in our loan portfolio. Should the overall credit quality of our loan portfolio deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our NPAs. There can be no assurance that there will be no further deterioration in our loan portfolio resulting in increase in provisioning coverage as a percentage of Gross NPAs or otherwise, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs. As of March 31, 2019, our provisioning coverage as a percentage of our Gross NPAs was 20.84%.

As of March 31, 2019, our gross NPAs as a percentage of our AUM was 3.85%, and our net NPAs, as a percentage of our AUM, was 3.05%. The provisioning in respect of our AUM has been undertaken in accordance with the provisions of IND AS. The provisioning requirements may also require the exercise of subjective judgments of management. The level of our provisions may be inadequate to cover further increases in the amount of our non-performing loans or decrease in the value of the underlying collateral. If our provisioning requirements are insufficient to cover our existing or future levels of non-performing loans or other loan losses that may occur, or if future rules requires us to increase our provisions, our ability to raise additional capital and debt funds at favourable terms, if at all, as well as our results of operations, liquidity and financial condition could be adversely affected. If the quality of our loan portfolio deteriorates or we are unable to implement effective monitoring and collection methods, our financial condition and results of operations may be adversely affected. In addition, we anticipate that the size of our loan portfolio will grow as a result of our expansion strategy in existing as well as new products, which will expose us to an increased risk of defaults.

3. ***We have incurred losses for the fiscal 2015, 2016, 2017 and 2018. Any losses in the future may have a significant adverse impact on our financial condition and may lead to further erosion of our net worth.***

We have incurred a loss for the fiscal 2015, 2016, 2017 and 2018 of ₹58.90 lakhs, ₹538.03 lakhs, ₹107.02 lakhs and ₹80.54 lakhs respectively. Our Company started operations after the acquisition by our current management in March 2014. Since it was initial years of our operations, we have incurred net losses during those years. However, we have recorded profit after tax of ₹302.11 lakhs for the fiscal 2019. We may incur losses in the future for a number of reasons and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown events. If we incur losses in the future or unable to generate sufficient revenue to meet our financial targets and reduce costs, investors could lose their investment.

4. ***We may face maturity mismatches between our assets and liabilities in the future which may cause liquidity issues.***

We regularly monitor our funding levels to ensure we are able to satisfy the requirements for loan disbursements and maturities on our liabilities. We follow the "*Asset Liability Management System for Housing Finance Companies – Guidelines*" issued by NHB. The difference between the value of assets and liabilities maturing in any time period provides the extent to which we are exposed to the liquidity risk. As is typical for several HFCs, a portion of our funding requirements is met through short-term funding sources, such as short-term bank loans, working capital demand loans, cash credit and commercial papers. However, a large portion of our assets have medium or long-term maturities. In the event that our existing and committed credit facilities are withdrawn or are not made available to us, funding mismatches may be created and it could have an adverse effect on our business and our future financial performance.

On a cumulative basis as at March 31, 2019, our liabilities maturing within one year exceeded our assets maturing within the same period by ₹11,088.79 lakhs. As at March 31, 2019, our liabilities maturing between one year and three years exceeded our assets maturing during the same period by ₹7,161.01 lakhs and our liabilities maturing between three and five years exceeded our assets maturing during the same period by ₹2,197.31 lakhs, while our assets maturing in over five years exceeded our liabilities maturing in the same period by ₹37,185.14 lakhs.

We maintain diverse sources of funding and liquid assets to facilitate flexibility in meeting our liquidity requirements. Liquidity is provided by borrowings from banks, financial institutions, NBFCs and retained earnings.

5. ***Our indebtedness and conditions and restrictions imposed by our financing arrangements could adversely affect our ability to conduct our business and operations.***

We have entered into agreements with certain banks and financial institutions for short-term and long-term borrowings. Some of these agreements contain restrictive covenants which require us to obtain consent from our lenders, before, among other things, altering our capital structure, disposing assets out of the ordinary course of business, incurring capital expenditure above certain limits, effecting any scheme of amalgamation or reconstitution, creating any charge or lien on our assets or receivables. Some of these agreements also contain restrictive covenant requiring our Promoter to maintain control over our Company.

In the event we breach any financial or other covenants contained in any of our financing arrangements or in the event we have breached any terms in the past which are noticed in the future, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. We may be forced to sell some or all of the assets in our portfolio if we do not have sufficient cash or credit facilities to make repayments. Furthermore, our financing arrangements may contain cross-default provisions which could automatically trigger defaults under other financing arrangements.

6. In order to sustain our growth, we will need to maintain a minimum capital adequacy ratio. There is no assurance that we will be able to raise capital when necessary in order to maintain such a ratio.

The NHB Directions require a minimum capital adequacy ratio comprising of Tier I and Tier II Capital which shall not be less than 13.00%, 14.00% and 15.00% for fiscal 2020, 2021 and 2022, respectively of our aggregate risk-weighted assets and risk adjusted value of off-balance sheet items. The NHB Directions assign weightages to balance sheet assets. We must maintain this minimum capital adequacy level to support our continuous growth. Our capital adequacy ratio, calculated in accordance with NHB provisions, was 62.32% as at March 31, 2019. Our ability to support and grow our business could be limited by a declining capital adequacy ratio if we are unable to access or have difficulty raising capital.

In particular, according to the NHB Directions, 2010, at no point can our total Tier II Capital exceed 100% of the Tier I capital. For further details, see "*Key Regulations and Policies*" beginning on page 186. This ratio is used to measure HFCs capital strength and to promote the stability and efficiency of the housing finance system. As our AUM grows further, our CRAR may decline and this may require us to raise fresh capital. There is no assurance that NHB will not increase the minimum capital adequacy requirements.

We cannot guarantee that we will be able to obtain this capital on favourable terms, in a timely manner or at all. If we fail to meet the requirements prescribed by the NHB, then the NHB may take certain actions, including but not limited to levying penalties, restricting our lending activities, investment activities and asset growth, and suspending all but our low-risk activities and imposing restrictions on the payment of dividends.

7. As an HFC, we face the risk of default and non-payment by borrowers and other counterparties. Any such defaults and non-payments would result in write-offs and/or provisions in our financial statements which may have a material adverse effect on our profitability and asset quality.

Any lending activity is exposed to credit risk arising from the risk of default and non-payment by borrowers. Our AUM has grown at a CAGR of 29.36% from ₹31,001.41 lakhs as of March 31, 2017 to ₹51,875.81 lakhs as of March 31, 2019. Our AUM is expected to continue to grow as a result of our expansion strategy. As our portfolio expands, we will be exposed to an increasing risk of defaults. Any negative trends or financial difficulties among our borrowers could increase the level of NPAs in our portfolio and adversely affect our business and financial performance. The borrowers may default on their repayment obligations due to various reasons including insolvency, lack of liquidity, operational failure, and other reasons. Further, any delay in enforcing the collateral due to delays in enforcement proceedings before courts of an appropriate forum, or otherwise could expose us to potential losses. Any such defaults and non-payments would result in write-offs and/or provisions in our financial statements which may materially and adversely affect our profitability and asset quality.

8. Our revenue from operations has grown consistently in the past. Any inability to maintain our growth may have a material adverse effect on our business, results of operations and financial condition.

Our revenue from operations has steadily expanded in the past three fiscals. Our revenue from operations was ₹3,564.15 lakhs, ₹5,304.65 lakhs and ₹6,628.11 lakhs, for fiscals 2017, 2018 and 2019 respectively, which has grown at a CAGR of 34.14%.

Our growth strategy includes increasing the number of loans by expanding our product portfolio and customer base. There can be no assurance that our growth strategy will continue to be successful or that we will be able to continue to expand further our product portfolio. In order to maintain our growth in future, we will, inter alia, need to continue to focus on: (i) raising funds at optimum costs; (ii) our managerial, technical and operational capabilities; (iii) the allocation of our resources; and (iv) our information and risk management systems. In addition, we may be required to manage relationships with a greater number of customers, third-party agents, lenders and other parties.

9. ***We are an HFC and subject to various regulatory and legal requirements. Also, future regulatory changes may have a material adverse effect on our business, results of operations and financial condition.***

Our business is highly-regulated. The operations of HFCs are subject to various regulations framed by NHB and the Ministry of Corporate Affairs. We are also subject to the corporate, taxation and other laws in effect which require continued monitoring and compliance. These regulations, apart from regulating the manner in which a company carries out its business and internal operation, prescribe various periodical compliances and filings including but not limited to filing of forms and declarations with the relevant registrar of companies, and the NHB. Pursuant to the NHB regulations, HFCs are currently required to maintain a minimum CRAR consisting of Tier I and Tier II Capital which collectively shall not be less than 13.00%, 14.00% and 15.00% for fiscal 2020, 2021 and 2022, respectively of their aggregate risk weighted assets and their risk adjusted value of off-balance sheet items.

The requirement for compliance with such applicable regulations presents a number of risks, particularly in areas where applicable regulations may be subject to varying interpretations. Further, if the interpretations of the regulators and authorities with respect to these regulations vary from our interpretation, we may be subject to penalties and our business could be adversely affected. Furthermore, we are also subject to changes in laws, regulations and accounting principles. There can be no assurance that the laws and regulations governing companies generally or HFCs in particular, will not change in the future or that such changes or the interpretations or enforcement of existing and future laws and rules by governmental and regulatory authorities will not affect our business and future financial performance. The introduction of additional government controls or newly implemented laws and regulations, depending on the nature and extent thereof and our ability to make corresponding adjustments, may result in a material adverse effect on our business, results of operations and financial condition and our future growth plans. In particular, decisions taken by regulators concerning economic policies or goals that are inconsistent with our interests, could adversely affect our results of operations.

We cannot assure you that we will be in compliance with the various regulatory and legal requirements in a timely manner or at all. We cannot assure you that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the housing finance industry in general. Further, changes in tax laws may adversely affect demand for real estate and therefore, for housing finance, which will adversely affect our business, financial condition and results of operations.

10. ***We are subject to periodic inspections by the NHB. Non-compliance with the NHB's observations made during any such inspections could adversely affect our reputation, business, financial condition, results of operations and cash flows.***

The NHB conducts periodic inspections of our books of accounts and other records inter alia for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the NHB or for obtaining any information which we may have failed to furnish on being called upon to do so. Inspection by the NHB is a regular exercise and is carried out periodically by the NHB for all housing finance companies under provisions of the NHB Act. For instance, the most recent inspection by the NHB was conducted with respect to the position of our Company for fiscal 2017 conducted between October 25, 2017 to November 7, 2017 and pursuant to which the NHB issued its observations by way of its letter dated January 17, 2018 ("**Observations**") which *inter alia* includes (i) Disclosure in balance sheet; (ii) requirement as to Capital Adequacy ratio (iii) compliance with para 30 of the HFC (NHB) Directions, 2010; (iv) compliance with NDMA Guidelines; (v) No Consolidated review of DSAs performance (vi) adherence to KYC/AML measures for HFCs, vii) adherence to Asset Liability Management systems for HFCs, etc. Our Company has provided response and informed the NHB regarding the status of our compliance in relation to such Observations on February 21, 2018. However, there can be no assurance that NHB will consider such steps to be adequate and treat the observations as being duly complied with. The NHB may take appropriate actions against our Company which could have a material and adverse effect on our business and our overall financial condition.

11. We may experience difficulties in expanding our business into new regions and markets.

As part of our growth strategy, we continue to evaluate attractive growth opportunities to expand our business into new regions and markets. Factors such as competition, customer requirements, regulatory regimes, culture, business practices and customs in these new markets may differ from those in our current markets, and our experience in our current markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete not only with other banks and financial institutions but also the local unorganized or semi-organized private financiers, who are more familiar with local regulations, business practices and customs, and have stronger relationships with potential customers.

As we continue to expand our geographic footprint, our business may be exposed to various additional challenges, including obtaining necessary governmental approvals, identifying and collaborating with local business and partners with whom we may have no previous working relationship; successfully marketing our products in markets with which we have no previous familiarity; attracting potential customers in a market in which we do not have significant experience or visibility; falling under additional local tax jurisdictions; attracting and retaining new employees; expanding our technological infrastructure; maintaining standardized systems and procedures; and adapting our marketing strategy and operations to different regions of India or outside of India in which different languages are spoken. To address these challenges, we may have to make significant investments that may not yield desired results or incur costs that we may not recover. Our inability to expand our current operations may adversely affect our business prospects, financial conditions and results of operations.

12. If we fail to identify, monitor and manage risks and effectively implement our risk management policies, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We have devoted resources to develop our risk management policies and procedures and aim to continue to do so in the future. See "*Our Business*" beginning on page 68. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management systems are not automated and are subject to human error. Some of our methods of managing risks are based upon the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures.

Further, some of our risk management strategies may not be effective in a difficult or less liquid market environment, where other market participants may be attempting to use the same or similar strategies to deal with the difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated.

Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation methodology and our critical accounting estimates and the adequacy of our allowances for loan losses. To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses. If we fail to effectively implement our risk management policies in our day to day operations, including at our branch offices, it could materially and adversely affect our business, financial condition, results of operations and cash flows.

13. Our growth in profitability depends on the continued growth of our AUM.

Our results of operations depend on a number of internal and external factors, including changes in demand for housing loans in India, the competitive landscape, our ability to expand geographically and diversify our product offerings and the size of our AUM. Changes in market interest rates could impact the interest rates charged on our interest - earning assets in a way different to its effect on the interest rates paid on our interest-bearing liabilities. Further, we may experience issues such as capital constraints. We cannot assure that we will be able to expand our existing business and operations successfully, or that we will be able to retain existing personnel or to hire and train new personnel to manage and operate our expanded business.

14. ***Any downgrade in our credit ratings may increase our financing costs and subject us to more onerous covenants, which may adversely affect our future issuances of debt and our ability to borrow on a competitive basis.***

We have received rating for our borrowings as set forth:

Nature of Borrowings	Rating / Outlook
Commercial Papers	CRISIL – ₹2,500 lakhs - CRISIL A1+ (Reaffirmed)
Long-term debt	CRISIL – ₹20,000 lakhs – CRISIL AA-/Stable CARE – ₹7,500 lakhs – CARE AA-;Stable Brickwork Ratings – ₹3,750 lakhs BWR A+ Outlook: Stable

Any downgrade in our credit ratings may increase interest rates for our existing borrowings and for our refinancing of our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to borrow on a competitive basis. We may also be subject to more onerous covenants, which could further restrict our business, financial condition and results of operations.

Further, any downgrade in our credit ratings may also trigger an event of default or acceleration of certain of our borrowings.

15. ***We operate in a highly competitive industry in India***

We operate in a highly competitive industry in India. Our housing finance operations face competition from local operators on factors such as service and interest rate. We also compete with local companies in capturing new business operations in India. Some of these companies have significant financial resources, marketing and other capabilities. In India, some of the local companies have extensive local knowledge, business relationships and a longer operational track record in the relevant local markets than us. As a result, there can be no assurance that we will be able to compete successfully against our existing or potential competitors. Increased competition in relation to the Issuer's activities may have an adverse effect on our financial condition and operating results.

16. ***We have experienced negative cash flows in relation to our operating activities in recent years and any negative cash flows in the future would adversely affect our results of operations and financial condition.***

The details of negative cash flow from operations of our Company for fiscal 2019, 2018 and 2017 are as follows:

(₹ in lakhs)

Particulars	Fiscal 2019	Fiscal 2018	Fiscal 2017
Net cash flows from/(used in) operating activities	(14,362.32)	(4,716.73)	(18,405.99)

We may experience negative cash flows in future, which could adversely affect our business prospects, financial condition and results of operations.

17. ***We have included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance in this Prospectus. The manner of preparation of such non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other companies.***

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies including other HFCs.

18. ***We do not own the trademark, the logo and brand name "Manappuram". Consequently, our ability to use the trademark, name and logo may be impaired.***

We do not own the trademark " ", logo " " and brand name "Manappuram" associated with which we use in the course of our business operations and to conduct our operations. Our logo " " is registered in the name of Vazhappully Padmanabhan Nandakumar, the promoter of our Promoter, MAFIL. Further, the trade name "Manappuram" is held by our Promoter, MAFIL. We have been granted permission for the continuous use of logo vide no objection letter dated September 19, 2014 by Vazhappully Padmanabhan Nandakumar and approval to use the trade name was granted by MAFIL vide their board resolution dated March 11, 2014.

In addition, we have not obtained registration of our trademark " " and accordingly, we may not be able to prevent infringement of our trademark and may be unable to seek remedies for infringement of our trademark by third parties other than relief against passing off by other entities, which may not provide sufficient protection.

Further, we may become subject to claims by third parties if we use slogans, names, designs, software or other such subjects in breach of any intellectual property rights registered by such third party. Any legal proceedings pursuant to such claims, or settlements thereunder, may divert management attention and require us to pay financial compensation to such third parties, as well as compel us to change our marketing strategies or brand names of our products and services, which could adversely affect our business, prospects, results of operation and financial condition.

19. ***We may not be able to renew or maintain our statutory and regulatory permits and approvals required to operate our business.***

We require certain statutory and regulatory permits and approvals to operate our business. We have a licence from the NHB, which requires us to comply with certain terms and conditions for us to continue our housing finance operations. In the event that we are unable to comply with any or all of these terms and conditions, or seek waivers or extensions of time for complying with these terms and conditions, it is possible that the NHB may revoke this licence or may place stringent restrictions on our operations. This may result in the interruption of all or some of our operations.

Further, under certain of our contractual arrangements, we are required to obtain and hold all necessary and applicable approvals, registrations and licences from local government authorities. Failure by us to renew, maintain or obtain the required permits, licences or approvals, including those set out above, may have a material adverse effect on our business, results of operations and cash flows.

20. ***Our business and operations significantly depend on senior management and key employees and may be adversely affected if we are unable to retain them.***

Our business and operations largely depend on the continued services and performance of our senior management and other key employees. The need and competition for skilled senior management in our industry is intense, and we may not be able to retain our existing senior management or attract and retain new senior management in the future. The loss of the services of our senior members of our management team and key employees could seriously impair our ability to continue to manage and expand our business efficiently and could adversely affect our business, results of operations and financial condition.

21. ***Our business is highly dependent on information technology. A failure, inadequacy or security breach in our information technology and telecommunication systems or an inability to adapt to rapid technological changes may adversely affect our business, results of operation and financial condition.***

Our ability to operate and remain competitive depends on our ability to maintain and upgrade our information technology systems and infrastructure on a timely and cost-effective basis, including our ability to process a large number of transactions on a daily basis. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our financial, accounting or other data processing systems and management information systems that are hosted on cloud or at data centres or our website may fail to operate adequately or become disabled as a result of events that may be beyond our control, including a disruption of electrical or communications services. Further, our computer systems, software and networks may be vulnerable to unauthorised access, computer viruses or other attacks that may compromise data integrity and security and result in client information or identity theft, for which we may potentially be liable. Further, the information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. If any of these systems are disabled or if there are other shortcomings or failures in our internal processes or systems, it may disrupt our business or impact our operational efficiencies, and render us liable to regulatory intervention or damage to our reputation. The occurrence of any such events may adversely affect our business, result of operation and financial condition.

In accordance with the requirements of NHB guideline, assessment of information technology framework was conducted by the system auditor. The system auditor has provided some observation in relation to IT Policy framework and certain risk assessment procedures. There can be no assurance that we will successfully improve existing framework effectively or adapt our technology and systems to meet customer requirements or emerging industry standards.

In addition, the future success of our business will depend in part on our ability to respond to technological advances as per Information Technology Framework for HFCs and to emerging banking industry standards and practices on a cost-effective and timely basis. Information Technology Framework for HFCs provides the IT framework is on IT Governance, IT Policy, Information & Cyber Security, IT Operations, IS Audit, Business Continuity Planning and IT Services Outsourcing. The development and implementation of such technology entail significant technical and business risks. There can be no assurance that we will successfully implement new technologies effectively or adapt our technology and systems to meet customer requirements or emerging industry standards. If we are unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our financial condition could be adversely affected. Any technical failures associated with our information technology systems or network infrastructure, including those caused by power failures and breaches in security caused by computer viruses and other unauthorised tampering, may cause interruptions or delays in our ability to provide services to our customers on a timely basis or at all, and may also result in added costs to address such system failures and/or security breaches, and for information retrieval and verification.

22. If we are unable to establish and maintain an effective system of internal controls and compliances, our business and reputation could be adversely affected.

We manage our internal compliance by monitoring and evaluating internal controls, and we endeavour to ensure that all relevant statutory and regulatory compliances are met and fulfilled in accordance with applicable law. There can be no assurance that deficiencies in our internal controls will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all. If we are unable to effectively maintain our system of internal controls and compliances, our business and reputation could be adversely affected and we may become subject to statutory and regulatory actions.

23. We may be unable to realise the expected value of collateral when borrowers default on their obligations to us, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We follow internal risk management guidelines in relation to portfolio monitoring which, *inter alia*, include a periodic assessment of loan to security value on the basis of conservative market price levels and ageing analysis among others. However, we may not be able to realise the full value of the collateral as a result of various factors including the following factors:

- deficiencies in the services provided by the valuation agencies which may affect the price of the property funded;

- delays in legal proceedings;
- non-availability of land records in certain parts of India leading to errors in assessing previous collateral, if any;
- defects or deficiencies in the perfection of collateral (including due to inability to obtain any approvals that may be required from third parties);
- fraud by borrowers;
- errors in assessing a diminution in the value of the collateral;
- illiquid market for the sale of the collateral; and
- applicable legislative provisions or changes thereto and past or future judicial pronouncements.

As a result of any of the foregoing factors, we may not be able to realise the full value of collateral, which could have an adverse effect on our financial condition, results of operations and cash flows.

24. As an HFC, we have significant exposure to the real estate sector and any negative events affecting this sector could adversely affect our business and result of operations.

The primary security for the loans disbursed by us is the underlying property; the value of this security is largely dependent on housing market conditions prevalent at that time and at that place. The value of the collateral on the loans disbursed by us may decline due to adverse market conditions including an economic downturn or a downward movement in real estate prices. In the event the real estate sector of our country is adversely affected due to a decline of demand for real estate properties, changes in regulations or other trends or events, which negatively impact the real estate sector, the value of our collaterals may diminish which may affect our business and results of operations. Failure to recover the expected value of collateral could expose us to losses and, in turn, result in a material adverse effect on our business, results of operations and financial condition.

Following the introduction of the SARFAESI Act and the subsequent extension of its application to HFCs, we are allowed to foreclose on secured property after 60 days' notice to a borrower, whose loan has been classified as nonperforming. Although the enactment of the SARFAESI Act has strengthened the rights of creditors by allowing expedited enforcement of security in an event of default, there is still no assurance that can guarantee that we will be able to realise the full value of our collateral, due to, among other things, delays on our part in taking action to secure the property, delays in legal proceedings, inability to sell the property, diminution in the value of the property, economic downturns, defects in the perfection of collateral and fraudulent transfers by borrowers.

Further, among the various regulatory developments that have impacted the real estate sector recently, we believe that the implementation of the Real Estate (Regulation and Development) Act, 2016, as amended ("**RERA Act**") is expected to have the biggest impact over the long term. After notification of certain sections of the RERA Act with effect from May 2016, the full provisions of the RERA Act became effective from May 2017 onwards. Subsequent to this, the obligations of real estate project developers under the provisions of the RERA Act, including mandatory project registration, enhanced disclosure norms and penal provisions for violation of rules have become effective across India. While most of the state governments have notified rules in relation to the RERA Act, other states are in the process of doing so. To ensure compliance with the requirements of the RERA, players in the real estate sector may need to allocate additional resources, which may increase compliance and they may face regulatory actions or be required to undertake remedial steps, which may have an adverse effect the business, operations and financial condition of various players in the sector leading to less than anticipated growth in the housing sector, which may affect our business adversely.

Therefore, there can be no assurance that we will be able to foreclose our collateral on a timely basis, or at all, and if we are able to foreclose on our collateral, that the value will be sufficient to cover the outstanding amounts owed to us which may result in a material adverse effect on our business, results of operations and financial condition.

25. We have experienced incident of fraud committed by customers and third parties in the past. There can be no assurance that such incident will not recur in the future. If such incidents of fraud recur or if we are unable to prevent them, our business, results of operation and financial condition may be adversely affected.

Our business is susceptible to fraud committed by our customers and third parties. In the past, there have been certain incidents of fraud committed by our customers. We cannot assure you that such incidents of fraud will not recur in the future. There can also be no assurance that we will be able to prevent frauds in the future or that our existing mechanisms to detect or prevent fraud will be sufficient. Any frauds discovered in the future may have an adverse effect on our business, reputation, results of operations and financial condition and could result in regulatory and/or legal proceedings.

26. We depend on third party selling agents for referral of a certain portion of our customers, who do not work exclusively for us.

We depend on external direct selling agents (DSAs), who are typically proprietorships and self-employed professionals, to source a portion of its customers. Such DSAs pass on leads of any loan requirements of these small businesses to our Company. Our Company's agreements with such DSAs typically do not provide for any exclusivity, and accordingly, such DSAs can work with other lenders, including our Company's competitors. There can be no assurance that our Company's DSAs will continue to drive a significant number of leads to our Company, and not to its competitors, or at all.

27. Our investments are subject to market risk and our exposure to capital markets is subject to certain regulatory limits.

As part of our treasury management, we invest surplus funds in specified securities. These securities include government securities, bonds carrying sovereign guarantee, bonds issued by state governments or public sector enterprises, debt mutual funds, fixed deposits with banks and other highly rated bonds. Our investment policy prescribes investment limits for each of these securities. Certain of these investments are unlisted, offering limited exit options. The value of these investments depends on several factors beyond our control, including the domestic and international economic and political scenario, inflationary expectations and the RBI's monetary policies. Any decline in the value of the investments may have an adversely effect on our business, financial condition and results of operations. Further, pursuant to the NHB Directions, we are not permitted to have an aggregate exposure to capital markets (both fund and non-fund based) in excess of 40.00% of our net worth as of the end of the previous financial year. Within the overall ceiling, direct investments in shares, convertible bonds or debentures, units of equity-oriented mutual funds and all exposures to venture capital funds should not exceed 20.00% of our net worth. Such restrictions may limit our investments or access to capital, which may have an adverse effect on our business, financial condition and results of operations.

28. We depend on the accuracy and completeness of information provided by our potential borrowers. Our reliance on any misleading information given by potential borrowers may affect our judgment of creditworthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, results of operations and financial condition.

In deciding whether to extend credit or enter into other transactions with potential borrowers, we rely on information furnished to us by potential borrowers, and analysis of the information by independent valuers and advocates. For ascertaining the encumbrances on collateral and creditworthiness, we may depend on the registrars and sub-registrars of assurances, credit information companies or credit bureaus, and on independent valuers in relation to the value of the collateral, and our reliance on any misleading information given, may affect our judgement of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, prospects, results of operations and financial condition. We follow the KYC guidelines as prescribed by the NHB on the potential borrower, verify the place of business or place of employment as applicable to the potential borrower and also verify the details with the caution list of the NHB as circulated from time to time. Such information includes representations with respect to the accuracy and completeness of information relating to the financial condition of potential borrowers, and independent valuation reports and title reports with respect to the property secured. We have framed our policies to prevent frauds in accordance with the KYC guidelines issued by NHB dated October 11, 2010, as amended, mandating the policies of HFCs to have certain key elements, including, inter alia, a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management.

Further, we believe we have a well-established and streamlined credit appraisal process. However, we cannot assure you that information furnished to us by potential borrowers and analysis of the information by independent valuers or the independent searches conducted by us with such agencies will be accurate, and our reliance on such information given by potential borrowers may affect our judgment of the creditworthiness of potential borrowers, and the value of and title to the collateral, which may adversely affect our business, results of operations and financial condition.

29. We rely on third-party intermediaries and service providers who may not perform their obligations satisfactorily or in compliance with law.

We enter into outsourcing arrangements with third party vendors providing services that include, among others, software services and professional services for sourcing of customers including valuation and title search. As a result of outsourcing such services, we are exposed to various risks including strategic, compliance, operational, legal and contractual risks. Any failure by a service provider to provide a specified service or a breach in security/ confidentiality or non-compliance with legal and regulatory requirements, may result in financial loss or loss of reputation. We cannot assure that there will be no disruptions in the provision of such services or that these third parties may not adhere to their contractual obligation. If there is a disruption in the third-party services, or if the third-party service providers discontinue their service agreement with us, our business, financial condition and results of operations may be adversely affected. In case of any dispute, there can be no assurance that the terms of such agreements will not be breached, which may result in litigation costs. Such cost, in addition to the cost of entering into agreements with third parties in the same industry, may materially and adversely affect our business, financial condition and results of operations. Legal risks, including actions being undertaken by the NHB, if our third-party service providers act unethically or unlawfully, could materially and adversely affect our business, financial condition and results of operations.

In addition, we license certain software and technology from third parties. Any premature termination of our license agreements or the loss of the ability to use such software or technology for any reason would have an adverse impact on our reputation, business and operations.

30. Our insurance coverage may not adequately protect us against losses, and successful claims that exceed our insurance coverage could harm our results of operations and diminish our financial position.

We maintain insurance coverage of the type and in the amounts that we believe are commensurate with our operations. We have insured our branches and properties against the risk of fire, burglary, breakdown of office equipment, as well as against risk of loss due to fraud or liability to due to injury to third parties or damage to third party property within our premises. Further, we have also obtained insurance to protect money located in the safes and counters of our branches, as well as money in transit. Our insurance policies, in certain circumstances, may not provide adequate coverage and may be subject to certain deductibles, exclusions and limits on coverage. We cannot assure you that any claim under the insurance policies maintained by us will be honored fully, in part or on time, or that we have obtained sufficient insurance to cover all our losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, or at acceptable cost, or at all. For further details on our insurance arrangements, see "*Our Business – Insurance*" on page 68.

31. We have entered into certain related party transactions and may continue to enter into related party transactions, which may involve conflicts of interest.

We have entered into certain transactions with related parties, including our holding company and fellow subsidiaries, and may continue to do so in future. While we believe that all such transactions are in compliance with applicable laws and are on arms-length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties, or that we will be able to maintain existing terms in cases where the terms are more favourable than if the transaction had been conducted on arm's length basis. It is likely that we will enter into other related party transactions in the future. There can be no assurance that such transactions, individually or in aggregate, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. For further details see, the statement of related party transactions in "*Financial Information"* beginning on page 102.

32. ***We may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose us to additional liability and harm our business or reputation.***

We are required to comply with applicable anti-money laundering and anti-terrorism laws and other regulations. In the course of our operations, we run the risk of failing to comply with the prescribed KYC procedures and the consequent risk of fraud and money laundering by dishonest customers despite putting in place systems and controls to prevent the occurrence of these risks as is customary in our jurisdiction. In certain of our activities and in our pursuit of business, we run the risk of inadvertently offering our financial products and services ignoring customer suitability and appropriateness despite having a Board-approved KYC anti-money laundering policy and associated processes in place. Further, our Company is required to comply with certain norms relating to cash collection, including those prescribed under the Section 269 of the Income Tax Act, and any failure to comply with the company will result is our Company becoming liable for penalties or other actions prescribed under thereunder.

33. ***We do not own our Registered and Corporate Office and are located on our Promoter's premises. Further, our branch offices are on leased premises and non-renewal of the respective lease or license agreements or their renewal on terms unfavorable to us could adversely affect our operations.***

Our Registered and Corporate Office are located in Valapad and Mumbai, respectively and are not owned by us and all of our branch offices are on leased premises. As on the date of this Prospectus, we have entered into service level agreements with our Promoter for use of the premises as our Registered and Corporate Office. If our Promoter terminated the service level agreements or revise the terms and conditions of such service level agreements that are unacceptable to us, our operations may suffer a disruption. We may be unable to locate suitable alternate facilities on commercially acceptable terms. This may adversely impact our business.

Further, as we expand our branch offices network, we expect the number of leased branch offices to increase significantly and if any of the owners of these premises do not renew the agreements under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavourable to us, we may suffer a disruption in our operations or increased costs, or both, and such disruptions or increased costs may adversely affect our business and results of operations.

34. ***Our Company, Director and our Promoter are involved in certain legal and other proceedings and there can be no assurance that our Company, Director and our Promoter will be successful in any of these actions.***

Our Company, Director and our Promoter are involved in certain legal and other proceedings and there can be no assurance that our Company, Director and our Promoter will be successful in any of these actions. In the event our Company, Director and our Promoter are unsuccessful in litigating any of the disputes, the business and results of operations may be adversely affected. A significant degree of judgment is required to assess our exposure in these proceedings and determine the appropriate level of provisions, if any. There can be no assurance on the outcome of the legal proceedings or that the provisions we make will be adequate to cover all losses we may incur in such proceedings, or that our actual liability will be as reflected in any provision that we have made in connection with any such legal proceedings.

Although we intend to defend or appeal any adverse order in relation to these proceedings, we will be required to devote management and financial resources in their defense or prosecution. If a significant number of these disputes are determined against our Company and if our Company is required to pay all or a portion of the disputed amounts or if we are unable to recover amounts for which we have filed recovery proceedings, there could be an adverse impact on our reputation, business, results of operations and financial condition. There can be no assurance that a significant portion of these disputes will not be determined against our Company or that our Company will not be required to pay all or a portion of the disputed amounts or that it will be able to recover amounts for which our Company has filed recovery proceedings. For further details in relation to legal proceedings, see "*Outstanding Litigation"* beginning on page 156.

35. ***We are required to comply with the requirements of certain labour laws which may impose additional costs on us.***

Our branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays, leave and overtime compensation. If we fail to obtain or retain any of these approvals, exemptions or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any conditions, our certificate of registration may be suspended or cancelled and we may not be able to carry on such activities.

In addition, our employees are required to be registered under the provisions of certain labour laws such as the Employees' State Insurance Act, 1948, the Payment of Gratuity Act, 1972 the Kerala Shops and Commercial Establishments Act, 1960, the Kerala Labour Welfare Fund Act, 1975, and the Employees Provident Fund and Miscellaneous Provisions Act, 1952. We are also required to maintain certain records under the provisions of these laws, which add to our costs. If we are subject to penalties under these labour laws or if we do not obtain the requisite approvals, our business, financial condition and results of operations may be adversely affected.

36. ***The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution.***

We intend to use the proceeds of the Issue, after meeting the Issue expenses, for the purpose of onward lending, financing, and for repayment of interest and principal of existing borrowings of our Company and general corporate purpose. For further details, see the section titled "*Objects of the Issue*" on page 45. The fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution. Our Board of Directors will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the SEBI Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

37. ***We generated a majority of our business from the state of Maharashtra and Tamil Nadu and any adverse developments affecting our operations in these states could have an adverse impact on our revenue and results of operations.***

As of August 20, 2019 out of 46 branches, 15 branches were located in Maharashtra and 9 branches were located in Tamil Nadu constituting 32.61% and 19.57% of our total branch network respectively. As of March 31, 2017, 2018 and 2019, 61.70%, 62.78% and 65.18%, respectively, of our total business were from the states of Maharashtra and Tamil Nadu. Due to this concentration in these states, the success and profitability of our operations may be disproportionately exposed to regional factors.

Our concentration in Maharashtra and Tamil Nadu exposes us to any adverse economic or political circumstances in that region as compared to other HFCs that have more diversified national presence. Any disruption, disturbance or sustained downturn in the economy of these states where we have a presence, could adversely affect our business, financial condition and results of operations. While we continue to expand our operations outside these states, we face risks with our operations in geographic areas in which we do not possess the same level of recognition and familiarity with the economic condition, consumer base and commercial operations. In addition, our competitors may already have established operations in these areas and we may find it difficult to attract customers in such new areas and successfully compete. Any one of these events may require us to close branches, temporarily shut down operations, or lower lending levels, and may result in a material adverse change in our business, financial condition, results of operations and cash flows.

External Risks pertaining to our business and operations

38. ***The housing finance industry is competitive and increasing competition may result in declining margins if we are unable to compete effectively.***

Historically, the housing finance industry was dominated by HFCs. We now face increasing competition from commercial banks. Interest rate deregulation and other liberalisation measures affecting the housing finance industry, together with increased demand for home finance, have increased our exposure to competition. Banks and some of the HFCs have access to low-cost funds such as deposits which enable them to enjoy higher margins and/or offer finance at lower rates. However, non-deposit accepting HFCs such as us are not permitted to accept deposits, a factor which can render us less competitive. Our ability to compete effectively with commercial banks and other HFCs will depend, to some extent, on our ability to raise low-cost funding in the future. Further, we only commenced our operations in 2009 and therefore may face competition from more established banks and HFCs. If we are unable to compete effectively with other participants in the housing finance industry, our business, results of operation and financial condition may be adversely affected.

Furthermore, as a result of increased competition in the housing finance industry, home loans are becoming increasingly standardised and terms such as floating rate interest options, lower processing fees and monthly rest periods are becoming increasingly common in the housing finance industry in India. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive housing finance industry. Increasing competition may have an adverse effect on our net interest margin and other income, and, if we are unable to compete successfully, our market share may decline as the origination of new loans declines.

39. ***The growth rate of India's housing finance industry may not be sustainable.***

We expect the housing finance industry in India to continue to grow as a result of anticipated growth in India's economy, increases in household income, further social welfare reforms and demographic changes. However, it is not clear how certain trends and events, such as the pace of India's economic growth, the development of domestic capital markets and the on-going reform will affect India's housing finance industry. In addition, there can be no assurance that the housing finance industry in India is free from systemic risks. Consequently, there can be no assurance that the growth and development of India's housing finance industry will be sustainable.

<u>Risk Factors pertaining to the NCDs and this Issue</u>

40. ***Changes in interest rate may affect the price of our NCDs. Any increase in rate of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.***

All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk and the price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

41. ***Industry information included in this Prospectus has been derived from industry reports commissioned by us for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.***

We have availed the services of an independent third party research agency, ICRA, to prepare an industry reports titled "*Indian Mortgage Finance Market*" dated June 2019 and various reports published by ICRA on Indian Economy. These reports are subject to various limitations and based upon certain assumptions that are subjective in nature. We have not independently verified data from these industry reports. Although we believe that the data may be considered to be reliable, the accuracy, completeness and underlying assumptions are not guaranteed and dependability cannot be assured. While we have taken reasonable care in the reproduction of the information, the information has not been prepared or independently verified by us, the Lead Manager or any of our or their respective affiliates or advisors and, therefore, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Prospectus.

42. ***There may be a delay in making refund to Applicants***.

We cannot assure you that the monies refundable to you, on account of (i) withdrawal of your applications, (ii) our failure to receive minimum subscription in connection with the Base Issue, (iii) withdrawal of this Issue, or (iv) failure to obtain the final approval from the Stock Exchange for listing of the NCDs, will be refunded to you in a timely manner. We, however, shall refund such monies, with the interest due and payable thereon as prescribed under applicable statutory and/or regulatory provisions.

43. Payments to be made on the NCDs will be subordinated to certain tax and other liabilities preferred by law. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the NCDs. Additionally, you may be subject to taxes arising on the sale of the NCDs.

The NCDs will be subordinated to certain liabilities preferred by law such as the claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of our business. In particular, in the event of bankruptcy, liquidation or winding-up, our Company's assets will be available to pay obligations on the NCDs only after all of those liabilities that rank senior to these NCDs have been paid as per Section 327 of the Companies Act, 2013. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the Secured NCDs. Sale of NCDs by any holder may give rise to tax liability, see "*Statement of Possible Tax Benefits available to the Debenture Holders*" beginning on page 48.

44. Financial instability, economic developments and volatility in securities markets in other countries may also affect the business of the Company and receivables on the NCDs.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Europe and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. Recently, the currencies of a few Asian countries suffered depreciation against the US dollar owing to amongst other, the announcement by the United States government that it may consider reducing its quantitative easing measures. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, future financial performance and the interest payable and redemption of the NCDs.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years

However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. In the event that the current difficult conditions in the global credit markets continue or if there is any significant financial disruption, such conditions could have an adverse effect on our business, future financial performance and the interest payable and redemption of the NCDs.

45. There may be no active market for the NCDs on the platform of the Stock Exchange. As a result, the liquidity and market prices of the NCDs may fail to develop and may accordingly be adversely affected.

There can be no assurance that an active market for the NCDs will develop. If an active market for the NCDs fails to develop or be sustained, the liquidity and market prices of the NCDs may be adversely affected. The market price of the NCDs would depend on various factors, inter alia, including (i) the interest rate on similar securities available in the market and the general interest rate scenario in the country, (ii) the market for listed debt securities, (iii) general economic conditions, and, (iv) our financial performance, growth prospects and results of operations. The aforementioned factors may adversely affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs and/or be relatively illiquid.

46. The NCD Holders may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs. Failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose the holders to a potential loss.

Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors inter-alia including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the NCDs and/or the interest accrued thereon in a timely manner or at all. Although our Company will create appropriate security in favour of the Debenture Trustee for the secured NCD Holders on the assets adequate to ensure 100% asset cover for the Secured NCDs, the realisable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the Secured NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the Secured NCDs could expose you to a potential loss.

47. Our Company may raise further borrowings and charge its assets after receipt of necessary consents from its existing lenders. In such a scenario, the Debenture Holders holding NCDs will rank pari passu with other secured creditors and to that extent, may reduce the amounts recoverable by the Debenture Holders upon our Company's bankruptcy, winding up or liquidation

Our Company may, subject to receipt of all necessary consents from its existing lenders and the Debenture Trustee to the Issue, raise further borrowings and charge its assets. Our Company is free to decide the nature of security that may be provided for future borrowings. In such a scenario, the Debenture Holders holding NCDs will rank pari passu with other creditors and to that extent, may reduce the amounts recoverable by the Debenture Holders upon our Company's bankruptcy, winding up or liquidation.

48. The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution.

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for the purpose of onward lending and for repayment of interest and principal of existing loans and also for general corporate purposes. For further details, see "*Objects of the Issue*" at page 45. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the SEBI Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

49. The liquidity for the NCDs in the secondary market is very low and it may remain so in the future and the price of the NCDs may be volatile.

The Issue will be a new public issue of NCDs for our Company and the liquidity in NCDs at present is very low in the secondary market. Although an application has been made to list the NCDs on BSE, there can be no assurance that liquidity for the NCDs will improve, and if liquidity for the NCDs were to improve, there is no obligation on us to maintain the secondary market. The liquidity and market prices of the NCDs can be expected to vary with changes in market and economic conditions, our financial condition and prospects and other factors that generally influence market price of NCDs. Such fluctuations may significantly affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs.

PROMINENT NOTES

1. This is a public issue of NCDs by our Company aggregating up to ₹10,000 lakhs with an option to retain over-subscription up to ₹10,000 lakhs, aggregating up to ₹20,000 lakhs.

2. For details on the interest of our Company's Directors, please see "*Our Management*" and "*Capital Structure*" beginning on pages 88 and 40, respectively.

3. Our Company has entered into certain related party transactions and disclosed in "*Financial Statements*" beginning on page 102 and as disclosed in "*Related Party Transaction*" on page 101.

4. Any clarification or information relating to the Issue shall be made available by the Lead Manager and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.

5. Investors may contact the Registrar to the Issue, Company Secretary & Compliance Officer and Lead Manager for any complaints pertaining to the Issue. In case of any specific queries on allotment/refund, Investor may contact Registrar to the Issue. All grievances arising out of Applications for the NCDs made through the Online Stock Exchange Mechanism or through Trading Members may be addressed directly to the respective Stock Exchange.

6. In the event of oversubscription to the Issue, allocation of NCDs will be as per the "*Basis of Allotment*" set out in "*Issue Procedure*" on page 131.

7. Our Equity Shares are currently unlisted.

8. For further information, relating to certain significant legal proceedings that we are involved in, see "*Outstanding Litigation*" on page 156.

SECTION III – INTRODUCTION

GENERAL INFORMATION

Our Company was incorporated on October 07, 2010 as 'Milestone Home Finance Company Private Limited', as a private limited company under the Companies Act, 1956 pursuant to a certificate of incorporation issued by Registrar of Companies, Mumbai. The name of our Company was changed to 'Manappuram Home Finance Private Limited' pursuant to a resolution passed by the shareholders of our Company at the EGM held on August 11, 2014 and a fresh certificate of incorporation dated September 04, 2014 issued by the by Registrar of Companies, Mumbai. Further, the name of our Company was changed to 'Manappuram Home Finance Limited' as consequence of its conversion from private company to public company pursuant to a resolution passed by the shareholders of our Company at the EGM held on December 3, 2016 and a fresh certificate of incorporation dated July 31, 2017 issued by the RoC. For details of changes in our name and registered office, see "*History and Certain Other Corporate Matters*" on page 86.

NHB Registration

Originally our Company had obtained a certificate of registration dated March 12, 2012 bearing registration No. 03.0097.12 issued by NHB to commence the business of housing finance institution without accepting public deposits in accordance with Section 29A of NHB Act. Pursuant to the change of name from 'Milestone Home Finance Company Private Limited' to 'Manappuram Home Finance Private Limited' we had obtained a certificate of registration dated September 11, 2014 bearing registration No. 09.0116.14 from NHB. Thereafter, as consequence of the conversion from private company to public company the name of our Company was changed to 'Manappuram Home Finance Limited' and consequently we have obtained certificate of registration dated August 22, 2017 bearing registration no. 08.0158.17 from NHB to carry on the business of a housing finance institution without accepting public deposits under Section 29A of the NHB Act.

Legal Entity Identification Number: 335800JHGVRXT8OXSN68

Corporate Identification Number: U65923KL2010PLC039179

Registered Office

Manappuram Home Finance Limited
IV/470A (Old)W/638A(New),
Manappuram House Valapad,
Thrissur 680567
Kerala, India
Email: hfc@manappuramhomefin.com
Telephone: +91 487 3050435
Website: www.manappuramhomefin.com

Corporate Office

Manappuram Home Finance Limited
Unit No: 301-315,3rd Floor,
Wing A, Kanakia Wallstreet,
Andheri Kurla Road,
Andheri East, Mumbai 400093
Maharashtra, India
Email: hfc@manappuramhomefin.com
Telephone: +91 22-66211000
Website: www.manappuramhomefin.com

Board of Directors

The following table sets out the details regarding the Board of Directors as on date:

Name, Designation and DIN	Age (in years)	Address
Vazhappully Padmanabhan Nandakumar **Designation:** Non-Executive Chairman **DIN:** 00044512	65	Vazhappully House, Valappad P.O., Thrissur– 680567, Kerala, India.
Jeevandas Narayan **Designation:** Managing Director **DIN:** 07656546	63	Gurukripa House No 5/11/1044-9, Alake Kambla Cross Road, Mangalore 575003 D.K., Karnataka, India.
Thotanchath Balakrishnan **Designation:** Independent Director DIN: 00052922	67	9 – C, SFS, Kingswood, Jawahar Nagar, Kowdiar PO, Trivandrum – 695003, Kerala, India.
Gautam Rathindranath Saigal **Designation:** Non-Executive Director DIN: 00640229	53	2505, Ashok Tower C Wing, Dr Babasaheb Ambedkar Marg Parel, Maharashtra, Mumbai-400012, India.
Munish Dayal **Designation:** Non-Executive Director DIN: 01683836	53	402, South City Heights, South City Gurgaon-122002, Harayana, India
Pratima Ram **Designation:** Independent Director **DIN:** 03518633	69	32 Maple A, Prestige Greenwoods Apartments, Nagavarapalya, CV Raman Nagar, Bangalore-560093

For further details of Directors of our Company, see *"Our Management"* beginning on page 88.

Chief Financial Officer

Vipul Rasiklal Patel
Manappuram Home Finance Limited
Unit No: 301-315, 3rd Floor,
Wing A, Kanakia Wallstreet,
Andheri Kurla Road, Andheri (East),
Mumbai – 400 093,
Maharashtra, India
Telephone: +91 22 68194032
E-mail: vipul@manappuramhomefin.com

Company Secretary and Compliance Officer:

Sreedivya S
Manappuram Home Finance Limited
IV/470A (Old)W/638A(New)
Manappuram House
Valapad, Thrissur 680567
Kerala, India
Telephone: +91 487 3050435
E-mail: cs.sreedivya@manappuramhomefin.com

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit of allotted NCDs or refund orders.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form Number, address of the Applicant, number of NCDs applied for, amount paid on application, Depository Participant and the collection centres of the Members of the Syndicate where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB, giving full details such as name, address of Applicant, Application Form number, number of NCDs applied for, amount blocked on Application and the Designated Branch or the collection centres of the SCSB where the Application Form was submitted by the ASBA Applicant.

All grievances relating to ASBA process where the application is submitted to a Member of Syndicate should be addressed to the Registrar to the Issue with a copy to the relevant Member of Syndicate and the relevant SCSB.

All grievances arising out of Applications for the NCDs made through the Online Stock Exchange Mechanism or through Trading Members may be addressed directly to the Stock Exchange.

Registrar of Companies, Kerala and Lakshadweep

Company Law Bhawan,
BMC Road, Thirkakara,
Kochi – 682 021,
Kerala, India.

Lead Manager to the Issue

Vivro Financial Services Private Limited
607/608 Marathon Icon,
Opp. Peninsula Corporate Park,
Off. Ganpatrao Kadam Marg,
Veer Santaji Lane, Lower Parel,
Mumbai - 400013,
Maharashtra, India
Tel.: +91 22 6666 8040/41/42
Fax: +91 22 6666 8047
Email: mhfl@vivro.net
Investor Grievance Email: investors@vivro.net
Website: www.vivro.net
Contact Person: Harish Patel/ Yogesh Malpani
Compliance Officer: Jayesh Vithlani
SEBI Registration No.: INM000010122
CIN: U67120GJ1996PTC029182

Legal Counsel to the Issue

M/s. Crawford Bayley & Co.
4th Floor, State Bank Buildings
N.G.N. Vaidya Marg, Fort
Mumbai 400 023,
Maharashtra, India
Telephone: +91 22 2266 3353
Email: sanjay.asher@crawfordbayley.com

Debenture Trustee

Catalyst Trusteeship Limited
(formerly GDA Trusteeship Limited)
GDA House, Plot No. 85,
Bhusari Colony (Right),
Kothrud, Pune 411038
Telephone: +91 22 4922 0543;
Fax: +91 20 4922 0505
Email: complianceCTL-Mumbai@ctltrustee.com

Website: www.catalysttrustee.com
Contact Person: Mr. Umesh Salvi
SEBI Registration Number: IND000000034
CIN: U74999PN1997PLC110262

Catalyst Trusteeship Limited has by its letter dated August 21, 2019 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications to be sent to the holders of the NCDs issued pursuant to this Issue.

Registrar to the Issue

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
Fax: +91 22 4918 6195
Email: manappuramhomefin.ncd@linkintime.co.in
Investor Grievance Id: manappuramhomefin.ncd@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration Number: INR000004058
CIN: U67190MH1999PTC118368

Credit Rating Agency

CARE Ratings Limited
4th Floor, Godrej Coliseum, Somaiya Hospital Road,
Off Eastern Express Highway, Sion (East),
Mumbai- 400022
Telephone: +91 -22-6754 3456
Fax: +9 1 -22- 6754 3457
E-mail: ravi.kumar@careratings.com
Website: www.careratings.com
Contact Person: Ravi Kumar Dasari
SEBI Registration No: IN/CRA/004/1999
CIN: L67190MH1993PLC071691

Statutory Auditors of our Company

Deloitte Haskins & Sells LLP
Chartered Accountants
Lotus Corporate Park,
CTS No. 185/A, Jay Coach,
Off Western Express Highway,
Goregaon (East), Mumbai – 400 063,
Maharashtra
Tel.: +91 22 6245 1000
Fax: +91 22 6245 1001
Email: analtaf@deloitte.com
Firm Registration No. 117366W/W-100018

Bankers to the Issue/Public Issue Account Bank and Refund Bank

Axis Bank Limited
Jeevan Prakash Bldg, Ground Flr,
Sir P M Road, Fort, Mumbai- 400001

Tel.: 022- 4086 7336/7371
Fax: 022- 4086 7327/7378
Email: fort.operationshead@axisbank.com
Website: www.axisbank.com
Contact Person: Mehdiali Fatteh
SEBI Registration No: INBI00000017

Syndicate Member

Vivro Financial Services Private Limited
607/608 Marathon Icon,
Opp. Peninsula Corporate Park,
Off. Ganpatrao Kadam Marg,
Veer Santaji Lane, Lower Parel,
Mumbai - 400013,
Maharashtra, India
Tel.: +91 22 6666 8040/41/42
Fax: +91 22 6666 8047
Email: mhfl@vivro.net
Investor Grievance Email: investors@vivro.net
Website: www.vivro.net
Contact Person: Tushar Ashar
SEBI Registration No.: INM000010122
CIN: U67120GJ1996PTC029182

Bankers to our Company

Kotak Mahindra Bank Limited
27 BKC, Plot No. C 27, 'G' Block
3rd Floor, Bandra Kurla Complex,
Bandra East, Mumbai - 400051
Telephone: 022 61660363
Fax: 022 67132416
E-mail: vikash.chandak@kotak.com
Contact person: Mr. Vikash Chandak

CSB Bank Limited
Angelic Tower,
Palakkad Main Road,
East Fort, Thrissur- 680005
Telephone: 0487-2333427, 9072601299,
E-mail: thrissureastfort@csb.co.in; wsbkerala@csb.co.in
Website: www.csb.co.in
Contact person: R Prathap Chandran, Relationship Manager – WSB Kerala

HDFC Bank Limited
SL Plaza, Palarivattom,
Cochin
Telephone: 0487-2280981
Website: www.hdfcbank.com

Bank of India
Ernakulam Branch, Shamugham Road,
Ernakulam- 682031
Telephone: 0484-2354508

The South Indian Bank Limited
Thrissur Main Branch
Round South, Thrissur - 680001
Telephone: 0487-2424215
E-mail: br0084@sib.co.in
Website: www.southindianbank.com
Contact person: Rani Zacharias, AGM, Thrissur Main Branch

Dhanlaxmi Bank Limited
Dhanlaxmi Buildings, Naickanal,
Thrissur, Kerala- 680001
Telephone: 04876617000
Fax: 04872335367
E-mail: customercare@dhanbank.co.in
Website: www.dhanbank.com
Contact person: Mr. Peethambaran K

Andhra Bank
No 17, Mill Road, Coimbatore
Telephone: 0422-2300503
Fax: 2393511
E-mail: bm0083@andhrabank.co.in
Website: www.andhrabank.co.in
Contact person: Mr. P.M Senthil Kumar (Asst General Manager)

Union Bank of India
Sakthan Arcade, 1st Floor, T.U.D.A Building,
Near Sakthanthampuram Bus Stand,

E-mail: Ernakulam.Kerala@bankofindia.co.in
Website: www.bankofindia.co.in
Contact person: CS Thankaraj, Chief Manager, Ernakulam Branch

Punjab & Sindh Bank
I Floor, Panchsheela Towers, Parklane, Secunderabad - 500 003
Telephone: 040-27814827, 27847479
E-mail: s0319@psb.co.in
Website: www.psbindia.com
Contact Person: Branch Manager/Loans Officer

Trichur, Kerala- 680 001
Telephone: 0487-2420330
E-mail: cbstrichur@unionbankofindia.com
Website: www.unionbankofindia.com
Contact Person: Wilson Thomas

Impersonation

As a matter of abundant precaution, attention of the investors is specifically drawn to the provisions of sub-Section (1) of Section 38 of the Companies Act, 2013, relating to punishment for fictitious applications. Section 38(1) of the Companies Act, 2013 provides that:

"Any person who:

a. makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
b. makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
c. otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under Section 447"

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹10 lakh or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹10 lakh or 1% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹50 lakh or with both.

Minimum Subscription

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If our Company does not receive the minimum subscription of 75% of Base Issue, prior to the Issue Closing Date, the entire Application Amount blocked shall be unblocked in the relevant ASBA Account(s) of the Applicants within six working days from the Issue Closing Date, provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within six working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Arrangers to the Issue

There are no arrangers to the Issue.

Credit Rating and Rating Rationale

The NCDs proposed to be issued under this Issue have been rated "CARE AA-; Stable" (Double A minus; Outlook Stable), by CARE Ratings for an amount up to ₹20,000 Lakhs vide their letter dated August 26, 2019 and revalidated letter dated September 16, 2019 and the Rating Rationale letter dated August 28, 2019. The rating of NCDs by CARE Ratings indicates that instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations and such instruments carry very low credit risk. The ratings provided by CARE Ratings Limited may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and Investors should take their own decisions.

Consents

The written consents of Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, our Statutory Auditor, the Legal Counsel to the Issue, the Lead Manager, the Registrar to the Issue, Public Issue Account Bank, Refund Bank, Credit Rating Agency, ICRA, the Bankers to our Company, the Debenture Trustee, and the Syndicate Member to act in their respective capacities, will be filed along with a copy of the Prospectus with the RoC as required under Section 26 of the Companies Act, 2013 and such consents have not been withdrawn up to the time of filing of this Prospectus with Stock Exchange.

Utilisation of Issue proceeds

For details on utilisation of Issue proceeds please refer to the chapter titled "*Objects of the Issue*" on page 45.

Underwriting

This Issue is not underwritten**.**

Designated Intermediaries

Self-Certified Syndicate Banks

The banks which are registered with SEBI under Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time.

A list of the Designated Branches of the SCSBs, with which an Applicant not applying through the Syndicate, may submit the Application Forms, is available at http://www.sebi.gov.in, or at such other website as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to Applications submitted to the Designated Intermediaries, the list of branches of the SCSBs to receive deposits of ASBA Applications from such Designated Intermediaries is provided on http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Applications from Designated Intermediaries, see the above-mentioned web-link.

RTAs / CDPs

The list of the RTAs and CDPs, eligible to accept Applications in the Issue, including details such as postal address, telephone number and email address, are provided on the websites of the BSE at http://www.bseindia.com for RTAs and CDPs, as updated from time to time.

Broker Centers/Designated CDP Locations/Designated RTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Applicants can submit the Application Forms with the Registered Brokers at the Broker Centers, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website of the Stock Exchange at www.bseindia.com. The list of branches of the SCSBs at the Broker Centers, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Issue Programme:

ISSUE OPENS ON	September 30, 2019
ISSUE CLOSES ON	October 29, 2019*****

** Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days) as may be decided by the Board or Debenture Committee of the Board. In the event of such early closure or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through advertisement/s in a leading national daily newspaper with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.*

Further please note that Application shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, "IST") during the Issue Period as mentioned above (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs as mentioned on the Application Form, except that on the Issue Closing Date when Applications shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by Stock Exchange(s). It is clarified that the Applications not uploaded in the Stock Exchange(s) Platform will be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this Prospectus are Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time.

Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days. Neither our Company, nor the Lead Manager, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs are liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise. Please note that, within each category of investors, the Basis of Allotment under the Issue will be on date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.

CAPITAL STRUCTURE

1. **Details of share capital and securities premium account**

The share capital of our Company as at date of this Prospectus is set forth below:

Particulars	Amount in ₹
Authorised Share Capital	
20,00,00,000 Equity Shares of ₹10each	200,00,00,000
Total Authorised Share Capital	**200,00,00,000**
Issued, subscribed and paid up share capital	
20,00,00,000 Equity Shares of ₹10 each	200,00,00,000
Total Issued, Subscribed and paid up share capital	**200,00,00,000**
Securities Premium Account	
Prior to the Issue	Nil

This Issue will not result in any change of paid up share capital and the securities premium account of the Company.

2. **Details of change in authorised share capital of our company as on the date of this Prospectus is set forth below:**

Date of Approval	Authorised Share Capital (in ₹)	Particulars
At Incorporation	2,00,00,000	Authorised Share Capital of our Company on incorporation as mentioned in Clause V of the Memorandum of Association was ₹2,00,00,000 divided into 20,00,000 Equity Shares of ₹10 each.
May 17, 2011 (EGM)	2,10,00,000	Authorised Share Capital was increased from ₹2,00,00,000/- divided into 20,00,000 Equity Shares of ₹10 each to ₹2,10,00,000/- divided into 21,00,000 Equity Shares of ₹10 each.
June 05, 2012 (EGM)	5,00,00,000	Authorised Share Capital was increased from ₹2,10,00,000/- divided into 21,00,000 Equity Shares Equity Shares of ₹10 each to ₹5,00,00,000/- divided into 50,00,000 Equity Shares of ₹10 each.
June 18, 2013 (EGM)	7,50,00,000	Authorised Share Capital was increased from ₹5,00,00,000/- divided into 50,00,000 Equity Shares of ₹10 each to ₹7,50,00,000/- divided into 75,00,000 Equity Shares of ₹10 each
March 17, 2014 (EGM)	15,00,00,000	Authorised Share Capital was increased from ₹7,50,00,000/- divided into 75,00,000 Equity Shares of ₹10 each to ₹15,00,00,000/- divided into 1,50,00,000 Equity Shares of ₹10 each.
February 4, 2015 (EGM)	50,00,00,000	Authorised Share Capital was increased from ₹15,00,00,000/- divided into 1,50,00,000 Equity Shares of ₹10 each to ₹50,00,00,000/- divided into 5,00,00,000 Equity Shares of ₹10 each.
November 25, 2015 (EGM)	100,00,00,000	Authorised Share Capital was increased from ₹50,00,00,000/- divided into 5,00,00,000 Equity Shares of ₹10 each to ₹100,00,00,000/- divided into 10,00,00,000 Equity Shares of ₹10 each.
February 1, 2019 (EGM)	200,00,00,000	Authorised Share Capital was increased from ₹100,00,00,000/- divided into 10,00,00,000 Equity Shares

Date of Approval	Authorised Share Capital (in ₹)	Particulars
		of ₹10 each to ₹200,00,00,000/- divided in 20,00,00,000 Equity Shares of ₹10 each.

3. **Details of Equity Share capital history of our Company in the last five years preceding the date of this Prospectus is set forth below:**

Date of Allotment	No. of Equity Shares	Face value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash)	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (in ₹)	Cumulative Equity Share Premium (in ₹)
March 28, 2015	3,39,00,000	10	10	Cash	Rights Issue[1]	4,50,00,000	45,00,00,000	NA
January 22, 2016	2,50,00,000	10	10	Cash	Rights Issue[2]	7,00,00,000	70,00,00,000	NA
March 31, 2016	3,00,00,000	10	10	Cash	Rights Issue[3]	10,00,00,000	100,00,00,000	NA
February 27, 2019	10,00,00,000	10	10	Cash	Rights Issue[4]	20,00,00,000	200,00,00,000	NA

[1] *Allotment of 3,39,00,000 Equity Shares to Manappuram Finance Limited on Rights Basis.*
[2] *Allotment of 2,50,00,000 Equity Shares to Manappuram Finance Limited on Rights Basis.*
[3] *Allotment of 3,00,00,000 Equity Shares to Manappuram Finance Limited on Rights Basis.*
[4] *Allotment of 10,00,00,000 Equity Shares to Manappuram Finance Limited on Rights Basis.*

4. Our Company has not issued any Equity Shares for consideration other than cash in the last two years preceding the date of this Prospectus.

5. Except as disclosed above, our Company has not issued any Equity Shares in the last two years immediately preceding the date of this Prospectus.

6. **The following table sets forth the shareholding pattern of our Company as on the date of this Prospectus:**

Category (I)	Category of Shareholder (II)	Number of Shareholders (III)	No. of fully paid up Equity Shares held* (IV)	No. of partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR) (VIII) As a % of (A+B+C2)	Number of voting rights held in each class of securities (IX) — No of voting rights: Class - Equity	Total	Total as a % of (A+B+C)	No. of shares underlying outstanding convertible securities (including warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII): No. (a)	As a % of total shares held (b)	Number of shares pledged or otherwise encumbered (XIII): No. (a)	As a % of total shares held (b)	Number of Equity Shares held in dematerialised form (XIV)
(A)	Promoter and Promoter Group shareholding	7	20,00,00,000	-	-	20,00,00,000	100%	20,00,00,000	20,00,00,000	100%	-	-	-	-	-	-	19,99,99,999
(B)	Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C)	Non-Promoter Non-Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C) (1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C) (2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	**7**	**20,00,00,000**	**-**	**-**	**20,00,00,000**	**100%**	**20,00,00,000**	**20,00,00,000**	**100%**	**-**	**-**	**-**	**-**	**-**	**-**	**19,99,99,999**

**Our Promoter, Manappuram Finance Limited holds 19,99,99,994 Equity Shares in its own name and 6 Equity Shares jointly with other individuals.*

7. **Details of the aggregate number of securities of our Company purchased or sold by our Promoter/promoter group and by the directors of our Corporate Promoter and by the Directors of our Company and their relatives within six-months immediately preceding the date of filing this Prospectus**:

Neither our Promoter/promoter group nor the directors of our Corporate Promoter or the Directors of our Company or their relatives have purchase or sold securities of our Company within six-months immediately preceding the date of filing this Prospectus.

8. **List of top ten holders of Equity Shareholders of our Company as on the date of this Prospectus**

S. No.	Name of shareholder	Address	Number of Equity Shares held
1.	Manappuram Finance Limited	Manappuram House, Valapad, Thrissur- 680567	19,99,99,994
2(a)	B.N. Raveendra Babu*	Blanghat House, Kaipamangalam, Post, Thrissur- 680681	1
2(b)	Vazhappully Padmanabhan Nandakumar*	Vazhappully House, Valappad P.O., Thrissur– 680567, Kerala, India.	1
2(c)	Sushama Nandakumar*	Padmasaroj, Vazhappully House, Valapad, Beach Road, Thrissur- 680567	1
2(d)	Jyothi Prasannan*	Puzhakkadavil House, Padma Saraoj, Thrissur- 680007	1
2(e)	Sumitha Jayasankar*	Padmasaroj, Vazhappully House, Valapad, Beach Road, Thrissur- 680567	1
2(f)	Suhas Nandan*	Padmasaroj, Vazhappully House, Valapad, Beach Road, Thrissur- 680567	1
	Total		**20,00,00,000**

Jointly with Manappuram Finance Limited

9. **Debt - equity ratio**

The debt equity ratio of the Company as on March 31, 2019 comes to 1.82. We further certify that the debt equity ratio estimated after the Issue comes to 2.88. Detailed workings are given below:

(₹ in lakhs)

Particulars	Pre issue*	Post Issue**
Debt		
Debt Securities	-	20,000.00
Borrowings (Other than Debt Securities)	34,620.60	34,620.60
Total Debt (A)	**34,620.60**	**54,620.60**
Equity		
Equity and Share Capital	20,000.00	20,000.00
Other Equity		
Statutory Reserve	70.15	70.15
Retained Earnings	(1,361.31)	(1,361.31)
Employee Shares Option Outstanding of Parent Company	288.96	288.96
Total Equity (B)	**18,997.80**	**18,997.80**
Debt / Equity (A/ B)	**1.82**	**2.88**

** As per Indian Accounting Standards (“**IND AS**”) notified under section 133 of the Companies Act, 2013, read with relevant rules issued thereunder.*

*** The figures for the respective financial statements line items under Post Issue column are derived after considering the impact due to proposed issue of secured debt and it does not consider any other transactions or movements for such financial statements line items after March 31, 2019. The debt-equity ratio post the Issue is indicative on account of the assumed inflow of ₹20,000 lakhs from the proposed Issue in the secured debt category as on March 31, 2019. The actual debt-equity ratio post the Issue would depend on the actual position of debt and equity on the Deemed Date of Allotment.*

Notes:

1. The figures disclosed above are based on the IND AS Audited Financial Statements of the Company as at March 31, 2019.
2. The following events has occurred from April 01, 2019 to August 20, 2019 which may have an impact on the above calculation:
   a. The Company has raised funds of ₹4,197.06 lakhs from Dhanlaxmi Bank (Cash Credit facility), ₹6,310.89 lakhs from Kotak Mahindra Bank (Cash Credit Facility), ₹8,702.00 lakhs from South Indian Bank (Cash Credit Facility) and ₹11,500.00 lakhs from Manappuram Finance Limited (Working Capital Demand Loan).
   b. The company has repaid ₹125.00 lakhs to Andhra Bank (Term Loan), ₹178.57 lakhs to Bank of India (Term Loan), ₹75.00 lakhs to CSB Bank Limited(Term Loan), ₹105.00 lakhs to Dhanlaxmi Bank (Term Loan), ₹4,243.58 lakhs to Dhanlaxmi Bank (Cash Credit Facility), ₹112.75 lakhs to HDFC Bank (Term Loan), ₹5,979.40 lakhs to Kotak Mahindra Bank (Cash Credit Facility), ₹4,500.00 lakhs to Manappuram Finance Limited (Working Capital Demand Loan), ₹208.33 lakhs to Punjab & Sind Bank (Term Loan), ₹8,721.70 lakhs to South Indian Bank (Cash Credit Facility), ₹470.24 lakhs to South Indian Bank (Term Loan) and ₹222.22 lakhs to Union Bank of India (Term Loan).
   c. The Company has repaid ₹2,450.15 lakhs of Commercial Paper.

10. **Details of holding of Equity Shares by our Directors as on the date of this Prospectus**

    For details of shareholding of our Directors in the Company, please refer to "*Our Management- Shareholding of our Directors*" on page 88

11. For details on the total outstanding debt of our Company, see "*Financial Indebtedness*" beginning on page 107.

12. Our Company has not made any acquisition or amalgamation in the last one year prior to the date of this Prospectus.

13. Our Company has not made any reorganisation or reconstruction in the last one year prior to the date of this Prospectus.

14. Our Company does not have any outstanding borrowings taken/debt securities issued where taken/issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount or (iii) in pursuance of an option.

15. None of the Equity Shares held by the Promoter is pledged or encumbered otherwise.

16. As on date of this Prospectus, 19,99,99,999 Equity Shares of our Company are in dematerialized form.

17. As on date of this Prospectus, our Company does not have any employee stock option scheme.

OBJECTS OF THE ISSUE

Our Company is in the business of providing Home Loan and Loan Against Property, and as part of our business operations, we raise/avail funds for onward lending, financing and for repayment of interest and principal of existing borrowings.

Our Company proposes to utilise the funds which are being raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company ("**Net Proceeds**") towards funding the following objects (collectively, referred to herein as the "**Objects**"):

1. For the purpose of onward lending, financing and repayment of interest and principal of existing borrowings; and
2. For General Corporate Purposes.

The main objects clause of the Memorandum of Association of our Company permits our Company to undertake the activities for which the funds are being raised through the present Issue and also the activities which our Company has been carrying on till date.

The details of the proceeds of the Issue are set forth in the following table:

(₹ in lakhs)

S. No.	Description	Amount
1.	Gross proceeds of the Issue	Upto 20,000
2.	(less) Issue related expenses*	479.30
3.	Net Proceeds*	19,520.70

**Assuming the Issue is fully subscribed, and our Company retains oversubscription up to ₹10,000 lakhs.*

Requirement of funds and Utilisation of Net Proceeds

The following table details the objects of the Issue and the amount proposed to be financed from the Net Proceeds:

S. No.	Objects of the Issue	Percentage of amount proposed to be financed from Net Proceeds
1.	For onward lending, financing and repayment of interest and principal of existing borrowings	At least 75%
2.	For General Corporate Purposes	Maximum of up to 25%
	Total	**100**%

**The Net Proceeds will be first utilised towards the Objects mentioned above. The balance is proposed to be utilised for general corporate purposes, subject to such utilisation not exceeding 25% of the amount raised in the Issue, in compliance with the SEBI Debt Regulations.*

For further details of our Company's outstanding indebtedness, see "*Financial Indebtedness*" on page 107.

Funding plan

Not Applicable

Summary of the project appraisal report

Not Applicable

Schedule of implementation of the project

Not Applicable

Interim Use of Proceeds

Our Board of Directors, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilisation of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by the Board. Such investment would be in accordance with the investment policies approved by the Board or any committee thereof from time to time. Also, such investment shall be in line with the guidelines and regulations prescribed by NHB and RBI accordingly.

Monitoring of Utilisation of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. Our Board shall monitor the utilisation of the proceeds of the Issue. For the relevant fiscal 2020, our Company will disclose in our financial statements, the utilisation of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue. Our Company shall utilize the proceeds of the Issue only upon the execution of the documents for creation of security and receipt of final listing and trading approval from BSE.

Variation in terms of contract or objects

Our Company shall not, in terms of Section 27 of the Companies Act, 2013, at any time, vary the terms of a contract referred to in this Prospectus or objects for which this Prospectus is issued, except subject to the approval of, or except subject to an authority given by the Shareholders in general meeting by way of special resolution and after abiding by all the formalities prescribed in Section 27 of the Companies Act, 2013 and the approval of the Debenture Holders.

Issue related expenses

The expenses for this Issue include, *inter alia*, Lead Manager's fees and selling commission to the Lead Manager, brokers' fees payable to Debenture Trustee, the Registrar to the Issue, SCSBs' commission/fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The Issue expenses and listing fees will be paid by our Company.

The estimated breakdown of the total expenses for the Issue is as follows*:

(in ₹ lakhs)

Activity	Amount	% of Issue Size
Fees to intermediaries (Lead Manager's fees, brokerage, rating agency, Registrar to the Issue, legal counsel, Debenture Trustee etc).	422.05	2.11
Advertising and Marketing Expenses	15.00	0.08
Printing, Stationery and Distribution	25.00	0.13
Other Miscellaneous Expenses	17.25	0.09
Total	**479.30**	**2.40**

**Assuming the Issue is fully subscribed, and our Company retains oversubscription up to ₹10,000 lakhs.*

The above expenses are indicative and are subject to change depending on the actual level of subscription to the Issue and the number of Allottees, market conditions and other relevant factors.

Our Company shall pay processing fees to the SCSBs for Application forms procured by the Designated Intermediaries and submitted to the SCSBs for blocking the Application Amount of the applicant, at the rate of ₹10 per Application Form procured (plus other applicable taxes). However, it is clarified that in case of Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA Processing Fee.

Other Confirmation

In accordance with the SEBI Debt Regulations, our Company will not utilise the proceeds of the Issue for providing loans to or for acquisitions of shares of any person who is a part of the same group as our Company or who is under the same management of our Company.

Except for the repayment of unsecured loan including interest availed from our Promoter, no part of the Issue Proceeds will be paid by our Company to our Promoter, our Directors, Key Managerial Personnel or companies promoted by our Promoter nor will any interest out of the proceeds from this Issue accrue to our Promoter, our Directors or Key Managerial Personnel.

The Issue Proceeds shall not be utilised towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any property. The Issue Proceeds shall not be used for buying, trading or otherwise dealing in equity shares of any other listed company.

Our Company confirms that it will not use the proceeds of the Issue for the purchase of any business or in the purchase of any interest in any business whereby our Company shall become entitled to the capital or profit or losses or both in such business exceeding 50% thereof, directly or indirectly in the acquisition of any immovable property or acquisition of securities of any other body corporate.

Further, our Company undertakes that the proceeds from the NCDs shall not be used for any purpose which may be in contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI regulations and any directions issued by NHB.

The fund requirement as above is based on our current business plan and is subject to change in light of variations in external circumstances or costs, or in our financial condition, cash flows, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirements and deployment of funds may also change.

Utilisation of Issue Proceeds

(a) All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in Section 40 (3) of the Companies Act, 2013;

(b) Details of all monies utilised out of the Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Company's balance sheet indicating the purpose for which such monies had been utilised;

(c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested;

(d) The Issue Proceeds shall not be utilised towards full or part consideration for the purchase or any other acquisition, inter alia, by way of a lease, of any immovable property; and

(e) Details of all utilised and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilised indicating the purpose for which such monies have been utilised and the securities or other forms of financial assets in which such unutilised monies have been invested.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS

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

Dear Sirs,

Sub: Statement of possible tax benefits available to Debenture Holders of Manappuram Home Finance Limited in connection with the proposed public issue of redeemable secured non-convertible debentures of face value of Rs. 1,000/- each (the "Debentures" or the "NCDS") (hereinafter referred to as the "Issue")

We refer to the proposed Issue by **Manappuram Home Finance Limited** (the **"Company"**) and enclose the Statement of possible tax benefits available to the debenture holders under the Income-tax Act, 1961 (the "**Statement**") showing the current position of taxation applicable to the debenture holders as per the provisions of the Income-tax Act, 1961 (the "Act") and Income tax Rules, 1962 including amendments made by Finance (No.2) Act 2019 as applicable for the financial year 2019-20, for inclusion in the Draft Prospectus and Prospectus (the "**Offer Documents**") which is proposed by the Company to be issued in connection with the Issue. Several of these benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence the ability of the debenture holders to derive these direct tax benefits is dependent upon their fulfilling such conditions. We have stamped and initialed the Statement for identification purpose only.

The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. The contents stated in the Statement are based on the information and explanations obtained from the Company. This statement is only intended to provide general information to the debenture holders and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each debenture holder is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. We are neither suggesting nor are we advising the debenture holders to invest money based on this statement.

We do not express any opinion or provide any assurance as to whether:

- the debenture holders will continue to obtain these benefits in similar manner in future;
- the conditions prescribed for availing the benefits have been / would be met with; and
- the revenue authorities/courts will concur with the views expressed herein.

Limitations

Our views expressed in the Statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its reasonable interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.
This Statement is addressed to you solely for the use of the Company in relation to the Issue and, except with our prior written consent, is not to be transmitted or disclosed to or used or relied upon by any other person or used or relied upon by you for any other purpose.

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

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Partner
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MUMBAI
Date: September 6, 2019

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS
Under the Income-tax Act, 1961 ("I.T. Act")

A. Tax benefits available to the Resident Debenture Holders

1. Interest on debentures received by resident debenture holders would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. Income tax is deductible at source at the rate of 10% on interest on debentures, payable to resident debenture holders at the time of credit/ payment as per the provisions of Section 193 of the I.T. Act. However, no income tax is deductible at source in the following situations:

   a. On any security issued by a company in a dematerialized form and is listed on recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made there under.

   b. In case the payment of interest on debentures to a resident individual or a Hindu Undivided Family ('HUF'), does not or is not likely to exceed ₹5,000 in the aggregate during the Financial Year and the interest is paid by an account payee cheque.

   c. When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the I.T. Act; and that certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest.

   d. (i) When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the I.T. Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However under section 197A(1B) of the I.T. Act, Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the amount of any income of the nature referred to in section 197A(1) or 197A(1A), as the case may be, or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income-tax. To illustrate, as on 01.04.2019 –

      - the maximum amount of income not chargeable to tax in case of individuals (other than senior citizens and super senior citizens) and HUFs is ₹2,50,000;
      - in the case of every individual being a resident in India, who is of the age of 60 years or more but less than 80 years at any time during the Financial year (Senior Citizen) is₹3,00,000; and
      - in the case of every individual being a resident in India, who is of the age of 80 years or more at any time during the Financial year (Super Senior Citizen) is ₹5,00,000 for Financial Year 2019-20

      Further, section 87A provides a rebate of 100 percent of income-tax or an amount of ₹12,500 whichever is less to a resident individual whose total income does not exceed ₹5,00,000.

      (ii) Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A(1C) of the I.T. Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on total income of the person is NIL.

      (iii) In all other situations, tax would be deducted at source as per prevailing provisions of the I.T. Act. Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company before the prescribed date of closure of books for payment of debenture interest without any tax withholding.

2. The rate at which tax shall be deducted at source while paying interest to a resident debenture-holder shall not be increased by surcharge and health and education cess ('cess').

3. Capital gains and other provisions

a. As per section 2(29A) read with section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer. In all other cases such as unlisted Debentures, it is 36 months immediately preceding the date of its transfer.

b. As per section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed Debentures are subject to tax at the rate of 10% [plus applicable surcharge and Health and Education Cess ("cess")] of capital gains calculated without indexation of the cost of acquisition. The capital gains shall be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the Debentures from the sale consideration.

c. In case of an individual or HUF, being a resident, where the total income as reduced by such long –term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate mentioned above.

d. As per section 2(42A) of the I.T. Act, a listed debenture is treated as a short term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer. Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. The provisions relating to maximum amount not chargeable to tax described at Para c above would also apply to such short term capital gains.

e. <u>Surcharge[1] and Health and education cess</u>

- Surcharge is levied on individuals, HUF, association of persons, body of individuals and artificial juridical person -
  - at the rate of 10% on tax where total income exceeds ₹50,00,000 but does not exceed ₹1,00,00,000;
  - at the rate of 15% on tax where the total income exceeds ₹1,00,00,000 but does not exceed ₹2,00,00,000;
  - at the rate of 25% of tax where the total income exceeds ₹2,00,00,000 but does not exceed ₹5,00,00,000; and
  - at the rate of 37% of tax where the total income exceeds ₹5,00,00,000.

- Surcharge is levied on firm, co-operative society and local authority at the rate of 12% on tax where the total income exceeds ₹1,00,00,000.

- Surcharge is levied on domestic companies at the rate of 7% on tax where the income exceeds ₹1,00,00,000 but does not exceed ₹10,00,00,000 and at the rate of 12% on tax where the income exceeds ₹10,00,00,000.

- Surcharge is levied on every company other than domestic company at the rate of 2% on tax where the income exceeds ₹1,00,00,000 but does not exceed ₹10,00,00,000 and at the rate of 5% on tax where the income exceeds ₹10,00,00,000.

- Health and Education Cess is to be applied at 4% on aggregate of base tax and surcharge.

f. As per Section 74 of the I.T. Act, short-term capital loss on debentures suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long term capital gains. Long-term capital loss on debentures suffered during the year is allowed to be set-off only

[1] The Central Board of Direct Taxes has vide its press release dated 24 August 2019 withdrawn enhanced surcharge levied by Finance (No. 2) Act, 2019 on tax payable on income arising from the transfer of equity share/unit referred to in section 111A and section 112A of the I.T. Act from the current FY 2019-20. Further, tax payable on gains arising from the transfer of derivatives (Future & options) by FPI which are liable to special rate of tax under section 115AD of the I.T.Act shall also be exempted from the levy of the enhanced surcharge

against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

g. In case debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising therefrom are generally treated as capital gains or business income as the case may be depending whether the same is held as Stock in trade or investment. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterization and hold such gains/income as interest income in the hands of such Debenture Holder(s). Further, cumulative or regular returns on debentures held till maturity would generally be taxable as interest income taxable under the head Income from other sources where debentures are held as investments or business income where debentures are held as trading asset / stock in trade.

h. Securities Transaction Tax ("STT") is a tax levied on all transactions in specified securities done on the stock exchanges at rates prescribed by the Central Government from time to time. STT is not applicable on transactions in the debentures.

i. Interest on application money and interest on refund application would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 194A of the I.T. Act

B. Tax benefits available to the Non-Resident Debenture Holders

1. A non-resident Indian has an option to be governed by Chapter XII -A of the I.T. Act, subject to the provisions contained therein which are given in brief as under:

a. As per section 115C(e) of the Act, the term "non-resident Indian" means an individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

b. As per section 115E of the I.T. Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%, whereas, long term capital gains on transfer of such debentures will be taxable at 10% of such capital gains without indexation of cost of acquisition. Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.

c. As per section 115F of the I.T. Act, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax to the extent the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in section10(4B) of the I.T. Act in accordance with and subject to the provisions contained therein.

The exemption shall be as under:

- Where the cost of the new asset is equal to or higher than the net consideration received from sale of the debentures, the entire amount of capital gains shall not be chargeable to tax;

- Where the cost of the new asset is less than the net consideration in respect of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of acquisition of the new asset bears to the net consideration shall not be chargeable to tax.

The abovementioned tax benefits shall be available only where the new asset is held for a minimum period of 3 years from the date of its purchase. If the new assets are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the new assets are transferred or converted into money.

d. As per section 115G of the I.T. Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the I.T. Act, if his total income consists only of investment income as defined under section 115C and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the I.T. Act in accordance with and subject to the provisions contained therein.

e. As per section 115H of the I.T. Act, where a non-resident Indian becomes assessable as resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII -A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.

2. In accordance with and subject to the provisions of section 115-I of the I.T. Act, a non-resident Indian may opt not to be governed by the provisions of Chapter XII -A of the I.T. Act. In that case,

- Long term capital gains on transfer of listed debentures would be subject to tax at the rate of 10%computed without indexation.

- Investment income and Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act

3. Under Section 195 of the I.T. Act, the applicable rate of tax deduction at source is 20% on investment income and 10% on any long-term capital gains as per section 115E of the I.T. Act, and at the normal rates for Short Term Capital Gains if the payee debenture holder is a non-resident Indian. The tax rates shall be increased by applicable surcharge and cess.

4. As per Section 74 of the I.T. Act, short-term capital loss suffered during the year is allowed to be set- off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long term capital loss suffered during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

5. The rate at which tax is deducted shall be increased by a surcharge[2] as under:

- In the case of non-resident Indian surcharge at the rate of 10% of such tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds ₹50,00,000 but not exceeding ₹1,00,00,000, 15% of such tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds ₹1,00,00,000. but not exceeding ₹2,00,00,000, 25 % of such tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds ₹2,00,00,000 but not exceeding ₹5,00,00,000 and 37% of such tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds ₹5,00,00,000.

- In case of foreign companies, where the income paid or likely to be paid exceeds ₹1,00,00,000 but does not exceed ₹10,00,00,000 a surcharge of 2% of such tax liability is payable and when such income paid or likely to be paid exceeds ₹10,00,00,000, surcharge at 5% of such tax is payable.

6. The rate at which tax is deducted shall further be increased by cess of 4%. Where surcharge is not applicable, the rate of cess shall be added directly to the rate at which tax shall be deducted. Where surcharge is applicable, the cess shall be added to the rate of tax arrived at after considering the surcharge rate.

7. As per section 90(2) of the I.T. Act read with the Circular no. 728 dated 30 October 1995 issued by the Central Board of Direct Taxes, in the case of a remittance to a country with which a Double Tax Avoidance Agreement

[2]The Central Board of Direct Taxes has vide its press release dated 24 August 2019 withdrawn enhanced surcharge levied by Finance (No. 2) Act, 2019 on tax payable on income arising from the transfer of equity share/unit referred to in section 111A and section 112A of the I.T. Act from the current FY 2019-20. Further, tax payable on gains arising from the transfer of derivatives (Future & options) by FPI which are liable to special rate of tax under section 115AD of the I.T. Act shall also be exempted from the levy of the enhanced surcharge.

(DTAA) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the Assessee. However, submission of tax residency certificate ("TRC") is a mandatory condition for availing benefits under any DTAA. If the TRC does not contain the prescribed particulars, a self - declaration in Form 10F would need to be provided by the Assessee along with TRC.

8. Alternatively, to ensure non deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under section 195(2) & 195(3) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest. However, an application for the issuance of such certificate would not be entertained in the absence of PAN as per the provisions of section 206AA.

9. Where, debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising there from are generally treated as capital gains or business income as the case may be. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterization (especially considering the provisions explained in Para V below) and hold the such gains/income as interest income in the hands of such Debenture Holder(s). Further, cumulative or regular returns on debentures held till maturity would generally be taxable as interest income taxable under the head Income from other sources where debentures are held as investments or business income where debentures are held as trading asset /stock in trade.

10. Interest on application money and interest on refund application would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 195 of the I.T. Act

C. Tax benefits available to the Foreign Institutional Investors ("FIIs / FPIs")

1. As per Section 2(14) of the I.T. Act, any securities held by FIIs / FPIs which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FIIs / FPIs as capital gains.

2. In accordance with and subject to the provisions of section 115AD of the I.T. Act, long term capital gains on transfer of debentures by FIIs / FPIs are taxable at 10% (plus applicable surcharge and cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of section 48 of the I.T. Act will not apply.

3. The Finance Act, 2013 (by way of insertion of a new section 194LD in the I.T. Act) provides for lower rate of withholding tax at the rate of 5% on payment by way of interest paid by an Indian company to FIIs/FPIs and Qualified Foreign Investor in respect of rupee denominated bond of an Indian company between June1, 2013 and July 1, 2020 provided such rate does not exceed the rate as may be notified by the Government.

4. In accordance with and subject to the provisions of section 196D(1) of the I.T. Act, the interest income received by the FII/FPI shall be subject to withholding tax @ 20% (plus surcharge and cess). Further, as per section 196D (2) of the I.T. Act, no tax shall be deducted at source on capital gains arising on the transfer of debentures by FIIs/FPIs.

5. The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of Section 115AD of the I.T. Act.

D. Tax benefits available to Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

Further, as per the provisions of section 196 of the I.T. Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under Section 10(23D) of the I.T. Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.

E. General Anti-Avoidance Rule ('GAAR')

In terms of Chapter XA of the I.T. Act, General Anti-Avoidance Rule may be invoked notwithstanding anything contained in the I.T. Act. By this Rule, any arrangement entered into by an assessee may be declared to be impermissible avoidance arrangement as defined in that Chapter and the consequence would be inter-alia denial of tax benefit. Applicable w.e.f 1-04-2017, the GAAR provisions can be said to be not applicable in certain circumstances viz. the main purpose of arrangement is not to obtain a tax benefit etc. including circumstances enumerated in CBDT Notification No. 68 75/2013 dated 23 September 2013.

F. Exemption under section 54E and section 54F of the I.T. Act

1. Section 54E of the I.T. Act provides that any long-term capital gains on transfer of a long term capital asset, including debentures, (hereinafter referred to as 'original asset') shall be exempt from capital gain tax to the extent the net consideration is invested, within six months after the date of transfer of the original asset, in any specified assets such as government saving certificates, rural development bonds, etc., in accordance with and subject to the provisions contained therein. The exemption shall be as under:

   - Where the cost of the new asset is equal to or higher than the net consideration received from sale of the debentures, the entire amount of capital gains shall not be chargeable to tax;
   - Where the cost of the new asset is less than the net consideration in respect of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of acquisition of the new asset bears to the net consideration shall not be chargeable to tax.

   The abovementioned tax benefits shall be available only where the new asset is held for a minimum period of 3 years from the date of its purchase. Where the new asset is transferred within a period of 3 years from its date of purchase, the capital gain arising from transfer of the original asset claimed as exempt shall be deemed to be capital gains chargeable to tax in the year in which the new asset is transfer

2. As per the provisions of section 54F of the I.T. Act, any long-term capital gains on transfer of a long term capital asset (not being residential house) arising to a debenture holder who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis. This exemption is available, subject to the condition that the debenture holder does not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the debenture holder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

G. Requirement to furnish PAN under the I.T. Act

1. Section 139A(5A) of the I.T. Act requires every person receiving any sum or income or amount from which tax has been deducted under Chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deducting such tax.

2. Section 139A(6A) of the I.T. Act requires every person entering into certain transactions, as may be prescribed, to quote his PAN or Aadhar number, in the documents pertaining to such transactions and also authenticate such PAN or Aadhar number, in the manner prescribed.

3. Section 206AA of the I.T. Act requires every person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVIIB ("deductee") to furnish his PAN to the deductor, failing which tax shall be deducted at the higher of the following rates:

i. at the rate specified in the relevant provision of the I.T. Act; or
ii. at the rate or rates in force; or
iii. at the rate of twenty per cent.

However, new rule 37BC of the Income Tax Rules provides that the provisions of section 206AA of the Act shall not apply on payments made to non-resident deductee who do not have PAN in India. The non-resident deductee in this regard, shall be required to furnish few prescribed details inter alia TRC and Tax Identification Number (TIN).

A declaration under Section 197A(1) or 197A(1A) or 197A(1C) shall not be valid unless the person furnishes his PAN in such declaration and the deductor is required to deduct tax as per Para (a) above in such a case.

Where a wrong PAN is provided, it will be regarded as non-furnishing of PAN and Para (a) above will apply apart from penal consequences.

H. Taxability of Gifts received for nil or inadequate consideration

As per section 56(2)(x) of the I.T. Act, where any person receives debentures from any person on or after April 01, 2017:

(a) without consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such debentures; or

(b) for a consideration which is less than the aggregate fair market value of the debenture by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such debentures as exceeds such consideration;

shall be taxable as the income of the recipient at the normal rates of tax. The above is subject to few exceptions as stated in section 56(2)(x) of the I.T. Act.

NOTES:

1. The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of debentures/bonds.

2. The above statement covers only certain relevant benefits under the Income-tax Act, 1961 and does not cover benefits under any other law.

3. The above statement of possible tax benefits is as per the current direct tax laws relevant for the Assessment Year 2020-21 (considering the amendments made by Finance (No. 2) Act, 2019).

4. Further, several of these benefits are dependent on the Debenture Holder fulfilling the conditions prescribed under the relevant provisions.

5. This statement is intended only to provide general information to the Debenture Holder(s) and is neither

a. designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax
b. consequences, each Debenture Holder is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its holding in the debentures of the Company.

6. The stated benefits will be available only to the sole/ first named holder in case the debenture is held by joint holders.

7. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the nonresident has fiscal domicile.

8. In respect of non-residents, taxes paid in India could be claimed as a credit in accordance with the provisions of the relevant tax treaty and applicable domestic law.

9. No assurance is given that the revenue authorities/courts will concur with the views expressed herein.

   Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct.

   We will not be liable to any other person in respect of this statement.

SECTION IV – ABOUT OUR COMPANY

INDUSTRY OVERVIEW

*The following information includes extracts from publicly available information, data and statistics derived from reports prepared by third party consultants, including ICRA Reports titled "**Indian Mortgage Finance Market**" dated June 2019 and various reports published by ICRA on Indian Economy, private publications, and industry reports prepared by various ministries, as well as other sources, which have not been prepared or independently verified by the Company, the Lead Manager or any of its respective affiliates or advisors. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed, and their reliability cannot be assured. The information may not be consistent with other information compiled by third parties within or outside India. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded off for presentation in this Prospectus. Accordingly, investment decisions should not be based on such information. Certain data has been reclassified for the purpose of presentation and much of the available information is based on best estimates and should therefore be regarded as indicative only and treated with appropriate caution.*

Following is the disclaimer of ICRA: "All information and data contained in the Report has been obtained by ICRA from sources believed by ICRA to be accurate and reliable. Although reasonable care has been taken to ensure that the information therein is true, such information is provided 'as is' without any warranty of any kind, and in particular, makes no representation or warranty, express or implied, as to the accuracy, timelines or completeness of any such information. All information and data contained therein must be construed solely as statements of opinion and not any recommendation for investment. ICRA shall not be liable for any losses incurred by users from any use of the Report or is contents. Also, ICRA may provide credit rating and other permissible services to the company at arms-length basis."

Global Economy

Global economic activity continued to soften at the start of 2019, with trade and manufacturing showing signs of marked weakness. Heightened policy uncertainty, including a recent re-escalation of trade tensions between major economies, has been accompanied by a deceleration in global investment and a decline in confidence. Activity in major advanced economies - particularly in the Euro Area - as well as in some large emerging market and developing economies (EMDEs) has been weaker than previously expected. Recent high frequency indicators suggest this period of weakness may be receding; however, global activity remains subdued.

Amid low global inflation and a deterioration of the growth outlook, the prospect that the U.S. Federal Reserve and other major central banks will tighten monetary policy in the near term has faded, leading to an easing in global financing conditions and a recovery of capital flows to EMDEs. However, weakening external demand has weighed on export growth across EMDE regions. Although demand for industrial commodities has generally softened, prices have partially recovered because of tightening supply conditions. EMDE growth momentum continues to be generally subdued, as slowing global trade and persistent policy uncertainty in key economies are only partially offset by recent improvements in external financing conditions.
(Source: Report on Global Economic Prospects, June 2019 by 'The World Bank')

Global Growth Outlook

Global growth is projected at 3.2 percent for 2019, improving to 3.5 percent in 2020. On the trade front, the forecast reflects the May 2019 increase of US tariffs on $200 billion of Chinese exports from 10 percent to 25 percent, and retaliation by China. The downgrades to the growth forecast for China and emerging Asia are broadly consistent with the simulated impact of intensifying trade tensions and associated confidence effects.

The projected pickup in global growth in 2020 relies importantly on several factors: (1) financial market sentiment staying generally supportive; (2) continued fading of temporary drags, notably in the euro area; (3) stabilization in some stressed emerging market economies, such as Argentina and Turkey; and (4) avoiding even sharper collapses in others, such as Iran and Venezuela. About 70 percent of the increase in the global growth forecast for 2020 relative to 2019 is accounted for by projected stabilization or recovery in stressed economies. In turn, these factors rely on a conducive global policy backdrop that ensures the dovish tilt of central banks and the buildup of policy stimulus in China are not blunted by escalating trade tensions or a disorderly Brexit.

For advanced economies, growth is projected at 1.9 percent in 2019 and 1.7 percent in 2020. In the United States, 2019 growth is expected to be 2.6 percent, moderating to 1.9 percent in 2020 as the fiscal stimulus unwinds. In the euro area growth is projected at 1.3 percent in 2019 and 1.6 percent in 2020. The United Kingdom is set to expand at 1.3 percent in 2019 and 1.4 percent in 2020. Japan's economy is set to grow by 0.9 percent in 2019 and is projected to decline to 0.4 percent in 2020.

The emerging market and developing economy group is expected to grow at 4.1 percent in 2019, rising to 4.7 percent in 2020. Emerging and developing Asia is expected to grow at 6.2 percent in 2019-20. In China, the negative effects of escalating tariffs and weakening external demand have added pressure to an economy already in the midst of a structural slowdown and needed regulatory strengthening to rein in high dependence on debt. With policy stimulus expected to support activity in the face of the adverse external shock, growth is forecast at 6.2 percent in 2019 and 6.0 percent in 2020. India's economy is set to grow at 7.0 percent in 2019, picking up to 7.2 percent in 2020.
(Source: https://www.imf.org/en/Publications/WEO/Issues/2019/07/18/WEOupdateJuly2019)

Overview of the World Economic Outlook Projections

(Percent change, unless noted otherwise)

	Year over Year						Q4 over Q4 2/		
			Projections		Difference from April 2019 WEO Projections 1/			Projections	
	2017	2018	2019	2020	2019	2020	2018	2019	2020
World Output	3.8	3.6	3.2	3.5	–0.1	–0.1	3.3	3.4	3.5
Advanced Economies	2.4	2.2	1.9	1.7	0.1	0.0	2.0	1.8	1.8
United States	2.2	2.9	2.6	1.9	0.3	0.0	3.0	2.3	1.9
Euro Area	2.4	1.9	1.3	1.6	0.0	0.1	1.2	1.6	1.5
Germany 3/	2.2	1.4	0.7	1.7	–0.1	0.3	0.6	1.2	1.2
France	2.3	1.7	1.3	1.4	0.0	0.0	1.2	1.3	1.4
Italy	1.7	0.9	0.1	0.8	0.0	–0.1	0.0	0.5	0.9
Spain	3.0	2.6	2.3	1.9	0.2	0.0	2.3	2.1	1.9
Japan	1.9	0.8	0.9	0.4	–0.1	–0.1	0.3	0.2	1.4
United Kingdom	1.8	1.4	1.3	1.4	0.1	0.0	1.4	1.2	1.6
Canada	3.0	1.9	1.5	1.9	0.0	0.0	1.6	1.8	1.7
Other Advanced Economies 4/	2.9	2.6	2.1	2.4	–0.1	–0.1	2.3	2.4	2.4
Emerging Market and Developing Economies	4.8	4.5	4.1	4.7	–0.3	–0.1	4.5	4.8	4.9
Commonwealth of Independent States	2.2	2.7	1.9	2.4	–0.3	0.1	3.1	2.2	1.4
Russia	1.6	2.3	1.2	1.9	–0.4	0.2	2.9	2.0	1.0
Excluding Russia	3.5	3.9	3.5	3.7	0.0	0.0	...	...	...
Emerging and Developing Asia	6.6	6.4	6.2	6.2	–0.1	–0.1	6.0	6.3	6.1
China	6.8	6.6	6.2	6.0	–0.1	–0.1	6.4	6.1	5.9
India 5/	7.2	6.8	7.0	7.2	–0.3	–0.3	5.8	7.7	7.1
ASEAN-5 6/	5.3	5.2	5.0	5.1	–0.1	–0.1	5.2	5.0	5.3
Emerging and Developing Europe	6.1	3.6	1.0	2.3	0.2	–0.5	0.7	1.4	3.3
Latin America and the Caribbean	1.2	1.0	0.6	2.3	–0.8	–0.1	0.3	1.0	2.1
Brazil	1.1	1.1	0.8	2.4	–1.3	–0.1	1.1	1.3	2.5
Mexico	2.1	2.0	0.9	1.9	–0.7	0.0	1.6	1.3	1.6
Middle East, North Africa, Afghanistan, and Pakistan	2.1	1.6	1.0	3.0	–0.5	–0.2	...	...	...
Saudi Arabia	–0.7	2.2	1.9	3.0	0.1	0.9	3.6	2.4	2.8
Sub-Saharan Africa	2.9	3.1	3.4	3.6	–0.1	–0.1	...	...	...
Nigeria	0.8	1.9	2.3	2.6	0.2	0.1	...	...	...
South Africa	1.4	0.8	0.7	1.1	–0.5	–0.4	0.2	1.0	0.3
Memorandum									
Low-Income Developing Countries	4.7	4.9	4.9	5.1	–0.1	0.0	...	...	...
World Growth Based on Market Exchange Rates	3.2	3.0	2.7	2.9	0.0	0.0	2.8	2.7	2.8
World Trade Volume (goods and services) 7/	5.5	3.7	2.5	3.7	–0.9	–0.2	...	...	...
Advanced Economies	4.4	3.1	2.2	3.1	–0.6	0.0	...	...	...
Emerging Market and Developing Economies	7.4	4.7	2.9	4.8	–1.4	–0.3	...	...	...
Commodity Prices (US dollars)									
Oil 8/	23.3	29.4	–4.1	–2.5	9.3	–2.3	9.5	4.3	–7.0
Nonfuel (average based on world commodity import weights)	6.4	1.6	–0.6	0.5	–0.4	–0.6	–1.8	2.5	0.6
Consumer Prices									
Advanced Economies	1.7	2.0	1.6	2.0	0.0	–0.1	1.9	1.9	1.8
Emerging Market and Developing Economies 9/	4.3	4.8	4.8	4.7	–0.1	0.0	4.2	4.1	4.0
London Interbank Offered Rate (percent)									
On US Dollar Deposits (six month)	1.5	2.5	2.4	2.3	–0.8	–1.5	...	...	...
On Euro Deposits (three month)	–0.3	–0.3	–0.3	–0.3	0.0	–0.1	...	...	...
On Japanese Yen Deposits (six month)	0.0	0.0	0.0	0.0	0.0	0.0	...	...	...

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during April 26–May 24, 2019. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. WEO = *World Economic Outlook*.
1/ Difference based on rounded figures for the current and April 2019 *World Economic Outlook* forecasts. Countries whose forecasts have been updated relative to April 2019 *World Economic Outlook* forecasts account for 90 percent of world GDP measured at purchasing-power-parity weights.
2/ For world output, the quarterly estimates and projections account for approximately 90 percent of annual world GDP measured at purchasing-power-parity weights. For emerging market and developing economies, the quarterly estimates and projections account for approximately 80 percent of annual emerging market and developing economies' GDP measured at purchasing-power-parity weights.
3/ For Germany, the upward revision to the growth rate for 2020, a leap year, is due to the change in the GDP definition from a seasonally and working-day-adjusted (SWDA) basis in the April 2019 WEO to a nonadjusted basis. The 2020 growth projection on a SWDA basis has been revised down by 0.1 percentage point relative to the April 2019 WEO.
4/ Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.
5/ For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with FY2011/12 as a base year.
6/ Indonesia, Malaysia, Philippines, Thailand, Vietnam.
7/ Simple average of growth rates for export and import volumes (goods and services).
8/ Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was $68.33 in 2018; the assumed price, based on futures markets (as of May 28, 2019), is $65.52 in 2019 and $63.88 in 2020.
9/ Excludes Venezuela.

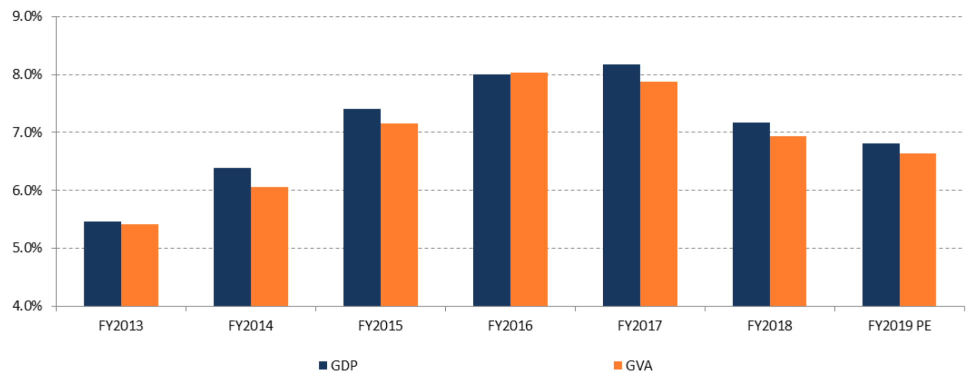
(Source: https://www.imf.org/en/Publications/WEO/Issues/2019/07/18/WEOupdateJuly2019)

OVERVIEW OF INDIAN ECONOMY

Indian GDP growth in FY2018 and FY2019

Growth of Indian GDP and gross value added (GVA) at basic prices displayed an uptrend from FY2013 to FY2016. GDP and GVA growth rose from the subdued prints of 5.5% and 5.4%, respectively, in FY2013, to the robust 8.0, each in FY2016. However, the GDP and GVA growth witnessed a slowdown to 7.2% and 6.9%, respectively, in FY2018, and subsequently to 6.8% and 6.6%, respectively, in FY2019. The decline in GDP growth in FY2019 relative to FY2018 was led by Government Final Consumption Expenditure (GFCE; to +9.2% from +15.0%, respectively), even as Private Final Consumption Expenditure (PFCE), Gross Fixed Capital Formation (GFCF), and exports recorded an uptick (to +8.1%, +10.0%, and +12.5%, respectively, from +7.4%, +9.3%, and +4.7%, respectively). Moreover, there was a downtrend in the growth in FY2019 relative to FY2018 for inventories and valuables (to +4.8% and -9.0%, respectively from +21.2% and +27.4%, respectively). The dip in the GVA growth in FY2019 relative to FY2018 was driven by a substantial downtick in the growth of agriculture (to +2.9% from +5.0%) and a mild slowdown in the expansion of services (to +7.5% from +8.1%), which together more-than-offset the moderate improvement in growth in industry (to +6.9% from +5.9%).

Exhibit 2: YoY Growth in GDP and GVA at basic prices (Constant 2011-12 Prices)



Source: Central Statistics Organisation (CSO); CEIC; ICRA research

Evidence from various sectors, such as auto production and FMCG, suggests that urban and rural consumption demand has weakened.

Moreover, the unfavourable temporal and spatial distribution of the southwest monsoon rainfall so far, is likely to restrain rural sentiment in the near term. A delayed onset and tardy progress of the initial monsoon rains led to a lag in the pace of kharif sowing of most crops. Moreover, the flooding in recent weeks in various states has emerged as a concern. A timely withdrawal of the monsoon will be crucial to bolster yields and prevent crop damage. However, the rapid replenishment of reservoirs bodes well for rabi sowing. The realisations from the kharif season and outlook for the rabi crops would crucially affect rural sentiment in H2 FY2020.

The cumulative Repo rate cuts of 110 bps and improved transmission of monetary easing would boost sentiment to some extent going forward. The reduction in risk weights for consumer credit announced by the Reserve Bank of India (RBI) may nudge lenders to cut their lending rates, resulting in lower EMIs for borrowers, which may boost consumer demand. Nevertheless, consumer sentiment and demand will remain contingent on the broader outlook for agricultural and economic growth, as well as availability of financing through NBFCs.

The outlook for Government spending, which was the key driver of GDP growth in Q1 FY2020, appears somewhat mixed. The pace of Central Government spending is expected to pick up in the post-Budget months. Moreover, additional spending may be incurred following the recent measures announced to arrest the slowdown in economic growth. However, a back-ended reduction or deferral in expenditure may have to be undertaken in Q4 FY2020, to prevent a fiscal slippage, particularly if tax revenue collections do not revive.

The measures announced by the Government so far to support the economy, should help to address some of the constraints to growth, by improving sentiment, addressing liquidity issues and the availability of credit in some sectors, aiding ease of doing business as well as hastening monetary transmission. However, a quick revival in private sector capacity expansion may be constrained by high leverage levels of some Corporates, moderate capacity utilization in many sectors and the availability of brownfield assets through the NCLT.

Although the pace of expansion is expected to rise in the subsequent quarters from the multi-year low recorded in Q1 FY2020, GVA and GDP growth are expected to print sub-6.5% in the current fiscal. Once consumption sentiment improves, cyclical factors reverse and structural constraints dissipate, the Indian economy is expected to expand in a range of 7.0-7.3% in the next two to three years.
(Source: ICRA Reports)

OVERVIEW OF THE HOUSING FINANCING INDUSTRY

As per ICRA's estimates, the on-book housing loan portfolio growth for housing finance companies (HFCs) and non-banking finance companies (NBFCs) reduced to 9% YoY for the year ended March 31, 2019 owing to the tight liquidity environment in H2 FY2019, which drove HFCs to lower their disbursements and augment their portfolio sales (through securitisation). Banks availed of this opportunity to increase their retail home loan portfolios and therefore, their growth increased to 19% in FY2019 (13% in FY2018) leading to overall market growth of 15% (17% in FY2018). Consequently, a modest shift in the market share was seen between the key lender segments in FY2019, with the market share of banks increasing to 64% as on March 31, 2019 from 62% as on March 31, 2018. This trend could continue for a couple of quarters. ICRA estimates that the total housing credit outstanding stood at around ₹19.1 lakh crore as on March 31, 2019.

Tight liquidity conditions, which have prevailed in the market since September 2018, impacted the growth plans of most HFCs with the on-book portfolio growth in FY2019 being low at 10%. Some HFCs witnessed a decline in their portfolios as well, owing to a significant decline in fresh disbursements and the high volume of securitisation required for the repayment of debt obligations.

Unlike most of the previous financial years, when the non-performing assets (NPAs) declined in the last quarter through enhanced recovery efforts, gross NPA (GNPA) increased to 1.4% as on March 31, 2019 (1.3% as on September 30, 2018) from 1.1% as on March 31, 2018. Some reduction in the NPAs was seen in the affordable new housing segment, to 4.7% as on March 31, 2019 from 5.0% as on December 31, 2018. However, this improvement was largely due to write-offs and the sale of NPAs by some HFCs.

With tight liquidity being witnessed in the debt markets since September 2018, HFCs began focussing on raising longer-tenure funds as well as on raising funds through the assignment route. The share of CPs declined significantly to 6% as on March 31, 2019 from 10% as on September 30, 2018.

Consequently, the liquidity profile of the HFCs in the short-term buckets improved Q3 FY2019 onwards with gaps in the up to 1-year bucket reducing to around 4% as on March 31, 2019 from around 6% as on December 31, 2018. Further, most of the HFCs continued to maintain on-balance sheet liquidity buffers for meeting near-term debt obligations and overcoming any sudden market disruptions.

The Reserve Bank of India (RBI), through its circular released on May 29, 2019, extended the dispensation on the relaxed minimum holding period (MHP) requirement for which the asset needs to reside on the books of the seller before it becomes eligible for securitisation. The period was extended to December 31, 2019 vis-à-vis May 2019 earlier (originally relaxed on November 29, 2018 for a period of six months). In ICRA's view, this would benefit HFCs and NBFCs offering mortgage loans where the loan tenure is typically more than five years. A greater proportion of their loan book would now become eligible for securitisation. Accordingly, these entities can raise more funds through the securitisation route, which will provide them with an additional funding source in a tight liquidity scenario. As per ICRA's estimates, based on the portfolios of HFCs and NBFCs as of March 2019, an additional ₹40,000 crore would become eligible for sell-down due to this change.

The overall profitability indicators for HFCs moderated marginally in FY2019 owing to some squeeze in the interest spreads because of the additional liquidity buffer maintained by many entities and the repricing of debt. Going forward, as most of the HFCs have increased their lending rates by 20-30 bps, the overall impact on net interest margins (NIMs) could be lower at around 15-25 bps. Further, a slowdown in growth is likely to impact the operating expense ratios.

EXHIBIT 1: Growth in Housing Credit

(Amounts in ₹ lakh crore; Source: Reserve Bank of India (RBI), ICRA research)

	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
HFCs and NBFCs	2.1	2.6	3.1	3.8	4.4	5.2	5.4	5.6	6.0	6.3	6.5	6.7	6.7	6.9
Scheduled Commercial Banks	4.2	4.8	5.7	6.6	7.9	9.1	9.1	9.6	9.9	10.3	10.5	11.1	11.5	12.2
Total Housing Credit	6.3	7.4	8.8	10.4	12.3	14.2	14.5	15.2	15.8	16.6	17.0	17.8	18.2	19.1
Growth														
Credit Growth - HFCs and NBFCs	22%	26%	20%	21%	17%	17%	20%	19%	19%	22%	20%	19%	13%	9%
redit Growth – SCBs	11%	15%	18%	17%	18%	15%	11%	13%	14%	13%	16%	16%	17%	19%
Overall Housing Credit Growth	14%	19%	19%	18%	18%	16%	15%	15%	16%	17%	17%	17%	16%	15%
% Share														
HFCs and NBFCs	33%	35%	35%	36%	36%	36%	37%	37%	38%	38%	38%	38%	37%	36%
Banks	67%	65%	65%	64%	64%	64%	63%	63%	62%	62%	62%	62%	63%	64%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

The overall on-book housing loan portfolio growth of HFCs and NBFCs reduced significantly to 9% YoY for the year ended March 2019. This was primarily because of two key reasons - the first being lower disbursements in H2 FY2019 following the liquidity crisis faced by HFCs since September 2018 and the second being portfolio sales made by HFCs through securitisation. Banks availed of this opportunity to increase their retail home loan portfolios and their growth increased to 19% YoY (13% for the same period last year) leading to overall market growth of 15% (17% for the same period last year).

EXHIBIT 4: Trends in On-book Portfolio Mix of HFCs

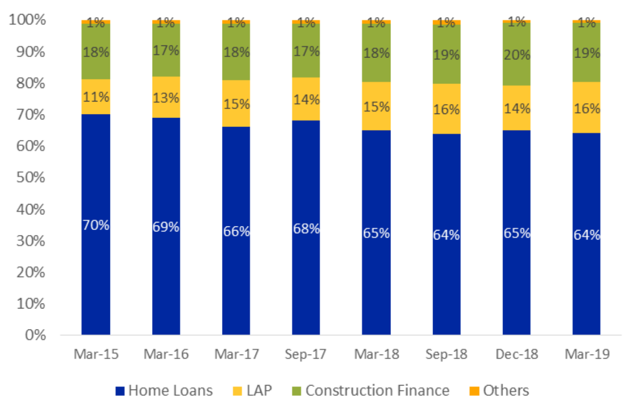
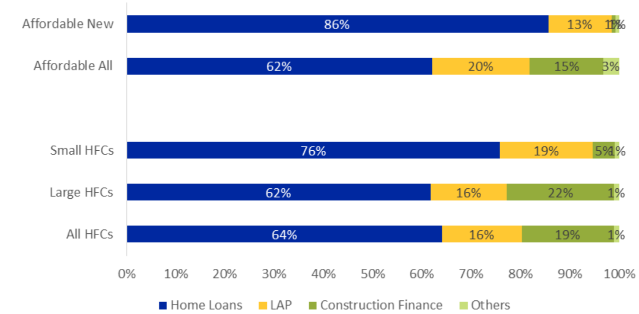


EXHIBIT 5: Comparison of On-book Portfolio Mix across HFC Groups as on March 31, 2019



Large HFCs had the maximum share of construction finance (including the lease rental discounting (LRD) portfolio among the HFC groups). Unlike their larger counterparts, the non-housing loan book of small HFCs mainly consists of LAP. LAP constituted 19% of the total loan book of small HFCs as on March 31, 2019 compared to 15% for all HFCs. Further, in terms of the borrower mix, small HFCs have a larger proportion of self-employed customers who tend to borrow against property for their business or personal needs, thus providing small HFCs with better opportunities for originating LAP. However, as can be seen from Exhibit 5, new HFCs operating in the affordable segment have a negligible share in construction finance and remain focused on the home loan segment, given the good growth potential and expectations of higher yields from this segment.

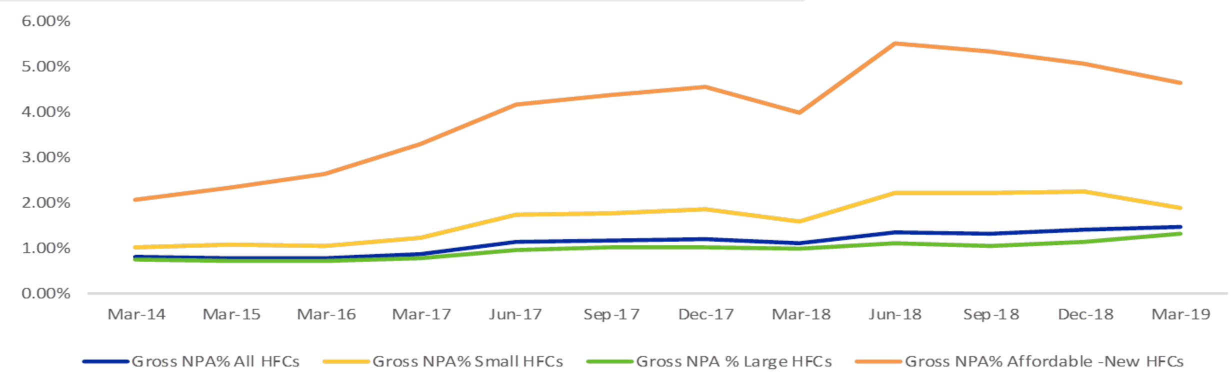
ICRA estimates that the total housing credit outstanding stood at around ₹19.1 lakh crore as on March 31, 2019. While ICRA expects the long-term prospects for the segment to remain good, disbursements in H1 FY2020 are also expected to be muted with housing credit growth likely to slow down further to 13-15% in FY2020. A modest shift in the market share was also seen in FY2019 between the key lender segments with the share of banks increasing to 64% as on March 31, 2019 from 62% as on March 31, 2018. This trend could continue for a couple of quarters.

Non-Performing Assets Trends

The overall GNPA (stage 3 assets as per revised Ind-AS June 2018 onwards) increased to 1.4% as on March 31, 2019 (1.3% as on September 30, 2018) from 1.1% as on March 31, 2018. Unlike most of the previous financial years, where the GNPA percentage increased during the first to third quarters and recoveries in the last quarter led to some reduction in GNPA%, HFCs continued to report an increase in the GNPA percentage in Q4 FY2019 due to slippages across all segments. Some improvement was seen in the affordable new segment with a reduction in NPAs to 4.7% as on March 31, 2019 from 5.0% as on December 31, 2018. However, this improvement was largely supported by write-offs and the sale of NPAs by a few HFCs.

As market liquidity remains tight, ICRA expects the self-employed segment to face longer working capital cycles and increased borrowing costs. Thus, delays in fresh financing/refinancing are expected to impact the business performance of these borrowers and the asset quality of the lenders, which could be more visible in FY2020.

EXHIBIT 6: Trends in Asset Quality Indicators



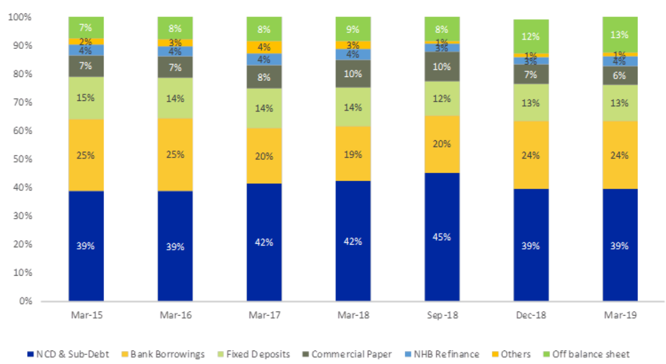
Asset Quality of HFCs

The asset quality could be under some pressure due to the challenging operating environment and the emerging risk factors discussed above. Further, under-construction properties sold by builders under subvention or buyback/assured return schemes could be more vulnerable as some of the builders are facing a liquidity crunch and their ability to honour these obligations may be limited. In ICRA's opinion, GNPAs in the HFC home loan segment are likely to increase to around 1.1-1.3% over the medium term from the current level of 1.0%. Moreover, given the tight liquidity faced by some developers with delayed projects, reduced fund availability to the developers could lead to some stress on the construction finance portfolio of the HFCs, leading to an increase in the overall GNPAs for HFCs to around 1.5-2% over the medium term.

Share of Securitisation

There has been a change in the borrowing mix of HFCs with a significant decline in Commercial paper borrowings to 6% of the overall funding as on March 31, 2019 from 10% as on September 30, 2018. The CP borrowings have largely been refinanced by raising long-term bank funding as well as securitisation. While the share of long-term bank funding increased to 24% as on March 31, 2019 from 21% as on September 30, 2018, the share of securitisation increased to 13% from 9% during this period. Further, there was a reduction in the share of debt market instruments owing to muted issuances during this period. Some of the larger HFCs also resorted to external commercial borrowing (ECB) issuances in Q4 FY2019 with ECBs accounting for around 2.2% of the borrowings as on March 31, 2019. In ICRA's estimates, HFCs would require around ₹4-4.5 lakh crore in FY2020 to meet the growth requirement of 10-14%. Part of this requirement could also be met through the securitisation of portfolios.

EXHIBIT 9: Borrowing Profile of all HFCs as of March 31, 2019



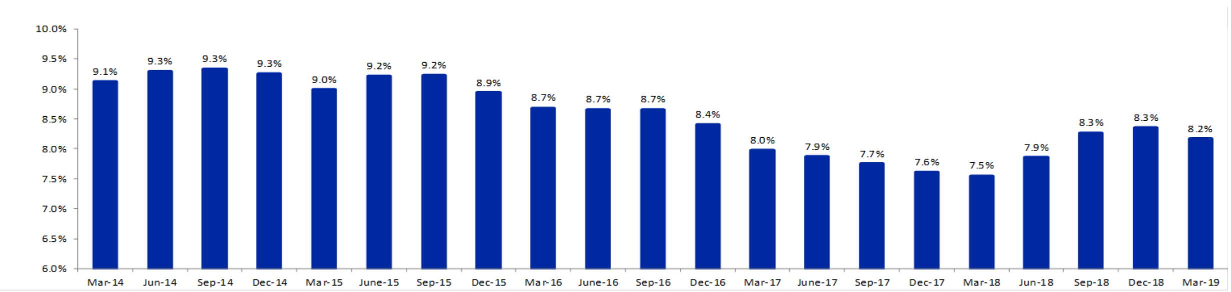
Incremental Funding Requirements

ICRA had analysed the structural liquidity statements for 17 entities as on December 31, 2018 and for 27 entities as on March 31, 2019 accounting for over 85% of the HFC portfolio. With the decline in the share of CP borrowings in the overall funding mix, the liquidity profile of HFCs in the short-term buckets improved in Q4 FY2019 and the gaps in the up to 1-year bucket reduced to 4% as on March 31, 2019 from around 6% as on December 31, 2018 (6% as on March 31, 2018). The structural liquidity statements include behavioural assumptions such as prepayment trends. Further, since most of the HFCs started building on-balance sheet liquidity buffers for meeting debt obligations, the gaps in the up to 3-month buckets have also reduced. However, HFCs would require additional funds for making incremental disbursements.

The overall cost of funds for HFCs reduced marginally in FY2019 owing to the following:

- Incremental cost of funds reduced in Q4 FY2019 vis-à-vis Q3 FY2019 for market instruments
- Marginal increase in share of NHB funding, which was provided at lower interest rates for some schemes
- Refinancing of maturing NCD borrowings at higher historical costs with bank funding
- Higher borrowings raised in the last few days of the financial year

EXHIBIT 11: Trend in Cost of Funds for HFCs



Capitalisation of HFCs

Aggregate on-balance sheet gearing remained at a similar level of 6.1 times as on March 31, 2019 (6.1 times as on December 31, 2018). Despite the high leverage of many HFCs, the reported capital adequacy remained good with a median CRAR of 18.7% as on March 31, 2019, supported by the relatively lower risk weights for home loans and commercial real estate loans for residential projects. While the overall capitalisation indicators are comfortable for the sector, the economic capitalisation indicators for some HFCs weakened owing to the increased vulnerability of the wholesale book leading to higher capital requirements. Further, some HFCs in the affordable segment would need additional capital to meet their growth plans. In ICRA's opinion, the overall capital requirement for FY2020 would be around ₹8,000- ₹10,000 crore.

The NHB's proposed amendments for capital adequacy, deposit mobilisation and leverage norms for HFCs are a positive from a risk perspective. In ICRA's opinion, most of the HFCs would be able to meet the revised norms on CRAR as most of them are nearing a CRAR of 15-16% and would have adequate cushion to raise Tier II capital and shore up the CRAR, if required. Also, the capital adequacy of HFCs is supported by the lower risk weights on smaller ticket size home loans, which are a growth area for most HFCs. It is also proposed to bring down the maximum permissible leverage for HFCs to 12 times by March 2022 from 16 times. While this is below the proposed ceiling limit, well-rated HFCs are expected to maintain a cushion over and above the regulatory limits and may need to raise external capital. As for the ceiling on deposits, none of the deposit-taking HFCs had deposits more than 2 times the net owned funds (NOF) as on March 31, 2019. Thus, the proposed guidelines may not impact the HFCs on this count.

EXHIBIT 14: Gearing for HFCs

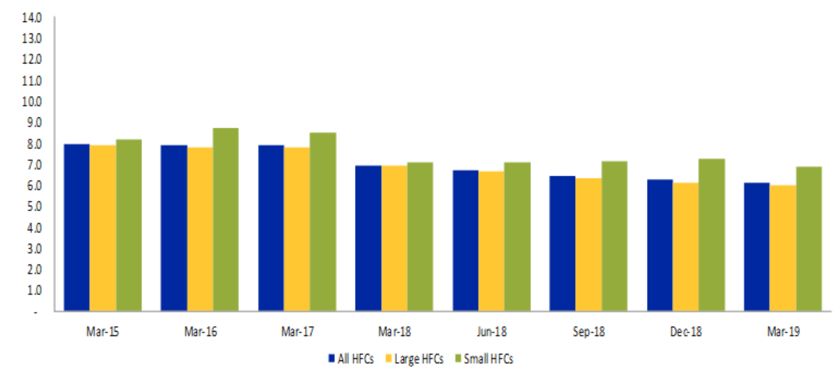


EXHIBIT 15: Capitalisation Indicators for HFCs

	Mar-15	Mar-16	Mar-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Net Worth/ On-balance Sheet Advances								
All HFCs	11.8%	11.6%	11.8%	12.7%	13.1%	13.7%	14.5%	15.2%
Small HFCs	12.3%	10.9%	11.5%	10.8%	11.1%	11.4%	11.5%	13.3%
Large HFCs	11.7%	11.8%	11.3%	13.0%	13.4%	14.1%	15.0%	15.6%
Median CRAR								
All HFCs	18.4%	19.2%	17.3%	18.9%	18.0%	18.3%	18.9%	18.7%
Small HFCs	15.4%	19.3%	19.7%	18.9%	18.5%	19.1%	19.4%	19.6%
Large HFCs	18.4%	19.2%	19.3%	17.6%	16.3%	17.3%	18.3%	22.8%

Profitability Indicators of HFCs

The overall profitability indicators for HFCs moderated marginally in FY2019 owing to some squeeze in the interest spreads due to the additional liquidity buffer maintained by many entities and the repricing of debt, as well as the additional provisioning made by some HFCs for select wholesale book exposures. Further, the non-interest income was supported by the higher upfront income booked by HFCs on assignment transactions (overall income earned from assignment transactions was 0.18% of average assets in FY2019). Going forward, as most of the HFCs have also increased their lending rates by 15-20 bps in FY2019, the net interest margins (NIMs) could be stable/marginally lower than FY2019 levels. Further, a slowdown in growth is likely to impact the operating expense ratios. While the profitability indicators for FY2020 are likely to remain with RoEs estimated at 13-15%, (partly supported by the upfront income booking on assignments), a prolonged slowdown in growth could impact the operating expense ratios and the quality of some asset classes, which could lead to a moderation in the profitability indicators over the medium term.

EXHIBIT 17: Trends in RoEs for HFCs

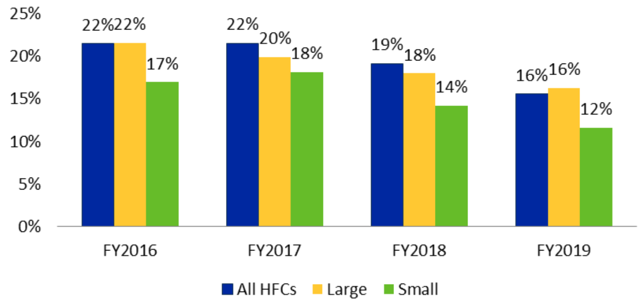


EXHIBIT 22: Trends in Mortgage Penetration in India

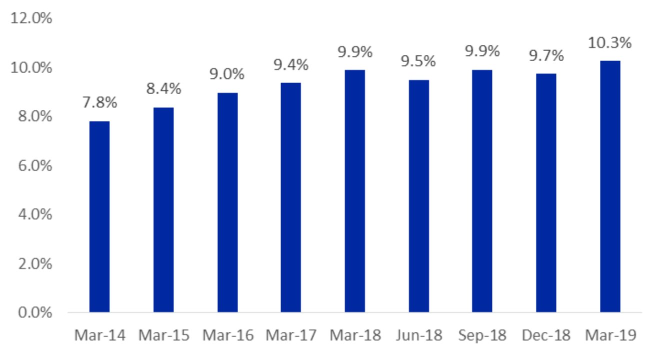
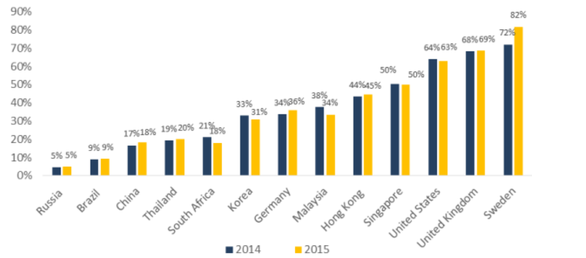


EXHIBIT 23: Housing Credit as a % of GDP for Various Countries

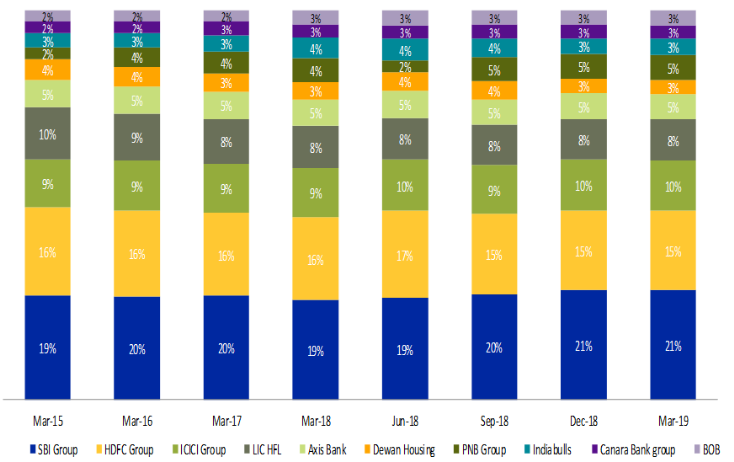


Source: ICRA research, HOFINET; Exhibit 22 and 23 show the total amount of home mortgage loans outstanding at the end of the year as a percentage of GDP (current)

Market Share

Notwithstanding the large number of participants in the housing finance market, the sector remains concentrated with the top 5 players – State Bank of India (SBI), HDFC Group (HDFC Limited, HDFC Bank and GRUH Finance), LIC Housing Finance Limited, ICICI Group, and Axis Bank – clearly dominating the market. Since the top 5 players were relatively less impacted by funding availability vis-à-vis others, their share increased to 58.6% as on March 31, 2019 from 57.1% as on March 31, 2018 (61% as on March 31, 2014), with support from portfolio buyouts. Owing to the increase in the market share of the top 5 players, the Herfindahl-Hirschman index (HHI index is used as a measure of market concentration. It is calculated by squaring the market share of each firm competing in a market, and then summing up the resulting numbers, and can range from close to 0 to 10,000) increased to 905 as on March 31, 2019 from 843 as on March 31, 2018.

EXHIBIT 24: Market Share of Key Players



Enabling Regulatory Environment

Pradhan Mantri Awas Yojana

The Government of India (GoI) launched the Housing for All mission under the Pradhan Mantri Awas Yojana (PMAY) in June 2015. The mission attempts to address the demand and supply-side constraints that had affected the sector's growth in the past. On the demand side, the GoI proposed a credit-linked subsidy capital, which could be as high as 44% (₹2,67,000) for a loan of up to ₹6,00,000. On December 31, 2016, the Prime Minister introduced two new middle-income categories under the scheme - loans of up to ₹9,00,000 and ₹12,00,000 with subvention of 4% and 3%, respectively. The income eligibility criteria for these two categories are overall household income of ₹12,00,000 and ₹18,00,000, respectively. These categories are likely to improve affordability for a wider set of borrowers, leading to increased growth potential in the affordable housing segment. However, the success of this action would hinge on the availability of supply of such houses. Initiatives taken by state governments and urban local bodies to provide land to keep the prices affordable, while ensuring adequate returns for the developers, would be critical for ensuring adequate supply of low-cost housing.

The Vote on Account has maintained its focus on Housing for All by 2022. Although the allocation is marginally lower compared to the last fiscal, it remains sizeable, which is likely to support the growth momentum in the affordable housing sector. On the supply side, the extension of tax benefits for affordable housing projects is likely to ensure adequate developer interest in the segment. On the demand side, the disposable income for low to middle income segment borrowers is expected to improve through tax exemptions. This could have a positive impact on HFCs, especially those operating in the affordable housing segment where typically the median income level of the borrowers is between ₹3 lakh and ₹6 lakh. The allocation for PMAY was ₹25,853 crore for FY2020 vs ₹26,405 crore for FY2019.

Credit Linked Subsidy Scheme

The table set out below highlights the salient terms of the Credit Linked Subsidy Scheme.

	CLSS FOR EWS/LIG	**CLSS FOR MIG (2018) (Additions)**	
Loan Amount	Up to ₹6,00,000	Up to ₹9,00,000	Up to ₹12,00,000
Eligibility Criteria	EWS (income of up to ₹3,00,000) and LIG (income of up to ₹6,00,000) Women to be co-owners along with the beneficiaries	MIG - I households are defined as households with an annual income between ₹6,00,001 and ₹12,00,000	MIG - II households are defined as households with an annual income between ₹12,00,001 and ₹18,00,000
Subsidy Calculation Rate Interest subsidy for a tenure of 20 years or during tenure of loan, whichever is lower; net present value (NPV) of interest subsidy to be calculated at a discount rate of 9%	6.5%	4%	3%
Subsidy Amount	Up to ₹2,67,000 (for a ₹6,00,000 loan) for 20-year tenure	Up to ₹2,35,000 (for a ₹9,00,000 loan) for 20-year tenure	Up to ₹2,30,000 (for a ₹12,00,000 loan) for 20-year tenure
Dwelling Unit Carpet Area	60 sq metre	160 sq metre (increased from 120 sq metre in June 2018)	200 sq metre (increased from 150 sq metre in June 2018)
Discount Rate for NPV Calculation	9%	9%	9%

Source: Ministry of Housing and Urban Poverty Alleviation, press releases

Progress of PMAY

According to ICRA Reports, though the progress in implementing the Scheme has been limited so far, the pace has started to pick up with around 80 lakh houses being sanctioned across various states. In addition, an amount of ₹44,039 crore was released under the PMAY Urban Scheme up to March 25, 2019. The Scheme is picking pace with an increase in the number of houses sanctioned as well as the number of beneficiaries of the subsidy. The top 5 performing states in the Credit Linked Subsidy Scheme (CLSS), as per the number of houses completed as on March 25, 2019, are Gujarat, Madhya Pradesh, Andhra Pradesh, Tamil Nadu and Maharashtra.

The number of houses completed as a proportion of the number of houses involved, though relatively low, has improved consistently to 24% as of March 2019 from 6% as of July 2017. However, the occupancy of the completed houses remains good at 95% as of March 2019. As per ICRA's outlook, the affordable housing segment would continue to benefit from the Government's focus on the Housing for All initiative as the NDA Government enters its second consecutive term.

EXHIBIT 26: Trends in Progress on No. of Houses Involved

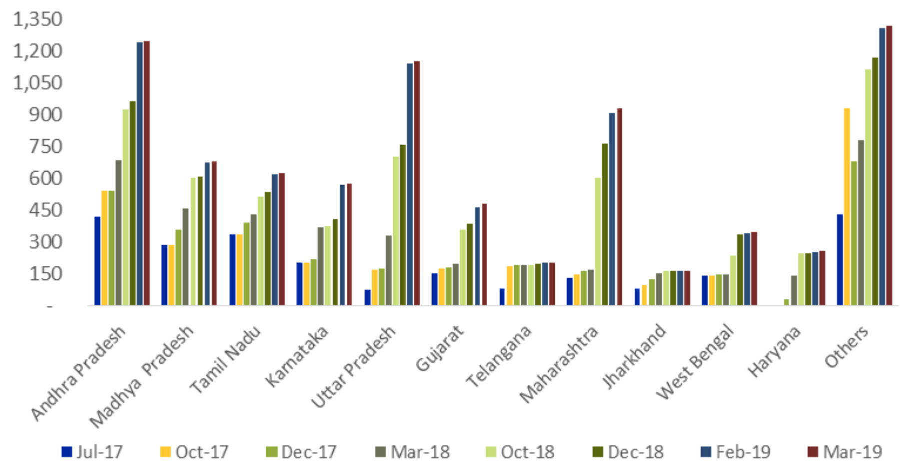
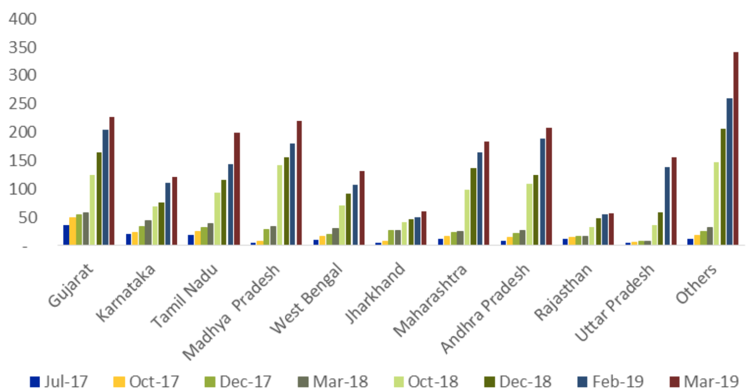


EXHIBIT 27: Trends in Progress on No. of Houses Completed



Source: Progress under PMAY, Ministry of Housing and Urban Affairs

(Source: ICRA Reports)

OUR BUSINESS

Unless otherwise stated or the context requires otherwise, references in this section to "we", "us" or "our" refers to Manappuram Home Finance Limited.

*Some of the information in the following section, specifically the information in relation to our plans and strategies, contain certain forward looking statements that involve risks and uncertainties. You should read "**Forward-Looking Statements**" on page 13 for a discussion of risks and uncertainties related to those statements and also "**Risk Factors**" on page 15, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.*

Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our IND AS Audited Financial Statements prepared in accordance with IND AS and Reformatted Financial Information for the fiscal 2018 and 2017, derived from audited financials prepared in accordance with Indian GAAP included in this Prospectus on page 102. We have included various operational and financial performance indicators in this section, some of which may not have been derived from our IND AS Audited Financial Statements and Reformatted Financial Information and which may not have been subject to an audit or review of the Statutory Auditor. The manner in which such operational and financial indicators are calculated and presented and the assumptions and estimates used in the calculation, may vary from that used by other entities in the business similar to ours.

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular the report titled "Indian Mortgage Finance Market", dated June, 2019 and various reports published by ICRA on Indian Economy, prepared and issued by ICRA. For details of risks in relation to ICRA Reports and other publications, see "Risk Factors-"Industry information included in this Prospectus has been derived from an industry report commissioned by us for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate" on page 28. Unless otherwise indicated, all industry and other related information derived from ICRA Reports and other publications included herein with respect to any particular year refers to such information for the relevant calendar year.

*The term asset under management ("**AUM**") in this section for the fiscal 2019 represents loans excluding impairment loss allowance, outstanding interest and impact of effective interest rate in accordance with IND AS and for fiscal 2018 and 2017 represents aggregate value of outstanding loans before adjustment for provisions for NPA.*

Overview

We are a non-deposit taking Housing Finance Company ("**HFC**"), registered with the National Housing Bank ("**NHB**") vide registration no. 08.0158.17 dated August 22, 2017, under the provisions of National Housing Finance Act, 1987. We were incorporated on October 7, 2010 and are a wholly owned subsidiary of Manappuram Finance Limited ("**MAFIL**"), and accordingly are part of Manappuram Group.

We are focused on providing affordable housing finance for the EWS, LIG and MIG segment primarily in Tier II and Tier III cities and towns in India. We offer two products namely Home Loan and Loan Against Property ("**LAP**"). We provide secured finance primarily to individual customers with focus on self-employed (professionals & non-professionals) and salaried (informal segment) for purchase, self-construction, improvement and extension of homes, new and resalable flats, balance transfer of existing loans, commercial properties (purchase/ LAP) and composite loan (land and construction). Our customer base consists of 6,184 customers (number of customers are considered based on number of loan accounts) and our total assets under management ("**AUM**") was ₹51,875.81 lakhs, based on IND AS, as on March 31, 2019.

Our Promoter, Manappuram Finance Limited ("MAFIL") is a systemically important non-deposit taking NBFC primarily focusing on providing loans against the pledge of household and/or used gold jewellery and providing short-term personal and business gold loan to individual customers. Our Promoter has a legacy of serving customers for over 27 years.

As our Company is positioned as an affordable housing finance segment, our target customer segments are the self-employed from the unorganised sectors who are usually deprived from obtaining financial assistance due to the lack of formal documentation and knowledge, or who are unable to meet stringent eligibility conditions established by banks for the approval of housing finance. Our Company has strengthened its presence in its area of operations with an emphasis on the unserved and under-served customer segments. As on March 31, 2019, the average ticket size of a Home Loan was ₹10.15 lakhs and for the LAP was ₹7.22 lakhs with an average tenure of loans being, approximately 16 years and 11 years, respectively. For details regarding various products offered and the maximum ticket size and tenure see "- *Our Products*" on page 75. As on August 20, 2019, our Company has 46 branches located across eight states namely Maharashtra, Gujarat, Tamil Nadu, Kerala, Karnataka, Rajasthan, Madhya Pradesh and Andhra Pradesh.

We source customers directly through our in-house sales team, as well as through our Direct Selling Agents ("DSA"). We have established marketing and branch network in order to market our products to our customers. Our branch network consisted of 46 branches as on August 20, 2019 and 35 branches each as on March 31, 2019, March 31, 2018 and March 31, 2017.

Our loan products are secured by creating a mortgage primarily on the properties for which we have provided finances. As on March 31, 2019, the total Home Loans provided by us was aggregating to ₹37,735.31 lakhs and comprised of 72.74% of the AUM. In addition, we also provide our customers with loans against property by allowing them to mortgage their property with us. As on March 31, 2019, the total non-home loan AUM, including LAP, aggregate to ₹14,140.50 lakhs and comprised of 27.26% of the total AUM.

We had 6184, 3957 and 2887 borrowers as at March 31, 2019, March 31, 2018 and March 31, 2017, respectively. Further, our AUM as at March 31, 2019 based on IND AS consisted of ₹51,875.81 lakhs and our AUM as at March 31, 2018 and March 31, 2017 based on Indian GAAP consisted ₹37,466.11 lakhs and ₹31,001.41 lakhs, respectively. Our gross non-performing assets as a percentage of our AUM as at March 31, 2019 based on IND AS stood at 3.85% and our gross NPA as a percentage of our AUM as at March 31, 2018 and March 31, 2017, based on Indian GAAP, stood at 4.77% and 1.49% respectively. Our net non-performing assets as a percentage of our AUM as at March 31, 2019 based on IND AS stood at 3.05% and our net non-performing assets as a percentage of our AUM as at March 31, 2018 and March 31, 2017 based on Indian GAAP stood at 3.95% and 1.26% respectively.

Our total borrowings as of March 31, 2019, were ₹34,620.60 lakhs. Our average cost of borrowings as a percentage of weighted average borrowings was 9.65%. Our ticket size for different products is subject to the following limits:

Product	**Minimum (₹ in lakhs)**	**Maximum (₹ in lakhs)**
Home Loan	0.50	35.00
LAP	1.00	35.00

Our total revenue from operations, as per IND AS Audited Financial Statements for fiscal 2019 was ₹6,628.11 lakhs and Reformatted Financial Information for fiscals 2018 and 2017 was ₹5,304.65 lakhs and ₹3,564.15 lakhs, respectively. Our net profit / (loss) after tax, as per our IND AS Audited Financial Statements for fiscal 2019 was ₹302.11 lakhs and our net profit / (loss), as Reformatted Financial Information for fiscals 2018 and 2017 was ₹(80.54) lakhs and ₹(107.02) lakhs, respectively.

Key Operational and Financial indicators of our Company

Our key operational and financial indicators for the financial year ended March 31, 2019 have been derived from IND AS Audited Financial Statements[1] and for the financial years ended March 31, 2018 and March 31, 2017, have been derived from Reformatted Financial Information are as follows:

(₹ in lakhs except percentage)

Parameters	**Fiscal 2019**
Equity[2]	18,997.80
Total Borrowings of which	34,620.60
-Debt securities	-
-Borrowings (other than debt securities)	34,620.60
-Subordinated Liabilities	-
Property, Plant and Equipment and Other Intangible assets[3]	160.16
Financial assets[4]	416.51
Non-financial assets[5]	142.80
Cash and cash equivalents including bank balances	1,924.90
Financial liabilities[6]	250.60
Non-financial liabilities[7]	134.00

Parameters	Fiscal 2019
Assets under Management[8]	51,875.81
Contingent Liability	-
Interest Income	6,443.44
Finance Costs	3,097.52
Impairment on financial instruments	54.22
Profit after Tax (PAT)	302.11
Total Comprehensive Income	305.19
Gross NPA as % of Loan assets *	3.85%
Net NPA as % of Loan Assets **	3.05%
CRAR - Tier I Capital Ratio (%)	61.81%
CRAR - Tier II Capital Ratio (%)	0.51%

** Gross NPA % = Gross NPA / (Assets Under Management)*
*** Net NPA % = (Gross NPA – Provisions for NPA) / (Assets Under Management– Provisions for NPA)*

Notes: The below notes are applicable to the key operational and financial parameters as at and for the financial year ended March 31, 2019, are as follows:

1. The Company has adopted IND AS notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, from April 1, 2018 and the effective date of such transition is April 1, 2017. Such transition has been carried out from the erstwhile Accounting Standards notified under the Companies Act. Accordingly, the impact of transition has been recorded in the opening reserves as at April 1, 2017 and the corresponding figures, presented in these results, have been restated / reclassified. Therefore, the financial information on March 31, 2019 are not comparable with previous years financial information.
2. "Equity" refers to the aggregate of Equity Share capital and other equity.
3. "Property, Plant and Equipment and Other Intangible assets" refers to the aggregate of property, plant and equipment, other intangible assets, capital work in progress and Intangible assets under development.
4. "Financial assets" refers to the aggregate of investments and other financial assets.
5. " Non-financial assets" referred to the aggregate of current tax assets (net), deferred tax assets (net) and other non- financial assets.
6. "Financial liabilities" refers to the aggregate of trade payables and other financial liabilities.
7. "Non-financial liabilities" refers to the aggregate of current tax liabilities (net), provisions and other non-financial liabilities.
8. "Asset under Management" refers to loans excluding impairment loss allowance, outstanding interest and impact of effective interest rate in accordance with IND AS.

A summary of our key operational and financial parameters as at and for the fiscals 2018 and 2017 based on IGAAP are as follows:

(₹ in lakhs except percentage)

Parameters	Fiscal 2018	Fiscal 2017
Net worth[1]	9,258.43	9,338.97
Total debt[2]	28,738.51	23,024.99
Of which		
-Non-current maturity of long term borrowings	21,895.65	20,590.47
-Short term borrowings	1,495.62	-
-Current maturity of long term borrowings	5,347.24	2,434.52
Net fixed assets[3]	211.79	196.08
Non-current assets (excluding Net Fixed Assets)	36,192.46	30,169.34
Cash and cash equivalents[4]	370.24	969.12
Current investment	-	-
Current assets[5]	1,673.01	1,317.58
Current liability[6]	295.61	140.88
Assets under management[7]	37,466.11	31,001.41
Off balance sheet assets	-	-
Contingent Liability	-	-
Interest income[8]	4,783.75	3,133.68
Interest expenses[9]	2,287.80	1,355.91
Provisioning and write-offs[10]	285.20	139.82
Profit / (Loss) after Tax	(80.54)	(107.02)
Gross NPA (%)[11]	4.77%	1.49%

Parameters	Fiscal 2018	Fiscal 2017
Net NPA (%)[12]	3.95%	1.26%
Tier I Capital Adequacy Ratio (%)[13]	39.50%	46.02%
Tier II Capital Adequacy Ratio (%)[14]	0.62%	0.60%

[1]Net worth means share capital and reserve and surplus
[2]Total debt represents aggregate of long term borrowings, current maturities of long term borrowings and short term borrowings
[3]Net fixed assets represents aggregate value of property, plant and equipment, intangible assets and capital work in progress
[4]Cash and Cash Equivalents represents cash and bank balances
[5] Current assets are excluding cash and cash equivalents and current investments.
[6]Current liabilities are excluding short term borrowings and current maturities of long term borrowings.
[7]AUM represents aggregate value of outstanding loans before adjustment for provisions for NPA
[8]Interest income represents aggregate of Interest income on loans
[9]Interest expense represents aggregate of Finance costs
[10]Provisioning and write-offs represents aggregate of provision for non-performing assets and standard assets
[11] Gross NPA % = Gross NPA / (Assets Under Management)
[12] Net NPA % = (Gross NPA – Provisions for NPA) / (Assets Under Management –Provisions for NPA)
[13]Tier I Capital Adequacy Ratio (%) represents Capital to risk asset ratio (CRAR) - Tier I Capital %
[14]Tier II Capital Adequacy Ratio (%) represents Capital to risk asset ratio (CRAR) - Tier II Capital %

The gross debt equity ratio of our Company as on March 31, 2019 is as follows:

Parameters	In times
Before the issue of debt securities as at March 31, 2019	1.82
After the issue of debt securities*	2.88

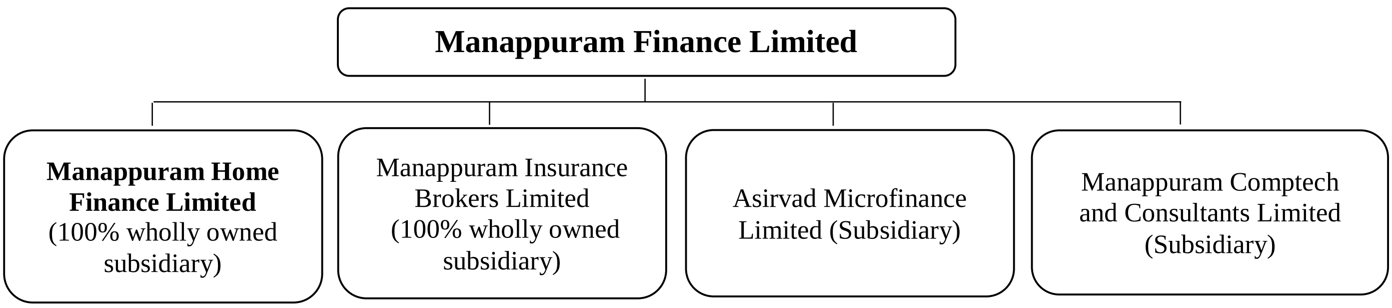
The debt equity ratio post the Issue is indicative and is on account of inflow of ₹20,000 lakhs from the Issue.

Note 1: The debt equity ratio post Issue is indicative.
Note 2: The debt equity ratio pre-issue is calculated based on the IND AS Audited Financial Statements as on March 31, 2019.
Note 3: The following events have occurred from April 01, 2019 to August 20, 2019 which may have an impact on the above calculation:

a) Our Company has raised funds of ₹4,197.06 lakhs from Dhanlaxmi Bank (Cash Credit facility), ₹6,310.89 lakhs from Kotak Mahindra Bank (Cash Credit Facility), ₹8,702.00 lakhs from South Indian Bank (Cash Credit Facility) and ₹11,500.00 lakhs from Manappuram Finance Limited (working capital demand loan).
b) Our Company has repaid ₹125.00 lakhs to Andhra Bank (Term Loan), ₹178.57 lakhs to Bank of India (Term Loan), ₹75.00 lakhs to CSB Bank Limited (Term Loan), ₹105.00 lakhs to Dhanlaxmi Bank (Term Loan), ₹4,243.58 lakhs to Dhanlaxmi Bank (Cash Credit Facility), ₹112.75 lakhs to HDFC Bank (Term Loan), ₹5,979.40 lakhs to Kotak Mahindra Bank (Cash Credit Facility), ₹4,500.00 lakhs to Manappuram Finance Limited (working capital demand loan), ₹208.33 lakhs to Punjab & Sind Bank (Term Loan), ₹8,721.70 lakhs to South Indian Bank (Cash Credit Facility), ₹470.24 lakhs to South Indian Bank (Term Loan) and ₹222.22 lakhs to Union Bank of India (Term Loan).
c) Our Company has repaid ₹2,450.15 lakhs of Commercial Papers.

Corporate Structure

Set forth below is the corporate structure of our Promoter and its subsidiaries:



Key Strengths

Strong Parentage and legacy of the 'Manappuram' brand

We are a wholly owned subsidiary of Manappuram Finance Limited, which is one of the well-known NBFC providing gold finance business in India. We believe that the Manappuram brand name is widely known throughout India and being a part of this group has significantly contributed to the business of our Company. Further, we believe that we can leverage the brand recall of ‘Manappuram’ amongst customers in order to generate revenue and expand our business. Further, we believe that we can utilise the vast branch network of MAFIL in order to educate potential customers about the availability of our home loan and other loan products. Further, we believe that the reputation of the ‘Manappuram’ brand plays an important role in our ability to reach out to new customers and obtain funding at competitive rates.

Diversified funding mix with better credit ratings

We use a variety of funding sources to optimize funding costs, protect interest margins and maintain a diverse funding portfolio that will enable us to further achieve funding stability and liquidity. Our weighted average borrowing cost as at March 31, 2019 based on IND AS was 9.65% and our weighted average borrowing cost as at March 31, 2018 and March 31, 2017 based on Indian GAAP was 9.20% and 9.90 %, respectively. Further, as at March 31, 2019, our total outstanding indebtedness based on IND AS was ₹34,620.60 lakhs. Of this, our sources of funding were primarily from banks and financial institutions 92.92% and commercial papers 7.08%. We aim to diversify our resources of funding and strive to have an optimal mix of borrowings from banks, financial institutions, as well as capital market instruments, subject to compliance with conditions prescribed by the NHB or any other regulatory authority from time to time.

We have received the following credit ratings for our borrowings:

Nature of Borrowings	Rating / Outlook	Rating Scale
Commercial Papers	CRISIL – ₹2,500 lakhs - CRISIL A1+ (Reaffirmed)	CRISIL A1+ rating indicates very strong degree of safety regarding timely payment of financial obligations
Long-term debt	CRISIL – ₹20,000 lakhs – CRISIL AA-/Stable CARE – ₹7,500 lakhs – CARE AA-;Stable Brickwork Ratings – ₹3,750 lakhs BWR A+ Outlook: Stable	CRISIL AA- rating indicates high degree of safety regarding timely servicing of financial obligations CARE AA- rating indicates high degree of safety regarding timely servicing of financial obligations BWR A+ rating indicates adequate degree of safety regarding timely servicing of financial obligation

We believe that these ratings allow us to access debt financing at competitive rates of interest.

Well Defined Processes

We believe that our well defined business processes ensure complete independence of function and segregation of responsibilities. Our effective credit approval and credit control processes, centralized operations unit, independent audit unit for checking compliance with the prescribed policies and approving all loans as per approved delegation matrix. Our risk management processes and policies provide for multiple checks & verifications for field investigation, document verification, KYC check, personal meetings with clients, legal parameters (including title search) and technical parameters (including collateral valuation). Further, we also get independent third party verification for documents, KYC check and collateral check.

For our Home Loans, the credit department evaluates proposals focusing on both the borrower and the security on various legal and technical parameters like title reports from empanelled lawyers. We believe our procedures have ensured that the eventual write off due to non-recovery have remained less than 0.10% of AUM during the last three fiscals.

Strong and experienced management team

Our Board of Directors comprises of individuals with years of valuable experience, who guide our strategy and operations. Further, the various committees constituted under the Board of Directors, such as the Risk Management Committee and Asset Liability Management Committee also aid in ensuring timely decision-making and effective governance. Our Chairman, Mr. Vazhappully Padmanabhan Nandakumar is the promoter and managing director of MAFIL and has experience in the field of financial services. Our Managing Director, Mr. Jeevandas Narayan, has experience in the field of financial services and his last assignment was with State Bank of Travancore as Managing

Director. He was also ranked among the top 40 CEOs by the BT-PwC list of India's Top 40 CEOs from the BFSI Sector 2015-16.

Additionally, our Directors, also have significant experience in financial services industry. Our core management team consists of individuals from diverse backgrounds with experience in several important areas, such as finance, credit evaluation, technical evaluation, risk management and marketing. This diversity allows us to benefit from their expertise in their respective roles and consequently allows us to adapt a creative and cross-functional approach in the management of our business. We believe that our senior management and talented and experienced executives are and would continue to be the principal drivers of our growth and success in all of our businesses.

Secured Loan Book and healthy asset quality

We provide finance which are secured against mortgage of residential property, land, commercial properties, either under construction or fully developed. As per our internal policy, we lend up to 50% of value of property for Loan against Property and up to 80% for Home Loans. We also take valuation reports for the security from two independent valuers and out of which, the lower of the two is considered for the LTV purpose. We believe this provides us with a cushion against possible defaults by the borrowers. We believe that our effective credit approval mechanisms, credit control processes, audit and risk management processes and policies help us maintain the quality of our loan portfolio.

Our gross non-performing assets and net non-performing assets as a percentage of our AUM as at March 31, 2019 based on IND AS stood at 3.85% and 3.05% respectively.

Effective internal controls and risk management systems

We believe that we have effective internal controls and risk management systems that allow us to assess and monitor risks across our business lines. Our Board has constituted various committees, including the Audit Committee, Asset Liability Management Committee and Risk Management Committee, to monitor and manage risks at various levels. We place an emphasis on risk management measures to ensure an appropriate balance between risk and return and have taken steps to implement robust and comprehensive policies and procedures to identify, measure, monitor and manage risks. All new product launches follow a rigorous internal approval process that requires assessing of risk and client suitability, understanding regulations and ensuring compliance with regulatory and internal policy prior to launch. We believe that we have effective procedures for evaluating and managing the market, credit and other relevant risks.

We have implemented the provisions of the SARFAESI Act for our recovery process of NPAs. Our branch managers and staff interact closely with customers at the time of loan disbursal. Their involvement extends to the collection process, thus ensuring both higher collection efficiency and stronger relationships. Our strict adherence to regulatory and supervisory norms, our systems-driven framework of supervisory committees and our Board are a few examples of how our corporate culture and policies contribute to our corporate governance and management of our NPAs.

Our Strategies

Strong growth opportunity supported by Government critical policy program

The 'Pradhan Mantri Awas Yojana' scheme introduced by the Government of India is an attempt to address the demand and supply – side constraints that had affected the growth of affordable housing in the past. On the demand side, the Government has introduced a credit – linked subsidy capital with an upper limit of 44% for a loan amount of up to of ₹6 lakhs (Source: ICRA Reports). Further, the Government has also included households with an overall annual household income of ₹12 lakhs and ₹18 lakhs within the scope of this scheme, with the former being provided a subvention of 4% and the latter being provided a subvention of 3%, respectively. (Source: ICRA Reports). The Pradhan Mantri Yojana is thus expected to improve affordability for a wider set of borrowers, leading to increased growth potential in the affordable housing segment. (Source: ICRA Reports).

Further, GOI has maintained its focus on "Housing for All by 2022". The allocation for PMAY was ₹25,853 crore for FY2020. On the supply side, the extension of tax benefits for affordable housing projects is likely to ensure adequate developer interest in the segment. On the demand side, the disposable income for low to middle income segment borrowers is expected to improve through tax exemptions. This could have a positive impact on HFCs, especially those operating in the affordable housing segment where typically the median income level of the borrowers is between ₹3 lakh and ₹6 lakh (Source: ICRA Reports).

We target the self-employed from the unorganised sector as well as borrowers from the salaried sections of society. We believe that there is a vast demand for affordable housing finance options for such sections of the society. The banks and large housing finance companies are predominately focused on metros and urban areas of tier I and tier II cities, where the property prices are high. This has resulted in opportunity for HFCs and NBFCs to cater to the unserved and under-served customer segments in tier II and tier III cities.

Accordingly, we believe that we are well placed to serve customers from these categories, as we have developed internal processes particularly for assessing the credit-worthiness of self-employed individuals from the unorganised sector and salaried sections of society, which provide us with a significant competitive advantage.

Expanding our geographical reach

The introduction of schemes like the 'Pradhan Mantri Awas Yojana' is expected to improve affordability for a wider set of borrowers, leading to increased growth potential in the affordable housing segment. (Source: ICRA Reports). This increased growth potential is expected to result in a consequent increase in the demand for affordable housing loans. This scheme is targeted towards providing affordable housing to the EWS, LIG and MIG. Considering that our primary customer base consists of self-employed individuals from the unorganised sector and salaried sections of society, we believe that the growth of affordable housing is expected to result in positive impact on the growth of our business.

As of August 20, 2019, we had presence across 8 states with 46 branches in Maharashtra, Gujarat, Tamil Nadu, Kerala, Karnataka, Rajasthan, Madhya Pradesh and Andhra Pradesh. We intend to expand our geographical reach in order to meet this growing demand and enhance our ability to reach out to new customers in these existing states. Further, we also intend to leverage the branch network of our parent, MAFIL, in order to expand our operations in these states. We have agreement with MAFIL in order to allow our employees to carry out our business activities in few of the MAFIL branches and share the corresponding infrastructure based on the business opportunities.

We also intend to introduce, customize and cross-sell new and existing products and services. Accordingly, our existing loan product portfolio is designed to cater to the needs of a variety of customers as per their requirements and repayment capabilities.

Continuing to leverage the Manappuram brand

Our parent, MAFIL, has a significantly large network of branches and customers, with over 3,434 branches located in 28 states & union territories of India as on August 20, 2019. MAFIL is engaged in the business of providing loans against gold jewellery. We intend to leverage our relationship with our parent in order to cross-sell our loan products to customers of MAFIL to meet their housing finance requirements and expand our business.

The existing branch set-up of MAFIL may also help us grow our home loan and LAP business by leveraging the Manappuram brand. The objective is to increase the synergy by extending the home loan to gold loan customers of MAFIL.

Continuing to enhance our reliance on information technology with a focus on improving customer service

We currently use an integrated loan management system that has been licensed from a third party service provider. Further, we have a dedicated customer engagement team for reaching out to our customers, which carries out functions ranging from introducing the customer to various facilities being made available to them at the stage of disbursing the loan to making reminder calls about repayment in order to avoid delays and defaults by borrowers.

We believe that we have a technology platform and information technology systems in place to support significant growth in our customer base. We believe that continuous investments and improvements in our platform will continue to enable us to increase customer satisfaction and reduce costs and overheads. We plan to streamline the loan approval and know-your-client processes. We will aim to use our technological capabilities to reduce our operational costs and improve productivity of our employees.

Diversifying our sources of borrowed funds

We currently rely on term loans, working capital and commercial papers from banks and financial institutions in order to fund our business and for onward lending to our customers. However, we seek to diversify the source of our borrowings in order to ensure adequate liquidity in our systems. The following table sets out the various sources of our borrowings and the percentage contributed by them to our overall borrowed fund requirements:

Source of Borrowing	As at March 31, 2019*		As at March 31, 2018		As at March 31, 2017	
	Amount (in Lakhs)	%	Amount (in Lakhs)	%	Amount (in Lakhs)	%
Loans from banks	29,170.45	84.26%	28,738.52	100.00%	23,024.99	100.00%
Loans from financial Institutions and NBFCs	3,000.00	8.67%	-	-	-	-
Commercial papers	2,450.15	7.08%	-	-	-	-
Total	**34,620.60**	**100.00%**	**28,738.52**	**100.00%**	**23,024.99**	**100.00%**

**Details of source of funding as at March 31, 2019 are in accordance with IND AS*
Loans from banks as at March 31, 2018 and March 31, 2017 represents aggregate of long term borrowing, current maturities of long term borrowings and short term borrowings.

Our weighted average cost of borrowings as on March 31, 2019, based on IND AS, was 9.65% and our weighted average borrowing cost as at March 31, 2018 and March 31, 2017 was 9.20% and 9.90%, respectively.

We have also received credit ratings from agencies such as CRISIL, Brickworks Ratings and CARE. For more details, please see "*Our Business – Key Strengths*" on page 68. We believe that the presence of these ratings will allow us to seek financing from other sources such as capital markets at competitive interest rates. Accordingly, we propose to issue non-convertible debentures and other financial instruments on a regular basis in order to diversify the sources of our funding, to ensure long term funds and to ensure adequate liquidity in our systems.

Continue to maintain prudent risk management policies for our AUM

We believe that the success of our business is dependent on our ability to consistently implement and streamline our risk management policies. As we focus on building a larger AUM with low credit risk, we continue to maintain strict risk management standards to reduce credit risks. Further, we continue to promote an effective recovery process for our overdue cases. We currently use technologies, which we believe are best in the industry and enables us to strengthen our risk management framework. We will continue to update our systems and use latest technology to streamline out credit approval, administration and monitoring processes to meet customer requirements on a real-time basis. We believe that improvements in technology will also reduce our operational and processing time, thereby improving our efficiency, turnaround time and allowing us to provide better services to our customers.

Our products

We are a HFC focused on providing affordable housing finance for the EWS, LIG and MIG segment primarily in Tier II and Tier III cities and towns in India and with an emphasis on the unserved and under-served customer segments. We provide secured finance primarily to individual customers with focus on self-employed (professionals & non-professionals) and salaried (informal segment) for purchase, self-construction, improvement and extension of homes, new and resalable flats, balance transfer, commercial properties (purchase/ LAP) and composite loan (land and construction). These loan products are secured by creating a mortgage on the properties that are the subject matter of the loans.

We aid our customers in selecting the housing loan product most suited to their needs and determine the loan amount that may be sanctioned to them by taking into consideration various financial and non-financial factors, including the value of the property in question, the repayment capacity of the customer, assessment of the business model and the cashflows, the stability and continuity of the customers' income, credit score of the applicants, the age and educational qualifications of the applicants and the number of dependents on the applicants. We also examine the applicant's historical savings and repayment habits. Our loans are repaid by our customers in equated monthly installments ("**EMI**"). The size of the EMI is determined by the quantum of the loan borrowed by the customer, the interest rate charged and the tenure of the loan.

Our housing loan products are as follows:

1. **Housing loan for purchase of a house, apartment, or flat:** This loan product is intended to aid our customers in financing the purchase of a residential property that is currently under construction or ready built-up. "Home Loan – New" is loan for purchase of under construction or ready built dwelling unit on first sale basis. "Home

Loan – Resale" is loan for purchase of ready dwelling unit on resale basis. Customers can apply for a maximum loan of ₹35 Lakhs with a tenure extending up to 20 years.

2. **Housing loan for home construction:** This loan product is intended to aid our customers in financing the construction of a residential property on land that is already owned by them. Customers can apply for a maximum loan of ₹35 lakhs with a tenure extending up to 20 years.

3. **Composite loan:** This loan product is intended to aid our customers in financing the purchase of land and the subsequent construction of a residential property on the aforesaid land. Customers can apply for a maximum loan of ₹35 Lakhs with a tenure extending up to 20 years.

4. **Home extension loans:** This loan product is intended to aid our customers in financing the extension of an existing residential property owned by the applicants viz. construction of an additional floor/additional room, etc. Customers can apply for a maximum loan of ₹10 Lakhs with a tenure extending up to 20 years.

5. **Home Improvement loans:** This loan product is intended to aid our customers in financing the renovation of an existing residential property owned by the applicants viz. flooring, plastering (internal or external), painting, tiling, electric cabling, etc. The scope would not include moveable items such as furniture, machine, etc. Customers can apply for a maximum loan of ₹5 Lakhs with a tenure extending up to 10 years.

6. **Home loan balance transfer and top up:** This loan product is intended for disbursement to customers who have opted to shift their existing home loan products and for additional loan requirement from other financial institutions to our Company with or without additional loan, i.e. the top up loan. Under this product, customers can apply for disbursements cumulatively amounting to a maximum of ₹35 Lakhs with a tenure extending up to 20 years. We are also offering a unique product which is named as "Speed BT". Speed BT product is designed to target those customers who are running home loan or LAP from specified financial institutions at higher ROI and only wants reduction in ROI with minimum documents.

7. **Micro Home Loans:** Micro home loans are intended for giving loans to women customers who need small loan amounts for renovating or extending existing house. We are offering Micro loans from ₹0.50 Lakhs to ₹5 Lakhs. The loan is offered with minimum documents and fastest turnaround time. The loan is offered for a period of 2 to 10 years.

Our non-housing loan products are as follows:

1. **Top-up loans for our existing borrowers:** These are loans to our existing borrowers for the purpose of their business or personal use over and above any existing housing or LAP loan taken by them for given purpose. Maximum tenure and maximum loan amount is restricted to residual tenure and residual loan amount of the existing loan.

2. **Loan against Property:** These are the loans towards business and personal use. Business loan against property mortgage is eligible for new as well as takeover of LAP from other banks / institutions. These loan can be against residential as well as commercial property. Customers can apply for a maximum loan of ₹35 lakhs with a tenure extending up to 12 years.

3. **Commercial Property purchase:** This loan product is intended to aid our customers in financing the purchase of ready built-up or re-sale commercial property. Customers can apply for a maximum loan of ₹35 Lakhs with a tenure extending up to 12 years.

Income Assessment Methodology

Loan eligibility is derived on the basis of below mentioned methods adopted for income assessment

- Assessment Based
- Net Profit Method
- Gross Margin Method
- EMI Equaliser Method

Assessment Based: This method is intended for deriving income of customers who hails from informal business segment and also those customers who are not maintaining formal income documentation. This product helps meeting housing loan requirement of customers who are not catered by formal banking channel due to lack of documentation. Customers falling under this method have business set up (owned/rented), business proof and having business vintage of minimum 3 years. Income of customer is assessed by credit manager/officer by visiting customer business premise, observing and understanding business details like business activity, stock, average gross margin, purchase cost, expenses etc. Credit Manager also verifies bills/invoices/voucher/records on sample basis to validate last few months business activity to ascertain average monthly cash flow. Maximum loan amount is restricted to ₹20 Lakhs with a tenure upto 20 years with minimum interest rate of 14.5%.

Net Profit Method: This method is intended for serving customers who are in business segment and who are maintaining formal income documentation. This product helps meeting housing loan requirement of customers who are not catered by formal banking channel due to low amount of loan requirement or collateral property falls outside city limits. Customers under this method files regular Income Tax Return ("ITR"), have business set up, business proof and having running business of minimum 3 years. Documented income of customer is validated by credit manager/officer by visit to customer business premise, by observing and understanding business details like business activity, stock, etc. Maximum loan amount is restricted to ₹35 Lakhs with a tenure upto 20 years with minimum interest rate of 13%.

Gross Margin Method: This method is intended for serving customers who are from business segment and who are maintaining formal income documentation and regularly filing ITR. This product helps meeting housing loan requirement of customers who are not catered by formal banking channel due to low loan amount eligibility and customer having higher loan requirement. Customers under this method files regular ITR, have business set up, business proof and having running business of minimum 3 years. Reported turnover in ITR of customer is validated by credit manager/officer by visiting the customer's business premise, by observing and understanding business details like business activity, stock, etc. Gross margin percentage is considered for deriving income and loan eligibility is considered basis margin on turnover reported in ITR or margin of 15% for manufacturing/trading industry and 30% margin for service industry, whichever is lower. Maximum loan amount is restricted to ₹35 Lakhs with a tenure upto 20 years with minimum interest rate of 13%.

EMI Equaliser Method: This method is intended for deriving loan eligibility of customers who are from business segment and is having existing term loan (Home Loan/ LAP/ Personal Loan/ Auto Loan). This product helps meeting housing loan requirement of customers who want higher loan amount and are either not catered by their existing lenders or the customer wants to shift from their existing lender for lower interest rate and longer loan tenure. Customers under this method have existing term loan with a loan track of more than 6 months, business set up, business proof and having running business of minimum 3 years. EMI repayment capacity of a customer is derived by giving multiplier to their existing EMI which will be closed with our proposed loan or those EMI which is closed in preceding 6 months by virtue of loan closure. Multiplier of 1 to 1.3 is applied depending upon the loan tenure. The basic approach of this product is that if customer has regular habit and capacity of paying certain amount (EMI), he/she will continue to pay that amount in future as well. Maximum loan amount is restricted to ₹35 Lakhs with a tenure upto 20 years with minimum interest rate of 13%.

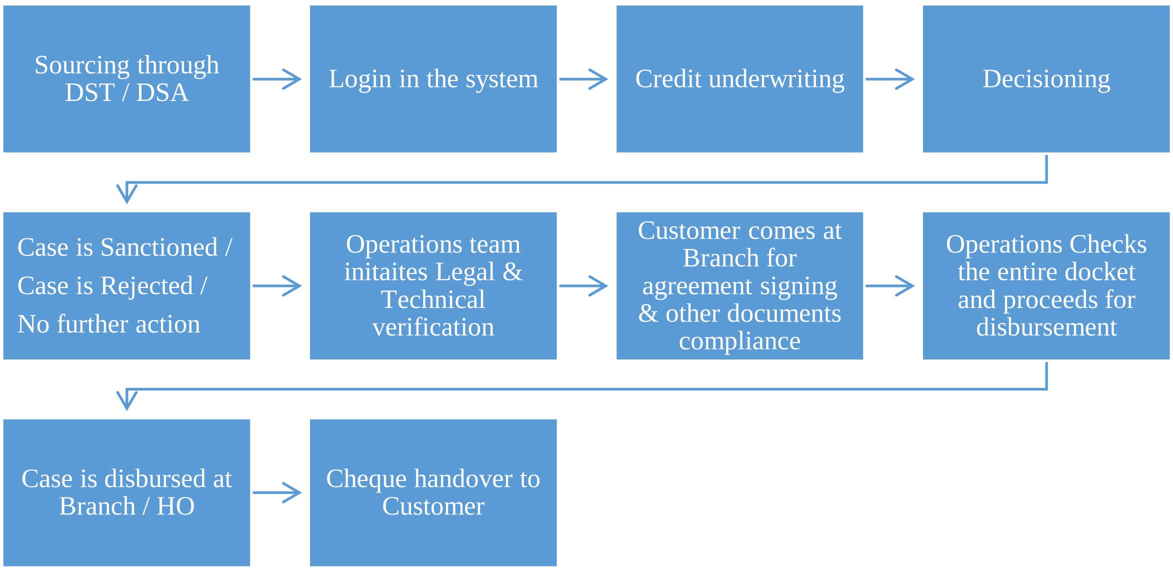
Lending process

We are catering to set of customers who belong to unserved and under-served customer segments excluded from obtaining financial assistance due to lack of formal documentation and knowledge. We have an effective in-house credit appraisal process to assess the cash flow and financial behavior of the applicant. We send SMSes to customers updating the loan application status, disbursement and EMI reminders in English & vernacular language. Mandatory life & property insurance cover is taken for all the cases. We have software for customer acquisition system and lending management system. We also have mobility solutions for capturing lead known as MCAS (Mobile Customer Acquisition System) and collecting payments in respect of delinquent accounts we have a mobile application named "M-collect". The lending process from sourcing to cheque handover to customer is mentioned below:

- We have multiple channels of sourcing such as internal sales team, Direct Sourcing Agents, Referral agents, MAFIL Branches, etc. On receiving of the application from customer, Sales team carries out the primary check and initiates lead entry in the system for generation of application number.
- Once the application is generated, it is reviewed by branch credit team whether the customer complies with the income criteria set by our in-house credit policy or not.
- Our internal credit team analyses the Credit Bureau report and visits the customer's place of residence, office & property for further credit appraisal.

- Our internal team undergoes the due diligence process of KYC and income documents submitted by the customer. We also outsource verification of KYC documents, income documents, residence, office and property to third party for independent verification.
- With all this verification and reports, credit manager assesses the loan eligibility of customer and forwards to sanctioning authority for sanctioning the case.
- Once the case is sanctioned, customer provides further documents for legal due diligence & property valuation. We have our in-house legal and technical team for reviewing the legal and technical reports received from empaneled vendors in sample cases.
- Legal due diligence is carried out for the proposed property by an independent advocate empaneled with us.
- Technical verification is carried by two independent technical vendors empaneled with us and lower of the two is considered for deriving LTV.
- Once legal & technical conditions are satisfied, customer along with other co-applicant`s shall visit the branch and accepts the terms and condition of loan agreement and other related documents.
- Branch Operations team checks the entire documentation and ensures that all internal and regulatory guidelines and process have been followed. Once everything is complied, they proceed for disbursement of the case.
- Cheque is printed and a scan copy of cheque is sent to customer. Once customer submits the original property documents, we handover the disbursement cheque to customer.

Our Process Flow



<u>Post Disbursement Procedure</u>: Post disbursement we extend our services to customer in servicing the loan and carryout various internal and regulatory requirements compliances.

- **<u>Welcome Kit -</u>** Welcome kit is sent to all the on boarded customers, which contains a copy of loan agreement between our Company and the Borrower, repayment schedule & welcome letter stating the important details of disbursement & loan parameters.
- **<u>SMS & IVR Calling -</u>** SMS is sent to customers 3 days prior to their EMI due dates for reminder of their upcoming EMI's. SMS is sent in both English & vernacular language.
- **<u>CERSAI -</u>** CERSAI is a regulatory body where every housing finance company has to register their charge on the properties funded. We register the charge on the property in CERSAI records within due timeline in all cases. Once the loan is closed, we also satisfy the charge created on the property.
- **<u>CKYC -</u>** CKYC is managed by CERSAI which is authorized by GOI to function as the Central KYC Registry (CKYCR). Under this every housing finance company must update the KYC of the customer in specified format for all applicant & co-applicant to the loans. Our Company undertakes all CKYC uploads in CERSAI.
- **<u>Mortgage Creation -</u>** Once the loan is disbursed, property is mortgaged in favour of the Company and the mortgage is duly registered with the sub-registrar as per the applicable state laws.

- **Filing of records with Credit Bureau -** Every housing finance company must register themselves with all 4 Credit Bureaus as per NHB norms. Our Company uploads monthly loan repayment records of all the borrowers with all 4 Credit Bureaus within due timelines.
- **List of Documents, Statement of Account, IT Certificate, Copy of documents -** Customers are provided with list of documents, statement of account, IT Certificate and copies of documents whenever required as per their requirement.
- **Storage of documents-** All the important documents including property documents of all our borrowers are stored in fireproof safety lockers with vendor for the entire loan tenure.
- **PMAY-** We are giving PMAY benefits to the eligible customers as per regulatory guidelines.
- **Part payment or Closure -** Customers who are willing to make part payment or closure can avail these services by visiting our branch.

Our Borrowings and Credit Ratings

As on August 20, 2019, our Company had outstanding secured borrowing of ₹25,591.68 lakhs and unsecured borrowing of ₹10,000.00 lakhs. We believe that we have developed coordinal relationships with our lenders and have established a track record of timely servicing of our debts. Please refer to the sections titled *"Financial Statements"* and *"Financial Indebtedness"* on pages 102 and 107, respectively.

The NCDs proposed to be issued under this Issue have been rated 'CARE AA-; Stable' by CARE Ratings Limited for an amount of up to ₹20,000 lakhs vide its letter dated August 26, 2019 and revalidated letter dated September 16, 2019 and the Rating Rationale letter dated August 28, 2019. The rating of the NCDs by CARE indicates that instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The rating provided by CARE may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. This rating is not a recommendation to buy, sell or hold securities and Investors should take their own decisions. Please refer to Annexure II for the rationale for the above rating.

Capital Adequacy Ratio

We are mandated under the regulations issued by the NHB to maintain a CRAR, which must consist of Tier-I and Tier-II capital and which cannot be less than 12.00% of our aggregate risk weighted assets and risk adjusted value of off-balance sheet items. Our CRAR, as computed in accordance with the requirements of NHB Directions, as at March 31, 2019, March 31, 2018 and March 31, 2017 was 62.32%, 40.12% and 46.62%, respectively and was in compliance with the requirement of NHB.

Marketing

Our sales and marketing efforts are led by a team of Area Head and Branch Head. At our head office, the sales function is coordinated and guided by a National Business Head supported by Deputy Sales Head and supporting staffs who co-ordinate and monitor the overall marketing and sales functions of our Company. Our marketing team provides advertisement support to all of our branches located in various parts of India, creates new advertising materials, creates new marketing strategies before launching in new location, monitors the competition from other companies and creates new strategies to develop our business. Our marketing team also provides additional support to improve business of non-performing branches.

Further, we also participate in property exhibition, which allows potential residential property buyers, property developers, legal and technical experts and a team from our Company's branch to interact with us. We have a distribution network, consisting of 46 branches across 8 states as on August 20, 2019, namely Maharashtra, Gujarat, Tamil Nadu, Kerala, Karnataka, Rajasthan, Madhya Pradesh and Andhra Pradesh.

We have increased the geographical diversification of our loan portfolio in the following manner:

Name of the State	As on March 31, 2019*		As on March 31, 2018		As on March 31, 2017	
	Amount in lakhs	%	Amount in lakhs	%	Amount in lakhs	%
Andhra Pradesh	2,528.59	4.87%	1,782.99	4.76%	830.98	2.68%
Gujarat	7,205.33	13.89%	6,804.52	18.16%	7,589.80	24.48%

Name of the State	As on March 31, 2019*		As on March 31, 2018		As on March 31, 2017	
	Amount in lakhs	**%**	**Amount in lakhs**	**%**	**Amount in lakhs**	**%**
Karnataka	4,646.27	8.96%	2,638.58	7.04%	1,323.85	4.27%
Kerala	3,681.05	7.10%	2,718.03	7.25%	2,128.81	6.87%
Maharashtra	22,136.78	42.67%	13,965.15	37.27%	11,355.86	36.63%
Tamil Nadu	11,677.79	22.51%	9,556.84	25.51%	7,772.11	25.07%
Total	**51,875.81**	**100.00%**	**37,466.11**	**100.00%**	**31,001.41**	**100.00%**

**Details of loan portfolio as at March 31, 2019 are in accordance with IND AS*

We rely on a mix of direct selling teams and DSAs in order to market our loan products to our customers and source new customers. Further, we also engage referral agents on the basis of commission which is payable to them on disbursement basis. However, the processing of loan applications, appraisals of customers and management of customer relationships is undertaken by the employees of our Company.

Provisioning, Write-Offs and Asset Recovery

Asset classification, Provisioning and Write-offs

Asset classification

Our loans are classified according to the related risks as perceived by us in accordance with our internal policies, requirements of IND AS and as per the requirements of the master directions issued by the NHB. Provisions for contingencies on total loans & advances are made for diminution in value of collateral as per the requirement of IND AS and as per the prudential norms prescribed by the NHB. We also make certain additional provisions to meet unforeseen contingencies.

The following table is a summary of the risk classification of our aggregate loan portfolio (as a percentage of total outstanding loans) and our provision for probable losses as at for the financial years ended March 31, 2019, March 31, 2018 and March 31, 2017:

(₹ in Lakhs)

Particulars	As on March 31, 2019*		As on March 31, 2018		As on March 31, 2017	
	Amount	**% of NPA**	**Amount**	**% of NPA**	**Amount**	**% of NPA**
Home Loan Products						
Substandard Assets	887.56	44.40%	1,194.43	66.80%	448.78	97.42%
Doubtful Assets	747.32	37.39%	397.85	22.25%	-	-
Loss Assets	-	-	-	-	-	-
Total Home loan products (A)	**1,634.88**	**81.79%**	**1,592.28**	**89.05%**	**448.78**	**97.42%**
Non-Home loan**						
Substandard Assets	242.82	12.15%	185.57	10.38%	11.89	2.58%
Doubtful Assets	121.27	6.07%	10.25	0.57%	-	-
Loss Assets	-	-	-	-	-	-
Total Non-Home loan (B)**	**364.09**	**18.21%**	**195.82**	**10.95%**	**11.89**	**2.58%**
Total NPA (A+B)	**1,998.97**	**100.00%**	**1,788.10**	**100.00%**	**460.67**	**100.00%**
Provisions for Non-performing Assets and write-off	**437.96**	**21.91%**	**333.76**	**18.67%**	**69.10**	**15.00%**

**Details of risk classification of our aggregate loan portfolio as at March 31, 2019 are in accordance with IND AS*
***Non Home Loan represents Non Home Loan (Including Loan Against Property)*

Asset recovery

Our strategy towards the collection of overdue loans from our customers is determined by several factors such as the profile of the customer, the geographical location, the length of delay in repayment and the demographic of the region and state in which the concerned branch that disbursed the loan is located.

Our recovery procedure begins with multiple reminders being sent to defaulting customers through telephone calls, SMS messages and personal visits to their place of residence or place of work. In the event that the customer does not rectify the default and pay the amount demanded, we initiate legal action. In certain cases, we also institute legal proceedings under Section 138 of the Negotiable Instruments Act, 1881. We also take action under the SARFAESI Act and issue demand notices to defaulting customers and guarantors. Additionally, we are entitled to take possession of the property that is the subject matter of the defaulted loan and recover our dues by selling the same in the open market via auction by following due process as laid down under SARFAESI Act.

Non-performing Assets

The following are the details of our gross and net NPAs as well as our provisions for the financial years ended March 31, 2019, March 31, 2018 and March 31, 2017:

(₹ in Lakhs)

Particulars	FY 2019*	FY 2018	FY 2017
Assets under Management	51,875.81	37,466.11	31,001.41
Gross NPA	1,998.97	1,788.10	460.67
% of Gross NPA to AUM	3.85%	4.77%	1.49%
Provisions for non-preforming assets	416.67	309.03	69.10
Net NPA	1,582.30	1,479.08	391.57
% of net NPAs	3.05%	3.95%	1.26%
NPA coverage ratio$	20.84%	17.28%	15.00%

Details of our Gross NPA and Net NPA as well as our provisions for non-performing assets for financial year ended March 31, 2019 are in accordance with IND AS

$NPA coverage ratio represents provisions for non-performing assets to the Gross NPA

Loans are classified as non-performing if the default is greater than 90 days past dues ("**DPD**"). We adhere to prudential norms of NHB and requirements of IND AS for classification of NPAs, which require us to set aside a portion or the entire outstanding loan amount depending on the asset quality.

Risk Management

As a company engaging in primarily providing housing finance loans, we are exposed to various kinds of risks, including credit risk, Liquidity & Maturity Mismatch, Market risk & Interest Rate risk and operational risks. Our Company has adopted a risk management policy on February 11, 2016 and further revised on May 7, 2019 ("**Risk Management Policy**"). Risk management forms an integral element of our business. Our objective in the risk management processes is to appreciate, measure and monitor the various risks that we are subject to and to follow policies and procedures to address these risks. We do so through our risk management architecture. We continue to improve our policies and procedures and to implement these rigorously, for the efficient functioning of our business. The Risk Management Committee of the Board of Directors has the overall responsibility of monitoring and managing risks.

Credit risk

Credit risk arises from the potential that a borrower is unwilling to service his / her obligation or is unable to perform such obligation due to economic loss or other factors. The objective of credit risk management is to ensure the overall health of the credit portfolio through an evaluation of the credit process, creditworthiness of each customer, new or existing, assessment of the risks involved and ensuring a measured approach to mitigate the risks. For lending institutions like us, the loans and advances are the largest and most obvious source of credit risk. Credit risk does not necessarily occurs in isolation. The same source that endangers credit risk for the company may also expose it to other risk. For instance a bad portfolio may attract liquidity problems.

In order to mitigate and minimize the credit risk, we take several measures including the following:

- Implementation of Credit & Operation Policy approved by the Board,
- Credit appraisal through intense discussion with prospective borrowers regarding his income, repayment capacity and genuineness of the property,
- Capturing online of every loan sanction (from sourcing to disbursement)into the IT system,
- Controlling large exposures through suitable fixation of limit at different sanctioning level
- Adequate insurance cover of the collateral security (house property) and life of the borrowers from reputed Insurance Company.

- Conducting due diligence of the borrowers by verifying documents with original or from the websites of the issuing authorities. Loan documentation shall also comply with regulatory directives and meet with the Fair Practice Code adopted by the Company,
- Categorization of customers into risk-assessed groups by classifying risk classes into low, medium and high,
- Focusing on risk diversification by avoiding uneven distribution of exposures (loans) to borrowers, exposures to particular sectors, regions or products.
- Maintaining and monitoring the list of repetitive defaulters on regularly basis. Adequate control checks is being developed for cases like receipts tampering, collection frauds etc.,
- Preparing and presenting a suitable MIS for credit risk management before the management on regular basis,
- Robust collection and recovery mechanism through a dedicated department/set up for regular follow up for recovery and delinquent cases,
- Conducting stress testing (scenario testing and sensitivity testing) of the portfolio

Operational Risk

Operational risk are the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk arises from 4 broad causes: people, processes, systems and external factors. Examples of 'Operational Risk' are frauds committed by employees, physical damage to assets, failure of IT hardware / software, incorrect data feeding, manipulation of data, misuse of customer information, improper maintenance of records, lack of or breakdown in internal controls, changes in laws / regulations etc.

In order to mitigate and minimize the operational risk, we take several measures including the following:

- Improving process by including automation of input / output, wherever possible and to improve accuracy, reduce labour, allocate more time for customer orientation and eliminate the scope for manipulation of data.
- Defining and developing control systems in a manner to prevent commission of frauds by employees and also facilitate early detection of frauds.
- Properly and effectively conveying the instructions / guidelines to the various functionaries formally in the organization. Manuals/process documents are compiled for all important functions and are periodically updated.
- Outlining procedures and instructions for Business continuity Plan (BCP) of the company that shall be followed in the face of disasters; this covers business processes, assets, human resources, business partners etc.
- Prevention and early identification of irregular and fraudulent acts in the company through a suitable whistle blower policy.

Liquidity and Maturity mismatch risk

Liquidity is the ability of a company to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. The effective liquidity risk management helps to ensure the ability to meet cash flow obligations on short term as well as on long term basis based on maturity profile. Liquidity risk management is of paramount importance because inability to meet repayment obligations promptly could also signify a serious threat to its market reputation giving rise to a chain reaction which can cascade into further liquidity constraints and affect further growth.

In order to mitigate and minimize the Liquidity and Maturity mismatch risk, we take several measures including

- Reviewing liquidity mismatch from time to time, by ALM / Treasury Department and Risk Management Department and communicating it to the senior management of any liquidity risk factors
- Composition of funding sources preferably with equity and long term loans giving least weight to short term fund maturity below 3 years considering the nature of business,
- Coordination by Risk management Department of liquidity risk management plans of disaster, contingency and business planning efforts, as well as with business line and risk management objectives, strategies and tactics.

Market risk and Interest rate risk

Market risk refers to the risk of losses in the company's book due to changes in real estate prices, interest rates, credit spreads and other indicators whose values are set in a public market. Upward movements in the interest rates on borrowings could impinge earnings if the interest rates charged on loans are not correspondingly adjusted. The Company extends only 'fixed' rate loans for maximum period of 20 years.

In order to mitigate and minimize the Market risk and Interest rate risk, we take several measures including

- Addressing the risk by structured process analysis such as identifying major or nearest competitors for benchmarking, SWOT analysis, assessing the business strategy of the competitors and initiating countermove, Reviewing and analysing the current products and services to ensure that they are in tune with market demand and customer expectation etc.
- Analysing the risk implications of the various products / services or their features periodically or as and when required by the Risk Management Department.
- Mitigation of the macroeconomic risk involves preparedness for future changes and keeping constant touch with market happenings.
- Fixation of Appropriate LTV based on current and near future outlook of property price movement and providing cushion to withstand market fall.
- Reassessment collateral coverage wherever possible and practicable, at least once in three years.

Our Asset Liability Management Policy

Our Company has established the Asset Liability Management Committee in order to monitor liquidity mismatch on regular basis. 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 our Company to:

- 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.
- The residual maturity pattern of repricing of assets and liabilities which would show the likely impact of movement of interest rate in either direction on profitability and
- The extent and nature of cumulative mismatch in different buckets indicative of short term dynamic liquidity

Further, the Asset Liability Management Committee of our Company comprises of five members headed by our Chairman and is charged with the following responsibilities:

- Liquidity Risk Management.
- Management of Market Risk.
- Funding and Capital Planning.
- Forecasting and analyzing 'What if scenario' and preparation of contingency plans.
- Interest rate sensitive liabilities and assets – Gap Analysis.
- Profit Planning and Growth Projection.

Management assurance and internal audit function

Our Company's internal audit department reports independently to our Audit Committee and further reports to the Managing Director of our Company. It provides comprehensive audit coverage of all divisions within our Company and assists management in ensuring proper control over our assets and liabilities. Our Company has also appointed external auditors to perform internal audit, compliance audit and system audit to further ensure the effectiveness of the internal control systems and to comply with the regulatory requirement.

Our Audit Committee reviews internal audit observations on a quarterly basis and gives direction to its functionaries and reviews effectiveness of internal control systems. The internal auditors undertake a comprehensive audit of all functional areas and operations, with their findings being outlined in the report to our Audit Committee. Audit committee also directs the internal auditor to focus on a specific area based on the previous internal audit reports and performance of the Company.

Customer Service and Grievance Redressal Processes

Our Company has established a multi-level customer query and grievance resolution process for customer service post disbursement. Our Company has set up centralised customer care and customer services team at corporate office with designated staff. Customers across the locations may approach to nearby branches or our Corporate office for resolution of any queries or grievances. Customer may also make the enquiry or grievances through telephone call or email or on website or letter to branch and corporate office. Our Company has Board approved Customer Grievance Redressal policy to address the customers. Further, the said policy is also displayed on our website and on the notice board across all our branches.

We strive to provide a prompt resolution to the customers depending on the nature and risk of complaint within a period of 7 working days from receipt of the complaint. We also maintain complaint register in all the branches for recording of complaints and in-case the response to complaint is unsatisfactory or if customer is not satisfied with the resolution of the complaint, the same is escalated to Nodal Officer of the company for grievance redressal. In such cases complaint will be analysed and resolved within 7 working days from the receipt of the complaint. A disclosure of all the customer complaints received is presented in quarterly Board meeting of our Company. Also our compliance team monitors all the complaints received through regulators from online portal of NHB and the resolution for the same is provided within prescribed timelines.

Competition

We face competition in our business activities. Our primary competitors are banks and other financial institutions such as housing finance companies. The key competitive factors include service quality, time taken to process loan applications and terms of the borrowing such as tenure and interest rates. Some of our competitors such as banks may be able to generate greater customer growth on account of extensive branch network and technologically sophisticated systems.

We carry out various measures such as ensuring premium service quality, a short loan application processing time, and good resource management in order to compete effectively.

Information Technology

We recognise the importance of information technology systems and incorporate technology into our internal processes according to our business needs on an on-going basis. Automation of key processes such as asset management, incident management, training, employee education and collaboration has been carried out, with an aim to reduce errors and increase processing speed. Key functions like asset management and incident management are also automated at our Company with easy access of information to all employees. Our branch offices are electronically linked to the central server to facilitate operational efficiency and provide cost effective service.

We have adopted cloud implementation and use cloud services extensively for our various business uses. The services supported by IT includes the lending analytics service from prominent lending software provider and the customer communications through SMS, interactive voice calls with chat bots and voice logger mechanisms for customer calls. We have integrated the fraud checks, multiple credit bureau verifications, KYC, sales channel partner engagements, referral connectors and mortgage registrations with our lending software. We use mobility platforms for lead origination systems, loan management systems, collections and recovery processes and internal processes. We believe we are in compliance with the NHB IT framework guidelines.

Insurance

We have insured our branches and properties against the risk of fire, burglary, breakdown of office equipment, as well as against risk of loss due to fraud or liability to due to injury to third parties or damage to third party property within our premises. Further, we have also obtained insurance to protect money located in the safes and counters of our branches, as well as money in transit.

Some of our employees are also protected by a group mediclaim policy. We have also taken Directors and Officers Liability Insurance Policy.

For a discussion of certain risks relating to our insurance coverage, please refer to the chapter titled "*Risk Factors - Our insurance coverage may not adequately protect us against losses, and successful claims that exceed our insurance coverage could harm our results of operations and diminish our financial position*" on page 25.

Intellectual property

The trademark in the Manappuram logo is held by one of the Promoter of MAFIL, Vazhappully Padmanabhan Nandakumar and the trade name "Manappuram" is held by our Promoter, MAFIL. We have been granted permission for the continuous use of logo vide no objection letter dated September 19, 2014 by Vazhappully Padmanabhan Nandakumar and approval to use the trade name was granted by MAFIL vide their board resolution dated March 11, 2014.

Property

Our Registered Office is located at Vth Floor, IV/470A (old) W/638 (New), Manappuram House, Valapad P.O., Thrissur – 680 567, Kerala and our Corporate Office is located at Unit no: 301-315, 3rd floor, Wing A, Kanakia Wall Street, Andheri Kurla road, Andheri East, Mumbai 400093. We do not own our Registered Office and our Corporate Office, both of which are held by us on leasehold basis. Additionally, we have an established network of 46 branches as on August 20, 2019. These branches are situated in locations that have been either leased by us or are being shared by us with MAFIL under a space sharing arrangement. We own a property 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.

Employees and Training of Employees

We have experienced management team whom we rely upon to anticipate industry trends and to capitalize on new business opportunities that may emerge. We believe that a combination of our reputation in the market, our working environment and competitive compensation programs help us to attract and retain talented people.

As on August 20, 2019, we have 466 employees. Our Company emphasizes on imparting effective and continual training to its employees in a planned and systematic manner, to acquire and sharpen capabilities required to perform various functions associated with their present/expected future roles in the business of our Company.

HISTORY AND CERTAIN OTHER CORPORATE MATTERS

Our Company was incorporated on October 07, 2010 as 'Milestone Home Finance Company Private Limited', as a private limited company under the Companies Act, 1956 pursuant to certificate of incorporation issued by Registrar of Companies Mumbai, Maharashtra and has obtained a certificate of registration dated March 12, 2012 bearing registration No. 03.0097.12 issued by NHB to commence the business of housing finance institution without accepting public deposits in accordance with Section 29A of NHB Act. Further, pursuant to acquisition of control through Share Purchase Agreement dated March 12, 2014 executed between MAFIL and Jaypee Hotels Limited, our Promoter viz. MAFIL had acquired entire shareholding and control of Milestone Home Finance Company Private Limited. Subsequently, the name of our Company was changed to Manappuram Home Finance Private Limited from Milestone Home Finance Company Private Limited pursuant to a resolution passed by the shareholders of our Company at the EGM held on August 11, 2014 and a fresh certificate of incorporation dated September 4, 2014 issued by the by Registrar of Company, Mumbai. Pursuant to the name change, we had obtained a certificate of registration dated September 11, 2014 bearing registration No. 09.0116.14 from NHB to carry on the business of a housing finance institution without accepting public deposits under Section 29A of NHB Act.

Further, the name of our Company was changed to 'Manappuram Home Finance Limited' as consequence of its conversion from private company to public company pursuant to a resolution passed by the shareholders of our Company at the EGM held on December 3, 2016 and a fresh certificate of incorporation dated July 31, 2017 issued by the RoC and consequently we have obtained certificate of registration dated August 22, 2017 bearing registration no. 08.0158.17 from NHB to carry on the business of a housing finance institution without accepting public deposits under Section 29A of the NHB Act.

Registered Office of our Company

The registered office of our Company is located at IV/470A (Old)W/638A(New) Manappuram House Valapad, Thrissur- 680567, Kerala, India

Changes in Registered Office of our Company

Date	Details of registered office	Reason for change
At incorporation	602, Halmark Business Plaza, Sant Dnyaneshwar Marg, Opp Guru-Nanak Hospital, Bandra East, Mumbai 400 051, Maharashtra, India.	-
March 17, 2014	Door No. 501, 5th floor, Aishwariya Business Plaza, CST Road, Kalina, Santacruz East, Mumbai – 400 098, Maharashtra, India.	Administrative convenience
January 19, 2015	Shifted our Registered Office in the state of Kerala at IV/470A (Old)W/638A(New) Manappuram House Valapad, Thrissur Kerala, 680 567 India.	To enable the company to conduct its operations smoothly, economically and more efficiently. Further for the ease of administration and cost effectiveness.

Subsidiary or Associate Companies

Our Company does not have any subsidiary.

Group Company

As on date of this Prospectus, Manappuram Comptech and Consultants Limited is our Group Company.

Main objects of our Company

The main objects of our Company as contained in our Memorandum of Association are:

1. *To carry on the business of, providing financial assistance in any manner, to any person or person/s, individual/s, company-ies, corporation/s, society-ies, organization/s, any government/ semi – government/ local authority, institution/s, entity-ies, trust/s and association/s, for the purpose of acquisition, purchase, construction, improvement, extension, of house/s, bungalow/s, building/s, premise/s and flat/s complex/es, mall/s, commercial complex/es and for trade business and other general purpose/s, on such term/s and condition/s as the Company may deem fit.*

Key milestones and major events

Financial Year	Particulars
2013-14	Acquisition of entire shareholding and control by MAFIL through Share Purchase Agreement dated March 12, 2014 executed between MAFIL and Jaypee Hotels Limited
2015-16	Achieved ₹10,000 Lakhs Asset Under Management
2017-18	Converted our Company from private limited company to public limited company
	CARE Ratings assigned AA – (stable) for long term borrowings
2018-19	Achieved more than ₹50,000 Lakhs Asset Under Management
2019-20	Expanded our branch network to 46 locations
	CRISIL has upgraded the rating of our long term borrowings to AA- (Stable) from A+ (Positive)

Amalgamation, acquisition, re-organisation or reconstruction undertaken by the Company in the last one year

We have not undertaken any amalgamation, acquisition, re-organization or reconstruction in the last one year.

Key Agreements

Nil

OUR MANAGEMENT

In compliance with the Companies Act, 2013, of our Company requires us to have not less than 3 (three) Directors and not more than 15 (fifteen) Directors. As on the date of this Prospectus, we have 6 (six) Directors on the Board which include a Non – Executive Chairman, 1(one) Executive Director, 2(two) Non-Executive Directors and 2(two) Independent Directors.

Board of Directors

The general superintendence, direction and management of our affairs and business are vested in the Board of Directors. Currently, we have six Directors on the Board of Directors.

Details relating to Directors

Sr. No.	Name, Designation, DIN, Nationality, Occupation, Date of Appointment, Term and Address	Age (years)	Other Directorships
1.	**Vazhappully Padmanabhan Nandakumar** **Designation:** Non-Executive Chairman **DIN:** 00044512 **Nationality:** Indian **Occupation:** Business **Date of appointment/reappointment**: July 21, 2014 **Term:** Liable to retire by rotation **Address:** Vazhappully House, Valappad P.O., Thrissur– 680567, Kerala, India.	65	1. Manappuram Insurance Brokers Limited; 2. Manappuram Agro Farms Limited; 3. Manappuram Chits (India) Limited; 4. Manappuram Jewellers Limited; 5. Adlux Medicity and Convention Centre Private Limited; 6. Manappuram Construction and Consultants Limited; 7. Manappuram Comptech and Consultants Limited; 8. Manappuram Chit Funds Company Private Limited; 9. Manappuram Chits (Karnataka) Private Limited; 10. Finance Industry Development Council; 11. Manappuram Health Care Limited; 12. Manappuram Finance Limited; 13. Asirvad Micro Finance Limited; and 14. Lions Co-Ordination Committee of India Association
2.	**Jeevandas Narayan** **Designation:** Managing Director **DIN:** 07656546 **Nationality:** Indian **Occupation:** Service **Date of appointment/reappointment:** May 20, 2017 **Term:** From June 01, 2017 to May 30, 2020 **Address:** Gurukripa House No 5/11/1044-9 Alake Kambla Cross Road, Mangalore 575003 D.K., Karnataka, India.	63	NIL
3.	**Thotanchath Balakrishnan** **Designation:** Independent Director **DIN:** 00052922	67	1. Asirvad Micro Finance Limited; 2. Kerala High Speed Rail Corporation Limited; 3. Muralya Dairy Products Private Limited; 4. Cheraman Financial Services Limited;

Sr. No.	Name, Designation, DIN, Nationality, Occupation, Date of Appointment, Term and Address	Age (years)	Other Directorships
	Nationality: Indian **Occupation:** Retired IAS **Date of appointment/reappointment:** August 09, 2019 **Term:** From July 21, 2019 till July 20, 2024 **Address:** 9 – C, SFS, Kingswood, Jawahar Nagar, Kowdiar PO, Trivandrum – 695003, Kerala, India.		5. EICL Limited; and 6. Western India Plywoods Limited
4.	**Gautam Rathindranath Saigal** **Designation:** Non- Executive Director **DIN:** 00640229 **Nationality:** Indian **Occupation:** Professional **Date of appointment/reappointment:** August 05, 2015 **Term:** Liable to retire by rotation **Address:** 2505, Ashok Tower C Wing, Dr Babasaheb Ambedkar Marg Parel, Maharashtra, Mumbai-400012, India.	53	1. Bonanza Business Services Private Limited; and 2. Asirvad Micro Finance Limited.
5.	**Munish Dayal** **Designation:** Non-Executive Director **DIN:** 01683836 **Nationality:** Indian **Occupation:** Professional **Date of appointment/reappointment:** August 06, 2018 **Term:** Liable to retire by rotation **Address:** 402, South City Heights, South City Gurgaon-122002, Harayana, India	53	1. Infrasoft Technologies Limited; 2. Ess Kay Fincorp Limited; and 3. Proactive Data Systems Private Limited.
6.	**Pratima Ram** **Designation:** Independent Director **DIN:** 03518633 **Nationality:** Indian **Occupation:** Business	69	1. Deccan Gold Mines Limited; 2. Havells India Limited; 3. Suzlon Energy Limited; 4. Minda Corporation Limited; 5. GPS Renewables Private Limited; 6. Avaali Solutions Private Limited; 7. Nandan Denim Limited; 8. SE Forge Limited; and 9. Cadila Pharmaceuticals Limited.

Sr. No.	Name, Designation, DIN, Nationality, Occupation, Date of Appointment, Term and Address	Age (years)	Other Directorships
	Date of appointment/reappointment: August 09, 2019 **Term:** From August 09, 2019 till August 08, 2024 **Address:** 32 Maple A, Prestige Greenwoods Apartments, Nagavarapalya, CV Raman Nagar, Bangalore-560093		

Brief Profile of Directors

Vazhappully Padmanabhan Nandakumar aged 65 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 its Board 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 aged 63 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 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 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.

Munish Dayal: aged 53 years is a Non-Executive Director. He holds a bachelor's degree in commerce from the University of Delhi. He is a Senior Partner with Barings Private Equity Partners India since May 2007 and heads the investment practice in Banking, Financial Services & Insurance (BFSI) and also serves as an Operating Partner. He has been associated with our Company since November 03, 2017.

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.

Confirmations

None of our Directors have been restrained or prohibited or debarred by SEBI from accessing the securities market or dealing in securities.

None of our Directors have been identified as a 'wilful defaulter' by any financial institution or bank, or a consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI. None of our director's features in any list of defaulters by ECGC or any government/regulatory authority.

None of our Directors was a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations.

Relationship between Directors

None of our Directors are related to each other.

Remuneration and terms of appointment of the Directors

Managing Director

Jeevandas Narayan was appointed as the Managing Director of our Company for a period of three years, with effect from June 1, 2017 to May 30, 2020 vide Board Resolution dated May 20, 2017 and the approval of the shareholders with respect to the appointment of Jeevandas Narayan as the Managing Director was obtained *vide* a resolution passed at the EGM held on May 25, 2017. The terms of the appointment are as follows:

Particulars	Details
Salary	₹100.00 lakhs per annum
Performance Bonus	₹50.00 lakhs subject to annual evaluation by the Nomination Compensation & Corporate Governance Committee and the approval of the Board of Directors
Others	Provision of Chauffeur driven car for official purposes, Accommodation and such other allowances, perquisites, benefits and amenities as may be provided by the Company to the senior management staff from time to time.

Non-Executive Directors other than Independent Directors and Independent Directors

The Board of Directors of our Company in their meeting held on May 11, 2016, has approved payment of ₹40,000 as sitting fees for attending every meeting of the Board of Directors and Committees. The sitting fees for attending every meeting of IT strategy committee is ₹20,000.

Remuneration paid to our Directors

The following table sets forth the remuneration paid by our Company to our Directors during the financial year March 31, 2019:

Name of Director	Designation	Amount (₹ in Lakhs)
Jeevandas Narayan	Managing Director	100.00

Sitting fees paid to our Non-Executive Directors

The following table sets forth the sitting fees paid by our Company to our Non-executive Directors during the financial year March 31, 2019:

Name of Director	Designation	Amount (₹ in Lakhs)
Vazhappully Padmanabhan Nandakumar	Non-Executive Chairman	Nil
Thotanchath Balakrishnan	Independent Director	5.80
Gautam Rathindranath Saigal	Non-Executive Director	5.20
Munish Dayal	Non-Executive Director	4.60
Pratima Ram#	Independent Director	Nil

#appointed with effect from June 19, 2019

Borrowing Powers of the Board

Pursuant to the resolution passed by the shareholders of our Company at their AGM held on August 06, 2018 and in accordance with provisions of Section 180(1)(c) of the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013 and the Articles of Association of our Company, the Board has been authorised to borrow money of exceeding the paid up share capital of our Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount up to which monies may be borrowed together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not exceed the sum of ₹ 1,000 crores (Rupees Thousand Crores only) on such terms and conditions as the Board may deem fit from time to time.

Interest of the Directors

All the directors of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them.

All the directors of our Company, may also be deemed to be interested to the extent of Equity Shares, if any, held by them or by companies, firms and trusts in which they are interested as directors, partners, members or trustees and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

All our directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations. Except as otherwise stated in this Prospectus and statutory registers maintained by our Company in this regard, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made with them.

Except the following:

1. Mr. Vazhappully Padmanabhan Nandakumar, Non- Executive Chairman of our Company is also the promoter and managing director of Manappuram Finance Limited, our Promoter. Our Company has taken a unsecured loan of ₹10,000 lakhs from Manappuram Finance Limited and we make repayment and pay interest on such loan. For further details, refer *"Financial Indebtedness"* on page 107. Further, we pay rent to our Promoter, for the premises on which our registered office, corporate office and some of our branches are situated as it is owned by our Promoter, Manappuram Finance Limited. Also, we pay license fee to our Promoter for using certain information technology facilities owned by our Promoter. For further details, refer "Related Party Transaction" on page 101 and refer Risk Factor "*We have entered into certain related party transactions and may continue to enter into related party transactions, which may involve conflicts of interest*" on page 25.

2. The Logo used by our Company is owned by Mr. Vazhappully Padmanabhan Nandakumar, Non- Executive Chairman of our Company and brand name "Manappuram" is owned by our Promoter, Manappuram Finance Limited. For further details, refer Risk Factor "*We do not own the trademark, the logo and brand name "Manappuram". Consequently, our ability to use the trademark, name and logo may be impaired.*" on page 21.

None of our Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm of company in which he is interested, by any person, in cash or shares or otherwise, either to induce them or to help them qualify as a director or for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company, except for repayment of loan taken from our Promoter, as disclosed in "*Objects of Issue*" and "*Financial Indebtedness*" on page 45 and page 107 respectively.

Our Directors or their relatives have not purchased or sold any Equity Shares of our Company in the six months preceding the date of this Prospectus.

Appointment of Relatives of Directors to an office of profit

As on date, none of the relatives of Directors are appointed to an office or place of profit.

Debenture holding of Directors

As on date, our Company has not issued any debentures.

Appointment to office of Profit

None of our Directors have been appointed to an office or place of profit.

Changes in the Directors of the company during the last three years

Name of Director	Date of change	Reason
Narendra Mairpady	November 9, 2016	Resignation
Jeevandas Narayan	May 20, 2017	Appointment as Managing Director.
Shailesh J Mehta	September 02, 2017	Resignation
Munish Dayal	August 06, 2018	Change Appointment as Non-Executive Director
Dr.Sumitha Jayasankar	March 22, 2019	Resignation
Pratima Ram	August 09, 2019	Appointment as Independent Director

Shareholding of Directors, including details of qualification shares held by Directors

As per the provisions of our AOA, Directors are not required to hold any qualification shares. As on the date of this Prospectus, our Directors held the following number of Equity Shares:

Name of Director	Number of Equity Shares held	Percentage of the total paid-up capital (%)
Vazhappully Padmanabhan Nandakumar jointly with Manappurram Finance Limited	1	Negligible

Details of various Committees of the Board

1. Audit Committee

Our Audit committee was reconstituted by the Board of directors through its resolution as on November 03, 2017. It currently comprises of the following directors:

1. Gautam Rathindranath Saigal (Chairman)
2. Thotanchath Balakrishnan
3. Munish Dayal

The scope and functions of the Audit committee are in accordance with Section 177 of the Companies Act, 2013 and its terms of reference are as follows:

1. The recommendation for appointment, remuneration and terms of appointment of auditors of the company;

2. Review and monitor the auditor’s independence, and performance and effectiveness of audit process;

3. Examination of the financial statement and auditor’s report thereon;

4. Approval or any subsequent modification of transactions of the company with related parties;

5. Scrutiny of inter-corporate loans and investments;

6. Valuation of undertakings or assets of the company, wherever it is necessary;

7. Evaluation of internal financial controls and risk management systems; and

8. Monitoring the end use of funds raised through public offers and related matters

2. IT strategy Committee

The IT Strategy Committee was constituted by a board resolution dated November 02, 2018. It currently comprises the following Directors:

The Committee currently comprises:

1. Thotanchath Balakrishnan (Chairman)
2. Vazhappully Padmanabhan Nandakumar
3. Jeevandas Narayan
4. Munish Dayal
5. Chief Information Officer
6. Chief Technology Officer

The scope and function of the IT Strategy Committee is in accordance with the NHB Circular on Information Technology Framework dated June 15, 2018 and its terms of reference are as follows:

1. To approve IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;

2. Ascertaining that the management has implemented processes and practices that ensure that IT delivers value to the business;

3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;

4. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high level direction for souring and use of IT resource; and

5. Ensuring proper balance of IT investments for sustaining HFC's growth and becoming aware about exposure towards IT risks and controls.

3. Nomination, Compensation and Corporate Governance Committee

The Nomination, Compensation and Corporate Governance Committee was re-constituted by a Board Resolution dated November 03, 2017 and it currently comprises:

1. Thotanchath Balakrishnan (Chairman)
2. Munish Dayal
3. Vazhappully Padmanabhan Nandakumar

The scope and function of the Nomination, Compensation and Corporate Governance Committee and its terms of reference are as follows:

1. Framing a broader policy describing the qualification, Independence, other positive attributes for selection of Executive/whole time directors and fixing remuneration for the directors, key managerial personnel and other employees from time to time keeping in mind the applicable regulatory requirements;

2. Selection of directors, key management personnel and persons to be appointed in senior management positions as defined by the board and recommend to the board for their appointment and removal thereof; and

3. Filling in a timely manner vacancy on the board of the company including the position of Executive/whole time directors and evaluation the performance of every director. Besides, the committee has to ensure that the company follows good corporate governance standards in all its business and other activities.

4. Debenture Committee

The Debenture Committee was constituted by a Board Resolution dated August 09, 2019 and it currently comprises:

1. Vazhappully Padmanabhan Nandakumar (Chairman)
2. Jeevandas Narayan

3. Sandeep Kumar
4. Vipul Patel
5. Sreedivya S

The scope and function of the Debenture Committee and its terms of reference are as follows:

1. authorization of any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorneys, to do such acts, deeds and things as such authorized person in his/her/its absolute discretion may deem necessary or desirable in connection with the issue, offer and allotment of the NCDs;
2. engage auditors, legal counsels or any other agents, approval of opinions, accounts and act upon any such opinions or accounts to be incorporated in the prospectus;
3. giving or authorizing the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time;
4. appointing the lead managers to the issue in accordance with the provisions of the Debt Regulations;
5. seeking, if required, any approval, consent or waiver from the Company's lenders, and/or parties with whom the Company has entered into various commercial and other agreements, and/or any/all concerned government and regulatory authorities in India, and/or any other approvals, consents or waivers that may be required in connection with the issue, offer and allotment of the NCDs;
6. deciding, approving, modifying or altering the pricing and terms of the NCDs, and all other related matters, including the determination of the size of the NCD issue up to the maximum limit prescribed by the Board and the minimum subscription for the NCD Issue;
7. approval of the draft and final prospectus or disclosure document as the case may be (including amending, varying or modifying the same, as may be considered desirable or expedient) as finalized in consultation with the lead managers, in accordance with all applicable laws, rules, regulations and guidelines;
8. approving the Reformatted Financial Information of the Company for the purpose of incorporating in the Offering Documents;
9. seeking the listing of the NCDs on any Indian stock exchange, submitting the listing application to such stock exchange and taking all actions that may be necessary in connection with obtaining such listing;
10. appointing the registrar and other intermediaries to the NCD Issue , in accordance with the provisions of the Debt Regulations;
11. finalization of and arrangement for the submission of the draft prospectus to be submitted to the Stock Exchange(s) for receiving comments from the public and the prospectus to be filed with the Stock Exchange(s), and any corrigendum, amendments supplements thereto;
12. appointing the debenture trustee and execution of the trust deed in connection with the NCD Issue, in accordance with the provisions of the Debt Regulations;
13. authorization of the maintenance of a register of holders of the NCDs;
14. finalization of the basis of allotment of the NCDs including in the event of over-subscription;
15. finalization of the allotment of the NCDs on the basis of the applications received;
16. acceptance and appropriation of the proceeds of the NCD Issue; and
17. To generally do any other act and/or deed, to negotiate and execute any document/s, application/s, agreement/s, undertaking/s, deed/s, affidavits, declarations and certificates, and/or to give such direction as it deems fit or as may be necessary or desirable with regard to the NCD Issue.

5. Management Committee

The Management Committee was re-constituted by a Board Resolution dated May 20, 2017 and it currently comprises:

1. Vazhappully Padmanabhan Nandakumar-Chairman
2. Jeevandas Narayan
3. Gautam Rathindranath Saigal

The scope and function of the Management Committee and its terms of reference are as follows:

1. To assist the Board in the day to day operations and for the smooth functioning of the Company and responsible for overseeing and dealing with operational matters from time to time; and

2. To meet as and when it becomes necessary to consider the urgent matters coming up between two Board meetings and requiring Board's sanction.

3. To delegate the power to approve all financial arrangements with the Banks and other financial institutions within overall Board approved borrowing limit from time to time.

6. Risk Management Committee

The Risk Committee was constituted by a Board Resolution dated re-constituted on November 03, 2017 it currently comprises:

1. Gautam Rathindranath Saigal -Chairman
2. Thotanchath Balakrishnan
3. Munish Dayal

The scope and function of the Risk Committee and its terms of reference are as follows:

1. 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.
2. Provide a methodology to identify, quantify and analyze the company's exposure to loss arising out of probable uncertain event.
3. Instilling a culture of risk awareness across the length and breadth of the organization.
4. 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. 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.
5. Development of 'models' for assessment of loss in projected circumstances.
6. Limiting unfavorable outcome by containing risks and suggesting mitigation therefore.

7. ALCO Committee

The Alco Committee was constituted by a Board Resolution dated May 20, 2017 and it currently comprises:

1. Vazhappully Padmanabhan Nandakumar (Chairman)
2. Jeevandas Narayan
3. Vipul Patel
4. Head of Risk Department

The scope and function of the ALCO Committee and its terms of reference are as follows:

1. To oversee the Asset Liability Management; and

2. To deliberate over the following discussion paper from time to time:
   - Liquidity Risk Management.
   - Management of Market Risk.
   - Funding and Capital Planning.
   - Profit Planning and Growth Projection.
   - Forecasting and analysing 'What if scenario' and Preparation of contingency plans.
   - Interest rate sensitive liabilities and assets – Gap Analysis.

Key Managerial Personnel

In addition to our Managing Director, Jeevandas Narayan, our Company's Key Managerial Personnel are as follows:

Vipul Patel aged 49 years is a Chief Financial Officer of our Company. He holds a bachelor's degree in commerce from the University of Mumbai and he is also an associate member of the Institute of Chartered Accountants of India. He has 19 years of experience in the field of finance and accounting. He was appointed as the Chief Financial Officer of the Company with effect from March 1, 2016.

Sreedivya S, aged 45 years, is the Company Secretary of our Company. She is a fellow member of the Institute of Company Secretaries of India and has also completed her Masters of Business Administration from Sikkim Manipal University. She has 11 years of experience in secretarial and compliance related matters. She was appointed as the Company Secretary of our Company with effect from March 14, 2014.

For details about our Managing Director, please refer to "*Our Management – Brief Profile of our Directors*" on page 88.

All our Key Managerial Personnel are permanent employees of our Company.

OUR PROMOTER

The Promoter of our Company is Manappuram Finance Limited and they hold 20,00,00,000 Equity Shares aggregating to 100.00% of the share capital of our Company.

Profile of our Promoter

Details of our Promoter are below:

Manappuram Finance Limited

1. **Our Promoter, Manappuram Finance Limited** was incorporated as Manappuram General Finance and Leasing Limited on July 15, 1992, Kerala, under the Companies Act, 1956 with corporate identity number L65910KL1992PLC006623 as a public limited company and obtained a certificate for commencement of business dated July 31, 1992. The name of our Promoter was changed to Manappuram Finance Limited pursuant to a fresh certificate of incorporation dated June 22, 2011. Further, pursuant to change in name of our Promoter, a fresh certificate of registration dated July 4, 2011, bearing registration number B-16.00029, was issued by RBI to carry on the activities of a non-banking financial company without accepting public deposits under Section 45 IA of the RBI Act. Our Promoter has received letters dated June 12, 2014 and email dated September 4, 2015 from Madras Stock Exchange Limited (MSE) and Cochin Stock Exchange Limited (CSE), respectively, intimating our Promoter that such stock exchanges have opted for voluntary de-recognition as a stock exchange in compliance with SEBI circular dated May 30, 2012. Accordingly, the Equity Shares of our Promoter were delisted from MSE and CSE in compliance with SEBI (Delisting of Equity Shares) Regulations, 2009. As of the date of this Prospectus, the Equity Shares of our Promoter are listed on the BSE and National Stock Exchange of India Limited and the debentures of our Promoter are listed on BSE.

2. The board of directors of our Promoter as on date of this Prospectus are:

Name	Designation
Mr. Jagdish Capoor	Non-Executive - Independent Director-Chairman
Mr. Vazhappully Padmanabhan Nandakumar	Managing Director & CEO
Mr. B.N Raveendra Babu	Executive Director
Mr. P.Manomohanan	Non-Executive - Independent Director
Mr. V.R.Ramachandran	Non-Executive - Independent Director
Mr. Eknath Atmaram Kshirsagar	Non-Executive - Nominee Director
Mr. V.R.Rajiven	Non-Executive - Independent Director
Mr. Gautam Ravi Narayan	Non-Executive - Non Independent Director
Mrs. Sutapa Banerjee	Non-Executive - Independent Director
Mr. Abhijit Sen	Non-Executive - Independent Director

Interest of our Promoter in our Company

Except as to the extent of the shareholding in our Company, dividend received on Equity Shares held, and interest received on loan given by MAFIL to our Company and as disclosed in chapter titled "Our Management – Interest of Directors" on page 88, our Promoter does not have any other interest in our Company's business.

Further, our Promoter has no interest in any property acquired by our Company in the last two years from the date of this Prospectus, or proposed to be acquired by our Company, or in any transaction with respect to the acquisition of land or construction of building.

Our Promoter does not propose to subscribe to the Issue and does not have any interest in the promotion of the Issue.

Other Confirmations

Our Promoter has not been identified as wilful defaulters by any financial institution or bank or a consortium thereof in accordance with the guidelines on identification of wilful defaulters prescribed by the RBI.

Our Promoter, or person(s) in control of our Company were not a promoter, director or person(s) in control of any company which was delisted within a period of ten years preceding the date of this Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations.

No violations of securities laws have been committed by our Promoter in the past or are currently pending against them, except as disclosed in Chapter *"Outstanding Litigation"* on page 156. Our Promoter has not been restrained or debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling or dealing in securities under any order or directions passed for any reasons by SEBI or any other authority or refused listing of any of the securities issued by any stock exchange in India or abroad.

Our Promoter equity shareholding in our Company, as on the date of this Prospectus, is as set forth below:

Sr. No.	Name of Promoter	Total number of Equity Shares held*	Number of shares held in dematerialised Form	Percentage of issued Equity Share capital	Equity Shares pledged or otherwise encumbered	% of Equity Shares pledged
1.	Manappuram Finance Limited	20,00,00,000	19,99,99,999	100.00	Nil	Nil

**Our Promoter, Manappuram Finance Limited holds 19,99,99,994 Equity Shares in its own name and 6 Equity Shares jointly with others.*

Set forth below is the build-up of the equity shareholding of our Promoter in our Company:

Manappuram Finance Limited

Date of allotment/ transfer	No. of Equity Shares	Face value (in ₹)	Issue price (in ₹)	Consideration (Cash/Other than cash)	Nature of allotment/transfer	Sources
March 12, 2014	71,00,000	10	16.26	Cash	Transfer from Jaypee Hotels Limited	Own Funds
March 29, 2014	40,00,000	10	10	Cash	Rights Issue	Own Funds
March 28, 2015	3,39,00,000	10	10	Cash	Rights Issue	Own Funds
January 22, 2016	2,50,00,000	10	10	Cash	Rights Issue	Own Funds
March 31, 2016	3,00,00,000	10	10	Cash	Rights Issue	Own Funds
February 27, 2019	10,00,00,000	10	10	Cash	Rights Issue	Own Funds
Total	**20,00,00,000**					

All the above Equity Shares were fully paid-up at the time of allotment or transfer, as the case may be.

Shareholding pattern of our Promoter as on June 30, 2019

Category (I)	Category of Shareholder (II)	Number of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	No. of partly paid-up Equity Shares held (V)	No. of shares underl-ying depository receipts (VI)	Total nos. shares held (VII) = (IV)+ (V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR) (VIII) As a % of (A+B+C2)	Number of voting rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) as a % of A+B+C2	Number of Locked in shares (XII)		Shares Pledged of otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights Each share has 1 vote		% of Total Voting rights			No (a)	As a % of total Shares held (b)	No (a)	As a % of total Shares held (b)	
								Class - Equity	Total								
A)	Promoter Shareholding	5	29,61,56,139	-	-	29,61,56,139	35.12	29,61,56,139	29,61,56,139	35.12	-	35.12	-	-	1,00,00,000	3.38	29,61,56,139
B)	Public Shareholding	1,04,919	54,70,09,711	-	-	54,70,09,711	64.88	54,70,09,711	54,70,09,711	64.88	-	64.88	-	-	-	-	54,22,65,266
C)	Non Promoter – Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**1,04,924**	**84,31,65,850**	-	-	**84,31,65,850**	**100.00**	**84,31,65,850**	**84,31,65,850**	**100.00**	**-**	**100.00**	-	-	**1,00,00,000**	**1.186**	**83,84,21,405**

RELATED PARTY TRANSACTION

For details of the related party transactions of our Company during the last five fiscals, see "*Note 30*" on page F – 37 and "*Annexure V – Note 20*" on page F – 71.

SECTION–V - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Deloitte
Haskins & Sells LLP

INDEPENDENT AUDITOR'S REPORT

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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To The Members of Manappuram Home Finance Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

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

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

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

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

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

Management's Responsibility for the Financial Statements

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.

Other matter

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

    e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

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

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

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

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Anjum A. Qazi
Partner
(Membership No. 104968)

Place: Valapad

Date: 7th May 2019

Report on Internal Financial Controls Over Financial Reporting

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India" (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policy, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note.

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

Anjum A. Qazi
Partner
(Membership No. 104968)

Place: Valapad

Date: 7th May 2019

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

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

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

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

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

(vii) To the best of our knowledge and according to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax and cess to the appropriate authorities.

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

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

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

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

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

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

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

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

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

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

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

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

(xv) To the best of our knowledge and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Act are not applicable.

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

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

Anjum A. Qazi
Partner
(Membership No. 104968)

Place: Valapad

Date: 7th May 2019

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

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

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

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Anjum A. Qazi
Partner

Place:
Date: 7 May 2019

For and on behalf of the Board of Directors

V.P. Nandakumar
Chairman
DIN : 00044512

Jeevandas Narayan
Managing Director
DIN : 07656546

Subhash Samant
CEO

Vipul Patel
CFO

Sreedivya S
Company Secretary

Place:
Date: 7 May 2019

Manappuram Home Finance Limited

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

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

See accompanying notes forming part of the financial statements.

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Anjum A. Qazi
Partner

Place:
Date: 7 May 2019

For and on behalf of the Board of Directors

V.P. Nandakumar
Chairman
DIN : 00044512

Jeevandas Narayan
Managing Director
DIN : 07656546

Subhash Samant
CEO

Vipul Patel
CFO

Sreedivya S
Company Secretary

Place:
Date: 7 May 2019

Manappuram Home Finance Limited

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

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

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

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Anjum A. Qazi
Partner

Place:
Date: 7 May 2019

For and on behalf of the Board of Directors

V.P. Nandakumar
Chairman
DIN : 00044512

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Managing Director
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Subhash Samant
CEO

Vipul Patel
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Sreedivya S
Company Secretary

Place:
Date: 7 May 2019

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

a. Equity Share Capital

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

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

b. Other Equity

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

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Anjum A. Qazi
Partner

Place:
Date: 7 May 2019

For and on behalf of the Board of Directors

V.P. Nandakumar
Chairman
DIN : 00044512

Jeevandas Narayan
Managing Director
DIN : 07656546

Subhash Samant
CEO

Vipul Patel
CFO

Sreedivya S
Company Secretary

Place:
Date: 7 May 2019

Manappuram Home Finance Limited

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

Accounting Policies

Note 1: Corporate Information

Manappuram Home Finance Limited ('MHFL' or 'the Company') is a public limited company domiciled in India and incorporated on October 7, 2010 in Thrissur, Kerala. The Company is a Non-Deposit accepting Housing Finance Company registered with National Housing Bank (NHB) under the provisions of National Housing Bank Act 1987 ('NHB Act').The Company is engaged in providing housing loans.
The company's registered office is at Third Floor, A Wing, Unit No 301-315, Kanakia Wall Street, Andheri Kurla Road, Andher East, Mumbai-400093.
The financial statements for the year ended 31st March 2019 were authorised for issuance in accordance with a resolution of the directors on 7th May 2019.

Note 2: New Accounting Standards issued but not effective

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

Note 3: Significant accounting policies

a. Statement of Compliance

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

b. Basis of preparation

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

c. Functional and presentation currency

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

Manappuram Home Finance Limited

d. Use of estimates, judgments and assumptions

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

e. Recognition of Income

i) Interest and similar Income

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

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

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

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

f. Property, Plant and equipment (PPE)

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

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

The estimated useful lives are, as follows:

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

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

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

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

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

g. Intangible assets

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

h. Assets Held for Sale

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

Manappuram Home Finance Limited

i. Impairment of non-financial assets

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

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

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

j. Leases

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

Company as a lessee

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

k. Retirement and other employee benefits

Provident Fund (Defined Contribution Plans)

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

Gratuity (Defined Benefit Plan)

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

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

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Short-term employee benefits

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

Compensated absence

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

l. Taxes

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

i) Current Taxes

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

ii) Deferred Taxes

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

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

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

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

m. Earnings per share

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

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n. Provisions and other Contingent liabilities

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

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

o. Cash and cash equivalent

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

p. Cash flow statement

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

q. Determination of Fair Value

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

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

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

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

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

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

r. Financial instruments

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

i. Financial Assets

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

Subsequent measurement

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

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

Financial assets measured at amortised cost

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

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

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

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

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

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

Financial liabilities

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

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

Impairment of financial assets

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

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

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

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

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

Stage 2: Lifetime ECL – Significant increase in credit risk

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

Stage 3: Lifetime ECL – credit impaired

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

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Credit-impaired financial assets:

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

Measurement of ECLs

The measurement of ECL reflects:

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

b) The time value of money

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

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

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

Write-off

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

Presentation of allowance for ECL in the statement of financial position

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

Derecognition of financial assets and financial liabilities

Financial assets

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

Financial liabilities

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

Offsetting

The company has not offset financial assets and financial liabilities.

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

Note 4: Cash and cash equivalents

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Cash on hand	59,09,168	9,11,519	12,10,566
Balances with bank			
In current accounts	18,65,80,629	83,88,774	3,53,05,138
In Cash credit accounts	-	2,77,22,587	6,03,95,653
	19,24,89,797	3,70,22,880	9,69,11,357

Note 5: Loans (At Amortised Cost)

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

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

Credit Quality of Assets (Gross)

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

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

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

Manappuram Home Finance Limited

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

Reconciliation of ECL balance is given below:

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

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

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

Reconciliation of ECL balance is given below:

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

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

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Note 6: Other financial assets

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

Note 7: Current Tax

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

Note 8: Property, plant and equipment

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

Note 9: Capital work-in-progress

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

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Note 10: Other Intangible Assets

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

Note 11: Other Non-financial assets

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

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Note 12: Borrowings (other than debt security)

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

All Borrowings made in India.

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

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

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

As at 31st March, 2018

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

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

As at 1st April, 2017

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

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

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Note 13: Other Financial liabilities

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

Note 14: Current Tax Liabilities

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

Note 15: Provisions

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

Loan Commitments (Gross)

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

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

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

Reconciliation of ECL balance is given below:

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

Note 16: Other Non-financial liabilities

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

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

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

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

Terms/ rights attached to equity shares

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

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

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

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

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

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Note 18: Other equity

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

Nature and purpose of Reserves

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

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

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Note 19 : Revenue from operations

Note 19 (i): Interest income

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

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

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

Note 19 (iii): Other operating income

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

Note 20: Finance Cost

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

Note 21: Impairment of financial instruments

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

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

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

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Note 22: Employee Benefit Expenses

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

Note 23: Other Expenses

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

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

Note 24: Income Tax

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

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Profit Before Tax	**3,29,31,450**	**(4,72,80,774)**
Income tax expense calculated at 27.82% (PY 20.39%)	91,60,000	(96,40,006)
Effect of expenses that are not deductible in determining taxable profit	76,10,000	53,10,916
Utilisation of previously unrecognised tax losses	(92,10,000)	-
Effect of incomes which are exempt from tax	(25,60,000)	(5,13,309)
Utilisation of MAT Credit	20,99,802	(31,09,289)
Effect of expenses for which weighted deduction under tax laws is allowed	(22,80,000)	-
Tax provision for earlier years	(20,99,802)	(27,44,770)
Others	-	79,51,688
Income tax expense recognised in statement of profit and loss	**27,20,000**	**(27,44,770)**

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

Note 25: Earnings per share

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

Note 26: Retirement Benefit Plan

Defined Contribution Plan

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

Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed 5 years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Rs.25,05,000 as on March 31, 2019.

Risks Associated with Defined Benefit Plan :

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

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

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

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

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost

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

Movement in Other Comprehensive Income

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

Balance Sheet

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

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

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

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

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

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

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

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

Investments quoted in active markets:

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

Assumptions
Sensitivity Level

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

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

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

The fund is administered by Life Insurance Co-operation of India. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

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

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

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

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

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

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

Note 29: Contingent liabilities, commitments and leasing arrangements

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

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

(C) Lease Disclosures
Operating Lease :

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

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

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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
Key management personnel (KMP)	Mr. V. P. Nandakumar (Chairman)* Mr. Jeevandas Narayan (Manging Director with effect from June 1, 2017) Mr. Subhash Samant (CEO with effect from June 12, 2017) Mr. Aloke Ghosal (CEO till June 8, 2017) Mr. Vipul Patel (CFO) Mrs. Sreedivya (Company Secretary)
Post Employment Benefit Plan	LIC Manappuram Gratuity Trust

* No transactions during the year

Related Party transactions during the year:

	Holding Company			KMP		Others	
Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Rent							
Manappuram Finance Limited	22,07,856	6,32,238	-	-	-	-	-
Other expenses							
Manappuram Finance Limited	6,00,875	2,22,071	-	-	-	-	-
Salary							
Mr. Jeevandas Narayan	-	-	-	1,00,00,080	83,33,400	-	-
Mr. Subhash Samant	-	-	-	1,19,99,794	96,14,317	-	-
Mrs. Sreedivya	-	-	-	21,14,232	15,95,037	-	-
Mr. Vipul Patel	-	-	-	34,86,272	32,33,287	-	-
Mr. Aloke Ghosal	-	-	-	-	9,53,695	-	-
Transfer of Fixed assets							
Manappuram Finance Limited	-	-	9,19,989	-	-	-	-
Loan taken from							
Manappuram Finance Limited	1,91,00,00,000	24,50,00,000	14,00,00,000	-	-	-	-
Loan Repaid to							
Manappuram Finance Limited	1,61,00,00,000	24,50,00,000	14,00,00,000	-	-	-	-
Interest expense							
Manappuram Finance Limited	2,39,43,403	67,123	-	-	-	-	-
Issue of Equity Share Capital							
Manappuram Finance Limited	1,00,00,00,000	-	-	-	-	-	-
Software Expenses							
Manappuram Comptech and Consultants Limited	-	-	-	-	-	34,62,500	13,50,000
Post Employment Benefit Plan							
Contribution to LIC Manappuram Gratuity Trust	-	-	-	-	-	9,14,000	-
Amounts payable (net) to related parties							
Manappuram Finance Limited	4,78,996	-	2,638	-	-	-	-

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Compensation of key management personnel

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

Note 31: Capital

Capital Management

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

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

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

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

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

Note 32: Fair Value Measurement

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

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

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

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Fair Value Hierarchy of assets and liabilities

Fair Value measurement

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

Valuation principles

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

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

Valuation methodologies of financial instruments not measured at fair value :

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

Financial Assets and Liabilities

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

Valuation techniques

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

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Note 33: Risk Management

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

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

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

Credit Risk

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

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

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

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

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

Exposure at Default (EAD)

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

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

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

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

Loss Given Default

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

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

Manappuram Home Finance Limited

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

Liquidity Risk

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

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

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

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	84,55,799	4,93,34,211	32,13,71,335	14,18,40,218	97,56,76,935	1,13,21,42,610	75,43,17,286	7,89,21,528	**3,46,20,59,922**
Advances	1,39,36,006	1,31,87,246	1,33,63,719	4,11,20,583	30,61,91,800	41,60,41,418	53,45,86,635	3,79,74,35,085	**5,13,58,62,492**

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

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

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

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	-	-	-	2,91,66,667	21,32,98,476.65	73,28,76,985	85,65,10,088	46,45,38,986	**2,29,63,91,201**
Advances	1,23,78,196	69,46,259	70,29,556	2,15,73,306	4,54,26,190	21,60,33,329	29,11,11,250	2,47,45,45,947	**3,07,50,44,033**

Market Risk

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

Interest Rate Risk

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

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

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

Price Risk

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

Manappuram Home Finance Limited

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Note 34: First-time Adoption of Ind AS

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

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

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

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

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

Estimates:

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

Equity reconciliation for 1 April 2017

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

Manappuram Home Finance Limited

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

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

Equity reconciliation for 31 March 2018

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

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

Profit reconciliation for the year ended 31 March 2018

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

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

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

1. EIR

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

2. Recording of impairment as per ECL

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

3. Interest income on NPA

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

4. Fair valuation of security deposit

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

5. Fair valuation of ESOP

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

Other comprehensive income

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

Statement of cash flows

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

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

Note: 35

Derivatives:

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

Note: 36

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

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

Note: 37

Provisions and Contingencies

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

Manappuram Home Finance Limited

Note: 38
Draw down from Reserves

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

Notes: 39
i) Concentration of Advances

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

ii) Concentration of Exposures

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

iii) Concentration of NPA's

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

iv) Sector-wise NPAs

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

v) Movement of NPAs

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

Notes: 40

Customer Complaints

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

Note: 41

Miscellaneous

i) Registration obtained from other financial sector regulators

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

ii) Disclosure of Penalties imposed by RBI and other regulators

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

iii) Securitisation

Company does not have any Secrutisation transaction.

iv) Exposure to Capital Market

Company do not have Exposure to Capital Market

v) Details of financing of parent company products

Company do not have financing of parent company products.

vi) Investments

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

vii) Overseas Assets

Company does not have any Overseas Assets.

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

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

ix) Loan against Gold

Company does not have any loans/advances against Gold.

x) Unhedged Foreign Currency

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

xi) Immovable Property

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

xii) Fraud Reporting

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

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

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

For and on behalf of the Board of Directors

V.P. Nandakumar
Chairman
DIN : 00044512

Jeevandas Narayan
Managing Director
DIN : 07656546

Subhash Samant
CEO

Vipul Patel
CFO

Sreedivya S
Company Secretary

Place:
Date: 7 May 2019

Manappuram Home Finance Limited

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

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INDEPENDENT AUDITOR'S EXAMINATION REPORT ON REFORMATTED FINANCIAL INFORMATION

To the Board of Directors of
Manappuram Home Finance Limited

Dear Sirs,

1. We have examined, as appropriate (refer paragraph 5 below), the attached Reformatted Financial Information of **Manappuram Home Finance Limited** (the "Company" or the "Issuer"), comprising the Reformatted Statement of Assets and Liabilities as at March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015, the Reformatted Statements of Profit and Loss, the Reformatted Cash Flow Statement for the years ended March 31, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015, the Statement of Significant Accounting Policies, and other explanatory Statements (collectively, the "Reformatted Financial Information"). The Reformatted Financial Information have been prepared by the Management of the Company on the basis of Note 2 to the Reformatted Financial Information and have been approved by the Debenture Committee of the Company at their meeting held on September 6, 2019 for the purpose of inclusion in the Draft Prospectus and Prospectus (collectively the "Offer Documents") prepared by the Company in connection with its proposed issue of secured, redeemable, non-convertible debentures ("NCDs") prepared in terms of the requirements of:
   a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");
   b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (the "Regulations"); and
   c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2. The Company's Board of Directors is responsible for the preparation of the Reformatted Financial Information for the purpose of inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited and Registrar of Companies, Kerala and Lakshadweep in connection with the proposed issue of NCDs. The Reformatted Financial Information have been prepared by the management of the Company on the basis of preparation stated in Note 2 to the Reformatted Financial Information. The Company's Board of Directors responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Reformatted Financial Information. The Company's Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, the Regulations and the Guidance Note.

3. We have examined such Reformatted Financial Information taking into consideration:
   a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated September 4, 2019 in connection with the proposed issue of NCDs of the Company;
   b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
   c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Reformatted Financial Information; and
   d) The requirements of Section 26 of the Act and the Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the

Act, the Regulations and the Guidance Note in connection with the proposed issue of NCDs.

4. These Reformatted Financial Information have been compiled by the management from the Audited financial statements of the Company as at and for the years ended March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 prepared in accordance with the Accounting Standards as prescribed under Section 133 of the Act, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on May 16, 2018, May 20, 2017, May 11, 2016 and May 13, 2015, and respectively.

5. For the purpose of our examination, we have relied on:

   a) Auditors' report issued by us dated May 16, 2018 on the financial statements of the Company as at and for the year ended March 31, 2018 as referred in Paragraph 4 above; and

   b) Auditors' reports issued by the Previous Auditors dated May 20, 2017, May 11, 2016 and May 13, 2015, on the financial statements of the Company as at and for the years ended March 31, 2017, March 31, 2016 and March 31, 2015, as referred in Paragraph 4 above.

   The audits for the financial years ended March 31, 2017, March 31, 2016 and March 31, 2015 were conducted by the Company's previous auditors (the "Previous Auditors"), and accordingly reliance has been placed on the reformatted statement of assets and liabilities, the reformatted statements of profit and loss, reformatted cash flow statements, the Statement of Significant Accounting Policies, and other explanatory information (collectively, the "2017, 2016 and 2015 Reformatted Financial Information") examined by them for the said years. The examination report included for the said years is based solely on the report submitted by the Previous Auditors.

6. The audit reports issued by Previous auditors referred to in paragraph 5(b) above, there were modifications relating to reporting on specified bank notes required under the Act for year ended March 31, 2017 and modifications in the annexures to the auditors` report in respect of matters specified in Companies (Auditor's Report) Order, 2016 as applicable to year ended March 31, 2016. The said modifications are stated in note 1 and 2 to Annexure A to this report.

7. Based on our examination and according to the Statements and explanations given to us, we report that the Reformatted Financial Information are prepared, in all material aspects, on the basis described in Note 2 to the Reformatted Financial Information.

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

9. The Reformatted Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited financial statements mentioned in paragraph 4 above.

10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

12. Our report is intended solely for use of the Board of Directors for inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited and Registrar

of Companies- Kerala and Lakshadweep in connection with the proposed issue of NCDs. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report 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)
UDIN: 19104968AAAAIQ2797

Mumbai, September 6, 2019

Annexure A

1. The audit reports referred to in paragraph 6 above, there were modifications relating to reporting on specified bank notes required under the Act for year ended March 31, 2017.
2. The audit reports referred to in paragraph 6 above, there were modifications in the annexures to the auditors` report in respect of matters specified in Companies (Auditor's Report) Order, 2016 as applicable to year ended March 31, 2016.

The said modifications are stated in note 32 and 33 to Reformatted financial information.

Manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Reformatted Statement of Assets and Liabilities
(All amounts are "Rs.in Lakhs", unless otherwise stated)

Annexure - I

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Equity and liabilities					
Shareholders' funds					
Share capital	3	10,000.00	10,000.00	10,000.00	4,500.00
Reserves and surplus	4	(741.57)	(661.03)	(554.01)	(15.98)
		9,258.43	9,338.97	9,445.99	4,484.02
Non-current liabilities					
Long-term borrowings	5	21,895.65	20,590.47	6,750.00	-
Long-term provisions	6	151.73	144.06	65.19	1.93
Other long-term liabilities	7	3.22	3.22	-	-
		22,050.60	20,737.75	6,815.19	1.93
Current liabilities					
Trade payables	7				
• Total outstanding dues of micro enterprises and small enterprises		-	-	-	-
• Total outstanding dues of creditors other than micro enterprises and small enterprises		80.93	48.81	47.66	8.69
Short-term borrowings	8	1,495.62	-	0.31	-
Other current liabilities	7	5,552.37	2,508.26	315.75	14.83
Short-term provisions	6	9.55	18.33	2.52	1.46
		7,138.47	2,575.40	366.24	24.98
TOTAL		38,447.50	32,652.12	16,627.42	4,510.93
Assets					
Non-current assets					
Fixed assets					
Property, Plant and Equipment	9A	137.70	142.57	127.77	15.58
Capital work in progress		-	49.24	1.53	22.01
Intangible assets	9B	74.09	4.27	18.32	-
Loans and Advances	10A	113.38	117.22	56.67	-
Loans - Non Current	10B	35,977.95	30,000.91	12,601.33	215.29
Other non-current assets	11	101.13	51.21	8.40	10.11
		36,404.25	30,365.42	12,814.02	262.99
Current assets					
Current Investments	12	-	-	1,900.00	-
Cash and bank balances	13	370.24	969.12	1,566.78	4,177.71
Loans and Advances	10A	5.57	8.31	6.83	3.02
Loans - Current	10B	1,179.13	931.40	255.61	4.55
Other current assets	11	488.31	377.87	84.18	62.66
		2,043.25	2,286.70	3,813.40	4,247.94
Total		38,447.50	32,652.12	16,627.42	4,510.93

See accompanying statement to significant accounting policies	2.1
See other explanatory information to the reformatted financial statement	1-37

As per our report of even date

For and on behalf of the board of directors

Deloitte Haskins & Sells LLP
Chartered Accountants

Anjum Qazi
Partner

Place: Mumbai
Date: 6 September, 2019

V.P.Nandakumar
Chairman

Jeevandas Narayan
Managing Director

Vipul Patel
CFO

Sreedivya S
Company Secretary

Place: Valapad
Date: 6 September, 2019

MANAPPURAM HOME FINANCE LTD.

Manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Reformatted Statement of Profit and Loss
(All amounts are "Rs.in Lakhs", unless otherwise stated)

Annexure - II

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Income					
Revenue from operations	14	5,304.65	3,564.15	985.59	93.88
Other Income		48.09	119.50	0.64	0.39
Total revenue		**5,352.74**	**3,683.65**	**986.23**	**94.27**
Expenses					
Employee benefits expense	15	1,792.83	1,535.10	854.91	76.00
Finance cost	16	2,287.80	1,355.91	208.31	0.11
Other expenses	17	1,295.78	794.71	431.92	76.14
Depreciation and amortisation expense	9A & 9B	84.32	68.20	29.12	0.92
Total expenses		**5,460.73**	**3,753.92**	**1,524.26**	**153.17**
Loss before tax		**(107.99)**	**(70.27)**	**(538.03)**	**(58.90)**
Tax expenses					
Current tax		31.09	36.75	-	-
MAT credit entitlement		(31.09)	-	-	-
Tax pertain to earlier year		(27.45)	-	-	-
Total tax expense		**(27.45)**	**36.75**	**-**	**-**
Loss for the year		**(80.54)**	**(107.02)**	**(538.03)**	**(58.90)**
Earnings per equity share [Nominal value of share Rs. 10]	18				
Basic		(0.08)	(0.11)	(1.08)	(0.51)
Diluted		(0.08)	(0.11)	(1.08)	(0.51)

See accompanying statement to significant accounting policies — 2.1
See other explanatory information to the reformatted financial statement — 1-37
As per our report of even date

For and on behalf of the board of directors

MANAPPURAM HOME FINANCE LTD

Deloitte Haskins & Sells LLP
Chartered Accountants

Anjum Qazi
Partner

Place: Mumbai
Date: 6 September, 2019

V.P.Nandakumar
Chairman

Jeevandas Narayan
Managing Director

Vipul Patel
CFO

Sreedivya S
Company Secretary

Place: Valapad
Date: 6 September, 2019

Manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Reformatted Cash flow Statement
(All amounts are "Rs.In Lakhs", unless otherwise stated)

Annexure -III

	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
A. Cash flow from operating activities				
Net loss before taxation	(107.98)	(70.27)	(538.03)	(58.90)
Depreciation and amortization	84.31	68.20	29.12	0.92
Provision for standard assets	20.55	70.72	50.56	0.88
Provision for non-performing assets	239.92	69.10	-	-
Bad debts written off	24.73	-	-	-
Provision for gratuity	9.14	-	-	-
Operating loss before working capital changes	270.67	137.75	(458.35)	(57.10)
Movements in working capital :				
Increase/ (decrease) in trade payable	32.11	4.39	38.97	8.40
Increase / (decrease) in short term borrowings	1,495.62	(0.31)	0.31	-
Increase/ (decrease) in other current liabilities and provisions	131.40	7.98	50.93	14.82
Increase / (decrease) in provisions	26.86	20.67	13.76	1.07
Decrease / (increase) in loans and advances	6.58	(62.03)	(60.48)	-
Decrease / (increase) in loans	(6,489.42)	(18,144.47)	(12,637.10)	(221.86)
Decrease / (increase) in other current assets	(160.35)	(344.89)	(21.51)	(20.85)
Cash generated from /(used in) operations	(4,686.53)	(18,380.91)	(13,073.47)	(275.52)
Direct taxes paid (net of refunds)	(30.20)	(25.08)	1.71	(19.38)
Net cash flow from/ (used in) operating activities (A)	**(4,716.73)**	**(18,405.99)**	**(13,071.76)**	**(294.90)**
B. Cash flows from investing activities				
Purchase of fixed assets, including CWIP	(100.04)	(125.85)	(139.17)	(38.50)
Proceed from sale of fixed assets	-	9.20	-	-
(Purchase)/Sale of investment in mutual funds	-	1,900.00	(1,900.00)	-
Net cash flow from/ (used in) investing activities (B)	**(100.04)**	**1,783.35**	**(2,039.17)**	**(38.50)**
C. Cash flows from financing activities				
Proceeds from issuance of equity share capital	-	-	5,500.00	3,390.00
Proceeds from long term borrowings	11,900.00	18,550.00	14,750.00	-
Repayment of long term borrowings	(7,682.10)	(2,525.01)	(7,750.00)	-
Net cash flow from/ (used in) in financing activities (C)	**4,217.90**	**16,024.99**	**12,500.00**	**3,390.00**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**(598.87)**	**(597.65)**	**(2,610.93)**	**3,056.60**
Cash and cash equivalents at the beginning of the year	969.11	1,566.77	4,177.71	1,121.11
Cash and cash equivalents at the end of the year	**370.24**	**969.12**	**1,566.78**	**4,177.71**
Components of cash and cash equivalents				
Cash on hand	9.12	12.11	0.04	0.05
With banks				
- In current account	83.89	353.05	1,566.74	3,574.66
- in CC account	277.23	603.96	-	-
Other Bank Balances	-	-	-	603.00
Total cash and cash equivalents (Note 13)	**370.24**	**969.12**	**1,566.78**	**4,177.71**

See accompanying statement to significant accounting policies 2.1
See other explanatory information to the reformatted financial statement 1-37
As per our report of even date

For and on behalf of the board of directors

Deloitte Haskins & Sells LLP
Chartered Accountants

Anjum Qazi
Partner

Place: Mumbai
Date: 6 September, 2019

V.P.Nandakumar
Chairman

Jeevandas Narayan
Managing Director

Vipul Patel
CFO

Sreedivya S
Company Secretary

Place: Valapad
Date: 6 September, 2019

1. Corporate information

Manappuram Home Finance Limited ('the Company') was incorporated on October 7, 2010 under the provisions of the Companies Act, 1956. 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.

2. Basis of preparation

The financial statements have been prepared under the historical cost convention on an accrual basis to comply in all material aspects with applicable accounting principles in India including accounting standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India, the relevant provisions of the Companies Act, 2013 ("the Act"), the National Housing Bank Act, 1987 and the Housing Finance Companies (NHB) Directions 2010 issued by National Housing Bank to the extent applicable.

The company has prepared Reformatted Statement of Assets and Liabilities as at March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015, Reformatted Statement of Profit and Loss and Reformatted Cash Flow Statement for the year ended March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 and significant accounting policies and other explanatory information (together comprising Reformatted Financial Information).
The Reformatted Financial Information has been extracted by the management from audited financial statements of the company for the year ended March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 which were approved by the Board of Directors of the company and which have been audited by Deloitte Haskins and Sells LLP, Chartered Accountants for the year ended March 31, 2018 and by S.R.Batliboi & Associates LLP, Chartered Accountants for the year ended March 31, 2017, March 31, 2016 and March 31, 2015. The auditors have issued an audit report dated May 16, 2018, May 20, 2017, May 11, 2016 and May 13, 2015 for the respective years ending March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015. The Reformatted Financial Information as at March 31, 2017, March 31, 2016 and March 31, 2015 has been regrouped / reclassified wherever necessary to ensure consistency in the presentation / disclosure requirements and to comply with the requirements of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and as amended (the "SEBI Regulations") issued by the Securities and Exchange Board of India ("SEBI"), as amended from time to time in pursuance of Sections 11 and 11A of the Securities and Exchange Board of India Act, 1992 for inclusion in the Offer Document to be filed with Securities and Exchange Board of India, BSE Limited and Registrar of Companies Kerala and Lakshadweep in connection with the proposed issue of Secured, Redeemable Non Convertible Debentures by the company.
The Reformatted Financial Information do not reflect the effects of events that occurred subsequent to the dates of approval of the audited financial statements of the respective years by the Board of Directors and also do not reflect the effects of change in accounting policies and re-statement impact in respect of prior period items from one year to another, if any.

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MANAPPURAM HOME FINANCE LTD

2.1 Summary of significant accounting policies

a) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

c) Revenue recognition

Interest income is allocated over the contractual term of the loan by applying the committed interest rate to the outstanding amount of the loan. Interest income is accrued as earned with the passage of time. Interest on loan assets classified as "non-performing" is recognised only on realisation. Any such income recognized and remaining unrealized after they become overdue in respect of secured and unsecured loans are reversed

Loan processing fees are recognised on receipt of such fees. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit following the Company. Hence, it is excluded from revenue.

Interest income on fixed deposit is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Profit / loss on sale of investments is recognised at the time of sale or redemption

MANAPPURAM HOME FINANCE LTD.

Dividend is accounted on an accrual basis when the right to receive the dividend is established by reporting date.

d) Property, Plant and Equipment

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

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

Any write down of fixed asset is recognised in the Statement of Profit and loss.

e) Intangible assets

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

Intangible assets are amortized on a straight line basis over the estimated useful economic life of 5 years.

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

f) Depreciation

Depreciation on Property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified component are depreciated separately over their useful lives the remaining component are depreciated over the life of principal assets. The Company has used the following rates to provide depreciation on its Property, plant and equipment.

Particulars	Useful life (years)
Computers	3
Furniture and fittings*	
- Safe and strong rooms	10
- Others	3-5
Office equipment's	3
Motor Car	6

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*The Company has estimated useful life which is different form useful life prescribed in Schedule II based on technical assessment by the management.

g) Impairment of fixed assets

The carrying values of assets forming part of any cash generating units at Balance Sheet date are reviewed for impairment at each Balance Sheet date. If any indication for such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

h) Leases

Finance leases which effectively transfer to the company substantial all the risk and benefits incidental to the ownership of the leased items are capitalised at the inception of lease term at lower of the fair value of leased property and present value of minimum leased payments. Lease payment are apportioned between the finance charge and reduction of lease liabilities so as to receive constant rate of interest on the remaining balance of the liabilities. Finance charge are recognised as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalised.

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

Lease where lessor effectively retain substantially all the risk and benefit of ownership of the lease Term are classified as operating leases. Operating lease payment in respect of non-cancellable lease are recognised as an expenses in the statement of profit and loss account on straight –Line basis over the lease term.

i) Borrowing Costs

Borrowing cost includes interest and amortisation of ancillary cost incurred in connection with the arrangement of borrowing.
Ancillary borrowing cost for sanction of long term borrowing are expensed over the tenure of loan.

j) Investments

Long-term investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

k) Retirement and other employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund etc.

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Defined Contribution Plan
The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined Benefit Plan
For defined benefit plans in the form of gratuity fund, 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 the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits
The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.
The cost of non-accumulating short-term compensated absences is accounted when the absences occur.

l) **Income taxes**

Tax expense comprises current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

'Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

'Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

MANAPPURAM HOME FINANCE LTD.

m) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity share outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split, if any

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

n) Provision and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

o) Provision for Non-Performing Assets and Contingencies

The Company's policy is to carry adequate amounts in the Provision for Non-Performing Assets Account and the Provision and Contingencies account to cover the amount outstanding in respect of all non-performing assets and standard assets respectively as also all other contingencies. All loans and other credit exposures where the instalments, interest are overdue for ninety days and more are classified as non-performing assets in accordance with the prudential norms prescribed by the National Housing Bank (NHB). The provisioning policy of the Company covers the minimum provisioning required as per the NHB Guidelines.

p) Standard Asset Provisioning

Provisions are established on a collective basis against loan assets classified as "Standard" to absorb credit losses on the aggregate exposures in each of the Company's loan portfolios based on the NHB Directions. A higher standard asset provision may be made based upon an analysis of past performance, level of allowance already in place and Management's judgement. This estimate includes consideration of economic and business conditions. The amount of the collective allowance for credit losses is the amount that is required to establish a balance in the Provision for Standard Assets Account that the Company's management considers adequate, after consideration of the prescribed minimum under the NHB Directions, to absorb credit related losses in its portfolio of loan items after individual allowances or write offs.

q) Cash and cash equivalents

DELOITTE HASKINS & SELLS LLP

MANAPPURAM HOME FINANCE LTD.

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

r) 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 or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

s) Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

MANAPPURAM HOME FINANCE LTD.

HASKINS & SELLS LLP

Annexure - V

Manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Other Explanatory Information
(All amounts are "Rs.in Lakhs", unless otherwise stated)

NOTE : 3
SHARE CAPITAL

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Authorised				
Equity Shares of Rs.10/- each	10,000.00	10,000.00	10,000.00	5,000.00
Issued, subscribed and paid-up				
Equity Shares of Rs.10/- each	10,000.00	10,000.00	10,000.00	4,500.00
Total issued, subscribed and fully paid-up share capital	**10,000.00**	**10,000.00**	**10,000.00**	**4,500.00**

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

Equity shares

	March 31, 2018		March 31, 2017		March 31, 2016		March 31, 2015	
	No. of share	Amount	No. of share	Amount	No. of share	Amount	No. of share	Amount
At the beginning of the Year	10,00,00,000	10,000.00	10,00,00,000	10,000.00	4,50,00,000	4,500.00	1,11,00,000	1,110.00
Issued during the Year	-	-	-	-	5,50,00,000	5,500.00	3,39,00,000	3,390.00
Outstanding at the end of the period	**10,00,00,000**	**10,000.00**	**10,00,00,000**	**10,000.00**	**10,00,00,000**	**10,000.00**	**4,50,00,000**	**4,500.00**

b. Terms/rights attached to equity shares

Equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the board of directors is subject to approval of the shareholders in the ensuing Annual general meeting.

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.
No dividend has been declared and paid till the reporting date

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

	March 31, 2018		March 31, 2017		March 31, 2016		March 31, 2015	
	No. of equity shares held	% of holding	No. of equity shares held	% of holding	No. of equity shares held	% of holding	No. of equity shares held	% of holding
Equity shares of Rs. 10 each fully paid								
Manappuram Finance Limited (Holding company)and its nominees	10,00,00,000	100%	10,00,00,000	100%	10,00,00,000	100%	4,50,00,000	100%

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

NOTE : 4

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
RESERVES AND SURPLUS				
Special Reserve				
Pursuant to Section 29-C of the National Housing Bank Act, 1987 (Refer Note 19)	9.11	9.11	9.11	9.11
Add: Transfer from Surplus	-	-	-	-
Closing Balance	**9.11**	**9.11**	**9.11**	**9.11**
Deficit in the statement of profit and loss				
As per last Balance Sheet	(670.14)	(563.12)	(25.09)	33.81
Loss for the year	(80.54)	(107.02)	(538.03)	(58.90)
Deficit in the statement of profit and loss	**(750.68)**	**(670.14)**	**(563.12)**	**(25.09)**
Total reserves and surplus	**(741.57)**	**(661.03)**	**(554.01)**	**(15.98)**

Manappuram Home Finance Limited

(Formerly known as Manappuram Home Finance Private Limited)

Other Explanatory Information

(All amounts are "Rs.In Lakhs", unless otherwise stated)

Annexure - V

NOTE : 5

Borrowings

	Non-current portion			
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Term loans				
Indian rupee loan from banks (secured)	21,895.65	20,590.47	6,750.00	-
	21,895.65	20,590.47	6,750.00	-
The above amount includes				
Secured borrowings	21,895.65	20,590.47	6,750.00	-
Net Amount	21,895.65	20,590.47	6,750.00	-

A) Indian rupee loan from banks (secured)

As at March, 2018

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Portion
More than 5 years	8.80% - 9.65%	3,378.91	-
Due within 2-5 years	8.80% - 9.65%	13,139.07	-
Due within 1-2 years	8.80% - 9.65%	5,377.67	-
Due within 1 year	8.80% - 9.65%	-	5,347.24
Total		21,895.65	5,347.24

These are secured by an exclusive charge by way of pari passu first charge on housing loans receivables of the Company which are regular as per NHB Guideline.

As at March 31, 2017

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Portion
More than 5 years	9.3% - 11%	4,657.14	-
Due within 2-5 years	9.3% - 11%	11,950.00	-
Due within 1-2 years	9.3% - 11%	3,983.33	-
Due within 1 year	9.3% - 11%	-	2,434.52
Total		20,590.47	2,434.52

These are secured by an exclusive charge by way of pari passu first charge on housing loans/ Non housing loan receivables of the Company which are regular as per NHB Guideline.

As at March 31, 2016

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Portion
More than 5 years	11.00%	1,416.67	-
Due within 2-5 years	11.00%	4,000.00	-
Due within 1-2 years	11.00%	1,333.33	-
Due within 1 year	11.00%	-	250.00
Total		6,750.00	250.00

These are secured by an exclusive charge by way of pari passu first charge on housing loans receivables of the Company which are regular as per RBI Guideline.

As at March 31, 2015

Nil

MANAPPURAM HOME FINANCE LTD

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Annexure - V

NOTE : 6

Provisions	Long term				Short term			
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Provision for income tax (Net of Advance tax)	-	-	-	-	0.89	4.72	1.44	1.44
Provision for standard assets (Note 23)	142.71	118.49	50.42	0.86	-	3.68	1.02	0.02
Provision for employee benefits								
Provision for gratuity (Note 24)	9.02	25.57	14.77	1.07	0.12	0.12	0.06	-
Provision for leave entitlement	-	-	-	-	8.54	9.81	-	-
Total Provisions	151.73	144.06	65.19	1.93	9.55	18.33	2.52	1.46

Note :

Financial Year 2017-18

All registered housing finance companies are required to carry provision of 0.25%, 0.75% and 1.00% of the total outstanding amount of loans which are standard assets in respect of housing and other loans, commercial real estate residential loans and commercial real estate other loans respectively vide circular no. NHB(ND)/DRS/Pol.no.45/2011-12 issued dated January 19, 2012, NHB circular no. HFC.DIR9/CMD/2013 dated September 06, 2013 and Notification No.NHB.HFC.DIR.18/MD&CEO/2017. Further, all registered housing finance companies are required to carry a provision of 2.00 % of the total outstanding loans which are standard assets in respect of housing loans at special rate i.e. limited period fixed rate loan vide circular no NHB(ND)/DRS/Pol.no.47/2010-11 issued dated December 24, 2010. The Company carried a provision of Rs 145.10 lakhs (March 31, 2017 Rs. 122.16 lakhs) towards standard loans @ 0.40% on conservative basis.

Financial Year 2016-17

All registered housing finance companies are required to carry provision of 0.40%, 0.75% and 1.00% of the total outstanding amount of loans which are standard assets in respect of housing and other loans, commercial real estate residential loans and commercial real estate other loans respectively vide circular no. NHB(ND)/DRS/Pol.no.45/2011-12 issued dated January 19, 2012 and NHB circular no. HFC.DIR9/CMD/2013 dated September 06, 2013. Further, all registered housing finance companies are required to carry a provision of 2.00 % of the total outstanding loans which are standard assets in respect of housing loans at special rate i.e. limited period fixed rate loan vide circular no NHB(ND)/DRS/Pol.no.47/2010-11 issued dated December 24, 2010. The Company carried a provision of Rs. 122.16 lakhs (March 31, 2016 Rs. 51.44 lakhs) towards standard loans @ 0.40% as per the prudential norms of NHB.

Financial Year 2015-16

All registered housing finance companies are required to carry provision of 0.40%, 0.75% and 1.00% of the total outstanding amount of loans which are standard assets in respect of housing and other loans, commercial real estate residential loans and commercial real estate other loans respectively vide circular no. NHB(ND)/DRS/Pol.no.45/2011-12 issued dated January 19, 2012 and NHB circular no. HFC.DIR9/CMD/2013 dated September 06, 2013. Further, all registered housing finance companies are required to carry a provision of 2.00% of the total outstanding loans which are standard assets in respect of housing loans at special rate i.e. limited period fixed rate loan vide circular no NHB(ND)/DRS/Pol.no.47/2010-11 issued dated December 24, 2010. Accordingly, the Company carried a provision of Rs.51.44 lakhs (March 31, 2015 Rs. 0.88 lakhs) towards standard loans as per the prudential norms of NHB.

Financial Year 2014-15

All registered housing finance companies are required to carry provision of 0.40%, 0.75% and 1.00% of the total outstanding amount of loans which are standard assets in respect of housing and other loans, commercial real estate residential loans and commercial real estate other loans respectively vide circular no. NHB(ND)/DRS/Pol.no.45/2011-12 issued dated January 19, 2012 and NHB circular no. HFC.DIR9/CMD/2013 dated September 06, 2013. Further, all registered housing finance companies are required to carry a provision of 2.00% of the total outstanding loans which are standard assets in respect of housing loans at special rate i.e. limited period fixed rate loan vide circular no. NHB(ND)/DRS/Pol.no.47/2010-11 issued dated December 24, 2010. Accordingly the Company carried a provision of Rs. 0.88 lakhs (March 31, 2014 Rs. Nil) towards standard loans as per the prudential norms of NHB.

Movement in provision for standard assets is as under:

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Opening balance	122.16	51.44	0.88	-
Addition during the year	20.55	70.72	50.56	0.88
Utilised during the year	-	-	-	-
	142.71	122.16	51.44	0.88
Provision for standard Assets - Current	-	3.68	1.02	0.02
Provision for standard Assets - Non Current	142.71	118.49	50.42	0.86
Total	142.71	122.17	51.44	0.88

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Annexure - V

NOTE : 7

Other Liabilities	Non-current As at March 31, 2018	Non-current As at March 31, 2017	Non-current As at March 31, 2016	Non-current As at March 31, 2015	Current As at March 31, 2018	Current As at March 31, 2017	Current As at March 31, 2016	Current As at March 31, 2015
Trade payables								
Fund In Transit	-	-	-	-	9.42	-	-	-
Provision For Expenses	-	-	-	-	71.51	48.81	47.66	8.69
Total	-	-	-	-	80.93	48.81	47.66	8.69
Provision for rent straight-lining	3.22	3.22	-	-	-	-	-	-
Current maturities of long-term borrowings (Refer Note 5)	-	-	-	-	5,347.24	2,434.52	250.00	-
Payable for Employees	-	-	-	-	14.71	7.01	23.24	-
Statutory dues payables	-	-	-	-	46.29	36.96	41.13	6.41
Accrued Interest on Borrowing	-	-	-	-	15.34	-	-	-
Other current liabilities	-	-	-	-	128.79	29.77	1.38	8.42
Total	3.22	3.22	-	-	5,552.37	2,508.26	315.75	14.83

NOTE : 8

Short term Borrowings	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Cash credit / Overdraft Facilities from banks (secured)	1,495.62	-	0.31	-
Total	1,495.62	-	0.31	-

Financial Year 2017-18

Cash credit from banks is secured against receivables due for not more than 12 months. The cash credit is repayable on demand and carries interest @ 9.00% to 9.35%

Financial Year 2016-17

Nil

Financial Year 2015-16

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

Particulars	As at March 31, 2016
First charge by hypothecation of receivables due for not more than 12 months (current portion of receivables) other than those secured to term loans of banks	0.31
Total	0.31

The cash credit is repayable on demand and carries interest @ 10.50%

Financial Year 2014-15

Nil

Note : 10
NOTE : 10A

Loans and Advances	Non Current As at March 31, 2018	Non Current As at March31, 2017	Non Current As at March 31, 2016	Non Current As at March 31, 2015	Current As at March 31, 2018	Current As at March 31, 2017	Current As at March 31, 2016	Current As at March 31, 2015
Deposits (Unsecured, considered good)								
Other loans and advances								
Unsecured considered good								
Input Tax Credit	-	-	-	-	1.47	4.20	2.16	3.02
Security Deposit	113.38	117.22	56.67	-	-	-	-	-
Others	-	-	-	-	4.10	4.11	4.67	-
Total	113.38	117.22	56.67	-	5.57	8.31	6.83	3.02

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Annexure - V

NOTE : 10B

Loans (Refer note 23)	Non Current				Current			
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Secured, considered good								
Housing loans	24,303.14	21,810.86	11,786.65	212.68	728.11	617.72	243.30	4.39
Other loans	10,195.74	7,810.57	814.68	2.61	451.02	301.58	12.31	0.16
	34,498.88	**29,621.43**	**12,601.33**	**215.29**	**1,179.13**	**919.30**	**255.61**	**4.55**
Secured, considered doubtful								
Housing loans	1,592.28	434.68	-	-	-	14.10	-	-
Other loans	195.82	11.77	-	-	-	0.13	-	-
	1,788.10	**446.45**	-	-	-	**14.23**	-	-
Less :Provision for non performing Assets (Note 23)	309.03	66.97	-	-	-	2.13	-	-
	1,479.07	**379.48**	-	-	-	**12.10**	-	-
Total	**35,977.95**	**30,000.91**	**12,601.33**	**215.29**	**1,179.13**	**931.40**	**255.61**	**4.55**

NOTE : 11

Other assets	Non Current				Current			
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Interest accrued								
Accrued Interest on loan	-	-	-	-	434.56	332.08	76.43	0.34
Fixed Deposits	-	-	-	-	-	-	-	62.14
Advance tax (Net of Provision for taxation)	22.73	-	8.40	10.11	-	-	-	-
MAT credit entitlement	31.09	-	-	-	-	-	-	-
Prepaid Expenses	47.31	51.21	-	-	53.75	35.70	-	-
Others	-	-	-	-	-	10.09	7.75	0.18
Total	**101.13**	**51.21**	**8.40**	**10.11**	**488.31**	**377.87**	**84.18**	**62.66**

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Annexure - V

Note : 9
NOTE : 9A
Property Plant & Equipment

	Computer equipment	Vehicle	Office equipment	Furniture and Fittings	Total
Cost					
At 1 April 2014	-	-	-	-	-
Additions	8.11	-	1.48	6.91	16.50
Deletions/adjustment	-	-	-	-	-
At 31 March 2015	**8.11**	-	**1.48**	**6.91**	**16.50**
Cost					
At 1 April 2015	**8.11**	-	**1.48**	**6.91**	**16.50**
Additions	59.07	-	15.89	62.67	137.63
Deletions/adjustment	-	-	-	-	-
At 31 March 2016	**67.18**	-	**17.37**	**69.58**	**154.13**
Cost					
At 1 April 2016	**67.18**	-	**17.37**	**69.58**	**154.13**
Additions	30.07	-	16.78	30.46	77.31
Deletions/adjustment	-	-	2.70	8.92	11.62
At 31 March 2017	**97.25**	-	**31.45**	**91.12**	**219.82**
Cost					
At 1 April 2017	**97.25**	-	**31.45**	**91.12**	**219.82**
Additions	24.88	27.46	6.69	6.57	65.60
Deletions/adjustment	0.49	-	0.47	(0.49)	0.47
At 31 Mar 2018	**121.64**	**27.46**	**37.67**	**98.18**	**284.95**
Accumulated Depreciation					
At 1 April 2014	-	-	-	-	-
Charge for the year	0.51	-	0.12	0.29	0.92
Disposals/adjustment	-	-	-	-	-
At 31 March 2015	**0.51**	-	**0.12**	**0.29**	**0.92**
Accumulated Depreciation					
At 1 April 2015	**0.51**	-	**0.12**	**0.29**	**0.92**
Charge for the year	15.91	-	2.49	7.04	25.44
Disposals/adjustment	-	-	-	-	-
At 31 March 2016	**16.42**	-	**2.61**	**7.33**	**26.36**
Accumulated Depreciation					
At 1 April 2016	**16.42**	-	**2.61**	**7.33**	**26.36**
Charge for the year	27.31	-	9.15	16.85	53.31
Disposals/adjustment	-	-	1.54	0.88	2.42
At 31 March 2017	**43.73**	-	**10.22**	**23.30**	**77.25**
Accumulated Depreciation					
At 1 April 2017	**43.73**	-	**10.22**	**23.30**	**77.25**
Charge for the year	35.30	3.43	11.77	19.97	70.47
Disposals/adjustment	0.47	-	0.05	(0.05)	0.47
At 31 Mar 2018	**78.56**	**3.43**	**21.94**	**43.32**	**147.25**
Net Block at 31 March 2015	7.60	-	1.36	6.62	15.58
Net Block at 31 March 2016	50.76	-	14.76	62.25	127.77
Net Block at 31 March 2017	53.52	-	21.23	67.82	142.57
Net Block at 31 March 2018	43.08	24.03	15.73	54.86	137.70

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NOTE : 9B
Intangible assets

	Software
Cost	
At 1 April 2014	-
Additions	-
Deletions	-
At 31 March 2015	-
Cost	
At 1 April 2015	-
Additions	22.00
Deletions	-
At 31 March 2016	**22.00**
Cost	
At 1 April 2016	**22.00**
Additions	0.84
Deletions/adjustment	-
At 31 March 2017	**22.84**
Cost	
At 1 April 2017	**22.84**
Additions	83.67
Deletions/adjustment	22.01
At 31 Mar 2018	**84.50**
Accumulated Depreciation	
At 1 April 2014	-
Charge for the year	-
Deletions	-
At 31 March 2015	-
Accumulated Depreciation	
At 1 April 2015	-
Charge for the year	3.68
Deletions	-
At 31 March 2016	**3.68**
Accumulated Depreciation	
At 1 April 2016	**3.68**
Charge for the year	14.89
Disposals/adjustment	-
At 31 March 2017	**18.57**
At 1 April 2017	**18.57**
Charge for the year	13.85
Disposals/adjustment	22.01
At 31 March 2018	**10.41**
Net Block at 31 March 2015	-
Net Block at 31 March 2016	**18.32**
Net Block at 31 March 2017	**4.27**
Net Block at 31 March 2018	**74.09**

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Annexure - V

NOTE : 12

Current Investments	**As at March 31, 2018**	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**
Mutual Fund (Unquoted, valued at net asset value)				
16,379.30 units of Rs.2,442.11/- (Nil as on March 31, 2018, March 31, 2017 and March 31, 2015) each in Reliance Liquid Fund-Cash-Plan-Direct Growth Plan.	-	-	400.00	-
5,892.26 units of Rs.1,697.14/- (Nil as on March 31, 2018, March 31, 2017 and March 31, 2015) each in UTI Money Market Fund-Institutional Plan-Direct Plan-Growth.	-	-	100.00	-
16,282.57 units of Rs.3,070.77/- (Nil as on March 31, 2018, March 31, 2017 and March 31, 2015) each in Kotak Liquid Plan A-Direct plan-Growth	-	-	500.00	-
164,555.55 units of Rs.243.08/- (Nil as on March 31, 2018, March 31, 2017 and March 31, 2015) each in Birla Sunlife Cash Plus-Growth-Direct	-	-	400.00	-
170,173.60 units of Rs.293.82/- (Nil as on March 31, 2018, March 31, 2017 and March 31, 2015) each in Birla Sunlife Savings Fund-Growth-Direct	-	-	500.00	-
Total	**-**	**-**	**1,900.00**	**-**

NOTE : 13

Cash and bank balances	**As at March 31, 2018**	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**
Cash and cash equivalents				
Cash on hand	9.12	12.11	0.04	0.05
Balances with banks:				
On current accounts	83.89	353.05	1,566.74	3,574.66
On Cash credit accounts	277.23	603.96	-	-
Other bank balances				
Deposits with original maturity for more than 3 months but less than 12 months	-	-	-	603.00
Total	**370.24**	**969.12**	**1,566.78**	**4,177.71**

Manappuram Home Finance Limited
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Annexure - V

NOTE : 14

Revenue from operations	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Interest income on loans	4,783.75	3,133.68	694.18	1.38
Interest income on Bank Deposits	-	-	69.53	87.57
	4,783.75	3,133.68	763.71	88.95
Other				
Application and processing fees	370.98	368.97	215.67	4.93
Other Income	149.92	61.50	6.21	-
	520.90	430.47	221.88	4.93
Revenue from operation	5,304.65	3,564.15	985.59	93.88

NOTE : 15

Employee benefits expense	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Salaries and wages	1,655.85	1,424.44	797.15	74.23
Staff welfare expenses	15.48	9.00	-	-
Contribution to provident and other funds	112.36	90.80	44.00	0.70
Gratuity expense	9.14	10.86	13.76	1.07
	1,792.83	1,535.10	854.91	76.00

NOTE : 16

Finance Cost	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Interest on bank borrowings	2,271.13	1,347.91	207.26	-
Other Borrowing Cost	16.67	8.00	1.05	0.11
	2,287.80	1,355.91	208.31	0.11

NOTE : 17

Other expenses	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Rent expense	208.01	183.14	93.51	11.23
Business processing expenses	169.15	130.41	72.59	-
Electricity expense	17.98	11.28	6.03	0.63
Travelling and conveyance	71.23	38.60	31.21	4.13
Bank and other charges	23.62	10.77	-	-
Insurance	3.07	4.12	1.19	0.31
Printing and stationary	53.42	41.39	21.27	0.69
Communication	24.40	24.71	11.62	1.01
Rates and taxes	61.85	54.57	35.53	35.41
Legal and professional fees	85.75	38.07	40.24	11.50
Auditor's remuneration (Refer Note 17.1)	14.25	13.22	12.96	5.20
Advertisement	0.10	1.75	10.60	0.33
Directors sitting fees	18.00	19.60	9.75	4.50
IT cost	222.80	32.67	9.11	-
Branch opening expenses	-	1.89	7.72	-
Repairs and maintenance	4.53	2.16	1.77	-
Business commission	16.91	23.02	7.71	-
Bad debts written off	24.73	-	-	-
Provision for standard assets	20.55	70.72	50.57	0.88
Provision for non performing assets	239.92	69.10	-	-
Miscellaneous expenses	15.51	23.52	8.54	0.32
	1,295.78	794.71	431.92	76.14

Note 17.1
Payment to auditor

As auditor:	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Statutory audit	9.00	9.00	9.00	5.00
Limited Review	4.25	2.75	2.75	-
Reimbursement of expenses	1.00	1.47	1.21	0.20
In other capacity				
other services (certification fees)	-	0.50	0.50	-
	14.25	13.22	12.96	5.20

NOTE : 9A & 9B

Depreciation expense				
Depreciation	70.47	53.31	25.44	0.92
Amortization of intangible assets	13.85	14.89	3.68	-
	84.32	68.20	29.12	0.92

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NOTE : 18
Earnings per share (EPS)
The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Net profit/(loss) for calculation of EPS	(80.54)	(107.02)	(538.03)	(58.90)
Weighted average number of equity shares in calculating EPS (Nos.)	10,00,00,000	10,00,00,000	4,98,63,388	1,14,71,507
Basic EPS (Rs.)	(0.08)	(0.11)	(1.08)	(0.51)
Diluted EPS (Rs.)	(0.08)	(0.11)	(1.08)	(0.51)

Note : 19
Operating Lease
The Company entered into a non-cancellable operating lease arrangement for office premises with a lease term of 5 years. There are no restrictions placed upon the company by entering into these leases. Rent reserve has been created for the initial lock-in period of 3 years.

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
The future minimum lease rental payments to be made under non-cancellable leases are as follows:				
Lease payments recognised in the statement of profit and loss for the period	208.01	66.47	-	-
Lease payments due:-				
Not later than one year	81.81	72.51	-	-
Later than one year but not greater than five years	12.40	78.55	-	-
	94.21	151.06	-	-

NOTE : 20
Related party disclosure

Relationship	Names of related parties
Holding company	Manappuram Finance Limited
Fellow subsidiary	Asirwad Microfinance Private Limited *
	Manappuram Insurance brokers Private Limited*
Key management personnel (KMP)	Mr. V. P. Nandakumar (Chairman) *
	Mr.Jeevandas Narayan (Managing Director with effect from June 1, 2017)
	Mr.Subhash Samant (CEO with effect from June 12, 2017)
	Mr. Aloke Ghosal (CEO till June 8, 2017)
	Mr Vipul patel (CFO with effect from 1st March, 2016)
	Mrs. Sreedivya (Company Secretary)

* No transactions during the years.

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Annexure - V

Particulars	Holding Company				KMP			
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Issue of Equity shares								
Manappuram Finance Limited	-	-	5,500.00	3,390.00	-	-	-	-
Rent, Electricity and Other expenses								
Manappuram Finance Limited	3.54	15.26	52.29	11.99	-	-	-	-
Printing charges								
Manappuram Finance Limited	-	-	0.25	0.24	-	-	-	-
Salary								
Mr Jeevandas Narayan	-	-	-	-	83.33	-	-	-
Mr. Subhash Samant	-	-	-	-	96.14	-	-	-
Mrs. Sreedivya	-	-	-	-	15.95	14.79	12.89	10.48
Mr. Vipul patel	-	-	-	-	32.33	30.32	2.52	-
Mr. Aloke Ghosal	-	-	-	-	9.54	50.00	49.62	28.61
Expenses reimbursed to the Company								
Manappuram Finance Limited	-	-	0.25	0.44	-	-	-	-
Expenses reimbursed by the Company								
Manappuram Finance Limited	-	-	-	5.57	-	-	-	-
Purchase of Fixed assets								
Manappuram Finance Limited	-	-	-	0.72	-	-	-	-
Transfer / Sale of Fixed assets								
Manappuram Finance Limited	-	9.20	-	-	-	-	-	-
Security deposit received & refunded								
Manappuram Finance Limited	-	-	-	4.00	-	-	-	-
Loan taken from								
Manappuram Finance Limited	2,450.00	1,400.00	7,750.00	-	-	-	-	-
Loan Repaid to								
Manappuram Finance Limited	2,450.00	1,400.00	7,750.00	-	-	-	-	-
Interest expense								
Manappuram Finance Limited	0.67	1.33	141.41	-	-	-	-	-
Amounts payable (net) to related parties								
Manappuram Finance Limited	-	0.03	-	4.16	-	-	-	-

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

Manappuram Home Finance Limited
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Annexure - V

NOTE : 21

In terms of requirement of NHB's Circular No. NHB (ND)/DRS/Pol.circular.61/2013-14 dated April 07, 2014 following information on Reserve Fund under Section 29C of the NHB Act is provided:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Balance at the beginning of the year				
A) Statutory Reserve u/s 29C of the NHB Act	9.11	9.11	9.11	9.11
B) Amount of Special Reserve u/s 36 (1)(viii) of the Income Tax Act 1961 taken into account for the purpose of the Statutory Reserve u/s 29C of the NHB Act.	-	-	-	-
Balance at the end of the year				
A) Statutory Reserve u/s 29C of the NHB Act	9.11	9.11	9.11	9.11
B) Amount of Special Reserve u/s 36 (1)(viii) of the Income Tax Act 1961 taken into account for the purpose of the Statutory Reserve u/s 29C of the NHB Act.	-	-	-	-

NOTE : 22

This disclosure as per NHB circular no. NHB/ND/DRS/Pol-No. 35/2010-2011 dated October 11, 2010 is as under:

i) Capital to risk assets ratio (CRAR)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
1) CRAR %	40.12%	46.62%	112.85%	2317.64%
2) CRAR - Tier I capital %	39.50%	46.02%	112.24%	2317.18%
3) CRAR - Tier II capital %	0.62%	0.60%	0.61%	0.46%

ii) Exposure to Real estate sector

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
1) Direct Exposure				
a) Residential Mortgages				
(i) Lending fully secured by mortgage on residential property that is or will be occupied by the borrower or that is rented.	37,279.00	31,001.41	12,856.94	219.84
(ii) Individual loans upto Rs 15 lakhs included in 1 a(i) above	25,574.02	19,222.15	5,209.84	89.96
b) Commercial Real Estate				
Lending fully secured by mortgage on commercial real estate (office buildings, retail space, multiple purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would not include non-fund based (NFB) limits	-	-	-	-
c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:				
i) Residential ii) Commercial Real Estate	-	-	-	-
2 Indirect Exposure				
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-	-	-

In commutating the above information, certain estimates, assumption and adjustment have been made by the management which has been relied by the auditors.

(All amounts are "Rs.in Lakhs", unless otherwise stated)

iii) Asset Liability Management

Maturity pattern of certain types of items of Assets and Liabilities as at March 31, 2018

Liabilities	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Borrowings from banks	82.12	490.89	761.09	1,335.88	2,677.26	10,666.32	7,850.42	3,378.91	-	-	27,242.89

Assets	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Advances (net)	124.05	85.68	87.44	269.13	569.78	2,759.12	3,760.09	4,614.02	8,120.58	17,076.22	37,466.11

Maturity pattern of certain types of items of Assets and Liabilities as at March 31, 2017

Liabilities	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Borrowings from banks	-	-	-	291.67	2,142.86	7,328.77	7,966.67	4,823.61	471.42	-	23,025.00

Assets	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Advances (net)	123.78	69.46	70.30	215.73	454.26	2,160.33	2,911.11	3,549.45	6,601.17	14,845.82	31,001.41

Maturity pattern of certain types of items of Assets and Liabilities as at March 31, 2016

Liabilities	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Borrowings from banks	-	-	-	83.33	166.67	2,666.67	2,666.67	1,416.67	-	-	7,000.01

Assets	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Advances (net)	32.64	19.30	19.53	59.99	126.52	605.48	798.17	1,014.18	2,008.52	8,172.59	12,856.92
Investments	1,900.00	-	-	-	-	-	-	-	-	-	1,900.00

Maturity pattern of certain types of items of Assets and Liabilities as at March 31, 2015

Assets	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Borrowings from banks	-	-	-	-	-	-	-	-	-	-	-

Assets	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Advances (net)	0.73	0.31	0.32	1.08	2.11	9.59	13.11	17.29	32.52	142.78	219.84

These disclosures are given only for certain items of assets and liabilities from the Balance sheet as required by the above circular and is not a complete depiction of the asset liability maturity position of the Company as at March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015

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Annexure - V

NOTE : 23

Home and Non home loan classification and provision for non performing assets (As per NHB Prudential Norms)

Particulars	Loan Outstanding			
	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15
Secured Loans				
A) Home Loan				
Standard Asset	25,031.25	22,428.58	12,029.95	217.07
Sub Standard Asset	1,194.43	448.78	-	-
Doubtful Asset	397.85	-	-	-
Loss Asset	-	-	-	-
Total - A	**26,623.53**	**22,877.36**	**12,029.95**	**217.07**
B) Non Home Loan				
Standard Asset	10,646.76	8,112.16	826.99	2.77
Sub Standard Asset	185.57	11.89	-	-
Doubtful Asset	10.25	-	-	-
Loss Asset	-	-	-	-
Total - B	**10,842.58**	**8,124.05**	**826.99**	**2.77**
Total (A+B)	**37,466.11**	**31,001.41**	**12,856.94**	**219.84**

Particulars	Provision For Assets			
	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15
Secured Loans				
A) Home Loan				
Standard Asset	100.12	89.71	48.13	0.87
Sub Standard Asset	179.16	67.32	-	-
Doubtful Asset	99.46	-	-	-
Loss Asset	-	-	-	-
Total - A	**378.74**	**157.03**	**48.13**	**0.87**
B) Non Home Loan				
Standard Asset	42.59	32.46	3.31	0.01
Sub Standard Asset	27.84	1.78	-	-
Doubtful Asset	2.56	-	-	-
Loss Asset	-	-	-	-
Total - B	**72.99**	**34.24**	**3.31**	**0.01**
Total (A+B)	**451.73**	**191.27**	**51.44**	**0.88**

Particulars	Net Loan Outstanding			
	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15
Secured Loans				
A) Home Loan				
Standard Asset	24,931.13	22,338.87	11,981.82	216.20
Sub Standard Asset	1,015.27	381.46	-	-
Doubtful Asset	298.39	-	-	-
Loss Asset	-	-	-	-
Total - A	**26,244.79**	**22,720.33**	**11,981.82**	**216.20**
B) Non Home Loan				
Standard Asset	10,604.17	8,079.70	823.68	2.76
Sub Standard Asset	157.73	10.11	-	-
Doubtful Asset	7.69	-	-	-
Loss Asset	-	-	-	-
Total - B	**10,769.59**	**8,089.81**	**823.68**	**2.76**
Total (A+B)	**37,014.38**	**30,810.14**	**12,805.50**	**218.96**

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MANAPPURAM HOME FINANCE L

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Annexure - V

NOTE 24 : Employment benefits disclosures

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded (unfunded during FY 2016-17, FY 2015-16 and 2014-15)

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

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Current service cost	15.49	15.39	13.11	1.07
Interest cost on benefit obligation	2.17	1.11	0.08	-
Expected return on plan assets	(1.18)	-	-	-
Net actuarial (gain)/loss recognized in the year	(7.34)	(5.64)	0.57	-
Net (benefit) / expense	**9.14**	**10.86**	**13.76**	**1.07**

Balance sheet

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

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Defined benefit obligation	47.70	25.69	14.83	1.07
Fair value of plan assets	38.56	-	-	-
Asset/(liability) recognized in the balance sheet	**(9.14)**	**(25.69)**	**(14.83)**	**(1.07)**

Experience Adjustments

	2018	2017	2016	2015
Defined benefit obligation	47.70	25.69	14.83	1.07
Fair value of plan assets	38.56	-	-	-
Surplus/(Deficit)	(9.14)	(25.69)	(14.83)	(1.07)
Experience adjustment on plan liabilities: (Gain)/Loss	(6.33)	(2.37)	0.41	NA*
Experience adjustment on plan assets: (Gain)/Loss	**	NA	NA	NA

** Being the first actuarial valuation*

***Assets introduced for the first time*

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

	As at 31 March 2018	As at 31 March 2017	As at March 31, 2016	As at March 31, 2015
Opening defined benefit obligation	25.69	14.83	1.07	-
Interest cost	2.17	1.11	0.08	-
Current service cost	15.49	15.39	13.11	1.07
Transfer in / (out)	17.59	-	-	-
Benefits paid	(5.24)	-	-	-
Actuarial loss / (gain) on obligation	(8.00)	(5.64)	0.57	-
Closing defined benefit obligation	**47.70**	**25.69**	**14.83**	**1.07**

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

	As at 31 March 2018	As at 31 March 2017	As at March 31, 2016	As at March 31, 2015
Opening fair value of plan assets	-	-	-	-
Transfer in/(Out)	17.59	-	-	-
Contributions by employer	25.69	-	-	-
Benefits paid	(5.24)	-	-	-
Expected return	1.18	-	-	-
Actuarial gains / (losses)	(0.66)	-	-	-
Closing fair value of plan assets	**38.56**	-	-	-

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

	As at 31 March 2018	As at 31 March 2017	As at March 31, 2016	As at March 31, 2015
Salary growth rate	8.00%	8.00%	8.00%	8.00%
Discount rate	6.90%	6.30%	7.50%	7.80%
Withdrawal/ Attrition Rate				
Above managerial grade	15%	15%	15%	15%
Below managerial grade	50%	50%	50%	50%
Expected rate of return on assets	6.30%	6.30%	6.30%	6.30%
Expected average remaining working lives of employees	3 years	2 years	5 years	5 years

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

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Annexure - V

NOTE : 25
Derivatives:
There are no derivatives transactions during the periods ending March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015.

NOTE : 26
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 for the period ending March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015.

NOTE : 27
Provisions and Contingencies

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15
Break -up of Provision and contingencies in statement of profit and loss				
Provision towards NPA	239.92	69.10	-	-
Provision made towards current tax	31.09	36.75	-	-
Provision for Standard Assets	20.55	70.72	50.56	0.88

NOTE : 28
Draw down from Reserves
Details of draw down from reserves, if any, are provided in Note 4 to these financial statements.

NOTE : 29
i) Concentration of Advances

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15
Total advances to twenty largest borrowers	831.03	629.66	1,047.25	NA
Percentage of advances to twenty largest borrowers to total advances of the Company	2.22%	2.03%	8.15%	NA

ii) Concentration of Exposures

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15
Total exposure to twenty largest borrowers/customers	831.03	889.31	1,034.84	NA
Percentage of exposures to twenty largest borrowers/customers to total exposure of the Company on borrowers/customers	2.04%	2.87%	8.05%	NA

iii) Concentration of NPA's

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15
Total exposure to top ten NPA accounts	364.63	273.35	-	-

iv) Sector-wise NPAs

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15
A) Housing Loans:				
1. Individuals	1,592.28	448.77	-	-
2. Builders/Project Loan	-	-	-	-
3. Corporates	-	-	-	-
4. Others	-	-	-	-
B) Non-Housing Loans				
1. Individuals	195.82	11.89	-	-
2. Builders/Project Loan	-	-	-	-
3. Corporates	-	-	-	-
4. Others	-	-	-	-

v) Movement of NPAs

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15
I) Net NPAs to Net Advances (%)	4.00%	1.27%	0.00%	0.00%
II) Movement of NPAs (Gross)				
a) Opening balance	460.67	-	-	-
b) Addition during the year	1,380.00	460.67	-	-
c) Reduction during the year	52.57	-	-	-
d) Closing balance	1,788.10	460.67	-	-
III) Movement of NPAs (Net)				
a) Opening balance	391.57	-	-	-
b) Addition during the year	1,173.00	391.57	-	-
c) Reduction during the year	85.49	-	-	-
d) Closing balance	1,479.08	391.57	-	-
IV) Movement of provisions for NPAs (excluding provisions on standard assets)				
a) Opening balance	69.10	-	-	-
b) Provision made during the year	239.92	69.10	-	-
c) Write-off/write-back of excess provisions	-	-	-	-
d) Closing balance	309.02	69.10	-	-

DELOITTE HASKINS & SELLS LLP

MANAPPURAM HOME FINANCE LTD

Manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Other Explanatory Information
(All amounts are "Rs in Lakhs", unless otherwise stated)

Annexure - V

NOTE : 30
Customer Complaints

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15
No. of complaints pending at the beginning of the year	-	-	-	-
No. of complaints received during the year	65	13	-	-
No. of complaints redressed during the year	65	13	-	-
No. of complaints pending at the end of the year	-	-	-	-

NOTE : 31
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 NHB and other regulators
Financial Year 2014-15

a. No penalties /Adverse Comments have been imposed by NHB and other Regulators during the remaining periods March 31, 2018, March 31, 2017 and March 31, 2016.

b. NHB had imposed penalty of Rs. 0.01 lakhs for late submission of Schedule II - Half yearly return with reference to Company's position as on March 31, 2014 vide its letter dated August 25, 2014. NHB has waived the penalty imposed on the explanation of the facts and request of the Company vide its letter dated September 03, 2014.

c. NHB vide its letter dated September 02, 2014 informed that the Company did not make requisite disclosure on Reserve Fund in its Notes forming part of Financial Statement for the financial year 2013-14 as per the format prescribed in paragraph 3 of NHB's Policy Circular No 61 dated April 07, 2014 on Reserve Fund under section 29C of the NHB Act, 1987 and asked for the explanation from the Company. The Company has submitted the reply vide its letter dated September 05, 2014 and based on the explanation provided, NHB has considered the same in light of assurance to ensure compliance in future vide letter dated September 24, 2014.

iii) Securitisation
Company does not have any Securitisation transaction for the periods ending March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015.

iv) Exposure to Capital Market
Company do not have Exposure to Capital Market for the periods ending March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015.

v) Details of financing of parent company products
Company do not have financing of parent company products for the periods ending March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015.

vi) Investments
Company does not have any Investment as on March 31, 2018, March 31, 2017 and March 31, 2015

vii) Overseas Assets
Company does not have any Overseas Assets for the periods ending March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015.

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) Gold loan business
Company does not have Gold loan business for the periods ending March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015.

x) Revaluation Reports

Company does not have owned properties and hence there is nil revaluation reports for the periods ending March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015.

xi) Broker
The company does not engage any broker for the periods ending March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015.

xii) (i) Ratings assigned by credit rating agencies and migration of ratings during the year ending March 31, 2018

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

xii) (ii) Ratings assigned by credit rating agencies and migration of ratings during the year ending March 31, 2017

Instrument	Credit rating agency	Ratings assigned
Fund based term loan Fund based cash credit	Brickwork	BWR A-
Long term bank loan	CRISIL	CRISIL A+/stable

xii) (iii) Ratings assigned by credit rating agencies and migration of ratings during the year ending March 31, 2016
Nil

xii) (iv) Ratings assigned by credit rating agencies and migration of ratings during the year ending March 31, 2015
Nil

DELOITTE HASKINS & SELLS

MANAPPURAM HOME FINANCE LTD. *

Manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Other Explanatory Information
(All amounts are "Rs.in Lakhs", unless otherwise stated)

NOTE : 32

Specified Bank Note Disclosure (FY 2016-17)

Details of Specified Bank Notes (SBN) held as on November 08, 2016 and December 30, 2016 and transacted during the period from November 09, 2016 to December 30, 2016 ('the Period')

Particulars	SBN	Other Denomination Notes	Amount (Rs. In Lakhs)
Closing Cash Balance as on November 08, 2016	-	-	4.81
(+) Permitted Receipts	-	-	35.61
(-) Permitted Payments	-	-	(0.62)
(-) Amount Deposited in Banks	-	-	(39.48)
Closing Cash Balance as on December 30, 2016	-	-	0.32

Note :
Above Disclosure has been prepared based on books of accounts maintained by the company as part of its normal operating policies and procedures. The Company's books of accounts does not facilitate collation of denomination wise breakup of cash balances as on November 08, 2016 and December 30, 2016 and cash transactions during the period from November 09, 2016 and December 30, 2016 ('the Period') and accordingly, the company has provided details of 'total' cash balances as on specified dates and transactions during the Period.

NOTE : 33

Modification in (Auditor's Report) Order, 2016 (as amended) for the year March 31, 2016

Auditors report dated May 11, 2016 on the financial statements for the year ended March 31, 2016 included a statement on certain matters specified in Companies (Auditor's Report) Order, 2016, which was modified to indicate that there were slight delays in few cases of certain statutory dues remittances.

NOTE : 34

Due to Micro, small and medium scale undertaking

There are no amount due to enterprises covered under Micro, Small and Medium Enterprises Development Act, 2006, based on the information available with the Company. Further the Company has not paid any interest to any scale undertaking Micro, Small and Medium Enterprises during the periods.

NOTE : 35

Segment Information

The Company is engaged in the business of providing housing finance loans within India. There being only one business segment and geographical segment, the segment information is not provided.

NOTE : 36

a. Capital Commitments	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15
Capital Commitments	-	-	2.62	-

b. Contingent Liability

There is nil contingent liability during the reporting periods.

NOTE : 37

Previous year figures

Previous year figures have been regrouped / reclassified where necessary.

For and on behalf of the board of directors

V.P.Nandakumar
Chairman

Jeevandas Narayan
Managing Director

Vipul Patel
CFO

Sreedivya S
Company Secretary

Place: Valapad
Date : 6 September, 2019

MATERIAL DEVELOPMENTS

Except for what is provided below, there have been no material developments since March 31, 2019 and there haven't arisen any circumstances that would materially or adversely affect the operations, or financial condition or profitability of our Company or the value of its assets or its ability to pay its liabilities within the next 12 months, except as stated below.

The following events has occurred from 1st April 2019 to 19th September 2019:

a. The company has repaid ₹250.00 lakhs to Andhra Bank (Term Loan), ₹357.14 lakhs to Bank of India (Term Loan), ₹75.00 lakhs to Catholic Syrian Bank, ₹210.00 lakhs to Dhanlaxmi Bank (Term Loan), ₹170.46 lakhs to HDFC Bank (Term Loan), ₹208.33 lakhs to Punjab & Sind Bank (Term Loan), ₹470.24 lakhs to South Indian Bank (Term Loan) and ₹277.78 lakhs to Union Bank of India (Term Loan).

b. The Company has repaid ₹2,450.15 lakhs of Commercial Paper.

c. Loan amounting to ₹10,000 lakhs from Manappuram Finance Limited has been converted to unsecured from secured.

d. Pratima Ram has been appointed as independent women director with effect from June 19, 2019.

e. Subhash Samant, CEO has resigned from his services with effect from August 09, 2019.

f. CRISIL rating has been upgraded from CRISIL A+/Positive to CRISIL AA-/Stable vide their rating rationale dated August 30, 2019.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND AS

The Reformatted Financial Information of our Company included in this Prospectus are presented in accordance with Indian GAAP for March 31, 2018, March 31, 2017, March 30, 2016 and March 31, 2015 which differs from IND AS in certain respects. The MCA in its press release dated January 18, 2016 issued a roadmap for implementation of IND AS converged with IFRS for non-banking financial companies, scheduled 50 commercial banks, insurers, and insurance companies, which was subsequently confirmed by the RBI through its circular dated February 11, 2016. MCA via its notification dated March 30, 2016 has included Housing Finance Companies in the definition of a NBFC. The notification further explains that NBFCs having a net worth of ₹50,000 lakh or more as of March 31, 2016 shall comply with IND AS for accounting periods beginning on or after April 1, 2018 with comparatives for the periods ending on March 31, 2018. Further, it also explains that IND AS shall also be applicable to companies which are subsidiaries to such entities to which IND AS is applicable. Since IND AS is applicable to our holding company i.e MAFIL, our Company is also subject to this notification.

National Housing Bank *vide* its policy Circular No.88/2017-18 dated April 16, 2018 has clarified that HFCs are advised to be guided by the extant provisions of IND AS, including the date of implementation i.e. April 1, 2018. HFCs are also required to follow the extant directions on Prudential Norms, including on asset classification, provisioning etc. issued by the National Housing Bank with regards to the implementation of IND AS.

Summary of Significant Differences among Indian GAAP and IND AS, does not present all differences between Indian GAAP and IND AS which are relevant to our Company. Consequently, there can be no assurance that those are the only differences in the accounting principles that could have a significant impact on the financial information included in this Prospectus. Furthermore, our Company has made no attempt to identify or quantify the impact of these differences or any future differences between Indian GAAP and IND AS which may result from prospective changes in accounting standards. Our Company has not considered matters of Indian GAAP presentation and disclosures, which also differ from IND AS. In making an investment decision, investors must rely upon the Prospectus. Potential investors should consult with their own professional advisors for a more thorough understanding of the differences between Indian GAAP and IND AS and how those differences might affect the financial information included in this Prospectus. Our Company cannot assure that it has completed a comprehensive analysis of the effect of IND AS on future financial information or that the application of IND AS will not result in a materially adverse effect on our Company's future financial information.

Summary of significant differences among Indian GAAP and IND AS:

Sr. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
1.	Presentation of Financial Statements	Other Comprehensive Income: There is no concept of Comprehensive income under Indian GAAP.	Other Comprehensive Income: IND AS 1 introduces the concept of Other Comprehensive Income ("**OCI**") Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by other IND AS.
		Extraordinary items: Under Indian GAAP, extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period. Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an	Extraordinary items: Under IND AS, presentation of any items of income or expense as extraordinary is prohibited.

Sr. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
		entity.	
		Change in Accounting Policies: Indian GAAP requires changes in accounting policies to be presented in the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material. If a change in the accounting policy has no material effect on the financial statements for the current period but is expected to have a material effect in the later periods, the same should be appropriately disclosed.	Change in Accounting Policies: IND AS requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.
			IND AS 101 allows current carrying value under Indian GAAP for items of property, plant and equipment to be carried forward as the cost under Ind AS.
2.	Accounting for Employee benefits	Currently, all actuarial gains and losses are recognized immediately in the statement of profit and loss.	Under IND AS 19, the change in liability is split into changes arising out of service, interest cost and re measurements and the change in asset is split between interest income and re measurements.
			Changes due to service cost and net interest cost/ income need to be recognized in the income statement and the changes arising out of re-measurements are to be recognized directly in OCI.
3.	Provisions, contingent liabilities and contingent assets	Under Indian GAAP, provisions are recognised according to prudence norms specified by National Housing Bank in Master Circular – The Housing Finance Companies (NHB) Directions, 2010. Also, discounting of provisions to present value is not permitted	Under IND AS, provisions are recognised for legal as well as constructive obligations. IND AS requires discounting the provisions to present value, if the effect of time value of money is material
4.	Share based payments	Under Indian GAAP, company has an option to account for share based payments on the basis of intrinsic value or fair value. The company followed the intrinsic value method and gave a disclosure for the fair valuation. Share based payment is recognized in the books of the entity which issues the share option scheme even if options are given to the employees of group companies.	Under IND AS, the share based payments have to be mandatorily accounted basis the fair value and the same has to be recorded in the Statement of Profit or Loss over the vesting period. The fair valuation of the unvested options as on the transition date have to be adjusted against retained earnings. Share based payment is recognized even in the books of the group companies in the proportion to which options are given to the employees of the group companies.

Sr. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
5.	Presentation and classification of Financial Instruments and subsequent measurement	Currently, under Indian GAAP, the financial assets and financial liabilities are recognised at the transaction value. The Company classifies all its financial assets and liabilities as short term or long term. Long term investments are carried at cost less any permanent diminution in the value of such investments determined on a specific identification basis. Current investments are carried at lower of cost and fair value.	Ind AS 109 requires all financial assets and financial liabilities to be recognised on initial recognition at fair value. Financial assets have to be either classified as measured at amortized cost or measured at fair value. Where assets are measured at fair value, gains and losses are either recognized entirely in profit or loss (FVTPL) or recognized in other comprehensive income (FVOCI).
		Financial liabilities are carried at their transaction values. Disclosures under Indian GAAP are limited.	Financial assets include equity and debts investments, security receipts, interest free deposits, loans, trade receivables etc.
		Currently under Indian GAAP, loan processing fees and/or fees of similar nature are recognized upfront in the Statement of Profit and Loss.	Assets classified at amortized cost and FVOCI and the related revenue (including processing fees and fees of similar nature) net of related costs have to be measured using the Effective Interest Rate (EIR) method.
			There are two measurement categories for financial liabilities - FVTPL and amortized cost. Liabilities classified at amortized cost and the related expenses (processing cost & fees) have to be measured using the Effective Interest Rate (EIR) method.
6.	Financial Instruments - Impairment	Under Indian GAAP, provisions are done according to prudence norms specified by National Housing Bank in Master Circular – The Housing Finance Companies (NHB) Directions, 2010.	Fair value adjustment on transition shall be adjusted against opening retained earnings on the date of transition. Disclosures under IND AS are extensive.
			The impairment model in IND AS is based on expected credit losses and it applies equally to debt instruments measured at amortized cost or FVOCI, lease receivables, contract assets within the scope of IND AS 109 and certain written loan commitments and financial guarantee contracts.

FINANCIAL INDEBTEDNESS

As on August 20, 2019, our Company had outstanding secured borrowing of ₹25,591.68 lakhs and unsecured borrowing of ₹10,000.00 lakhs. A summary of all the outstanding secured and unsecured borrowings together with a brief description of certain significant terms of such financing arrangements are as under:

Secured Loan Facilities

Name of the Lender, details of facility and details of documentation	Amount sanctioned (in ₹lakhs)	Amount outstanding as on August 20, 2019 (in ₹Lakhs)	Security	Repayment date/schedule and Pre-payment penalty, if any
The South Indian Bank Limited Term Loan - I Sanction letter dated December 22, 2015	1,000.00	499.96	Pari Passu First charge on the housing loan receivables of the company which are regular as per RBI Guidelines with a margin of 10%.	Repayable in 24 Quarterly instalments after moratorium period of 6 months 2% on the prepaid amount
The South Indian Bank Limited Term Loan - II Sanction letter dated March 21, 2016	5,000.00	2,750.00	Pari Passu First charge on the housing loan receivables of the company which are regular as per RBI Guidelines with a margin of 10%.	Repayable in 20 Quarterly instalments after moratorium period of 12 months 2% if closed through own fund and 3% if closed through takeover
The South Indian Bank Limited Term Loan - III Sanction letter dated September 29, 2016	5,000.00	3,571.43	Pari Passu First charge on the housing loans and SME Loan receivables of the company which are regular as per RBI Guidelines with a margin of 10%.	Repayable in 28 Quarterly instalments after moratorium period of 9 months 2% if closed through own fund and 3% if closed through takeover.
Punjab and Sind Bank Term Loan Sanction letter dated March 24, 2017	5,000.00	3,750.00	First charge ranking paripassu with other lenders on loan receivables and other current assets upto 1.1 times of outstanding amount.	Repayable in 24 Quarterly instalments after moratorium period of 1 year
Union Bank of India Term Loan Sanction letter dated November 28, 2016	4,000.00	2,888.89	First charge ranking paripassu with other lenders on Housing loan receivables and other current assets upto 1.11 times of outstanding amount.	Repayable in 72 months after moratorium period of 12 months

Name of the Lender, details of facility and details of documentation	Amount sanctioned (in ₹lakhs)	Amount outstanding as on August 20, 2019 (in ₹Lakhs)	Security	Repayment date/schedule and Pre-payment penalty, if any
Bank of India Term Loan Sanction letter dated February 13, 2017	5,000.00	3,928.57	First pari passu charge by way of hypothecation of standard loan receivables and other current assets of the company with a margin of 10%.	Repayable in 28 Quarterly instalments after moratorium period of 12 months
Dhanlaxmi Bank Working Capital Term Loan Sanction letter dated August 24, 2016	2,500.00	1,765.00	Paripassu first charge with other lenders on the housing loan receivables of the company which are standard as per RBI guidelines with 10% Margin.	Repayable in 24 Quarterly instalments after moratorium period of 12 months
HDFC Bank Term Loan Sanction letter dated January 7, 2017 Revised Sanction Letter dated October 29, 2018	2,500.00	1,943.30	Paripassu First charge by way of hypothecation of housing loan and SME Loan receivable and other current assets of the company which are regular as per RBI with 10% Margin	Repayable in 72 EMI after moratorium period of 12 months
Andhra Bank Term Loan Sanction letter dated July 11, 2016 Revised Sanction Letter dated November 17, 2016	2,000.00	1,250.00	Paripassu first charge by way of hypothecation of housing loan/other loan receivables and other current assets (Other than specifically charged) with minimum asset cover shall be 110% on regular loan receivables	Repayable in 20 quarterly instalments after moratorium period of 12 months.
Catholic Syrian Bank Term Loan Sanction letter dated March 28, 2018	1,500.00	1,425.00	First Pari passu charge with other lenders on total receivables (standards assets) of not less than 1.1 times	Repayable in 20 quarterly instalments after moratorium period of 12 months.
Kotak Mahindra Bank Cash Credit Sanction letter dated October 12, 2018	1,500.00	318.44	First and Pari passu charge by way of hypothecation on the company's loan receivable with minimum asset cover 1.11x	Repayable on demand

Name of the Lender, details of facility and details of documentation	Amount sanctioned (in ₹lakhs)	Amount outstanding as on August 20, 2019 (in ₹Lakhs)	Security	Repayment date/schedule and Pre-payment penalty, if any
Dhanlaxmi Bank Cash Credit Sanction letter dated August 09, 2018*	1,500.00	1,465.29	Pari passu first charge by way of hypothecation of standard loan receivables and other current assets of the company at 10% margin	Repayable on demand
The South Indian Bank Limited Cash Credit Sanction letter dated July 10, 2018**	5,00.00	35.80	First charge by way of hypothecation of receivables due for not more than 12 months (current portion of receivables) other than those secured to term loans of banks	Repayable on demand
Total		**25,591.68**		

**The Company has received renewed sanction letter dated September 09, 2019 and our Company is in the process of accepting the same.*
***The said facility is under renewal.*

Restrictive Covenants

Many of the financing agreements of our Company include various restrictive conditions and covenants restricting certain corporate actions, and our Company is required to take the prior approval of the lender before carrying out such activities. For instance, our Company, inter alia, is required to obtain the prior written consent in the following instances:

- to declare and/or pay dividend to any of its Shareholders whether equity or preference, during any financial year unless our Company has paid to the lender the dues payable by our Company in that year;
- to undertake or permit any merger, amalgamation or compromise with its shareholders, creditors or effect any scheme of amalgamation or reconstruction or disposal of whole of the undertaking;
- to create or permit any charges or lien, sell or dispose of any encumbered assets;
- to alter its capital structure, or otherwise acquire any share capital;
- to effect a change of ownership or control, or management of our Company;
- to enter into long term contractual obligations directly affecting the financial position of our Company;
- to borrow or obtain credit facilities from any bank or financial institution;
- to undertake any guarantee obligations on behalf of any other company; and
- sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the banks.

Unsecured Loan

Name of the Lender, details of facility and details of documentation	Amount sanctioned (in ₹ lakhs)	Amount outstanding as on August 20, 2019 (in ₹Lakhs)	Repayment date/schedule and Pre-payment penalty, if any
Manappuram Finance Limited Working Capital Demand Loan Sanction letter dated November 19, 2018*	10,000.00	10,000.00	Repayable on demand

**Terms revised with effect from August 14, 2019*

Secured / Unsecured Non-Convertible Debentures / Subordinate Debt

Our Company has no secured /unsecured non-convertible debentures or subordinate debt outstanding as on date.

Commercial Papers

Our Company has no Commercial Papers outstanding as on date.

Loan from Directors and Relatives of Directors

Our Company has no loan from Directors or relative of Directors outstanding as on date.

Inter Corporate Loans

Except as stated above, our Company has not borrowed any amount in the nature of demand loans from companies under same management as on date.

Servicing behaviour on existing debt securities, payment of interest on due dates on financing facilities or securities

Our Company has not defaulted upon or delayed in payment of any interest and/or principal for the existing term loan and other financial indebtedness. Our Company has not issued any corporate guarantee as on date.

SECTION VI – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

Public Issue of NCDs aggregating up to ₹10,000 lakhs, with an option to retain over-subscription up to ₹10,000 lakhs, aggregating up to ₹20,000 lakhs, on the terms and in the manner set forth herein.

The Issue has been authorized by resolution of the Board passed during meeting held on August 09, 2019.

Principal Terms and Conditions of the Issue

TERMS AND CONDITIONS IN CONNECTION WITH THE NCDs

Issuer	Manappuram Home Finance Limited
Lead Manager	Vivro Financial Services Private Limited
Debenture Trustee	Catalyst Trusteeship Limited
Registrar to the Issue	Link Intime India Private Limited
Type and nature of Instrument	Secured, redeemable, non-convertible debentures
Face Value of NCDs (₹/NCD)	₹1,000 each
Issue Price (₹/NCD)	₹1,000 each
Minimum Application	10 NCDs i.e., ₹10,000 (across all Options of NCDs)
In Multiples of	One NCD after the minimum Application
Seniority	Senior (the claims of the Debenture Holders holding NCDs shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements).The NCDs would constitute secured obligations of our Company and shall have 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.
Mode of Issue	Public issue
Mode of Allotment	In dematerialised form
Mode of Trading	NCDs will be traded in dematerialised form
Minimum Subscription	Minimum subscription is 75% of the Base Issue, i.e. ₹7,500 lakhs
Issue	Public issue by our Company of NCD of face value of ₹1,000 each, at par, aggregating up to ₹10,000 Lakhs, with an option to retain over-subscription up to ₹10,000 Lakhs aggregating up to ₹20,000 Lakhs, on the terms and in the manner set forth herein
Base Issue	₹10,000 lakhs
Stock Exchange proposed for listing of the NCDs	BSE Limited
Listing and timeline for Listing	The NCDs shall be listed within 6 Working Days of Issue Closure
Depositories	NSDL and CDSL
Security	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.
Security Cover	Our Company shall maintain a minimum 100 percent security cover on the outstanding balance of the NCDs plus accrued interest thereon
Who can apply*	**Category I** • Resident public financial institutions as defined in Section 2(72) of the Companies 2013, statutory corporations including state industrial development corporations, scheduled commercial banks; • Co-operative banks and regional rural banks, which are authorised to invest in the NCDs; • Provident funds of minimum corpus of ₹2,500 lakhs, pension funds of minimum corpus of ₹2,500 lakhs, superannuation funds and gratuity fund, which are authorised to invest in the NCDs; • Venture capital funds and/or alternative investment funds registered with SEBI; • Insurance Companies registered with the IRDAI; • National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India); • Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India; • Mutual Funds registered with SEBI; and • Systemically Important NBFCs. **Category II** • Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs; • Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs; • Trust including public/private charitable/religious trusts which are authorised to invest in the NCDs; • Association of persons; • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms in the name of the partners; • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); and • Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹5 lakhs. **Category III*** • Resident Indian individuals; and • Hindu undivided families through the Karta. ** applications aggregating to a value not more than ₹5 lakhs*
Credit Rating	(see table below)

Rating agency	Instrument	Rating symbol	Date of credit rating letter	Amount rated (₹)	Rating Definition
CARE Ratings Limited	Non - convertible debentures	"CARE AA-; Stable" (Double A	Credit Rating Letter- August 26, 2019,	20,000 lakhs	High degree of safety regarding timely servicing of

			minus; Outlook Stable)	Revalidation Letter- September 16, 2019 and Date of Credit Rating Rationale – August 28, 2019		financial obligations. Such instruments carry very low credit risk

Pay-in date	Application Date. The entire Application Amount is payable on Application
Application money	The entire Application Amount is payable on submitting the Application
Mode of payment	Please see "*Issue Procedure*" on page 131
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. In case Record Date falls on a day when Stock Exchange is having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date
Issue Schedule	The Issue shall be open from September 30, 2019 to October 29, 2019 with an option that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days) as may be decided by the Board of Directors of our Company or Committee thereof subject to receipt of necessary approvals.
Objects of the Issue	Please refer to the chapter titled "*Objects of the Issue*" on page 45
Put/Call Option	None
Details of the utilisation of the proceeds of the Issue	Please refer to the chapter titled "*Objects of the Issue*" on page 45
Coupon rate and redemption premium	Please refer to the chapter titled "*Terms of Issue*" on page 118
Working Days convention	If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. In case the redemption date (also being the last interest payment date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment
Issue Closing Date	October 29, 2019
Issue Opening Date	September 30, 2019
Default interest date	In the event of any default in fulfilment of obligations by our Company under the Debenture Trust Deed, the Default Interest Rate payable to the Applicant shall be as prescribed under the Debenture Trust Deed
Deemed Date of Allotment	The date on which the Board or the Debenture Committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on NCDs shall be available to Investors from the Deemed Date of Allotment. The actual allotment of NCDs may take place on a date other than the Deemed Date of Allotment
Day count basis	Actual
Redemption Amount	The principal amount of the NCDs along with interest accrued on them, if any, as on the Redemption Date
Redemption premium/discount	Not applicable
Transaction documents	The Draft Prospectus and this Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trusteeship Agreement, the Debenture Trust Deed and other security documents, if applicable, and various other documents/agreements/undertakings, entered or to be entered by the Company with Lead Manager and/or other intermediaries for the purpose of this Issue

	including but not limited to the Public Issue Account Agreement, the Agreement with the Registrar and the Agreement with the Lead Manager. Refer to section titled "*Material Contracts and Documents for Inspection*" on page 217
Affirmative and Negative covenants precedent and subsequent to the Issue	The covenants precedent and subsequent to the Issue will be finalised upon execution of the Debenture Trust Deed which shall be executed within three months of closure of the Issue as per Regulation 15 of SEBI Debt Regulations. Further, in the event our Company fails to execute the Debenture Trust Deed within a period of three months from the Issue Closing Date, our Company shall pay interest of at least 2% p.a. to each NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed
Events of default	Please refer to the chapter titled "*Terms of Issue – Events of Default*" on page 118
Cross Default	Please refer to the chapter titled "*Terms of Issue – Events of Default*" on page 118
Roles and responsibilities of the Debenture Trustee	Please refer to the chapter titled "*Terms of Issue – Debenture Trustees for the NCD Holders*" on page 118
Settlement Mode	Please refer to the chapter titled "*Terms of Issue - Payment on Redemption*" on page 118
Governing law and jurisdiction	The Issue shall be governed in accordance with the laws of the Republic of India and shall be subject to the exclusive jurisdiction of the courts of Thrissur, Kerala, India.

*Note: (a) The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time), during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days) as may be decided by the Board of Directors of our Company ("**Board**") or the Debenture Committee. In the event of such an early closure of or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a leading national daily newspaper with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.*

(b) In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, our Company will undertake this Issue of NCDs in dematerialized form. However, in terms of Section 8 (1) of the Depositories Act, the Company, at the request of the Applicants who wish to hold the NCDs post allotment in physical form, will fulfil such request through the process of rematerialization, if the NCDs were originally issued in dematerialized form.

**Participation by any of the above-mentioned Investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.*

In case of Application Form being submitted in joint names, the Applicants should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Application Form.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue.

For further details, please refer to "*Issue Procedure*" on page 131.

Terms of the NCDs

Tenure	36 Months	36 Months	36 Months	60 Months	60 Months	60 Months	2500 Days
Nature				**Secured**			
Options	**I**	**II**	**III**	**IV**	**V**	**VI**	**VII**
Frequency of Interest Payment	**Monthly**	**Annually**	**Cumulative**	**Monthly**	**Annually**	**Cumulative**	**Cumulative**
Minimum Application				10 NCDs (₹10,000) (across all options of NCDs)			
In multiples, of				1 NCD after the minimum application			
Face Value of NCDs (₹/NCD)				₹1,000			
Issue Price (₹/NCD)				₹1,000			
Mode of Interest Payment/ Redemption				Through various options available			
Coupon (%) per annum	9.75%	10.00%	NA	10.25%	10.65%	NA	NA
Coupon Type				Fixed			
Redemption Amount (₹/NCD) for Debenture Holders	₹1,000	₹1,000	₹1,331	₹1,000	₹1,000	₹1,659	₹2,000
Effective Yield (%)(per annum)	10.20%	10.00%	10.00%	10.75%	10.65%	10.65%	10.65%
Put and Call Option				Not applicable			
Deemed Date of Allotment	The date on which the Board or the Debenture Committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on the NCDs shall be available to the Investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment						

Interest and Payment of Interest

1. **Monthly interest payment options**

Interest would be paid monthly under Options I, and IV at the following rates of interest in connection with the relevant categories of Debenture holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of NCDs:

Category of Debenture Holder	Rate of Interest (p.a.)	
	36 months	60 months
	Option I	Option IV
All categories (%)	9.75%	10.25%

For avoidance of doubt where interest is to be paid on a monthly basis, relevant interest will be calculated from the first day till the last date of every month on an actual/actual basis during the tenor of such NCDs, and paid on the first day of every subsequent month. For the first interest payment for NCDs under the monthly options if the Deemed Date of Allotment is prior to the fifteenth of that month, interest for that month will be paid on first day of the subsequent month and if the Deemed Date of Allotment is post the fifteenth of that month, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first day of the month next to that subsequent month.

2. Annual interest payment options

Option II and V of the NCDs shall be redeemed as below:

Category of Debenture Holder	Rate of Interest (p.a.)	
	36 months	60 months
	Option II	Option V
All categories (%)	10.00%	10.65%

For avoidance of doubt where interest is to be paid on an annual basis, relevant interest will be calculated from the first day till the last date of every year on an actual/actual basis during the tenor of such NCDs and paid on the first day of every subsequent year. The last interest payment under this option shall be made at the time of redemption of the NCDs.

3. Cumulative interest payment options

Option III, VI and VII of the NCDs shall be redeemed as below:

Category of Debenture Holder	Redemption Amount (₹ per NCD)		
	36 months	60 months	2500 days
	Option III	Option VI	Option VII
All categories	1,331.00	1,659.00	2,000.00

Day count convention

Please refer to Annexure I for details pertaining to the cash flows of the Company in accordance with the SEBI circular bearing number CIR/IMD/DF/18/2013 dated October 29, 2013 and SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

Please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the transferee of deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs subject to such Transferee holding the NCDs on the Record Date.

Terms of Payment

The entire face value per NCDs is payable on Application. The entire amount of face value of NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA Account, in accordance with the terms of specified in "*Terms of Issue – Manner of Payment of Interest/ Redemption Amounts*" on page 118.

Participation by any of the above-mentioned Investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.

In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to this Issue.

For further details, please see the chapter titled "*Issue Procedure*" on page 131.

TERMS OF THE ISSUE

Authority for the Issue

This Issue has been authorised by the Board of Directors of our Company pursuant to a resolution passed at their meeting held on August 09, 2019. Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders *vide* their resolution passed at their AGM held on August 06, 2018.

Principal Terms & Conditions of this Issue

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI Debt Regulations, the Companies Act, the Memorandum and Articles of Association of our Company, the terms of this Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Agreement and the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, GoI, BSE, RBI, NHB or other statutory and regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Ranking of NCDs

The NCDs being offered through this Issue would constitute direct and secured obligations of the Company and shall rank *pari passu* charge inter se, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of first charge on the identified movable and immovable assets of our Company. The claims of the NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements.

Security

The Issue comprises of public issue of NCDs of face value of ₹1,000 each.

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.

Our Company will create the security for the NCDs in favour of the Debenture Trustee for the Debenture Holders holding the NCDs on the assets to ensure 100% security cover of the amount outstanding including interest in respect of the NCDs at any time.

Our Company has entered into the Debenture Trusteeship Agreement and in furtherance thereof intends to enter into a deed of agreement with the Debenture Trustee, ("**Debenture Trust Deed**"), the terms of which shall govern the appointment of the Debenture Trustee and the issue of the NCDs. Our Company proposes to complete the execution of the Debenture Trust Deed before finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange and shall utilise the funds only after the stipulated security has been created.

Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the Debenture Holders holding the NCDs the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on the NCDs at the rate specified in this Prospectus and in the Debenture Trust Deed.

The Debenture Trust Deed will also provide that our Company may withdraw any portion of the security subject to prior written consent of the Debenture Trustee and/or may replace with another asset of the same or a higher value.

Our Company confirms that the Issue proceeds shall be kept in the Public Issue Account until the documents for creation of security i.e. the Debenture Trust Deed, is executed.

Further, in the event our Company fails to execute the Debenture Trust Deed within a period of three months from the Issue Closing Date, our Company shall pay interest of at least 2% p.a. to each NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed.

Debenture Redemption Reserve

Pursuant to Regulation 16 of the SEBI Debt Regulations and Section 71(4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014, as amended by the Companies (Share Capital and Debentures) Amendment Rules, 2019, listed NBFC/HFC is not required to create a DRR in case of public issue of debentures. The rules further mandate that the company which is coming with a Public Issue shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more prescribed methods.

Accordingly, our Company is not required to create a DRR for the NCDs proposed to be issued through this Issue. Further, our Company shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The abovementioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during year ending on the 31st day of March of that year, in terms of the applicable laws.

Face Value

The face value of each NCD to be issued under this Issue shall be ₹1,000.

NCD holder not a Shareholder

The NCD Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act, 2013 and the rules prescribed thereunder and the SEBI Listing Regulations.

Rights of NCD holders

Some of the significant rights available to the NCD holders are as follows:

1. The NCDs shall not, except as provided under the Companies Act, 2013, confer upon the NCD holders thereof any rights or privileges available to our members including the right to receive notices or annual reports of, or to attend and/or vote, at our general meeting. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members, the said resolution will first be placed before the concerned registered NCD holders for their consideration. The opinion of the Debenture Trustee as to whether such resolution is affecting the right attached to the NCDs is final and binding on NCD holders. In terms of Section 136 of the Companies Act, 2013, holders of NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to us.

2. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the NHB, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.

3. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, the registered NCD holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.

4. The NCDs are subject to the provisions of the SEBI Debt Regulations, the applicable provisions of Companies Act, 2013 and the Companies Act, 1956, NHB Act, the Memorandum and Articles of Association of our Company, the terms of this Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the NCDs.

5. The Depositories shall maintain the up to date record of holders of the NCDs in dematerialised Form. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial owners of NCDs maintained by a Depository for any NCD in dematerialised form under Section 11 of the Depositories Act shall be deemed to be a Register of NCD holders for this purpose.

6. A register of NCD holders holding NCDs in physical form pursuant to rematerialisation of the NCDs issued pursuant to this Issue ("**Register of NCD holder**") will be maintained in accordance with Section 88 of the Companies Act, 2013 and all interest/redemption amounts and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of NCD holders as on the Record Date.

7. Subject to compliance with RBI requirements and/or NHB, NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the NCDs after providing at least 21 days' prior notice for such roll over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the NCD holders are merely indicative. The final rights of the NCD holders will be as per the terms of the Prospectus, the Debenture Trust Deed to be executed between our Company and the Debenture Trustee.

Debenture Trustees for the NCD holders

We have appointed Catalyst Trusteeship Limited to act as the Debenture Trustees for the NCD holders in terms of Regulation 4(4) of the Debt Regulations and Section 71(5) of the Companies Act, 2013 and the rules prescribed thereunder. We and the Debenture Trustee will execute a Debenture Trust Deed *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us with respect to the NCDs. The NCD holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD holder(s) shall discharge us *pro tanto* to the NCD holder(s).

The Debenture Trustee will protect the interest of the NCD holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

Events of Default

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular Options of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice inter alia if any of the events listed below occurs. The description below is indicative and a complete list of events of default including cross defaults, if any, and its consequences will be specified in the Debenture Trust Deed:

(i) default is committed in payment of the principal amount of the NCDs on the due date(s); and
(ii) default is committed in payment of any interest on the NCDs on the due date(s).

Market Lot and Trading Lot

Since trading of the NCDs is in dematerialised form, the tradable lot is one NCD.

Allotment in the Issue will be in Demat form in multiples of one NCD. For details of allotment, see "*Issue Procedure"* beginning on page 131.

Nomination facility to NCD holder

In accordance with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014 ("**Rule 19**") and Section 72 of the Companies Act, 2013, the sole NCD holder, or first NCD Holder, along with other joint NCD Holders' (being individual(s)), may nominate, in the Form No. SH.13, any one person in whom, in the event of the death of Applicant the NCDs Allotted, if any, will vest. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in Form No. SH.13 any person as nominee. A nominee entitled to the NCDs by reason of the death of the original holder(s), will, in accordance with Rule 19 and Section 56 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the NCDs. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in Form No. SH.14, any person to become entitled to NCDs in the event of the holder's death during minority. A nomination will stand rescinded on a sale/transfer/alienation of NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Corporate Office or with the Registrar to the Issue.

NCD holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the NCD holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Rule 19, any person who becomes a nominee by virtue of the Rule 19, will on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the NCDs; or

- to make such transfer of the NCDs, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all interests or redemption amounts or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

For all NCDs held in the dematerialised form and since the allotment of NCDs pursuant to this Issue will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. The nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant in connection with NCDs held in the dematerialised form.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Thrissur, Kerala, India.

Application in the Issue

Applicants shall apply in this Issue in dematerialised form only, through a valid Application Form filled in by the Applicant along with attachment, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only.

In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, our Company will make public issue of the NCDs in the dematerialised form only.

However, in terms of Section 8(1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the NCDs in physical form will rematerialise the NCDs. However, any trading of the NCDs shall be compulsorily in dematerialised form only.

Form of Allotment and Denomination of NCDs

As per the SEBI Debt Regulations, the trading of the NCDs on the Stock Exchange shall be in dematerialized form only in multiples of one (1) NCD ("**Market Lot**"). Allotment in this Issue to all Allottees, will be in electronic form i.e. in dematerialised form and in multiples of one NCD.

For details of allotment please see "*Issue Procedure*" on page 131.

Transfer/ Transmission of NCD(s)

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013. The NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/ CDSL and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Company or Registrar.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 read with SEBI Press release (no. 49/ 2018) dated December 3, 2018, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from April 1, 2019. However, any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialised form only.

Title

In case of:

- the NCDs held in the dematerialised form, the person for the time being appearing in the record of beneficial owners maintained by the Depository; and

- the NCD held in physical form, pursuant to any rematerialisation, the person for the time being appearing in the Register of NCD Holders as NCD Holder,

shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated NCD Certificate issued in respect of the NCDs and no person will be liable for so treating the NCD Holder.

No transfer of title of NCD will be valid unless and until entered on the Register of NCD Holders or the register and index of NCD Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Companies Act/ the relevant provisions of the Companies Act applicable as on the date of this Prospectus shall apply, mutatis mutandis (to the extent applicable) to the NCD(s) as well.

Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, the Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of the Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation. In case of death of NCD Holders who are holding NCDs in dematerialised form, third person is not required to approach the Company to register his name as successor of the deceased NCD holder. He shall approach the respective Depository Participant of the NCD Holder for this purpose and submit necessary documents as required by the Depository Participant.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder.

2. Proof that the non-resident Indian is an Indian national or is of Indian origin.

3. Such holding by a non-resident Indian will be on a non-repatriation basis.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

Procedure for Re-materialization of NCDs

NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. **Holders of NCDs who propose to rematerialise their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to the Company and the DP. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.**

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs allotted pursuant to this Issue. Pursuant to the SEBI Listing Regulations, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, with effect from April 1, 2019.

Period of Subscription

The subscription list shall remain open for a period as indicated below, with an option for early closure or extension by such period, as may be decided by the Board or a duly authorised committee of Directors of our Company, subject to necessary approvals. In the event of such early closure or extension of the Issue, our Company shall ensure that notice of such early closure or extension is given on or before such earlier date or extended date of closure through advertisement/s in a leading national daily newspaper.

Issue Programme

Issue Opening Date	September 30, 2019#
Issue Closing Date	October 29, 2019*

#The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days) as may be decided by the Board of Directors of our Company ("Board") or Debenture Committee of the Board. In the event of such early closure or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through advertisement/s in a leading national daily newspaper with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.

**Further please note that Application shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, "IST") during the Issue Period as mentioned above (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs as mentioned on the Application Form, except that on the Issue Closing Date when Applications shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by Stock Exchange(s). It is clarified that the Applications not uploaded in the Stock Exchange(s) Platform will be rejected.*

Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this Prospectus are Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time.

Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days. Neither our Company, nor the Lead Manager, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs are liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise. Please note that, within each category of investors, the Basis of Allotment under the Issue will be on date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.

Basis of payment of Interest

NCDs once Allotted under any particular category of NCDs shall continue to bear the applicable tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment irrespective of the category of Debenture Holder on any Record Date, and such Tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment will not be impacted by trading of any options of NCDs between the categories of persons or entities in the secondary market.

Payment of Interest/Maturity Amount will be made to those NCD holders whose names appear in the register of Debenture Holders (or to first holder in case of joint-holders) as on Record Date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the Investors. In such cases, interest, on the interest payment date, would be directly credited to the account of those Investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help NCD Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Please see, *"Terms of the Issue - Manner of Payment of Interest / Redemption Amounts"* at page 118.

Payment of Interest will be made to those NCD Holders whose names appear in the register of NCD Holders (or to first holder in case of joint-holders) as on Record Date.

Taxation

Any tax exemption certificate/document must be lodged at the office of the Registrar at least 7 (seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

As per clause (ix) of Section 193 of the I.T. Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialised form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialised form.

If the date of interest payment falls on a Saturday, Sunday or a public holiday in Mumbai or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, then interest would be paid on the next working day. Payment of interest would be subject to the deduction as prescribed in the I.T. Act or any statutory modification or re-enactment thereof for the time being in force.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of the Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Day Count Convention:

Interest shall be computed on actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Circular bearing no. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day (the "**Effective Date**"), however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

Illustration for guidance in respect of the day count convention and effect of holidays on payments.

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016 is disclosed at page 223.

Maturity and Redemption

The NCDs issued pursuant to this Prospectus have a fixed maturity date. The NCDs will be redeemed at the expiry of 36 months from the Deemed Date of Allotment for Option I, II and III, 60 months from the Deemed Date of Allotment for Options IV, V and VI and 2,500 days from the Deemed Date of Allotment for Option VII.

Application Size

Each Application should be for a minimum of 10 NCDs and multiples of one NCD thereof. The minimum Application size for each Application would be ₹10,000 (for all kinds of Options I, II, III, IV, V, VI and VII) NCDs either taken individually or collectively) and in multiples of ₹1,000 thereafter.

Applicants can apply for any or all options of NCDs offered hereunder provided the Applicant has applied for minimum Application size using the same Application Form.

Applicants are advised to ensure that application made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price of ₹1,000 per NCD is blocked in the ASBA Account on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall instruct the SCSBs to unblock the excess amount blocked on application in accordance with the terms of the Prospectus.

Manner of Payment of Interest / Redemption Amounts

The manner of payment of interest / redemption in connection with the NCDs is set out below:

For NCDs held in dematerialised form:

The bank details will be obtained from the Depositories for payment of Interest / redemption amount as the case may be. Holders of the NCDs, are advised to keep their bank account details as appearing on the records of the depository participant updated at all points of time. Please note that failure to do so could result in delays in credit of Interest/ Redemption Amounts at the Applicant's sole risk, and the Lead Manager, our Company or the Registrar shall have no any responsibility and undertake no liability for the same.

For NCDs held in physical form on account of re-materialization:

In case of NCDs held in physical form, on account of rematerialisation, the bank details will be obtained from the documents submitted to the Company along with the rematerialisation request. For further details, please see "*Terms of the Issue - Procedure for Re-materialization of NCDs*" on page 118.

The mode of payment of Interest/Redemption Amount shall be undertaken in the following order of preference:

1. **Direct Credit/ NACH/ RTGS:** Investors having their bank account details updated with the Depository shall be eligible to receive payment of Interest / Redemption Amount, through:

   i. **Direct Credit**. Interest / Redemption Amount would be credited directly to the bank accounts of the Investors, if held with the same bank as the Company.

   ii. **NACH:** National Automated Clearing House which is a consolidated system of ECS. Payment of Interest / Redemption Amount would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of Interest / Redemption Amount through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the Interest / Redemption Amount through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get Interest / Redemption Amount through NEFT or Direct Credit or RTGS.

   iii. **RTGS:** Applicants having a bank account with a participating bank and whose Interest / Redemption Amount exceeds ₹2 lakhs, or such amount as may be fixed by RBI from time to time, have the option to receive the Interest / Redemption Amount through RTGS. Such eligible Applicants who indicate their preference to receive Interest / Redemption Amount through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrar to the Issue at least 7 (seven) working days before the Record Date. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. In the event the same is not provided, Interest / Redemption Amount shall be made through NECS subject to availability of complete bank account details for the same as stated above.

   iv. **NEFT:** Payment of interest / redemption amount shall be undertaken through NEFT wherever the Applicants' bank has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to a Magnetic Ink Character Recognition ("**MICR**"), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of the Interest / Redemption Amounts, duly mapped with MICR numbers. Wherever the Applicants have registered their nine-digit MICR number and their bank account number while opening and operating the de-mat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of Interest / Redemption Amount will be made to the Applicants through this method.

2. **Registered Post/Speed Post:** For all other NCD Holders, including those who have not updated their bank particulars with the MICR code, the Interest Payment / Redemption Amount shall be paid by way of Interest/ Redemption warrants dispatched through speed post/ registered post only to Applicants that have provided details of a registered address in India.

Printing of Bank Particulars on Interest/ Redemption Warrants

As a matter of precaution against possible fraudulent encashment of Interest/ Redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. In relation to NCDs held dematerialised form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form on account of rematerialisation, the investors are advised to submit their bank account details with our Company / Registrar at least 7 (seven) working days prior to the Record Date failing which the orders / warrants will be dispatched to the postal address of the holder of the NCD as available in the records of our Company. Bank account particulars will be printed on the warrants which can then be deposited only in the account specified.

Loan against NCDs

Pursuant to NHB Master Circular- Housing Finance Companies Issuances of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014 our Company, being a HFC, is not permitted to extend any loans against the security of its NCDs.

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may from time to time invite the NCD Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

Procedure for Redemption by NCD Holders

The procedure for redemption is set out below:

NCDs held in physical form on account of re-materialization:

No action would ordinarily be required on the part of the NCD Holder at the time of redemption and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of NCD Holders maintained by us on the Record Date fixed for the purpose of Redemption. However, our Company may require that the NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificate(s)) be surrendered for redemption on maturity and should be sent by the NCD Holder(s) by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such addresses as may be notified by us from time to time. NCD Holder(s) may be requested to surrender the NCD certificate(s) in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment.

We may at our discretion redeem the NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of NCDs need not submit the NCD certificates to us and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of NCD Holders maintained by us on the Record Date fixed for the purpose of redemption of NCDs. In such case, the NCD certificates would be deemed to have been cancelled. Also see "*Terms of the Issue - Payment on Redemption*" on page 118.

NCDs held in electronic form:

No action is required on the part of NCD Holder(s) at the time of redemption of NCDs.

Payment on Redemption

The manner of payment of redemption is set out below:

NCDs held in physical form on account of re-materialisation:

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificate(s), duly discharged by the sole holder / all the joint-holders (signed on the reverse of the NCD certificate(s). Dispatch of cheques/pay order, etc. in respect of such payment will be made on the Redemption Date or (if so requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the redemption date to those NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of Redemption. Hence the transferees, if any, should ensure lodgement of the transfer documents with us at least seven working days prior to the Record Date. In case the transfer documents are not lodged with us at least seven working days prior to the Record Date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against us or the Registrar to the Issue.

Our liability to holder(s) towards their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

NCDs held in electronic form:

On the redemption date, redemption proceeds would be paid by cheque /pay order / electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

Right to reissue NCD(s)

Subject to the provisions of the Companies Act, 2013, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

Sharing of information

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us and affiliates and credit bureaus, agencies, statutory bodies, as may be required.

Notices

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper in Kerala and/or will be sent by post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

Issue of duplicate NCD Certificate(s)

If any NCD certificate(s), issued pursuant to rematerialisation, if any, is/are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/security and/or documents as we may deem adequate, duplicate NCD certificate(s) shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

Future Borrowings

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner having such ranking in priority, *pari passu* or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, without the consent of, or intimation to, the NCD Holders or the Debenture Trustee in this connection.

Impersonation

Attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹10 lakh or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹10 lakh or 1% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹50 lakh or with both.

Pre-closure

Our Company, in consultation with the Lead Manager reserves the right to close this Issue at any time prior to the Issue Closing Date, subject to receipt of Minimum Subscription (75% of the Base Issue). Our Company shall allot NCDs with respect to the Application Forms received at the time of such pre-closure in accordance with the Basis of Allotment as described herein and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of this Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date for this Issue, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given.

Minimum Subscription

If our Company does not receive the minimum subscription of 75% of Base Issue Size, prior to the Issue Closing Date, the entire Application Amount blocked shall be unblocked in the relevant ASBA Account(s) of the Applicants within six working days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within six working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule IV of SEBI Debt Regulations in compliance with the Regulation 8(1) of SEBI Debt Regulations. Material updates, if any, between the date of filing of the Prospectus with RoC and the date of release of the statutory advertisement, will be included in the statutory advertisement.

Listing

The NCDs offered through this Prospectus are proposed to be listed on the BSE. Our Company has obtained an 'in-principle' approval for the Issue from the BSE *vide* their letter dated September 18, 2019. For the purposes of the Issue, BSE shall be the Designated Stock Exchange.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the Stock Exchange is taken within six Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the Options, such Options(s) of NCDs shall not be listed. If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchange, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus.

Guarantee/Letter of Comfort

This Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Arrangers

No arrangers have been appointed for this Issue.

Monitoring & Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. Our Board of Directors shall monitor the utilisation of the proceeds of this Issue. Our Company will disclose in the Company's financial statements for the relevant financial year commencing from Financial Year 2019-20, the utilisation of the net proceeds of this Issue under a separate head along with details, if any, in relation to all such proceeds of this Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of this Issue.

Lien

Not Applicable

Lien on Pledge of NCDs

Subject to applicable laws, our Company, at its discretion, may note a lien on pledge of NCDs if such pledge of NCDs is accepted by any bank or institution for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding.

ISSUE PROCEDURE

This chapter applies to all Applicants. Pursuant to the circular (CIR/DDHS/P/121/2018) dated August 16, 2018 issued by SEBI, all Applicants are required to apply for in the Issue through the ASBA process and an amount equivalent to the full Application Amount as mentioned in the Application Form will be blocked by the Designated Branches of the SCSBs.

Applicants should note that they may submit their Application Forms at (i) the Designated Branches of the SCSBs or (ii) at the Collection Centres, i.e. to the respective Members of the Consortium at the Specified Locations, the Trading Members at the Broker Centres, the CRTA at the Designated RTA Locations or CDP at the Designated CDP Locations. For further information, please see "- Submission of Completed Application Forms" on page 145.

Applicants are advised to make their independent investigations and ensure that their Application do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Prospectus.

*Please note that this section has been prepared based on the circular no. CIR./IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI ("**Debt Application Circular**") as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI ("**Debt ASBA Circular**"). The procedure mentioned in this section is subject to the Stock Exchange putting in place the necessary systems and infrastructure for implementation of the provisions of the abovementioned circular, including the systems and infrastructure required in relation to Applications made through the Direct Online Application Mechanism and the online payment gateways to be offered by Stock Exchange and accordingly is subject to any further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchange and/or SEBI.*

Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility as provided for in the Debt Application Circular have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.

THE DESIGNATED INTERMEDIARIES (OTHER THAN TRADING MEMBERS), SCSBs AND THE COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE TRADING MEMBERS IN CONNECTION WITH THE RESPONSIBILITIES OF SUCH TRADING MEMBERS INCLUDING BUT NOT LIMITED TO COLLECTION AND UPLOAD OF APPLICATION FORMS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE. FURTHER, THE RELEVANT STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATION THROUGH TRADING MEMBERS REGISTERED WITH THE STOCK EXCHANGE.

For purposes of this Issue, the term "Working Day" shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from the Issue Closure to listing of the NCDs on the Stock Exchange, Working Day shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays in Mumbai, as per the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018.

The information below is given for the benefit of the Investors. Our Company and the Members of Syndicate are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus.

PROCEDURE FOR APPLICATION

Availability of the Abridged Prospectus and Application Forms

The Abridged Prospectus containing the salient features of this Prospectus together with Application Form may be obtained from:

(a) Our Company's Registered Office and Corporate Office;

(b) Offices of the Lead Manager/Syndicate Member;

(c) The CRTA at the Designated RTA Locations;

(d) The CDPs at the Designated CDP Locations;

(e) Trading Members at the Broker Centres; and

(f) Designated Branches of the SCSBs.

Electronic copies of this Prospectus and the Prospectus along with the downloadable version of the Application Form will be available on the websites of the Lead Manager, the Stock Exchange, SEBI and the SCSBs.

Electronic Application Forms may be available for download on the website of the Stock Exchange and on the websites of the SCSBs that permit submission of Application Forms electronically. A unique application number ("**UAN**") will be generated for every Application Form downloaded from the website of the Stock Exchange. Our Company may also provide Application Forms for being downloaded and filled at such website as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading Members of the Stock Exchange can download Application Forms from the website of the Stock Exchange. Further, Application Forms will be provided to Trading Members of the Stock Exchange at their request.

Who can apply?

The following categories of persons are eligible to apply in this Issue:

Category I

- Resident public financial institutions as defined in Section 2(72) of the companies act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks, and multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;

- Provident funds of minimum corpus of ₹2,500 lakhs, pension funds of minimum corpus of ₹2,500 lakhs, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;

- Alternative investment funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;

- Resident venture capital funds registered with SEBI;

- Insurance companies registered with the IRDAI;

- National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India);

- Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India;

- Mutual funds registered with SEBI; and

- Systemically Important NBFCs.

Category II

- Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;

- Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs;

- Trust including public/private charitable/religious trusts which are authorised to invest in the NCDs;

- Association of persons;

- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;

- Partnership firms in the name of the partners;

- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); and

- Resident Indian individuals and Hindu undivided families through the Karta applying for an amount aggregating to a value exceeding ₹5 lakhs.

Category III*

- Resident Indian individuals; and

- Hindu undivided families through the Karta.

** applications aggregating to a value not more than ₹5 lakhs.*

For Applicants applying for NCDs, the Registrar shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange by the Members of the Syndicate or the Trading Members, as the case may be.

Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that Application made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to this Issue.

The Lead Manager and its respective associates and affiliates are permitted to subscribe in the Issue.

Who are not eligible to apply for NCDs?

The following categories of persons, and entities, shall not be eligible to participate in this Issue and any Application from such persons and entities are liable to be rejected:

(a) Minors without a guardian name*(A guardian may apply on behalf of a minor. However, Application by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);

(b) Foreign nationals, NRI inter-alia including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;

(c) Persons resident outside India and other foreign entities;

(d) Foreign Portfolio Investors;

(e) Foreign Venture Capital Investors;

(f) Qualified Foreign Investors;

(g) Overseas Corporate Bodies; and

(h) Persons ineligible to contract under applicable statutory/regulatory requirements.

Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872

Based on the information provided by the Depositories, our Company shall have the right to accept Application Forms belonging to an account for the benefit of a minor (under guardianship). In case of such Application, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in this Issue.

Please see "*Rejection of Applications*" on page 147 for information on rejection of Applications.

Method of Application

In terms of the SEBI circular CIR/DDHS/P/121/2018 dated August 16, 2018, an eligible Investor desirous of applying in this Issue can make Applications through the ASBA mechanism only. Applicants are requested to note that in terms of the Debt Application Circular, SEBI has mandated issuers to provide, through a recognised stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility ("**Direct Online Application Mechanism**"). In this regard, SEBI has, through the Debt Application Circular, directed recognized Stock Exchange in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange.

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application Form to any of the Designated Intermediaries. Applicants should submit the Application Form only at the Collection Centres, i.e. to the respective Members of the Syndicate at the Specified Locations, the SCSBs at the Designated Branches, the registered broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at https://www.sebi.gov.in.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from ASBA Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained. An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by

SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to this Issue should be made by Applicants directly to the relevant Stock Exchange.

APPLICATIONS FOR ALLOTMENT OF NCDs

Details for Applications by certain categories of Applicants including documents to be submitted are summarized below.

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016 ("**SEBI Circular 2016**"), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector towards HFCs is reduced from 10% of net assets value to 5% of net assets value and single issuer limit is reduced to 10% of net assets value (extendable to 12% of net assets value, after trustee approval). The SEBI Circular 2016 also introduces group level limits for debt schemes and the ceiling be fixed at 20% of net assets value extendable to 25% of net assets value after trustee approval.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which Application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Application by Systemically Important Non-Banking Financial Companies

Systemically Important Non- Banking Financial Company, a non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than five hundred crore rupees as per the last audited financial statements can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s). **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Application by commercial banks, co-operative banks and regional rural banks

Commercial banks, co-operative banks and regional rural banks can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor**.

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making Applications on their own account using ASBA Facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making Application in public issues and clear demarcated funds should be available in such account for applications.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority of India ("**IRDAI**"), a certified copy of certificate of registration issued by IRDAI must be lodged along with Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefore.**

Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time to time including the IRDA (Investment) Regulations, 2000.

Application by Indian Alternative Investment Funds

Applications made by Alternative Investment Funds eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "**SEBI AIF Regulations**") for Allotment of the NCDs must be accompanied by certified true copies of SEBI registration certificate. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor**.

Applications by associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment

In case of Applications made by 'Associations of Persons' and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) power of attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) power of attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Public Financial Institutions or Statutory Corporations, which are authorised to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) any act/ rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorised person. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of incorporation/ registration under any act/rules under which they are incorporated. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications by National Investment Fund

The Application must be accompanied by certified true copies of: (i) resolution authorising investment and containing operating instructions; and (ii) specimen signature of authorized person. **Failing this, our Company**

reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Companies, bodies corporate and societies registered under the applicable laws in India

The Application must be accompanied by certified true copies of the registration under the act/ rules under which they are incorporated. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Indian Scientific and/or industrial research organizations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of the registration under the act/ rules under which they are incorporated. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008

The Application must be accompanied by certified true copies of certified copy of certificate of the partnership deed or registration issued under the Limited Liability Partnership Act, 2008, as applicable. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Applicants who are Institutional Investors or Non-Institutional Investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants, a certified copy of the power of attorney must be submitted with the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that our Company and the Lead Manager may deem fit.**

Brokers having online demat account portals may also provide a facility of submitting the Application Forms online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his/ her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

APPLICATIONS FOR ALLOTMENT OF NCDs

This section is for the information of the Applicants proposing to subscribe to the Issue. The Lead Manager and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Investors are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, our Directors, affiliates, associates and their respective directors and officers, the Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by and/or uploaded by and/or accepted but not uploaded by Trading Members, registered brokers, CDPs, RTAs and SCSBs who are authorised to collect Application Forms from the Applicants in the Issue, or Applications accepted and uploaded without blocking funds in the ASBA Accounts by SCSBs. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount payable on Application has been blocked in the relevant ASBA Account.

The list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive Application Forms from the Members of the Syndicate is available on the website of SEBI (https://www.sebi.gov.in) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI (https://www.sebi.gov.in) as updated from time to time or any such other website as may be prescribed by SEBI from time to time. The list of registered brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website of the Stock Exchange at www.bseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the registered brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Submission of Applications

Applications can be submitted through either of the following modes:

(a) Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of Application in physical mode, the Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the Application Form, prior to uploading such Application into the electronic system of the Stock Exchange. **If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Application and shall not upload such Application in the electronic system of the Stock Exchange**. If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the Application in the electronic system of the Stock Exchange. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application.

    In case of Application being made in the electronic mode, the Applicant shall submit the Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Application.

(b) Physically through the Designated Intermediaries at the respective Collection Centres. Kindly note that above Applications submitted to any of the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account is maintained, as specified in the Application Form, has not named at least one branch at that Collection Center where the Application Form is submitted (a list of such branches is available at https://www.sebi.gov.in).

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by the relevant Designated Intermediary, giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchange and the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Collection Center, named by such SCSB to accept such Applications from the Designated Intermediaries (a list of such branches is available at https://www.sebi.gov.in). Upon receipt of the Application Form, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form. If sufficient funds are not available in the ASBA Account, the relevant Application Form is liable to be rejected. If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be.

Applicants must note that:

(a) Application Forms will be available with the Designated Branches of the SCSBs and with the Designated Intermediaries at the respective Collection Centres; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Physical Application Forms will also be provided to the Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that this Prospectus is made available on their websites. The physical Application Form submitted to the Designated Intermediaries shall bear the stamp of the relevant Designated Intermediary. In the event the Application Form does not bear any stamp, the same shall be liable to be rejected.

(b) The Designated Branches of the SCSBs shall accept Application Forms directly from Applicants only during the Issue Period. The SCSBs shall not accept any Application Forms directly from Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, the relevant branches of the SCSBs at Specified Locations can accept Application Forms from the Designated Intermediaries, after the closing time of acceptance of Applications on the Issue Closing Date, if the Applications have been uploaded. For further information on the Issue programme, please see "General Information – Issue Programme" on page 32. **Physical Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.**

Please note that Applicants can make an Application for Allotment of NCDs in the dematerialised form only.

INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM

General Instructions

Submission of Direct Online Applications

Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilites in relation to direct online applications and online payment facility have been sought from the Stock Exchanges.

In the event the Direct Online Application facility is implemented by the Stock Exchanges, relevant "know your customer" details of such Applicants will be validated online from the Depositories, on the basis of the DP ID and Client ID provided by them in the Application Form. On successful submission of a Direct Online Application, the Applicant will receive a system-generated unique application number ("UAN") and an SMS or an e-mail confirmation on credit of the requisite Application Amount paid through the online payment facility with the Direct Online Application. On Allotment, the Registrar to the Issue shall credit NCDs to the beneficiary account of the Applicant and in case of refund, the refund amount shall be credited directly to the Applicant's bank account. Applicants applying through the Direct Online Application facility must preserve their UAN and quote their UAN in (a) any cancellation/withdrawal of their Application; (b) in queries in connection with Allotment of NCDs and/or refund(s); and/or (c) in all investor grievances/complaints in connection with the Issue.

As per the Debt Application Circular issued by SEBI, the availability of the Direct Online Applications facility is subject to the Stock Exchanges putting in place the necessary systems and infrastructure, and accordingly the aforementioned disclosures are subject to any further clarifications, notification, modification deletion, direction, instructions and/or correspondence that may be issued by the Stock Exchanges and/or SEBI.

Please note that Applicants can make an Application for Allotment of NCDs in the dematerialised form only.

A. General instructions for completing the Application Form

- Applications must be made in prescribed Application Form only;
- Application Forms must be completed in **BLOCK LETTERS IN ENGLISH**, as per the instructions contained in this Prospectus and the Application Form;
- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names;
- Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying for Allotment of the Bonds in dematerialised form) and Applications should be made by Karta in case the Applicant is an HUF. Please ensure that such Applications contain the PAN of the HUF and not of the Karta;

- Applicants must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of the Stock Exchange by SCSBs, the Designated Intermediaries, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs;

- Applications must be for a minimum of 10 NCDs and in multiples of one NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 NCDs, an Applicant may choose to apply for 10 NCDs of the same option or across different option. Applicants may apply for one or more option of NCDs Applied for in a single Application Form;

- If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form;

- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;

- Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta;

- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;

- The Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the Acknowledgement Slip. This Acknowledgement Slip will serve as the duplicate of the Application Form for the records of the Applicant;

- Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Designated Intermediaries or the Designated Branch of the SCSBs, as the case may be;

- Every Applicant should hold valid Permanent Account Number and mention the same in the Application Form;

- All Applicants are required to tick the relevant column of "Category of Investor" in the Application Form; and

- All Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch and also ensure that the signature in the Application Form matches with the signature in Applicant's bank records, otherwise the Application is liable to be rejected.

The option, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for Allotment.

Applicants should note that neither the Designated Intermediaries nor the SCSBs, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.

B. Applicant's Beneficiary Account Details

Applicants must mention their DP ID and Client ID in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form is submitted in the first Applicant's name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic system of the Stock

Exchange do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected. Further, Application Forms submitted by Applicants whose beneficiary accounts are inactive, will be rejected.

On the basis of the Demographic Details as appearing on the records of the DP, the Registrar to the Issue will take steps towards demat credit of NCDs. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in demat credit and neither our Company, Designated Intermediaries, SCSBs, Registrar to the Issue nor the Stock Exchange will bear any responsibility or liability for the same.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of power of attorney to request the Registrar that for the purpose of printing particulars on the Allotment Advice, the Demographic Details obtained from the Depository of the Applicant shall be used.

By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue. Allotment Advice would be mailed by speed post or registered post at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Registrar to the Issue, Public Issue Account Bank, nor the Lead Manager shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to this Issue will be made into the accounts of such Applicants. **Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Application are liable to be rejected.**

C. Permanent Account Number (PAN)

The Applicant should mention his or her Permanent Account Number allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. **Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.**

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN Field i.e. either Sikkim category or exempt category.

D. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications all interest / redemption amount payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

E. Additional/Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs for the same or other option of NCDs, subject to a minimum Application size as specified in this Prospectus and in multiples of thereafter as specified in this Prospectus. **Any Application for an amount below the aforesaid minimum Application size will be deemed as an invalid Application and shall be rejected**. However, multiple Applications by the same individual Applicant aggregating to a value exceeding ₹5 lakhs shall be deemed such individual Applicant to be an HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the Basis of Allotment to such Applicant. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under this Issue, Applications shall be grouped based on the PAN, i.e. Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

Do’s and Don’ts

Applicants are advised to take note of the following while filling and submitting the Application Form:

Do’s

1. Check if you are eligible to apply as per the terms of this Prospectus and applicable law.

2. Read all the instructions carefully and complete the Application Form in the prescribed form.

3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to this Issue.

4. Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange are correct and match with the DP ID, Client ID and PAN available in the Depository database. Ensure that the DP ID and Client ID are correct and beneficiary account is activated. The requirement for providing Depository Participant details is mandatory for all Applicants.

5. Ensure that you have mentioned the correct ASBA Account number in the Application Form.

6. Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant is not the ASBA account holder.

7. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Designated Intermediaries, as the case may be.

8. Ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Collection Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediary/Designated Branch of the SCSB.

9. Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Collection Centre.

10. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form.

11. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

12. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta.

13. Ensure that the Applications are submitted to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 32.

14. **Permanent Account Number:** Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

15. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

16. All Applicants should choose the relevant option in the column "Category of Investor" in the Application Form.

17. Choose and mark the option of NCDs in the Application Form that you wish to apply for.

In terms of SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for Applications.

Don'ts:

1. Do not apply for lower than the minimum Application size.

2. Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest.

3. Do not send Application Forms by post. Instead submit the same to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be.

4. Do not submit the Application Form to any non-SCSB bank or our Company.

5. Do not apply through an Application Form that does not have the stamp of the relevant Designated Intermediary or the Designated Branch of the SCSB, as the case may be.

6. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue Size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.

7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

8. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue.

9. Do not submit the Application Form without ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account.

10. Do not submit Applications on plain paper or on incomplete or illegible Application Forms.

11. Do not apply if you are not competent to contract under the Indian Contract Act, 1872.

12. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise.

13. Do not submit Applications to a Designated Intermediary at a location other than Collection Centres.

14. Do not submit an Application that does not comply with the securities law of your respective jurisdiction.

15. Do not apply if you are a person ineligible to apply for NCDs under this Issue including Applications by Persons Resident Outside India, NRI (inter-alia including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA).

16. Do not make an Application of the NCD on multiple copies taken of a single form.

17. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted in the Issue.

18. Do not submit more than five Application Forms per ASBA Account.

Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries, to deposit such Application Forms (A list of such branches is available at https://www.sebi.gov.in).

Please see "*Rejection of Applications*" on page 147 for information on rejection of Applications.

TERMS OF PAYMENT

The Application Forms will be uploaded onto the electronic system of the Stock Exchange and deposited with the relevant branch of the SCSB at the Collection Centres, named by such SCSB to accept such Applications from the Designated Intermediaries, as the case may be (a list of such branches is available at https://www.sebi.gov.in). The relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the Application.

The entire Application Amount for the NCDs is payable on Application only. The relevant SCSB shall block an amount equivalent to the entire Application Amount in the ASBA Account at the time of upload of the Application Form. In case of Allotment of lesser number of NCDs than the number applied, the Registrar to the Issue shall instruct the SCSBs to unblock the excess amount in the ASBA Account.

For Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application, before entering the Application into the electronic system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the Application to the Designated Intermediaries or to the Designated Branches of the SCSBs. An Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, and upon receipt of intimation from the Registrar, the controlling branch of the SCSB shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within six Working

Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of this Issue or until rejection of the Application, as the case may be.

SUBMISSION OF COMPLETED APPLICATION FORMS

Mode of Submission of Application Forms	To whom the Application Form has to be submitted
ASBA Applications	(i) If using physical Application Form, (a) to the Designated Intermediaries at relevant Collection Centres, or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or (ii) If using electronic Application Form, to the SCSBs, electronically through internet banking facility, if available.

No separate receipts will be issued for the Application Amount payable on submission of Application Form. However, the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an Acknowledgement Slips which will serve as a duplicate Application Form for the records of the Applicant.

Electronic Registration of Applications

(a) The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications using the on-line facilities of the Stock Exchange. **The Members of Syndicate, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) with respect to Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, or (v) any Applications accepted and uploaded and/or not uploaded by the Trading Members of the Stock Exchange.**

In case of apparent data entry error by the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the option, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries or Designated Branches of the SCSBs in the data entries as such data entries will be considered for Allotment/rejection of Application.

(b) The Stock Exchange will offer an electronic facility for registering Applications for this Issue. This facility will be available on the terminals of Designated Intermediaries and the SCSBs during the Issue Period. The Designated Intermediaries can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on this Issue Closing Date. On the Issue Closing Date, the Designated Intermediaries and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Designated Intermediaries and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 32.

(c) With respect to Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches of the SCSBs shall enter the requisite details of the Applicants in the on-line system including:

- Application Form number

- PAN (of the first Applicant, in case of more than one Applicant)

- Investor category and sub-category
- DP ID
- Client ID
- Option of NCDs applied for
- Number of NCDs Applied for in each option of NCD
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- Location
- Application amount

(d) With respect to Applications submitted to the Designated Intermediaries, at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- Option of NCDs applied for
- Number of NCDs Applied for in each option of NCD
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- Location
- Application amount

(e) A system generated acknowledgement (TRS) will be given to the Applicant as a proof of the registration of each Application. **It is the Applicant's responsibility to obtain the acknowledgement from the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be. The registration of the Application by the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.**

(f) Applications can be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect.

(g) The permission given by the Stock Exchange to use its network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Manager are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange.

(h) **Only Applications that are uploaded on the online system of the Stock Exchange shall be considered for allocation/ Allotment**. The Designated Intermediaries and the Designated Branches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate the Designated Intermediaries and the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

REJECTION OF APPLICATIONS

Applications would be liable to be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect. The Board of Directors and/or the Debenture Trustee thereof, reserves it's full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

(a) Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Applications accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Applicants' ASBA Account maintained with an SCSB;

(c) Applications not being signed by the sole/joint Applicant(s);

(d) Investor Category in the Application Form not being ticked;

(e) Application Amount blocked being higher or lower than the value of NCDs Applied for. However, our Company may Allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;

(f) Applications where a registered address in India is not provided for the non-Individual Applicants;

(g) In case of partnership firms (except LLPs), NCDs applied for in the name of the partnership and not the names of the individual partner(s);

(h) Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;

(i) PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian, when PAN of the Applicant is not mentioned;

(j) DP ID and Client ID not mentioned in the Application Form;

(k) GIR number furnished instead of PAN;

(l) Applications by OCBs;

(m) Applications for an amount below the minimum Application size;

(n) Submission of more than five ASBA Forms per ASBA Account;

(o) Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;

(p) Applications under power of attorney or by limited companies, corporate, trust etc. submitted without relevant documents;

(q) Applications accompanied by stockinvest/ cheque/ money order/ postal order/ cash;

(r) Signature of sole Applicant missing, or in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);

(s) Applications by persons debarred from accessing capital markets, by SEBI or any other appropriate regulatory authority;

(t) Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant;

(u) Signature of the ASBA Account holder on the Application Form does not match with the signature available on the SCSB bank's records where the ASBA Account mentioned in the Application Form is maintained;

(v) Application Forms submitted to the Designated Intermediaries or to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Intermediary, as the case may be;

(w) ASBA Applications not having details of the ASBA Account to be blocked;

(x) In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN;

(y) Inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;

(z) SCSB making an Application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;

(aa) Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;

(bb) Authorization to the SCSB for blocking funds in the ASBA Account not provided;

(cc) Applications by any person outside India;

(dd) Applications not uploaded on the online platform of the Stock Exchange;

(ee) Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;

(ff) Application Forms not delivered by the Applicant within the time prescribed as per the Application Form, this Prospectus and as per the instructions in the Application Form and the Prospectus;

(gg) Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;

(hh) Applications providing an inoperative demat account number;

(ii) Applications submitted to the Designated Intermediaries other than the Collection Centres or at a Branch of a SCSB which is not a Designated Branch;

(jj) Applications submitted directly to the Public Issue Bank (except in case the ASBA Account is maintained with the said bank as a SCSB);

(kk) Investor category not ticked;

(ll) In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application; and

For information on certain procedures to be carried out by the Registrar to the Issue for finalization of the Basis of Allotment, please see "*Information for Applicants*" below.

Kindly note that Applications submitted to the Lead Manager, or Trading Members of the Stock Exchange, Members of the Syndicate, Designated Intermediaries at the specified cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that specified city for the Lead Manager, or Trading Members of the Stock Exchange, Members of the Syndicate, Designated Intermediaries, as the case may be, to deposit Applications.

Information for Applicants

Upon the closure of the Issue, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database and prepare list of technical rejection cases. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such Applications or treat such Applications as rejected.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

BASIS OF ALLOTMENT

Basis of Allotment for NCDs

The Registrar will aggregate the Applications, based on the applications received through an electronic book from the Stock Exchange and determine the valid Application for the purpose of drawing the basis of allocation.

Allocation Ratio

The Registrar will aggregate the Applications based on the Applications received through an electronic book from the Stock Exchange and determine the valid applications for the purpose of drawing the basis of allocation. Grouping of the application received will be then done in the following manner:

Grouping of Applications and Allocation Ratio: Applications received from various applicants shall be grouped together on the following basis:

(a) *Applications received from Category I applicants:* Applications received from Category I, shall be grouped together, (**"*Institutional Portion*"**);

(b) *Applications received from Category II applicants:* Applications received from Category II, shall be grouped together, (**"*Non-Institutional Portion*"**);

(c) *Applications received from Category III applicants:* Applications received from Category III, shall be grouped together, **(“*Retail Individual Portion*”).**

For removal of doubt, “***Institutional Portion***”, “***Non-Institutional Portion***” and “***Retail Individual Portion***” are individually referred to as “***Portion*”** and collectively referred to as **“*Portions*”.**

For the purposes of determining the number of NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of NCDs to be Allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Issue up to ₹10,000 lakhs. The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of NCDs up to the Base Issue Size shall be collectively termed as the **“*Overall Issue Size*”.**

Allocation Ratio:

Category I	Category II	Category III
10%	40%	50%

Basis of Allotment for NCDs

Allotments in the first instance:

(i) Applicants belonging to the Category I, in the first instance, will be allocated NCDs up to 10% of overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Lead Manager and their respective affiliates/SCSB (Designated Branch or online acknowledgement));

(ii) Applicants belonging to the Category II, in the first instance, will be allocated NCDs up to 40% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));

(iii) Applicants belonging to the Category III, in the first instance, will be allocated NCDs up to 50% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));

Allotments, in consultation with the Designated Stock Exchange, shall be made on date priority basis i.e. a first come first-serve basis, based on the date of upload of each Application in to the electronic book with Stock Exchange, in each Portion subject to the Allocation Ratio. However, on the date of oversubscription, the Allotments would be made to the Applicants on proportionate basis.

(a) Under Subscription:

Under subscription, if any, in any Portion, priority in Allotments will be given in the following order:

(i) Individual Portion

(ii) Non-Institutional Portion and Resident Indian individuals and Hindu undivided families through the Karta applying who apply for NCDs aggregating to a value exceeding ₹5 lakhs;

(iii) Institutional Portion

(iv) on a first come first serve basis.

Within each Portion, priority in Allotments will be given on a first-come-first-serve basis, based on the date of upload of each Application into the electronic system of the Stock Exchange.

For each Portion, all Applications uploaded in to the electronic book with the Stock Exchange would be treated at par with each other. Allotment would be on proportionate basis, where Applications uploaded into the Platform of the Stock Exchange on a particular date exceeds NCDs to be allotted for each Portion respectively.

Minimum allotment of 10 (ten) NCD and in multiples of 1 (one) NCD thereafter would be made in case of each valid Application

(b) Allotments in case of oversubscription:

In case of an oversubscription, Allotments to the maximum extent, as possible, will be made on a first come first-serve basis and thereafter on proportionate basis, i.e. full Allotment of NCDs to the valid Applicants on a first come first serve basis for forms uploaded up to 5 pm of the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of NCDs to the valid Applicants on the date of oversubscription (based on the date of upload of the Application on the Stock Exchange Platform, in each Portion). In case of over subscription on date of opening of the Issue, the Allotment shall be made on a proportionate basis. Applications received for the NCDs after the date of oversubscription will not be considered for Allotment.

In view of the same, the Investors are advised to refer to the Stock Exchange website at www.bseindia.com for details in respect of subscription.

(c) Proportionate Allotments: For each Portion, on the date of oversubscription:

(i) Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer;

(ii) If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Issue Size, not all Applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference;

(iii) In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the Basis of Allotment is finalised by draw of lots in a fair and equitable manner; and

(iv) The total Allotment under Option I to Option VII of the NCDs shall not exceed a value more than ₹20,000 lakhs.

(d) Applicant applying for more than one Options of NCDs:

If an Applicant has applied for more than one Options of NCDs, and in case such Applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for due to such Applications received on the date of oversubscription, the option-wise allocation of NCDs to such Applicants shall be in proportion to the number of NCDs with respect to each option, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Manager and Designated Stock Exchange.

In cases of odd proportion for Allotment made, our Company in consultation with the Lead Manager will Allot the residual NCD (s) in the following order:

(i) first with monthly interest payment in decreasing order of tenor i.e. Option IV and Option I;

(ii) followed by annual interest payment in decreasing order of tenor i.e. Option V and Option II; and

(iii) followed by payment on cumulative options in decreasing order of tenor i.e. Option VII, Option VI and Option III.

Hence using the above procedure, the order of Allotment for the residual NCD(s) will be: Option IV, Option I, Option V, Option II, Option VII, Option VI and Option III.

Our Company would Allot Option VII NCDs to all valid applications, wherein the Applicants have not indicated their choice of the relevant options of the NCDs.

Valid applications where the Application Amount received does not tally with or is less than the amount equivalent to value of number of NCDs applied for, may be considered for Allotment, to the extent of the Application Amount paid rounded down to the nearest ₹1,000 in accordance with the pecking order mentioned above.

All decisions pertaining to the Basis of Allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus.

Retention of oversubscription

Our Company shall have an option to retain over-subscription up to the Issue limit.

Unblocking of Funds for withdrawn, rejected or unsuccessful or partially successful Applications

The Registrar shall, pursuant to preparation of Basis of Allotment, instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

ISSUANCE OF ALLOTMENT ADVICE

Our Company shall ensure dispatch of Allotment Advice and/ or give instructions for credit of NCDs to the beneficiary account with Depository Participants upon approval of Basis of Allotment. The Allotment Advice for successful Applicants will be mailed by speed post/registered post to their addresses as per the Demographic Details received from the Depositories.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within six Working Days from the Issue Closing Date.

Application Amount shall be unblocked within six Working Days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the Application Amount shall be unblocked in the ASBA Accounts of the Applicants forthwith, failing which interest shall be due to be paid to the Applicants in accordance with applicable law.

Our Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Issue.

OTHER INFORMATION

Withdrawal of Applications during the Issue Period

Retail Individual Investors ("**RII**") can withdraw their Applications until the Issue Closing Date. In case an RII wishes to withdraw the Application during the Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

In case of Applications were submitted to the Designated Intermediaries, upon receipt of the request for withdrawal from the Applicant, the relevant Designated Intermediary, as the case may be, shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and intimating the Designated Branch of the SCSB to unblock of the funds blocked in the ASBA Account at the time of making the Application. In case of Applications submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and unblocking of the funds in the ASBA Account, directly.

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw the Application after the Issue Closing Date or early closure date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the Basis of Allotment.

Revision of Applications

As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary and the Designated Branch of the SCSBs, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/ modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange as per the procedures and requirements prescribed by the Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on the Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries and/ or the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

Depository Arrangements

We have made depository arrangements with NSDL and CDSL. Please note that Tripartite Agreements have been executed between our Company, the Registrar and both the depositories.

As per the provisions of the Depositories Act, 1996, the NCDs issued by us can be held in a dematerialised form. In this context:

(i) Tripartite agreement dated August 30, 2019 among our Company, the Registrar and CDSL and tripartite agreement dated September 04, 2019 among our Company, the Registrar and NSDL, respectively for offering depository option to the investors.

(ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.

(iii) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.

(iv) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.

(v) Non-transferable Allotment Advice will be directly sent to the Applicant by the Registrar to this Issue.

(vi) It may be noted that NCDs in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange has connectivity with NSDL and CDSL.

(vii) Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those Debenture Holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such NCDs) prior to redemption of the NCDs.

PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGE SHALL BE IN DEMATERIALISED FORM ONLY IN MULTIPLE OF ONE NCD.

Allottees will have the option to re-materialize the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

Communications

All future communications in connection with Applications made in this Issue (except the Applications made through the Trading Members of the Stock Exchange) should be addressed to the Registrar to the Issue, with a copy to the relevant SCSB, quoting the full name of the sole or first Applicant, Application Form number, Applicant's DP ID and Client ID, Applicant's PAN, number of NCDs applied for, date of the Application Form, name and address of the Designated Intermediary or Designated Branch of the SCSBs, as the case may be, where the Application was submitted, ASBA Account number in which the amount equivalent to the Application Amount was blocked. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB.

Applicants may contact our Compliance Officer and Company Secretary or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice or credit of NCDs in the respective beneficiary accounts, as the case may be.

Grievances relating to Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchange.

Interest in case of delay

Our Company undertakes to pay interest, in connection with any delay in Allotment and demat credit, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Undertaking by the Issuer

Our Company undertakes that:

(a) All monies received pursuant to this Issue shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013;

(b) Details of all monies utilised out of this Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies had been utilised;

(c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested;

(d) Details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested;

(e) Undertaking by our Company for execution of the Debenture Trust Deed. Further, as per Regulation 15 of SEBI Debt Regulations, in the event our Company fails to execute the Debenture Trust Deed within a period of three months from the Issue Closing Date, our Company shall pay interest of at least 2% p.a. to each NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed;

(f) We shall utilize the Issue proceeds only upon execution of the Debenture Trust Deed as stated in this Prospectus, on receipt of the minimum subscription of 75% of the Base Issue and receipt of listing and trading approval from the Stock Exchange;

(g) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property business, dealing in equity of listed companies or lending/investment in group companies;

(h) Application money shall be unblocked within six Working Days from the closure of this Issue or such lesser time as may be specified by SEBI, or else the Application money shall be refunded to the Applicants in accordance with applicable law, failing which interest shall be due to be paid to the Applicants for the delayed period, if applicable in accordance with applicable law; and

(i) Details of all monies unutilised out of the previous issues made by way of public offer, if any, shall be disclosed and continued to be disclosed under an appropriate separate head in our balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the securities or other forms of financial assets in which such unutilized monies have been invested.

Other Undertakings by our Company

Our Company undertakes that:

(a) Complaints received in respect of this Issue (except for complaints in relation to Applications submitted to Trading Members) will be attended to by our Company expeditiously and satisfactorily;

(b) Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding;

(c) Our Company will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within six Working Days of this Issue Closing Date;

(d) Funds required for dispatch of Allotment Advice/NCD Certificates (only upon rematerialisation of NCDs at the specific request of the Allottee/ Holder of NCDs) will be made available by our Company to the Registrar to the Issue;

(e) Our Company will forward details of utilisation of the proceeds of this Issue, duly certified by the Statutory Auditor, to the Debenture Trustee on a half-yearly basis;

(f) Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of this Issue as contained in this Prospectus;

(g) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report; and

(h) Our Company shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time.

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION

Except as stated in this section there are no outstanding: (i) criminal proceedings; (ii) actions by statutory/regulatory authorities; (iii) claims for any indirect and direct tax liability; and (iv) other litigations which are identified as material in terms of the Materiality Policy (as defined hereinafter below), each involving the Company, its Directors, Promoter and its Group Company.
Save and except as disclosed herein below, there are no pending proceedings/litigations pertaining to:

- *litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the Promoter of our Company during the last five years immediately preceding the year of the issue of this Prospectus and any direction issued by such Ministry or Department or statutory authority;*
- *pending litigation involving our Company, our Promoter, our Directors, Group Company or any other person, whose outcome could have material adverse effect on the position of the issuer;*
- *pending proceedings initiated against our Company for economic offences;*
- *Any inquiry, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous companies' law in the last five years in the case of the Company and its subsidiaries;*
- *Fines imposed or compounding of offences in the last five years under the Companies Act, 2013 or any previous companies' law in the last five years in the case of the Company and its subsidiaries; and*
- *default and non-payment of statutory dues etc.*

Further from time to time, we have been and continue to be involved in legal proceedings filed by and/or against us, arising in the ordinary course of our business. These legal proceedings are mostly civil in nature. We believe that the number of proceedings in which we are/were involved is not unusual for a company of our size doing business in India.

The Debenture Committee of our Company in their meeting held on September 09, 2019, adopted a threshold for determination of materiality for disclosure of litigations under this Prospectus. For the purposes of determining material litigation, all outstanding litigation: (a) the monetary amount of claim by or against our Company, its Directors, or Group Companies in any such pending litigation is in excess of 5% of the profit after tax of our Company in the most recently completed fiscal as per the financial information included in the offer document i.e ₹15.11 lakh or more being 5% of profit after tax as per fiscal 2019; or (b) any pending litigation, not being civil in nature, whose outcome could have a material impact on the business, operations, prospects or reputation of the Company; shall be considered as 'material litigation' for the Company, and accordingly has been disclosed in this Prospectus. For the purpose of determining material litigation of the Promoter, all outstanding litigation: (a) which is civil in nature and involves the our Promoter where the amount involved, to the extent quantifiable, is ₹3,800.00 lakh or more; or (b) any other litigation, not being civil in nature, whose outcome could have a material impact on the business, operations, prospects or reputation of the Promoter; shall be considered as 'material litigation' for the Promoter, and accordingly has been disclosed in this Prospectus.

Unless stated to the contrary, the information provided below is as of the date of filing of this Prospectus.

<u>Litigations involving our Company</u>

Litigations against our Company

Tax proceedings

Nil

Criminal Cases

Nil

Material Civil Cases

Nil

Litigations by our Company

Criminal cases

Cases filed by the Company under Section 138 of the Negotiable Instruments Act, 1881

Our Company has filed various complaints and notices under section 138 of the Negotiable Instruments Act, 1881 for recovering amounts due from various entities on account of dishonouring of cheques issued by such entities due to insufficiency of the funds. As of the date of this Prospectus, there are 283 such complaints pending before various courts. The total amount involved in such cases is approximately ₹2,001.63 Lakhs.

Material Civil cases

Cases filed by the Company under Section 9 of the Arbitration and Conciliation Act, 1996

Our Company has filed 5 applications under section 9 of the Arbitration and Conciliation Act, 1996 before the judicial forum for recovering the loan amount along with interest from the defaulters. As of the date of this Prospectus, such arbitration applications are pending before various Arbitrators. The total amount involved in such cases is approximately ₹45.02 Lakhs. Our Company in its prayer has prayed for attachment of the mortgage property provided by the defaulters.

Cases under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act")

Our Company has issued 263 notices under Section 13(2) of the SARFAESI Act for recovering amounts due from several borrowers on account of their default made in repayment of their outstanding loan amount under various loan facilities availed by them from our Company. As of the date of this Prospectus, there are 263 such notices pending before at various stages of the SARFAESI Act process. The total amount involved in such cases is approximately ₹3,558.06 Lakhs.

Inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years immediately preceding the year of issue of this Prospectus against our Company

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years immediately preceding the year of this Prospectus against our Company whether pending or not); fines imposed or compounding of offences done by our Company in the last five years immediately preceding the year of this Prospectus

Details of acts of material frauds committed against our Company in the last five years and the action taken by our Company in response

Except for provided below, there is no material fraud committed against our Company in the last five fiscals:

Sr No	Branch	Date of Detection / Date of Reporting to NHB	Amount (₹ In lakhs)	Modus Operandi & Action Taken	Recovery (₹ In lakhs)	Amount Written Off (₹ In lakhs)	Provision	Remarks
1	Kalyan	November 22, 2017	24.66	Jokhuram Shivnath Vishwakarma and others had booked flats with a nominal advance and applied loans from different financial	-	24.66	-	FIR is registered and borrower has been arrested. Case is pending with Magistrat

	companies, based on the sanction condition. They had submitted forged documents and submitted the same with financial institutions. Our Company has filed a FIR and initiated an arbitration proceeding for attachment of properties.	e of Kalyan.

<u>Litigations involving our Group Company</u>

Manappuram Comptech and Consultants Limited

As on the date of this Prospectus, there are no proceedings pending involving Manappuram Comptech and Consultants Limited.

<u>Litigations involving our Promoter – Manappurram Finance Limited ("MAFIL")</u>

Litigations against MAFIL

Criminal Cases

1. A criminal complaint has been filed before the City Crime Branch, Coimbatore in CC No. 76/2013 against MAFIL, V.P. Nandakumar, Managing Director and Chief Executive Officer of MAFIL, I. Unnikrishnan, a former executive director of MAFIL along with two other former employees of MAFIL, for offences under sections 120B, 409 and 420 of the Indian Penal Code, 1860. Gayathri Rajamanikkam, the complainant, alleged that MAFIL is refusing to release the pledge created by the complainant in favour of MAFIL, despite her having offered to pay the principal back with the interest and there are allegations against MAFIL for the offence of dishonest misappropriation and disposal of pledged gold. MAFIL has obtained anticipatory bail for V. P. Nandakumar and the employees. MAFIL has filed quashing petitions under section 482 of Criminal Procedure Code, 1973 and criminal miscellaneous petition for dispensing with personal appearance of V. P. Nandakumar and I. Unnikrishnan at Judicial First Class Magistrate Court, before the High Court of Madras. The High Court of Madras has on September 17, 2013 has dispensed with the personal appearance of V. P. Nandakumar before the Judicial First Class Magistrate Court at Coimbatore. The matter is pending.

2. D. M. Sureshbabu has instituted criminal proceedings against V. P. Nandakumar, B.N. Raveendra Babu and other directors of MAFIL and the manager and employees of MAFIL's branch at St. John's Church Road, Bangalore by filing a complaint Cr. No. 40/2012 with Bharathinagar Police Station, Bangalore. The above crime is registered for offences relating to charging exorbitant rate of interest under Section 420 of Indian Penal Code, 1860 read with sections 3 and 4 of the Karnataka Prohibition of Charging Exorbitant Interest Act, 2004. Anticipatory bail has been granted for all the accused staff members in a Crl. Misc. Petition No. 25306/2012 before the Court of the City Civil and Sessions Judge, Bangalore. The matter is pending.

3. The Assistant Registrar of Co-operative Societies, Shimoga has instituted criminal proceedings against V. P. Nandakumar and S. Srinivasa, manager of MAFIL's branch at Shimoga by filing a complaint Cr. No. 325/2011 with the Doddapete Police Station, Shimoga and a criminal complaint bearing reference number CC No. 227/2013 before the Court of Judicial Magistrate First Class, Shimoga. The above crime is registered for offences registered under Sections 28, 38, 39 and 41 of the Karnataka Money Lenders Act, 1961 and Section 4 of the Karnataka Prohibition of Charging Exorbitant Interest Act, 2004 alleging that MAFIL has been charging exorbitant rates of interest and the conducting of an illegal auction of the complainant's

pledged gold. MAFIL has filed quashing petition Cr. No. 4363/2013 before the Karnataka High Court in respect of the abovementioned complaints. MAFIL and MAFI's Branch Manager has filed a petition before the High Court of Karnataka for quashing the case and further proceedings against both, bearing reference No. Crl.P NO. 4363/2013 and interim stay has been granted and further proceedings of CC.227/13 has been stayed till disposal of Crl.P NO. 4363/2013. The matter is pending.

4. Irene Diana D'sa has filed a criminal revision petition bearing reference number 175/2012 against MAFIL before the Court of the Additional District and Sessions Judge, Mangalore, pursuant to a criminal complaint bearing reference number Cr. No. 58/2011 before the Court of the Judicial Magistrate First Class at Mangalore in Karnataka. The above crime is registered for offences under Section 406, 420 read with Section 34 of the Indian Penal Code, 1860 alleging that MAFIL has wrongfully retained the custody of the gold ornaments of the complainant which had been pledged with MAFIL for availing certain loans. The revision petition is partly allowed and directed MAFIL to surrender the gold ornaments with the Court of the Judicial Magistrate First Class at Mangalore. The charge sheet is filed by the police and evidence is completed in the trial before the Court of the Judicial Magistrate First Class at Mangalore. September 12, 2019 is the next date of hearing and has been fixed for arguments. The matter is pending.

5. Gulfam Ahmad, has instituted criminal proceedings against MAFIL pursuant to a private complaint bearing reference number 20/1/2012 before the Court of the Chief Metropolitan Magistrate at Saket in Delhi. The above complaint is registered for offences under Section 406 and 420 of Indian Penal Code, 1860, alleging that MAFIL carried out an auction in relation to gold ornaments pledged by the complainant for availing a loan from MAFIL without notice. Summons was served on MAFIL pursuant to which MAFIL appeared before the Court of the Chief Metropolitan Magistrate at Saket through a memorandum of appearance. The next date of hearing in the matter has been posted on September 30, 2019 for arguments on the charges framed. The matter is pending.

6. Reshma has instituted criminal proceedings against MAFIL and Suman, manager of MAFIL's branch at Ludhiana pursuant to a criminal complaint bearing reference number COMI/442/2014 before the Court of the Judicial Magistrate First Class at Ludhiana in Punjab. The above crime is registered for offences under Section 406 of Indian Penal Code, 1860 alleging unauthorised disposal of gold pledged with MAFIL. The matter is pending.

7. Mr. Manoj Varghese, a customer of MAFIL has file a complaint against MAFIL's managing director and the Branch Manager of MAFIL Company's situated Athani branch before Nedumbassery Airport Police station. FIR was registered bearing No. 1527/2015 for offences under Section 406 and Section 420 of the Indian Penal Code, 1860. The police after conducting a detailed investigation into the matter found that there was no illegality in conducting the auction. Therefore, the police referred the case as false and a final report was filed. The Complainant then filed a protest complaint bearing reference number CC No. 157/2017 before the Court of the Judicial Magistrate First Class at Angamaly in Kerala. Thereafter MAFIL and MAFIL's Branch Manager has filed a petition before the High Court of Kerala for quashing the case and further proceedings against V.P Nandakumar, the managing director of MAFIL bearing reference No. Crl.MC NO. 2903/2017 and Ajesh Geroge, the branch manager of MAFIL bearing no. Crl. MC. No. 7187/2017. Interim stay has been granted in both the matters by the High Court of Kerala and the matter is pending.

8. A criminal proceeding has been instituted by the Registrar of Co-operative Society (Money Lending), Aliakar Road, Bangalore, against MAFIL in relation to crime number Cr. No. 270/2012 at Yeshwanthpur Police Station and pursuant to a criminal complaint bearing reference number 20166/2012 before the Court of the Metropolitan Magistrate at Bangalore in Karnataka. The above crime is registered for offences under Section 3 and 4 of the Karnataka Prohibition of Charging Exorbitant Interest Act, 2004 alleging that MAFIL is charging exorbitant interest rates on gold loans. At present, pursuant to the writ petition bearing reference number 18597/2012 pending before the High Court of Karnataka for quashing of charges, under Karnataka Prohibition of Charging Exorbitant Interest Act, 2004, proceedings before the Court of the Metropolitan Magistrate at Bangalore have been stayed per order in criminal petition number CRLP 6713/13 by the High Court of Karnataka. The matter before the Court of the Metropolitan Magistrate at Bangalore is posted for November 11, 2019.

9. Kathiravel, has instituted a criminal proceeding against MAFIL in crime number Cr. No. 68/2008 pursuant to a criminal complaint bearing reference number CC No. 01/2009 before the Court of the Magistrate at Thiruvaiyaru in Tamil Nadu. The above crime is registered for offences under Section 406 of the Indian Penal Code, 1860 and under Section 16 and 18 of Tamil Nadu Pawn Brokers Act, 1943 alleging that MAFIL

conducted an auction without giving information to the relevant pledgor. Charge sheet against V.P. Nandakumar is quashed as per order of the Madras High Court bearing number 11907/2008. The next date of hearing before the Court of the Magistrate at Thiruvaiyaru is on October 03, 2019 and is posted for presentation of evidence.

10. A criminal proceeding has been instituted against MAFIL and Branch manager, Nayappilly branch, pursuant to complaint bearing reference CT 2204/2014 in crime number Cr. No. 153/2014 filed with the Nayappily Police Station, Orissa. The above crime is registered for offences under Section 406 of Indian Penal Code, 1860 alleging that MAFIL has auctioned gold pledged with MAFIL before the expiry of the notice period given to the relevant pledgor. The bail has been taken for the Branch manager. The next date of hearing is September 30, 2019 and is posted for the appearance of the Branch manager.

11. Indarsingh, Assistant Registrar, Co-operative Society Gulbarga, Karnataka has filed a complaint with the police at Gulbarga against Mr. Javed Hussain Khan, Branch Manager (A1) of the Super Market Branch of MAFIL, accusing MAFIL of charging exorbitant rate of interest on gold loans in violation of Section 5 and 28 of the Karnataka Money Lenders Act, 1961 and Section 3 and Section 4 of Karnataka Prohibition for Charging Exorbitant Interest Act- 2004. The Chowk Police Station, Gulbarga, registered FIR against Mr. Javed Hussain Khan, Branch Manager (A1) of the Super Market Branch of MAFIL on May 17, 2012 bearing crime number 0079/2012. At present, a writ petition filed by MAFIL bearing reference number 18597/2012 in respect of the similar issue is pending before the High Court of Karnataka, under which the criminal proceedings before the lower court have been stayed as per order dated September 10, 2014 passed in criminal petition no. CRLP 6713/ 2013 by High Court of Karnataka. The matter is pending.

12. G.B. Kalaghatagi, Registrar of Co-operative Societies, Dharwad has filed a complaint with the police at Hubli against the Manager of MAFIL situated at Chitta Complex, Near Indi Pump, Old Hubli, accusing MAFIL for charging exorbitant rate of interest on secured and unsecured loans in violation of Section 28 of the Karnataka Money Lenders Act, 1961 and Section 3 and Section 4 of Karnataka Prohibition of Charging Exorbitant Interest Act- 2004. The Sub-Inspector of Police, Hubli South, Dharwad, registered FIR against the Manager of MAFIL at Chitta Complex, Near Indi Pump, Old Hubli on May 18, 2012 bearing crime number 101/2012. At present, a writ petition filed by MAFIL bearing reference number 18597/2012 in respect of the similar issue is pending before the High Court of Karnataka, under which the criminal proceedings before the lower court have been stayed as per order dated September 10, 2014 passed in criminal petition no. CRLP 6713/ 2013 by High Court of Karnataka. The matter is pending.

13. J. Sanjay, Senior Inspector, Cooperative Department, KADA Office, has filed a complaint with the police at Mysore, against Mr. Ravi, Branch Manager of MAFIL situated at Ramaswany Circle, Mysore City, accusing MAFIL of charging exorbitant rate of interest on gold loans in violation of Section 28 of the Karnataka Money Lenders Act, 1961 and Section 3 and Section 4 of Karnataka Prohibition of Charging Exorbitant Interest Act- 2004. The Sub-Inspector of Police, Lakshmipuram, Mysore City, registered FIR against Mr. Ravi, Branch Manager of MAFIL at Ramaswany Circle, Mysore City on May 30, 2012 bearing crime number 056/2012. The charge sheet is yet to be filed and the matter is currently at the stage of investigation. At present, a writ petition filed by MAFIL bearing reference number 18597/2012 in respect of the similar issue is pending before the High Court of Karnataka, under which the criminal proceedings before the lower court have been stayed as per order dated September 10, 2014 passed in criminal petition no. CRLP 6713/ 2013 by High Court of Karnataka. The matter is pending.

14. G.Thippeswamy, filed a complaint with the police at Madhugiri against MAFIL, accusing MAFIL of charging exorbitant rate of interest on gold loans in violation of Section 5 and 38 of the Karnataka Money Lenders Act, 1961 and Section 5 of Karnataka Prohibition of Charging Exorbitant Interest Act- 2004. The Madhugiri Police registered FIR against MAFIL on May 17, 2012 bearing crime number 0071/2012. At present, a writ petition filed by MAFIL bearing reference number 18597/2012 in respect of the similar issue is pending before the High Court of Karnataka, under which the criminal proceedings before the lower court have been stayed as per order dated September 10, 2014 passed in criminal petition no. CRLP 6713/ 2013 by High Court of Karnataka. The matter is pending.

15. T.D Umesh, has filed a complaint with the police at Bangalore, against the Branch Manager of MAFIL at 2nd Block, Rajajinagar, Bangalore City, Karnataka, accusing MAFIL of charging exorbitant rate of interest on secured and unsecured loans in violation of Section 5 and 38 of the Karnataka Money Lenders Act, 1961 and Section 3 and Section 4 of Karnataka Prohibition for charging Exorbitant Interest Act- 2004. The Police, Rajajinagar, registered FIR against the Branch Manager of MAFIL at 2nd Block, Rajajinagar, Bangalore City,

Karnataka on May 23, 2012 bearing crime number 0179/2012. At present, a writ petition filed by MAFIL bearing reference number 18597/2012 in respect of the similar issue is pending before the High Court of Karnataka, under which the criminal proceedings before the lower court have been stayed as per order dated September 10, 2014 passed in criminal petition no. CRLP 6713/ 2013 by High Court of Karnataka. The matter is pending.

16. Krishnappa, a gold loan customer of MAFIL has filed a complaint with the police at Kanakpura against MAFIL through the Branch Manager of Kanakpura branch, accusing MAFIL of charging exorbitant rate of interest on gold loans. The Officer in charge of the Police Station at Kanakapura, registered FIR against the Branch Manager of MAFIL situated at Kanakapura on August 17, 2011 bearing crime number 226/2012. At present, a writ petition filed by MAFIL bearing reference number 18597/2012 in respect of the similar issue is pending before the High Court of Karnataka, under which the criminal proceedings before the lower court have been stayed as per order dated September 10, 2014 passed in criminal petition no. CRLP 6713/ 2013 by High Court of Karnataka. The matter is pending.

17. L. Sarala, Assistant Registrar of Co-operative Societies Central division, Malleshwaram, Bangalore City, Karnataka, has filed a complaint with the police at Bangalore against the Manager and Foreman & Branch Manager of MAFIL at Wilsongarden Branch, Bangalore City, Karnataka, accusing MAFIL of charging exorbitant rate of interest on gold loans in violation of Section 3, 38 and 39 of the Karnataka Money Lenders Act, 1961 and Section 3 of Karnataka Prohibition of Charging Exorbitant Interest Act- 2004. The Wilsongarden Police Station, Bangalore City registered FIR against the Manager and Foreman & Branch Manager of MAFIL at Wilsongarden Branch, Bangalore City, Karnataka on June 08, 2012 bearing crime number 0148/2012. At present, a writ petition filed by MAFIL bearing reference number 18597/2012 in respect of the similar issue is pending before the High Court of Karnataka, under which the criminal proceedings before the lower court have been stayed as per order dated September 10, 2014 passed in criminal petition no. CRLP 6713/ 2013 by High Court of Karnataka. The matter is pending.

18. Sundaraj GT, Inspector Co-operative Department, North Zone, Malleswaram, Bangalore, Karnataka, has filed a complaint with the police at Bangalore, against the owner of MAFIL branch at BSR Arcade, Bangalore, alleging MAFIL of charging exorbitant rate of interest on loans in violation of Section 3 of Karnataka Prohibition of Charging Exorbitant Interest Act- 2004. The Officer in charge of the Sheshadripuram Police Station, Bangalore, registered FIR against the owner of MAFIL on May 30, 2012 bearing crime number 0116/2012. At present, a writ petition filed by MAFIL bearing reference number 18597/2012 in respect of the similar issue is pending before the High Court of Karnataka, under which the criminal proceedings before the lower court have been stayed as per order dated September 10, 2014 passed in criminal petition no. CRLP 6713/ 2013 by High Court of Karnataka. The matter is pending.

19. Sri. Mahesh H. officer, FDA Deputy Registrar of Co-operative Society and Registrar of Money lending, North Division, Bangalore City, Karnataka, has initiated criminal proceedings against MAFIL and filed a complaint with the police at Bangalore, against MAFIL, alleging MAFIL of charging exorbitant rate of interest on loans in violation of Section 4 of Karnataka Prohibition of Charging Exorbitant Interest Act-2004. The Vijayanagar Police Station, Bangalore City, registered FIR against MAFIL on June 11, 2012 bearing crime number 0437/2012. At present, a writ petition filed by MAFIL bearing reference number 18597/2012 in respect of the similar issue is pending before the High Court of Karnataka, under which the criminal proceedings before the lower court have been stayed as per order dated September 10, 2014 passed in criminal petition no. CRLP 6713/ 2013 by High Court of Karnataka. The matter is pending.

20. Narayana, Assistant Registrar Co-operative Society, Hassan, has filed a complaint with the police at Hassan, against Sushama Branch Manager, Manappuram Finance Limited, Kuvempunagara, alleging MAFIL of charging exorbitant rate of interest on secured and unsecured loans in violation of Sections 5 and 28 (1) of the Karnataka Money Lenders Act, 1961 and Section 4 and Section 5 of Karnataka Prohibition of Charging Exorbitant Interest Act- 2004. The Hassan Extension Police Station, Karnataka registered FIR against Sushama, Branch Manager, Manappuram Finance Limited, Kuvempunagara on May 05, 2012 bearing crime number 129/2012. At present, a writ petition filed by MAFIL bearing reference number 18597/2012 in respect of the similar issue is pending before the High Court of Karnataka, under which the criminal proceedings before the lower court have been stayed as per order dated September 10, 2014 passed in criminal petition no. CRLP 6713/ 2013 by High Court of Karnataka. The matter is pending.

21. Sri. T.D. Umesh, Officer FDA Sahakar Sanghagala UPA Nibandhakar, Bangalore City, Karnataka, has filed a complaint with the police at Bangalore, against Branch Manager, of MAFIL at office No. 31, 3rd,

Rajajinagar, Bangalore City, Karnataka, alleging MAFIL of charging exorbitant rate of interest on loans in violation of Sections 5 and 38 of the Karnataka Money Lenders Act, 1961 and Section 3 and Section 4 of Karnataka Prohibition of Charging Exorbitant Interest Act- 2004. The Rajajinagar Police Station, registered FIR against Branch Manager, of MAFIL at office No. 31, 3rd, Rajajinagar, Bangalore City on May 22, 2012 bearing crime number 0176/2012. At present, a writ petition filed by MAFIL bearing reference number 18597/2012 in respect of the similar issue is pending before the High Court of Karnataka, under which the criminal proceedings before the lower court have been stayed as per order dated September 10, 2014 passed in criminal petition no. CRLP 6713/ 2013 by High Court of Karnataka. The matter is pending.

22. H.P. Kumar, Assistant Registrar of Co- operative Societies, Tarikere Sub Division BH Road Tarikere, Karnataka, has initiated criminal proceedings against Manager of MAFIL branch situated at 2nd block situated at Rajaji Nagar Bangalore and filed a complaint with the police at Chickmagalur against Branch Manager, Tarikere branch, accusing MAFIL of charging exorbitant rate of interest on loans in violation of Section 3 and Section 4 of Karnataka Prohibition of Charging Exorbitant Interest Act- 2004. The Tarikere Police Station, Chickmagalur, Karnataka registered FIR against Branch Manager of MAFIL on June 28, 2012 bearing crime number 0144. At present, a writ petition filed by MAFIL bearing reference number 18597/2012 in respect of the similar issue is pending before the High Court of Karnataka, under which the criminal proceedings before the lower court have been stayed as per order dated September 10, 2014 passed in criminal petition no. CRLP 6713/ 2013 by High Court of Karnataka. The matter is pending.

23. Basavaraj, Inspector of Co-operative Societies, Arasikere, has initiated criminal proceedings against MAFIL and filed a complaint with the police at Arasikere, against Manager of MAFIL branch situated at 1st Floor Suma Shree complex, BH Road APMC Yard , Arasikere, alleging MAFIL for charging exorbitant rate of interest on gold loans in violation of Section 5 and Section 8 of the Karnataka Money Lenders Act, 1961 and Section 4 and Section 5 of Karnataka Prohibition of Charging Exorbitant Interest Act- 2004. The Arasikere Town Police Station, registered FIR against Manager of MAFIL branch bearing crime number 135/2012. The chargesheet is yet to be filed. At present, a writ petition filed by MAFIL bearing reference number 18597/2012 in respect of the similar issue is pending before the High Court of Karnataka, under which the criminal proceedings before the lower court have been stayed as per order dated September 10, 2014 passed in criminal petition no. CRLP 6713/ 2013 by High Court of Karnataka. The matter is pending.

24. B Lokesh, Co-operative Development officer Channapatna Taluk, Channapatna, has initiated criminal proceedings against MAFIL and filed a private complaint bearing No. PCR No. 118/2011 in CC No. 1197/2011 against Sri. Swami Gowda, Branch Head, Manappuram General Finance and Leasing Limited, situated at Channapatna Railway Station Branch, Channapatna, Ramnagar District under section 200 of the Code of Criminal Procedure before the Court of Civil Judge Senior Division and Judicial Magistrate of First Class at Channapatna alleging MAFIL for charging exorbitant rate of interest on loans in violation of Section 3 of Karnataka Prohibition of Charging Exorbitant Interest Act- 2004. The matter is currently pending.

25. Vijayakumar, has initiated criminal proceedings against MAFIL and filed a complaint with the police at Bangalore, against the Manager, of MAFIL at #65/A, 1st Floor, 80 Feet Road, SBM Colony, Bangalore, Karnataka on June 01, 2012 at Girinagar Police Station, Bangalore City accusing MAFIL of charging exorbitant rate of interest on secured and unsecured loans in violation Section 3 and Section 4 of Karnataka Prohibition of Charging Exorbitant Interest Act- 2004 and Section 420 of Indian Penal Code. The Branch Manager filed a Criminal Miscellaneous Petition No. 3092/2012 in the Court of Addl. Sessions Judge, Fasttrack Court XV, Bangalore praying for anticipatory bail under section 438 of the Code of Criminal Procedure and the same was granted by the Court on July 05, 2012. The Police Station, registered FIR against the Manager, of MAFIL at #65/A, 1st Floor, 80 Feet Road, SBM Colony, Bangalore, Karnataka on June 01, 2012 bearing crime no. 131/2012. At present, a writ petition bearing reference number 18597/2012 in respect of the similar issue is pending before the High Court of Karnataka, under which the criminal proceedings before the lower court have been stayed as per order dated September 10, 2014 passed in criminal petition no. CRLP 6713/ 2013 by High Court of Karnataka. The matter is pending.

Material Civil Cases

1. MAFIL has been made party to civil suits which are pending before the civil courts in different states. These cases have been filed by owners of branch premises for eviction on various grounds including non-payment of rent, enhancement of rent, expiry of lease period and trespass. The petitioners in such cases have also claimed damages and mesne profits. As of the date of this Prospectus, there are 42 such cases pending before various courts.

Writ Petitions against MAFIL

1. Thagadappa ("**Petitioner**") has filed a writ petition bearing reference number 49404/ 2012 before the High Court of Karnataka, Bangalore dated December 06, 2012 against MAFIL requesting for the issuance of a writ of mandamus and directing MAFIL to handover the gold pledged by the Petitioner and by fixing the interest payable on the loan at 14%. The Petitioner has also requested the Registrar of Money Lending, Karnataka (second respondent), to expeditiously enquire into the complaint registered by the Petitioner. The writ petition is posted for final hearing. The matter got adjourned on the last date of hearing which was on December 19, 2018. The next date of hearing is awaited.

2. Kantharaju ("**Petitioner**") has filed a writ petition bearing reference number 49405/ 2012 before the High Court of Karnataka, Bangalore dated December 06, 2012 against MAFIL to issue a writ of mandamus directing MAFIL to handover the gold pledged by the Petitioner and by fixing the interest payable on the loan at 14%. The writ petition is posted for final hearing. The matter got adjourned on the last date of hearing which was on December 19, 2018. The next date of hearing is awaited.

3. Krishnappa ("**Petitoner**") has filed a writ petition bearing reference number 49211/2012 before the High Court of Karnataka, Bangalore on December 05, 2012 against MAFIL for the issuance of a writ of mandamus or an appropriate writ to initiate necessary action in law against MAFIL under the provisions of the Karnataka Prohibition of Charging Exorbitant Interest Act, 2004 as instructed by the Registrar of Cooperative Societies, Karnataka. The Petitioner has also requested in the writ directing the third respondent being the RBI to cancel the license accorded in favour of MAFIL for violations of law, circular and extant directions. The writ petition is posted for final hearing. The matter got adjourned on the last date of hearing which was on December 19, 2018. The next date of hearing is awaited.

4. Menniah ("**Petitioner**") has filed a writ petition bearing reference number 11921/2014 before the High Court of Andhra Pradesh, Hyderabad on April 17, 2014 against MAFIL sought the High Court to direct the respondent being the RBI to order MAFIL to comply with guidelines issued by RBI and not auction the gold pledged by the Petitioner without notice. The writ petition is currently pending.

5. Satyanarayana ("**Petitioner**") has filed a writ petition bearing reference number 20282/2014 before the High Court of Andhra Pradesh, Hyderabad dated July 21, 2014 against MAFIL seeking the High Court of Andhra Pradesh, Hyderabad to issue a writ of mandamus to set aside the auction proceedings initiated by MAFIL dated July 16, 2014 for the auction of gold ornaments pledged by the Petitioner in favour of MAFIL. The writ petition is currently pending.

6. Ms. Madhusmitha has filed a writ petition bearing reference number 587/2013 before the High Court of Orissa, Cuttack dated January 08, 2013 against MAFIL alleging an illegal auction and sale of ornaments pledged. An Interim order was passed on January 30, 2013 under IA number 521/2013 in the aforementioned matter, directing the opposite parties not to handover the mortgaged gold ornaments to the auction purchaser till February 28, 2013. The writ petition is currently pending.

7. Panchanana Behera ("**Petitioner**") has filed a writ petition bearing reference number 16302/2014 before the High Court of Orissa, Cuttack on August 26, 2014 against MAFIL for quashing the letter of termination dated June 27, 2014 terminating the Petitioner's services as a branch manager. The Petitioner seeks an order directing his reinstatement to his original designation i.e., branch manager with MAFIL. Further, the Petitioner also prayed for directing MAFIL to treat the period of service as regular from the date of termination till the date of reinstatement with consequential service benefits. The matter was last listed on November 29, 2014 and the matter was not called upon. The matter has not been listed. The writ petition is currently pending.

Litigations by MAFIL

Criminal

1. MAFIL has filed various police complaints and FIRs in police stations across India. These cases have been filed in respect of theft, misappropriation, robbery and pledging of spurious gold. As of the date of this Prospectus, there are 356 such cases pending before various courts.

2. MAFIL has initiated numerous cases under section 138 of the Negotiable Instruments Act, 1881, against our

gold loan customers and hypothecation based loan customers to recover money due under dishonoured cheques which were presented to MAFIL. These cases are pending across different courts in India**.** As of the date of this Prospectus, there are 476 such cases pending before various courts. The total amount involved in such cases is approximately ₹200 Lakhs.

Material Civil Cases

1. MAFIL has initiated 52 civil cases against the owners of the leased premises in which MAFIL's branches are located. These cases have been filed for obtaining injunctions against owners of the branch premises to prevent forceful eviction and to ensure peaceful possession of the premises, for compensation and recovery of advance submitted. As on the date of this Prospectus, these cases pending before various courts.

2. MAFIL has filed a special leave petition (Civil) bearing reference number 35045 of 2009 before the Supreme Court of India challenging the common final judgment and order dated November 18, 2009 passed by the division bench of the High Court of Kerala. MAFIL had filed a writ petition before the High Court of Kerala challenging the order of the Commissioner of Commercial Taxes, Kerala, which directs MAFIL to register under the provisions of Kerala Money Lenders Act, 1946, as amended from time to time ("**KMLA**"). The single judge of the High Court of Kerala held that MAFIL fell within the meaning of "money lenders" as defined under the KMLA. On appeal, the division bench of the High Court of Kerala upheld the order of the single judge dated February 14, 2007, and dismissed all appeals in connection with such writ petition. The Supreme Court of India has admitted the aforesaid special leave petition and pursuant to an order dated December 16, 2009 stayed the operation of the impugned order of the division bench of the High Court of Kerala. Further, the Supreme Court has by its order dated July 4, 2012 ordered that the stay granted earlier would continue until the pendency of the matter. The special leave petition was listed for final arguments on May 2, 2019 but was not taken up. The next date is awaited.

3. MAFIL has filed a writ petition before the Karnataka High Court against the order of the Deputy Registrar of Money Lenders dated May 8, 2012 and the order of the Registrar of Co-operative Society/Money Lenders dated May 11, 2012 which stipulate that MAFIL falls within the purview of the Karnataka Money Lenders Act, 1961 and the Karnataka Prohibition of Exorbitant Interest Act, 2004 and that criminal proceedings should be initiated against MAFIL for levying exorbitant interest rates. The Karnataka High Court has by its order dated June 13, 2012 in the civil writ petition 18597/2012, directed the respondents not to take any coercive action pending disposal of the writ petition. The matter is pending.

4. MAFIL has filed a writ petition bearing No. 17168 of 2014 on July 04, 2014 challenging the notices issued by Kollam Municipal Corporation requiring MAFIL to obtain a license under the provisions of Kerala Municipalities Act and seeking a writ of mandamus declaring that the business of advancing loans against pledge of gold ornaments as security does not fall within the scope of the relevant notification so as to render it liable for payment of license fees. The matter is currently pending.

5. MAFIL has filed a writ petition bearing No. WP(C) No. 34217/14 before the Madras High Court against the order being C.No. 183/EOW/2014 dated December 13, 2014 ("**Order**") passed by the Inspector of Police, Economic Offences Wing II (U) Vellore ("**Respondent**") seeking quashing of the impugned Order and issue direction to the respondent vide a writ of certiorari including such other order as the court may deem fit. Interim Stay has been granted in favour of MAFIL and the police has been directed to surrender jewels in its custody to Court. The matter is pending.

6. MAFIL has filed a writ petition bearing No. WP 2483/15 before the High Court of Judicature at Bombay, against the order of the Office of the Controller of Weights and Measures Department, Maharashtra, Inspector of Legal Meteorology ("**Authority**") challenging the applicability of circular issued by the Authority in respect of use the electronic weighing balance of Class I or class II having e-value of 1 mg. The matter is admitted and is awaited for listing. The matter is pending.

7. MAFIL had filed a writ petition bearing No.24632/2016 before the Karnataka High Court on April 23, 2016 for quashing of the order bearing No. CO 30 CLM 2016 dated March 21, 2016 passed by the second respondent directing the petitioner to stop the auction proceedings. The Karnataka High Court passed an order dated September 23, 2016 dismissing the writ. An appeal bearing writ appeal No. 5141/2016 has been filed before the Karnataka High Court by MAFIL on December 17, 2016. The matter is at the stage of hearing and is awaited for listing. The matter is currently pending.

8. MAFIL has filed a writ petition bearing No.33358/2016 before the Karnataka High Court on June 13, 2016 against the State of Karnataka an others seeking for quashing of the order by the authority cancelling the exemption granted in favor of MAFIL. Interim stay has been granted. The matter is pending for admission. The matter is pending.

9. MAFIL has filed a writ petition bearing No. 49824/2016 before the Allahabad High Court on October 07, 2016 against the State of Uttar Pradesh. and two others seeking before the Court to declare that the business of advancing loans against the pledge of gold ornaments as security will not come under the ambit and scope of Section 298 of UP Municipalitiy Act, 1916 and the third respondent being Deoria Nagar Palika has no authority to demand or levy license fee against MAFIL. MAFIL further prayed for quashing the notices issued by third respondent. The matter is pending for admission. The matter is pending.

10. MAFIL has filed a writ petition bearing Writ Petition No. 49826/2016 before the Allahabad High Court on October 07, 2016 against the State of Uttar Pradesh and two others seeking before the Court to declare that the business of advancing loans against the pledge of gold ornaments as security will not come under the ambit and scope of Section 298 of UP Municipalitiy Act, 1916 and the third respondent being Bhadohi Nagar Palika has no authority to demand or levy license fee against MAFIL. MAFIL further prayed for quashing the notices issued by third respondent. The matter is pending for admission. The matter is pending.

11. MAFIL has filed a writ petition bearing Writ Petition No. 38380/16 before the Kerala High Court on November 30, 2016 against the Land Revenue Commissioner and others seeking the Court to issue a writ of certiorari or any other writ or direction for quashing the orders passed by the District Registrar and Land Revenue commissioner for impounding the memorandum of deposit of title deeds and for passing an order or direction directing the second respondent to register the mortgage created by virtue of deposit of title deeds on receipt of the stamp duty under the provisions of Article 6 of the Kerala Stamp Act without imposition of any further stamp duty. The matter is at the stage of admission. The matter is pending.

12. MAFIL has filed a writ petition bearing No.12695/2017 before the Karnataka High Court on March 21, 2017 against the State of Karnataka seeking a direction to declare the Sub Rule 13 (i), (ii) & (iii) of Rule 3 of the Karnataka Legal Metrology (Enforcement) (Amendment) Rules 2014 per notification dated January 23, 2016 bearing No. FCS181 EBT 2014 (Gazette Notification dated 25.01.2016) regarding use of 1 mg accuracy weighing devices, as unlawful and liable to be struck down. Further MAFIL also prayed before the Court to quash the consequential notices under the notification issued by Inspector of Legal Metrology. The matter is pending for admission. The matter is pending.

13. MAFIL has filed a writ petition bearing No. 8415/2017 before the Kerala High Court on March 13, 2017 against the State represented by secretary to the government of Kerala praying before the Court to declare that amendment to the Kerala Minimum Wages Act, 1960 as ultravires and for quashing of the same. That the Kerala High Court on April 10, 2018 dismissed the Writ. MAFIL has filed an appeal bearing writ appeal No. WA No. 1169/2018 on June 14, 2018 against the impugned order of the Kerala High Court. The matter is pending for admission. The matter is pending.

RBI and SEBI Proceedings

RBI Proceedings

1. The RBI had received a complaint against MAFIL, lodged by Ms. Sreekala Anil (the "**Petitioner**"). She had instituted criminal proceedings against MAFIL and V. P. Nandakumar, the Managing Director and Chief Executive Officer of MAFIL and Non- Executive Chairman of our Company pursuant to Cr. No. 948/2011 of Kodungallur Police Station. The above crime was registered for offences registered under Sections 409, 464, 467, 468 of the Indian Penal Code, 1860. The Petitioner had deposited money with MAFIL, and had sought to renew the deposit. The Petitioner was given deposit slips for Manappuram Agro Farms which is a proprietary concern of V.P Nandakumar, the Managing Director and Chief Executive Officer (the then chairman of MAFIL) and the current Non-Executive Chairman of our Company. The Petitioner alleged that since MAFIL was no longer allowed to accept deposits from the public, MAFIL had illegally transferred the deposits to a non- existing company without the knowledge of the depositors. MAFIL had obtained anticipatory bail for V.P. Nandakumar, The Petitioner had also sought an RBI enquiry into the matter. The RBI through its letter dated December 5, 2011, sought MAFIL's response with regard to the allegations made by Ms. Sreekala Anil. Further, the RBI through its letter dated December 21, 2011 advised MAFIL to stop using the branches of MAFIL to cross sell the products of the group companies, related companies and

firms of the then chairman of the MAFIL, V.P. Nandakumar and ensure that MAFIL maintains an arm's length relationship with its sister concerns and related firms. The RBI conducted a snap scrutiny between December 27, 2011 and December 31, 2011 at MAFIL's head office at Valapad. Pursuant to the snap scrutiny, the RBI issued directions under Section 45L of the RBI Act, directing MAFIL to immediately desist from allowing the use of MAFIL's premises, branches or officials by Manappuram Agro Farms or any other entity for accepting deposits from the public or for any other financial activity and directed MAFIL to clarify in the public domain the names of its group entities which were regulated by RBI, through the letter dated February 1, 2012.

MAFIL clarified its position to the RBI pursuant to its letter dated February 10, 2012. MAFIL clarified that since July 4, 2011, when the registration of MAFIL changed to that of a non-deposit accepting NBFC, MAFIL has not solicited, renewed or accepted any deposits from the public. MAFIL further clarified that it does not have any outstanding deposits on its books with the exception of an amount of ₹0.9 million which has not yet been claimed by previous depositors and has been deposited in an escrow account maintained with the Punjab National Bank, until it is claimed. In accordance with RBI guidelines, MAFIL issued a press release dated February 13, 2012 clarifying that MAFIL will not be accepting any deposits from the public. Further through the letter dated February 29, 2012, MAFIL clarified that in pursuance of the RBI directions, MAFIL has completed all steps to disassociate MAFIL's name from that of Manappuram Agro Farms. In addition, MAFIL through its letter dated March 29, 2012 submitted a status update to the RBI in relation to the compliance by MAFIL with the directions provided by the RBI in its letter dated February 1, 2012. As on March 31, 2017 the balance of the unclaimed deposits maintained with Punjab National Bank was ₹.0.062 million and the same was transferred to the IEPF formulated in accordance with regulations formulated by the Ministry of Corporate Affairs under the provisions of the Companies Act, 2013 and the rules and regulations made thereof on September 21, 2017.

The RBI issued a show cause notice dated May 7, 2012 under Section 45 IA of the Reserve Bank of India Act, 1934, asking why the certificate of registration issued to the Company should not be cancelled. The show cause notice stated that MAFIL despite being a non-deposit taking NBFC has been accepting deposits from the public in the name of Manappuram Agro Farms. The show cause notice further states that MAFIL had been re-collecting on maturity, those deposits which it had originally accepted when it was a deposit taking company and issuing deposits in the name of Manappuram Agro Farms. The show cause notice also stated that certain branches of MAFIL has displayed interest rate on deposit schemes in their branches. It had been stated that the Company has been assisting Manappuram Agro Farms to contravene the provisions of Section 45S of the RBI Act and that an amount of ₹1.438 million has been accepted by MAFIL in the name of Manappuram Agro Farms and its branches spread over in Thrissur. MAFIL in its response dated May 21, 2012 to the show cause notice has denied these claims and clarified that MAFIL has never accepted deposits in the name of Manappuram Agro Farms. MAFIL further clarified that it has taken all steps to comply with the RBI directives. MAFIL informed the RBI that it has taken all steps to dissociate MAFIL's name, premises and employees from that of Manappuram Agro Farms. Further, in order to comply with the RBI directives and segregate MAFIL's employees from employees of Manappuram Agro Farms MAFIL issued fresh appointment letter and identification cards. Pursuant to the letter dated January 23, 2014 MAFIL informed the RBI that as on December 21, 2013 MAFIL had returned the outstanding deposits to the customers by issuing cheques.

The RBI pursuant to its letter dated January 01, 2015 confirmed its acknowledgement of the various quarterly status reports submitted by MAFIL with regard to the deposits collected by Manappuram Agro Farms and also stated that the reply to the show cause notice submitted by MAFIL was largely acceptable. RBI further advised MAFIL to bring down the outstanding unclaimed deposits collected by Manappuram Agro Farms to '*NIL*' at the earliest and report the progress of the same by sending quarterly statements to RBI. Therefore the matters under the show cause notice dated May 7, 2012 stands closed accordingly. As per the RBI's advice , MAFIL has been reporting to RBI, the progress in escrow accounts of Manappuram Agro Farms on a quarterly basis..

2. The RBI had through its letter dated August 11, 2017 issued a show cause notice under Section 58-G of the Reserve Bank of India Act, 1934, concerning observations made during the inspection held between August 16, 2016 and September 01, 2016. The show cause notice was served on the basis of observations made by RBI, regarding the (i) the non-declaration by MAFIL of the reserve price during the auction of gold ornaments pledged by the Customer; (ii) non-intimation to customers in the event of any change in the purity of gold as assessed by MAFIL subsequent to a disbursement of the loan; (iii) splitting of high value loans greater than ₹0.1 million so that the loan disbursements made above ₹0.1 million are made in cash (including

the issue of uncrossed cheques while disbursing loans above ₹0.1 million) against which cash was withdrawn across bank counters by customers; (iv) post auction intimation sent to customers which did not mention details such as the date of the auction, the venue, the breakup of claim towards principal, interest and other charges recovered during auction (including not conducting auctions at designated branches on specified dates despite advertising the same). MAFIL pursuant to its letter dated August 25, 2018, had submitted a detailed reply to RBI providing necessary clarifications on the points observed as well as detailed explanations on the steps taken by MAFIL to regularize the observations along with supporting documents in this regard. MAFIL in the above mentioned letter had also requested for an opportunity for a personal hearing to further clarify the explanations provided in the reply letter. MAFIL further to the above mentioned letter, also requested for a personal hearing to be able to make submissions to the points raised in the show cause notice through it letter dated September 07, 2018.

Accordingly, an opportunity for personal hearing was granted by RBI on December 21, 2017, and MAFIL in the said meeting had provided necessary clarification and explanations on the concerned points raised by RBI. Following the same, RBI vide its letter dated March 28, 2018, closed the proceedings under the show cause notice dated August 11, 2017and advised MAFIL to strictly follow the extant instructions of RBI pertaining to declaration of reserve price, certification of purity of gold, conduct of auction process, post auction intimation letter and disbursement of loan amount in cash, compliance of which will be continuously monitored by RBI.

SEBI Proceedings and Queries

1. The SEBI has pursuant to its letter dated August 17, 2012, sought information from MAFIL with respect to the RBI's press release dated February 6, 2012 in respect of MAFIL stating that acceptance of deposits either by MAFIL or by Manappuram Agro Farms is an offence punishable with imprisonment. MAFIL had been asked to provide details of the correspondence between the RBI and to clarify whether MAFIL or any of its top management had any relationship with certain persons mentioned in the letter. MAFIL has responded to each query raised in the above mentioned letter, by its letter dated August 27, 2012. No further communication has been received from SEBI.

2. MAFIL has received SEBI's letter dated September 02, 2013 seeking information in relation to the directions issued to MAFIL by RBI pursuant to its letter dated February 1, 2012. The SEBI sought information on whether MAFIL had formulated a "code of internal procedure and conduct" and a "code of corporate disclosure practices" in accordance with SEBI directives. The SEBI also sought information on the time of opening and closing of trading window for the period January 1, 2012 to February 29, 2012. Copies of circulars and guidelines issued in this regard were also sought. Further, copies of press notes issued with reference to the directions of the RBI were sought. The details of permissions obtained by MAFIL's directors, key personnel and employees for dealing in the securities of MAFIL incompliance with the "code of internal procedure and conduct" and "code of corporate disclosure practices" were also sought. MAFIL has responded to each of the queries pursuant to its letter dated September 06, 2013. MAFIL has also confirmed the formulation of the "code of internal procedure and conduct" and "code of corporate disclosure practices" in accordance with SEBI Regulations and provided SEBI with all the information sought. No further communication has been received from SEBI.

3. The SEBI has pursuant to emails dated December 26, 2013 observed that in the board meeting held on March 13, 2013, the probability of MAFIL reporting a negative profit for the quarter ended March 31, 2013 was discussed. The SEBI sought information from MAFIL with respect to when MAFIL could ascertain that it would be reporting a loss of up to ₹500 million, the names and addresses of the persons who were aware of the expected loss before the official announcement was made to the market on March 20, 2013, the details of trading by the persons on the scrip of MAFIL and the details of the services availed by MAFIL from Ambit Capital Private Limited. MAFIL has responded to these queries by letter dated December 30, 2013, stating that MAFIL was aware of these expected losses during its review for the relevant quarter which was undertaken in the first week of March 2013 and disclosing the persons who were aware of the expected losses and the chronology of events leading to the official announcement on March 20, 2013. MAFIL has additionally informed SEBI that it was merely seeking consultancy from Ambit Capital Private Limited through its e-mail communication dated January 16, 2014, however no data had been shared by MAFIL with Ambit Private Capital Limited.

   SEBI Adjudicating Officer, Enquiries and Adjudication Department (EAD) vide EAD-3 notice dated May 29, 2019 bearing reference number (SEBI/HO/EAD-3/JS/DJ/OW/P/13577/1/2019) issued Show Cause

Notice ("**SCN**") to MAFIL and other persons including I Unnikrishnan, Sachin Agarwal, Ambit Capital Private Limited for the alleged violations of certain Regulations under SEBI (Prohibition of Insider Trading Trading) Regulations, 1992 and SEBI (Prohibition of Insider Trading Trading) Regulations, 2015, Clause 36 of the listing agreement along with Section 21 of Securities Contract Regulation Act, 1956, Section 12A(c) of SEBI Act, 1992 read with certain Regulations of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 as more specifically provided in the SCN. SEBI had conducted investigation in the matter of selective disclosure of unpublished price sensitive information by MAFIL for period from March 01, 2013 to March 20, 2013 and had directed MAFIL and other SCN noticees to submit their reply with regard to their respective alleged violations mentioned in the SCN. MAFIL informed SEBI of its intention to file settlement application which was accepted by SEBI. On July 15, 2019 MAFIL submitted a detailed reply to SEBI on all the violations alleged against MAFIL and SCN noticees No. 1 to 3 and 8 to 10. Further, MAFIL also submitted a settlement application on July 25, 2019 for settlement under section 3 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 on behalf of MAFIL and SCN noticees No. 1 to 3 and 8 to 10. Further, vide SEBI letter dated September 03, 2019 MAFIL was notified about this matter being transferred to another adjudicating officer and therefore, MAFIL was granted an opportunity of a personal hearing to be held on September 19, 2019. This matter is pending.

4. SEBI has pursuant to its emails dated March 5, 2014 and March 11, 2014 requested for certain information relating to Manappuram Agro Farms (including, its bank account statements from October 01, 2011 to February 29, 2012, its audited financial statements for Financial Year 2011-12) and clarifications as to whether (i) Senmon V. P., Muthu Bhaskar, K.S. Sudhish, Sarada Sankaranarayan (wife of independent director A. R. Sankaranarayan) were designated as employees or dependents for the purpose of MAFIL's insider trading policies; (ii) copy of the resignation of Ms. Athulya Suresh; (iii) information relating to the transfer of shares of MAFIL by M. Anandan and when MAFIL was informed of this. MAFIL has responded to SEBI's emails on March 12, 2014 and March 13, 2014 providing the bank account statements and audited financial statements for the relevant period and the resignation of Athulya Suresh dated November 1, 2011 and by clarifying that (i) Senmon V. P., Muthu Bhaskar, K.S. Sudhish are not designated employees for the purpose of the code of conduct while Ms. Sarada Sankaranarayan is a dependent; and (ii) that M. Anandan had informed MAFIL of the sale of the shares held by him in MAFIL on September 06, 2013. No further communication has been received from SEBI.

5. SEBI has pursuant to its letter dated August 12, 2014, 2014 and February 24, 2015, sought clarifications on MAFIL's position on 'status of compliance with revised clause 49 of the equity listing agreement' and 'the appointment of a women director', respectively. MAFIL through its letter dated September 01, 2014 has confirmed its compliance with the revised clause 49 of the equity listing agreement. Further, MAFIL through its reply dated February 26, 2015 had informed SEBI it has shortlisted profiles for the appointment of a woman director and through its reply dated March 19, 215 confirmed the appointment of Dr. Amla Samanta, the women director on its Board. No further communication has been received from SEBI.

6. SEBI has by its letter dated May 30, 2014 observed that there have been delays in processing of rematerialisation requests of investors of MAFIL on accounts of delays by MAFIL in issuing signed share certificates. MAFIL has in its response dated June 20, 2014 clarified that the delay was on account of non-availability of stationery since the relevant debenture issuance was only in dematerialed form and there were delays in collection of the original demat register from the office of the registrar and transfer agent. As corrective measures, MAFIL has proposed allotment of debentures in physical and dematerialised form, designating a senior manager to co-ordinate with the registrar and transfer agent and ensuring that sufficient copies of the share certificates are available with the registrar and transfer agent. No further communication has been received from SEBI.

7. SEBI pursuant to its letter dated October 19, 2015 to V.P. Nandakumar, the Managing Director and Chief Executive Officer and also the Non-Executive Chairman of our Company sought information pertaining to operations of Manappuram Agro Farms, its books of accounts, bank accounts including escrow account details among other particulars under the subject of allegation of fund raising in violation of the provisions of SEBI (Collective Investment Schemes) Regulations, 1999 ("**CIS Regulations**") and SEBI Act. As per the abovementioned SEBI letter, the information sought was based on the receipt of complaints by SEBI under the CIS regulations. V.P. Nandakumar had provided an interim reply on October 26, 2015 seeking more time to provide the documents sought by SEBI. V.P. Nandakumar provided the detailed reply along with relevant/supporting documents on November 25, 2015 and December 4, 2015 as sought by SEBI pursuant to its letter dated October 19, 2015. In continuation to the above reply, SEBI pursuant its letter dated May 2,

2016 sought further clarification and information based on the documents provided earlier. V.P. Nandakumar provided a reply on May 03, 2016 and May 26, 2016 along with the relevant supporting documents. SEBI has not yet reverted on the reply provided by V.P. Nandakumar.

Enforcement Directorate Proceedings

1. The Enforcement Directorate through its letter (No. T-3/52/KCZO/2014/1815) dated November 30, 2015 has pursuant to a requisition under Section 37(3) of the Foreign Exchange Management Act, 1999 read with Section 133(6) of Income Tax Act, 1961 requested V.P Nandakumar, the Managing Director and Chief Executive Officer of MAFIL to furnish certain information. V.P Nandakumar responded to the requisitions through its letter dated December 22, 2015. Further, the Enforcement Directorate, Kochi issued a summons (No.T/3/52/KCZO/2014/741) dated May 25, 2018 to V.P Nandakumar, the Managing Director and CEO of MAFIL, under section 37(1) and (3) of the Foreign Exchange Management Act 1999, read with Section 131(1) of Income Tax Act, 1961 and section 30 of the Code of Civil Procedure, 1908 with respect to certain information in relation to the Manappuram group of companies under the provisions of the Foreign Exchange and Management Act, 1999. V.P Nandakuar through the letters dated June 6, 2018 , June 13, 2018, July 2, 2018 and September 05, 2018 provided the information sought which included but was not limited to, the approval of foreign direct investment in MAFIL company i.e MAFIL, sources of repayment of Manapuram Agro Farm deposits, details of certain loans taken. Also, V.P. Nandakumar appeared in person before the Enforcement Directorate on June 7, 2018, June 13, 2018, July 09, 2018 and September 05, 2019 provided the details.

   Thereafter, the Enforcement Directorate, Kochi issued a summons (No.T-3/52/KCZO/2015/2337) dated December 12, 2018 to V.P Nandakumar, the Managing Director and CEO of MAFIL, under section 37(1) and (3) of the Foreign Exchange Management Act 1999, read with Section 131(1) of Income Tax Act, 1961 and section 30 of the Code of Civil Procedure, 1908 with respect to certain information in relation to the Manappuram group of companies under the provisions of the Foreign Exchange and Management Act, 1999. V.P Nandakumar through the letter dated January 30, 2019 provided the information sought which included but was not limited to, membership register from January 01, 2010 till January 2019 of Maben Nidhi Limited , Membership Applications submitted by members of Maben Nidhi Limited from January 01, 2010 till January 2019. Also, V.P. Nandakumar appeared in person before the Enforcement Directorate on March 12, 2019 in respect of the same. No subsequent communication has been received by V.P. Nandakumar in this regard post March 12, 2019.

Tax Related Proceedings

Service Tax Cases

1. By its order dated February 27, 2013 (the "**Order**"), the Additional Commissioner of Central Excise, Customs and Service Tax, Calicut has held that MAFIL has failed to pay service tax on financial leasing services including equipment leasing and hire purchase provided by MAFIL during the period between July 2001 and April 2007. The Order confirms the demand of service tax amounting to ₹2,235,326 with interest. Further a penalty of ₹5,000 has been imposed for the non-filing of proper returns. A further penalty of ₹2,235,326 has been imposed for suppressing the facts with intent to evade payment of service tax. MAFIL has paid ₹1,481,916 against the demand of ₹2,235,326 and disputed the balance demand of ₹753,410. MAFIL has filed an appeal which is pending before the Commissioner of Central Excise (Appeals) (the "Appeal") against the Order on the grounds that the tax authorities cannot allege suppression of facts when the quantum of tax is disputed and MAFIL has opted to make the payment of tax based on the outcome of the Apex Court's decision. Further, MAFIL has sought that the imposition of penalty under Section 78 be dropped. The Commissioner of Central Excise (Appeals) dismissed the Appeal through order dated July 14, 2016 (the "Second Order") and confirmed the demand and upheld the levy of penalty of ₹753,410. MAFIL filed an appeal on October 19, 2016 before the CESTAT, Bangalore seeking that the Second Order be set aside. The matter is currently pending.

2. As per order dated February 7, 2011,(the "**Order**") the Office of the Deputy Commissioner of Central Excise and Service Tax, has held that MAFIL has failed to discharge the service tax liability on the sale or purchase of foreign currency with an intent to evade payment of service tax and without filing of proper returns, thus contravening Section 68(1) of the Finance Act, 1994 read with Rule 6(1) of the Service Tax Rules, 1994 and Section 70(1) of the Finance Act, 1994 read with Rule 7 of the Service Tax Rules, 1994. The Order confirms the demand of ₹188,610 with interest. The Order further imposes a penalty of ₹200 for each day during

which MAFIL fails to pay the service tax or 2% of such tax per month whichever is higher. The Order further imposes a penalty of ₹188,610 with an option to pay only 25% of the penalty if the total amount due is paid within 30 days of the communication of the order.

MAFIL has filed an appeal which is pending before the Commissioner of Central Excise (Appeals) (the "**Appeal**"), Cochin against Order on the grounds that MAFIL has been collecting service charge at 0.25% on the value of foreign currency purchased including service tax and paying service tax on service charges to the credit of the Central Government, on the basis of which the demand raised is not applicable. The Commissioner of Central Excise (Appeals), dismissed the Appeal through order dated June 22, 2016 (the "**Second Order**") and upheld the Order by confirming the demand of ₹188,610. However, the penalty imposed was set aside. Subsequently, MAFIL filed an appeal before the CESTAT Bangalore against the Second Order on September 30, 2016. The matter is currently pending.

3. The Office of the Commissioner of Central excise and Service tax, Calicut Commissionerate has issued a show cause notice dated June 25, 2009 (the "**Show Cause Notice**") demanding an amount of ₹3,049,672 towards service tax along with interest for the period from 2004-05 to 2007-08. The demand raised in the Show Cause Notice was dropped by the Additional Commissioner of Central excise, Calicut through order dated March 19, 2010 (the "**First Order**") holding that MAFIL is not providing any exempted or non-taxable service. The First Order was reviewed by the Commissioner of Central excise, Calicut and appeal was filed by the department against the First Order before the Commissioner (Appeals)- II, Cochin, however the same was rejected through the order of the Commissioner (Appeals)- II, Cochin dated October 29, 2015 (the "**Second Order**"). The Second Order upheld the validity of the First Order. The Second Order was reviewed by the Committee of Commissioners and such Committee of Commissioners through order dated February 23, 2016 directed the department to file an appeal against the Second Order. The department has filed an appeal before the CESTAT Bangalore on March 2, 2016 (the "**Appeal**") challenging the Second Order on the grounds that Company is engaged in the provision of taxable service and exempted service of money changing is entitled to utilize credit only to the extent of 20% of the total service tax payable along with the application for condonation of delay. The CESTAT Bangalore through order dated August 8, 2016 held that the Appeal has been filed in time by the department and accordingly, the application for condonation of delay has become infructuous. The matter is currently pending.

Value Added Tax Cases

1. The Assistant Commissioner of State Tax, State GST Department, Thrissur has demanded a sum of ₹34,434,001 (the "**Demand**") through an assessment order dated February 2, 2018 (the "**Order**") for the assessment year 2014-15. MAFIL filed an appeal before the Deputy Commissioner (Appeals), Thrissur against the Order on February 16, 2018 contesting that the assessing officer erred in levying VAT liability on inter-state purchases of capital goods that were goods not intended for sale and auction sales which became infructuous. MAFIL has filed a petition for stay of demand dated July 16, 2018 before the High Court of Kerala, at Ernakulam (the "**Stay Petition**") and the Stay Petition was allowed through an order dated August 8, 2018 (the "**Stay Order**"). The matter is currently pending.

2. The State Tax Officer, (Investigation Branch), State GST Department, Thrissur has made certain investigation by verifying the auction registers against the invoices of MAFIL and has levied a penalty of ₹7,600,288 (the "**Penalty Demand**") through an order dated January 31, 2018 (the "Order") for the year assessment year 2012-13 on grounds that MAFIL practiced the unfair tactics including non-maintenance of true and correct records, issue of incorrect sale bills and non-issuance of sale bills. MAFIL filed an appeal before the Deputy Commissioner (Appeals), State GST Department, Thrissur against the Order along with an application for stay of demand. Thereafter, MAFIL filed a writ petition before the High Court of Kerala, at Ernakulam (the "Writ Petition") for early hearing of the appeal and stay of demand. The Writ Petition was allowed through order dated July 16, 2018 directing the Deputy Commissioner (Appeals) to allow appeal subject to payment of 15% of the outstanding demand. Consequently, the Stay Application was allowed by Deputy Commissioner (Appeals), State GST Department, Thrissur through an order dated July 3, 2018 (the "Stay Order"), subject to the condition that MAFIL shall pay 15% of the outstanding demand. The matter is currently pending.

3. The Assistant Commissioner of State Tax, State GST Department, Thrissur has demanded a sum of ₹78,54,889 (the "**Demand**") through an order dated March 5, 2018 (the "**Order**") for the assessment year 2009-10. MAFIL filed an appeal before the Deputy Commissioner (Appeals), Thrissur against the Order on March 17, 2018 contesting that the Order was not a speaking order and is liable to be set aside. MAFIL has

also filed a petition for stay of demand before the High Court of Kerala, at Ernakulam (the "**Stay Petition**") and the Stay Petition was allowed through an order dated April 2, 2018 and May 21, 2018 (the "**Stay Order**"). Thereafter *vide* order dated May 24, 2019 the Appellate Authority party allowed the appeal and remanded back the matter for reconsideration of issues and verification of certain documents. However, MAFIL filed an appeal before the Appellate Tribunal, Ernakulam on July 22, 2019 against the order of the Appellate Authority. The matter is currently pending.

4. As per the Andhra Pradesh VAT Assessment Order dated August 31, 2012 for assessment year 2011-12, the VAT ITC claimed by MAFIL was rejected on the grounds that the seller and purchaser of the gold had the same TIN number. MAFIL had purchased the unredeemed gold of the borrowers through public auctions. This purchase of gold from public auctions was held to be ineligible to claim VAT ITC. The proposal of levy of VAT for the under declared output tax was confirmed by the order, and MAFIL was directed to pay ₹4,481,425. Further by order dated September 28, 2012 MAFIL was held liable to pay a penalty of ₹1,120,356 (at the rate of 25% on the under declared VAT output tax of ₹4,481,425 under Section 53(1)(iii) of the Andhra Pradesh VAT Act, 2005). The Appellate Authority, by order dated January 7, 2013 has confirmed the order dated August 31, 2012 and by order dated January 09, 2013 confirmed the penalty under the order dated September 28, 2012.MAFIL preferred an appeal against both the aforesaid orders of the Appellate Authority before the Telangana Value Added Tax Appellate Tribunal, Hyderabad on the grounds that the Appellate Authority has failed to note that MAFIL conducts the auction of the pledged ornaments of the borrowers who defaulted in the repayment of loans, in addition to this MAFIL also effects the sale or purchase of gold on our own account, thereby acting in a dual capacity in respect of the pledged ornaments. Therefore, the purchasing of pledged ornaments by MAFIL itself would amount to purchase of gold from registered dealers. MAFIL has made payment of 55% of the Demand amounting to ₹30,80,980. On February 15, 2019 the Telangana Value Added Tax Appellate Tribunal, Hyderabad allowed both the appeals and set aside the both the orders of the Appellate Authority.

Income Tax Cases

1. The Assistant Commissioner of Income Tax, Thrissur has demanded a sum of ₹73,42,66,560 (the "**Demand**") through an assessment order dated March 06, 2019 u/s 143 (3) read with section 263 of Income Tax Act, 1961 (the "**Order**") for the assessment year 2014-15. MAFIL has filed an appeal before the Commissioner of Income Tax (Appeals) against the Order on March 28, 2019 (the "Appeal") contesting that the assessing officer erred in (i) disallowing an amount of ₹2,19,50,000 in respect of bad debts off of the assessment year 2014-15; (ii) non-recognition of interest income of ₹88,27,00,000 for the assessment year 2014-15. The matter is currently pending.

2. The Assistant Commissioner of Income Tax, Thrissur has demanded a sum of ₹3,78,04,361 (the "**Demand**") through an assessment order dated December 26, 2018 as revised by rectification order dated December 31, 2018 (the "**Order**") for the assessment year 2016-17. MAFIL has filed an appeal before the Commissioner of Income Tax (Appeals) against the Order on January 25, 2019 (the "**Appeal**") contesting that the assessing officer erred in (i) disallowing an amount of ₹16,12,42,083 in respect of bad debts off during the year 2016-17; (ii) disallowing a sum of ₹50,15,37,724 in respect of bad debts written off in the assessment year 2016-17 out of an disallowed amount of ₹77,39,00,000 in respect of non-recognition of interest income for the assessment year 2015-16; and (iii) adding a sum of ₹7,11,000 towards interest income. The matter is currently pending.

3. The Assistant Commissioner of Income Tax, Thrissur has demanded a sum of ₹456,505,700 (the "**Demand**") through an assessment order dated December 12, 2017 (the "**Order**") for the assessment year 2015-16. MAFIL has filed an appeal before the Commissioner of Income Tax (Appeals) against the Order on January 17, 2018 (the "**Appeal**") contesting that the assessing officer erred in disallowing an amount of ₹237,140,000 in respect of bad debts written off during the year and erred in adding a sum of ₹773,900,000 towards interest income. Further, MAFIL has filed an application for stay of demand through a letter dated February 3, 2018 before the Office of the Joint Commissioner of Income Tax (the "**Stay Application**") and the Stay Application was allowed through an order dated February 19, 2018 (the "**Stay Order**"). In terms of the Stay Order, MAFIL has made payment of 20% of the Demand amounting to ₹91,400,000 and stay of balance Demand amounting to ₹365,105,700 has been granted until the Appeal is disposed of. The matter is currently pending.

4. The Assistant Commissioner of Income Tax, Thrissur has demanded a sum of ₹87,360,750 (the "**Demand**") through an assessment order dated December 30, 2016 (the "Order") for the assessment year 2013-14.

MAFIL filed an appeal before the Commissioner of Income Tax (Appeals) against the Order on April 29, 2016 contesting that the assessing officer erred in treatment of recovered interest income, not taking into account the payment of dividend distribution tax and erred in initiating penalty proceedings. MAFIL has filed an application for stay of demand through a letter dated January 20, 2017 before the Office of the Assistant Commissioner of Income Tax (the "**Stay Application**") and the Stay Application was allowed through an order dated March 28, 2017 (the "**Stay Order**"). In terms of the Stay Order, MAFIL has made payment amounting to ₹13,200,000 and stay of balance Demand amounting to ₹74,160,750 has been granted to MAFIL until the Appeal is disposed of. The Commissioner of Income Tax (Appeals) vide order dated June 10, 2019 dismissed the appeal filed by MAFIL on April 29, 2016.

5. The Assistant Commissioner of Income Tax, Thrissur has demanded a sum of ₹77,24,360 (the "Demand") through an assessment order dated March 10, 2015 (the "Order") for the assessment year 2012-13. MAFIL has filed an appeal before the Commissioner of Income Tax (Appeals) against the Order on April 16, 2015 (the "Appeal") contesting that the assessing officer erred in disallowing certain expenses including pre-paid expenses paid to brand ambassadors and expenditure on account of various employees contributions. Subsequently, MAFIL through letter dated March 21, 2016 withdrew claim for the prepaid advertisement expenses amounting to ₹20,006,000 as MAFIL has claimed such expense in the subsequent assessment year 2013-2014. However, the Office of the Commissioner of Income Tax through order dated March 21, 2016 took on record that the appeal has been withdrawn by MAFIL in its entirely. Consequently, MAFIL through its letter dated April 7, 2016 clarified that only one claim has been withdrawn and another claim amounting to ₹3,742,778 expenditures on account of various employees contributions is still contested in appeal. Accordingly, the Appeal proceedings are pending.

   Separately, MAFIL has filed an application for stay of demand through a letter dated December 19, 2016 before the Office of the Assistant Commissioner of Income Tax (the "**Stay Application**") and the Stay Application was allowed through an order dated March 28, 2017 (the "**Stay Order**"). In terms of the Stay Order, MAFIL has made payment of 78% of the Demand amounting to ₹6,000,000 and stay of balance Demand amounting to ₹1,724,360 has been granted until the Appeal is disposed of. Further, the Assistant Commissioner of Income Tax through order dated May 15, 2018 rectified the Demand to ₹1,224,360. The matter is still pending.

Litigations involving our Directors

Vazhappully Padmanabhan Nandakumar

Except as disclosed in Litigations against MAFIL under the Chapter "*Outstanding Litigation*" on page 156 of this Prospectus, there are no Proceedings pending involving Mr. Vazhappully Padmanabhan Nandakumar.

Notices received by the Company:

Nil

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority of the Issue

At the meeting of the Board of Directors of Our Company held on August 09, 2019 the Directors approved this Issue of NCDs to the public up to an amount not exceeding ₹30,000 lakhs.

Prohibition by SEBI

Our Company, our Promoter, persons in control of our Company, Directors of our Company and/or our Promoter have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud. Further our Promoter is involved in litigations relating to securities markets or dealing in securities, for further details, please refer chapter "*Outstanding Litigation*" on page 156**.**

Categorisation as a Wilful Defaulter

Our Company, our Directors and/or our Promoter have not been categorised as a Wilful Defaulter nor are they in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six-months.

Declaration as a Fugitive Economic Offender

None of our Directors have been declared as a Fugitive Economic Offender.

Other confirmations

None of our Company or our Directors or our Promoter, or person(s) in control of our Company was a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations.

Disclaimer

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 19, 2019 WHICH READS AS FOLLOWS:

1. **WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTERS OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT HAVE BEEN DEBARRED FROM**

FUNCTIONING BY ANY REGULATORY AUTHORITY.

2. **WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE OFFER DOCUMENT AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE NCDs OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.**

3. **WE CONFIRM THAT THE OFFER DOCUMENT CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008.**

4. **WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, 1956, COMPANIES ACT, 2013, SECURITIES CONTRACTS, (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.**

WE CONFIRM THAT ALL COMMENTS/COMPLAINTS RECEIVED ON THE DRAFT OFFER DOCUMENT FILED ON THE WEBSITE OF STOCK EXCHANGE HAS BEEN SUITABLY ADDRESSED.

Disclaimer Clause of BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN, VIDE ITS LETTER DATED SEPTEMBER 18, 2019, PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

a. **WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**
b. **WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR**
c. **TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;**

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

Disclaimer Clause of NHB

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED AUGUST 22, 2017 BEARING REGISTRATION NO. 08.0158.17 ISSUED BY THE NATIONAL HOUSING BANK UNDER SECTION 29A OF THE NATIONAL HOUSING BANK ACT, 1987. HOWEVER, THE NHB DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS/DISCHARGE OF LIABILITIES BY THE COMPANY.

Disclaimer of ICRA Limited

All information and data contained in the Report has been obtained by ICRA from sources believed by ICRA to be accurate and reliable. Although reasonable care has been taken to ensure that the information therein is true, such information is provided 'as is' without any warranty of any kind, and in particular, makes no representation or warranty, express or implied, as to the accuracy, timelines or completeness of any such information. All information and data contained therein must be construed solely as statements of opinion and not any recommendation for investment. ICRA shall not be liable for any losses incurred by users from any use of the Report or is contents. Also, ICRA may provide credit rating and other permissible services to the company at arms-length basis.

Disclaimer of CARE Ratings

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based Its ratings/outlooks on Information obtained from sources believed by It to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

Track record of past public issues handled by the Lead Manager

The track record of past issues handled by the Lead Manager, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following website:

Name of Lead Manager	Website
Vivro Financial Services Private Limited	http://www.vivro.net/offerdocuments

Listing

An application will be made to BSE for permission to deal in and for an official quotation of our NCDs. BSE has been appointed as the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within 6 Working Days from the date of closure of the issue.

Consents

Consents in writing of Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditors, legal advisor to the Issue, Lead Manager, the Registrar to the Issue, Credit Rating Agency, the Bankers to our Company, the Debenture Trustee, ICRA, the lenders to the Company, Public Issue Account Bank, Refund Bank, and the Syndicate Member to act in their respective capacities, have been obtained and will be filed along with a copy of this Prospectus with the RoC as required under Section 26 of the Companies

Act, 2013. Further such consents have not been withdrawn up to the time of delivery of this Prospectus with the RoC.

Expert Opinion

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditor, namely M/s Deloitte Haskins & Sells LLP, Chartered Accountants, to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in its capacity as a statutory auditor, in respect of the (a) IND AS Audited Financial Statements for the fiscal 2019 (b) The examination report on Reformatted Financial Information dated September 06, 2019, and (c) its report dated September 06, 2019 on the statement of possible tax benefits available to the Debenture holders, included in this Prospectus. The consent of the Statutory Auditors has not been withdrawn as on the date of this Prospectus.

Our Company has received written consent from CARE Ratings to include the credit rating rationale letter dated September 09, 2019 in respect of the credit rating issued for the NCDs to be issued pursuant to this Issue which furnishes the rationale for its rating.

Common form of Transfer

We undertake that there shall be a common form of transfer for the NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant Depositary Participants of the transferor or transferee and any other applicable laws and rules notified in respect thereof.

Filing of the Draft Prospectus

The Draft Prospectus has been filed with the Designated Stock Exchange in terms of Regulation 6 of the SEBI Debt Regulations for dissemination on its website(s) prior to the opening of the Issue.

Filing of this Prospectus

This Prospectus shall be filed with the RoC in accordance with Section 26 of the Companies Act, 2013.

Issue related expenses

For details of Issue related expenses, see "Objects of the Issue" on page 45 of this Prospectus.

Reservation

No portion of this Issue has been reserved.

Details regarding the Company and other listed companies under the same management / associate companies as described under the Companies Act, 2013, which made any capital issue during the last three years

None of the listed companies under the same management / associate companies has made any capital issues in the last three years immediately preceding the date of the Prospectus.

Public/ Rights Issues of debentures by Manappuram Finance Limited

Date of Allotment	Nature of Securities	Number of Securities Allotted	Price per Instrument (in ₹)	Aggregate amount raised (in ₹ In lakhs)	Utilisation Details
September 08, 2011	Secured Non-Convertible Debentures	44,16,190	1,000	44,161.90	Fully utilized in accordance with the

Date of Allotment	Nature of Securities	Number of Securities Allotted	Price per Instrument (in ₹)	Aggregate amount raised (in ₹ In lakhs)	Utilisation Details
					objects of the issue as stated in the prospectus
January 28, 2014	Secured Non-Convertible Debentures	20,00,000	1,000	20,000.00	Fully utilized in accordance with the objects of the issue as stated in the prospectus
April 05, 2014	Secured Non-Convertible Debentures	20,00,000	1,000	20,000.00	Fully utilized in accordance with the objects of the issue as stated in the prospectus
October 18, 2014	Secured Non-Convertible Debentures	27,85,517	1,000	27,855.17	Fully utilized in accordance with the objects of the issue as stated in the prospectus
November 29, 2018	Secured Non-Convertible Debentures	26,20,212	1,000	26,202.12	Fully utilized in accordance with the objects of the issue as stated in the prospectus
March 06, 2019	Secured Non-Convertible Debentures	12,79,035	1,000	12,790.35	Fully utilized in accordance with the objects of the issue as stated in the prospectus

Furthermore, none of the Group Company have undertaken any public / rights issuance of debentures, as on the date of the Prospectus.

Public issue/ Rights Issue by our Company

Our Company has not made any public issue of Equity Shares or debentures in the last five years.

Except as disclosed below, the Company has not made any rights issues:

1. The Company undertook a rights issue of Equity Shares in fiscal 2014-15, the particulars of which have been set forth below:

Date of opening	February 28, 2015
Scheduled closing date	March 28, 2015
Actual date of closing	March 27, 2015
Total issue size	3,39,00,000 Equity Shares
Date of allotment	March 28, 2015
Objects of the issue (as per the prospectus)	For Expansion and Growth
Net utilization of issue proceeds	100% of funds utilized towards the stated objects of the issue

2. The Company undertook a rights issue of Equity Shares in fiscal 2015-16, the particulars of which have been set forth below:

Date of opening	January 01, 2016
Scheduled closing date	January 20, 2016
Actual date of closing	January 20, 2016
Total issue size	2,50,00,000 Equity Shares
Date of allotment	January 22, 2016
Objects of the issue (as per the prospectus)	For Expansion and Growth
Net utilization of issue proceeds	100% of funds utilized towards the stated objects of the issue

3. The Company undertook a rights issue of Equity Shares in fiscal 2015-16, the particulars of which have been set forth below:

Date of opening	March 10, 2016
Scheduled closing date	March 31, 2016
Actual date of closing	March 31, 2016
Total issue size	3,00,00,000 Equity Shares
Date of allotment	March 31, 2016
Objects of the issue (as per the prospectus)	For Expansion and Growth
Net utilization of issue proceeds	100% of funds utilized towards the stated objects of the issue

4. The Company undertook a rights issue of Equity Shares in fiscal 2018-19, the particulars of which have been set forth below:

Date of opening	February 16, 2019
Scheduled closing date	March 07, 2019
Actual date of closing	February 26, 2019
Total issue size	10,00,00,000 Equity Shares
Date of allotment	February 27, 2019
Objects of the issue (as per the prospectus)	For Repayment of Loan, Expansion and Growth
Net utilization of issue proceeds	100% of funds utilized towards the stated objects of the issue

Other than as specifically disclosed in this Prospectus, our Company has not issued any securities for consideration other than cash.

Commissions and Brokerage on previous issue

Our Company has not made any issue of Equity Shares or debentures to the public in the last five years and accordingly no commissions and brokerage has been made.

Dividend

Our Company has no formal dividend policy. The declaration and payment of dividends on our Equity Shares will be recommended by the Board of Directors and approved by our Shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. Our Company has not declared any dividend since incorporation.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Thrissur, Kerala, India.

Description of our loan portfolio

A. **Lending Policy**

Please refer to "Our Business – Lending Process" on page 68 of this Prospectus.

B. Loans given by the Company

The Company has not provided any loans/advances to associates, entities/persons relating to Board, senior management or Promoters out of the proceeds of previous issues.

C. Type of loans

Classification of loans/advances given

The detailed breakup of the types of loans given by the Company as on March 31, 2019 is as follows:

(₹ in lakhs)

No.	Type of Loans	Amount
1.	Secured	51,875.81
2.	Unsecured	-
	Total assets under management (AUM)	**51,875.81**

D. Sectoral Exposure as on March 31, 2019

No.	Segment wise break up of AUM	Percentage of AUM
1.	**Retail**	
(a)	Mortgages (home loans and loans against property)	100.00%
(b)	Gold Loans	-
(c)	Vehicle Finance	-
(d)	MFI	-
(e)	M & SME	-
(f)	Capital market funding (loans against shares, margin funding)	-
(g)	Others	-
2.	**Wholesale**	
(a)	Infrastructure	-
(b)	Real Estate (including builder loans)	-
(c)	Promoter funding	-
(d)	Any other sector (as applicable)	-
(e)	Others	-
	Total	**100.00%**

E. Residual Maturity Profile of Assets and Liabilities as on March 31, 2019

(₹in lakhs)

	Up to 30/31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Deposit	-	-	-	-	-	-	-	-	-
Advances*	139.36	131.87	133.64	411.21	3,061.92	4,160.41	5,345.87	37,974.35	51,358.62
Investments	-	-	-	-	-	-	-	-	-
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
Foreign Currency Assets	-	-	-	-	-	-	-	-	-

	Up to 30/31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Foreign Current Liabilities	-	-	-	-	-	-	-	-	-

**Advances are shown as net off Impairment Loss Allowances.*

*F. Denomination of the loans outstanding by ticket size as on March 31, 2019**

No.	Ticket size**	Percentage of AUM
1.	Up to 2 lakhs	0.13%
2.	2 lakhs to 5 lakhs	6.71%
3.	5 lakhs to 10 lakhs	40.33%
4.	10 lakhs to 25 lakhs	48.23%
5.	25 lakhs to 50 lakhs	4.49%
6.	50 lakhs to 1 crore	0.11%
7.	1 crore to 5 crores	-
8.	5 crores to 25 crores	-
9.	25 crores to 100 crores	-
10.	Above 100 cores	-
Total		**100.00%**

** Ticket size at the time of origination*
***The details provided are as per borrower and not as per loan account.*

*G. Denomination of loans outstanding by LTV as on March 31, 2019**

No.	LTV	Percentage of AUM
1.	Up to 40%	19.34%
2.	40%-50%	13.53%
3.	50%-60%	10.58%
4.	60%-70%	15.40%
5.	70%-80%	31.04%
6.	80%-90%	10.11%
7.	More than 90%	0.00%
	Total	**100.00%**

**LTV at the time of origination*

H. Geographical classification of the borrowers as on March 31, 2019

No.	Top 5 states	Percentage of AUM
1.	Maharashtra	42.67%
2.	Tamil Nadu	22.51%
3.	Gujarat	13.89%
4.	Karnataka	8.96%
5.	Kerala	7.10%
	Total	**95.13%**

I. (a) Details of top 20 borrowers with respect to concentration of advances as on March 31, 2019

(₹ in lakhs except percentage)

Particulars	Amount
Total advances to twenty largest borrowers	751.93
Percentage of Advances to twenty largest borrowers to Total Advances to the Company	1.45%

(b) Details of top 20 borrowers with respect to concentration of exposure as on March 31, 2019

(₹ in lakhs except percentage)

Particulars	Amount	
	Secured	Unsecured
Total exposure to twenty largest borrowers	760.65	-
Percentage of exposure to twenty largest borrowers to Total exposure to the Company	1.31%	-

J. Details of loans overdue and classified as non-performing in accordance with the NHB's guidelines as on March 31, 2019

(₹ in lakhs)

Movement of gross NPA	Amount
Opening gross NPA	1,788.10
- Additions during the year	949.44
- Reductions during the year	738.57
Closing balance of gross NPA	1,998.97
Movement of net NPA	
Opening net NPA	1,479.08
- Additions during the year	807.03
- Reductions during the year	705.26
Closing balance of net NPA	1,580.85
Movement of provisions for NPA	
Opening balance	309.03
- Provisions made during the year	142.42
- Write-off / write-back of excess provisions	33.32
Closing balance	418.12

K. Segment-wise gross NPA as on March 31, 2019

No.	Segment wise break up of gross NPA	Gross NPA (%)*
1.	**Retail**	
a.	Mortgages (home loans and loans against property)	3.85%
b.	Gold Loans	-
c.	Vehicle Finance	-
d.	MFI	-
e.	M & SME	-
f.	Capital market funding (loans against shares, margin funding)	-
g.	Others	-
2.	**Wholesale**	
a.	Infrastructure	-
b.	Real Estate (including builder loans)	-
c.	Promoter funding	-
d.	Any other sector (as applicable)	-
e.	Others	-
	Total	**3.85%**

** Gross NPA (%) means percentage of NPAs to total advances in that sector*

L. Classification of loans/advances given to associates, entities/person relating to the board, senior management, promoters, others, etc.as on March 31, 2019:

(₹in lakhs)

Particulars	Amount
Loans to Promoters	-
Other Loans	-

M. Details of loans given to Group Entities as on March 31, 2019:

(₹ in lakhs except percentage)

Name of the Borrower	Amount of Advances /exposures to such borrower (Group)	% of exposure to Total AUM
Nil	-	-

Revaluation of assets

Our Company has not revalued its assets in the last five years.

Mechanism for redressal of investor grievances

Agreement dated August 27, 2019 between the Registrar to the Issue and our Company provides for settling of investor grievances in a timely manner and for retention of records with the Registrar to the Issue for a period of eight years.

All grievances relating to the Issue may be addressed to the Registrar to the Issue and Compliance Officer giving full details such as name, address of the Applicant, number of NCDs applied for, amount paid on Application and the details of Member of Syndicate or Trading Member of the Stock Exchange where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Application Locations, giving full details such as name, address of Applicant, Application Form number, option applied for, number of NCDs applied for, amount blocked on Application.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be three (3) Working Days from the date of receipt of the complaint.

In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Registrar to the Issue

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
Fax: +91-22-4918 6195
Email: manappuramhomefin.ncd@linkintime.co.in
Investor Grievance Id: manappuramhomefin.ncd@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration Number: INR000004058
CIN: U67190MH1999PTC118368

Compliance Officer of our Company

Sreedivya S has been appointed as the Compliance Officer of our Company for this Issue.

The contact details of Compliance Officer of our Company are as follows:

Sreedivya S
Manappuram Home Finance Limited
IV/470A (Old)W/638A(New)
Manappuram House
Valapad, Thrissur
Kerala, 680567 India
Telephone: +91 487 3050435
E-mail: cs.sreedivya@manappuramhomefin.com

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit, refund orders or interest on application money.

Change in Auditors of our Company during the last three years

Details of changes in the statutory auditor of our Company has been summarised below:

Name	**Address**	**Date of Appointment / Resignation**	**Auditor of the Company since (in case of resignation)**
S.R. Batliboi & Associates LLP	Tidel Park, 6 and 7 Floor-A Block, Module 601, 701-702, No 4 Rajiv Gandhi salai, Taramani, Chennai - 600113	August 9, 2017 (Resignation)	July 21, 2014 (Appointment)
Deloitte Haskins & Sells LLP	Indiabulls Finance Center, Tower 3, 27th - 32nd Floor, Senapati Bapat Marg, Elphisnstone Road (West) Mumbai – 400013.	August 9, 2017 (Appointment)	-

Reservations or qualifications or emphasis of matter or adverse remarks of the auditors of our Company in the last five financial years:

Reservations/Qualifications/Emphasis of Matter/Adverse Remarks in Auditors report/ CARO

Financial Year	**Summary of Reservations/ Qualifications/ Emphasis of Matter/ Adverse Remarks in Auditors report/ CARO**	**Impact on the financial statements and financial position of the Issuer**	**Corrective steps taken and proposed to be taken**
2018-19	Nil	Nil	-
2017-18	Nil	Nil	-
2016-17	Nil	Nil	-
2015-16	**<u>Annexure 1 referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements”</u>** Clause vii (a) – Undisputed statutory dues including provident fund, employees’ state insurance, income tax, service	NIL	Company has ensured that there is no delay in payment of statutory dues.

Financial Year	Summary of Reservations/ Qualifications/ Emphasis of Matter/ Adverse Remarks in Auditors report/ CARO	Impact on the financial statements and financial position of the Issuer	Corrective steps taken and proposed to be taken
	tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been slight delay in a few cases with regard to remittances of service tax, employee's state insurance, provident fund and professional tax. The provisions relating to customs duty, sales tax and value added tax and excise duty is not applicable to the company.		
2014-15	Nil	Nil	-

Other Observations by Auditors in the Audit Report / CARO:

Financial Year	Summary of Other Observations in the Audit Report / CARO	Impact on the financial statements and financial position of the Issuer	Corrective steps taken and proposed to be taken
2018-19	Nil	Nil	Nil
2017-18	Nil	Nil	Nil
2016-17	**With respect to other matters to be included in Auditor's report in accordance with Rule 11 of Companies (Audit and Auditors) Rules, 2014** Point (iv) – As more fully described in Note 32 to the financial statements, the company has discussed details of total cash balances as on November 08, 2016 and December 30, 2016 and during the period from November 09, 2016 to December 30, 2016 ('the Period'). However, the Company is unable to provide information on the details of the specified bank notes and other denominations in the balances reported as at specified dates and the information on the cash transactions as required under the Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended. Accordingly, auditors were unable to verify such disclosures as auditors have not been able to obtain sufficient and appropriate audit evidence and perform sufficient audit procedures on the details of specified bank notes and other denomination notes in the	Nil	Not required as it is non-financial in nature and was specific to demonetisation.

Financial Year	Summary of Other Observations in the Audit Report / CARO	Impact on the financial statements and financial position of the Issuer	Corrective steps taken and proposed to be taken
	balances reported as at specified dates and the transactions during the period.		
2015-16	Nil	Nil	Nil
2014-15	Nil	Nil	Nil

Disclaimer statement from the Issuer

The Issuer accepts no responsibility for statements made other than in this Prospectus issued by our Company in connection with the Issue of the NCDs and anyone placing reliance on any other source of information would be doing so at his / her own risk.

KEY REGULATIONS AND POLICIES

The following is a summary of relevant regulations and policies prescribed by the Government of India and other regulatory bodies that are applicable to our Company's business. Taxation statutes such as the IT Act, the applicable goods and services tax statutes, labour regulations and statutes apply to us as they do to any other Indian company and therefore have not been detailed below. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bye-laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.

The statements below are based on the current provisions of Indian law which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Investors shall carefully consider the information described below, together with the information set out in other sections of this Prospectus including the financial statements before making an investment decision relating to the NCDs, as any changes in the regulations and policies could have a material adverse effect on our Company's business.

Laws in relation to housing finance companies

The National Housing Bank Act 1987 ("NHB Act")

The NHB Act was enacted to establish the National Housing Bank ("**NHB"**) to operate as the principal agency for the promotion of housing finance companies ("**HFCs**"), both at the local and regional levels, and to provide financial and other support to such institutions for matters connected therewith or incidental thereto. The role of NHB includes, among others:

- promoting, establishing, supporting or aiding in the promotion, establishment and support of HFCs;
- making loans and advances or other forms of financial assistance for housing activities of HFCs, scheduled banks, state co-operative agricultural and rural development banks or any other institution or class of institutions as may be notified by the central government;
- guaranteeing the financial obligations of HFCs and underwriting the issue of stocks, shares, debentures and other securities of HFCs;
- formulating one or more schemes for the purpose of mobilisation of resources and extension of credit for housing;
- providing guidelines to HFCs to ensure their growth on sound lines; and
- providing technical and administrative assistance to HFCs and exercising all powers and functions in the performance of duties entrusted to the NHB under the NHB Act or under any other law for the time being in force.

Under the terms of the NHB Act, the NHB may, and on the direction of the RBI, the NHB shall, cause an inspection of the book of accounts and other documents of any institution to which the NHB has provided a loan, advance or granted any other financial assistance. Further, the NHB is required to provide a copy of its report to such an institution. Also, the NHB in order to efficiently discharge its function, is empowered to direct and collect the credit information from any HFC, at any time.

Under the NHB Act, every HFC is required to obtain a certificate of registration and meet the requirement of net owned funds of ₹200.00 lakhs or such other higher amount as the NHB may specify for commencing or carrying on the business of HFCs.

Every HFC has to invest and continue to invest in India in unencumbered approved securities, valued at a price not exceeding the current market price of such securities, an amount which, at the close of business on any day, shall not be less than five percent or such higher percentage not exceeding 25% as the NHB may, from time to time and by notification, specify, of the deposits outstanding at the close of business on the last working day of the second preceding quarter. Further, every HFCs is required to create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

The NHB may, if it considers necessary in the public interest, regulate or prohibit the issue by any HFC of any prospectus soliciting deposit of money from the public and specify the conditions subject to which such prospectus or advertisement may be issued, if not prohibited.

The NHB may inspect any HFC in order to verify the correctness or completeness of any statement, information or particulars provided to the NHB, or for the purpose of obtaining any information or particulars which the HFC has failed to provide after being called upon to do so. If any HFC fails to comply with any direction given by the NHB, the NHB may take appropriate actions against the HFC.

Master Circular- The Housing Finance Companies (National Housing Bank) Directions 2010, as amended ("NHB Directions")

The objective of the NHB Directions is to consolidate and issue directions in relation to the prudential norms for income recognition, accounting standards, asset classification, provision for bad and doubtful assets, capital adequacy and concentration of credit/investments to be observed by HFCs and the matters to be included in the auditors' report by the auditors of HFCs.

Income Recognition

The NHB Directions require that income recognition should be based on recognised accounting principles. Income including interest/ discount, hire charges, lease rentals or any other charges on non-performing assets ("**NPAs**") shall be recognized only when it is actually realised. Any such income recognised before the asset became non-performing and remaining unrealized shall be reversed. Further, income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on cash basis. However, the income from dividend on shares of corporate bodies may be taken into account on an accrual basis when such dividend has been declared by the corporate body in its annual general meeting and the right to receive payment is established.

Income from bonds and debentures of corporate bodies and from Government securities or bonds may be taken into account on an accrual basis provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears. Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government, may be taken into account on accrual basis.

Asset Classification

The NHB Directions prescribe that every HFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease or hire purchase assets, loans and advances and any other forms of credit into standard assets; sub-standard assets; doubtful assets; and loss assets. An asset is classified as a non- performing asset under these directions when the interest on such asset has remained overdue for a period of more than 90 days. The class of assets shall not be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for the upgrade.

Under the NHB Directions, standard assets are assets in respect of which no default in repayment of the principal or payment of interest is perceived and which does not disclose any problem, nor carry more than the normal risk attached to the business. Sub-standard assets are assets which have been classified as a non-performing asset for a period of up to 12 months. Assets in respect of which the terms of the agreement regarding interest or principal have been re-negotiated or rescheduled after release of any instalment of loan or an inter-corporate deposit which has been rolled over, shall be termed as sub-standard assets until the expiry of one year of satisfactory performance under the renegotiated or rescheduled terms. Doubtful assets are assets which are classified as substandard assets for a period of more than 12 months. Loss assets are assets which are classified as loss assets by an HFC, or by its internal or external auditor or by the NHB, to the extent it is not written off by the HFC. Assets which are adversely affected by a potential threat of being non-recoverable due to, among others, non-availability of security, either primary or collateral, in the case of secured loans and advances are also classified as loss assets.

Provisioning requirement

Every HFC, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of the security charged, is required to make provision against sub-standard assets, doubtful assets and loss assets as provided under the NHB Directions.

The provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted are required to be:

(a) loss assets: the entire assets are required to be written off. If assets are permitted to remain in the books for any reason, then 100% provision of the outstanding amounts should be provided for;

(b) doubtful assets: 100% provision, to the extent to which the advance is not covered by the realisable value of the security, to which an HFC has valid recourse, shall be made, and in addition, depending upon the period for which the asset has remained doubtful, provision to the extent of 25% to 100% of the secured portion i.e. the estimated realisable value of the outstanding shall be made in the following manner: (i) 25% up to the period of one year; (ii) 40% for the period of one year to three years; and (iii) 100% for the period of more than three years;

(c) sub-standard assets: provision of 15% of the total outstanding amounts should be made without making any allowance for export credit guarantee, corporation guarantee and securities available; and

(d) standard assets:

standard assets with respect to housing loans at teaser/special rates – provision of 2% on the total outstanding amount of such loans and the provisioning of these loans to be reset after one year at the applicable rates from the date on which the rates are reset at higher rates if the accounts remain standard;

(a) standard assets in respect of Commercial Real Estates Residential Housing ("**CRE-RH**") consisting of loans to builders/developers for residential housing projects (except for captive consumption). Such projects do not include non-residential commercial real estate. However, integrated housing projects comprising of some commercial space (e.g. a shopping complex, a school etc.) can be classified as CRE-RH, provided that the commercial space in the residential housing project does not exceed 10% of the total floor space index ("**FSI**") of the project. In case the FSI of the commercial area in a predominantly residential housing complex exceeds the ceiling of the project loans, the entire loan should be classified as Commercial Real Estate ("**CRE**") (and not CRE-RH)) – provision of 0.75% on the total outstanding amount of such loans; (b) standard assets in respect of all other CRE (consisting of loans to builders/developers/others for office buildings, retail space, multipurpose commercial premises, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc., other than those covered in (a). Loans for a third dwelling unit onwards to an individual will also be treated as CRE exposure – provision of 1% on the total outstanding amount of such loans; and (c) standard assets in respect of all loans other than (a) and (b) – a general provision of 0.25% of the total outstanding amount of loans which are standard assets is required to be made;

standard assets in respect of non-housing loans - a general provision of 0.25 % of the total outstanding amount of loans which are standard assets is required to be made. The NHB Directions also prescribe additional provisions for hire purchase and leased assets. Where amounts of hire charges or lease rentals are overdue for more than 12 months and up to 24 months, 10% of the net book value shall be provisioned for, when they are overdue for more than 24 months and up to 36 months 40% of the net book value shall be provisioned for, when they are overdue for more than 36 months and up to 48 months 70% of the net book value shall be provisioned for and when they are overdue for more 48 months 100% of the net book value shall be provisioned for. Nothing shall be provisioned for if the amounts of hire charges or lease rentals are overdue for up to 12 months; and standard assets in respect of individual housing loans (booked after August 1, 2017) at the rate of 0.25 % and standard assets in respect of individual having loans (booked before August 1, 2017) at the rate of 0.40%.

Capital Adequacy

The NHB Directions require HFCs to maintain a minimum capital adequacy ratio, consisting of Tier I Capital and Tier II Capital not lower than:

(i) 13% on or before March 31, 2020;
(ii) 14% on or before March 31, 2021; and
(iii) 15% on or before March 31, 2022 and thereafter

of its aggregate risk weighted assets and risk adjusted value of off-balance sheet items.

Further the Tier I Capital, at any point of time, shall not be less than 10% and the total Tier II Capital at any point of time shall not exceed 100 % of Tier I Capital.

Other conditions have been imposed on HFCs by the NHB Directions, other directions of the NHB and circulars, including the following:

(a) No HFC may grant housing loans to individuals (a) of up to ₹30.00 lakh with a loan to value ratio ("**LTV**") exceeding 90%; (b) of between ₹30.00 lakh to ₹75.00 lakh with LTV exceeding 80%; and (c) above ₹75.00 lakh with LTV exceeding 75%.

(b) No HFC shall invest in land or buildings, except for its own use, an amount exceeding 20% of the aggregate of its Tier I Capital and Tier II Capital. Such investment over and above 10% of its owned funds is required to be made only in residential units.

(c) No HFC shall lend to any single borrower an amount exceeding 15% of its owned funds, and to any single group of borrowers, an amount exceeding 25% of its owned funds.

(d) The aggregate exposure of an HFC to the capital market in all forms should not exceed 40% of its net worth as on March 31 of the previous year. Within this overall ceiling, direct investment in shares, convertible bonds, debentures, units of equity-oriented mutual funds and all exposures to venture capital funds should not exceed 20% of its net worth.

(e) All HFCs must ensure that disbursement of housing loans sanctioned to individuals should be closely linked to the stages of construction of the housing projects/houses and upfront disbursal should not be made in cases of incomplete/under-construction/greenfield housing projects/ houses.

(f) HFCs are eligible to issue non-convertible debentures only if it has net owned funds of ₹1,000 lakh as per their last audited balance sheets.

The NHB vide circular no NHB(ND)/DRS/POL-No. 36/2010 dated October 18, 2010 has directed all HFCs not to charge any prepayment levy or penalty on pre-closure of housing loans by the borrowers out of their own sources. Further, NHB, vide circular no NHB(ND)/DRS/POL-No. 43/2011-2012 dated October 19, 2011 has directed all HFCs to discontinue the pre-payment levy or penalty on pre-closure of housing loans when (a) the housing loan is on a floating rate basis and pre-closed by the borrower from funds received from any source and (b) the housing loan is on a fixed rate basis if pre-closed by the borrowers from their "own sources" which means any source other than by borrowing from a bank, HFC, NBFC and/or a financial institution. It has been clarified vide circular no NHB(ND)/DRS/Pol-No.48/2011-12 dated April 4, 2012 that the instruction applicable to fixed interest rate housing loans referred to in the circular dated October 19, 2011 will be applicable to such loans which carry fixed rate of interest at the time of origination. Further, it has been directed vide circular no NHB(ND)/DRS/Pol-No.51/2012-13 dated August 7, 2012 that all dual/special rate (combination of fixed and floating) housing loans will attract the pre-closure norms applicable to the fixed/floating rate depending on whether at the time of pre-closure, the loan is on fixed or floating rate. A fixed rate loan shall be considered to be a loan where the rate is fixed for the entire duration of the loan. Thus, in the case of a dual/special rate housing loans, the pre-closure norm for the floating rate will be applicable once the loan has been converted into a floating rate loan, after the expiry of the fixed interest rate period. This shall be applicable to all such dual/special rate housing loans being foreclosed hereafter. Further NHB (ND)/DRS/Policy Circular No. 63/2014-15 dated August 14, 2014 directed that HFCs shall not charge foreclosure charges/pre-payment penalties on all floating rate term loans sanctioned to individual borrowers, with immediate effect. Subsequently, it was clarified vide NHB(ND)/DRS/Policy Circular 66/2014-15 dated September 03, 2014 that the provisions of the circular issued on August 14, 2014 are applicable in respect of all floating rate term loans sanctioned to individual borrowers by HFCs, irrespective of the date of sanction and prepaid on or after August 14, 2014. The provisions of the said circular cover part as well as full prepayment. It was also clarified that the aforesaid circular is applicable to term loans sanctioned to individual borrowers and loans in which company, form etc. is a borrower or co-borrower, therefore is excluded from its purview.

The NHB vide circular no NHB(ND)/DRS/POL-No. 58/2013-14 dated November 18, 2013 has directed all HFCs to ensure that disbursement of housing loans sanctioned to individuals should be closely linked to the stages of construction of the housing projects/houses and upfront disbursal should not be made in cases of incomplete/under-construction/greenfield housing projects/houses.

Refinance Scheme for Housing Finance Companies 2015, as amended (Refinance Scheme)

Pursuant to the Refinance Scheme and the clarification provided by the NHB by way of the circular NHB (ND)/ROD/HFC/Refinance Circular 1/2015-16 and the refinance booklet issued by NHB with effect from July 1, 2015, HFCs registered with the NHB if they fulfil the following criteria:

(a) The HFCs are required to provide long-term finance for purchase, construction, repair and upgrading of dwelling units by home-seekers;

(b) At least 51% of the total tangible assets less cash & bank balance should be utilized for individual housing loans;

(c) The HFC should have a net owned fund ("**NOF**") of not less than ₹1,000 lakh (Rupees Thousand Lakh Only). NOF will carry the same meaning as defined in the NHB Directions;

(d) The HFC should comply with the provisions of the NHB Act and NHB Directions, as amended from time to time;

(e) The Net Non-Performing Assets ("**NNPA**") of the HFC should not be more than 3.5 % of the Net Advances. NPA shall carry the same meaning as defined in the NHB Directions. NNPA means 'NPA less provision'. **Net Advances** shall mean 'Advances less provision'. 'Advances' shall, apart from housing loans, include mortgage loans, lease transactions, hire purchase assets, bills of exchange, inter-corporate deposits and unquoted debentures; and

(f) The HFC should have completed at least three years of operations (i.e. the HFC should be able to furnish three years' audited financial statements).

The HFCs are also required to have specific levels of capital employed and net owned funds to be eligible to avail refinance facilities under the Refinance Scheme. The financial assistance can be drawn by HFCs in respect of loans already advanced by them and also for prospective disbursements. The security for refinance from the NHB may generally be secured by a charge on the book debts of a HFC. If at any time NHB is of the opinion that the security provided by the HFC has become inadequate to cover the outstanding refinance, it may advise the HFC to furnish such additional security as may be acceptable to NHB to cover such deficiency.

Guidelines for Asset Liability Management System for HFCs dated October 11, 2010, as amended ("ALM Guidelines")

The ALM Guidelines lay down broad guidelines in respect of systems for the management of liquidity and interest rate risks. The ALM Guidelines provide that the board of directors of an HFC should have overall responsibility for the management of risks and should decide the risk management policy and set limits for liquidity, interest rate, exchange rate and equity price risks. Additionally, an asset-liability committee is required to be constituted, consisting of the HFCs senior management including the chief executive officer, for ensuring adherence to the limits set by the board as well as for deciding the business strategy of the HFC (on the assets and liabilities sides) in line with the HFCs budget and decided risk management objectives. Asset-liability management support groups to be constituted of operating staff are responsible for analysing, monitoring and reporting the risk profiles to the asset-liability committee.

The ALM Guidelines also recommended the classification of various components of assets and liabilities into different time buckets for preparation of gap reports (liquidity and interest rate sensitive). The gap is the difference between rate sensitive assets and rate sensitive liabilities for each time bucket. In accordance with the ALM Guidelines, HFCs which are better equipped to reasonably estimate the behavioural pattern of various components of assets and liabilities on the basis of past data or empirical studies could classify them in the appropriate time buckets, subject to approval by the asset-liability committee/board of the HFC.

HFCs meeting the criteria of asset base of ₹10,000.00 lakhs (whether accepting/holding public deposits or not) or holding public deposits of ₹,2,000.00 lakhs or more (irrespective of their asset size) as per the audited balance sheet as of March 31, 2010 would be required to submit the quarterly statement of short-term dynamic liquidity and half-yearly statements of structural liquidity and interest rate sensitivity. The quarterly statement shall be submitted within ten days of the close of the quarter and half yearly statements within 20 days of the close of the half year.

The Asset Liability Committee ("**ALCO**") consisting of the HFC's senior management including the chief executive officer should be responsible for ensuring adherence to the limits set by the board as well as for deciding the business strategy of the HFC (on the assets and liabilities sides) in line with the HFC's budget and decided risk management objectives. The chief executive officer/president or the executive director should head the ALCO. A copy of the policy note recorded by the HFCs on the treatment of the investment portfolio for the purpose of ALM and approved by their board of directors/ALCO should be forwarded to the NHB. ALM Guidelines further provide guidelines for equipping HFC to manage and minimize liquidity risk, currency risk and interest rate risk.

Master Circular - Guidelines on Fair Practices Code for HFCs dated July 1, 2019 ("Fair Practices Code")

The Fair Practices Code was issued by the NHB to bring more clarity and transparency and to cover all aspects of loan sanctioning, disbursal and repayment issues. The Fair Practices Code seeks to promote good and fair practices by setting minimum standards in dealing with customers, increasing transparency, encouraging market forces, promoting fair and cordial relationship between customers and HFCs and fostering confidence in the housing finance system.

The Fair Practices Code provides for regular and appropriate updates to the customer, prompt resolution of grievances and confidentiality of customer information. The HFCs are required to disclose information on interest rates, common fees and charges through notices etc. and ensure that all advertising and promotional materials are clear and not misleading and that privacy and confidentiality of the customers' information is maintained. Furthermore, whenever loans are given, HFCs should explain the repayment process to the customer by way of amount, tenure and periodicity of repayment. However if the customer does not adhere to the repayment schedule, a defined process in accordance with the laws of the land shall be followed for the recovery of dues. The process will involve reminding the customer by sending him/her a notice or by making personal visits and/or repossession of security, if any.

Guidelines for Recovery Agents Engaged by HFCs dated July 14, 2008 ("Recovery Agents Guidelines")

The Recovery Agents Guidelines were issued by the NHB in relation to the practices and procedures regarding the engagement of recovery agents by the HFCs. Under the Recovery Agents Guidelines, HFCs are required to have a due diligence process in place for the engagement of recovery agents, which should cover, *inter alia*, individuals involved in the recovery process. HFCs are required to ensure that the agents engaged by them in the recovery process carry out verification of the backgrounds of their employees, which may include pre-employment police verification as a matter of caution. HFCs can decide the periodicity at which re-verification should be resorted to. They are required to ensure that the recovery agents are properly trained to handle their responsibilities with care and sensitivity, in particular, aspects like hours of calling and privacy of customer information, among others. They are also required to inform the borrower of the details of recovery agency firms or companies while forwarding default cases to the recovery agency.

Under the Recovery Agents Guidelines, any person authorised to represent an HFC in a collection and/or security repossession should follow guidelines which ordinarily include contacting the customer at the place of his/her choice, interaction with the customer in a civil manner and assistance to resolve disputes or differences regarding dues in a mutually acceptable and orderly manner. Each HFC should have a mechanism whereby the borrower's grievances with regard to the recovery process can be addressed. The details of the mechanism should also be provided to the borrower. HFCs have been advised to constitute grievance redressal machinery within our Company and give wide publicity about it through electronic and print media.

HFCs are required, at least on an annual basis, to review the financial and operational condition of the service providers to assess their ability to continue to meet their outsourcing obligations. Such due diligence reviews, which can be based on all available information about the service provider, should highlight any deterioration or breach in performance standards, confidentiality and security, and in business continuity preparedness.

Model Code of Conduct for Direct Selling Agents (DSAs) / Direct Marketing Agents (DMAs) ("Code of Conduct")

The Code of Conduct was issued by the NHB with the objective of safeguarding the interest of the housing finance industry and public at large. The Code of Conduct applies to any person or legal entity involved in marketing and distribution of any loan or other financial products or services of HFCs. The DSAs or DMAs or/and their employees and representatives are required to abide by the Code of Conduct prior to undertaking any direct marketing operation and distribution on behalf of the HFC. Under the Code of Conduct, HFCs shall not engage DSAs or DMAs who do not have any valid registration certificate from the Department of Telecommunication, Government of India as telemarketers. As per the Code of Conduct, the DSAs and DMAs can contact a prospect by telephone between 09:30 hours and 19:00 hours. The DSAs and DMAs or/and their employees and representatives are required to respect a prospect's privacy and his/her interest may normally be discussed only with the prospect and with any other individual/family member such as prospect's accountant/secretary/ spouse only when authorized to do so by the prospect. The DSAs and DMAs shall not mislead the prospect on any product or service offered by a HFC, shall not falsely represent themselves as a HFCs employees and shall not make any false commitment on behalf of a HFC. The Code of Conduct specifies that the terms and conditions governing the contract between the HFC and the service provider should be carefully defined in written agreements and vetted by HFCs legal counsel on their legal effect and enforceability. Every such agreement is required to address the risks and risk mitigation strategies. The agreement should be sufficiently flexible to allow the HFC to retain an appropriate level of control over the outsourcing and the right to intervene with appropriate measures to meet legal and regulatory obligations.

Guidelines on Know Your Customer and Anti-Money Laundering measures for Housing Finance Companies dated March 11, 2019 ("NHB KYC Guidelines")

The Know Your Customer ("**KYC**") Guidelines issued by NHB mandate the KYC policies and anti-money laundering measures for HFCs to have certain key elements, including *inter alia* a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to NHB KYC Guidelines and the exercise of due diligence by the HFC, including its brokers and agents.

Guidelines on Wilful Defaulters dated December 31, 2015 ("Wilful Defaulters Guidelines")

Pursuant to the advice and recommendations of the Puri Committee Report, the NHB under the Wilful Defaulters Guidelines has laid down the mechanism for identification and reporting requirements of wilful defaulters by the HFCs. Every instance above the ₹25 lakh limit of siphoning or diversion of funds along with all instances of default by wilful defaulters above this threshold shall merit a disclosure and intimation to all credit information companies ("**CIC**") on a monthly basis or more frequent basis, latest by 15th of the subsequent month. The penal provisions envisaged under the Wilful Defaulters Guidelines include: (a) restriction of any further facilities being advanced to a listed wilful defaulter; (b) legal proceedings for recovery along with foreclosure for recovery of dues to be initiated expeditiously along with pursuing criminal proceedings wherever necessary; (c) a proactive approach towards seeking a change of management of a wilful defaulter entity; and (d) a covenant to be included in the lending terms restricting any entity to whom financing is provided, to refrain from inducting a listed wilful defaulter on its board. The HFCs are required to put in place transparent mechanisms so that the penal provisions are not misused and timely intimation to the CICs may be made as required.

Norms for Excessive Interest Rates

The NHB pursuant to its circular on Excessive Interest Charged by Housing Finance Companies on Housing Loans dated June 2, 2009 has advised all HFCs to revisit internal policies in determining interest rates, fees and other charges. According to this notification, the board of each HFC is required to revisit its policies on interest rate determination, fees and other charges, including margins and risk premiums charged to different categories of borrowers and approve the same. HFCs are advised to put in place an internal mechanism to monitor the process and operations in relation to the disclosure of interest rates and charges in view of the guidelines indicated in the Fair Practices Code to ensure transparency in communications with borrowers.

Guidelines on Corporate Governance

The NHB issued the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 ("**NHB Corporate Governance Directions**") dated July 1, 2019 on corporate governance covering constitution of committees of the board of a non-public depositing HFC with assets size of ₹5,000.00 lakhs, fit and proper criteria for the appointment of directors, disclosure and transparency in annual reporting, rotation of partners of statutory auditors and framing of internal guidelines on corporate governance.

The NHB Corporate Governance Directions provide for constitution of audit committee, consisting of not less than three members of its board of directors, which will have the same powers, functions and duties as laid down in Section 177 of the Companies Act. The audit committee has to ensure that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the HFCs. The HFCs shall also form a nomination committee to ensure fit and proper status of proposed/ existing directors, which will have same powers, functions and duties as set out under Section 178 of the Companies Act. In addition, the HFCs shall form a risk management committee to manage the integrated risk, besides the asset liability management committee.

The HFCs shall have a policy in place with the approval of the board of directors for ascertaining the fit and proper criteria of the directors at the time of appointment and on a continuing basis. The guidelines for a policy on the fit and proper criteria are mentioned in the Directions. A declaration and undertaking has to be obtained from the directors giving additional information on the directors. In addition, Deed of Covenant has to be signed by the directors, as per the format mentioned in the Directions. A quarterly statement on change of directors, and a certificate from the Managing Director of the HFC stating that fit and proper criteria in selection of the directors has been followed has to be furnished to the National Housing Bank within 15 days of the close of the respective quarter. The statement submitted by HFCs for the quarter ending March 31, should be certified by the auditors. As per the Directions, certain disclosures have to be made in the annual financial statements as well. The partner/s of the Chartered Accountant firm conducting the audit has to be rotated every three years. The HFCs are also required to have their internal guidelines on corporate governance with the approval of the board of directors.

Auditor's Report (National Housing Bank) Directions, 2016

The NHB pursuant to its master circular dated July 1, 2019 issued the Housing Finance Companies – Auditor's Report (National Housing Bank) Directions, 2016 which mandate that in addition to the report made by the auditor under the Companies Act, the auditor performing an audit in connection with HFCs shall also make a separate report to the board of directors of the company containing details of non-compliances and unfavourable statements, indicating such facts together with reasons thereof. Furthermore, it shall be the obligation of the auditor to make a report containing the details of such unfavourable or qualified statements and/or about the non-compliance, as the case may be, in respect of the housing finance company to the Department of Regulation & Supervision, NHB, New Delhi.

Housing Finance Companies – Approval of Acquisition or Transfer of Control (National Housing Bank) Directions, 2016 (Transfer of Control Directions)

The NHB pursuant to its master circular dated July 1, 2019 issued the Transfer of Control Directions. The provisions of the Transfer of Control Directions are applicable on all HFCs registered under NHB Act, unless otherwise directed by the NHB, for any takeover or acquisition or control, any change in the shareholding or any change in the management occurring henceforth. The Transfer of Control Directions replace the provisions contained under Paragraph 19 of the Housing Finance Companies (NHB) Directions, 2010. In accordance with the Transfer of Control Directions, prior approval of the NHB is required in the following circumstances: (i) any takeover or acquisition of control of an HFC, which may or may not result in change of management; where, the definition of control is as assigned to it under clause (e) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (ii) any change in the shareholding of an HFC accepting/holding public deposits, including progressive increases over time, which would result in acquisition / transfer of shareholding of 10 % or more of the paid up equity capital of the HFC by/to a foreign investor or any change in the shareholding of an HFC, including progressive increases over time, which would result in acquisition / transfer of shareholding of 26% or more of the paid up equity capital of the HFC; Provided that, prior approval would not be required in case of any shareholding going beyond 10% or 26%, as applicable, due to buyback of shares/reduction in capital where it has approval of a competent Court. However, the same is to be reported to the National Housing Bank not later than one month from the date of its occurrence and (iii) any change in the management of the HFC which would result in change in more than 30% of the directors, excluding independent directors. **Provided that,** prior approval would not be required in case of directors who get re-elected on retirement by rotation.

Implementation of Indian Accounting Standards (Ind AS)

Pursuant to the NHB circular dated April 16, 2018, every HFC shall follow the provisions of paragraph 24 of the NHB Directions on Accounting Standards, in terms of the accounting standards and guidance notes issued by the Institute of Chartered Accountants of India to implement the Indian Accounting Standards.

Information Technology Framework for HFCs

Pursuant to the NHB circular dated June 15, 2018, HFCs not accepting public deposit with asset size of ₹100.00 crore and above, as per the last audited balance sheet, needs to form IT Strategy Committee, adopt IT Policy, Information Security Policy, Information System Audit policy and Business Continuity Plan and IT Service Outsourcing Policy.

Laws related to money laundering

The Prevention of Money Laundering Act 2002 ("PMLA")

The PMLA was enacted to prevent money laundering and to provide for the confiscation of property derived from and involved in money laundering. In terms of the PMLA, every financial institution, including housing finance institutions, are required to maintain records of all transactions, including the value and nature of such transactions, provide information of such transactions to the director defined under the PMLA, and verify and maintain the records of the identity of all of its clients, in such a manner as may be prescribed. The PMLA also provides for a power of summons, searches and seizures to the authorities under the PMLA. In terms of the PMLA, whosoever directly or indirectly attempts to indulge, knowingly assists, knowingly is a party to or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of the offence of money laundering.

Laws in relation to securing and recovering debts

Registration of a charge

Under the Companies Act 2013, our Company is required to register a charge on its property or assets or any of its undertakings, whether tangible or otherwise by filing the relevant form with the relevant registrar of companies along with the instrument creating this charge within 30 days of its creation by paying a prescribed fee. No charge created by a company will be taken into account by the liquidator or any other creditor unless it is duly registered and a certificate of registration of such charge is given by the relevant registrar of companies. If the particulars of a charge are not filed within the aforesaid period but filed within a period of 300 days of such creation or modification, an additional fee shall be levied. Further, our Company is required to keep at its Registered Office a register of charges and enter therein particulars of all the charges registered with the relevant registrar of companies on any of the property, assets or undertakings of our Company as well as particulars of any modification of a charge and satisfaction of charge. The entries in the register of charges of our Company shall be made forthwith after the creation, modification or satisfaction of charge, as the case may be. Where a charge is registered with the relevant registrar of companies, they will issue a certificate of registration of such charge to the person in whose favour the charge is created.

The Central Government has issued the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (Central Registry) Rules, 2011 ("**CERSAI Rules**") under the Securitisation and Reconstruction of Financial Assets and Enforcement Act ("**SARFAESI Act**"). Pursuant to the CERSAI Rules, all charges created by our Company in the form of mortgages, or hypothecation of assets are required to be registered with the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (**CERSAI**). Further upon non-compliance with the CERSAI Rules, our Company and every officer of our Company who is in default may be liable to a penalty, which may extend to ₹5,000 for every day during which the penalty continues.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 ("SARFAESI Act")

The SARFAESI Act regulates the securitisation and reconstruction of financial assets of banks and financial institutions. The SARFAESI Act provides for measures in relation to enforcement of security interests and rights of the secured creditor in the case of default.

The RBI has issued guidelines to banks and financial institutions on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution or an NBFC may sell financial assets to an asset reconstruction company provided the asset is an NPA. A bank or financial institution or NBFC may sell a financial asset only if the borrower has a consortium or multiple banking arrangements and at least 75% by value of the total loans to the borrower are classified as an NPA and at least 75% by the value of the banks and financial institutions in the consortium or multiple banking arrangement agree to the sale. In addition to the above, a financial asset may be sold by any bank or financial institution where the asset is reported, by the bank financial institution to Central Repository for Information on Large Credit, as an NPA wherein the principal or interest payment is overdue between 61-90 days.

As per the SARFAESI Amendment Act of 2004, the constitutional validity of which was upheld in a recent Supreme Court ruling, non-performing assets have been defined as an asset or account of a borrower, which has been classified by a bank or financial institution as sub-standard, doubtful or loss asset in accordance with directions or guidelines issued by the RBI. In case the bank or financial institution is regulated by a statutory body/authority, NPAs must be classified by such bank in accordance with guidelines issues by such regulatory authority. The RBI has issued guidelines on classification of assets as NPAs. Further, these assets are to be sold on a "without recourse" basis only.

The SARFAESI Act provides for the acquisition of financial assets by Securitization Company or Reconstruction Company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitization company or reconstruction company having regard to the guidelines framed by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures such as rescheduling of payment of debts payable by the borrower; enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any securitisation company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties.

Various provisions of the SARFAESI Act have been amended by the Enforcement of Security Interest and Recovery of Debt Laws and Miscellaneous Provisions (Amendment) Act, 2016 as also the Insolvency and Bankruptcy Code, 2016 (which amended S.13 of SARFAESI). As per this amendment, the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016 shall by order declare moratorium for prohibiting inter alia any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the SARFAESI Act.

Insolvency and Bankruptcy Code, as amended ("the Code")

The Code consolidates laws relating to insolvency, reorganization, liquidation and bankruptcy of all persons, including companies, individuals, partnership firms and Limited Liability Partnerships ("**LLPs**"). The Code has established an Insolvency and Bankruptcy Board of India (IBBI) to function as the regulator for all matters pertaining to insolvency and bankruptcy. The Code prescribes a timeline of 180 days for the insolvency resolution process, which begins from the date the application is admitted by the National Company Law Tribunal. During this period, the creditors and the debtor shall negotiate and finalize a resolution plan (accepted by 66%. of the financial creditors) and in the event they fail, the debtor is placed in liquidation and the moratorium lifted. On June 6, 2018, certain provisions of the Bankruptcy Code, 2016 was amended *vide* the Insolvency and Bankruptcy (Second) Amendment Act, 2018 ("**Amendment Act**") which entitles the homebuyers to be on the seat of committee of creditors and could initiate recovery proceedings against a debtor.

The Code stipulates an interim-moratorium period which would commence after filing of the application for a fresh start process and shall cease to exist after elapse of a period of 180 days from the date of application. During such period, all legal proceedings against such debtor should be stayed and no fresh suits, proceedings, recovery or enforcement action may be initiated against such debtor. However, the Code has also imposed certain restrictions on the debtor during the moratorium period such as the debtor shall not be permitted to act as a director of any company or be involved in the promotion or management of a company during the moratorium period.

Laws Relating to Employment

Shops and Establishments legislation in various states

The provisions of various shops and establishments legislation, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Labour Laws

Our Company is subject to various labour laws that regulate the conditions of work and employment, work hours, safety, protection, working condition, employment terms and welfare of labourers and/or employees. Our Company is, *inter alia*, subject to the applicable shops and establishments legislations, the Employees State Insurance Act, 1948, the Employees (Provident Fund and Miscellaneous Provisions) Act, 1952, the Payment of Gratuity Act, 1972, the Minimum Wages Act, 1948, the Payment of Wages Act, 1936, the Payment of Bonus Act, 1965, the Maternity Benefit Act, 1961, the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and the Equal Remuneration Act, 1976.

Laws relating to Intellectual Property

The Trade Marks Act, 1999 and the Indian Copyright Act, 1957 *inter alia* govern the law in relation to intellectual property, including brand names, trade names and service marks and research works. In addition to the above, our Company is required to comply with the provisions of the Companies Act, 2013, the Foreign Exchange Management Act, 1999, various tax related legislation and other applicable statutes.

Laws in relation to external commercial borrowing

External Commercial Borrowings

RBI has notified the 'External Commercial Borrowings Policy- New External Commercial Borrowings Framework dated January 16, 2019' pursuant to circular no. RBI/2018-19/109 A.P. (DIR Series) Circular No. 17 ("**ECB Policy**") amending the Master Direction-External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency by Authorised Dealers and Persons other than Authorised Dealers dated January 1, 2016. The salient features of the ECB Policy include Merging of Tracks I and II as "Foreign Currency denominated ECB" and merging of Track III and Rupee Denominated Bonds framework as "Rupee Denominated ECB". The eligible borrowers have been expanded to include all entities eligible to receive FDI. Additionally, Port Trusts, Units in Special Economic Zones, SIDBI, EXIM Bank, registered entities engaged in micro-finance activities, viz., registered not for profit companies, registered societies/trusts/cooperatives and non-government organisations can also borrow under the ECB Policy. The recognised lender should be a resident of Financial Action Task Force or International Organization of Securities Commissions compliant country, multilateral and regional financial institutions, individuals and foreign branches / subsidiaries of Indian banks can also be lenders. The Minimum Average Maturity Period ("**MAMP**") will be three years for all ECBs. However, for ECB raised from foreign equity holder and utilised for specific purposes the MAMP would be five years. Similarly, for ECB up to USD 50 million per financial year raised by manufacturing sector, which has been given a special dispensation, the MAMP would be one year. Any borrower, who is otherwise in compliance of ECB guidelines, except for delay in reporting drawdown of ECB proceeds before obtaining loan registration number or Form ECB 2 returns, can regularize the delay by payment of late submission fee as per the laid down procedure. HFCs regulated by NHB are considered eligible under the ECB Policy as infrastructure space companies.

SECTION VIII – SUMMARY OF MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. In case of any inconsistency between the Articles of Association of our Company and the Companies Act, 1956 and Companies Act, 2013, the provisions of the Companies Act, 1956 and the Companies Act 2013 shall prevail over the Articles of Association of our Company. Pursuant to Schedule II of the Companies Act, 1956 and the SEBI Regulations, the main provisions of the Articles of Association of our Company are detailed below:

1. Preliminary

The Regulations contained in Table "F" of the First Schedule to the Companies Act, 2013 or any statutory modifications thereof, shall apply to this Company as far as applicable to a Public Company except to the extent the said regulations have been expressly altered, varied and omitted in these Articles. These articles and wherever required the said regulations contained in Table "F" shall be the regulations for the management of the Company.

2. Definitions

In these presents, unless excluded by the subject or context, words or expressions defined hereunder shall bear the meaning assigned to them as given below and words or expressions not defined hereunder but which have been defined in the Companies Act, 2013 or any statutory modifications thereof shall bear the meaning assigned to such words or expressions in the said Act or any statutory modifications thereof.

(i) "**The Act**" means the Companies Act, 2013

(ii) "**These Articles**" means these Articles of Association as originally framed or as from time to time altered by Special Resolution.

(iii) "**The Company**" means **Manappuram Home Finance Limited***

(iv) "**The Directors**" means the Board of Directors of the Company for the time being.

(v) "**The Office**" means the Registered Office of the Company for the time being.

(vi) "**The Register**" means the Register of Members to be kept pursuant to Section 88 of the Act.

(vii) "**Dividend**" includes interim dividend.

(viii) "**Member**" in relation to the Company means:

(a) The subscriber to the memorandum of the Company, who shall be deemed to have agreed to become the member of the Company, and on its registration, be entered in the register of members.
(b) Every other person who agrees in writing to become a member of the Company and whose name is entered in the register of members of the Company.
(c) Every person holding shares of the Company and whose name is entered as a beneficial owner in the records of a depository.

(ix) "**Beneficial Owner**" shall mean beneficial owner as defined in clause (a) of Sub-section (1) of Section 2 of the Depositories Act, 1996.

(x) "**Depository**" shall mean a Depository as defined in clause (e) of sub section (1) of section 2 of the Depositories Act, 1996.

(xi) "**Person**" shall include any association, firm, body corporate or company as well as individuals as the context permits.

(xii) "**Security**" or "**Securities**" means such securities as defined under Section 2(h) of the Securities Contracts (Regulation) Act, 1956.

(xiii) "**Debt Securities**" means non-convertible debt securities as defined under regulation 2(1)(e) of the

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

(xiv) "**SEBI**" means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992.

(xv) "**Share**" means a share in the capital of the Company including a preference share.

Words importing the singular number also include the plural number and vice versa. Words importing the masculine gender also include the feminine gender. Words imparting persons include corporations.

3. Share Capital & Variation of Rights

(i)The Authorised share capital of the company is same as mentioned in clause V of the Memorandum of Association. The Company shall have power to increase or reduce the same and to divide the shares in the capital for the time being ,into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights ,privileges, or conditions and to vary ,modify or abrogate any such rights privileges or conditions in such manner as is for the time being provided under the Act and/or the Articles of the Company and consolidate or subdivide these shares and to issue shares of higher or lower denomination.

4. The Company shall have the power to increase, consolidate, sub-divide or reduce the capital for the time being of the Company and to divide the shares in the capital into several classes with rights, privileges or conditions as may be determined

5. Subject to the provisions of the Act and all other applicable provisions of the law, the Company may issue shares, either equity or preference or any other kind with non- voting rights and the resolutions authorising such issue shall prescribe the terms and conditions of the issue.

a. Subject to as hereinafter provided in these articles, the shares, in the capital of the Company shall be under the control of the directors, who may allot or otherwise dispose of the same or any of them to such person (whether already members or not) in such proportion and on such terms and conditions and either at a premium or at par against payment in cash and/or in kind and at such time as they may from time to time think fit and proper.

b. Without prejudice to any special rights conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such preferred, deferred or other special rights or on such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the company may from time to time by special resolution determine.

c. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the shares of that class) may, subject to the provisions of section 48 of the Act and whether or not the Company is being wound up be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

6. The Board:

(i) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him; and

(ii) upon all or any of the moneys so advanced, may (until the same would, but for such advance, become, presently payable) pay interest at such rate as may be agreed upon between the Board and the member paying the sum in advance.

7. Register of Members and Debenture holders

(a) The Company shall cause to be kept a Register of Members and an Index of Members in accordance with Sections 150 and 151 of the Act and Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company may also keep a foreign Register of Members and Debenture holders in accordance with Section 157 of the Act.

(b) The Company shall also comply with the provisions of Sections 159 and 161 of the Act as to filling of Annual Returns.

(c) The Company shall duly comply with the provisions of Section 163 of the Act in regard to keeping of the Registers, Indexes, Copies of Annual Returns and giving inspection thereof and furnishing copies thereof.

8. Further issue of shares

I. Where at any time it is proposed to increase the subscribed capital of the Company by way of "Rights

Issue", by allotment of further shares whether out of the unissued capital or out of the increased share capital then;

(i) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.

(ii) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than fifteen days and not more than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.

(i) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain statement of this right, PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.

(ii) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declined to accept the shares offered, the Board of Directors may dispose-off them in such manner and to such person(s) as they may think, in their sole discretion, fit.

II. Nothing in sub-clause (c) of (1) hereof shall be deemed;

(i) To extend the time within which the offer should be deemed;

(ii) To authorise any person to exercise the right to renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

III. Nothing in this article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

(i) To convert such debentures or loans into shares in the Company; or

(ii) To subscribe for shares in the Company (whether such option is conferred in the Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(i) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any made by that Government in this behalf, and

(ii) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

IV. Issue of shares to employees:

The Board may from time to time issue and allot shares as Sweat Equity Shares or under Employee Stock Option Scheme/ Employee Stock Performance Plan subject to such limits and upon such terms and conditions and subject to such approvals, consents as are required under the applicable provisions of the Act and other rules, guidelines and regulations in this behalf and any amendment and modifications thereto as may be in force. The board of directors of the company is authorized absolutely at their sole discretion to determine the terms and conditions of issue of such shares and modify the same from time to time.

A further issue of shares may be made in any manner whatsoever as the Board may determine, among others, by way of initial public offer, further public, offer, rights issue, preferential offer or private placement, qualified institutions placement and such other issuance as may be allowed in accordance with the prevailing laws and regulations in force, subject to and in accordance of the Act and other regulations governing such issues.

9. Commission and Brokerage

(i) The Company may pay commissions to any person in consideration of his subscribing or agreeing to subscribe or his procuring or agreeing to procure subscription, whether absolutely or conditionally, for any shares or debentures of the Company, provided that the rate percent, or the amount of the commission paid or agreed to be paid shall be as decided by the Board.

(ii) The rate of the commission shall not exceed the rate of five percent of the price at which the shares in respect where of the same is paid are issued or an amount equal to five percent of such price, as the case may be, and in case of debentures two and half percent of the price at which debentures are issued.

(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or debentures or partly in one way and partly in the other.

(iv) The Company may also pay such brokerage as may be lawful on any issue of Securities.

10. Buy – Back of Securities

Subject to the provisions of Sections 68 to 70 of the Act and subject to compliance of any rules notified, the company shall have power to buy-back its own securities on such terms and conditions and up to such limits as may prescribed by the law from time to time as ay be determined by the Board from time to time and may make payment out of free reserves and/or securities premium account and/ or proceeds of any shares or other specified securities or such other funds as may be permissible by law in respect of such acquisition/ purchase.

11. Trusts not recognized

"Save as herein otherwise provided, the company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share and whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognize any benami trust or equity or equitable, contingent or other claim to or interest in such shares on the part of any other person whether or not it shall have expressed or implied notice thereof".

12. Share Certificates

(i) "Every member shall be entitled, without payment, to one or more Certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub- division, consolidation or renewal of any of its shares as the case may be, provided the shares are not held in an electronic and fungible form under the provisions of the Depositories Act, 1996".

(ii) "Every certificate of shares shall be signed by two Directors and the Secretary or some other persons authorised by the Board and shall specify the numbers and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the Directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder".

(iii) "Notwithstanding anything obtained in the Articles of Association, the Board of Directors are empowered without any prior sanction of the Members to dematerialize its shares, debentures and other securities pursuant to the Depositories Act, 1996, and to offer its shares, debentures and other Securities for subscription in a dematerialized form. The Board of Directors is also empowered to determine the terms and conditions thereof pursuant to the to the Depositories Act, 1996 and Rules framed thereunder. The Company shall be entitled to maintain a Register of Members with the details of Members holding shares both in material and dematerialized form in any media as permitted by law including any form of electronic media".

(iv) "The Company shall be entitled to dematerialize its existing shares, debentures and other securities, rematerialize its shares, debentures and other securities held in the Depositories and or offer its fresh shares, debentures and other securities in a dematerialized form pursuant to the Depositors Act, 1996, and the Securities and Exchange Board of India (Depositories and Participants) Regulations 1996".

(v) "Every person subscribing to securities offered by the company shall have the option to receive Securities Certificates or to hold the Securities with a depository. Such a person who is the beneficial owner of the Securities with a depository, if permitted by the law in respect of any Security in the manner provided by the Depositories Act, and the company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities".

"If a person opts to hold the security with a depository, the company shall intimate such depository the details of allotment of security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security".

(vi) All securities held by a depository shall be dematerialized and be in fungible form.

(vii) Notwithstanding anything to the contrary contained in the Act or the Articles, a depository shall be deemed to be registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

Save as otherwise provided above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the Securities held by it.

The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by depository.

(viii) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or discs.

13. Discretion to refuse sub- division or consolidation of certificates:
Notwithstanding anything contained in this Article, the Board may, in its absolute discretion, refuse applications for the sub-division or consolidation of share, debenture or bond certificates in denominations of less than the marketable lot except when sub-division or consolidation is required to be made to comply with statutory provision or an order of a competent court of law or otherwise thought fit in the context or circumstances.

14. Issue of new certificate in place of one defaced, lost or destroyed.
If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Directors, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Directors and on execution of such indemnity as the Directors deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued without payment of fees if the Directors so decide. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, decrepit or worn out or where there is no further space on the back thereof for endorsement of transfer.
Provided that notwithstanding what is stated above the Directors shall comply with such Rules, or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.
The provisions of this Article shall mutatis apply to debentures of the Company.

CALLS

15. Directors may make Calls

. The Directors may from time to time and subject to Section 91 of the Act and subject to the terms on which any shares/debentures may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such calls as they think fit upon the members/debenture holders in respect of all moneys unpaid on the shares/debentures held by them respectively and such members/debenture holders shall pay the amount of every call so made on him to the persons and at the times and place appointed by the Directors. A Call may be made payable by instalments. A call may be postponed or revoked as the Board may determine. The option or right to call of shares shall not be given to any of the person except with the sanction of the Issuer in general meeting.

Calls to date from resolution

16. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such Call was passed and may be made payable by members/debenture holders on a subsequent day to be specified by the Directors.

Notice of Call

Thirty days' notice in writing shall be given by the Company of every calls made payable otherwise than on allotment specifying the time and place of payment provided that before the time of payment

Directors may extend time

17. The Directors may, from time to time, at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members/debenture holders who from residence at a distance or other cause, the Directors may deem fairly entitled to such extension, but no member/debenture holder shall be entitled to such extension, save as a matter of grace and favour.

Sums deemed to be Calls

18. Any sum, which by the terms of issue of a share/debenture becomes payable on allotment or at any fixed date whether on account of the nominal value of the share/debenture or by way of premium, shall for the purposes of these Articles be deemed to be a Call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a Call duly made and notified.

Instalments on shares to be duly paid

19. If by the condition of allotment of any shares the whole or part of the amount of issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the share or his legal representative.

Calls on shares of the same class to be made on uniform basis

20. Where any calls for further Share Capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class.

Explanation: For the purpose of this provision, shares of the same nominal value on which different amount have been paid up shall not be deemed to fall under the same class.

Liability of joint holders of shares

21. The joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such shares.

When interest on call or instalment payable

If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof or any such extension thereof, the holder for the time being or allottee of the share in respect of which a call shall have been made or the instalment shall be due, shall pay interest as shall be fixed by the Board from the day appointed for the payment thereof or any such extension thereof to time of actual payment but the Directors may waive payment of such interest wholly or in part

22. **Payment in Anticipation of call may carry interest**

The Board may, if they deem fit, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so such thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Board may at any time decide to repay the amount so advanced

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

Company's Lien on Share / Debentures

23. The Company shall have a first paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect, and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/ debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

24. No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him, have not been paid or in regard to which the Company has exercised any right of lien.

25. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien: Provided that no sale shall be made
    a. Unless a sum in respect of which the lien exists is presently payable' or
    b. Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the

registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

26. The net proceeds of any such sale be applied in or towards satisfaction of the debts, liabilities, or engagements of such member, his executors, administrators or representatives and the residue, if any, shall subject to a like lien for sums not presently payable as existed upon the shares before the sale be paid to the persons entitled to the shares at the date of sale.

27. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers given, the Directors may cause the purchaser's name to be entered, in the register of members in respect of the shares sold, and the purchaser shall not be bound to see the regularity of the proceedings, or to the applications of the purchase money, and after his name had been entered in the register in respect of such shares the validity of the sale shall not be impeached by any person, and the remedy of any persons aggrieved by the sale shall be in damages only.

Transfer

28. Save as provided in Section 56 of the Act no transfer of shares or debentures of the Company shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee specifying the name, address and occupations, if any, has been delivered to the Company together with certificate or if no such certificate is in existence, the Letter of Allotment of the shares. The instrument of transfer of the shares in or debentures of the Company, shall be in such form as prescribed under the Act. The transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the Register of members. Each signature to such transfer shall be duly attested by the signature of one witness who shall add his address.

29. Application for the registration of the transfer of a share may be made either by the transferor or the transferee where such application is made by the transferor and relates to a partly paid share, no registration shall be effected unless the Company gives notice of the application to the transferee, in the manner prescribed by Section 56 of the Act. Subject to the provision of Articles thereof, if the transferee makes no objection within two weeks from that date of receipt of the notice, the Company shall enter in the register of members the name of the transferee in the same manner and subject to the same conditions as if the application for registration as made by the transferee.

30. Before registering any transfer for registration the Company may, if it thinks fit, give notice by letter posted in the ordinary course to the registered holder, that such transfer deed has been lodged and that unless objection is made the transfer will be registered and if such registered holder fails to lodge an objection in writing at the office of the Company within ten days from the posting of such notice to him he shall be deemed to have admitted the validity of the said transfer. Where no notice is received by the registered holder the Company shall be deemed to have decided not given notice and in any event the non-receipt by the registered holder of any notice shall not entitle him to make any claim of any kind against the Company or the Board in respect of such non-receipt.

31. Neither the Company nor its Board shall incur any liability for registering of effecting a transfer of shares apparently made by competent parties, although the same may, by reason of any fraud or other abuse not known to the Company or its Board, be legally inoperative or insufficient to pass the property in the shares or debentures proposed to be transferred, and although the transfer may as between transferor and transferee, be liable to be set aside and notwithstanding that the Company may have notice that such instruments of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. In every such cases the person registered as transferee, his executors, administrators or assigns alone shall be entitled to be recognised as the holder of such share or debentures and the previous holder of such share or debentures shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

32. No transfer shall be made to a minor or person of unsound mind.
    a. The instrument of transfer shall be in the form as prescribed under Companies Act and/or by the rules made there under.

33. Every instrument of transfer shall be left at the office for registration, accompanied by the certificate of the shares or if no such certificate is in existence, by the Letter of Allotment of the shares to be transferred and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the

shares, and upon payment of the proper fee to the Company, the transferee shall (subject to the right of the Board to decline to register as hereinafter mentioned) be registered as a member in respect of such shares. The Board may waive the production of any certificate upon evidence satisfactory to it of its loss or destruction.

a. No fee shall be charged for the registration of any transfer probate and/or letters of administration. Certificate of death and/or marriage, power of attorney and/or other similar instruments.
b. The Board of Directors shall effect transfer, transmission, split or sub-division or consolidation within one month from the date of lodgment of documents.

34. All instruments of transfer which shall be registered, shall be retained by the Company, but any instruments of transfer which the Board may decline to register shall be returned to the person depositing the same.

35. Directors may refuse to Register Transfer:
Subject to the provisions of Section 58 of the Act, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instruments of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.
The registration of transfers may be suspended after giving due notice at such times and for such periods as the Board may from time to time determine.
Provided that such registration shall not be suspended for more than forty-five days in any year, and not exceeding thirty days at any one time.

36. (i) Shares in the Company shall be transferred in the form for the time being prescribed under the rules framed under the Act.
(ii) Notwithstanding anything contained in the Articles of Association, in the case of transfer of shares or other marketable securities, where the company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996, shall apply.

Transmission

37. The executors or administrators or the holder of a succession certificate in respect of shares of a deceased member (not being one of several joint holders) shall be the only person whom the Company shall recognise as having any title to the shares registered in the name of such member and, in case of the death of any one or more of the joint holder of any registered shares, the survivors shall be the only persons recognised by the Company as having any title interest in such shares, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person. Before recognising any executor or administrator or legal heir the Board may require him to obtain a grant of probate or letter of administration or succession certificate or other legal representation as the case may be, from a competent court.
Provided nevertheless that in any case where the Board in its absolute discretion thinks fit it may dispense with production of probate or letter of administration or a succession certificate or such other legal representation upon such terms as to indemnify the company or otherwise as the Board may consider desirable.
Provided also that the holder of a succession certificate shall not be entitled to receive any dividends already declared but not paid to the deceased member unless the succession certificate declares that the holder thereof is entitled to receive such dividends.

38. Any person becoming entitled to a share in consequence of the death, lunacy or insolvency of a member may, upon producing such evidence of his title as the Board thinks sufficient, be registered as a member in respect of such shares, or may subject to the regulations as to transfer herein before contained, transfer such shares.

39. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share be entitles in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

40. Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may there after withhold payment of all dividends, bonuses or other money payable in respect of the share, until the requirements of the notice have been complied with.
    a. If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
    b. If the person aforesaid shall elect to transfer the shares to some other person he shall execute an instrument of transfer in accordance with the provisions of this Article relating to the transfer of shares.
    c. All the limitations, restrictions and provisions of these Articles relating to the right of transfer and the registration of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy or insolvency of the member had not occurred and the notice of transfer where a transfer signed by that member.
41. Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

42. A fee as may be prescribed may be charged in respect of the transfer or transmission to the same party of any number of shares of any class or denomination subject to such maximum on any one transfer or transmission as may from time to time be fixed by the Directors. Such maximum may be a single fee payable on any one transfer or on transmission of any number of shares of one class or denomination or may be on a graduated scale varying with the number of shares of any one class comprised in one transfer or transmission or may be fixed in any manner as the Directors may in their discretion determine.

43. The Articles providing for transfer and transmission of shares, shall mutatis mutandis apply to the transfer and transmissions of Debentures of the Company.

Alteration of Capital
44. The Company in General Meeting may:
    a. Increase its authorised share capital by the issue of new shares of such amount as it thinks expedient.
    b. Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
    c. Sub-divide its existing shares, or any of them into shares of smaller amount than is fixed by the Memorandum of Association subject to the provisions of clause (d) of subsection (i) of Section 94 of the Act.
    d. Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
    e. Reduce its capital in any manner authorised by Section 66 of the Act.

The powers conferred by this Article may be exercised by an ordinary resolution, except in the case of reduction of capital when the exercise of the power in that behalf shall be by a special resolution. The Company shall give due notice to the Registrar of any such alteration in capital.

45. Subject to the provisions of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as by the general meeting creating the same shall be directed and if no direction be given as to the Directors shall determine.

46. Except so far as otherwise provided by the conditions of issue or by these presents any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer and transmission, forfeiture, lie, voting and otherwise.

Nomination
47. (i) Any person whose name is entered in the relevant register as a member of the Company or as a debenture holder may, if he so desires, nominate another person to whom the shares or debentures held by him shall vest on his death.
    (ii) Such nomination may be revoked at any time and the member may make fresh nomination if he so desires.
    (iii) The nomination must be made in accordance with the provisions of the Act.

(iv) If the shares or debentures are held in joint names, all the joint holders, shall jointly, nominate a person to whom the shares or debentures shall vest on the death of all the joint holders. Otherwise the nomination shall be liable to be rejected.

(v) Any person who becomes entitled to shares or debentures due to any nomination in his favour may, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either

(a) to be registered himself as holder of the share or debenture, as the case may be; or

(b) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder could have made.

Joint-holders

48. Where two or more persons are registered as the holders of any shares/debentures, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles.

No transfer to more than four persons as joint holders

(i) The joint holders of any share/debenture shall be liable severally four persons as the holders of any share/debentures.

Transfer by joint holders

(ii) In the case of a transfer of shares/debentures held by joint holders, the transfer will be effective only if it is made by all the joint holders.

Liability of joint holders

(iii) The joint holders of any share/debenture shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such share/debenture.

Death of one or more joint holders

(iv) On the death of any one or more of such joint holders the survivor/survivors shall be the only person or persons recognised by the Company as having any title to the share/debenture, but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares/debentures held by him jointly with any other person.

Receipt of one sufficient

(v) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share/debenture.

Delivery of certificate and giving of notices to first named holder

(vi) Only the person whose name stands first in the Register of Members/debenture holders as one of the joint holders of any shares/debentures shall be entitled to the delivery of the certificate relating to such share/debenture or to receive notice which expression shall be deemed to include all documents as defined in hereof and any document served on or sent to such person shall be deemed service on all the joint holders.

Vote of joint holders

(vii)(i) Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by Attorney or by proxy although the name of such joint holder present by an Attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares.

(ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands shall for the purpose of this clause be deemed joint holders.

Issue at discount etc. or with special privileges

49. Any bonds, debenture stocks, or other securities may be issued, subject to the provisions of the Act, at a

discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, appointment of Directors and otherwise and subject to the following:

Debentures with voting rights not to be issued

(a) The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business.

(b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.

(c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.

(d) Certain charges mentioned in Section 125 of the Act shall be void against the liquidators or creditors unless registered as provided in section 125 of the Act.

(e) The term ‘charge’ shall include mortgage in these Articles.

(f) A contract with the Company to take up and pay for any debentures of the Company may be enforced by a decree for specific performance.

Limitation of time for issue of Certificate

(g) The Company shall, within three months after the allotment of any of its debentures or debenture stock, and within one month after the application for the registration of the transfer of any such debentures or debenture stocks have complete and have ready for delivery the Certificate of all the debentures and the Certificates of all debenture stocks allotted or transferred unless the conditions of issue of the debentures or debenture stocks otherwise provide.

The expression ‘transfer’ for the purpose of this clause means a transfer duly stamped and otherwise valid and does not include any transfer which the Company is for any reason entitled to refuse to register and does not register.

Right to obtain copies of the inspect Trust Deed

(h) (i) A copy of any Trust Deed for securing any issue of debentures shall be forwarded to the holder of any such debentures or any member of the Company at his request and within seven days of the making thereof on payment.

(1) In the case of a printed Trust Deed of the sum of Rupee One and

(2) In the case of a Trust Deed which has not been printed of thirty seven paise for every one hundred words or fractional part thereof required to be copied.

(ii) The Trust Deed referred to in item (i) above shall also be open to inspection by any member or debenture holder of the Company in the same manner, to the same extent, and on payment of the same fees, as if it were the Register of Members of the Company.

Mortgage of uncalled Capital

50. If any uncalled Capital of the Company is included in or charged by any mortgage or other security the Directors shall, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled Capital in trust for the person in whose favour such mortgage or security is executed.

Indemnity may be given

51. If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

Registration of charges

52. (a) The provisions of the Act relating to registration of charges shall be complied with.

(b) In the case of a charge created out of India and comprising solely property situated outside India, the provisions of Section 125 of the Act shall also be complied with.

(c) Where a charge is created in India but comprises property outside India, the instrument creating or purporting to create the charge under Section 125 of the Act or a copy thereof verified in the prescribed manner, may be filed for registration, notwithstanding that further proceedings may be necessary to make the charge valid or effectual according to the law of the country in which the property is situated, as provided by Section 125 of the Act.

(d) Where any charge on any property of the Company required to be registered under Section 125 of the Act has been so registered any persons acquiring such property or any part thereof or any share as interest therein shall be deemed to have notice of the charge as from the date of such registration.

(e) In respect of registration of charges on properties acquired subject to charge, the provisions of Section 127 of the Act shall be complied with.

(f) The Company shall comply with the provisions of Section 128 of the Act relating to particulars in case of series of debentures entitling holders pari passu.

(g) The Company shall comply with the provisions of Section 129 of the Act in regard to registration of particulars of commission, allowance or discount paid or made, directly or indirectly, in connection with the debentures.

(h) The Provisions of Section 133 of the Act as to endorsement of Certificate of registration on debenture or Certificate of debenture stock shall be complied with by the Company.

(i) The Company shall comply with the provisions of Section 134 of the Act as regards registration of particulars of every charge and of every series of debentures.

(j) As to modification of charges, the Company shall comply with the provisions of Section 135 of the Act.

(k) The Company shall comply with the provisions of Section 136 of the Act regarding keeping a copy of instrument creating charge at the registered office of the Company and comply with the provisions of Section 137 of the Act in regard to entering in the register of charges any appointment of Receiver or Managers as therein provided.

(l) The Company shall also comply with the provisions of section 138 of the Act as to reporting satisfaction of any charge and procedure thereafter.

(m) The Company shall keep at its registered office a Register of charges and enter therein all charges specifically affecting any property of the Company and all floating charges on the undertaking or on any property of the company giving in each case:
    (i) a short description of the property charged;
    (ii) the amount of the charge; and
    (iii) except in the case of securities to bearer, the names of persons entitled to the charge.

(n) Any creditor or member of the Company and any other person shall have the right to inspect copies of instruments creating charges and the Company's Register of charges in accordance with and subject to the provisions of Section 144 of the Act.

53. **General Meetings**

In pursuance of Section 101 of the Act the following provisions shall apply:

(i) A general meeting of the Company may be called by giving not less than Twenty-One days notice in writing.

(ii) With the consent in writing of the majority of the members for the time being, a general meeting may be convened on a shorter notice than Twenty-One days and Section 101 (1) of the Act, shall apply, subject to the above said modification.

(iii) The provisions of Section 102 (1) of the Act requiring statement of material facts to be annexed with the notice shall not apply to the company.

The quorum for a General Meeting shall be two members present in person.

54. The Directors may, whenever they think fit, call an Extraordinary General Meeting provided however if at

any time there are not in India Directors capable of acting who are sufficient in number to form a quorum, any Directors present in India may call an Extra Ordinary General Meeting the same manner as nearly as possible as that in which such a Meeting may be called by the Board, subject to provisions of Section 100 of the Companies Act, 2013.

55. The Board of Directors of the Company shall on the requisition of such Member or Members of

the Company as is specified in sub-section (2) of Section 100 of the Act forthwith proceed to call an Extraordinary General meeting of the Company and in respect of any such requisition and of any meeting to be called pursuant thereto, all the other provisions of Section 100 of the Act and of any statutory modification thereof for the time being shall apply.

56. At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any meeting the Chairman of the Board of Directors be not present within fifteen minutes after the time appointed for holding the Meeting or though present be unwilling to act as Chairman, the Members present shall choose one of the Directors present to be Chairman or if no Director shall be present and willing to take the Chair, then the members present shall choose one of their number, being a member entitled to vote, to be Chairman.

57. Any Act or resolution which, under the provisions of this Article or the Act, is permitted shall be sufficiently so done or passed if effected by an ordinary resolution unless either the Act or the Articles specifically requires such Act to be done or resolution passed by a Special Resolution.

58. If within half an hour from the time appointed for the Meeting a quorum be not present the Meeting, if convened upon a requisition of shareholders shall be dissolved but in any other case it shall stand adjourned to the same day in the next week at same time, place, unless the same shall be a public holiday when the Meeting shall stand adjourned to the next day not being a Public Holiday at the same time and place and if at such adjourned meeting a quorum be not present within half and hour from the time appointed for the meeting, those members who are present and not being less than two persons shall be a quorum and may transact the business for which the meeting was called.

59. In the case of equality of votes the Chairman shall both on a show of hands and at a poll shall have a casting vote in addition to the vote or votes to which he may be entitled as a member.

60. The Chairman of a General Meeting may adjourned the same from time to time and from place to place, but no business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place. It shall not be necessary to give notice to the members of such adjournment or of the time date and place appointed for the holding of the adjournment Meeting.

61. If a poll be demanded, the demand of a poll shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which a poll have been demanded.

62. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

Board of Directors

63. Until otherwise determined by General Meeting and subject to section 149 of the Companies Act 2013, the number of Directors shall not be less than two and more than fifteen.

64. The first Directors of the Company shall be :
    a. Mr. Ravindra Gupta
    b. Mr. Sumit Somani

65. A Director shall not be required to hold any qualification share.

66. Any casual vacancy caused by death, resignation or otherwise among the Directors may be filled up by the Board, but any person so appointed shall retain his office so long only as the vacating Director would have retained the same if no vacancy had occurred.

67. The Board of Directors shall have power at time and from time to time to appoint any person as a Director

as an addition to the Board but so the total number of Directors shall not at any time exceed the maximum number fixed by these articles. Such Additional Director shall hold office until the next Annual General Meeting of the Company but shall be eligible for appointment by the Company as a Director at that meeting, subject to the provisions of the Act.

68. Subject to Section 161 of the Act, the Board of Directors may appoint an Alternate Director to act for a Director, who is absent or is likely to be absent for a period of not less than three months from the state in which the meetings of the Board are ordinarily held.

69. Subject to the provisions of the Act, and notwithstanding anything to the contrary contained in these Articles, so long as any monies remain owing by the Company to any Financing Company or body or Financial Corporation or Credit Corporation or Bank or any Insurance Corporation (each such Finance Company or Body or Financial Corporation, Credit Corporation or Bank or any Insurance Corporation is hereinafter referred to as "Financial Institution") out of any loans granted by the Financial Institution to the Company or so long as the Financial Institution continues to hold debentures in the Company by direct subscription of private placement, or so long as the Financial Institution hold shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Financial Institution on behalf of the Company remains outstanding the Financial Institution shall have a right to appoint from time to time, its nominee/s as a Director or Directors (which Director or Directors is /are hereinafter referred to as Nominee Director/s) on the Board of the Company and to remove from such office the Nominee Director/s appointed, and at the time of such removal and also in the case of death or resignation of the Nominee Director/s so appointed at any time appoint any other person/persons in his/their places and also fill any vacancy which may occur as a result of such Director/s ceasing to hold office for any reason whatsoever, such appointment or removal shall be made in writing on behalf of the Financial Institution appointing such Nominee Director/s and shall be delivered to the Company at its Registered Office.

a. The Nominee Director/s shall not be required to hold any qualification shares in the Company to qualify him/them for the office of a Director/s nor shall he/they be liable to retirement by rotation.
b. The Nominee Director/s so appointed shall hold the office only so long as any monies remain owing by the Company to the Financial Institution or so long as the Company as a result of direct subscription or private placement or so long as the Financial Institution holds shares in the Company as a result or underwriting or direct, subscription or the liability of the Company arising out of any guarantee is outstanding and the Nominee Director so appointed is exercise of the said power shall ipso facto vacate such office, immediately the monies owing by the Company to the Financial Institution is paid off or on the Financial Institution ceasing to hold debentures/shares of the liability of the Company arising out of any Guarantee furnished by the Financial Institution.
c. The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and the Meeting of the Committee of which the Nominee Director/s is are member/s as also the minutes of such meeting. The Financial Institution shall also be entitled to receive all such notices and minutes.

70. The sitting fees payable to the Directors shall be such sum as may be fixed by the Board of Directors, not exceeding the sum fixed under Section 197 of the Act from time to time, for each meeting of the Board of Directors or Committee thereof attended by them. Additional remuneration, as may be fixed by the Company, may be paid to anyone or more of their number for services rendered by him or them and the Directors shall be paid further remuneration (if any) as the Company in general meeting shall from time to time determine.

71. In addition to the remuneration payable to them, the Directors may be paid all travelling, hotel and other expenses incurred by them in attending and returning from meeting of the Board of Directors or any committee thereof or general meeting of the Company; or in connection with the business of the Company.

72. If any Director shall have performed extra or special services, whether on special committee or otherwise, or made any special exertions in going or residing abroad, or in securing or attempting to secure for the Company special contracts, business, rights, or privileges or information or otherwise for any of the purposes of the Company, the company may remunerate such Director in such manner as the Board may determine either by a fixed sum or on percentage basis or otherwise as may be determined from time to time.

73. The office of Directors shall be vacated in accordance with Section 167 of the Companies Act, 2013.

Proceedings of Directors

74. (*i*) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

(*ii*) A director may, and the manager or secretary on the requisition of a director shall, at any time summon a meeting of the Board.

Notice in writing of every meeting of the Directors shall ordinarily be given by a Director or such other officer of the Company duly authorised in this behalf to every Director for the time being in India and at his usual address in India.

75. The quorum necessary for the transaction of the business of Directors shall be minimum two or one third of the total numbers of Directors whichever is higher, subject to section 174 of the Companies Act, 2013

(*i*) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

(*ii*) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

76. The Chairman of the Board of Directors shall be Chairman of the meetings of Directors provided that if the Chairman of the Board of Directors is not present within five minutes after the appointed time for holding the same, the Directors present shall choose one of their number to be Chairman of such meeting.

77. A meeting of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles of the Company and the act for the time being vested in or exercisable by the Directors generally.

78. The Directors may subject to compliance of the provisions of the Act, from time delegate any of their powers to committees consisting of such members or member of their body as they think fit, and may from time to time revoke such delegation. Any committee so formed shall in exercise of the power so delegated confirm to any regulations that may from time to time be imposed on it by the Directors. The meetings and proceedings of such Committee's if consisting of two or more members, shall be governed by the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under this Article.

79. All acts done at any meeting of the Directors or of a Committee of the Directors or by any person acting as a Director shall be valid not withstanding that it be afterwards discovered that there was some defeat in the appointment of any such Directors, Committee of persons acting as aforesaid or that they or any of them were disqualified.

80. A resolution may be passed by the Directors or Committee thereof by circulation in accordance with the provisions of Section 175 of the Act.

81. And any such minutes of any meeting of Directors or any Committee or of the Company if purporting to be signed by the Chairman of such Meeting or by the Chairman of the next succeeding meeting shall be receivable as Prima Facie evidence of the matters in such minutes.

Powers of Directors

82. Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do any act or things which is required whether by the Act or any other statute or by the Memorandum of the Company or by these Articles or otherwise to be exercised or done by the Company in General Meeting, provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other Statute or in the Memorandum of the Company or in these Articles or in any regulations not inconsistent therewith and duly made there under including regulation made by the Company in General Meeting and no such regulations shall invalidate any prior act of the Board which would have been valid if that regulation has not been made.

83. Subject to and in accordance with the provisions of the Act, the Board shall retain and employ such staff as may be necessary for carrying on the business of the Company. The salary or other remuneration of such staff shall be defrayed by the Company, and all or any such staff be engaged exclusively for the Company or jointly with other concerns.

84. (i) The Board may from time to time at their discretion, subject to the provisions of the Act, raise or borrow either from the Directors or from elsewhere and secure the payment of any sums of money for the purpose of the Company.

(ii) The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds perpetual or redeemable debentures or any mortgage, charge, or other security on the undertaking or the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

85. If any uncalled capital of the Company is included in or charged by any mortgage or other security, the Board may by instrument under the Company's seal authorise the person in whose favour such mortgage or security is executed or any other person in trust for him to collect money in respect of calls made by the Board or members in respect of such uncalled capital and the provisions there in before contained in regard to call shall mutatis mutandis apply to calls made with such authority and such authority may be made exercisable either conditionally or personally or contingently and shall be assignable if expressed so to be.

86. Debentures, bonds and other security may be made assignable free from any equities between the company and the persons to whom the same may be issued.

87. Power of Company to exercise right to consolidate, re-purchase and/or re-issue the debt securities:
    a. The Company will have the power, exercisable at its sole and absolute discretion from time to time, to re-purchase a part or all of its debt securities from the secondary markets or otherwise, at any time prior to the maturity date, subject to applicable law and in accordance with the prevailing guidelines/regulations issued by the RBI, the SEBI and other authorities. In the event of a part or all of its debt securities being repurchased as aforesaid or redeemed under any circumstances whatsoever, the Company shall have, and shall be deemed always to have had, the power to reissue the debt securities either by reissuing the same debt securities or by issuing other debt securities in their place.
    b. Debt securities issued by the Company on a private placement basis can be consolidated and / or re-issued subject to such terms and conditions as the Company and the holders of such debt securities may agree, further subject to such conditions as may be applicable under the law for the time being in force. Further, in respect of such re-purchased/re- deemed debt securities, the Company shall have the power, exercisable either for a part or all of those debt securities, to cancel, keep alive, appoint nominee(s) to hold or reissue at such price and on such terms and conditions as it may deem fit and as permitted by law.

Minutes

88. The Board shall in accordance with the Section 193 of the Act, cause minutes to be kept by making within thirty days of the conclusion of every meeting of the members of the company and of every meeting of the Board or of every committee of the Board entries thereof in books provided for the purpose with their pages consecutively numbered, each page of every such book being initialled or signed and the last page of the record of proceedings of each meeting in such books being dated and signed in the case of minutes of proceeding of a meeting of the Board or a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting and in the case of minutes of proceedings of a General Meeting by the Chairman of the same meeting within the aforesaid period of thirty days or, in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose provided that in no case shall the minutes of proceeding of a meeting be attached to any such book as aforesaid by pasting or otherwise.

The minutes shall contain particulars:-

a. Of the names of the members present at each meeting of the Board and of any committee and in the case of each resolution passed at the meeting the names of the members if any, dissenting from or not concurring with the resolution;
b. Of all orders made by the Board and committees;
c. Of all appointments of Directors and other officers of the Company; and
d. Of all proceedings of General Meetings of the Company and of the meetings of the Board and committees.

The minutes of each meeting shall contain a fair and correct summary of the Proceedings thereof. The minutes shall be in compliance of Secretarial Standards notified under the said Section.

PROVIDED that no matter need be included in any such minutes which, the Chairman of the meeting in his absolute discretion, is of opinion that it

a. Is, or could reasonably be regarded as defamatory of any person;
b. Is irrelevant or immaterial to the proceedings; or
c. Is detrimental to the interests of the Company.

89. Any such minutes of any meeting of the Board of any committee of the Board or of the Company in General Meeting if kept in accordance with the provision of Section 193 of the Act, shall be evidence of the matter stated in such minutes. The minute books of General meetings of the Company shall be kept at the office and shall be open to inspection by members during the business hours on such business days as the Act requires them to be open for inspection.

Managing/Whole Time Directors

90. a) Subject to the provisions of the Act and approval of Central Government and these Articles, the Board shall have power to appoint from time to time any of its members as Managing Directors, Executive Directors and whole- time Directors and or special Director, like Technical Director , Financial Director of the Company for a fixed term and not exceeding five years at a time and conditions as he Board may by resolution vest in such Managing Director(s) Special Directors (s) such of the power hereby vested in the Board generally as it such conditions subject to such restriction the power hereby vested in the Board generally as it such conditions subject to such restriction as it may determine. The remuneration of such Directors may by way of monthly remuneration and or fee each meeting and/ or participation in profits, or by any or all those modes, or of other mode not expressly prohibited by the Act.

b) The Directors may whenever they appoint more than one Managing Director, designate one or more of them "joint Managing Directors" or "Deputy Managing Directors" as the case may be.

c) The appointment and payment of remuneration to the above Director shall be subject to approval of General Meeting and of the Central Government if the provisions of Act so requires.

91. The Board of Directors may subject to sec.180 ,from time to time/entrust to and confer upon the Managing/Whole-time Director for the time being such of the power exercisable under these Articles by the Directors as they think fit and may confer such powers for such time and to be exercisable for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient and they may confer such power either collaterally with "Directors" in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

The Managing Director, Whole Time Director, Chief Executive Officer, Company Secretary or any other officer appointed by the Board from time to time shall have the power to represent the Company before Government, Judicial or Quasy Judicial bodies or other authorities.

Contracts in which Directors are Interested

92. No Director shall be disqualified from his office by purchaser or otherwise; nor shall any contract, agreement or arrangement entered into by or on behalf of firm, association of persons or the Company in which any Director shall be in any way interested be avoided, or shall any Director be liable to account to the Company any profit realised by any such contract, agreement or arrangement or by reason only of such Director holding that office or of the fiduciary relation thereby established; but it is declared that the nature of his interest must be disclosed by him at the meeting of the Directors at which the contract, agreement or arrangement is determined or entered into. A general notice that Director is a member of any specified firm, association of persons or Company and is to be regarded as interested in all transactions with that firm, association of persons, Company shall be a sufficient disclosure under these Articles as regards such Director and the said transactions and after such general notice it shall not be necessary for such Director to give a special notice relating to any particular transaction with that firm, association of persons or Company.

93. A Director of the Company may, as a Director, take part in the discussion of, or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, notwithstanding the fact that he is concerned or interested in the said contract or arrangement, whether directly or indirectly.

Loan From Directors

94. i. The Board may from time to time at their discretion, subject to the provisions of the Act, raise or borrow either from the Directors or from elsewhere and secure the payment of any sums of money for the purpose of the Company.

ii. The Board may rise or secure the repayment of such sum or sum in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds or any mortgage, charge or other security on the undertaking or the whole or any part of the property of the Company 9both present and future) including its uncalled capital for the time being.

Borrowing Powers

95. The Board of Directors shall have necessary authority and power to borrow money from any banks, institutions, or other body corporate or from individuals or from any other Person for the businesses of the company for the purposes of the Company and shall have necessary authority to create securities in favour of the lenders, including but not limited to creation of mortgage on the immovable properties of the company either by deposit of title deeds or by any other means, as may be prescribed by such institution(s)/ bank(s) from time to time, subject to the provisions of Section 180 of the Act. The Board of Directors are also authorized to offer as securities any movable or immovable properties owned or processed by the company including creation of equitable or other types of mortgages on the immovable properties owned or possessed by the company or on any lease hold rights for any loan or other facility that may availed by any other body corporate, association or individuals on such terms and conditions as may be decided by the Board from time to time.

96. The payment or repayment of monies borrowed may be secured in such manner and upon such terms and conditions in all respect as the Board may think fit and in particular by a resolution passed at a meeting of the Board by the issue of debenture or debenture stock of the Company charged upon all or any part of the Company including the uncalled capital, if any. Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

97. The Board shall maintain a register in accordance with the provisions of section 85 of the Act of all Mortgagers debentures and charges specifically affecting the Property of the Company.

Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer

98. Subject to the provisions of the Act,—

(*i*) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

(*ii*) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

99. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

Term of issue of Debenture

100. Any debentures or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, with a right to appointment of directors or otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Members/Company in the General Meeting by a Special Resolution.

Inspection of Registers and Records

101. Subject to provisions of Sections 85, 119 and other applicable provisions, the Board of Directors can impose reasonable restrictions as regards time, place and also the fee / expenses payable for inspection of registers, minutes of general meetings, agreements and such other documents of the company as required under the Act or on the basis of notice to shareholders, as the case may be.

Dividends and Reserve

102. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

103. Subject to the provisions of section 123 of the Act, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

104. The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of

105. the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.
106. The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
107. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.
108. Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
109. No dividend shall bear interest against the company.

Unpaid or unclaimed dividend

110. Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 5 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend Account and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund Account of the Central Government. A claim to any money so transferred to the Investor Education and Protection Fund Account may be preferred to the Central Government by the shareholders to whom the money is due. No unclaimed or unpaid dividend shall be forfeited by the Board.

111. Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holders may in writing direct.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

112. Any one of two or more joint holders of a share may give effectual receipts for any dividends, bonuses or other moneys payable in respect of such share.

113. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

Accounts and Audit

114. (*i*) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

(iii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

Audit

115. Once in every year the accounts of the Company shall be examined and the correctness of the Profit and Loss Account and Balance Sheet ascertained by auditors.

116. Provisions of the Act shall apply in respect of appointment of Auditors of the Company.

Capitalisation Of Reserves

117. General meeting may upon recommendation of the Board resolve that any undivided profits of the company standing to the credit of the Reserves or any Capital Redemption Reserve Account or in the hands of the company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the share premium account be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitle thereto as capital and that all or any part of such capitalize fund be applied on behalf of such shareholders in paying of full any unissued shares, debentures or debenture stock of the

company which shall be distributed accordingly or / in or towards payments of uncalled liability on any issued shares and that such distribution or payment shall be accepted by such shareholder in full satisfaction of their interest in the said capitalised sum. Provided that any sum standing to the credit of a share premium account or a capital Redemption Account reserve Account may for the purposes of this article only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

Winding up

118.(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company whether they shall consist of property of the same kind or not.

(ii) For the aforesaid purpose, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members of different classes.

(iii) The liquidator may, with like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of contributories as the liquidators, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity

119.Every Director, Managing Director, Secretary or other Officer of the Company shall subject to the provisions of the Companies Act be entitled to be indemnified by the Company against all costs, losses or expenses which any Director, Secretary or the Officer of the Company may incur or become liable to pay by reason of any contract entered into or things done by him in such capacity or in any way in the discharge of the duties.

SECTION IX -OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and documents (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or/are to be entered into by our Company. These contracts which are or may be deemed material shall be attached to the copy of the Prospectus to be delivered to the Registrar of Companies, Kerala and Lakshadweep for filing and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10:00 am to 5:00 pm on Working Days from the date of the filing of this Prospectus with the Stock Exchange until the Issue Closing Date.

Material Contracts

1. Agreement dated September 09, 2019, between the Company and the Lead Manager;

2. Agreement dated August 27, 2019 between the Company and the Registrar to the Issue;

3. Debenture Trusteeship Agreement dated September 04, 2019 between the Company and Catalyst Trusteeship Limited, the Debenture Trustee;

4. Public Issue Account Agreement dated September 14, 2019 executed by our Company, the Registrar, the Public Issue Account Bank(s) and Lead Manager;

5. Syndicate Agreement September 14, 2019, between the Company and the Syndicate Member;

6. Tripartite Agreement dated August 30, 2019 between CDSL, the Company and the Registrar to the Issue; and

7. Tripartite Agreement dated September 04, 2019 between NSDL, the Company and the Registrar to the Issue.

Material Documents

1. Original certificate of incorporation of Company dated October 07, 2010 issued by Registrar of Companies, Mumbai;

2. Certificate of incorporation of the Company dated September 04, 2014 issued by Registrar of Companies, Mumbai pursuant to change of name from Milestone Home Finance Company Private Limited to Manappuram Home Finance Private Limited;

3. Certificate of registration of the Company dated September 16, 2015 issued by RoC pursuant to change of our registered office of our Company from state of Maharashtra to state of Kerala;

4. Certificate of incorporation of the Company dated July 31, 2017 issued by RoC pursuant to conversion of our Company from private limited company to pubic company;

5. Memorandum and Articles of Association of the Company, as amended to date;

6. A copy of the certificate of registration No. 03.0097.12 dated March 12, 2012 issued by National Housing Bank under Section 29A of the NHB Act in favour of our Company;

7. A copy of the certificate of registration No. 09.0116.14 dated September 11, 2014 issued by National Housing Bank under Section 29A of the NHB Act in favour of our Company pursuant to change of name;

8. A copy of the certificate of registration No. 08.0158.17 dated August 22, 2017 issued by National Housing Bank under Section 29A of the NHB Act in favour of our Company pursuant to conversion from Private Limited Company to Public Limited Company.

9. Share Purchase Agreement dated March 12, 2014 executed between MAFIL and Jaypee Hotels Limited for

acquisition of entire shareholding and control by MAFIL.

10. Credit rating letter dated August 26, 2019, revalidation letter dated September 16, 2019 and rating Rationale letter dated August 28, 2019, from CARE Ratings, granting credit ratings to the NCDs, for the proposed non-convertible debenture issue;

11. Copy of the Board Resolution dated August 09, 2019 approving the Issue;

12. Resolution passed by the shareholders of the Company at the Annual General Meeting held on August 06, 2018 approving the overall borrowing limit of Company;

13. Copy of the Debenture Committee resolution dated September 09, 2019, approving the Draft Prospectus;

14. Copy of the Debenture Committee resolution dated September 19, 2019 approving the Prospectus;

15. Consents of the Directors, Chief Financial Officer, Lead Manager, Debenture Trustee, Syndicate Member, Credit Rating Agency for the Issue, ICRA, Company Secretary and Compliance Officer, Legal Counsel to the Issue, Public Issue Account Bank, Refund bank, Bankers to the Company and the Registrar to the Issue, to include their names in this Prospectus;

16. The consent of our Statutory Auditors, Deloitte Haskins & Sells LLP dated September 19, 2019, for inclusion of their names as the Statutory Auditors and experts;

17. Annual Reports of the Company for Financial Years ending March 31, 2015, March 31, 2016, March 31, 2017, March 31, 2018 and March 31, 2019;

18. The examination report of our Statutory Auditors, Deloitte Haskins & Sells LLP dated September 06, 2019, in relation to the Reformatted Financial Information included herein;

19. The audit report of the Statutory Auditors, Deloitte Haskins & Sells LLP dated May 7, 2019, in relation to the IND AS Audited Financial Statements along with relevant schedules and annexures for the financial year ended as on March 31, 2019 included herein

20. Statement of possible tax benefits available to the Debenture holders dated September 06, 2019, received from Deloitte Haskins & Sells LLP regarding tax benefits available to us and our debenture holders;

21. Due Diligence certificate dated September 19, 2019 filed with SEBI by the Lead Manager; and

22. In-principle listing approval letter dated September 18, 2019 issued by BSE, for the Issue.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the applicants, subject to compliance of the provisions contained in the applicable provisions of Companies Act, 1956, provisions of the Companies Act, 2013 and other relevant statutes.

DECLARATION

We, the Directors of the Company, hereby certify and declare that all applicable legal requirements in connection with the Issue including the relevant provisions of the Companies Act, and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the National Housing Bank and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as amended and applicable as the case may be, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, NHB Act, have been complied with and no statement made in this Prospectus is contrary to the applicable provisions of the Companies Act, the Securities Contracts (Regulations) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under regulations or guidelines or circulars issued, as the case may be.

We further certify that all the disclosures and statements made in this Prospectus are true and correct and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Prospectus does not contain any misstatements.

Signed by the Directors of our Company

Sd/-
Vazhappully Padmanabhan Nandakumar
Non- Executive Chairman

Sd/-
Thotanchath Balakrishnan
Independent Director

Place: Valapad
Date: September 19, 2019

DECLARATION

We, the Directors of the Company, hereby certify and declare that all applicable legal requirements in connection with the Issue including the relevant provisions of the Companies Act, and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the National Housing Bank and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as amended and applicable as the case may be, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, NHB Act, have been complied with and no statement made in this Prospectus is contrary to the applicable provisions of the Companies Act, the Securities Contracts (Regulations) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under regulations or guidelines or circulars issued, as the case may be.

We further certify that all the disclosures and statements made in this Prospectus are true and correct and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Prospectus does not contain any misstatements.

Signed by the Directors of our Company

Sd/-	Sd/-
Jeevandas Narayan	**Gautam Rathindranath Saigal**
Managing Director	**Non-Executive Director**

Place: Mumbai
Date: September 19, 2019

DECLARATION

I, the Director of the Company, hereby certify and declare that all applicable legal requirements in connection with the Issue including the relevant provisions of the Companies Act, and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the National Housing Bank and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as amended and applicable as the case may be, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, NHB Act, have been complied with and no statement made in this Prospectus is contrary to the applicable provisions of the Companies Act, the Securities Contracts (Regulations) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under regulations or guidelines or circulars issued, as the case may be.

I further certify that all the disclosures and statements made in this Prospectus are true and correct and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Prospectus does not contain any misstatements.

Signed by the Director of our Company

Sd/-
Munish Dayal
Non-Executive Director
Place: New Delhi
Date: September 19, 2019

DECLARATION

I, the Director of the Company, hereby certify and declare that all applicable legal requirements in connection with the Issue including the relevant provisions of the Companies Act, and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the National Housing Bank and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as amended and applicable as the case may be, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, NHB Act, have been complied with and no statement made in this Prospectus is contrary to the applicable provisions of the Companies Act, the Securities Contracts (Regulations) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under regulations or guidelines or circulars issued, as the case may be.

I further certify that all the disclosures and statements made in this Prospectus are true and correct and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Prospectus does not contain any misstatements.

Signed by the Director of our Company

Sd/-
Pratima Ram
Independent Director
Place: Bangalore
Date: September 19, 2019

ANNEXURE I - DAY COUNT CONVENTION

Day count convention

Interest on the NCDs shall be computed on an actual/actual basis for the broken period, if any. For Options I and IV the interest shall be calculated from the first day till the last date of every month on an actual/actual basis during the tenor of such NCDs. Consequently, interest shall be computed on a 365 day a year basis on the principal outstanding on the NCDs. However, if period from the Deemed Date of Allotment/anniversary date of Allotment till one day prior to the next anniversary/redemption date includes February 29, interest shall be computed on 366 days a-year basis, on the principal outstanding on the NCDs.

For Options II and V interest shall be paid on an annual basis on an actual/actual basis and the relevant interest will be paid on each anniversary of the Deemed Date of Allotment on the face value of the NCDs. The last interest payment under Options II and V shall be made at the time of redemption of the NCDs.

For Options III, VI and VII interest shall be computed on a 365 day a year basis on the principal outstanding on the NCDs which have tenors on cumulative basis.

Illustration of cash-flows: To demonstrate the day count convention, please see the following table below, which describes the cash-flow in terms of interest payment and payment of Redemption Amount per NCD for all Categories of NCD Holders.

INVESTORS SHOULD NOTE THAT THIS EXAMPLE IS SOLELY FOR ILLUSTRATIVE PURPOSES AND IS NOT SPECIFIC TO THE ISSUE

Company	Manappuram Home Finance Limited		
Face Value	₹1,000		
Day and Date of Allotment (tentative)	Monday, November 04, 2019		
Options	I	V	VII
Tenure	36 Months	60 Months	2,500 Days
Coupon (%) for NCD Holders in Category I, II and III	9.75%	10.65%	N.A.
Frequency of the Interest Payment with specified dates starting from date of allotment	Monthly	Annually	Cumulative
Day Count Convention	Actual/Actual		

Option I

Company	Manappuram Home Finance Limited
Face Value	₹1,000
Day and date of Allotment (tentative)	Monday, November 04, 2019
Tenure	36 Months
Coupon (%) for NCD Holders in Category I, II and III	9.75%
Frequency of the Interest Payment with specified dates starting from date of allotment	Monthly
Day Count Convention	Actual/Actual

Cash flow	Date of interest/redemption payment (2)	No. of days in Coupon/maturity period	Amount (in ₹)
1st coupon	Monday, December 02, 2019	27	7.21
2nd coupon	Wednesday, January 01, 2020	31	8.28
3rd coupon	Saturday, February 01, 2020	31	8.26
4th coupon	Monday, March 02, 2020	29	7.73
5th coupon	Thursday, April 02, 2020	31	8.26
6th coupon	Saturday, May 02, 2020	30	7.99
7th coupon	Monday, June 01, 2020	31	8.26
8th coupon	Wednesday, July 01, 2020	30	7.99
9th coupon	Saturday, August 01, 2020	31	8.26
10th coupon	Tuesday, September 01, 2020	31	8.26

Cash flow	Date of interest/redemption payment (2)	No. of days in Coupon/maturity period	Amount (in ₹)
11th coupon	Thursday, October 01, 2020	30	7.99
12th coupon	Monday, November 02, 2020	31	8.26
13th coupon	Tuesday, December 01, 2020	30	7.99
14th coupon	Friday, January 01, 2021	31	8.26
15th coupon	Monday, February 01, 2021	31	8.28
16th coupon	Monday, March 01, 2021	28	7.48
17th coupon	Friday, April 02, 2021	31	8.28
18th coupon	Monday, May 03, 2021	30	8.01
19th coupon	Tuesday, June 01, 2021	31	8.28
20th coupon	Thursday, July 01, 2021	30	8.01
21th coupon	Monday, August 02, 2021	31	8.28
22th coupon	Wednesday, September 01, 2021	31	8.28
23th coupon	Friday, October 01, 2021	30	8.01
24th coupon	Monday, November 01, 2021	31	8.28
25th coupon	Wednesday, December 01, 2021	30	8.01
26th coupon	Saturday, January 01, 2022	31	8.28
27th coupon	Tuesday, February 01, 2022	31	8.28
28th coupon	Tuesday, March 01, 2022	28	7.48
29th coupon	Saturday, April 02, 2022	31	8.28
30th coupon	Monday, May 02, 2022	30	8.01
31st coupon	Wednesday, June 01, 2022	31	8.28
32nd coupon	Friday, July 01, 2022	30	8.01
33rd coupon	Monday, August 01, 2022	31	8.28
34th coupon	Thursday, September 01, 2022	31	8.28
35th coupon	Saturday, October 01, 2022	30	8.01
36th coupon	Tuesday, November 01, 2022	31	8.28
37th coupon	Thursday, November 03, 2022	3	0.80
Principal	**Thursday, November 03, 2022**	**-**	**1,000.00**
Maturity value			

Option V

Company	Manappuram Home Finance Limited
Face Value	₹1,000
Day and date of Allotment (tentative)	Monday, November 04, 2019
Tenure	60 Months
Coupon (%) for NCD Holders in Category I, II and III	10.65%
Frequency of the Interest Payment with specified dates starting from date of allotment	Annually
Day Count Convention	Actual/Actual

Cash flow	Date of interest/redemption payment (2)	No. of days in Coupon/maturity period	Amount (in ₹)
1st coupon	Wednesday, November 04, 2020	366	106.50
2nd coupon	Thursday, November 04, 2021	365	106.50
3rd coupon	Friday, November 04, 2022	365	106.50
4th coupon	Saturday, November 04, 2023	365	106.50
5th coupon	Saturday, November 02, 2024	366	106.50
Principal	**Saturday, November 02, 2024**	**-**	**1,000.00**
Maturity value			

Option VII

Company	Manappuram Home Finance Limited
Face Value	₹1,000
Day and Date of Allotment (tentative)	Monday, November 04, 2019
Tenure	2,500 Days
Redemption Amount (₹/NCD) for NCD Holders in Category III and III	₹2,000
Frequency of the Interest Payment with specified dates starting from date of allotment	Cumulative
Day Count Convention	Actual/Actual

Cash flow	Date of interest/redemption payment (2)	No. of days in Coupon/maturity period	Amount (in ₹)
Principal/Maturity value	Monday, September 07, 2026	2,500	2,000

NOTES:

1. Effect of public holidays has been ignored as these are difficult to ascertain for future period.
2. As per SEBI circular no. CIR/IMD/DF-1/122/2016, dated November 11, 2016, in order to ensure uniformity for payment of interest/redemption on debt securities, the interest/redemption payment shall be made only on the days when the money market is functioning in Mumbai. Therefore, if the interest payment date falls on a non-Working Day, the coupon payment shall be on the next day, which will be the day on which money market in Mumbai is functioning has been considered as the effective interest payment date. However, the future coupon payment dates would be as per the schedule originally stipulated. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday. However, if the redemption date of the debt securities falls on non- Working Day, the redemption proceeds shall be paid on the previous Working Day.
3. Deemed Date of Allotment has been assumed to be Monday, November 4, 2019.
4. The last coupon payment will be paid along with maturity amount at the redemption date.

ANNEXURE II – CREDIT RATING LETTER, REVALIDATED CREDIT RATING LETTER AND RATING RATIONALE

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CARE Ratings
Professional Risk Opinion

CARE/HO/RL/2019-20/2399
Mr. Vipul Patel,
Chief Finance Officer
Manappuram Home Finance Limited
A-Wing, 3rd floor, Kanakia Wall Street,
Andheri Kurla Road, Andheri East,
Mumbai-400093

August 26, 2019

Confidential

Dear Sir,

Credit rating for proposed Non-Convertible Debenture issue

Please refer to your request for rating of proposed non-convertible debenture (NCD) issue aggregating to Rs. 200 crore of your company. The following ratings have been assigned by our Rating Committee:

Instrument	Amount (Rs. crore)	Rating[1]	Rating Action
Proposed Non-Convertible Debenture Public issue	200 (Rs. Two hundred crore only)	**CARE AA-; Stable (Double A Minus; Outlook Stable)**	**Assigned**

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of **six months** from the date of our initial communication of rating to you (that is August 23,2019)

4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

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Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

6. Kindly arrange to submit to us a copy of each of the documents pertaining to the NCD issue, including the offer document and the trust deed.

7. The rationale for the rating will be communicated to you separately.

8. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

9. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

10. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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11. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.

12. CARE ratings are not recommendations to buy, sell or hold any securities.

If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

Thanking you,

Yours faithfully,

[Akansha Jain]
Analyst
akansha.jain@careratings.com

[Ravi Kumar]
Associate Director
ravi.kumar@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

CARE Ratings
Professional Risk Opinion

No. CARE/HO/RL/2019-20/2765
Mr. Vipul Patel,
Chief Finance Officer
Manappuram Home Finance Limited
A-Wing, 3rd floor, Kanakia Wall Street,
Andheri Kurla Road, Andheri East,
Mumbai-400093

September 16, 2019

Confidential

Dear Sir,

Credit rating for proposed Non-Convertible debenture

Please refer to our letter dated *August 26, 2019* and your request for revalidation of the rating assigned to the Non-Convertible debenture of your company, for a limit of Rs 200 crore.

2. Our Rating Committee has reviewed the following rating:

Instrument	Amount (Rs. crore)	Rating[1]	Rating Action
Proposed Non-Convertible Debenture Public issue	200 (Rs. Two hundred crore only)	CARE AA-; Stable (Double A Minus; Outlook Stable)	Re-affirmed

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within six months from the date of this letter.
4. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

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5. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
6. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
7. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
8. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
9. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

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[Akansha Jain]
Analyst
akansha.jain@careratings.com

[Ravi Kumar]
Associate Director
ravi.kumar@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.
Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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CARE Ratings
Professional Risk Opinion

CARE/HO/RR/2019-20/1571

Mr. Vipul Patel,
Chief Finance Officer
Manappuram Home Finance Limited
A-Wing, 3rd floor, Kanakia Wall Street,
Andheri Kurla Road, Andheri East,
Mumbai-400093

August 28, 2019

Dear Sir,

Credit rating of non-convertible debenture and bank facilities

Please refer to our letters dated August 23, 2019 and August 26, 2019 on the above subject.

1. A write-up (Press Release) on the above ratings is to be issued to the press shortly. A draft of this is enclosed for your perusal as **Annexure - I.**

2. We request you to peruse the annexed document. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in.

If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,

[Akansha Jain]
Analyst
akansha.jain@careratings.com

[Ravi Kumar]
Associate Director
ravi.kumar@careratings.com

Encl: As above

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Annexure I
Press Release
Manappuram Home Finance Limited

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long Term Bank Facilities	75	**CARE AA-; Stable (Double A Minus; Outlook: Stable)**	Reaffirmed
Non-Convertible Debenture (Public Issue)	200	**CARE AA-; Stable (Double A Minus; Outlook: Stable)**	Assigned
Total	275 (Rupees. Two Hundred and Seventy Five crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating continues to factor in strong parentage of Manappuram Home Finance Limited (MHFL), being a wholly owned subsidiary of Manappuram Finance Limited (MAFIL). MHFL benefits from synergies with MAFIL in the form of common brand name, managerial, financial & operational support. The rating also factors in MHFL's comfortable capitalization level, liquidity profile supported by the group's resource raising capability and experienced management. The rating, however, remains constraint due to the relatively weak credit profile of borrowers of MHFL, its limited track record, unseasoned loan portfolio and moderate resource profile. Continued parentage and support of MAFIL, asset quality and profitability in operations are the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Strengths

Strong promoter group and group synergies

MHFL is a wholly owned subsidiary of Manappuram Finance Ltd. (rated 'CARE AA; Stable / CARE A1+') and derives support in the form of capital, management and operations. By virtue of parent-subsidiary relationship, MHFL benefits from shared brand name. Mr. V P Nandakumar, MD and CEO of MAFIL is also board member of MHFL. MHFL is expected to benefit from the large branch network of MAFIL (3372 branches spread across 28 states) in the event of expansion and sharing of branch

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

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resources. Since its acquisition of MHFL March 2014, MAFIL has infused equity capital Rs.200 crore in MHFL (Rs. 100 crore as initial infusion which was done in tranches and additional infusion of Rs. 100 crore in FY19).

Adequate capitalization with increasing gearing levels

The Company's capital adequacy ratio and Tier I CAR stood at 62.32% and 61.81% respectively as on March 31, 2019 compared to 40.12% and 39.50% respectively as on March 31, 2018 which is above the regulatory requirement of 12%. However, with the growth in loan portfolio, capital adequacy levels are likely to moderate. The gearing of the company stood at 1.83 times as on March 31, 2019 as compared to 3.32 times as on March 31, 2018. The improvement in the gearing levels was on account of the capital infusion of Rs. 100 crore by the parent, MAFIL in February, 2019.

Comfortable liquidity profile

As on March 31, 2019, MHFL's ALM profile had cumulative positive mismatches in buckets of upto one year (including the undrawn lines of credit of Rs. 120 crore). The undrawn line of credit is in the form of working capital demand loan from the parent company. Also, the company benefits from the financial flexibility of its parent.

Experienced management

MHFL also benefits on account of its experienced senior management team. Most of the senior management team members have vast experience in retail lending space including housing finance.

Key Rating Weaknesses

Relatively weaker credit profile of the target segment: MHFL is primarily catering to the housing finance needs of the self-employed customers in the informal low and middle income segment who are not serviced by the banking sector. The proportion of Self Employed customers accounted for 84.5% of the MHFL's loan portfolio as on March 31, 2019 compared to 95.41% as on March 31, 2018. Since this segment is highly susceptible to the impact of economic downturn, asset quality remains to be the key monitorable.

Nascent stage of operations and unseasoned portfolio: MHFL has been actively disbursing loans from January 2015 with majority of the disbursements taking place in the last 3 years and hence has limited portfolio seasoning. The company's asset quality performance through different economic cycles and geographies is yet to be established. As on March 31, 2019, Gross NPAs were of Rs.19.99

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crore, resulting in a Gross NPA ratio of 3.85% compared to Gross NPA ratio of 4.77% as on March 31, 2018 which reflects the inherent risk associated with the targeted borrower segment. Even though the company has witnessed slippages in the LAP book in FY19, an improvement in the asset quality ratio is seen. Company is planning to bring down NPA levels by focusing more on lower ticket size loans. The ability of the company to maintain its asset quality while increasing the scale of operations will be a key rating monitorable.

Concentrated resources profile: Given the limited track record of company's operations, its resources profile is concentrated. However, the company has started to diversify its resource profile. As on March 31, 2018, 100% of the borrowing was through bank loans which has reduced to 93% as on March 31, 2019 while the remaining 7% was through CP. Currently, the company is also looking for an issue of Non-convertible debenture, thus directing towards diversifying the resource profile.

Industry Prospects

Continuation of prevailing tight liquidity scenario in the credit market may impact the overall growth of the sector. The slowdown in the real estate market coupled with elevated refinancing risk for the developers is expected to impact the asset quality of players in the sector. Further, increase in the cost of funds and delinquencies would impact their profitability margins. However, the continuation of long-term trend of robust asset quality of home loans, except for some players who are in the affordable housing segment, is a key positive for the sector. Going ahead, the transmission of increasing funding costs to the borrower base is a key monitorable in the highly competitive scenario. Such a development could lead to high prepayments and compel players to reduce the proportion of prime borrower segment, to compensate for the reduction in margin.

Analytical approach: CARE has analyzed standalone credit profile of MHFL along with MHFL's linkages with its parent, MAFIL, in the form of operational, financial and managerial support and shared brand name.

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Rating Methodology-Factor Linkages in Ratings
Financial ratios – Financial sector
CARE's criteria for Housing Finance Companies

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Liquidity Profile

MHFL has been able to manage its liquidity by maintaining adequate back up lines of credit to meet the gaps in its asset liability maturity (ALM) profile. As on March 31, 2019, MHFL's ALM profile had cumulative positive mismatches in buckets of upto one year (including the undrawn lines of credit of Rs. 120 crore). The undrawn line of credit is in the form of working capital demand loan (WCDL) from the parent company. Apart from the undrawn line of credit from the parent, MHFL also enjoys Rs. 20 crore of CC from 2 banks and WCDL of Rs. 50 crore from MAFIL out of which Rs.30 crore is utilized as on March 31,2019. Also, the company benefits from the financial flexibility of its parent.

About Manappuram Home Finance Ltd

Manappuram Home Finance Ltd (MHFL) is a housing finance company engaged in affordable housing segment. As a part of business diversification process, Manappuram Finance Ltd (MAFIL) acquired Milestone Home Finance Company Pvt. Ltd. in March, 2014. MHFL is a wholly owned subsidiary of Manappuram Finance Ltd. The name of the company was subsequently changed to Manappuram Home Finance Pvt. Ltd. and a revised Certificate of Registration from National Housing Bank was obtained in September 2014. MHFL started its lending operations from January 2015. MHFL is active in the affordable housing finance segment in Tier II and III cities. As on March 31, 2019, MHFL was operating out of 35 branches in 6 different states (Maharashtra, Gujarat, Tamil Nadu, Kerala, Karnataka and Andhra Pradesh) with total AUM of Rs.518.8 crore. As on March 31, 2019, self-employed category borrower accounted for 84% of portfolio and housing accounted for 75% of portfolio. LAP accounted for 25% of portfolio as on March 31, 2019.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total income	**51.51**	**66.28**
PAT	**(4.45)**	**3.02**
Total Assets	**375.58**	**539.29**
Gearing (times)	3.32	1.83
Gross NPA (%)	4.77	3.85
ROTA (%)*	(1.27)	0.66

*A: Audited *Ratio has been computed based on average of annual opening and closing balances*

Manappuram Finance Limited

Manappuram Finance Limited, (MAFIL) is an NBFC registered with RBI as non-deposit accepting loan company, headquartered in Valapad, Kerala. MAFIL is promoted by Mr. V.P. Nandakumar in 1992 and as on March 31, 2019, the promoters' stake in MAFIL stood at 35.14%. The company gives loan against used jewellery/ gold ornaments and it constitutes around 86% of AUM as on March 31, 2019.

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During FY15, the company has ventured into vehicle financing and mortgage financing/loan against property (LAP) and it constitutes 7% of AUM as on March 31, 2019. During FY19, the company's total income was Rs. 3,427 crore as against the total income of Rs.2,953 crore in FY18. The company registered a PAT of Rs.790 crore in FY18 as against Rs.690 crore in FY18.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total income	2,953	3,427
PAT	690	790
Total Assets	14,524	17,563
Gearing (times)	2.80	2.99
Net NPA (%)	0.33	0.32
ROTA (%)*	5.00	4.93

*A: Audited; *Ratio has been computed based on average of annual opening and closing balances*

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund based-LT-Term loan	-	-	07-Jan-24	25.00	CARE AA-; Stable (Double A Minus; Outlook: Stable)
Fund based-LT-Cash Credit	-	-	-	30.00	CARE AA-; Stable (Double A Minus; Outlook: Stable)
Long Term Bank Facilities (Proposed)	-	-	-	20.00	CARE AA-; Stable (Double A Minus; Outlook: Stable)
Non-convertible Debenture (Public Issue) (Proposed)	-	-	-	200.00	CARE AA-; Stable (Double A Minus; Outlook: Stable)

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in	Date(s) & Rating(s) assigned in	Date(s) & Rating(s) assigned in	Date(s) & Rating(s) assigned in

					2019-2020	2018-2019	2017-2018	2016-2017
1.	Fund-based - LT-Term Loan	LT	75.00	CARE AA-; Stable	-	1)CARE AA-;Stable (03-Jan-19)	1)CARE AA-; Stable (22-Feb-18)	-
2.	Debenture-Non-Convertible Debenture	LT	200.00	CARE AA-; Stable	-	-	-	-

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ANNEXURE III – STATEMENT OF ACCOUNTING RATIOS

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MANAPPURAM HOME FINANCE LTD.
FORMERLY MANAPPURAM HOME FINANCE PVT. LTD.
CIN No. : U65923KL2010PLC039179

Annexure

STATEMENT OF ACCOUNTING RATIOS

1. Basic and Diluted Earnings per Share

Particulars	As at March 31, 2019*	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Weighted average number of equity shares outstanding for computation of Basic EPS (A)	10,87,67,123	10,00,00,000	10,00,00,000	4,98,63,388	1,14,71,507
Add: Potential equity shares (B)	-	-	-	-	-
Weighted average number of equity shares used in computation of Diluted EPS (C=A+B)	10,87,67,123	10,00,00,000	10,00,00,000	4,98,63,388	1,14,71,507
Profit / (Loss) after Tax attributable to equity shareholders [Rs. in Lakhs] (D)	302.11	(80.54)	(107.02)	(538.03)	(58.90)
Nominal Value of share [in Rs.]	10.00	10.00	10.00	10.00	10.00
Basic earnings per share [in Rs.] (E=(D/A))	0.28	(0.08)	(0.11)	(1.08)	(0.51)
Diluted earnings per share [in Rs.] (F=(D/C))	0.28	(0.08)	(0.11)	(1.08)	(0.51)

2. Return on Networth

Particulars	As at March 31, 2019*	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Profit / (Loss) after Tax [Rs.in lakhs] (A)	302.11	(80.54)	(107.02)	(538.03)	(58.90)
Networth [Rs.in lakhs] (B)	18,997.80	9,258.43	9,338.97	9,445.99	4,484.02
Return on networth (A/B)	1.59%	-0.87%	-1.15%	-5.70%	-1.31%

3. Net Asset Value Per Equity Share

Particulars	As at March 31, 2019*	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Number of equity shares (A)	20,00,00,000	10,00,00,000	10,00,00,000	10,00,00,000	4,50,00,000
Networth [Rs.in lakhs] (B)	18,997.80	9,258.43	9,338.97	9,445.99	4,484.02
Net asset value per equity share (B/A)	9.50	9.26	9.34	9.45	9.96

4. Debt-equity ratio

Particulars	As at March 31, 2019*	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Debt [Rs.in Lakhs] (A)	34,620.60	28,738.52	23,024.99	7,000.00	0.00
Equity [Rs.in Lakhs] (B)	18,997.80	9,258.43	9,338.97	9,445.99	4,484.02
Debt-equity ratio (A/B)	1.82	3.10	2.47	0.74	0.00

Notes :

A. Basic EPS = $\frac{\text{Net Profit / (Loss) Attributable to Equity shareholder}}{\text{Weighted Average Number of Equity Shares outstanding during the year}}$

B. Diluted EPS = $\frac{\text{Net Profit / (Loss) Attributable to Equity shareholder}}{\text{Weighted Average Number of Diluted Equity Shares outstanding during the year}}$

C. Return on Networth $\frac{\text{Net Profit / (Loss) Attributable to Equity shareholder}}{\text{Networth outstanding at the end of the year (Share holder's fund)}}$

D. Net Asset Value per share $\frac{\text{Networth outstanding at the end of the year}}{\text{Number of Equity Shares outstanding at the end of the year}}$

E. Debt Equity Ratio $\frac{\text{Total Debt outstanding at the end of the year}}{\text{Networth outstanding at the end of the year}}$

Networth = Share Capital + Other Equity or Reserves and Surplus

** The Company has adopted Ind AS notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, from April 1, 2018 and the effective date of such transition is April 1, 2017. Such transition has been carried out from the erstwhile Accounting Standards notified under the Companies Act. Accordingly, the impact of transition has been recorded in the opening reserves as at April 1, 2017 and the corresponding figures, presented in these results, have been restated/ reclassified. Therefore, the financial informationas on March 31, 2019 are not comparable with previous years financial information.*

For Manappuram Home Finance Limited

MANAPPURAM HOME FINANCE LTD.

Vipul Patel
Chief Financial Officer

Place: Mumbai
Date: 6 September, 2019

In terms of our Report of factual findings in connection with
agreed-upon procedures related to the Statement of Accounting Ratios of even date having UDIN 19104968AAAAIN3234

DELOITTE HASKINS & SELLS LLP

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ANNEXURE IV– STATEMENT OF CAPITALISATION

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Annexure

Statement of Capitalisation

Rs.in lakhs

	Pre issue as at March 31, 2019 (A) *	Proposed proceeds from the issue**(B)	Post Issue** (C= A+B)
Debt			
Debt Securities & Subordinated Liabilities	-	20,000.00	20,000.00
Borrowings (Other than Debt Securities)	34,620.60	-	34,620.60
Total Debt (A)	**34,620.60**	**20,000.00**	**54,620.60**
Equity			
Equity and Share Capital	20,000.00	-	20,000.00
Other Equity			
Statutory Reserve	70.15	-	70.15
Retained Earnings	(1,361.31)	-	(1,361.31)
Employee Shares Option Outstanding of Parent Company	288.96	-	288.96
Total Equity (B)	**18,997.80**	-	**18,997.80**
Debt / Equity (A/ B)	**1.82**		**2.88**

* As per Indian Accounting Standards ("Ind AS") notified under section 133 of the Companies Act, 2013, read with relevant rules issued thereunder.
** The figures for the respective financial statements line items under Post Issue column are derived after considering the impact due to proposed issue of secured debt and it does not consider any other transactions or movements for such financial statements line items after March 31, 2019. The debt-equity ratio post the Issue is indicative on account of the assumed inflow of Rs.20,000 lakhs from the proposed Issue in the secured debt category as on March 31, 2019. The actual debt-equity ratio post the Issue would depend on the actual position of debt and equity on the Deemed Date of Allotment.

For Manappuram Home Finance Limited

Vipul Patel
Chief Financial Officer

Place: Mumbai
Date: 6 September, 2019

In terms of our report of factual findings in connection with agreed-upon procedures related to the Statement of Capitalisation of even date having UDIN 19104968AAAAIP8929

ANNEXURE V– STATEMENT OF DIVIDENDS

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Statement of Dividends

Particulars		For the year ended March 31, 2019*	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
Equity Share Capital (Rs.in lakhs)		20,000.00	10,000.00	10,000.00	10,000.00	4,500.00
Face Value Per Equity Share (Rs.)	(a)	10.00	10.00	10.00	10.00	10.00
Dividend on Equity Shares (Rs per Equity Share)	(b)	-	-	-	-	-
Total dividend on Equity Shares (Rs.in lakhs)		-	-	-	-	-
Dividend Declared Rate (In %)	(c=b/a)	0.00%	0.00%	0.00%	0.00%	0.00%
Dividend tax (gross) on dividend (Rs.in lakhs)		-	-	-	-	-

* The Company has adopted Ind AS notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, from April 1, 2018 and the effective date of such transition is April 1, 2017. Such transition has been carried out from the erstwhile Accounting Standards notified under the Companies Act. Accordingly, the impact of transition has been recorded in the opening reserves as at April 1, 2017 and the corresponding figures, presented in these results, have been restated/ reclassified. Therefore, the financial informationas on March 31, 2019 are not comparable with previous years financial information.

For Manappuram Home Finance Limited

Vipul Patel
Chief Financial Officer
Place: Mumbai
Date: 6 September, 2019

In terms of our report of factual findings in connection with agreed-upon procedures related to the Statement of Dividends of even date having UDIN 19104968AAAAIM8575