



MANAPPURAM[®] FINANCE LIMITED



Make Life Easy

Ref: Sec/SE/325/17-18
21st July 2017

BSE Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001

National Stock Exchange of India Limited
5th Floor, Exchange Plaza
Bandra (East),
Mumbai – 400 051

Dear Sir/Madam,

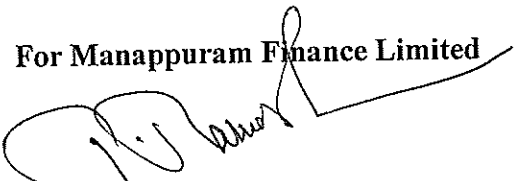
Sub: 25th Annual Report of the Company for the FY 2016-17

We are enclosing herewith the 25th Annual Report of the Company for the FY 2016-17. The same may be accessed through our website www.manappuram.com under Investors>Annual Reports Tab.

Request you to take the same on your record.

Thanking you.
Yours Faithfully,

For Manappuram Finance Limited


Ramesh Periasamy
Company Secretary

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

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

2016-17
ANNUAL REPORT



Make Life Easy

**TOUCHING
LIVES.
SHAPING
FUTURES.**

25
years
OF STERLING
PERFORMANCE



Forward-looking statement

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

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view this
annual report online at
www.manappuram.com

Revenue

43.8%



Y-O-Y

EBIDTA

54.5%



Y-O-Y

Profit after tax

113.6%



Y-O-Y

Earnings per share

113.8%



Y-O-Y

Assets under Management (AUM)

19.5%



Y-O-Y

Gold loan disbursement

45.4%



Y-O-Y

Gold holdings

2.4%



Y-O-Y

Gold loan customer base

11.1%



Y-O-Y

Equity share information

NSE: MANAPPURAM
BSE: 521213

Y-o-Y: Growth in 2016-17 over 2015-16



Shri V. C. Padmanabhan

Tribute to a visionary

At Manappuram, we commenced our journey with the fundamental objective of helping and empowering people. In 1949, one man from the impoverished village of Valapad in Kerala set out on his journey to help poor farmers and fishermen by providing them with hassle-free loans at affordable rates. Thus, Shri. V. C. Padmanabhan took the first step towards building an institution of trust. He was a visionary, who continues to inspire us to this day.

Shri Padmanabhan earned a reputation for his integrity and Manappuram soon became a haven for the deposits of local people, offering higher returns along with assured safety. The small business of community financing through gold loans gained strength, and after decades of building trust, it acquired a new identity in 1992 as Manappuram General Finance and Leasing Limited.

Over the 25 years since then, we have fortified our position as one of India's most trusted gold loan NBFC. Today, we have successfully diversified our offerings to reach a wider cross-section of customers.

Our business landscape has changed over the years, with new opportunities and challenges emerging. However, the values of our founder continue to guide us towards new horizons.

Shri V. C. Padmanabhan
(1916-1986)



25 Years of Empowerment and Value Creation

1992



Manappuram Finance Limited (MFL) was incorporated with registered office at Thrissur to conduct the business of financial services, especially leasing and hire purchase

1994



Paid maiden dividend in the very first full year of operations (1994) and has maintained a track record of uninterrupted dividend payouts thereafter

1995



- First NBFC from Kerala to go for a credit rating exercise. ICRA assigns rating of MA to its fixed deposit programme
- Approaches the capital market with its first Public Issue of shares for ₹ 1.75 crore. The shares are listed on the Bombay, Madras and Cochin stock exchanges

1996



First NBFC in Kerala permitted by the RBI to accept deposits from the public without restrictions on the limit. The Company is also permitted to set its own interest rates

1998



- Becomes the first NBFC in Kerala to be given a Certificate of Registration by the RBI
- A major policy change sees MFL shifting its focus to gold loans

2002



Commences foreign exchange business with moneychanger's licence from the RBI. [Later, in 2007, it becomes first NBFC from Kerala to receive AD - II (Authorised Dealer - II) Licence from RBI]. The registered office is shifted to Valapad, Kerala

2003



- Manappuram Finance (Tamil Nadu) Ltd. (MAFIT) was established with a registered office in Coimbatore, consequent upon the takeover of Sterling Gem Finance Pvt. Ltd. MAFIT was later merged with MAGFIL w.e.f. April 1, 2008
- Declared Rights issue

2005



Attracted institutional funding for the first time, when ICICI Bank sanctioned working capital facility of ₹ 25 crores under a 'bilateral assignment' model. Hitherto, MFL had been largely dependent on deposits from the public

2006



Singapore government-owned investment fund Fullerton India/Temasek enters the picture with initial sanction of a credit limit of ₹ 50 crore to MFL. Within a year, the limits are enhanced to ₹ 475 crore

2007



- First NBFC in Kerala to receive foreign institutional investment with Sequoia Capital and Hudson Equity Holdings investing ₹ 70 crore
- First NBFC from Kerala to issue bonus shares in the ratio of 1:1

2008



- Total business volumes of MAGFIL cross the ₹ 1,000 crore milestone
- More FII's come in and Company raises ₹ 70.75 crore

2009

Manappuram Foundation established at Valapad in order to further the CSR mission of the Manappuram Group. The first initiative of the Foundation is "Janaraksha Manappuram Soujanya Arogya Insurance Scheme" providing free health insurance to 20,000 BPL families (covering over one lakh beneficiaries) in the seven panchayats of Nattika assembly constituency

2010

- Declared 1:1 bonus issue for second time
- Total business volumes crossed ₹ 5,000 crore
- Raised ₹ 245 crore through the QIP route
- Opens its 1001st Branch at Thrissur town
- Superstars Mohanlal, Vikram, Venkatesh, Puneeth Rajkumar and Akshay Kumar among others becomes Manappuram's brand ambassadors
- Raised additional capital of ₹ 1,000 crore from FII's (through QIP)
- Stock split: Equity share of face value of ₹ 10/- split into 5 shares of face value of ₹ 2/- each

2011

- Assets under Management (AUM) records three-fold growth to ₹ 7,549 crore
- Adopts a new name, Manappuram Finance Ltd., in place of the earlier name Manappuram General Finance and Leasing Ltd
- Declared 1:1 bonus issue for the third time

2012

- AUM crosses ₹ 10,000 crore
- RBI tightens regulations, stipulates cap on LTV not to exceed 60%
- Branch Network reaches 2,908, with more than 850 branches added in FY 2012

2013

RBI issued key guidelines to bring stability to gold lending business, increases LTV for gold loans to 75%

2014

- Pioneered the introduction of shorter tenure loans product (3 to 9 months) with lower LTV for longer tenure loans
- Acquired full ownership of Milestone Home Finance Private Limited from Jaypee Hotels Limited. Name changed to Manappuram Home Finance Private Limited
- Equity shares of the Company listed on the NSE (Listed on BSE in 1995)

2015

- Diversified into Home Loans and Commercial Vehicle finance
- Acquired the Chennai based MFI, Asirvad Microfinance Pvt. Ltd.
- Introduced online gold loan (OGL) in October becoming the first in the Industry to do so
- Celebrated 20 years of listing on the BSE with ceremonial ringing of the closing bell by Mr. V.P. Nandakumar and Mrs. Sushama Nandakumar (joint promoters of the Company) on November 6
- Altered object clause in Memorandum of Association to incorporate diversified business activities

2016

- V.P. Nandakumar, MD & CEO, is one of a select few from India to be shortlisted for the CNBC Asia Business Leaders Award 2016 held at Jakarta, Indonesia, on November 23
- Acquired 100% ownership of Manappuram Insurance Brokers Private Limited

2017

- Awarded 'Best NBFC for Gold Loan Business' from the India Bullion Jewellery Association (IBJA), Mumbai, on March 16 at Mumbai
- Co-branded Pre-paid Money Card in tie up with YES Bank and the MaKash e-Wallet launched on April 15
- The Company's shares are included in the derivative segment (futures & options) at NSE, effective June 30

25 years is a promising age.

Because it offers both the dynamism of youth and the insight of experience.

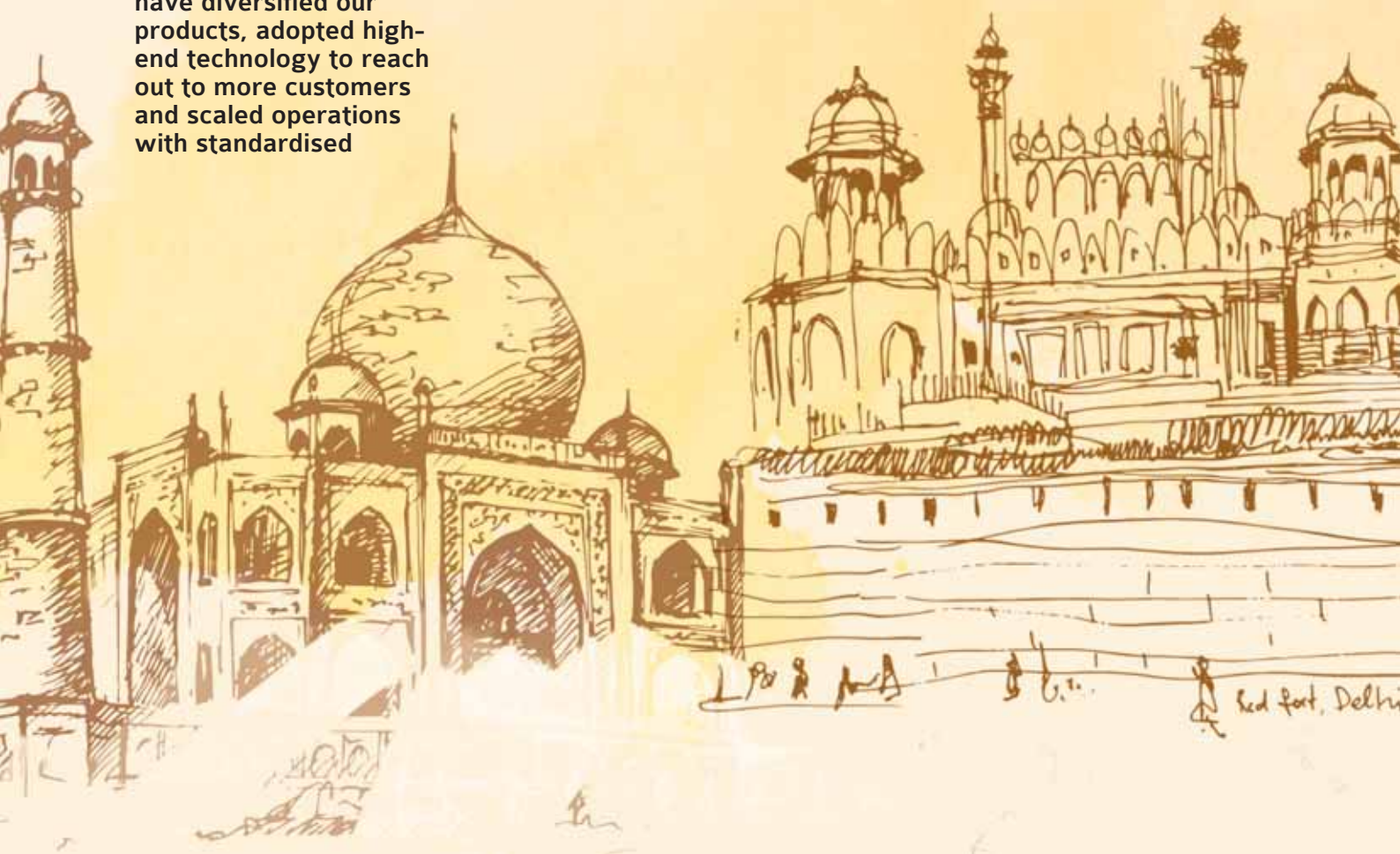
At Manappuram Finance, we have enjoyed every moment of this exhilarating journey.

We remain rooted to our core values, while at the same time excited to leverage opportunities that are emerging on the horizon.

Over the years, we have diversified our products, adopted high-end technology to reach out to more customers and scaled operations with standardised

systems and platforms, all underpinned by a collaborative performance culture.

Simply put, trust, technology, talent and teamwork have played a pivotal role in shaping our 25 years of sterling performance.



₹ **136.6**BnConsolidated
Assets under Management**26.12%**Capital adequacy ratio
(standalone)**18.5%**Share of non-gold
businesses**6**

Business verticals

4,152

Branches across India

33.51Mn

Total customers

30+Funding sources across
banks and financial
institutions**22,112**

Team Manappuram

61.05 Tonnes

Gold asset holding

28States/Union
territories coverage**1.7%**Net Non-performing
Assets**10%**Borrowing cost
(standalone)₹ **8,250**CrMarket
capitalisation₹ **1.50**per share
Paid as dividend
(Face value ₹ 2)**34.5%**Promoters holding
(standalone)

Institution of Trust

Over the preceding 25 years, we have progressed at a sustainable pace to become one of India's leading NBFCs. Our focus has always been on driving wide-ranging innovations in terms of products, processes, technologies and branding.

We drive the aspirations of our customers by offering them easy, hassle-free gold loans and help them realise their dreams. In recent years, the Company has diversified into new business areas like microfinance, vehicle and housing finance and SME lending to de-risk our business.



Our vision

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



Our core values

CUSTOMER IS ALL-IMPORTANT

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

NO COMPROMISE ON INTEGRITY

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

CUTTING EDGE TECHNOLOGY

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



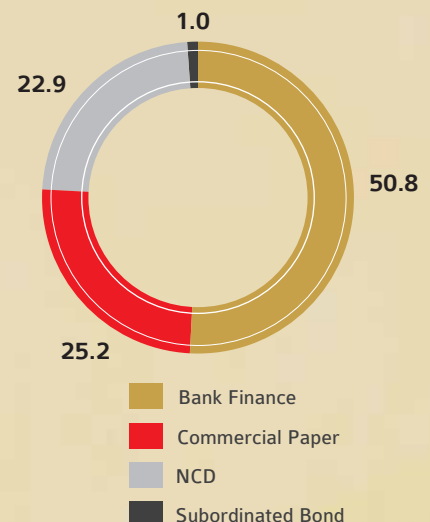
Our mission

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

Our fund sources

- Credit lines from 30+ banks
- Healthy pipeline of un-utilised limits with banks and financial institutions
- Commercial papers from short-term money markets
- Privately placed Non-Convertible Debentures (NCD) and bonds
- NCD Public Issue

(%)



Products and services



ONLINE GOLD LOAN



GOLD LOAN



SME FINANCE

FOREX & MONEY
TRANSFERCOMMERCIAL
VEHICLE LOANS

MICRO FINANCE



HOME LOAN

INSURANCE
BROKING

Our credit ratings

MANAPPURAM FINANCE

- Investment grade rating since 1995
- Long Term: AA- (Stable) by CRISIL, ICRA, CARE
- Short Term: A1+ by CRISIL, ICRA

ASIRVAD MICROFINANCE

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

HOUSING FINANCE

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

Our business strategy

Strengthen the core gold loan business

- Delinking the gold business from gold prices by offering short-term loans (3 months)
- Increasing marketing initiatives across branches and key markets
- Enhancing marketing spend with growing BTL and ATL activities
- Focusing on branch activations through increased incentives and performance scorecard
- Consolidating pan-India reach

Addition of synergistic new business segments

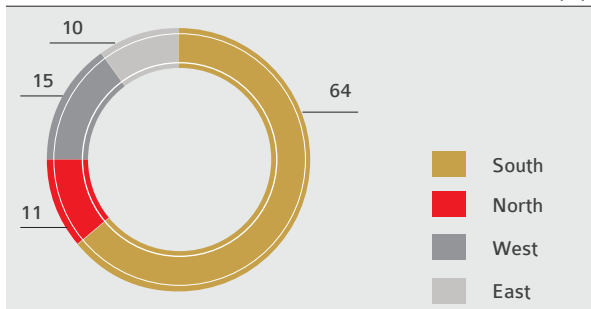
- Leveraging the strong retail customer base, retail branch network and the strong Manappuram brand equity build over the years
- Strengthening synergistic product segments – Microfinance, Mortgage & Housing Finance and Commercial Vehicle loans
- Utilising surplus capital to build or acquire new lending products relevant to the existing retail customer base

- Leveraging our operational capability to process large volume, small ticket-lending transactions with semi-urban and rural customers
- Enhancing the revenue mix and improve structural return on equity (RoE)

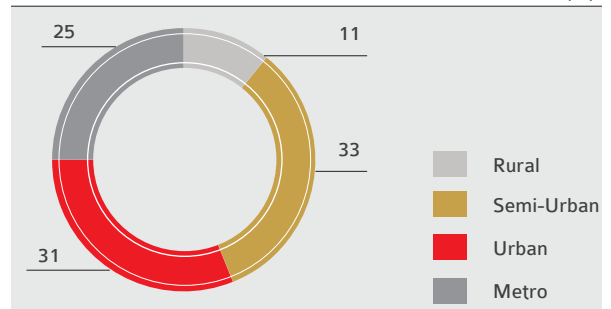
Growing Our National Prominence



GOLD AUM – REGION-WISE BREAKUP (%)



GOLD AUM – RURAL URBAN MIX (%)



Enriching Our Product Diversity



Gold Loan

₹ 111,245 Mn

AUM as on
31st March, 2017

11.9%

Online Gold Loans
(share of AUM)

We are India's first listed (and first to be credit rated) gold loan company, registered under the Reserve Bank of India. We have recalibrated the product structure to de-link from gold price fluctuations. Now, we offer short-term (3 months) loans for our customers. Loan to Value (LTV) ratio is now linked to the loan tenure. Therefore, the maximum permissible LTV of 75% would be available on loans of shorter tenure, rather than on one-year loans as was the standard practice earlier. We also offer Online Gold Loan (OGL), combining the power of technology and our trusted safe-lock facility to bring to our customers convenience as never before. One can avail a gold loan anytime, from anywhere in the world.



Microfinance

₹ 17,959 Mn

AUM as on
31st March, 2017

763

Branches

1.2 Mn

Customers

Our microfinance subsidiary, Asirvad Microfinance Limited, provides financial assistance to people at the bottom of the pyramid. We are helping to improve the quality of life of people, who lack access to formal channels of credit. Headquartered in Tamil Nadu, we operate across 17 states and union territories.



Housing Finance

₹ 3,100 Mn

AUM as on
31st March, 2017

35

Branches

6

State presence

Our housing finance subsidiary, Manappuram Home Finance Pvt. Ltd. (MAHOFIN) provides home loans in the affordable housing space to mid-to-low income group in mainly in tier-II, tier-III and outskirts of metropolitan cities. Our primary focus is on South and West India.



Commercial Vehicle (CV) Finance

₹ 3,058 Mn

AUM as on
31st March, 2017

50

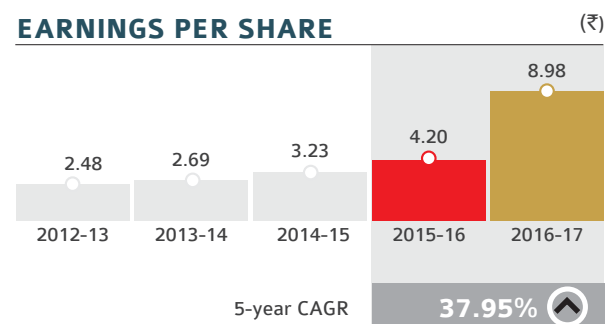
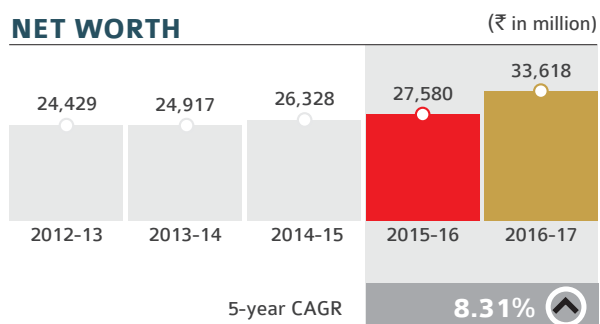
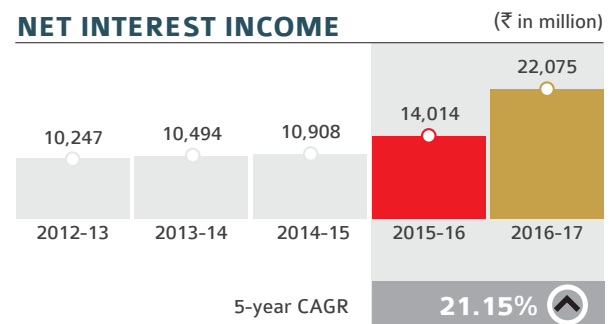
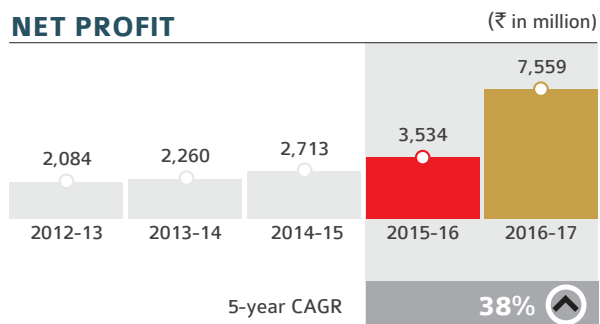
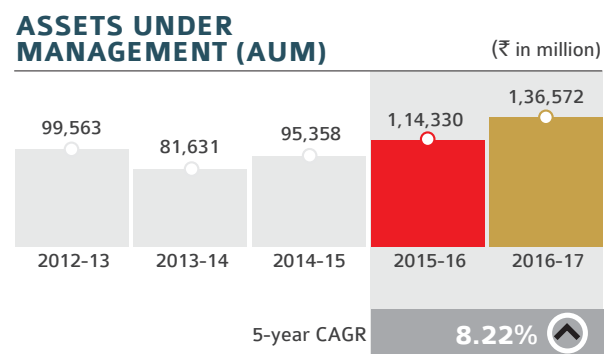
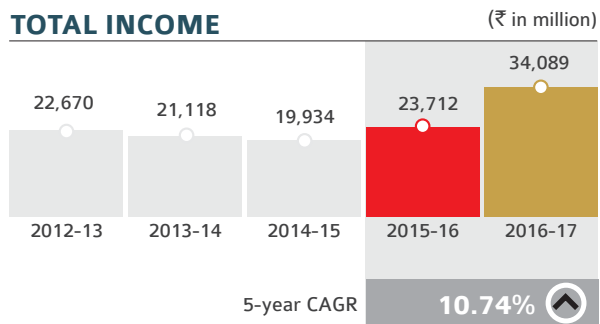
Branches

10

State presence

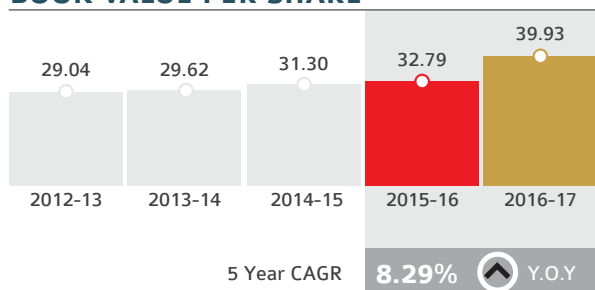
We offer Commercial Vehicle Loans at attractive interest rates, with hassle free documentation, flexible repayments, timely disbursements and other exciting features. We focus on underserved customers, who do not have access to any formal banking system.

Promising Performance



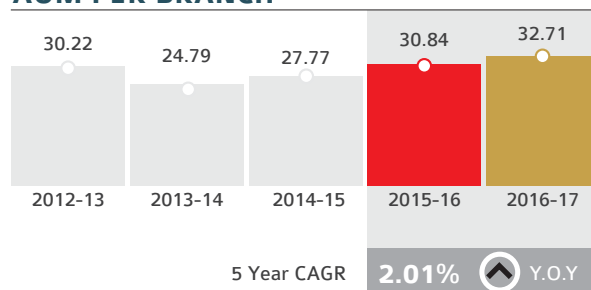
BOOK VALUE PER SHARE

(₹)



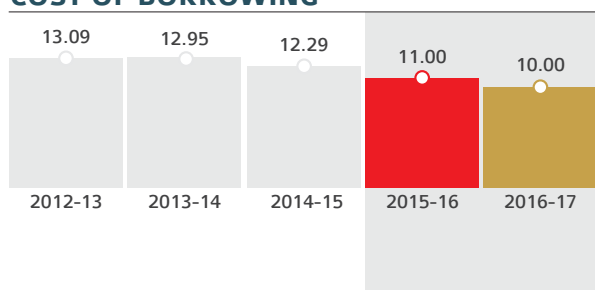
AUM PER BRANCH

(₹)



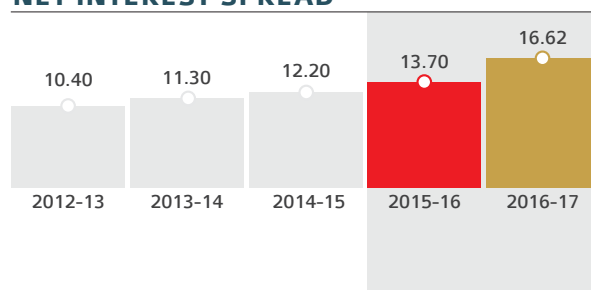
COST OF BORROWING

(%)



NET INTEREST SPREAD

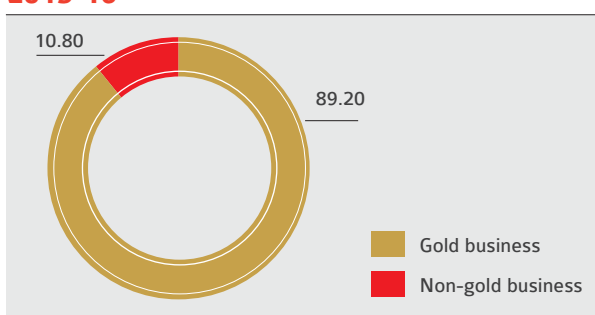
(%)



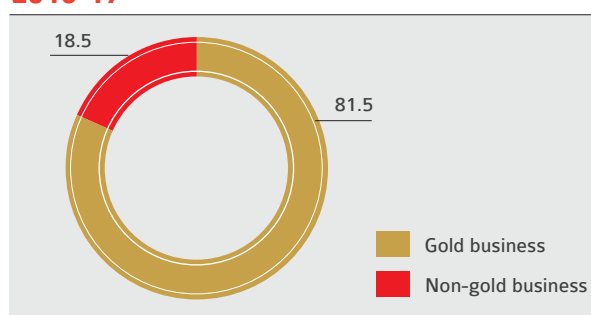
BUSINESS MIX (BY AUM)

(%)

2015-16



2016-17



RATIOS

	2012-13	2013-14	2014-15	2015-16	2016-17
Return on Assets* (%)	1.58	1.90	2.40	3.00	5.40
Return on Equity* (%)	7.91	9.20	10.58	12.80	24.70
Net Yield* (%)	20.5	22.66	22.28	23.00	24.80
Net NPA# (%)	0.77	1.01	0.97	0.70	1.70
Capital Adequacy# (%)	22.49	27.68	25.64	24.00	26.12
Debt Equity*	4.02	3.13	3.19	3.22	2.77

*Consolidated figures | #Standalone figures

MD & CEO's Insight



V.P. Nandakumar
MD & CEO



IN APRIL 2017, WE LAUNCHED A CO-BRANDED PREPAID MONEY CARD. THE CARD CAN BE PRE-LOADED UP TO A MAXIMUM AMOUNT OF ₹ 50,000 AND BE USED TO WITHDRAW MONEY FROM ALL ATMS. WE ARE PLANNING TO ISSUE THE PREPAID CARD TO OUR CUSTOMER BASE AND LINK THEIR EXISTING GOLD LOAN ACCOUNTS TO THE CARD.



WE FOCUSED ON THREE MAIN AREAS, AFFORDABLE HOUSING FINANCE, COMMERCIAL VEHICLE LOANS AND MICROFINANCE. WITH HOME AND COMMERCIAL VEHICLE LOANS, WE SOUGHT TO REACH OUT TO THE UPWARDLY MOBILE CUSTOMERS. TO CATER TO THE PEOPLE AT THE BOTTOM OF THE PYRAMID, WE DECIDED TO TAKE THE MICROFINANCE ROUTE USING THE COLLATERAL-FREE, JOINT LIABILITY MODEL.



IT IS WITH GREAT PLEASURE AND A MEASURE OF PRIDE THAT I PRESENT TO YOU THIS LANDMARK 25TH ANNUAL REPORT FOR THE YEAR ENDED MARCH 31, 2017. IN KEEPING WITH THE SPIRIT OF THIS SILVER JUBILEE YEAR, OUR COMPANY HAS POSTED STERLING RESULTS. WE HAVE REPORTED OUR HIGHEST EVER ANNUAL NET PROFIT, OUR CONSOLIDATED AUM HAS GROWN BY 20% AND, ALONG THE WAY, WE HAVE ELEVATED OUR CREDIT RATING BY ONE NOTCH. IMPORTANTLY, ALL THIS WAS ACHIEVED DESPITE THE HEADWINDS WE FACED IN THE SECOND HALF OF THE FISCAL YEAR, FOLLOWING DEMONETISATION.



MD & CEO's Insight (contd.)

DEAR SHAREHOLDERS,

It is with great pleasure and a measure of pride that I present to you this landmark 25th Annual Report for the year ended March 31, 2017. In keeping with the spirit of this silver jubilee year, our Company has posted sterling results. We have reported our highest ever annual net profit, our consolidated AUM has grown by 20% and along the way, we have elevated our credit rating by one notch. Importantly, all this was achieved despite the headwinds we faced in the second half of the fiscal year, following demonetisation.

ECONOMIC OUTLOOK

Financial Year 2016-17 was an eventful year with some unexpected developments like the Brexit referendum, Donald Trump's victory in the US Presidential elections, and the demonetisation of high value Indian currency notes. Consequently, the global economic recovery remained weak with a slowdown in international trade, increasing protectionism, and heightened levels of uncertainty, following Brexit and the unexpected outcome of the US election. However, the Indian economy has shown resilience, despite the impact of demonetisation. The overall macroeconomic parameters of the country have registered improvement with policy support, aiding structural strength and efficiency. The Indian economy also emerged as a preferred destination for foreign investment with foreign direct investment (FDI) picking up well.

The Government has demonstrated a welcome commitment to the reforms agenda, and signalled its intent to stick to fiscal consolidation. Continuing policy and structural reforms, larger than expected benefits from GST, a conducive economic environment with reasonably low international energy and commodity prices, will aid the growth momentum. At the same time, the fact that the private investment cycle is yet to pick up remains a cause for concern.

In addition, the strained balance sheet of the banking system could curtail the pace of monetary transmission and lower credit growth may have an adverse impact on economic development. At the global level, the gradual pace of normalisation of the US interest rate has been well discounted by the market, while economic challenges of the US, Europe and China should have a limited impact on India due to relatively lower trade leverage. Of course, any unexpected



OVER THE LAST TWO YEARS (I.E. FY 2016 AND FY 2017), THE NEW BUSINESS VERTICALS HAVE BEEN SUCCESSFUL IN RAPIDLY SCALING UP THEIR OPERATIONS BY LEVERAGING THE PARENT'S CUSTOMER BASE, BRANCH NETWORK AND THE GOODWILL OF THE MANAPPURAM BRAND.

geopolitical development can cause turbulence in global financial market, which can impact India too.

OUTLOOK FOR NON-BANKING FINANCIAL COMPANIES (NBFCs)

NBFCs are a key component for achieving India's financial inclusion. In terms of financial assets, NBFCs have recorded robust growth with a CAGR of 19% over the preceding few years. Retail NBFC portfolio growth is expected to slow down to around 16-18% in 2016-17, compared to 19.5% growth recorded in 2015-16. The slowdown in retail credit growth was primarily due to a decline in disbursements during the demonetisation affected third quarter of 2016-17 and a subdued recovery in the fourth quarter.

Going forward, the outlook for the NBFC is expected to improve gradually with waning impact of demonetisation and stronger economic growth. The demand for credit will improve especially from the agriculture sector with the expectation of another year of normal monsoon. As for the risks, growth in 2017-18 can be impacted by the increasing competitive pressure from banks and the slowdown in some key asset classes, including loan against property (LAP) and microfinance. Overall, retail credit growth for NBFCs is expected to remain in the range of 16-18% for 2017-18.

OUTLOOK FOR GOLD AND GOLD LOAN NBFCs

On earlier occasions, I have usually talked at length about the outlook for gold prices

since it is assumed to have an important bearing on the gold loan business. However, these days our fortunes are largely delinked from gold prices, after we shifted our entire gold loans portfolio to short-term loans of three months duration (as against the earlier standard tenure of one year). We believe that falling gold prices are no more likely to erode profitability in any significant way even as a trend of increasing gold price will help in growing the business. As for the outlook for gold price, after the boost to price last year from totally unexpected events like Brexit and Trump's triumph, we are inclined to believe that gold prices will be relatively stable and predictable over the coming year.

GOLD LOAN NBFCs

A series of rather sudden regulatory changes between FY 2011 and FY 2014 — such as withdrawing priority sector benefits for gold loans given by NBFCs, capping LTV ratio initially at 60% and later revised to 75%, tightening rules for placement of privately placed debentures by NBFCs, and prescribing stringent norms for conducting gold auctions — all had the effect of applying the brakes on the growth of gold loan NBFCs, who then lost considerable ground to banks and the unorganised sector. The market share of specialised gold loan NBFCs came down to 31% in FY 13 from a high of 36.5% in FY 12; and it declined further to 28.6% in FY 14. Since then, there has been a recovery with subdued growth in the three years through fiscal 2015, and a smart pick-up since then. As a result, gold loan NBFCs have managed to regain a good part of the lost ground and their market share had bounced back to 31% by FY 2016.

Now that gold loan NBFCs have recovered fully from the turbulence, and with the wisdom of hindsight, it must be admitted that the regulatory changes have brought about the much-needed clarity and transparency to the business; and helped to increase the confidence of regulators, lenders and other stakeholders. This will be a huge positive for the segment, going forward. As for the near-term prospects, the general expectation now is that growth in AUM will stabilise at around 15% over the next couple of years even as gold loan NBFCs may face increasing competition from Small Finance Banks (SFBs) now coming into the picture.

PERFORMANCE OF NEW BUSINESSES

Back in FY 2015, we took a decision to diversify our business by leveraging our

vast customer base developed through our mainstay Gold Loans business over the years. We had a large net worth and access to debt capital on competitive terms. The objective of this diversification was to build (over a period of time) 40-50% of total assets under management (AUM) from sources other than gold loans to mitigate the risk of being a single-product NBFC and eventually meet the eligibility conditions to apply for a universal banking licence, especially PSL norms. As I saw it then, our diversification strategy offered two potential advantages. First, it would address the perceived vulnerability to concentration risk. Second, it would enable the Company to cater to existing and new customers with new products and services.

Accordingly, we focused on three main areas, affordable housing finance, commercial vehicle loans and microfinance. With home and commercial vehicle loans, we sought to reach out to the upwardly mobile customers. To cater to the people at the bottom of the pyramid, we decided to take the microfinance route using the collateral-free, joint liability model. The Chennai based Asirvad Microfinance was acquired by us in February 2015 pursuant to this strategy.

Over the last two years (i.e. FY 2016 and FY 2017), the new business verticals have been successful in rapidly scaling up their operations by leveraging the parent's customer base, branch network and the goodwill of the Manappuram Brand. During this period, we have been able to stabilise the business processes, scale up the operations (including network), enhance the manpower strength of each vertical and foster synergistic lead generation connections with the Company's network. Today, the important achievement is that having begun from scratch in FY 2015, our non-gold new businesses now contribute nearly a fifth of our total AUM.

PERFORMANCE

As I mentioned in the beginning, we reported our highest ever annual net profit at ₹ 755.85 crore during FY 2016-17. In fact, net profit for the year has more than doubled, compared to the ₹ 353.37 crore that we reported in FY 2015-16. We have also recorded good growth in consolidated AUM which, at ₹ 13,652 crores, is an increase of nearly 20% over the year before. Along with the higher profits and AUM, we have delivered exceptional returns to

our investors with RoA of 5.1% and RoE of 24.4%. Our Networth stands at ₹ 33,618 million and our standalone capital adequacy is at a healthy 25.9%. Putting it all together, the picture is one of growth and profitability, founded on a solid footing of low gearing.

Looking back at our performance over the last fiscal year, we feel there is much to cheer about, especially because it was achieved despite the significant headwinds we faced in the third and fourth quarters. The momentum of growth in AUM seen in the first two quarters could not be maintained in the second half of the year. There are two macro-economic factors that affected us in the second half of the year.

The first of these was demonetisation in November, which appears to have disrupted the working capital cycle of the businesses in the unorganised sector. Our observation is that this sector is still getting back on its feet and it may take another quarter or so before things really get back to normal. The second factor is the drought-like situation and water scarcity faced by the southern states, particularly Karnataka, Tamil Nadu and Kerala. Going forward, Indian Meteorological Department has predicted near normal rains this year. Also, we observe that gold loan disbursements are now getting back to normal and the impact of this should be visible in the coming quarters.

TECHNOLOGY FOCUS TO MEET THE CASHLESS CHALLENGE

While we are optimistic about our future prospects, I must also address that one area which is shaping up as something of a challenge. This is the part about the role of cash in our business, given the environment where the role of cash is being systematically downgraded. We recognise that the future is increasingly cashless or less cash, and therefore we have to think of ways to ease the transition for our customers by offering them a choice of convenient alternatives to cash. We had launched our Online Gold Loan (OGL) product in October 2015 and today OGL, which is totally cashless at our end and accounts for 12% of our total gold loan portfolio. Our focus now is to increase this figure to more significant levels.

In April 2017, we launched a co-branded prepaid money card. The card can be pre-loaded up to a maximum amount of ₹ 50,000 and be used to withdraw money

from all ATMs. We are planning to issue the prepaid card to our customer base and link their existing gold loan accounts to the card. Along with the prepaid card, we have also launched our branded eWallet under the name, MaKash which we hope to scale up in the coming months. We expect that the prepaid card and the eWallet will eventually help in making our Online Gold Loans a more compelling proposition for our customers.

We are also working on an SGL, or SMS based gold loan product, for customers who find it difficult to access the internet. And we are continuing with our long-term work to develop a high-tech IoT (internet of things) based network enabled keyless gold storage technologies that will significantly address the security aspect at the branch. Going forward, we recognise that technology will be a key differentiator in this business and we are determined to lead the way.

THANK YOU

I am grateful to all our shareholders and the entire stakeholder fraternity for the support extended to the Company through all these years. We are grateful to the Reserve Bank of India for having done much to bring about transparency and improve risk governance in the industry that is now beginning to bear fruit for all industry players. I seek your continued support, so that we can sustain and improve upon our performance; and at the same time fulfil our vision to become a dynamic, multi-product NBFC, meeting the financial requirements of primarily the disadvantaged sections of society.

Even as we have achieved a lot, I believe there is a lot more we can still do, together.

With best wishes,

V.P. Nandakumar
MD & CEO

Refreshing strategies at 25

In step with digital **TRANS- FORMATION**

'Digital' is radically transforming the way we live, work, transact, shop and play. It has many facets, but one thing that is remarkable about it is that it has emerged as one of the most potent vehicles of empowerment. As a young and dynamic enterprise, we believe our digital strategy will make us more agile, contemporary, and help expand our outreach nationally and internationally across a large customer cross-section.



Online Gold Loan

We successfully revolutionised the gold loan disbursement system through our online gold loan facility. We pioneered the availability of online gold loan facility in India. With our new online gold loan facility, one can avail gold loan 24x7, from anywhere in the world.

The online gold loan facility is a powerful medium in line with contemporary lifestyles. We are fundamentally looking at it as a gold depository service. People deposit gold with us, not necessarily to take loans, but simply for safekeeping. We take the liability of the amount of gold they deposit. Once anyone deposits gold, the online gold loan facility becomes a complimentary service. By using our online gold loan facility, customers can:

- Safely lock their gold ornaments at their nearest Manappuram Finance Branch
- Register for online gold loan services and link their savings accounts
- Get the loan amount credited to their bank account anytime using our mobile app or website



Online Gold Loan App

Our OGL app provides a world of convenience from the comfort of home. Customers can now avail a gold loan, pay interest, check account statement, or locate the nearest Manappuram Finance branch conveniently with this easy-to-use mobile app. One can make it his/her trusted companion for all his/her financial needs.



OTHER SERVICE PLATFORMS

We propose to offer SGL (SMS based Gold Loan) facility for customers who find it difficult to access the internet. We have introduced Branch on Mobile (BoM) concept, which enables on-field gold loan transactions beyond the brick-and-mortar branches by employees / agents / franchisees.

UGL CREDIT EWALLET (OCW)

OCW has provided an opportunity for vertical integration with merchant outlets and help promote the concept of Online Gold Loans at the point of service consumption by customers.

BRANCH GOLD LOAN PAYMENT PORTAL

Our branch gold loan payment portal has provided an opportunity for vertical integration with payment channels like IMT, Paytm, banks pre-paid cards, EKYC – based savings bank accounts.

OTHER FACILITIES

We bring a wide spectrum of products to customers, which can be availed from the comfort of their homes, offices or anywhere in the world. A customer can, for instance, opt for an online gold loan (UGL) disbursement, where a new gold loan is disbursed by immediate transfer to his/her bank account. Other services include the payment of interest or principal to customers' gold loan accounts through debit card/net banking and generating a statement of their account. Through Online Gold Loan (UGL), customers can download the UGL pawn ticket.

MAJOR DIGITAL BUSINESS DIFFERENTIATORS

● Tie-ups with PAYTM, mPesa, m-RUPEE, ITZ CASH

We have partnered with various new-age mobile wallets services to enhance our brand positioning, collection, lead generation and customer experience. Besides, these tie-ups have reduced our operating cost.

● I-REFER mobile application

The I-Refer smartphone application gives us an edge as it enables us to acquire our customers, digitally.

● Automatic IMPS / NEFT / RTGS gold loan payment system

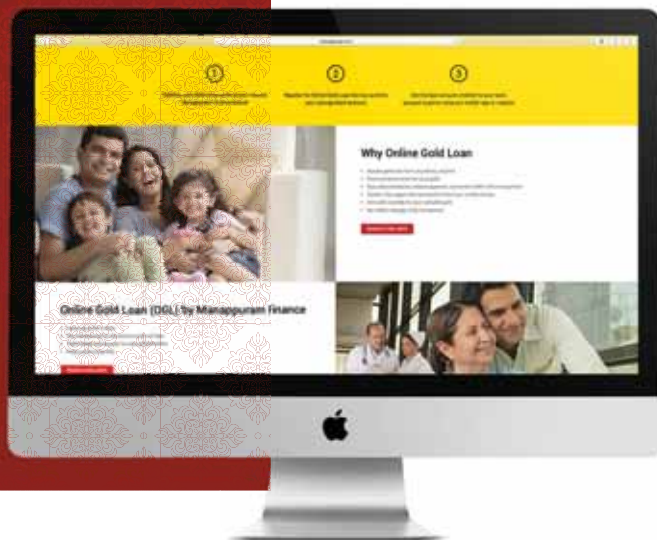
We have incorporated several 24x7 online payment options and removed manual intervention – by partnering with ICICI Bank, Kotak Mahindra Bank, Axis Bank, SBI and Yes Bank.

2,131,702

Web platform successfully executed 2,131,702 transactions valued ₹ 15,674 trillion

615,036

Mobile application platform successfully executed 615,036 transactions valued ₹ 4,359 trillion



● Banking Correspondent (BC) tie-up with Yes Bank for domestic money transfer

We have created a scope for fee-based income through BC arrangement with Yes Bank.

● Online inward payment system tie-up with 'PayU'

Our online payment system has enabled the customers to make online gold loan payments through PGs (Pay U, Bill Desk, HFDC), wallets (Paytm, Mrupee, mPesa).

● Money transfer platform – using PPI Licence

Our customers can use domestic money transfer facility via MAFIL PPI licence.

● Inventory module – implementation

We have reduced TAT for re-pledge process / UGL conversion and reduction in sticker, and gold packing cost.

● Compliance rating and compliance portal

The system has enabled the rating of branches and development of a portal for compliance related functions.

● Pre-paid cards issue for money transfer (cash out)

We have issued co-branded pre-paid debit cards that enable cash out facility within domestic money transfer.

● Optimised interest accrual system

We have developed an error-free interest accrual system for MIS reporting.

Future-ready initiatives



Prepaid Card

We launched a prepaid card in collaboration with Yes Bank. The Manappuram-Yes Bank money card can be pre-loaded up to a maximum amount of ₹ 50,000 and used to withdraw money from all ATMs. The card, which also works on the MasterCard and RuPay networks, can be used for online transactions and at merchant establishments with Point of Sales (PoS) terminals. We will issue the prepaid card to customers and link their existing gold loan accounts to the card. This will enable customers to withdraw money from ATMs across India.

Moreover, they can also withdraw money from any of the 3,300 branches of our Company. The card can be reloaded directly at all Manappuram branches. The card can also be purchased by non-customers by furnishing their mobile number and a KYC document, as prescribed by the Reserve Bank of India (RBI).



e-KYC

We are putting in place a biometric 'eKYC authentication system', allowing direct interface with UIDAI to establish the authenticity of Aadhar cards presented at branches. This system enables customers to authenticate their identity through their fingerprints via our online app. Their information gets stored in our server, along with their Aadhar card detail.



MaKash wallet

We introduced MaKash, a mobile payment solution, which enables a registered customer to complete simple financial transactions, such as sending money, buying recharges, wallet-to-bank transfers, paying for goods and services, paying for utility bills, and so much more. With the MaKash application, transaction becomes faster and easier for customers from any Android based mobile phone.



Instant Money Transfer

We are introducing a new system called IMT, where customers can go to the nearest ATM and withdraw cash. It won't require cards but a transaction code, which should be used in IMT-enabled ATMs. Cash could be withdrawn using the code. Customers will not require bank accounts or any cards for using this system. This is a major future-focused initiative that will allow us to directly pay to our customers, without them coming to us, or vice-versa.



E-Locker system

Internet-based keyless, fully automated and secure e-lockers will soon replace traditional lockers for gold storage at Manappuram Finance. The e-lockers will be completely managed (opening, closing, auditing, remote monitoring and so on) through encrypted IT systems. The development of such an e-locker system is expected to benefit customers by providing greater security. Developing an e-locker system is the emerging need as manually operated lockers have certain limitations because of the need to open it frequently, which makes it vulnerable to threats by miscreants to extract keys of the mechanical lockers.

Refreshing strategies at 25

Building a customer **FIRST BRAND**

Our brand is a valuable asset of trust and the visible face of our achievements. We constantly nurture and empower our brand in tune with changing times, evolving aspirations and financial requirements of customers. Over the last 25 years, we have meticulously built a brand personality that touches customers across the social pyramid.

We have consistently enhanced our brand outreach through celebrity endorsements. Popular stars from Bollywood and regional cinema, such as Akshay Kumar, Venkatesh, Mohan Lal, Puneeth Rajkumar, Vikram, Jeet, Sachin Khedekar and Uttam Mohanty endorse our brand.

New brand campaign

As a leader in the gold loan category, we acted as a change agent by propagating the monetisation of one's idle gold jewellery. Gold loan, traditionally taken as a last measure to financing, was a distress product. Our new Online Gold Loan (OGL) campaign attempts to reposition it as a preferred class of financial asset, which has easy liquidity and convenience of use to meet the challenges of contemporary lifestyle.

The result is that our traditional segments of customers have expanded to meet one's varied financial requirements. This campaign attempts to highlight the woman of the house who owns the

gold and supports her partner to monetise it for achieving economic liberty to accomplish goals in life.

We launched a peppy jingle-based TVC with a signature dance step, which highlights the ease and contemporary nature of Manappuram's Online Gold Loan!

The TVC ends with a tag line of "Sona Manappuram Locker mein hai toh, Kahi Kidar bhi Smart bane".

Loan Melas

We are more than just a gold loan company. We offer a wide spectrum of products to our customers. During 2016-17, we conducted several loan melas, where we brought all our products under one roof. These melas

were organised in places like haats, mandis, transport nagars etc., primarily to promote our non-gold loan portfolio. We encouraged our gold loan customers to opt for our other products.



Refreshing strategies at 25

NURTURING TEAM

Manappuram

At Manappuram, we believe the mindset and motivation of our people are key to our sustainable growth. Our people — an interesting mix of youth and experience — are fleet-footed, friendly, focused and forward-looking in their approach.

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

DEVELOPING TALENT POOL

Multitasking and job rotation: We spare no effort in making our employees cross-functionally engaged as they are rotated once in two years. The rotation takes place to provide them complete exposure and understanding of our Company's entire spectrum of business and for positioning them for long-term career growth sustainably.

Career progression: The fast-track employees have been elevated and given exposure to diverse cultures and values. These youngsters have been rewarded with as many as eight promotions within 12 years. Most of our top rung personnel are home grown. Also, field level restructuring is conducted to foster better career growth for experienced resources.

Employee empowerment: We empower our employees and provide them significant headroom for growth. The regional managers have been provided opportunities; and they are seen as regional business managers, i.e., the de-facto CEO of a particular Region.

IT Automation: We harnesses the power of Information Technology for HR MIS to simplify work, improve control, efficiency and transparency.

TRAINING AT MANAPPURAM

At Manappuram, 'Training and Development' refers to our employee-focused endeavours to help them acquire job-related knowledge and elevate their skill sets, abilities and behaviours. Our bespoke training programmes help improve our employees' job performance at individual and group levels.

TRAINING IS CLASSIFIED INTO FIVE CATEGORIES

- **Company specific:** Features company specific information, policies and procedures
- **Job or task specific:** Focuses on the actual performance of a specific task or job function that is a fundamental component of an employee's responsibilities
- **Compliance specific:** Designed to help our organisation become legally compliant with various standards, as specified by regulators
- **Behavioural development:** Designed to enhance the underlying social behaviours and influencing capabilities of our employees
- **Professional development:** These programmes are generally conducted by external bodies. Helps employees to professionally develop themselves and enhance their qualifications

Methods of Training and Development

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

OUR TRAINING INFRASTRUCTURE

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

As Manappuram's presence spans across vast geographies, it is not possible to reach all trainees physically, by selecting a location for the training programme. Hence, besides classroom training, we use other training methods, such as Video Conferencing, e-learning, Learning Management System, YouTube platform and Mobile Learning.

Management Development

Programme (MDP): These programmes are aimed to train leaders, who are already familiar with a topic, but want to gain new perspectives for strategic development. Different areas that are covered under these programmes, including finance, marketing, HRM, IT, and corporate strategy, among others. These programmes are sometimes conducted as in-house activities and at other times, employees are nominated to open programmes.

Executive Development

Programme (EDP): Executive Development Programmes aim to train executives and managers—future leaders, who need knowledge to make better decisions in their current profiles. EDPs sharpen essential skills that can be applied to real life situations, for instance, decision-making skills, and interpersonal skills, among others. We follow few methods like job rotation, special courses, and so on to make the EDPs more effective.

Mandatory Training: Employees, who join our Company at the junior-most level, are made to attend attending training programmes, mandatorily. We have pre-defined number of training modules for each level of employees. The training programmes are scheduled in advance and trainees are informed at least seven days in advance.

Total person-days of Training: In the last financial year, we clocked close to 70,000 man-days of classroom training, with approximately four work-days of classroom training per employee per year. Besides the classroom trainings, the employees also undergo e-learning programmes and weekly quiz to reinforce learning.

DAILY BYTES

Every day two types of messages are sent to all employees across the country through email and social media. The first being 'Thought of the Day' which is typically an Inspirational Message to help the employee to start the day on a positive note. The second message called 'Knowledge Update', imparts information to the employees in small chunks relating to the products, processes or circulars issued by the organisation.

EMPLOYEE ENGAGEMENT

Annual Sports Day: While annual sports day was for long a regular event for employees of the head office and branches located in Thrissur district, other employees were bereft of this event. Hence, we started organising the event each year in every region. The activity is held with the same spirit everywhere. Under this, all employees participate in the event and winners are felicitated.

Cultural Day: Cultural day showcases latent talent of our employees and their family members. It helps to bring together the families of employees and strengthen their bonding.

Rewards and recognition: Exceptionally talented employees have been appreciated, applauded, recognised and rewarded in various forms.

Company-sponsored BBA and

MBA courses: Employees are encouraged to pursue graduation and post-graduation in management through affiliated universities under the Company's patronage, where the Company bears expense of the courses. Candidates, who emerge with distinction, are given additional increments.

Employee connect: All regional offices have been connected by video conferencing facility from the head office, ensuring instantaneous and effective communication.

Employee welfare: All our employees are covered under EFP/ EFF pension, ESI/ Mediclaim, insurance/ accident insurance. Moreover, we provide free accommodation/ hostel facilities across India according to our employees' grade or requirements.

Happy Managers: We have constituted a separate wing to address and resolve employee grievances within a stipulated period.

Exclusive employee counsellor: A counsellor is engaged to assist employees with their work-related, personal, family-related issues and for emotional counselling.

ESOP: The scheme delineates the management's confidence on eligible employees, including field level employees. It gives an opportunity to reward the employees for their efforts, which help them to bond with the organisation.

Performance Management

System (PMS): A robust employee-friendly PMS is in place that tracks the performance of employees from on-boarding to retirement or separation.

Fulfilling Community Aspirations

Apart from pursuing business goals, supporting community's aspirations is central to our wide vision. The Manappuram Foundation was set up in Valapad in 2009 to focus on various CSR initiatives of the Company aimed at transforming the lives of the vulnerable sections in society. Manappuram Foundation has since initiated major projects in the spheres of healthcare, education, women empowerment and social infrastructure. During FY 2016-17, the Company spent a total amount of ₹ 115.04 million on CSR activities, compared to ₹ 94.22 million in the previous year.



Healthcare

JANARAKSHA MANAPPURAM FREE HEALTH INSURANCE SCHEME

The project, first rolled out in 2010, provides free health insurance for people belonging to the BPL category in the coastal belt of Thrissur district. It covers about 20,000 BPL families in the seven Panchayats adjoining Valapad, near our Head Office. The scheme was re-launched with significant improvements during August 2015. The policy covers maternity benefits, dwelling insurance, personal accidental death cover, scholarship benefits and funeral expenses. The insured family now gets a maximum coverage of ₹ 30,000 for illnesses involving hospital treatment. The policy offers maternity benefit up to ₹ 5,000 and a cover for funeral expenses in the case of death of the primary insured.

In addition, a rider insurance cover on dwelling units (pucca and kutcha houses) with a maximum benefit of ₹ 30,000 and loss of wages up to ₹ 7,000 per annum is also available under the scheme. There is also a personal accidental death rider cover applicable to the earning head of the family of ₹ 25,000 per year per family.



Manappuram Janaraksha Free Health Insurance scheme

According to feedback, as well as a social audit study conducted by the Foundation, the scheme has been a source of relief to the poor in the coastal belt.

During FY 2016-17, the total amount incurred on the renewal of premium for the Insurance Policy under this project was ₹ 3.5 million. Other overheads (Salary and benefits to Counsellors and staff) accounted for ₹ 0.2 million.



Education



Manappuram Academy of Professional Education

MANAPPURAM ACADEMY OF PROFESSIONAL EDUCATION (MAPE), VALAPAD

Established in 2013, the Academy offers coaching for professional courses like CA/ CS/ ICWA, particularly to students from the financially and socially backward community. During the last three years of functioning, a total number of 128 students have attended the coaching for the above courses at nominal fees. The results achieved by the students of the Academy have been consistently above the national average.

MANAPPURAM ACADEMY FOR ENTRANCE EDUCATION (MAEC), VALAPAD

The Manappuram Academy for Entrance Education (MAEC), set up in 2015, provides professional coaching for medical and engineering entrance examination to bright students hailing from the weaker sections of the society. The Academy has imparted coaching to 177 students. A similar academy has been established in Palakkad district too. During FY 2016-17, an amount of ₹ 10.15 million was spent on this initiative.

MANAPPURAM ACADEMY OF COMPUTER EDUCATION (MACE), TRIPRAYAR

The Academy was established in 2015 to enable students from marginalised sections in the coastal belt of Thrissur to make a career in the promising IT sector. The Academy ensures placement oriented training that helps students pursue a bright career. In FY 2016-17, a total of 176 students attended various courses in the Academy.

ENVIRONMENTAL PRESERVATION

A significant intervention by the Foundation is the establishment of a Chair titled 'V C Padmanabhan Chair for Ecology and Environmental Conservation', at the Salim Ali Foundation, Thrissur, headed by the reputed environmentalist, Dr. V.S. Vijayan. Under the initiative, a holistic, eco-friendly and sustainable development project is in the process of implementation in Vellangallur Panchayat in Thrissur District.

In FY 17, the Foundation has extended financial support to the tune of ₹ 0.1 million per month on this project. The amount spent on this project during the year was ₹ 0.12 million.



Manappuram Academy of Entrance Coaching



Manappuram Academy of Computer Education

Board of Directors



JAGDISH CAPOOR

Independent and Non-Executive Chairman

Mr. Jagdish Capoor holds a master's degree in Commerce from Agra University and a fellowship from the Indian Institute of Banking and Finance. He has over 39 years of work experience in banking and finance. In the past, he has worked as the Deputy Governor of the Reserve Bank of India, Chairman of HDFC Bank, Bombay Stock Exchange, Deposit Insurance and Credit Guarantee Corporation of India, Unit Trust of India and also as a Director on the boards of State Bank of India, National Housing Bank, Exim Bank and Bank of Baroda. At present, he is on the Board of Assets Care Enterprise Limited, Indian Institute of Management, LIC Pension Fund Limited and is the Chairman of Quantum Trustee Company Private Limited. He is a Director of our Company since July 20, 2010.



V.P. NANDAKUMAR

Managing Director & CEO

Mr. V.P. Nandakumar holds a post graduate degree in Science, with additional qualifications in Banking & Foreign Trade. He began his career with the erstwhile Nedungadi Bank Limited but in 1986, he resigned from the Bank to take over the family business upon the demise of his father, V.C. Padmanabhan. In 1992, he promoted Manappuram Finance Ltd. and since then has led the Company initially as Chairman & Managing Director and since 2012 as Managing Director & CEO. Over the last two decades, Mr. Nandakumar has earned recognition in India's stock market circles as a leading wealth creator for investors. Mr. V.P. Nandakumar is a managing Committee member of leading trade and industry associations such as ASSOCHAM and FICCI. He is the immediate Past Chairman of CII, Kerala. In January 2017, he was ranked by the Business Today magazine as one among the Top 40 CEOs from the BSFI sector. Earlier, in November 2016, he was one among a select few corporate leaders from India to be shortlisted for the CNBC Asia Business Leader Award 2016 held at Jakarta, Indonesia.



B.N. RAVEENDRA BABU

Executive Director

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



SHAILESH J. MEHTA
Lead Independent Director

Dr. Shailesh J. Mehta has completed his Bachelor of Technology in Mechanical Engineering from Indian Institute of Technology, Mumbai, and holds a master's degree in Operations Research from Case Western Reserve University. He holds a Doctor of Philosophy degree in Operation Research and Human Letters from the California State University and in Operation Research and Computer Science from Case Western Reserve University. He has over 40 years of work experience and has held the positions of President, Granite Hill Capital Ventures, Chairman and Chief Executive Officer, Providian Financial Corporation, operating general partner, West Bridge Capital, President and Chief Operating Officer, Capital Holding and Executive Vice President, Key Corp (formerly Ameritrust). He has also held the positions of Chairman and Chief Executive Officer, Providian Financial Corporation and President and Chief Operating Officer, Capital Holding. He is a Director of the Company since August 17, 2009.



E.A. KSHIRSAGAR
Nominee Director

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



RAJIVEN.V.R
Independent Director

Mr. V.R. Rajiven, is a Law graduate and a 1977 batch IPS officer belonging to Kerala Cadre. He retired in 2010 in the rank of Director General of Police, Kerala. He is a recipient of Police Medal for Meritorious Service and President's Medal for Distinguished Service. After retirement, for a short period he had worked as CEO of KGS Nelsun Kraft Paper Manufacturing Mill (Cochin Kagaz Ltd.) at Karukutty, Angamaly, (a subsidiary of KGS Corporate Group Chennai). He is a Director of the Company since February 06, 2013.



P. MANOMOHANAN
Independent Director

Mr. Manomohanan holds a bachelor's degree in Commerce from University of Kerala and also a diploma in Industrial Finance from Indian Institute of Bankers. He has got over 38 years of experience in Banking, including Directorships in the South Indian Bank Ltd and the Federal Bank Ltd. He retired as the General Manager of Reserve Bank of India, Department of Banking Supervision, Trivandrum. He is a Director of the Company since August 18, 2003.



V.R. RAMACHANDRAN
Independent Director

Mr. V.R. Ramachandran holds a master's degree in Commerce from University of Kerala and holds a Doctor of Philosophy in International Business (Commerce) from Cochin University of Science and Technology. He is also an eminent lawyer of Thrissur Bar and is well versed with the provisions of civil as well as criminal laws. He has a long-standing relationship with the Company and has been handling its civil/criminal cases. He is a Director of the Company since August 18, 2003.



AMLA SAMANTA
Independent Director

Dr. Amla Samanta holds a bachelor's degree in Science from the University of Mumbai, and a master's degree in biochemistry from G. S. Medical College, Mumbai. She is also a doctorate in medical biochemistry from G. S. Medical College, Mumbai. She was a lecturer in Saifee Hospital for MD students and also held various positions in the field of Medicine. Presently, she is the MD of Samanta Organics Pvt Ltd and Synermed Biologicals Pvt Ltd and holding Proprietorship /Directorship in various Companies. She is a Non-Executive Director of the Company since March 17, 2015.

Recent Awards and Accolades

Name of the Award/ Recognition	Purpose for which given	Year obtained	Name of the body sponsoring the award/ recognition
India Bullion and Jewellers Association, Mumbai	Best NBFC for gold business	March, 2017	India Bullion and Jewellers Association, Mumbai
Top 20 wealth creators in the stock market over the last 10 years	Manappuram Finance Ltd. ranked 13th in the list	January, 2017	Moneylife Magazine
Top 40 CEOs in the BFSI sector	Mr. V.P. Nandakumar	January, 2017	Business Today (issue dated January 1, 2017)
Mr. V.P. Nandakumar, MD & CEO, shortlisted for the 15th CNBC Asia Business Leaders Awards 2016.	CNBC Asia Business Leader Award 2016 held in November 2016 at Jakarta	November, 2016	CNBC Asia
GJTCI Excellence Award	Best Gold Loan NBFC	December, 2015	Gems and Jewellery Trade Council of India, Ahmedabad
Golden Peacock Awards - Special Commendation by the Jury	Corporate Social Responsibility	January, 2015	Institute of Directors, New Delhi
KMA NASSCOM IT Innovations Award	IT Innovations	January, 2015	KMA
Award for Excellence - 2nd India International Bullion and Jewellery Awards	Best NBFC for Gold loan business	October, 2014	India Bullion and Jewellers Association, Mumbai
India's Top 100 CEOs	Mr. V.P. Nandakumar, MD & CEO	January, 2014	Business Today
India's Most Valuable CEOs	Mr. V.P. Nandakumar, MD & CEO	December, 2013	Business World

Management Discussion and Analysis

India is ranked among the fastest growing economies in a world beset by uncertainty and volatility caused by global turmoil. According to a recent IMF report, the Indian economy is set to surpass Germany in 2022 as the world's fourth-largest economy and push United Kingdom out of the league of top five economies of the world. Currently, world's top five largest economies are United States, China, Japan, Germany and United Kingdom. India ranks 6th with USD\$2,454.458 billion nominal GDP.

INDIAN ECONOMY

The Central Statistics Office (CSO) revised its estimate for 2016-17, indicating India's real Gross Domestic Product (GDP) growth rate at 7.1 percent which is lower as compared to the growth rate of 7.9 per cent achieved in 2015-16. The surprise withdrawal of high denomination notes wiped out more than 85 percent of total currency in circulation. This resulted in decline or postponement of discretionary private consumption and investment during third (Oct-Dec 2016) quarter of 2016-17. Otherwise, the growth was supported by high government expenditure and agriculture growth due to good monsoon season.

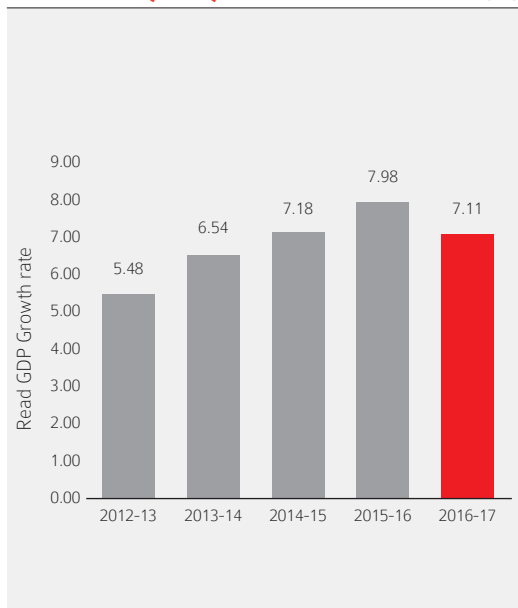
With the formation of Monetary Policy Committee (MPC), there has been a move to maintain a neutral stance of monetary policy in consonance with the objective of achieving the medium-term target of consumer price index (CPI) inflation of 4 percent within a band of +/- 2 percent, while supporting growth. Following its decision to lower the policy repo rate by 25 basis points (bps) in

the October 2016 Monetary Policy Report (MPR), the MPC decided to hold the policy rate in the December 2016 and February 2017 meetings of its bi-monthly schedule. The expectation of further rate cut will depend on inflation expectation over medium to long run. The sticky core inflation has restrained the general fall in inflation level. However, the new series with base year of 2011-12, recently release by CSO has registered lower inflation level both for Wholesale Price Index (WPI) and CPI at 3.85 percent and 2.99 percent in April, respectively. The rates are well below the Reserve Bank of India (RBI) estimate of around 4.5 percent. Based on the new series it is expected that the inflation rate to remain subdued below 3 percent for the next quarter, before rising back to sub- 4 percent first quarter 2017-18. Inflation is expected to average 4.5 percent in the first half and around 5 percent during second half of 2017-18.

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

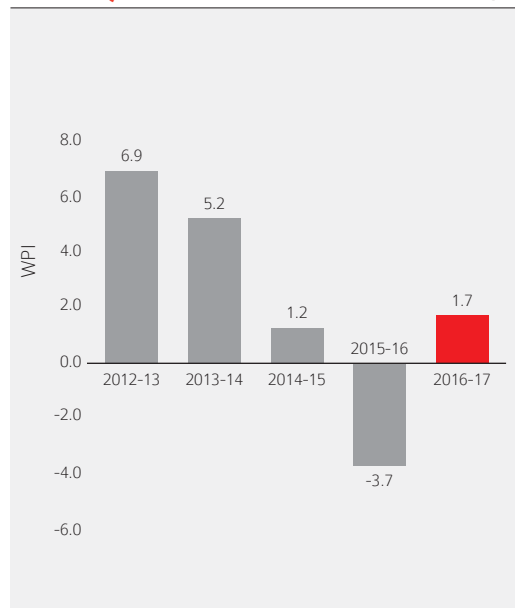
GDP Growth rate

(%)



WPI rate

(%)



been evaluating the macroeconomic needs to support the slowing growth rate by increase public expenditure and investment especially when private consumption and investment is showing signs of lagging. The fiscal deficit has marginally exceeded the target of 3 percent at 3.2 percent of GDP for 2017-18. Going forward, the government is expected to continue on its fiscal consolidation path.

The balance of payment has been a robust trend with imports rising faster than exports. The higher imports of mainly oil and gold resulted in current account deficit (CAD). However, the impact was largely muted due to continued low global energy and commodity prices. The CAD for the first three quarters of 2016-17 narrowed to 0.7 percent of GDP and is expected to hover around 1 percent for full year.

Risk emanating from the external economic environment has fallen in the recent period. The gradual pace of normalisation of the US interest rates has been well discounted by the market, while slowdown in major economies such as the US, Europe and China will have limited impact on the domestic economy due to relatively low trade leverage. However, any upsurge in geopolitical risk and unexpected outcomes from forthcoming European elections triggering turbulence in global financial market and sovereign risk could impact economic outlook. On the domestic front, the rising corporate debt levels could impact the financial system especially with appreciating US dollar. The deteriorating balance sheets in the banking system could curtail pace of monetary transmission and lower credit growth slowing down GDP growth rate. On the other hand, sustainable policy and structural reforms, larger than expected benefits from the implementation of GST, conducive economic environment and continued lower global energy and commodity price would benefit growth.

India will continue to remain the fastest growing major economy in the world (despite the impact of demonetisation) supported by stable political environment

with sustainable structural policy reforms conducive for the business environment. The GDP growth rate is expected to be around 7.0 percent in 2016-17 and about 7.5 percent in 2017-18.

OUTLOOK FOR NON-BANKING FINANCIAL COMPANIES (NBFCs)

NBFCs are a key component for achieving financial inclusion in India. In terms of financial assets, NBFCs have recorded healthy growth with a CAGR of 19 per cent over the past few years. Retail NBFC portfolio growth is expected to slow down to around 16-18 percent in 2016-17 as compared to 19.5 percent growth recorded in 2015-16. The slowdown in retail credit growth was mainly due to fall in disbursements during the demonetisation affected third quarter of 2016-17 and a subdued recovery in the Q4 2016-17 across key asset classes.

Going forward the outlook for NBFC is expected to improve gradually with waning impact of demonetisation and stronger economic growth. The demand for credit will improve especially from the agriculture sector with the expectation of another year of normal monsoon. As for the risks, growth in 2017-18 can be impacted by the increasing competitive pressure from banks and the slowdown in some key asset classes including loan against property (LAP) and microfinance. On the whole, retail credit growth for NBFCs is expected to remain fall in the range between 16-18 percent for 2017-18.

GOLD LOAN SECTOR*

During FY12-15, Gold Loans market experienced a significant slowdown, with a marginal annual growth of 4 per cent during the period. During this period, market was hit by series of adverse events which include stricter RBI regulations, funding constraints and slowdown in expansion plans of NBFCs, exit of several new entrants from the market and a decline in gold prices. The total Gold Loan portfolio was estimated at ₹ 1,350 billion in FY15 and stood at 1,400 billion in FY16, thus remaining stagnant even after a year of regulatory stability.

* Source: Gold Loans Market in India 2017" by IMAcS Research and Analytics, ICRA Management Consulting Services Limited.

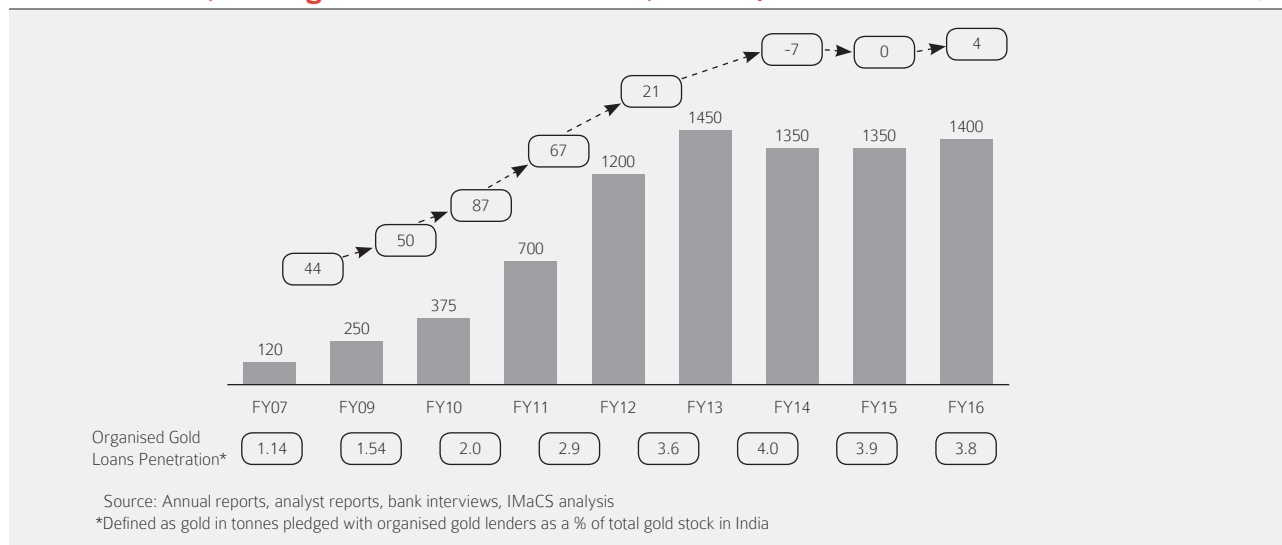
While at a broad level the market remained stagnant, a closer look at the growth trends in each of the four years from FY12 to FY16, reveals some basic differences in the nature of growth across each year.

Key Growth drivers	FY12	FY13	FY14	FY15	FY16
Gold Loan portfolio (₹ billion)	1,200	1,450	1,350	1,350	1400
Average Gold Prices (₹ million per tonne)	2733	2793	2480	2388	2592
Estimated Average LTV per cent	69%	67%	65%	70%	70%
Gold on collateral (in tonnes)	697	845	914	894	842

Source: Interviews, World Gold Council reports, IMAcS analysis.

Size and Growth of Organised Gold Loan Market in India, ₹ billion

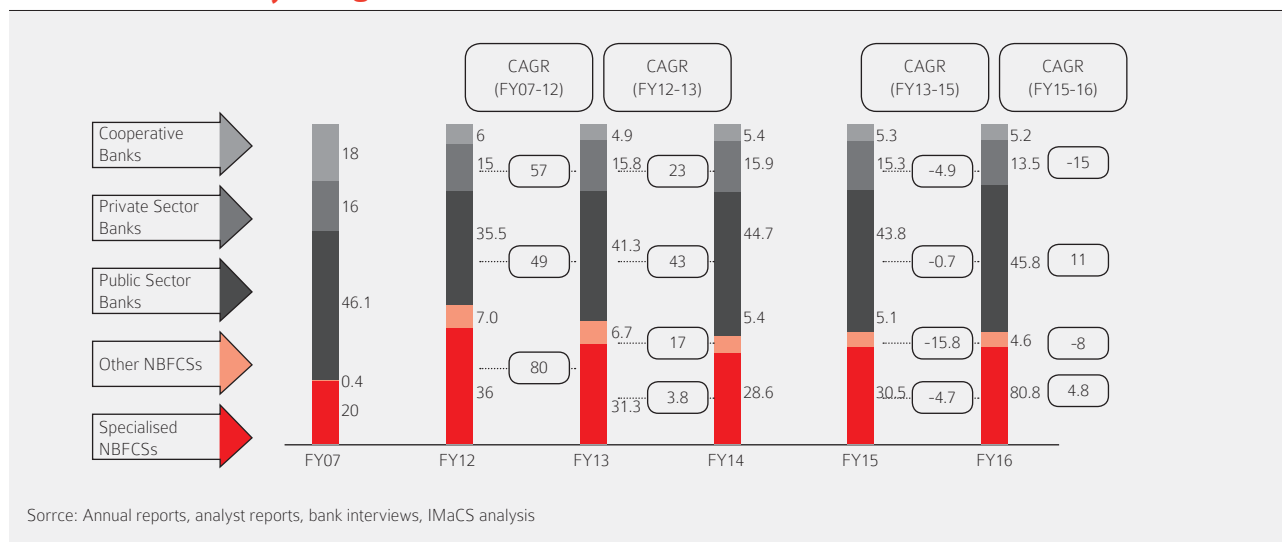
(%)



In FY13, gold loan market could grow at around 21 per cent, though there were quite some changes observed in the competitive landscape in terms of the market share of key categories of lenders. During this year, the prices of gold remained buoyant for most of the year, except for the last quarter of FY13. NBFCs could still grow their portfolio as effective LTVs reduced only marginally with NBFCs grossing up the value of jewellery to calculate the LTVs with making charges and value of stones, gems etc. Banks continued to expand in the sector and moved to occupy some space vacated by the NBFCs. The growth, however, was significantly lower than the historical rates as the fast pace of expansion of NBFCs was halted and new entrants were forced to adopt a cautious approach.

Market Share of Key Categories of Gold Loans Providers, FY12-15

(%)



In FY14, concerned by a decline in gold prices and financial performance of large gold loan companies, RBI introduced stricter norms for gold loan NBFCs. The calculation of LTV Cap was linked to the value of gold as opposed to the value of jewellery. As a result, effective LTVs for NBFCs came down significantly, which along with falling gold loan prices led to a decline in their overall portfolio. There was a noticeable reduction in the pace of growth of banks as well due to continuous decline in gold prices. Several banks started showing signs of stress in the asset quality of their gold loan portfolio. The size of the organised gold loan market decreased by 3 to 5 per cent, even as the quantity of gold pledged with the organised sector increased. It is estimated that 914 tonnes of gold was pledged in FY 14 which was 8 percent more than FY13. The above phenomena also proved that average customers in India are willing to and have the ability to pledge more gold (as reflected in their increase in gold holdings) to get the required loan amount, thus reducing/limiting the extent of negative impact of decline in gold prices on the overall gold loan portfolio.

The next year FY15 emerged as a mixed bag for gold loan sector. Gold prices continued to show a declining trend, thus reducing a customer's gold loan eligibility amount and hence, the incentive to pledge. The positive news arrived with new RBI guidelines in January 2014 which revised the LTV Cap from 60 per cent to 75 per cent for NBFCs and extended the revised Cap to commercial banks as well. The regulators acknowledged experts' opinion that any abrupt downside in gold prices of more than 20-25 per cent is a highly unlikely situation. The move brought a level field playing between banks and gold loan NBFCs. The gold loan portfolio remained stable and the quantity of gold pledged remained at the level of FY14 with a higher LTV Cap, even as the prices of gold declined further.

In FY16, even as regulatory environment stabilised and gold prices strengthened, growth in total gold loan portfolio could not improve as each category of lenders focussed on consolidating rather than expanding their portfolio. During the year, gold prices started moving upwards again which led to marginally lower amount of gold pledged as compared to FY15.

MARKET SHARE BY KEY CATEGORIES OF GOLD LOAN PROVIDERS

Specialised Gold Loan NBFCs lose ground to banks, but regain share in FY15 to H1FY17

During FY12-14, Specialised Gold Loan NBFCs lost significant market share to public sector banks and the unorganised sector. The market share of Specialised Gold NBFCs came down to 31 per cent in FY13 from a high of 36.5 per cent in FY12 and further declined to 28.6 per cent in FY14. The phase marked a turbulent period for Specialised Gold Loans NBFCs as they struggled to come to terms with the changed regulatory environment. The NBFCs focussed and spent their resources in consolidating their operations, diversifying their risks, improving productivity from their existing branch network and managing/retaining their employees. As a result, they could regain some of their lost ground in FY15 and FY16 with a market share of 30 per cent and 31 per cent respectively. Gold Loan NBFCs are now poised for a healthy growth as they enter into a stable regulatory regime.

The NBFCs focussed and spent their resources in consolidating their operations, diversifying their risks, improving productivity from their existing branch network and managing/retaining their employees. As a result, they could regain some of their lost ground in FY15 and FY16 with a market share of 30 per cent and 31 per cent respectively.

New NBFC entrants into the market were the worst affected by the regulatory uncertainty and their inability to manage their asset quality in the scenario of declining gold prices. Several players exited the market while a few others significantly reduced their exposure in the segment. Of the NBFC entrants, two companies, namely, India Infoline Finance Limited and Shriram City Union Finance Limited continue to operate in the segment, but with cautious outlook and have curtailed their exposure and capped their exposure to the segment. After achieving market share of 7 per cent collectively in FY13, their combined share declined to 5.1 per cent in FY14 and 4.6 per cent in FY16, even when the regulatory constraints were eased and gold prices turned favourable towards the end of FY16.

BANKS COULD NOT CAPTURE AND HOLD MUCH OF THE GROUND VACATED BY THE GOLD LOAN NBFCs.

Banks held a competitive advantage vis-à-vis NBFCs during the period FY13-15. They could grow at a much faster pace than that of NBFCs in FY13 and FY14. However, they could not sustain the rate of growth and expansion owing to concerns related to asset quality on account of the decline in gold prices.

South based public Sector Banks were a significant beneficiary of the decline in the growth of NBFCs, and they could increase their market share from 35 per cent in FY12 to 44 per cent in FY15 and 45.8 per cent in FY16. However, barring FY13, when their total portfolio grew by 43 per cent, their portfolio in absolute terms was almost stagnant during the period FY13-15, thus demonstrating that they could not attract and retain any significant number of gold loan customers from specialized gold loan NBFCs during this period. Growth in FY16 was marginally better, as their gold loan portfolio grew by 11 per cent even as they continued to be under pressure due to the rising burden of nonperforming assets.

Private sector banks fared even worse than public sector banks, thus reflecting their inadequate focus and lack of ability to take larger exposure in the gold loans sector. After an initial growth of 23 per cent in FY13, the aggregate portfolio of these banks declined by around 5 per cent during FY13-15 and further decline by 15 per cent during FY16.

South based private sector banks have shown the steepest decline in their gold loan portfolio in contrast to a few new private sector banks which have increased their focus and scale in the segment.

Similar to new NBFC entrants, new private sector banks that entered the gold loans segment also reduced their focus on the segment during FY13-15. During this phase, the relative inexperience of the new entrants to operate in the gold loans segment was exposed. The larger entrants such as HDFC Bank and ICICI Bank also experienced a reduction in their gold loan portfolio during this period. However, during the first two quarters of 2017, these two banks have shown signs of renewed interest in Gold Loan segment. Their continued focus and sustainability in this sector can be gauged only in the times to come. We have captured a short write-up on their target customer segments, product offerings and focus on the gold loan segment in the competitive landscape section.

In addition to concerns specific to the gold loans segment, the banks have also been constrained by overall concerns on their balance sheet growth, asset quality and profitability. As per ICRA's ratings release "Indian Banking Sector in India: Performance update and outlook for Q2FY17" the banking sector in India have been showing sustained signs of pressure on asset quality and subdued credit demand. The report states that the credit growth of banks was reported at 9.3 per cent in FY15, 5.8 per cent in FY16 and showed a sharp decline of 4.4 per cent in H1FY17 on year on year basis compared to deposits growth of 10.1 per cent in FY15, 6.4 per cent in FY16 and 7.3 per cent during H1FY17, thus pointing to weak credit demand as well as risk aversion in the banks. Further, the report states that Gross NPAs in the sector have risen continuously from 3.9 per cent in FY14 to 7.7 per cent in FY16 and to 9.2 per cent as on 30th September 2016.

OUTLOOK FOR GOLD LOANS

The gold loans market is expected to regain ground even as the growth rate is expected to be lower than that experienced during the period of rapid expansion (FY07-12). The Gold Loan market is expected to grow between 13-15 per cent over the next three years from FY17-20 and reach a market size of ₹ 2,100-2,250 billion by FY20. The key enabling factors are a stable and neutral regulatory regime for Specialised Gold Loan NBFCs, a reduced but sustained focus of commercial banks in the sector, successful geographical expansion of gold loans market to Non South geographies, stability in gold prices and attractive risk adjusted returns on Gold Loans. The key risks to these growth projections are any abrupt and large downward revision in gold prices and any further tightening of the regulatory environment for NBFCs.

Over the next 2 years, Specialised Gold Loan NBFCs are well positioned to grow and reclaim their lost customer base from banks and the unorganised sector. The overall regulatory environment is currently neutral for Specialised Gold Loan NBFCs and expected to continue to be stable. Further, competition from banks can be expected to be subdued as public sector banks grapple with a weak credit demand and stress in their asset quality. Going forward, the market share of gold loan NBFCs is expected to increase steadily for the next two years.

Profitability of the Specialised Gold Loan NBFCs had been trimmed down due to muted growth, lower yields due to low LTV products and higher competition coupled with an increase in operating expense ratio due to lower productivity of their branches and employees. The NBFCs have also registered a continuous increase in their Gross and Net NPA ratios, even as the eventual losses are expected to be low due to recovery from gold auctions. However, with focus on operational efficiencies and consolidating their existing operations, Return on Assets of MFIs have improved at 2.8 to 3.3 per cent, still lower compared to the pre regulation Return on Assets of 4 per cent. Going forward, the profitability of Specialised Gold Loan NBFCs is likely to be stable or improve marginally at 3.0-3.3 per cent as they again target growth in volumes and improvement in their productivity and operating expense ratios.

HOUSING FINANCE

With the rising population the demand for housing is expected to grow given the change in demographic structure (50 per cent of the population below 25 -35 years of age group), shift towards nuclear families and rapid urbanisation. The rate at which household income increases is not commensurate with the consistent rise in real estate prices which curtails ability to buy property. This increases the scope for developers and affordable housing companies to concentrate on the large unsatisfied demand for low cost and affordable housing segments. While the demand for affordable housing is high the supply is limited and mainly provided by government undertakings or smaller unorganised developers. Similarly financing for affordable housing is also limited since there is risk of default in repayment.

However, the situation has to change. The recent measures taken by the centre and various state governments such as Credit Risk Guarantee Fund, Urban Housing Fund Refinancing Scheme, etc. has encouraged many new housing finance players to venture into this segment. According to the Ministry of Housing and Urban Poverty Alleviation (MoHUPA), the shortage of housing in the urban areas during 2012-2017 is estimated at 18.78 million units, of which over 95 per cent pertains to the EWS and the LIG categories.

GOVERNMENT MEASURES TO ENCOURAGE AFFORDABLE HOUSING

The government has made special provisions for the housing sector, especially for affordable housing segment, in its Union Budget 2017. In

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continuation to the launch of the “Housing for All by 2022” programme under the Pradhan Mantri Awas Yojana (PMAY) scheme in July 2015, the government in its Feb 2017 budget has also granted Infrastructure status to affordable housing projects. To lure private investors and developers, the government in its recent budget has provided various incentives such as tax exemption for projects in affordable housing. From the retail buyer’s perspective, the government has allowed first time home buyers an additional income tax deduction on interest (₹ 50,000 per annum) for loans up to ₹ 35 lakhs sanctioned in FY 2017. In addition, an interest subvention of 3 and 4 per cent on home loans of up to ₹ 9 lakh and ₹ 12 lakh respectively, under the PMAY. The government has also announced an increase of 33 per cent in the number of house to be built in the rural areas.

RECENT REGULATORY MEASURES

Pradhan Mantri Awas Yojana (PMAY- 2015): To address the shortcomings of the erstwhile programs and to evolve an all-encompassing scheme, the scheme will tackle the issues through four models: In situ Slum Redevelopment, Affordable Housing in Partnership, Subsidy for beneficiary-led individual house construction, and Credit linked subsidy.

External Commercial Borrowing (ECB) has been allowed for affordable housing projects from 2012 to lower the interest cost for developers and ensure better capital availability for developers of low-cost housing. In 2013, the parameters for extending ECB to Slum Rehabilitation Projects were outlined.

Liberalised Foreign Direct Investment (FDI) for development of townships, housing, built-up infrastructure and construction-development. However, not much traction has been seen in the Affordable Housing segment till date.

The Credit Risk Guarantee Fund with a corpus of ₹ 1,200 Cr in collaboration with NHB was set up in 2012 to facilitate credit availability to low income customers without any collateral. The purpose is to guarantee the lending agencies for loans to LIG/EWS borrowers for loan amounts up to ₹ 8 lakhs and unit size not exceeding 430 square feet, thereby reducing the perceived risks for the lending institutions and catalysing the flow of credit to low income housing sector.

Urban Housing Fund Refinancing Scheme was announced to provide refinance assistance in respect of loans extended by HFCs to public agencies, private agencies, developers, builders for their affordable housing projects. The scheme was provided a corpus of ₹ 2,000 crore in the year 2013-14. The corpus is applicable for slum improvement/ rehabilitation as well as for affordable housing projects where the unit cost does not exceed ₹ 30 lakhs.

Recent amendments to the Finance Act (2016) have introduced a 100 per cent tax holiday to affordable housing subject to the following conditions:

- Project approved by competent authority after 1 June 2016 but on or before 31 March 2019

Housing finance companies have been successful in gaining market share in the housing segment being specialised lending institution for a mono line product. The housing finance sector is growing at a rapid rate of around 18 – 19 per cent on an annualised basis over the past three years.

- Project is completed within 3 years from date of approval and certificate of completion of project as a whole to be obtained from competent authority
- Plot of land measuring not less than 1,000 sq. mts. in case of metro cities / within 25 kms from metro cities and not less than 2,000 sq. mts. in case of other cities
- Size of the residential unit is not more than 30 sq. mts. in case of metro cities / within 25kms from metro cities and 60 sq. mts for other cities

AFFORDABLE HOUSING FINANCE COMPANY (A-HFC) INDUSTRY OVERVIEW

Housing finance companies have been successful in gaining market share in the housing segment being specialised lending institution for a mono line product. The housing finance sector is growing at a rapid rate of around 18 – 19 per cent on an annualised basis over the past three years. As of March 2016, the total housing credit outstanding in India was around ₹ 12.5 lakh crores as compared to ₹ 10.5 lakh crores as on March 2015. This is a growth rate of around 19 per cent in FY 2016. According to the ICRA estimates the total housing credit outstanding in India increased to around ₹ 13.30 lakh crores as on September 30, 2016.

Given the high and rising demand for low cost affordable housing with limited to low supply, the demand for affordable housing finance will continue to grow. In addition to the high impetus provided by the government, new measures taken to make the segment attractive would prove to be a beneficial for both developers and affordable housing finance companies. As per the ICRA’s estimate the total loan book of all the players in the affordable housing segment has increased by 28 per cent to around ₹ 95,700 crore, as of March 2016.

OUTLOOK FOR AFFORDABLE HOUSING FINANCE:

With the objective of Housing for all by 2022, and the increasing population with rising income levels, affordable housing segment has a

long way to go. The demand for housing is expected to remain strong while supply shortage is expected to increase from the current level of 19 million units to 25 million units by 2021, according to ICRA estimate. Assuming an average ticket size of a house to be around ₹ 25 lakhs, this translates into a market potential of around ₹ 6.25 lakh crores for affordable housing segment. Given the high demand and encouraging business prospects even during slowdown phases, several new and established players including banks will penetrate the market. This will result in stress on margins although the market is considered big enough for fundamentally strong housing finance companies. Housing finance segment in India is well capitalised and is well regulated. With capital flowing from various sources like government /FII / DII into the segment, the downside risk is perceived as low.

MANAPPURAM HOME FINANCE PRIVATE LIMITED (MAHOFIN)

MAHOFIN, a wholly own subsidiary of Manappuram Finance, was incorporated as Milestone Home Finance Company Pvt. Ltd. (Milestone). Manappuram Finance acquired Milestone in 2014 and renamed it. The company started operations in January 2015 and operates in the affordable housing finance segment in Tier-II and Tier-III cities. It had an AUM of ₹ 3.1 billion as on March 31, 2017 (₹ 1.3 billion as on March 31, 2016). Currently, there are 35 branches across 6 states: Maharashtra, Gujarat, Tamil Nadu, Kerala, Andhra Pradesh, and Karnataka. Western region contributes about 63.3% of the loan portfolio.

Given the strategic importance of affordable home finance to the company's future plans, as it diversifies the group's financial product suite, it is reasonable to expect strong support from the parent. The business is scalable and expected to grow substantially over the medium term. Manappuram Finance holds 100% equity in MAHOFIN. Parent has infused growth capital and will infuse additional capital as and when required. With Mr. V P Nandakumar (MD & CEO of Manappuram Finance) and one other directors of the company on the board of MAHOFIN, the parent company is likely to extend full financial and managerial support to this subsidiary. Among the risk factors are the small scale of operations with limited track record, modest earnings profile and the exposure to inherent risks relating to the affordable housing finance segment.

COMMERCIAL VEHICLE FINANCE

In order to diversify and de-risk portfolio, your company had entered into commercial vehicle financing activity in FY'15 primarily in Southern & Western Regions and has recently launched operations in the Northern markets. The vehicle finance portfolio is about ₹ 3.06 billion spreading across 43 hubs in 10 States as on Mar'17. The portfolio comprises of approximately 65% pre-owned vehicles and balance new vehicles. The vertical has a team of around 300 domain specialists and has established marketing channels and networks for lead acquisition and processing. The business is supported by strong pre-screening methodologies and credit assessment.

Our strategy envisages financing Vehicle and Construction Equipment to the category of customers who are largely from unorganized sector, the retail clientele that is underserved by the big banks. Increased Infrastructure spends, faster movement of goods across the country by e-retailers and availability of finance has resulted in growth in CV sales during FY'17. With a backdrop of good monsoon the growth in the sector is expected to be robust in FY'18. Construction segment continues to grow strongly due to increase in road construction, as contractors have started on ground execution of projects. The Coal and Iron Ore mining segment is also showing momentum and will support incremental demand for Construction Equipments.

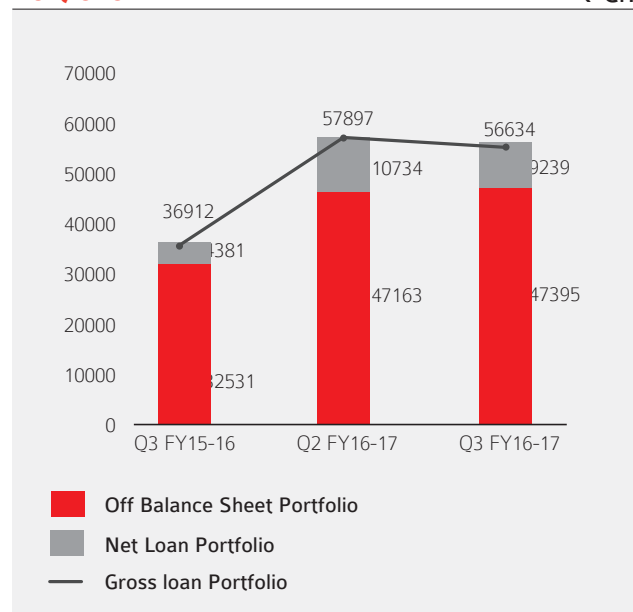
The commercial vehicle finance vertical has focus on digitization for the technological functions across analytics, lending platform and performance measurement tool for process efficiency, competitiveness and customer satisfaction. With plans to focus on construction equipment, auto loans and two wheeler loans along with commercial vehicles your company strongly believes that digital technology would be an integral component for the business growth going forward.

MICROFINANCE

The microfinance industry has seen very high rates of growth over the past five years, growing at 45 percent CAGR. The gross loan outstanding in the sector has seen a CAGR of 15 percent, with the loans outstanding increasing from ₹ 556,000 million in FY 2010–11 to ₹ 1,006,000 million in FY 2014–16. It has witnessed rapid evolution with regulatory reforms post the Andhra Pradesh crisis in 2010 to regulate product, pricing and protection of customer interest. This included the growth of regulated NBFC MFIs - a special class of RBI

Portfolio

₹ Cr.



regulated entities carrying out microfinance, the formation of the first ever Self-Regulatory Organizations (SROs) of the RBI, Aadhar based lending by NBFC MFIs and transformation of some of the entities into universal and small finance banks.

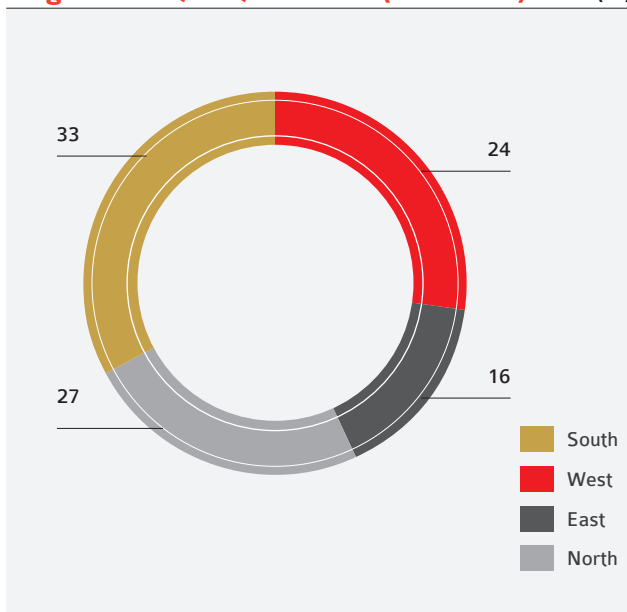
The microfinance industry reported a 26 percent year-on-year decline in the number of disbursements in the third quarter of FY17, mainly due to the impact of demonetisation. Moreover, there was a 16 percent reduction in the loan amounts disbursed during the same period last year, according to the quarterly report by industry body Microfinance Institutions Network (MFIN).

The aggregate gross loan portfolio of companies covered by MFIN stood at ₹ 566,340 million at the end of December 2016, resulting in a year-on-year growth of 53 percent. The gross loan portfolio was 2 percent lower than last quarter.

As per current regional distribution of portfolio (GLP), south accounts for 33 percent of the total industry portfolio, followed by north for 27 percent, west for 24 percent, and east for 16 percent. Top five top states, viz. Karnataka, Tamil Nadu, Maharashtra, Uttar Pradesh and Madhya Pradesh account for 54 percent of GLP.

The demonetization of high-value currency notes was a setback for MFIs, which temporarily stopped providing credit to their customers, at the same time taking a major hit on loan repayments.

Regional Distribution of GLP(Dec 2016) (%)



Usually, MFIs record a repayment rate of 99 percent, but it took a blow after demonetization. The sector is worried about taking the business forward in view of the increasing risk of loan defaults as the repayment rate has dropped to approximately by 70 percent around November 10th following the demonetization announcement.

With plans to focus on construction equipment, auto loans and two wheeler loans along with commercial vehicles your company strongly believes that digital technology would be an integral component for the business growth going forward.

The cash crunch has also brought out some of the irregular practices of the fast growing MFI industry. These include lack of diversification among MFI borrower profiles, surging individual size of microfinance loans, concentration of majority of the loans in few states, increased instances of multiple lending to the same set of borrowers.

As of 31st Dec 2016, MFIs on aggregated basis have a branch network of around 10,198 and have reported 33.80 million clients with 37.50 million loan accounts. The number of client are not unique and may have not factor for overlaps. Compared with Q3 FY15-16, there has been year on year growth of 43 percent in clients and 40 percent in loan accounts. Average loan outstanding per client is ₹ 167,660 million representing a growth of 8 percent over Q3 FY15-16.

MFIs disbursed around 5.92 million loans worth ₹ 124,240 million during Q3 FY16-17 as compared with corresponding quarter of this quarter (Q3FY15-16), there has been a decline of 26 percent in number of loans disbursed and 16 percent in loan amount disbursed in Q3 FY16-17. Drop in disbursements is directly attributed to demonetization. Paucity of cash, limits on cash withdrawals along with adverse impact on livelihoods clearly impacted the credit demand as well as capacity of NBFC-MFIs to disburse the new loans.

As of 31st Dec 2016, MFIs have total asset base of ₹ 614,140 million. This represents an increase of 53 percent compared to Q3 FY15-16. An outstanding borrowing is ₹ 460,250 million, which represents a growth of 42 percent over Q3 FY 15-16.

Asirvad Micro Finance Ltd. (Asirvad)

Asirvad, an NBFC operating as a micro finance institution (NBFC-MFI), is a majority-owned subsidiary of Manappuram Finance. The company was set up by its present managing director, Mr. S V Raja Vaidyanathan, in 2007. In February 2015, Manappuram Finance acquired an 85% stake in Asirvad and subsequently increased it to 90%. Asirvad had 763 branches in 252 districts across 17 states as on March 31, 2017. It had Assets Under Management (AUM) of ₹ 17,960 million as on March 31, 2017, increased from ₹ 3,200 million as on March 31, 2015.

Being the largest business, after gold loans, microfinance is strategically important to the company. The business is both scaleable and profitable and hence will be a key growth driver for Manappuram Finance. With Mr. V P Nandakumar (MD & CEO of Manappuram Finance) and two other directors of the company on the board of Asirvad, the parent company is likely to extend full financial and managerial support to Asirvad. Further, Asirvad is adequately capitalized and shows healthy profitability. This can potentially improve the competitive position, geographical diversification, and sustenance of strong profitability and healthy asset quality

Among the risk factors are the geographical concentration in revenue profile, the rapid growth in portfolio in the last couple of years, and the risks arising from potential regulatory and legislative changes in the microfinance sector. Should the downside risks materialize, significant deterioration in asset quality or profitability, or considerable increase in gearing may come about.

COMPANY OVERVIEW

Manappuram Finance is one of the largest NBFCs in India predominantly dealing in gold loans. It is the second largest listed player in the gold loan segment with a consolidated AUM of ₹ 136,572.0 million (FY2017), of which gold loans account for ₹ 111,245.3 million. It has a strong pan-India presence through its 4,152 strong branch network, spread across 23 states and 4 union territories, serving a customer base of more than 3.3 million.

Strong Brand Equity & Brand Presence

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

New Business Strategy

a) Diversification for Sustainable Growth

Back in FY2015, the management of the company took a decision to diversify its business by leveraging its vast customer

The Company has built strong brand loyalty across the country by adopting a customer first approach, providing hassle-free, convenient and flexible gold loan products over the years leading to satisfied customers

Manappuram Finance witnessed healthy growth during FY16-17, with growth across all business segments. Diversification efforts paid off as growth in the overall business was well supported by the robust growth witnessed in the new businesses.

base developed through its mainstay Gold Loans business over the years. The company had a large net worth and access to debt capital on competitive terms.

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

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

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

b) Introduction of short term gold loans

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

Business Performance Summary: FY2017

Manappuram Finance witnessed healthy growth during FY16-17, with growth across all business segments. Diversification efforts paid off as growth in the overall business was well supported by the robust growth witnessed in the new businesses. Company was able to register a consolidated AUM growth of 19.5% and Gold Loan AUM growth of 10.36% in FY16-17.

New Businesses helped support the overall AUM growth as microfinance (79.8 percent growth), home loans (141.4 percent), commercial vehicle loans (135.67 percent) and other (non-gold) loans (26.55 percent) portfolios registered strong growth. In fact, the non-gold portfolio collectively grew by 87.29 percent during the year albeit on a low base. New businesses now contribute nearly 19 percent of its consolidated AUM as against 12 percent last year. Thanks to the robust growth in volumes, the company posted its highest ever annual net profit at ₹ 755.85 crore. In fact, net profit for the year has more than doubled as compared to the ₹ 353.37 crore that it reported in FY 2015-16.

Along with the higher profits and AUM, the company has delivered exceptional returns to investors with RoA of 5.4 percent and RoE of 24.7 percent. The networth stands at ₹ 3361.8 crore and its standalone capital adequacy is at a healthy 25.9 percent, indicating that the growth in volumes and improved profitability is founded on low gearing.

The company's average cost of borrowing continued to decline having fallen by 75 bps during the year. It now stands at 9.70 percent. In July 2016, the rating agency CRISIL upgraded its credit rating on the long-term bank facility and non-convertible debentures to 'CRISIL AA-/Stable' from 'CRISIL A+/Stable'. They also reaffirmed the company's highest rating on short-term debt at CRISIL A1+. They took note of the improvement in the business risk profile, stable operating environment and also the Company's strong earnings profile. Likewise, ICRA has also upgraded the company's rating for NCDs to AA-stable from A+ stable.

Gold loan Business Overview

The company's Gold Loan Portfolio registered a growth of 10.36 percent to increase from ₹ 100,806.0 million to ₹ 111,245.3 million as of March 31, 2017. The growth in Gold Loan business was backed by moderate growth in gold tonnage which increased by 2.5 percent to reach 61.1 tonnes in FY2017. Average Gold prices were relatively firm during the year which helped AUM growth to an extent. However, the momentum of growth seen in the first half of the year was not quite maintained in the third and fourth quarters as the company ran into headwinds.

While the macro-economic environment does suggest that the overall credit growth in the economy in FY-2016-17 was sluggish, there are two other economy related factors that would substantially account for the slowdown faced by the company in the second half of the year.

The first of these was demonetisation in November 2016. The initial impact - the disruption to the company's operations caused by shortage of cash - is no more an issue since cash supply has been restored. However, the longer term impact, relevant to the company's financial performance, is that demonetisation appears to have disrupted the working capital cycle of businesses in the unorganised sector. The observation is that this sector is still getting back on its feet and it may take another quarter or so before things really get back to normal.

The second factor is the drought-like situation and water scarcity faced by the southern states, particularly by Karnataka, Tamil Nadu and Kerala (with AP and Telengana also adversely affected). Going forward, Indian Meteorological Department has predicted near normal rains this year. Also, gold loan disbursements are now getting back to normal and the impact of this should be visible in the coming quarters.

Tech Focus to meet the challenges of tomorrow

A steady stream of technology-driven innovations and changing consumer preferences is rapidly transforming the retail financial services landscape. Manappuram Finance Ltd. has been at the forefront in leveraging technology in gold lending, through the launch of innovative products and solutions aimed at making it more convenient for customers to deal with the company.

Manappuram has a multi-channel delivery model in line with its strategy to serve its customers by offering them the choice to transact through any channel, time and place of their preference. The Company also strives to anticipate the future needs of customers and deliver those expectations through technology-based solutions.

The company has also been proactive in addressing the concern about use of cash in the gold loan business, which is shaping up as a challenge given the environment where the role of cash is being downgraded systematically. The company recognises that the future is increasingly cashless or less cash and therefore there is a need to

In July 2016, the rating agency CRISIL upgraded its credit rating on the longterm bank facility and non-convertible debentures to 'CRISIL AA-/Stable' from 'CRISIL A+/Stable'. They also reaffirmed the company's highest rating on short-term debt at CRISIL A1+.

The company has rolled out an advanced Online Gold Loan product that is cashless and through any channel, time and place of their preference. The Company also strives to anticipate the future needs of customers and deliver those expectations through technology-based solutions.

think of ways to ease the transition for its customers by offering them a choice of convenient alternatives to cash.

Manappuram Finance Ltd. had launched its Online Gold Loan product in October 2015 and today OGL, which is totally cashless for the company, accounts for 12 percent of its total gold loan portfolio. The company's focus now is to increase this figure to more significant levels.

In May 2017, the company launched a co-branded prepaid money card in a tie-up with YES Bank. The card can be pre-loaded up to a maximum amount of ₹ 50000 and then used to withdraw money from all ATM's. The company plans to issue the prepaid card to its customer base and link their existing gold loan accounts to the card.

Along with the prepaid card, Manappuram Finance Ltd. has also launched its branded eWallet under the name, "MaKash" which will be scaled up in the coming months. The company expects that the prepaid card and the eWallet will eventually help in making its Online Gold Loans a more compelling proposition for our customers.

The company is also working on an SGL, or SMS based gold loan product, for customers who find it difficult to access the internet. It is continuing with its long term work to develop a high tech IoT (internet of things) based network enabled keyless gold storage technologies that will significantly address the security aspect at the branch. Going forward, the company recognises that technology will be a key differentiator in this business and determined not to be found lagging here.

The other area related to tech that is now rapidly gaining importance is Fintech and data analytics. Once again, the company is keeping itself abreast of the developments in this field led by a newly inducted Executive Vice President - Strategy and Analytics.

In the context of the company's new businesses, another development of note is that it has tied up with Nucleus Software, a leading provider of lending and transaction banking solutions, and deployed their state of the art loan life cycle management solution, FinnOne Neo.

Both the home finance subsidiary and the commercial vehicle loans vertical will deploy the solution in a private cloud to achieve seamless loan processing. Along with this, the company also deploying their Lending Mobility solutions - mCAS and mCollect - for leveraging the power of mobile in loan origination and collections. This digital capability with mobile channel in lending processes will help the company to improve efficiency, reduce cost and make decisions faster. The company is now fully set up to scale up its home loans and commercial vehicle loans.

OPPORTUNITIES

- a) **Untapped potential:** The core business of the Company, of providing gold loans, continues to offer good growth potential. The World Gold Council (WGC) estimates privately held gold to be anywhere between 20,000 to 25,000 tonnes in India. The gold loans business model aims essentially to impart liquidity to this stock which is still largely untapped.
- b) **Level playing field:** With the RBI now prescribing a uniform cap on LTV of 75 percent for both banks and NBFCs, there is a level playing field which benefits NBFCs. Further, the volatility exhibited by gold price over the last two to three years has visibly dampened the enthusiasm for the gold loan business among banks which translates into a less aggressive stance in the market.
- c) **Continuing opportunities in the unorganised sector:** It is observed that proximity to home is an important reason for choosing a given type of financial institution when availing gold loan. This implies that people prefer convenience over other factors and also reflects the fact that transaction cost plays an important role in the financial behaviour of a client. This means that in spite of the increasing network of financial services of the formal sector, the informal sector continues to dominate the overall market for gold loans. For formal players, this presents an opportunity to expand their network and win over business from the informal sector.
- d) **Technology innovations:** The company has rolled out an advanced Online Gold Loan product that is cashless and available to the customer 24X7. Given the convenience, and the fact that cash disbursements are being regulated more and more, OGL is expected to take a larger share of the market.

THREATS

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

RISKS AND CONCERNS

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

The company has rolled out an advanced Online Gold Loan product that is cashless and through any channel, time and place of their preference. The Company also strives to anticipate the future needs of customers and deliver those expectations through technology-based solutions.

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

CAUTIONARY STATEMENT

This document contains statements about expected future events, financial and operating results of Manappuram Finance Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Manappuram Finance Limited's Annual Report, FY2016.

Business Responsibility Report



As a pioneering gold loan company meeting the credit needs of the underprivileged in society, Manappuram Finance Limited is committed to create market value and social capital in equal measure. The company strives to be a model corporate citizen and we take seriously our responsibilities to stakeholders, the wider society and to the environment. Our first Business Responsibility Report presented here will attest to that.

V.P. Nandakumar
MD & CEO

SECTION A GENERAL INFORMATION ABOUT THE COMPANY

1. CIN of the Company:	L65910KL1992PLC006623
2. Name of the Company:	Manappuram Finance Limited
3. Registered address:	Manappuram Finance Limited IV / 470 (old) W638A (New), Manappuram House, Valapad, Thrissur, Kerala, India - 680 567 Landline : 0487 3050 000, 3050 108, 3050 100 Fax : 0487 2399298
4. Website:	www.manappuram.com
5. E-mail id:	mail@manappuram.com
6. Financial Year reported:	2016-17
7. Sector(s) that the Company is engaged in (industrial activity code-wise):	As per National Industrial Classification - 2008: Section K - Financial and Insurance Activities Division 64 - Financial Service Activities, except insurance and pension funding. Code: 64191 Manappuram Finance Limited (‘Manappuram Finance’) is a non-banking company governed by RBI Act, 1934
8. List three key products / services that the Company manufactures / provides (as in balance sheet)	● Gold loan ● Vehicle and Equipment Finance ● SME Finance
9. Total number of locations where business activity is undertaken by the Company	
i. Number of International Locations (Provide details of major 5) :	None
ii. Number of National Locations	As on March 31, 2017, Manappuram Finance has over 3200 branches across 28 states and UTs of India of which 5 branches are situated in Andaman & Nicobar Island.
10. Markets served by the Company: (Local / State / National / International)	Manappuram Finance serves customers in national market.

SECTION B FINANCIAL DETAILS OF THE COMPANY

1	Paid-up Capital (₹ Million): 1,683.80
2	Total Turnover (₹ Million): 30,084.33
3	Total Profit after Taxes (₹ Million): 7,260.34
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after tax (%): 1.55%
5	List of activities in which expenditure in 4 above has been incurred. Activities are predominantly education, healthcare, Old Age Homes / Day Care facilities for senior citizens and Empowerment of women. For more details please refer Annexure V of Boards Report.

SECTION C OTHER DETAILS**1 Does the Company have any Subsidiary Company / Companies?**

Yes

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

Yes. Three Subsidiaries

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

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

SECTION D BUSINESS RESPONSIBILITY INFORMATION**1 Details of Director / Directors responsible for BR****a. Details of the Director / Directors responsible for implementation of the BR policy / policies**

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

b. Details of the BR head

: Nil

2. Principle-Wise (As per NVGs) BR Policy / Policies**(a) Details of Compliance (Reply in Y / N)**

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

Note 1

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

Note 2

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

- Business Responsibility Policy
- Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices
- Cross selling policy
- Investment Policy
- Auction Policy
- Policy for Determination of Materiality and Disclosure of Material Events/Information
- Policy on Materiality of Related Party and Manner of Dealing With Related Party Transactions
- Loan Policy
- Interest rate Policy
- Whistle blower Policy
- Corporate Social Responsibility Policy
- Know Your Customer (KYC) and Anti Money Laundering Measures Policy
- Fair Practice Code
- Mechanism for Dealing with Customer Complaints & Redressal

- Internal Audit Policy
- Dividend Distribution Policy
- Gift Policy
- Employee Speak up Policy
- HR Policy
- POSH policy
- Policy on transfer of Unclaimed Amount NCDs to GOI or IEPF

Some of the above policies with respect to employees are only available on intranet of the Company.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:

Not Applicable

3 Governance related to BR

a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The overall BR performance is reviewed annually by the Management and the Board.

b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is the first Business Responsibility Report of the Company. Going forward, Manappuram Finance will publish BR Report annually and it will form part of Annual Report. It is available at <http://www.manappuram.com/investors/annual-reports.html>.

SECTION E PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes / No. Does it extend to the Group /Joint Ventures / Suppliers / Contractors / NGOs / Others?

No. The Policies relating to ethics, bribery and corruption cover not only Manappuram Finance, but also extends to subsidiaries, Vendors, Consultants, Suppliers and other external stakeholders.

Manappuram Finance accords utmost importance to ethical, transparent and accountable conduct by its employees and stakeholders. The Compliance function of Manappuram Finance ensures needed compliance with various regulatory and statutory requirements at all appropriate levels within the Organization. It also updates the Board and the Management on the status of compliances in the changing regulatory environment. Manappuram Finance commits timely disclosures and transparency at all levels so as to provide access to all relevant information about its business to stakeholders. The Corporate

Governance practices apply across various businesses of Manappuram Finance including Board Governance. The Board oversees the service of the Management towards protection of stakeholders' interest in the long run.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

There was one stakeholder complaint received in the reporting period with regard to ethics, bribery and corruption in one of our branches. Management was involved and ensured that the complaint was resolved effectively. Further, as an NBFC dealing with a large number of retail customers, the company gets routine complaints relating to customer service etc. The same is handled by the Company's customer relationship management (CRM) team and the cases are closed expeditiously with utmost importance.

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.

The most important product of the company is gold loans which are availed mostly by the vulnerable and underprivileged sections of society who are largely financially excluded. As they lack access to banks, they prefer to park their meagre savings in gold jewellery and in times of need, they pledge their jewellery to raise money. In this way, gold loans fulfil the credit needs of the excluded sections of society and contribute to social progress.

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

- Manappuram Finance has developed Online Gold Loan (OGL) which is India's first attempt at digitalization of the field. OGL is a step forward to attain the National objective of cashless transactions.
- E- KYC platform linked to Aadhaar had been successfully developed and implemented over 1500 branches.
- In May 2016, Manappuram Finance partnered with State Bank of India to launch its first MINI ATM (PoS) service at Valapad branch.
- Engaged on-ground digital literacy program "Project E-Valapad" initiated by Manappuram Finance in partnership with the Panchayat aimed at spreading digital financial literacy among households in the Valapad village area.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**a. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain**

As a company dealing in financial services, the main resource utilized by the organisation is paper. Focus is given to making systems and procedures paperless and tech initiatives initiated to make the head office paperless which will be implemented in full swing within 3 months. The launch of Online Gold Loan facility accessible to customers through a mobile app has reduced consumption of paper. Centralised ERP system implemented by company helps to reduce paper usage at various divisions and branches. Manappuram Finance has also implemented paperless Board and committee meetings so as to avoid usage of paper.

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

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

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

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

3. Does the company have procedures in place for sustainable sourcing (including transportation)?**a. If yes, what percentage of your inputs was sourced sustainably?**

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

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**a. If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Manappuram Finance has a wide network of branches in 28 states and UTs of India to reach out to rural, semi-urban and urban customers. The company has used the Business Associate model to enhance its business and reach out to customers. Under this model, Business Associates are recruited locally. Branches select vendors as per the procurement standards and many items of minimal value are sourced locally.

The company has taken several initiatives for the development of local suppliers of goods and services. For example, at the Head Office in Valapad, the canteen facility is run by a self help group of women belonging to the neighbourhood.

Principle 3

1. **Please indicate the Total number of employees:**
18933 employees were on the payroll of Manappuram Finance as on March 31, 2017.
2. **Please indicate the Total number of employees hired on temporary / contractual / casual basis.**
Manappuram Finance has hired 93 employees on temporary / contractual / casual basis.
3. **Please indicate the Number of permanent women employees.**
6939 permanent women employees were on the payroll of the Company as on March 31, 2017.
4. **Please indicate the Number of permanent employees with disabilities.**
30 permanent employees with disabilities were on the payroll of the Company as on March 31, 2017.
5. **Do you have an employee association that is recognized by management.**
No.
6. **What percentage of your permanent employees is members of this recognized employee association?**
Nil
7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**
There were 4 complaints regarding sexual harassment which were filed with Internal Complaints Committee of the Company and the same were resolved by the Committee during FY 2016-17.
8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**
Induction and skill up-gradation training programmes are routinely conducted and it covers a substantial part of the workforce every year. The training programmes cover various aspects such as product training, soft skills and behavioural training etc.
 - a. **Permanent Employees:**
14831 Employees (78%)
 - b. **Permanent Women Employees:**
5629 Women Employees (81%)
 - c. **Casual / Temporary / Contractual Employees:**
93 Casual Employees (100%)

d. Employees with Disabilities:

30 (100%)

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

Principle 4

1. **Has the company mapped its internal and external stakeholders? Yes / No**
Yes
2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**
Yes.
3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**
Yes, Manappuram Finance regularly undertakes initiatives to engage with disadvantaged, vulnerable & marginalized stakeholders. Manappuram Finance is committed to providing financial services in rural/unbanked areas. As on March 31, 2017, out of 3290 branches of the company, 712 branches were operating in rural areas and another 5 are operating in Andaman Nicobar Island. We believe that stakeholders have a key role to play in the growth of the organisation. It is our endeavour to build strong relationships with each of the stakeholders to meet their financial needs through better service and products and ensure harmonious and sustainable growth for the company. Manappuram Finance has evolved formal and informal engagement mechanisms to understand stakeholders' expectations and concerns.

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

Shareholders, Customers & Investors

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

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

Employees

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

Government & Regulators

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

Business Associates, Vendors and Suppliers

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

Community

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

Media

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

Principle 5

1. **Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

No. The policies revolving around human rights cover not only Manappuram Finance but also other stakeholders.

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

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

Manappuram Finance did not receive any complaint relating to human rights violations from internal or external stakeholders

Principle 6

1. **Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others?**

Policy extends to its value chain such as subsidiaries, contractors, suppliers, vendors, consultants and other stakeholders.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?**

No. At present, the Company is not having strategies to address global environmental issues.

3. **Does the company identify and assess potential environmental risks?**

As Manappuram Finance is in the financial service industry, it has not identified or assessed the potential environmental risks.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

No, the company does not have any project related to the Clean Development Mechanism.

5. **Has the company undertaken any other initiatives on—clean technology, energy efficiency, renewable energy, etc.**

Manappuram Finance has undertaken various initiatives on energy efficiency and renewable energy.

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

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

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

6. **Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?**

Not applicable to the company.

7. **Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

No show cause / legal notices were received.

Principle 7

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

Manappuram Finance is an active member of several trade bodies and associations. Some of the major ones are listed below:

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

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

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

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

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

Principle 8

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

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

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

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

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

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

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

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

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

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

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

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

Principle 9

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

47.22% of Consumer cases were pending as on the end of FY 2016-17.

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

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

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

There were 324 cases filed against the Company regarding unfair trade practices during last five years out of which 153 cases were pending as on the end of FY 2016-17.

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

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

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

Some of the key policies for protection of customers are:

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

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

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

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

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

Board's Report

Dear Members,

The Board of Directors of Manappuram Finance Limited have pleasure in presenting before you, the **25th Annual Report** of the Company together with the Audited Consolidated and Standalone Statements of Accounts for the financial year ended 31st March, 2017.

1. FINANCIAL SUMMARY/HIGHLIGHTS AND STATE OF AFFAIRS

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

Description	(₹ in million)			
	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2016-17
Gross Income	30084.33	22148.89	34,089.16	23,712.35
Total Expenditure	18935.56	16959.77	22,431.96	18,228.52
Profit Before Tax	11148.77	5189.12	11,657.20	5,483.83
Provision for Taxes/Deferred tax	3888.43	1816.69	4072.30	1932.25
Minority interest	0.00	0.00	26.42	17.90
Net Profit	7260.34	3272.43	7,558.48	3,533.68
Profit b/f from previous year	3098.64	2848.66	3,159.29	2,851.54
Amount available for appropriations	10358.98	6221.09	10,717.77	6,385.22
Appropriations:				
Transfer to Statutory Reserve	1452.07	674.49	1,521.12	722.41
Transfer to General Reserve	0.00	0.00	0.00	0.00
Transfer to Debenture Redemption Reserve	102.26	169.91	102.26	169.91
Interim Dividend on Equity Shares	1262.56	1892.74	1,262.56	1,892.74
Tax on Interim Dividend	257.02	385.31	257.02	385.31
Proposed Equity Dividend	0.00	0.00	0.00	0.00
Tax on dividend	0.00	0.00	0.00	0.00
Balance carried forward to next year	7285.07	3098.64	7,574.81	3,159.29

During the Financial Year ("FY") 2016-17 under review, total revenue of the company has gone up by 35.8% and Profit after tax has gone up by 115.3% in comparison to the previous year. As of March 31, 2017, the loan book of the company stood at ₹ 115,509.63 million as against ₹ 103,055.98 million on March 31, 2016. The positive growth in loan book was the consequence of multiple factors such as focus on growth in gold collateral and number of customers, diversification of portfolios, short term loan schemes, macro-economic scenario, and certainties in the regulatory environment for gold loan NBFCs. A system of regular, periodical collection of interest is being followed across our branches. Our improving credit and risk profile enabled us to lower our cost of funding significantly.

During FY 2016-17, the Company has undertaken several initiatives to facilitate customers to avail online gold loan. Customers can use the facility to remit interest, repay loan and even avail the loan sitting anywhere. The Online Gold Loan Facility for customers have increased ease of availing loan and hence has also contributed in the accelerated growth in Net Profits. In creating an awareness among the customers to remit online and repay loan various technology awareness campaign have been conducted across various branches in each and every state and significantly enhanced our marketing spend with growing BTL & ATL activities.

During the year, the company continued to offer customer friendly short tenure loan schemes with

an option for the customers to choose the schemes based on their convenience and requirement. Compared to longer tenure loan schemes in previous years, these Loan Schemes also gives comfort to customers that interest sensitive customers can choose lower interest product, LTV sensitive customers can choose higher LTV product.

Local marketing activities like village campaigns, Loan Melas, Shop visits, Home visits, notice distribution were carried out extensively. Major 360-degree campaign for Online Gold Loans were conducted on mass media which had accelerated acquiring of new customers during FY 2016-17 despite various extraneous challenges. Consistent review and monitoring at field level was done to ensure business propensity. Employee motivation through incentives and other activities also contributed to the positive growth of company. Local marketing activities were conducted on a scale ranging from mass marketing to individual marketing. Local marketing lies between these two levels and implies segmentation on a local level and implies "Grassroots marketing" where in marketing activities concentrate on getting close and personally relevant to individual customers' possible level.

In the aftermath of demonetization, the company as a part its commitment to its roots engaged in intense on-ground digital literacy program "Project E-Valapad" in partnership with the Panchayat aimed at spreading digital financial literacy among households in the Valapad village area. For this purpose, a dedicated team consisting of employees of the company, ward members and a batch of trained volunteer students from the nearby S.N. College, Nattika fanned out to all the wards. They went door-to-door imparting training to all the households in the use of various online means of payments and other financial transactions. The mission was to ensure that at least one member of each of the 9809 households would become e-literate in terms of being conversant with the different platforms of making cashless transactions. The Project was completed successfully and the Valapad Panchayat 89% households was declared fully literate village. The Panchayat covers an area of 16.33 sq. km with a population of about 35,000, a literacy rate of 86.5%, and with the BPL population at 40% (2011 census). This also encouraged the customers from the Valapad area to make interest payments and loan re-payment through electronic mode.

Employees' motivation through incentives, awards and other activities has also contributed to the positive growth of the company. The endeavour is to take forward more such initiatives to gain business growth through such community engagements besides mass media and digital initiatives.

2. DIVERSIFICATION OF BUSINESS

In FY 2015, with its large net worth and access to debt capital on competitive terms, your Company decided to diversify its business by leveraging its vast numbers of existing and new customers' relationship developed through its mainstay Gold Loans business over the years. The objective of this diversification was to build at least 40 to 50 percent of total Assets under Management from sources other than gold loans, so as to mitigate the risk of being a single-product NBFC.

Your company's diversification strategy offered three clear potential advantages: Firstly, it sought to address the regulatory discomfort with mono-line NBFCs perceived as vulnerable to concentration risk. Secondly, it would enable the company to cater to existing and new customers with new products and services. Finally, your company would be able to accelerate the government's agenda for inclusion by addressing the needs of the underprivileged sections of the population.

Accordingly, your company focused on three areas of affordable housing finance, commercial vehicle loans and microfinance. The idea was that with home and commercial vehicle loans, the company would reach out to the upwardly mobile customers. To cater to the people at the bottom of the pyramid, the company would take the microfinance route with the collateral-free, joint liability model. The Chennai based Asirvad Microfinance Limited. was acquired by your company in February 2015 pursuant to this strategy.

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

The key achievement for FY 2017 has been that having begun literally from scratch in FY 2015, the company's non-gold new businesses now contribute nearly 19 percent of the total assets under management. Over the last two years, Asirvad Microfinance Limited has grown at a CAGR of 136 percent with its AUM growing from ₹ 3,221 million in FY 2015 to ₹ 17,959 million in FY 2017. Your company's housing subsidiary, Manappuram Home Finance Private Limited has ended the year with an AUM of ₹ 3,104 million while the commercial vehicle loans vertical has recorded an AUM of ₹ 3,058 million. Importantly, having established a sound footing, both home loans and vehicle loans are expected to continue to record strong growth in the coming years.

Microfinance:

Asirvad Micro Finance Limited ('Asirvad') has continued to strengthen its Microfinance business in FY 2017. Asirvad has relied upon its distribution capability to drive its growth. Despite the growth rates slowing down post demonetisation, Asirvad has achieved growth in AUM to ₹ 17,959 million in FY 2017 as compared to ₹ 9,988 million in FY 2016. The healthy 80% growth rate is achieved by broad basing the customer base and venturing into newer geographies. This compares very favourably with the Industry growth rate of 26%. Asirvad is now present in 16 States & 2 Union Territories as compared to 13 States & 2 UT's as of the end of the previous financial year. Asirvad has branch network of 763 branches located in these states efficiently serving 1.19 million customers. With this phenomenal growth and also conversion of few large MFIs as Small Finance Banks, Asirvad has moved up 8 places in the MFIN rankings and is currently ranked as 6th largest NBFC MFI in India. The Credit ranking of Asirvad improved by 2 notches from A- to A+ this year. The acquisition of majority stake of the company by Manappuram Finance in Feb 2015 and further infusion of equity by it in March 2016 enabled Asirvad raise debt from Banks and NBFCs besides issue of various debt instruments at attractive interest rates thereby bringing down the cost of funds from 16% to 13%. Asirvad also passed on this interest benefit by reducing the lending rate to its borrowers from 26 % to 23% during the period. Asirvad also raised Tier II debt amounting to ₹ 1,150 million from reputed Institutions during FY 2017 which helped it improve its capital adequacy ratio to 20.6%. These positive factors will enable it to continue its growth momentum going forward.

Housing Finance:

Manappuram Home Finance Pvt. Ltd. (MAHOFIN), is your Company's dedicated subsidiary that has been set up to cater to the affordable housing space. Its overall objective is to provide options for affordable home finance in the ticket size of about ₹ 12-13 lacs, majorly distributed into the outskirts of metros, tier-II and tier-III cities. Your Company's customer acquisition strategy focuses on the team's ability to understand the needs of the customer, his net-worth and financial limits. Its management team is made up of seasoned people with core domain expertise and who possess mature appraisal methodologies and product structuring solutions

that are friendly for a customer to manage. In combination with its dedicated 35 branches the growth of the home loans business and LAP will be based on fresh lead generation and on the cross-selling strategies within the Manappuram group's network of branches and regional points of contacts. Having established its IT backbone and product configurations in the period between FY 2015 to FY 2016, in FY 2017 the management essentially focused on establishing the unit's manpower strength through recruitment and training in robust business practices for building the business. During the year, it established dedicated human resources and branches in urban and semi-urban locations, both in the South and the West. By the end of FY 2017, MAHOFIN achieved a loan book size of ₹ 3,104 million. The business grew by 142% YoY and the loan portfolio has so far faced minimal delinquencies with NPAs held down to 1.5%. Going forward, your Company is now ready with its teams, products and branches to grow the loan book size steadily to touch ₹ 8,000 million plus in FY 2018. Going forward, with strong demand, professional management and strong brand and network support of the parent, MAHOFIN remains focused on delivering results responsibly and achieving steady growth of business.

Commercial Vehicle Finance:

In order to diversify and de-risk portfolio, your Company had entered into commercial vehicle financing activity in FY 15 primarily in the Southern and Western regions and has recently launched operations in the Northern markets as well. The vehicle finance portfolio is about ₹ 3.06 billion spread across 43 hubs in 10 States as of March 31, 2017. The portfolio comprises approximately 65% pre-owned vehicles and the balance being new vehicles. The vertical has a team of around 300 domain specialists and has established marketing channels and networks for lead acquisition and processing. The business is supported by strong pre-screening methodologies and credit assessment.

Our strategy envisages financing Vehicle and Construction Equipment for the category of customers who are largely from the unorganised sector, the retail clientele that is underserved by the big banks. Increased Infrastructure spends, faster movement of goods across the country by e-retailers, and availability of finance has resulted in growth in CV sales during FY 2017. Against the backdrop of good monsoon, growth in the sector is expected to be robust in FY 2018. The Construction segment continues to grow strongly due to increase in road construction, as contractors have started on ground execution of projects. The Coal and Iron Ore mining segment is also showing momentum and will support incremental demand for Construction Equipment.

The Commercial Vehicle Finance vertical has its focus on digitisation for the technological functions across analytics, lending platform and performance measurement tool for process efficiency, competitiveness and customer satisfaction. With plans to focus on construction equipment, auto loans and two wheeler loans along with commercial vehicles, your Company strongly believes that digital technology would be an integral component of the business growth going forward.

3. SUBSIDIARIES

Your Company holds 90.38% equity shares of Asirvad Microfinance Limited and 100% equity shares of Manappuram Home Finance Private Limited and 100% equity shares of Manappuram Insurance Brokers Private Limited as on FY 2016-17.

Asirvad Microfinance Limited

Gross Income of the Company as at 31st March, 2017 is ₹ 3634.20 Million as compared to ₹ 1560.90 Million for the year ended 31st March, 2016 and Profit after Tax has gone up by 43% as at 31st March, 2017 with ₹ 343.30 Million as compared to ₹ 239.60 Million for the year ended 31st March, 2016.

Manappuram Home Finance Private Limited

Gross Income of the Company as at 31st March, 2017 is ₹ 368.36 Million as compared to ₹ 98.62 Million for the year ended 31st March, 2016 and net loss is ₹ 10.7 Million for the year ended 31st March, 2017 as compared to the net loss of ₹ 53.80 Million as at 31st March, 2016. AUM of the Company as at 31st March, 2017 is ₹ 3,100.14 Million which is 2.27% of consolidated AUM.

Manappuram Insurance Brokers Private Limited

Gross Income of the Company as at 31st March, 2017 is ₹ 20.28 Million as compared to ₹ 18.98 Million as for the year ended 31st March, 2016 and Loss for the year ended 31st March, 2017 is ₹ 8.09 Million as compared to the Profit after tax of ₹ 1.36 Million as at 31st March, 2016.

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

4. RESERVES

During the FY 2016-17, the company has not transferred any amount to General Reserves and it remains same as last FY, ₹ 3885.08 million. The total reserves and surplus as on March 31, 2017 stands at ₹ 31,423.73 million.

5. DEBENTURE REDEMPTION RESERVE

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

As a matter of policy, your company creates a reserve on a proportionate basis till the redemption of the debentures. Accordingly, the company transferred a sum of ₹ 102.26 Million to DRR during the year.

Furthermore, the Act stipulates that the company has to invest, on or before 30th April of each year, in the prescribed manner, a sum equal to 15 percent of the NCDs maturing during the year ending on the 31st March of the next year. The Company had duly deposited with a Scheduled Bank, ₹ 189.08 million in April 2016 w.r.t debentures matured during FY 2016-17 and has also deposited ₹ 291.20 million in April 2017 w.r.t debentures maturing in FY 2017-18.

6. RESOURCES

The Company as an NBFC, mobilization of resources at optimal cost and its deployment in the most profitable and secured manner constitutes the two important functions of the company. The main source of funding for the company continues to be credit lines from the banks and financial institutions. Your company as at March 31, 2017 availed various credit facilities from 26 banks.

Management has been making continuous efforts to broaden the resource base of the company so as to maintain its competitive edge. The next important source of funding is the issue of privately placed Secured Redeemable Non-Convertible Debentures (NCDs). In addition, the Company also raised funds through the issue of Commercial Papers (CPs).

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

7. MANAGEMENT DISCUSSION AND ANALYSIS

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

8. REPORT ON CORPORATE GOVERNANCE

The Company has been practicing principle of good Corporate Governance over the years. The endeavour of the Company is not only to comply with the regulatory requirements but also adhere to good Corporate Governance standards that lays strong emphasis on integrity, transparency and overall accountability. The report on corporate governance forms integral part of this annual report.

9. BUSINESS RESPONSIBILITY REPORT

Business Responsibility Report in line with the National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business, released by the Ministry of Corporate Affairs, Government of India and as stipulated under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") forms integral part of this Annual Report and the same has been hosted on the website of the Company http://www.manappuram.com/public/uploads/editor-images/files/Manappuram_BRR_16_17.pdf

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

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

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

10. DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to section 134 of the Act the board of directors, to the best of their knowledge and ability, confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities

- iv. they have prepared the annual accounts on a going concern basis;;
- v. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2016-17.

11. MEETINGS OF THE BOARD

During the financial year 2016-17, Board of Directors met on six occasions. For further details of these Board Meetings, please refer to the Corporate Governance Section of this Report.

12. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

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

13. POLICY ON BOARD COMPOSITION COMPENSATION

The Board of Directors has adopted a policy on director's appointment and remuneration for directors, Key Managerial Personnel and other employees including criteria for determining qualification, positive attributes, and independence of directors as laid down by the Nomination Committee of the board in compliance with the provisions of Section 178 of the Act. The policy can be viewed at <http://www.manappuram.com/public/uploads/editor-images/files/Policy%20on%20Board%20composition%20and%20Compensation..pdf> and is also annexed to this report as Annexure II.

14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in Note-11,13, 14 and 32 to the Standalone Financial Statements

15. PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the FY 2016-17 with related parties under Section 188 of the Act were in ordinary course of business and on arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the provisions of Regulation 23 of SEBI LODR and the Company's policy on related party transactions. Therefore, particulars of contracts / arrangements with related parties under Section 188 in Form AOC-2 is not annexed with this report.

Your Directors draw attention of the members to Note 24 to the Standalone Financial Statement which sets out related party disclosures.

The Policy on related party transactions as approved by the Board which is annexed to this report as Annexure III may be accessed on the Company's website at the <http://www.manappuram.com/public/uploads/editor-images/files/Policy%20on%20Board%20composition%20and%20Compensation..pdf>

16. DIVIDEND

Three interim dividends were declared at the rate of 50 paise per equity share during the financial year 2016-17, on 09th August 2016, 10th November 2016 and 08th February, 2017 respectively.

An aggregate of ₹ 1.5/- per equity share, amounting to 75 percent of the paid-up value of the shares was paid by the Company during the financial year 2016-17.

During FY 2016-17, the Board of Directors has approved a Dividend Distribution Policy as per the SEBI LODR which is available at the following link: <http://www.manappuram.com/public/uploads/editor-images/files/Dividend%20Distribution%20Policy-090816.pdf>

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

These details are provided as Annexure IV to this report.

18. RISK MANAGEMENT POLICY

The Company has a Board of Directors approved Risk Management Policy wherein material risks faced by the Company including Operational Risk, Regulatory Risk, Price, Interest Rate Risk and

Credit Risk are identified and assessed. The Risk Management Committee periodically reviews the various risks faced by the Company and advises the Board on risk mitigation plans. Risk Management policy may be accessed on the Company's website at the link: <http://www.manappuram.com/public/uploads/editor-images/files/20-Risk-Management-Policy.pdf>.

19. CORPORATE SOCIAL RESPONSIBILITY POLICY

The Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company have been formulated by the Board based on the recommendation of the Corporate Social Responsibility Committee (CSR Committee). The CSR Policy may be accessed on the Company's website at the link: <http://www.manappuram.com/public/uploads/editor-images/files/04-CSR-Policy.pdf>

The Corporate Social Responsibility initiatives taken by the Company during the FY 2016-17, is detailed in the Report on CSR activities which is annexed herewith marked as Annexure V.

20. FORMAL ANNUAL EVALUATION

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

Board	Committees	Individual Director
Board Structure and Composition	Committee Structure and Composition	Attendance
Effectiveness of Board processes, information and functioning	Degree of fulfilment of key responsibilities	Professional Conduct
Establishment and delineation of responsibilities to Committees	Effectiveness of meetings	Role and functions
Quality of relationship between the Board and the Management	Committee dynamics	Duties
	Quality of relationship of the Committee with the Board and the management	Contribution to the Board/ Committees/ Senior management

The board and the Nomination Committee reviewed the performance of the individual directors on the basis of the criteria such as attendance, level of participation, contribution to the meetings and its decision making, continuity on the board, and performance appraisal questionnaire, etc. In addition, the chairman was also evaluated on the key aspects of his role..

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

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

In furtherance to above performance evaluation parameters pertaining to individual Directors,

Nomination Committee and Board has evaluated performance of Managing Director and Whole-time Director based on the performance of additional criteria as detailed in the Corporate Governance Report. In a separate meeting of independent directors, performance of non-independent directors, performance of the board as a whole and performance of the chairman was evaluated, taking into account the views of executive directors. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated..

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

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

During the FY 2016-17, Mr. B.N.Raveendra Babu (Executive Director) has received remuneration by way of sitting fee, ₹ 43 million for attending Board/Committees meetings of the subsidiary, Manappuram Insurance Brokers Private Limited and Mr. V. P Nandakumar (Managing Director & CEO) has not received any remuneration or commission from any of the subsidiaries of the Company for the FY 2016-17.

22. AUDIT AND AUDITORS REPORT:

S.R. Batliboi & Associates LLP, Chartered Accountants, (Firm Reg. No. 101049W) has been continuing as Auditors from FY 2007-08 and on applicability of Act, they were re-appointed from 22nd AGM to hold office up to forthcoming 25th AGM.

As per Section 139, no Listed Company shall appoint or reappoint as Auditor, an Audit Firm for a period of more than 3 years, which has already completed a term of 7 years or more, as on the commencement of the Act.

Accordingly, Board of Directors at its meeting held on May 25 2017 have approved the appointment of Deloitte Haskins & Sells LLP, Chartered Accountants as the Statutory Auditors subject to

the approval of shareholders at the ensuing AGM, to hold office from the conclusion of this AGM up to the conclusion of 30th AGM, subject to ratification by shareholders, each year.

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

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

Secretarial Audit

The Board appointed KSR & Co. Practicing Company Secretaries LLP, to conduct Secretarial Audit for the financial year 2016-17.

Secretarial audit report for year ended on March 31, 2017 as provided by KSR & Co. Practicing Company Secretaries LLP, Indus chambers, Ground floor, No.101, Govt Arts College Road, Coimbatore-641018, is annexed to this Report as Annexure- VI.

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

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

Mr. Pradeep Saxena, Director, Nominee of Hudson Equity Holdings Limited had retired as a director of the board with effect from 24th Annual General Meeting held on August 09, 2016.

There were no other changes in Directors or Key Managerial Personnel during the FY 2016-17.

24. SHARE CAPITAL

During the year 2016-17, the Company has allotted 692500 equity shares of ₹ 2 each pursuant to exercise of stock options. Consequently, the paid-up equity share capital of the Company stood as on 31.03.2017 at ₹ 1683.80 million consisting of 84,18,99,636 equity shares of ₹ 2 each..

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

25. DEPOSITS

As you are aware, your company had stopped acceptance of deposits from the public since FY 2009-10. Your company had converted itself into a non deposit taking Category 'B' NBFC. During FY 2016-17 the Company has not accepted deposits as per Chapter V of the Act..

No deposit which was due for repayment or payment of interest and all unclaimed deposit amounts have been transferred to an ESCROW account opened with Punjab National Bank, Palace Road Branch, Thrissur. The balance unclaimed amount as on March 31, 2017 is ₹ 0.062 Million.

As on the date of this report, there were no deposits which are due for transfer to the IEPF Account of the Central Government on the expiry of seven years after maturity. There is regular follow up on the part of the Company to redeem unclaimed deposits

26. COMPLIANCE WITH NBFC REGULATIONS

Your Company has complied with all the regulatory provisions of the Reserve Bank of India applicable to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company. As on March 31, 2017, the Capital Adequacy Ratio of the Company is 26.12 percent, well above the statutory requirement of 15 percent. The Company has not issued any Perpetual Debt Instruments.

27. EMPLOYEE STOCK OPTION SCHEME (ESOS)

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

Presently, the Company has the following stock option schemes:

- 1) Employee Stock Option Scheme 2009('ESOS-2009').
- 2) Employee Stock Option Scheme 2016 ('ESOS-2016').

In respect of ESOS 2009, Nomination Committee had reissued the lapsed options during the FY 2014-15 to Senior Management Personnel which had been vested and exercised during the FY 2015-16 and 2016-17. During the year, no options were granted by the Nomination Committee under ESOS 2009.

During the FY 2016-17, ESOS 2016 was approved by the shareholders vide special resolution dated July 05, 2016 and Nomination Committee had granted 13,750,466 number of options at an exercise price of ₹ 86.45 per option at its meeting held on August 08, 2016. Such Stock Options also include the options granted to employees of subsidiaries of the Company under ESOS 2016.

The stock option schemes are in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations") and there have been no material changes to these plans during the FY 2016-17.

Disclosures in terms of 'Guidance note on accounting for employee share based payments' issued by ICAI and diluted EPS in accordance with Accounting Standard 20 - Earnings Per Share are provided in note 23 of Standalone Financial Statements in this Annual Report..

Details related to stock option schemes as required under SEBI SBEB Regulations read with Securities and Exchange Board of India circular no. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 are provided in Note 23 of the Standalone Financial Statements in this Annual Report and Annexure VII of this report

and are also available on Company's website at <http://www.manappuram.com/investors/annual-reports.html>

Your Company has received a certificate from S.R. Batliboi & Associates LLP, Chartered Accountants, (Firm Reg. No. 101049W), Statutory Auditors, confirming that the ESOS 2009 and ESOS 2016 has been implemented in accordance with the SEBI SBEB Regulations and the respective resolutions passed by the Company in General Meetings. The certificates would be placed in the ensuing Annual General Meeting for inspection by the members.

28. DISCLOSURE:

Composition of CSR Committee

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

Composition of Audit Committee

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

Whistle Blower Policy and Vigil Mechanism

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

No person has been denied access to the Chairman and a Member (Woman Director) of the audit committee. Company has ensured that its employees are well aware of the content and procedure of the policy and fully protected. The Whistle Blower Policy and Vigil Mechanism may be accessed on the Company's website at the link: <http://www.manappuram.com/public/uploads/editor-images/files/22-Whistle-blower-Policy-v2.pdf>

29. EXTRACT OF ANNUAL RETURN:

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

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

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

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

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

31. LISTING WITH STOCK EXCHANGES:

Your Company confirms that it has paid the Annual Listing Fees for the financial year 2017-18 to Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) where the Company's shares are listed..

32. SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

During the year under review, there were 4 cases filed with the Internal Complaints Committee of the Company, pursuant to

the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the same were investigated and resolved. No complaints were pending more than 90 days during FY 2016-17.

33. CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Act, SEBI LODR and Accounting Standard (AS) – 21 on Consolidated Financial Statements, the audited consolidated financial statement is provided in the Annual Report.

34. CREDIT RATING

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

- a. CRISIL rated Bank Loan Facilities amounting to ₹ 2,500 Million as CRISIL AA-/ Stable
- b. CRISIL rated Non-Convertible Debentures amounting to ₹ 23,075 Million as CRISIL AA-/ Stable
- c. CRISIL rated Short Term Debt of ₹ 22,500 Million as CRISIL A1+Stable
- d. ICRA rated Non-Convertible Debentures amounting to ₹ 4429.7 Million as [ICRA] AA-(Stable)
- e. ICRA rated Short Term Debt of ₹ 5000 Million as [ICRA] A1+
- f. CARE rated Bank Loan Facilities for Long Term amounting to ₹ 56,800 Million as CARE AA-Stable
- g. CARE rated Bank Loan Facilities for Short Term amounting to ₹ 33,200 Million as CARE A1+Stable
- h. CARE rated Non-Convertible Debentures amounting to ₹ 4,900 Million as CARE AA-Stable
- i. Brickwork rated Non-Convertible Debentures amounting to ₹ 547 Million as BWR AA-

35. DETAILS OF AUCTIONS HELD DURING THE YEAR 2016-17

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

Year	Number of Loan Accounts	Principal Amount outstanding at the dates of auctions (A) (₹ In Million)	Interest Amount outstanding at the dates of auctions (B) (₹ In Million)	Total (A+B) (₹ In Million)	Value fetched (₹ In Million)
March 31, 2017	305439	9289.54	1466.29	10755.83	10704.05
March 31, 2016	7,02,038	19,319.03	4,890.18	24,209.21	22,094.92

Note: No sister concerns participated in the auctions during the year ended March 31, 2017 and March 31, 2016

36. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURE

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

37. AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

A certificate from Statutory Auditor in compliance with the conditions of corporate governance by the Company, for the year ended on March 31, 2017 as stipulated in Part E of Schedule V of SEBI LODR is annexed as Annexure - X.

38. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

There were no such significant / material orders passed by the Regulators during the financial year 2016-17.

39. MATERIAL EVENT SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENT

There have been no material changes and commitments, affecting the financial position of the Company which occurred between the end of the FY 2016-17 and the date of this report.

40. ACKNOWLEDGEMENT

Your Directors express sincere appreciation and gratitude to the employees of the company at all levels for their dedicated service and commitments, to the Reserve Bank of India, Rating Agencies, Stock Exchanges, Debenture Trustees, RTA's, Depositories, Central and State Governments and its statutory bodies for the support, guidance and co-operation. Your Directors wish to thank the Customers, Investors, Shareholders, Debenture holders, Bankers, Auditors, Scrutiniser and other financial institutions and other stakeholders for the whole hearted support and confidence reposed on the company and the management and to the general public at large for their blessings and good wishes.

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

Sd/-

Jagdish Capoor

DIN: 00002516

Chairman

Date: May 25, 2017

Place: Valapad

Annexure I (a)

FORM AOC-1

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

PART A SUBSIDIARIES

Name of the subsidiary	Manappuram Insurance Brokers Pvt. Ltd.
The date since when subsidiary was acquired	1st January 2016
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 2016 to March 2017
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Rupee
Share capital	₹ 77,00,000
Reserves and surplus	₹ (-) 571,958
Total assets	₹ 125,48,387
Total Liabilities	₹ 54,20,345
Investments	NIL
Turnover	₹ 202,84,414
Profit before taxation	₹ (-) 76,52,451
Provision for taxation	₹ 446,317
Profit after taxation	₹ (-) 80,98,768
Proposed Dividend	NIL
Extent of shareholding	100%

Folio Number	Name	Number of Share held
18	Manappuram Finance Limited	769994
19	Mr. Raveendra Babu (For and on behalf of Manappuram Finance Limited)	1
20	Mr. V.P Nandakumar (For and on behalf of Manappuram Finance Limited)	1
21	Mrs. Sushma Nandakumar (For and on behalf of Manappuram Finance Limited)	1
22	Dr. Sumitha Nandan Jayasankar (For and on behalf of Manappuram Finance Limited)	1
23	Mr. Sooraj Nandan (For and on behalf of Manappuram Finance Limited)	1
24	Mr. Suhas Nandan (For and on behalf of Manappuram Finance Limited)	1
TOTAL SHARES OF COMPANY		7,70,000

Name of the Subsidiary:	Manappuram Home Finance Private Limited
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March 2017
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of Foreign subsidiaries	Indian Rupee
Share Capital	₹ 1,00,00,00,000
Reserves & Surplus:	₹ (6,61,04,331)
Total assets:	₹ 3,27,21,20,386
Total Liabilities:	₹ 3,27,21,20,386
Investments:	Nil
Turnover:	₹ 36,83,64,946
Profit before taxation:	₹ (70,27,007)
Provision for taxation:	Nil
Profit after taxation:	₹ (1,07,02,077)
Proposed Dividend:	Nil
Shareholding:	100%

Name of the Subsidiary:	Asirvad Microfinance Limited
The date since when subsidiary was acquired	2014-15
Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	31st March, 2017
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Indian Rupee
Share capital	₹ 2627,66,360
Reserves and surplus	₹ 23810,56,646
Total assets	₹ 196195,02,291
Total Liabilities	₹ 196195,02,291
Investments:	₹ 5,00,000
Turnover:	₹ 36341,97,484
Profit before taxation	₹ 5230,77,416
Provision for taxation	₹ 1797,59,422
Profit after taxation	₹ 3433,17,994
Proposed Dividend	Nil
Extent of shareholding	90.38%

Annexure I (b)

FINANCIAL PERFORMANCE HIGHLIGHTS OF MANAPPURAM INSURANCE BROKERS PRIVATE LIMITED

		(Amount in ₹ Million)	
S.No	Particulars	Year ended 31st March 2017	Year ended 31st March 2016
1	Gross Income	20.28	18.98
2	Less: Total Expenditure	27.94	19.23
3	Profit Before Tax	(-) 7.65	(-) .25
4	Profit after Tax	(-) 8.10	1.37

During the FY ending 31.03.2017, your company made Total Revenue from operations to the tune of 19.85 million (14% increase) as compared to 17.5 million in the year 2015-16.

Total other income stood at 0.44 million as compared to ₹1.5 million in the year ending 31.03.2016 (71% reduction).

Loss for the year after adjusting tax came to 8.10 million as compared to profit of 1.36 million during the last year ending 31.03.2016.

Gross Income of the Company as at 31st March, 2017 is ₹ 20.28 Million which is 0.06% of consolidated Gross Income.

FINANCIAL PERFORMANCE HIGHLIGHTS OF ASIRVAD MICROFINANCE LIMITED:

		(Amount in ₹ Million)	
S.No	Particulars	Year ended 31st March 2017	Year ended 31st March 2016
1	Gross Income	363.41	156.08
2	Less: Total Expenditure	311.11	117.28
3	Profit Before Tax	52.30	38.80
4	Profit after Tax	34.33	23.95

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

- Client base has increased to 11 lakhs across 763 branches in 17 states (from 6 Lakhs across 343 branches in 13 states)
- Gross Loan Portfolio at ₹ 1,7959.39 Million
- Total disbursement during the year was at ₹ 21070 Million
- Asirvad Microfinance Limited has ensured compliance to all guidelines stipulated by Reserve Bank of India for the Microfinance Industry.
- Head Count of 3861 employees

During the year an amount of ₹ 168 million representing 20% of the current profits of the year of the Company transferred to Statutory Reserve.

CARE has upgraded the grading of Asirvad Microfinance Limited to MF11, the highest in the industry. The bank loan rating is also upgraded to A+by ICRA & CARE.

The Capital Adequacy Ratio was 20.60% as on 31st March 2017. The minimum capital adequacy requirement stipulated for NBFC MFIs by Reserve Bank of India is 15%.

During the year Asirvad Microfinance Limited has been converted from Private Limited Company to Public Limited Company with effect from 01st September, 2016.

Gross Income of the Company as at 31st March, 2017 is ₹ 3634.20 Million which is 10.66% of consolidated Gross Income. Profit after Tax as at 31st March, 2017 is ₹ 343.32 Million which is 4.54% of consolidated Profit after Tax after adjusting minority interests. AUM of the Company as at 31st March, 2017 is ₹ 1,7959.39 Million which is 13.15% of consolidated AUM.

FINANCIAL PERFORMANCE HIGHLIGHTS OF MANAPPURAM HOME FINANCE PRIVATE LIMITED

		(Amount in ₹ Million)	
S.No	Particulars	Year ended 31st March 2017	Year ended 31st March 2016
1	Gross Income	368.36	98.62
2	Less: Total Expenditure	375.39	152.43
3	Profit Before Tax	(7.03)	(53.80)
4	Profit after Tax	(10.70)	(53.80)

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

Company had 2889 loan accounts as on 31st March 2017.

Gross loan portfolio stood at ₹ 3100.14 million

Total disbursement during the year 2016-17 was ₹ 2162.10 million

Company has also ensured compliance to all the guidelines stipulated by the National Housing Bank for the Affordable housing finance industry.

The Company had total staff strength of 408 as at Mar 2017.

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

Credit Rating Agency	Type of Facility	Rating
Brickwork	Fund based term loan	BWR A-
Brickwork	Fund based cash credit	BWR A-
CRISIL	Long term bank loan	CRISIL A+/stable

The Capital Adequacy Ratio was 46.6 % as on 31st March 2017. The Net Owned Funds (NOF) as on that date was ₹ 933.90 million. The minimum capital adequacy requirement stipulated for Company by National Housing Bank is 12%.

Gross Income of the Company as at 31st March, 2017 is ₹ 368.36 Million which is 1.08% of consolidated Gross Income. Total Loss as at 31st March, 2017 is ₹ 10.70 Million. AUM of the Company as at 31st March, 2017 is ₹ 3,100.14 Million which is 2.27% of consolidated AUM.

The Capital Adequacy Ratio was 46.6 % as on 31st March 2017. The Net Owned Funds (NOF) as on that date was ₹ 933.90 million. The minimum capital adequacy requirement stipulated for Company by National Housing Bank is 12%.

Gross Income of the Company as at 31st March, 2017 is ₹ 368.36 Million which is 1.08% of consolidated Gross Income. Total Loss as at 31st March, 2017 is ₹ 10.70 Million which is 0.14% of Profit after Tax. AUM of the Company as at 31st March, 2017 is ₹ 3,100.14 Million which is 2.27% of consolidated AUM.

Annexure II

MANAPPURAM FINANCE LTD., Policy on Board composition and Compensation.

(As amended by the board on August 14, 2015)

We, at Manappuram, believes that the corner stone of best governance practices is the board composition. We also believe that the synergy of versatile individuals with diversified skillsets at the board level has contributed a lot in bringing this company into its present heights. Therefore, our commitment to have a competent and highly professional team of board members leads us to put in place a policy on identification and retention of eminent personalities as our Board members. In line with the statutory requirement under sections 149 and 178 of the Companies Act, 2013 read with clause 49 of the Listing agreement with the stock exchanges and the regulatory frame work for Non-Banking Financial Companies (NBFCs) issued by Reserve Bank of India (RBI) the following policies are adopted for the time being to act as the guiding principles in the appointment of directors and the matters connected therewith.

I) DEFINITIONS

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

- i. **Act** - means the Companies Act, 2013 including any amendments and reenactments as the case may be from time to time
- ii. **Board**- means the collective body of directors of the Company
- iii. **Clause 49-** means the clause 49 of the listing agreement with stock exchanges relating to the guidelines on Corporate Governance.
- iv. **Committee-** means the committees of directors constituted by the Board
- v. **Director-** means a director appointed on the board of the company
- vi. **Fit and proper-** means the fit and proper criteria prescribed the Reserve Bank of India as an eligibility requirement to be satisfied by an individual to be appointed as a director of the company.
- vii. **Independent director-** means an independent director referred to in sub-section (5) of section 149 of the Companies Act, 2013 or referred to in sub clause (B) of clause 49 (II) of the listing agreement.

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

II) POLICY STATEMENTS

1. Board Diversity

- 1.1 The board of directors of the company should have a fair combination of executive and non-executive directors with not less than 50 percent being non-executive directors.
- 1.2 The company shall maintain the strength of independent directors on its board keeping in mind the regulatory requirements and guidelines on Corporate Governance as per the listing agreement with the stock exchanges issued from time to time. The ratio of independent directors as per the present requirement is one third of the total strength of the board where the board is headed by a non-executive chairman and at least half of the board's strength in case the board is not headed by a regular non-executive chairman.
- 1.3 The Board shall have at least one woman director.
- 1.4 The independent director to be appointed on the board shall not hold directorships in more than 7 listed companies.
- 1.5 The vacancy caused by the demitting of office by an independent director in any manner shall be filled within a period of 3 months or before the next board meeting whichever is earlier. However, this requirement will not be applicable in cases where the vacancy will not affect the minimum required strength of independent directors set under this policy or as per the statutory provisions/ regulatory requirements.
- 1.6 The company shall appoint directors keeping in mind an ideal diversity in knowledge or expertise that could add value to the overall performance of the board and of the company. The desired diversity may be fixed by the nomination committee based on the nature of business of the company from time to time. The diversity of the total board may include the following:

Expertise in;

- i. Banking, Finance, Accountancy, Taxation
- ii. Governance, Regulatory background, Law and practice

- iii. Management, Administration (including Civil Service)
 - iv. Engineering, Human resource, Subject of social relevance
 - v. IT, Marketing
- 1.7 On selection of an independent director, the Chairman of the Board/ Managing Director shall issue a letter of appointment to the director and he shall also sign a deed of covenants in such format as may be prescribed by RBI.

2. Familiarization & Skill enhancement program for directors

- 2.1 The Board may on the recommendation of the nomination committee devise a familiarization program for directors so as to give a fair understanding about the company, its business and the general industry environment in which the company and its subsidiaries are operating. This may be arranged by way of interactive sessions with Chairman of the Board, senior directors, Managing Director and other Key management personnel of the company. In addition, board may put in place an induction manual for directors as it may deem fit.
- 2.2 A newly appointed non- executive directors may be given the opportunity to familiarize with the company.
- 2.3 In addition to the familiarization program, the board may, if it thinks so, organize director's skill refreshment programs or workshop on topics relevant to the directors/company or nominate to programs organized by industry associations or professional bodies.

3. Assessment of independence & Fit and proper criteria.

- 3.1 While considering the appointment of an independent director, the nomination committee and the board shall ensure that the incumbent satisfies the test of independence as provided under the Companies Act and clause 49 of the listing agreement. The board shall on a continuous basis ensure that the independent directors continue to maintain their independence during their tenure on the board.
- 3.2 To achieve the above objectives, the board may obtain proper declarations from the appointee/ directors at the time of appointment and at such intervals as the board may deem fit.

- 3.3 In case of appointment of executive directors, non-executive directors or independent directors, the nomination committee and the board shall ensure that they meet the fit and proper criteria prescribed by the Reserve Bank of India from time to time and maintains the position during their tenure in office. The company shall obtain the declarations in the manner prescribed by RBI as applicable to the company from time to time from all appointees and review the same.

4. Age and tenure of independent and non-Executive directors.

- 4.1 The independent directors appointed in the company will have a tenure of 5 years. They can be re-appointed for another term of 5 years in compliance with the applicable provisions of the Companies Act,
- 4.2. The company shall select persons normally with the maximum age of 75 years and the minimum age as prescribed by the provisions of Companies Act, 2013, listing agreements and direction/guideline from RBI from time to time, for new appointments to the position of independent directors and non-executive directors.

5. Review of performance of independent directors

- 5.1 The nomination committee and the board shall put in place a mechanism for the review of performance of each independent director and other non-executive directors.
- 5.2 The review of performance shall be undertaken once in a financial year preferably before the next Annual General Meeting.
- 5.3 Based on the review of performance, the board may recommend for the continuance, re-appointment or removal of directors.

6. Compensation of Executive and Non- executive directors.

- 6.1 On the recommendation of the Nomination Committee, the board will fix the remuneration of non-executive directors (including independent directors)
- 6.2 The non- executive directors other than nominee directors shall be entitled for sitting fees for attending board/ committee meetings at such rate as may be approved by the board from time to time.

- 6.3 In addition to the sitting fees, the company will bear or reimburse the normal travelling, boarding and lodging expenses of directors incurred for the purpose of attending board/ committee meetings or for attending any other duties on behalf of the company.
- 6.4 Subject to the compliance with the provisions of Companies Act, 2013, the board may on the recommendation of the nomination committee after taking into account the profitability of the company for each financial year approve the payment of an annual commission payable to each non-executive (other than nominee directors) / independent directors of the company for each financial year or part thereof.
- 6.5 Where a director has left the company before the completion of a financial year or before approving the payment of commission by the board, the board may in its absolute discretion sanction such amount as commission to such director for his services during the period for which the commission was fixed.
- 6.6 Remuneration of executive directors shall be fixed by the Board on the basis of recommendation of the nomination committee. The remuneration of the executive directors shall be a combination of fixed monthly salary in terms of their appointment as approved by the board/ shareholders and a performance based annual commission to be decided by the board on the recommendation of the nomination committee.
- 6.7 The performance parameters to be applicable to the executive directors, the minimum and maximum amount of commission payable in line with the achievement of various targets/ parameters will be decided by the nomination committee from time to time.

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

- 7.1 The board may identify suitable persons to be appointed to the board positions for filling up vacancies.
- 7.2 The vacancies caused by the exit of an independent director may be filled by the appointment of an independent director. However, if the vacancy does not affect the strength of minimum required independent directors, the board may fill the vacancy as it may deem fit.
- 7.3 Suitable candidates may be identified by the directors from reputable references or from data banks

maintained by industry associations, professional bodies or non-governmental organizations or by inviting applications through any media.

- 7.4 Vacancies in senior positions in the company may be filled by a system of promotion of existing employees based on appropriate screening procedures set by the nomination committee from time to time.
- 7.5 Company may identify critical positions and shall devise a system of proper mentoring to identify officers of the company to take up the senior positions wherever a vacancy is caused to ensure the business continuity in the best interest of the company.

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

- 8.1 The compensation structure of KMPs and senior team members shall consist of fixed salary components (including variable dearness allowances) at par with the industrial standards and a performance linked incentive/ bonus payment to be approved by the nomination committee.
- 8.2 The compensations structure shall be devised in a manner that will help the company to attract and retain top talents to run the company efficiently with a long term perspective.
- 8.3 The compensation structure may also include stock options targeting employee participation in ownership of the company and to ensure the retention of potential talents for the future growth and diversity of the company.

III) APPLICABILITY OF LAWS/ REGULATIONS/ GUIDELINES

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

IV) APPLICABILITY OF THE POLICY

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

V) AMENDMENT TO THE POLICY.

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

Annexure III

MAFIL: Policy on Related Party Transactions

I. INTRODUCTION:

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

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

II. APPLICABILITY:

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

III. OBJECTIVE:

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

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

IV. DEFINITIONS:

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

"Board" means Board of Directors of the Company;

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

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

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

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

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

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

V. POLICY:

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

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

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

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

Every Director will be responsible for providing a declaration in the format as per Form RPT containing the

following information to the Company Secretary on an annual basis:

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

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

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

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

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

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

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

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

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

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

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

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative options available, if any;

- c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial interest or benefit to the Director, Key Managerial Personnel or other Related Party concerned, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.
- e. While considering the arm's length nature of the transaction, the Committee may take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee may also take into consideration subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

2.2. Approval by Circular Resolution of the Committee:

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

2.3. Approval by the Board:

If the Committee determines that a Related Party Transaction should be brought before the Board or a Related Party Transaction is not in the Ordinary Course of Business or not at Arms' Length or if

the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above for the Audit Committee will apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

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

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

- a. Name of the related party;
- b. Nature of the transaction;
- c. Period of the transaction;
- d. Maximum amount of the transactions that can be entered into;
- e. Indicative base price / current contracted price and formula for variation in price, if any;
- f. Such other conditions as the Audit Committee may deem fit.
- g. Repetitiveness of the transactions (in the past or in the future)
- h. Justification for the omnibus approval.

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

Further, where the need for the related party transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding ₹1,00,00,000/- (Rupees One Crore only) and the same shall be reviewed at the next meeting of the Committee with the all the relevant information as would be required for granting omnibus approval.

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

2.5. Approval of Material Related Party Transactions:

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

2.6. Related Party Transactions Not Previously Approved:

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification. Before so placing, the Committee or the Board shall examine

the reasons and the circumstances due to which the prior approval was not taken and shall advise

such corrective measures against repeat of such instances in the future.

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

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

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

VI. DISSEMINATION OF POLICY:

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

**ANNEXURE 1:
FORM RPT**

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

Dear Sir,

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

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

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

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

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

Sr. No.	Name of the Body Corporate

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

Sr. No.	Name of the Person	Relation

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

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

Place:
Date:

Signature:
Name:
Designation:

SCHEDULE TO FORM RPT

LIST OF RELATIVES

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

ANNEXURE 2:

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

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

Annexure IV

Conservation of energy, Technology absorption and Foreign exchange Outgo

(A) CONSERVATION OF ENERGY-

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

The company is engaged in the financial services and therefore conservation of energy etc. have a limited application. However, the company follows a practice of purchasing and using energy efficient electrical or electronic equipment and gadgets for its operations. Additionally, optimal use of technology may also lead to substantial conservation of energy.

(ii) the steps taken by the company for utilising alternate sources of energy; The Company is exploring the potential of using alternate sources of energy including solar energy and would continue to explore alternative sources of energy in future.

(iii) the capital investment on energy conservation equipments;

Nil

(B) TECHNOLOGY ABSORPTION-

(i) the efforts made towards technology absorption;

The company was one of the first NBFCs to build and operate a centrally managed software application and all its branches across the country operate online with direct access to the centrally hosted applications, through wide area data network.

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

The company continues to differentiate itself from other market competitors by continuously developing new technological platforms to offer ease of operations and transparency for its customers, these next-gen innovations are poised to completely transform the gold loan industry itself.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

- Not Applicable

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company holds AD Category II licence from the Reserve Bank of India for its foreign exchange operations. Following are the details of foreign exchange earnings and outgo during the period covered by this report:

Foreign Exchange Earnings : NIL

Foreign Exchange Outgo : ₹ 0.13 million towards foreign travel and training expenses Nil towards import of capital goods

Annexure V

REPORT ON CSR ACTIVITIES

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

Brief Outline of CSR Policy of the Company

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

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

- Promotion of Education
- Promotion of Healthcare
- Old Age Homes / Day Care facilities for senior citizens
- Empowerment of women

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

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

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

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

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

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

The social audit is also conducted periodically to measure the impact of all major projects and to make sure the activities are in line with the vision and mission of the Trust. The CSR policy of the company can be accessed in the following link; <http://www.manappuram.com/public/uploads/editor-images/files/04-CSR-Policy.pdf>

The major CSR focus areas are as follows: -

I) Promotion of Education

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

1. **Manappuram Foundation Takes Over Mukundapuram Public School (ICSE Syllabus).**

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

2. **Manappuram Academy of Professional Education (MAPE)**

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

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

3. **Manappuram Academy for Entrance Education (MAEC)**

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

bright students hailing from the weaker sections of the society. The high tech educational Institute has imparted coaching to 177 students and the amount spent on this initiative during the year is ₹ 10.15 million. The success of the facility has led to expansion of a similar facility at Palakkad and is being operational to accommodate students of weaker sections. The amount spent during the year for this initiative is ₹ 8.8 million.

4. Manappuram Academy of Computer Education (MACE)

Manappuram Academy of Computer Education (MACE) established by Manappuram Foundation with the objective of equipping youth from the coastal belt with skills required for employment in the IT Sector. MACE ensures 100% placement oriented training so that students can look forward to a bright career. MACE endeavours to maintain standards in both training and the infrastructure provided to students.

5. MAgeeth Montessori Pre-School and Crèche

Manappuram Foundation is committed to offer quality primary education to the underserved society in the Manappuram coastal belt. In line with this objective, MAgeeth Montessori Pre-School and Crèche has been established in the year 2016 with the best facilities following the Montessori curriculum at subsidized rates. The amount spent on this initiative during the year is ₹ 2.67 million. Twenty seven (27) Children has been enrolled as on March 2017

6. S.N. College, Nattika

The Foundation is contributing an amount of ₹ 3 million to S N College, Nattika, for construction of their new library building. Payment has been released in stages based on the progress of construction work of the building. During the FY 2016-17 we have released ₹ 0.5 million and the total contribution amounting to ₹ 3 million.

II. Promotion of Health Care

i. Janaraksha Manappuram Free Health Insurance Scheme

PROJECT ENTERS SEVENTH SUCCESSFUL YEAR

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

the Corporate Office of the Company. The Panchayats are Edathiruthy, Engandiyur, Kaipamangalam, Nattika, Vatanappally, Valapad and Thalikulam.

The scheme was re-launched after revisiting the scheme during August, 2016. The insured family now gets a maximum coverage of ₹ 0.015 million for illnesses involving hospital treatment and additional ₹ 0.015 million towards Accident cover. According to feedback as well as a social audit study conducted by the Foundation, the scheme has been a source of relief to the poor especially through improved access to quality health care in the coastal belt.

To administer and oversee the ground level implementation of the project, the Foundation has upgraded its Counselling Centres in each of these seven Panchayats. Individual counsellors are appointed for each of the seven Panchayats. They are professionally qualified and hold post-graduate degrees in social and psychiatric social work. They serve as help-desks and accessible contact points to assist beneficiaries in contacting doctors and hospitals, filing and follow-up of reimbursement claims etc. This ensures vigorous and effective implementation of the project. Otherwise, the poorly educated would likely have faced multiple hassles, especially in filling their claims for reimbursement and getting it processed.

The total claims reimbursed to beneficiaries during the financial year 2016-17 amounted to ₹ 5.62 million. The cheques received from the Insurance company in reimbursement of claims under the policy are periodically distributed to the beneficiaries at public functions involving local government officials to ensure their continuing support for the project.

The Foundation has also set up a fully equipped model counselling centre with specialized services of Clinical Psychologist at Valapad, Thrissur.

Amount Disbursed till March 2017	₹ 5.62 million
Amount of Premium for renewing Insurance Policy	₹ 3.5 million
Other Overhead Expenses (Salary and other benefits to Counsellors)	₹ 0.2 million

ii) Counselling Centres and the model psychotherapy Centre

The six counselling centres functioning in the manappuram coastal belt at Edathiruthy, Engandiyur, Kaipamangalam, Nattika, Vatanappally and Thalikulam panchayaths alongside the model counselling and psychotherapy centre at Valapad aims to uplift the comprehensive health

of the people. These centres provide services like Family counselling, School counselling, adolescent counselling and addiction counselling given by experts in the field of psychiatry and psychology. Specialist services of a clinical psychologist is also available at the model counselling and psychotherapy Centre.

1271 clinical sessions were handled by counsellors in these centres.

iii) **Counseling Center and Leadership Institute at Kiralloor, Thrissur**

The Kiralloor Counseling Centre provides specialized counseling services by experts and qualified counsellors to needy individuals. It also conducts pre & post marital counselling, medical camps as well as training for income generating programmes.

The Leadership Institute presently caters to 'Women Empowerment' programmes run in association with Lions Clubs District – 318 – D, where 24 women have been successfully trained for a period of 6 months on Fashion Designing and Tailoring course. The certification was done by Ministry of Human Resource Development (MHRD). All the passed out candidates are now in the process of setting up their own Micro enterprises.

The Centre also extends training in income generating skills to the inmates of Women's Prison at Viyyur. For this purpose, the Foundation has donated six sewing machines. A Trainer specialized in tailoring has also been arranged by the Foundation for imparting requisite training.

iv) **Dialysis Treatment**

With the number of kidney patients increasing day by day and considering the prohibitive cost of dialysis treatment, Manappuram Foundation with Perungottukara Association, Perungottukara, Thrissur which provides free dialysis treatment to needy people in the area. Further, from December 2014 onwards a regular monthly contribution of ₹ 0.01 million also is being made to the Association to meet its operating expenses. During the year 2016-17 approximately 1806 patients have been given free dialysis treatment by the Association. During the year an amount of ₹ 0.8 1 million was donated to the Association.

Likewise, Santhi Medical Information Centre (Guruvayur), headed by a well known social worker, Ms. Uma Preman, provides free dialysis treatment to needy people. Manappuram Foundation contributes

₹ 0.025 million every month to the Centre, Accordingly the total amount donated from MAFIL contribution for the above scheme is ₹ 0.23 million.

Palliative Care Clinic

Palliative Care is another focus area for the Foundation where it has rendered substantial financial assistance. Alpha Pain and Palliative Care clinic, Edamuttam, is renowned for its exemplary services to patients in need of palliative care. Manappuram Foundation makes a monthly contribution of ₹ 0.01 million to the Clinic to help meet their operating expense. The total amount of assistance extended during the year 2016-17 to the clinic is ₹ 0.8 million from CSR fund of MAFIL.

ICU Ambulance service

A 24*7 ICU ambulance service for the health care service of people living in the coastal area has been introduced from July 2015 at subsidized rates. Accident services are offered free of cost. Emergency number – 9349220220 is popular among the coastal community to depend for emergency health needs, During the year an amount of ₹ 3.8 million has been spent on this initiative. Almost 80 lives were saved and accident trips were taken free of cost especially in the coastal belt of Thrissur, Kerala.

II) OLD AGE HOMES / DAY CARE FACILITIES FOR SENIOR CITIZENS DAY CARE CENTRE (PAKALVEEDU):

A Day Care Centre for senior citizens has been established at Thalikulam, Thrissur District, in association with Thalikulam Vikas Trust. The Centre is open during daytimes for senior citizens of the locality to come and spend their time productively and enjoyably. The Centre provides food, health check-up, medicines and recreational facilities to the inmates free of cost. At present there are about 25 -30 beneficiaries who are regularly availing the benefits at the "Pakal Veedu".

The Centre employs Medical Officers, one care taker, two care providers, two cooks and one helper to look after the inmates who are present during the day time. Currently, the monthly recurring expenditure funded by the Foundation is approximately ₹ 0.075 million for the day care centre and additional of ₹ 0.025 million is provided for offering free geriatric care for the elderly. The total expenditure on this account during the last FY 2016-17 amounted to ₹ 0.91 million.

Empowerment of Women

"Sarojini Padmanabhan Women Empowerment Programme" – Ma Mahima:

Manappuram Foundation has also set up under its venture "Sarojini Padmanabhan Women Empowerment Scheme" a

Centre called "Ma Mahima" at Palakkad in Kerala for imparting free vocational training in income generating skills to needy, underprivileged women to make them financially independent.

The centers are headed by well known social workers and are equipped to provide free training to women in vocations such as tailoring etc. The objective is to enable them to stand on their own feet through income generating skills. Quite a number of trainees who have completed their training here are now engaged in these vocations and are earning their own livelihood. The amount spent on this initiative was ₹ 0.68 million as of March 31, 2017

Other Initiatives

1. Talent Integrated Program for the students

Manappuram Foundation conducts a yearlong personality development training camp for students in and around Valapad. The whole objective of this initiative is to make the children suitable for the competing world by developing the life skills through activities and games.

The sessions are organized on the first and third Saturdays of each month and the classes are handled by the experts in the field. The programme was inaugurated on 2015 August with the session of Manu Jose, Director of We and You Performing Company. A total of 73 students were enrolled for the programme. The amount spent during the year 2016-17 is ₹ 0.054 million. The camp was from October to February 2016.

A summer camp has also been initiated for the students of various schools where 120 students of various schools took part and the cost during the year was ₹ 0.38 million.

2. Projects in association with Lions Clubs

Manappuram Foundation as an equal partner with Lions Club International District 318D by means of 50% contribution to 4 key service projects.

- 1) Ma Mithram/ Lions Quest skill for Adolescence programme, a "TOT" programme done for Government school teachers of Thrissur, Palakkad and Mallapuram Districts. The programme aims to improve life skills of adolescence. There were nine (9) lions quest programme conducted benefiting 43 schools. As a part of training and follow-up programmes two hundred and forty three (243) teachers were benefited. An amount of ₹ 0.14 million has been spent in 2016-17
- 2) Vidyanidhi Project –Walayar- This programme is to maintain the livelihood and education support of HIV/AIDS affected and infected students at Palakkad. An amount of ₹ 0.035 million has been spent in the year 2016-17 and benefited 53 affected /infected students.

- 3) Disha Drug Abuse Prevention programme in schools. 30 programs conducted during the Financial year 2016-17 and spent ₹ 0.055 million.
- 4) Ayush - Medical care for below 18 years suffering from Cancer & AIDS. We are giving monthly financial support to 61 beneficiaries throughout the year and spent ₹ 0.098 million.
- 5) Supply of water purifier to Schools and other institutions. We have supplied 32 water purifier by spending ₹ 0.10 million during the Financial year 2016-17.
- 6) Santhwanam Aid donation for elderly people. During the financial year we have donated aids to 100 elders by spending ₹ 0.04 million.

3. Punarjani Project-

'Punarjani Centre of Excellence' a palliative care center is being materialized in Keraloor Thrissur.

Lions Eye Hospital Trust has donated the infrastructure to set up the Center.

Manappuram Foundation, has proposed to render financial support primarily for meeting the operational expense of the project.

Project punarjani (meaning re-birth) that aims to provide palliative care and thus improve the quality of life of the deprived in our community. The project offers multispecialty intervention, counselling and rehabilitation opportunities. Once completed it aims to provide free of cost treatment, transportation and medical care to all the less fortunate people suffering from various types of illnesses like partial paralysis, stroke etc. The help rendered is not only for the patients but their other dear ones thus will adopt a totally community based holistic approach.

The amount spent under this project is ₹ 2.40 million in the year 2016-17 for infrastructure face lift.

4. GYM & Yoga Centre

Manappuram Foundation is managing "Manappuram Fitness & Yoga Centre" located on the ground floor of the Corporate Office building at Valapad. It is aimed to improve the health and well being of the people in the Manappuram coastal belt with service offered at marginal cost.

The Centre both Yoga and Fitness started functioning from January 26, 2016. The total operational expenditure incurred during the year 2016-2017 is ₹ 0.88 million.

2. THE COMPOSITION OF CSR COMMITTEE

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

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

March 31, 2014	March 31, 2015	Mach 31, 2016	Average Net Profit
₹ 3425.58	₹ 4129.63	₹ 5476.91	₹ 4343.99

4. PRESCRIBED CSR EXPENDITURE (AMOUNTS IN MILLION)

2% of the Average Net Profit of ₹ 4343.99*	= ₹ 86.88
Unspent amount carry forward (FY 2015-16)	= ₹ 31.53
Total CSR expenditure required to be spent for FY 2016-17	= ₹ 118.41

*Average profit calculated on the basis of consolidated profits. CSR expenditure required to be spent under section 135 of the Act for FY2016-17 is ₹ 85.88 million.

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

S. No	CSR project or activity identified	Sector in which the project is Covered.	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or program	Amount spent on the projects or programs Sub – heads: (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent : Direct or through Implementing Agency
1(a)	Eradicating Hunger,Poverty and Malnutrition,promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh set -up by the Central Government for the promotion of sanitation and making available safe drinking water	Preventive Health Care	Provide Specialised Counseling Services by experts and qualified Counsellors to needy individuals and the center also extend training in income generating skills to the inmates of women's prison at viyyur. Executed at local area.	2.91	7.14	0.33	7.47	Amount spent by implementing agency Manappuram Foundation.
1(b)	" do "	Preventive Health Care	Serving Accident cases and critical care patients Ambulance service -Local area Valapadu, Thrissur	2.71	3.80	0.18	3.98	Amount spent by implementing agency Manappuram Foundation.
1(c)	" do "	Preventive Health Care	Preventive health care, eradicating poverty. Palliative Care Edamuttom Thrissur dist-Kerala State	0.90	0.8	-	0.80	Through Alpha Pain Clinic and Palliative care clinic.
1(d)	" do "	Preventive Health Care.	Free dialysis to Poor patients In Local Area with Manappuram Foundation and Peringottukara Association Thrissur dist Kerala State	0.80	0.81	-	0.81	Through Peringottukara Association Dialysis Center.
1(e)	" do "	Preventive Health Care	Free dialysis to Poor patients through Shanti Information Center Guruvayur-Thirssur Local area Kerala State	0.23	0.23	-	0.23	Through Shanti Medical Information Center Guruvayur.
1(f)	" do "	Preventive Health Care	Providing medical support for AIDS effected and Affected children of palakkad at local area.	0.00	0.04	0.00	0.04	Amount spent by implementing agency Manappuram Foundation with Lions Club
1(g)	" do "	Preventive Health Care	At Valapad Local area Gym & Yoga Fitness Center.	0.95	0.88	0.04	0.92	Amount spent by implementing agency Manappuram Foundation.

Board's Report

S. No	CSR project or activity identified	Sector in which the project is Covered.	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or program	Amount spent on the projects or programs Sub – heads: (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent : Direct or through Implementing Agency
1(h)	" do "	Preventive Health Care	Mobile Blood unit Lions club Kottayam at local area.	0.90	0.95	-	0.95	Amount spent by implementing agency Manappuram Foundation through Lions club Kottayam.
1(i)	" do "	Preventive Health Care	Janaraksha Manappuram Sowjanya Arogya Insurance Scheme - local Area -Thrissur District Kerala State.	4.81	3.49	0.16	3.65	Amount Spent by Implementing Agency Manappuram Foundation.
1(j)	" do "	Preventive Health Care	Donation to Valapad Govt hospital for promotion of health. Local area thrissur.	0.00	0.01	-	0.01	Directly spent by Manappuram Finance LTD.
1(k)	" do "	Preventive Health Care	Promotion of health in association with Lions various Lions Clubs.	4.92	7.02	-	7.02	Amount spent by implementing agency Manappuram Foundation
1 (l)	" do "	Contribution to Swach Bharat.	Donation Paid for the she toilet of Government Thaluk Hospital Kochi.	0.40	0.10	-	0.10	Amount spent by implementing agency Manappuram Foundation and Lions Club.
1 (m)	" do "	Preventive Health Care	Donation Paid to Charishma Orphanage at Poovanchira for promotion of health at local area.	0.00	0.01	-	0.01	Amount spent by implementing agency Manappuram Foundation
1 (n)	" do "	Eradicating Poverty	Finacial support for construction of House to Mrs Sheeba CG.	0.00	0.01	-	0.01	Amount spent by implementing agency Manappuram Foundation
1 (o)	" do "	Eradicating Poverty	Financial Support to Sreehari , Manaf,Harinad and Sandeep for his Medical treatment at Local area	0.00	0.02	-	0.02	Amount spent by implementing agency Manappuram Foundation
1 (p)	" do "	Eradicating Poverty	Donation paid to Kerala Handicapped Association Welfare Association in local area.	0.00	0.01	-	0.01	Amount spent by implementing agency Manappuram Foundation
1 (q)	" do "	Preventive Health Care	Installation of Napkin Vending/ Incinerator in Schools, Contribution to Disha, installation of water purifier, contribution to Ayush and Swanthanam Projects.	8.34	0.66	0.03	0.69	Amount spent by implementing agency Manappuram Foundation with Lions Club
1(r)	" do "	Provision for aids and Appliances to the differently able persons.	Three wheel Scooter for Physically challenged Mr Babu Raj for earning his livelihood at local area.	0.00	0.03	-	0.03	Amount Spent by Implementing Agency Manappuram Foundation.
1(s)	" do "	Promotion of Education	Construction of Sneharam Training center for mentally challenged students.	0.00	0.10	0.00	0.10	Amount Spent by Implementing Agency Manappuram Foundation.
2(a)	Promoting Education ,including Special education,and employment enhancing vocation skills especially among children ,women,elderly,and differently abled and lively hood ehancement projects	Promotion of Education	Local area Triprayar , valapad and Palakkad for Manappuram Academy of professional education, Entrance coaching. Computer education & Pre school for the promotion of education in this area.	26.96	30.27	1.40	31.66	Amount Spent by Implementing Agency Manappuram Foundation.
2 (b)	" do "	Promotion of Education	Organized various camps in VVUP school for the over all development of students in cosatal area.	0.63	0.38	0.02	0.40	Amount Spent by Implementing Agency Manappuram Foundation.

S. No	CSR project or activity identified	Sector in which the project is Covered.	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or program	Amount spent on the projects or programs Sub – heads: (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent : Direct or through Implementing Agency
2(c)	" do "	Promotion of Education	Acquired shares of mukundapuram public school and further infrastructure development for the promotion of education in rural area.	50.18	42.38	1.96	44.34	Amount Spent by Implementing Agency Manappuram Foundation.
2(d)	" do "	Promotion of Education	Admission fee for adults to attend 10th standard exam in coastal area.	0.00	0.06	-	0.06	Amount Spent by Implementing Agency Manappuram Foundation.
2(e)	" do "	Promotion of Education	English Coaching for Self confidence and infrastructure development government or local schools.	1.95	0.95	0.04	0.99	Amount Spent by Implementing Agency Manappuram Foundation.
2(f)	" do "	Promotion of Education	The project "THANAL" in association with Grama Panchayaths for Felicitating full A+ holders in 10th & 12th standard students in coastal area.	0.00	0.08	-	0.08	Amount Spent by Implementing Agency Manappuram Foundation.
2(g)	" do "	Promotion of Education	Donation of mike set to Fisheries HSS Nattiak.	0.00	0.02	-	0.02	Amount Spent by Implementing Agency Manappuram Foundation.
2(h)	" do "	Promotion of Education	Ma Mithram quest local area participated programmes with Lion Club organisations.	0.00	0.14	-	0.14	Amount Spent by Implementing Agency Manappuram Foundation.
2(i)	" do "	Promotion of Education	For building library at Natiika SN College.	0.50	0.5	-	0.50	Amount Spent by Implementing Agency Manappuram Foundation.
2(j)	" do "	Promotion of Education	Donation to Akshaya Pathra for promotion of Midday meals at School in other areas.	0.00	2.50	-	2.50	Amount directly spent by Manappuram finance Ltd
2(k)	" do "	Promotion of Education	Felicitations to Fathima Thansni Banu who scored Full A plus in SSLC at local area.	0.00	0.01	-	0.01	Amount Spent by Implementing Agency Manappuram Foundation.
2 (l)	" do "	Safety traffic engineering and awareness through print , audio, and visual media"	Installation of traffic barricades at RT Nagar Bangalore at other area.	0.00	0.05	0.00	0.05	Amount Spent by Implementing Agency Manappuram Foundation.
2(m)	" do "	Promotion of Education	Ceiling Fans donated to Govt College Ananthapur at other region.	0.00	0.01	0.00	0.01	Amount Spent by Implementing Agency Manappuram Foundation.
3 (a)	Promoting Gender equality,empowering women ,setting up homes and hostels for women and orphans ;setting up oldage homes ,daycare centre,and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	Empowering Women	women empowerment center at palakkad for empowering women in the area	1.23	0.68	0.03	0.71	Amount Spent by Implementing Agency Manappuram Foundation.
3(b)	" do "	Empowering Women	infrastructure development for setting up of women empowerment center at kiraloor for promotion of self employment to women at local area	5.57	2.39	0.11	2.50	Amount Spent by Implementing Agency Manappuram Foundation.
3(c)	" do "	Setting up of old age homes, daycare centre and such other facilities for senior citizens	Pakal Veedu with Thalikulamvikas trust-In Thalikulam of Thrissur District Kerala State	1.19	1.14	0.05	1.19	Amount spent by Implementing Agency Manappuram Foundation

S. No	CSR project or activity identified	Sector in which the project is Covered.	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or program	Amount spent on the projects or programs Sub – heads: (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent : Direct or through Implementing Agency
3(d)	" do "	Setting up of old age homes, daycare centre and such other facilities for senior citizens	Donation paid to Awaniessery Vradhajana Charitable Society for setting up of old age home.	0	0.01	-	0.01	Amount spent by Implementing Agency Manappuram Foundation
4 (a)	Rural Development Projects	Rural Development Projects	at local area in association with Valapad Panchayat for promotion of E- village	0	0.09	-	0.09	Amount directly spent by Manappuram finance Ltd
4 (b)	Rural Development Projects	Rural Development Projects	Vision Valapda Project in association with Valapad Panchayat for promotion of Rural development.	2.12	0.02	0.00	0.02	Amount Spent by Implementing Agency Manappuram Foundation.
4 (c)	Rural Development Projects	Rural Development Projects	Donation given for Social welfare Center at Thiriprayar local area.	0.20	0.26	-	0.26	Amount Spent by Implementing Agency Manappuram Foundation.
4 (d)	Rural Development Projects	Rural Development Projects	Donation to Rajeev Gandhi Rural development research Center at local area	0	0.03	-	0.03	Amount Spent by Implementing Agency Manappuram Foundation.
TOTAL				118.41	108.04	4.36	112.40	

- a. Total amount to be spent for the financial year : ₹118.41 Million (includes brought forward unspent amount of ₹ 31.53 Million for the financial year 2015-16)
- b. Amount unspent, if any: ₹ 6.01 Million
- c. Manner in which the amount spent during the financial year is detailed below:
 The Administrative overhead of ₹ 4.36 million has been allocated on the projects The Direct Expenses of MAFIL ₹ 2.59 million has been taken

	in million
Unspent amount 2015-16	31.53
CSR Contribution for The Year	86.88
Total	118.41
Total Amount spent	112.40
Amount unspent in 16-17	6.01

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

An amount of ₹ 6.01 millions could not be utilized. This amount could not be utilized because implementation of certain projects like Vision Valapad, Swanthanam (Medical Aid to elderly people), Anganwadi Modernisation and Aush Medical Care for persons below 18 years suffering from Cancer, AIDS, etc., got extended

The same amount will be spent during financial year 2017-18 for said purpose.

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

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

V.R.Rajiven
 Chairman - CSR Committee
 DIN: 06503049

V.P.Nandakumar
 Member CSR Committee MD & CEO
 DIN: 00044512

Adv. V.R.Ramachandran
 Member CSR Committee
 DIN: 00046848

Dr. Amla Samanta
 Member-CSR Committee
 DIN: 00758883

Annexure VI

KSR/CBE/M177/184/2017 -2018

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

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **KSR & Co Company Secretaries LLP**
C.V.Madhusudhanan

Partner

(FCS: 5367; CP: 4408)

Date: 25 May, 2017

Place: Coimbatore

SECRETARIAL AUDIT REPORT

**(Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
For the Financial Year ended 31st March, 2017**

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Manappuram Finance Limited (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2017 in a manner that provided us reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit, We hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 and the Rules made there under and the Companies Act, 1956 and the Rules made there under to the extent applicable.
- (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.
- (iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (v) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992:
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
 - f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client.
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
 - h. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998
 - i. Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (vi) The following laws, regulations, directions, orders applicable specifically to the Company:
 - a. The Reserve Bank of India Act, 1934.
 - b. Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016.
 - c. Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015
 - d. Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

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

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

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

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

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

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

Adequate notice and detailed notes on Agenda was given to all Directors at least seven days in advance to schedule the Board Meetings. There exist a system for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.

Majority decision is carried through and recorded as part of the minutes. We did not find any dissenting directors' views recorded in the minutes.

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

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

1. The Company has raised ₹ 1,505 crores through private placement of Non Convertible Debentures during 2016-17. The overall limit of ₹ 2,000 crores was approved by shareholders at the Annual General Meeting of the Company held on 9 August 2016.

Date: 25 May, 2017
Place: Coimbatore

For **KSR & Co Company Secretaries LLP**
C.V.Madhusudhanan
Partner
(FCS: 5367; CP: 4408)

Annexure- VII

Additional Disclosures w.r.t. ESOS 2009

ADDITIONAL DISCLOSURES W.R.T. ESOS 2009

- (i) Any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during the year : Nil
- (ii) Identified employee who were granted options, during any one year, equal to or exceeding 1% of the issued capital(excluding outstanding warrants and conversions) of the company at the time of grant : Nil
- (iii) Source of shares : Primary
- (iv) Variation in terms of options : No variation made to the terms of options.
- (v) Money realized by exercise of options under ESOS 2009 during the FY 2016-17 : ₹ 21.64 million
- (vi) Disclosure of Weighted average exercise price and Weighted average fair value is not applicable as there is only one exercise price.

ADDITIONAL DISCLOSURES W.R.T. ESOS 2016

(i) Employee wise details of options granted to

- a) Senior managerial personnel of Manappuram Finance Limited

SL No	Name of Employee	Designation	No of options granted during the year	Exercise price
1	B N Raveendrababu (KMP)	Executive Director	400000	₹ 86.45
2	Kapil Krishan (KMP)	Executive Vice President	175000	₹ 86.45
3	Mohan Vizhakat	Executive Vice President	155000	₹ 86.45
4	Bindhu.A.L	Chief General Manager	230000	₹ 86.45
5	Raju.N	Sr.General Manager	215000	₹ 86.45
6	Satheesh Kumar	General Manager	200000	₹ 86.45
7	MV Babu	General Manager	78438	₹ 86.45
8	Josh V K	General Manager	50000	₹ 86.45
9	Ranjan Sreedharan	General Manager	50000	₹ 86.45
10	Marshal Suresh M A	Senior Vice President	100000	₹ 86.45
11	Naval manoj	Vice President	100000	₹ 86.45
12	Manohar Kunhiraman Nair	Vice President	75000	₹ 86.45
13	Col. Satheesan.P.V.	Vice President	75000	₹ 86.45
14	Vipin G S	Vice President	51250	₹ 86.45
15	Ramesh Rangorth	Senior Vice President	100000	₹ 86.45
16	Dinesh K	General Manager	51250	₹ 86.45
17	Lakshminarayana Banerji	General Manager	53438	₹ 86.45
18	Meera Haridas	General Manager	50000	₹ 86.45
19	Mathews Bevin Varghese	General Manager	75000	₹ 86.45
20	Ramesh Periasamy (KMP)	Company secretary	100000	₹ 86.45
21	N C Ramachandran	General Manager	53438	₹ 86.45
22	K Senthil	Executive Vice President (V& E)	251250	₹ 86.45
23	Prakasa Chandran V K	Sr. General Manager (SME Finance)	25000	₹ 86.45

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

SL No	Name of Employee	Designation	No of options granted during the year	Exercise price
1	Romin Farooq	CEO & Principal Officer	100000	₹ 86.45
2	Rajesh	General Manager	50000	₹ 86.45

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

SL No	Name of Employee	Designation	No of options granted during the year	Exercise price
1	Aloke	CEO	300000	₹ 86.45
2	Vipul Patel	CFO	76250	₹ 86.45
3	Achuta Murthy	General Manager	75000	₹ 86.45
4	Chittaranjan Datar	General Manager	75000	₹ 86.45
5	Ashwani Tyagi	General Manager	75000	₹ 86.45

- (i) Any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during the year : NIL
- (ii) Identified employee who were granted options, during any one year, equal to or exceeding 1% of the issued capital(excluding outstanding warrants and conversions) of the company at the time of grant : NIL
- (iii) Money realized by exercise of options under ESOS 2016 during the FY 2016-17 : NIL
- (iv) Disclosure of Weighted average exercise price and Weighted average fair value is not applicable as there is only one exercise price.

Annexure-VIII

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2017

Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN	: L65910KL1992PLC006623
ii) Registration Date	: 15th July 1992
iii) Name of the Company	: Manappuram Finance Limited
iv) Category / Sub-Category of the Company	: NBFC
v) Address of the registered office and contact details	: IV/470A(Old)W638A(New) Manappuram House P.O Valapad Phone: 0487 3050000, 100, 108
vi) Whether listed company	: Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	: S.K.D.C.Consultants Limited Category I Registrars and Share Transfer Agents Kanapathy Towers, 3rd Floor, 1391/A1, Sathy Road, Ganapathy, Coimbatore – 641 006, Phone: +91 0422 4958995, 2539835-836 Email: info@skdc-consultants.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

i) All the business activities contributing 10 % or more of the total turnover of the company shall be stated	: As per Annexure I(A)
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III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: As Per Annexure I(B)

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

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

Annexure-I(A)

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SL No	Name and Description of the main products/Services	NIC Code of the Product/ service	% to total turnover of the company
1	Loan (financing) against collateral of gold jewellery	64-649	96.95

Annexure-I(B)

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. NO	Name of The Company	Address of The Company	Cin/Gln	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Manappuram Home Finance Private Limited	Manappuram Home Finance Private Limited 5th Floor, IV / 470 (old) W638A (New), Manappuram House, Valapad, Thrissur, Kerala, India - 680 567	U65923KL2010PTC039179	Subsidiary	100	2(87)(ii)
2	Asirvad Micro Finance Limited	Deshbandhu Plaza, First Floor, 47, Whites Road, Chennai, Tamil Nadu, Pin: 600014	U65923TN2007PLC064550	Subsidiary	90.38	2(87)(ii)
3	Manappuram Insurance Brokers Private Limited	Manappuram Insurance Brokers Ltd. 1st Floor, Manappuram House, Valapad P.O., Thrissur 680567, Kerala.	U66010KL2002PTC015699	Subsidiary	100	2(87)(ii)

Annexure-I(C)

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

i) Category-wise Share Holding

Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoters									
(1) Indian									
a) Individuals/ Hindu Undivided Family	283426240	0	283426240	33.693	290074471	0	290074471	34.455	0.762
b) Central Government/ State Government(s)									0.000
c) Bodies Corporate									0.000
d) Financial Institutions/ Banks									0.000
e) Any Others(Specify)									0.000
TRUSTS									0.000
Sub Total(A)(1)	283426240	0	283426240	33.693	290074471	0	290074471	34.455	0.762
(2) Foreign									
a) Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.000	0	0	0	0.000	0.000
b) Bodies Corporate	0	0	0	0.000	0	0	0	0.000	0.000
c) Institutions	0	0	0	0.000	0	0	0	0.000	0.000
d) Qualified Foreign Investor	0	0	0	0.000	0	0	0	0.000	0.000
e) Any Others(Specify)	0	0	0	0.000	0	0	0	0.000	0.000
Sub Total(A)(2)	0	0	0	0.000	0	0	0	0.000	0.000
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	283426240	0	283426240	33.693	290074471	0	290074471	34.455	0.762
(B) Public shareholding									
(1) Institutions									
a) Mutual Funds/ UTI	28125313	0	28125313	3.343	42505341	0	42505341	5.049	1.706
b) Financial Institutions / Banks	50083	0	50083	0.006	368887	0	368887	0.044	0.038
c) Central Government/ State Government(s)									
d) Venture Capital Funds									
e) Insurance Companies									
f) Foreign Institutional Investors	187690929	0	187690929	22.312	0	0	0	0.000	-22.312
g) Foreign Venture Capital Investors									
h) Qualified Foreign Investor									
i) Alternate Investment Funds	0	0	0	0.000	697441	0	697441	0.083	0.083
j) Any Other (specify)									
Foreign Financial Institutions	0	0	0	0.000	90613045	0	90613045	10.763	10.763
Foreign Portfolio Investment-Individual	0	0	0	0.000	17950	0	17950	0.002	0.002
Foreign Portfolio Investment-Corporates	121084290	0	121084290	14.394	203978525	0	203978525	24.228	9.834
Sub-Total (B)(1)	336950615	0	336950615	40.055	338181189	0	338181189	40.169	0.114
(2) Non-institutions									
a) Bodies Corporate									
i) Indian	19433360	4100	19437460	2.311	26009883	4100	26013983	3.090	0.779
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	61209948	7023820	68233768	8.112	76764353	6162510	82926863	9.850	1.738
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	87694414	974000	88668414	10.541	75360202	764000	76124202	9.042	-1.499
c) Others (specify)									
TRUSTS	807714	0	807714	0.096	1244503	0	1244503	0.148	0.052
Directors & Their Relatives	6918728	0	6918728	0.822	6545728	0	6545728	0.777	-0.045
Non Resident Indians	7444631	280000	7724631	0.918	9620890	280000	9900890	1.176	0.258
Clearing Members	2699517	0	2699517	0.321	6551829	0	6551829	0.778	0.457
Hindu Undivided Families	3223597	0	3223597	0.383	3824519	0	3824519	0.454	0.071
Foreign Corporate Bodies	22616452	0	22616452	2.689	6926	0	6926	0.001	-2.688
Nri Directors	500000	0	500000	0.059	500000	0	500000	0.059	0.000
Foreign Nationals					4533	0	4533	0.001	0.001
Sub-Total (B)(2)	212548361	8281920	220830281	26.252	206433366	7210610	213643976	25.376	-0.876
Total Public Shareholding (B)= (B) (1)+(B)(2)	549498976	8281920	557780896	66.307	544614555	7210610	551825165	65.545	-0.762
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A)+(B)+(C)	832925216	8281920	841207136	100.000	834689026	7210610	841899636	100.000	0.000

Annexure-I(D)

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

Shareholding of Promoters

Sl No	Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% of change during the year
		No. of shares	% of total shares of the company	% of Shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of Shares pledged / encumbered to total shares	
1	Nandakumar V P	230939917	27.453	1.325	237567239	28.218	4.060	0.765
2	Sushama Nandakumar	48000078	5.706	0.000	48000078	5.701	0.000	-0.005
3	Jyothi Prasannan	4462165	0.530	0.000	4462165	0.530	0.000	0.000
4	Sumitha Jayasankar	23260	0.003	0.000	31260	0.004	0.000	0.001
5	Suhas Nandan	0.00	0.000	0.000	12909	0.002	0.000	0.002
6	Sooraj Nandan	820	0.000	0.000	820	0.000	0.000	0.000
TOTAL		283426240	33.692	1.080	290074471	34.455	3.325	0.763

Annexure I(E)

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

iii) Change in Promoters' Shareholding

Sl No	Names	Shareholding at the beginning of the year as on 01-04-2016		Date	Date wise Increase / Decrease in Promoters Share holding during the year	Reason	Cumulative Shareholding during the year 31-03-2017	
		No of Shares	% of the total share of the company				No of Shares	% of the total share of the company
1	Nandakumar V P	230939917	27.453	08-04-2016	600000	Market Purchase	231539917	27.50
				15-04-2016	2507922	Market Purchase	234047839	27.80
				17-06-2016	783500	Market Purchase	234831339	27.89
				24-06-2016	763500	Market Purchase	235594839	27.98
				30-06-2016	1005305	Market Purchase	236600144	28.10
				01-07-2016	4676	Market Purchase	236604820	28.10
				08-07-2016	19	Market Purchase	236604839	28.10
				19-08-2016	408400	Market Purchase	237013239	28.15
				18-11-2016	252500	Market Purchase	237265739	28.18
				23-12-2016	163000	Market Purchase	237428739	28.20
				13-01-2017	138500	Market Purchase	237567239	28.22
2	Sushama Nandakumar	48000078	5.71	NIL	NIL	NIL	48000078	5.71
3	Jyothi Prasannan	4462165	0.53	NIL	NIL	NIL	4462165	0.53
4	Sumitha Jayasankar	23260	0.003	30-06-2016	8000	Market Purchase	31260	0.004
5	Suhas Nandan	0.00	0.000	16-12-2016	12890	Market Purchase	12890	0.002
				31-03-2017	19	Market Purchase	12909	0.002
6	Sooraj Nandan	820	0.000	NIL	NIL	NIL	820	0.000

Annexure-I(F)

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

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

Sl No	Names	Shareholding at the beginning of the year as on 01-04-2016		Date	Date wise Increase / Decrease in Promoters Share holding during the year	Reason	Cumulative Shareholding during the year 31-03-2017	
		No of Shares	% of the total share of the company				No of Shares	% of the total share of the company
1	Baring India Private Equity Fund III	79360973	9.434	03.03.2017	-31744389	Market sale	47616584	5.66
2	WF Asian Reconnaissance Fund Limited	38130790	4.533	18.11.2016	1210766	Market Purchase	39341556	4.68
				25.11.2016	759352	Market Purchase	40100908	4.77
				16.12.2016	545524	Market Purchase	40646432	4.83
				23.12.2016	421732	Market Purchase	41068164	4.88
				30.12.2016	928268	Market Purchase	41996432	4.99
				24.02.2017	-2569575	Market sale	39426857	4.68
				03.03.2017	-5170112	Market sale	34256745	4.07
				10.03.2017	-663731	Market Purchase	33593014	3.99
3	Baring India Private Equity Fund Limited	26453439	3.145	NIL	NIL	NIL	26453439	3.14
4	Ashish Dhawan	24514818	2.914	08.07.2016	-1788924	Market sale	22725894	2.70
				15.07.2016	-2699211	Market sale	20026683	2.38
				22.07.2016	-511865	Market sale	19514818	2.32
				11.11.2016	-2000000	Market sale	17514818	2.08
				02.12.2016	-648871	Market sale	16865947	2.00
				09.12.2016	-5000	Market sale	16860947	2.00
				21.01.2017	-764068	Market sale	16096879	1.91
				27.01.2017	-582061	Market sale	15514818	1.84
				10.02.2017	-528319	Market sale	14986499	1.78
				17.02.2017	-1471681	Market sale	13514818	1.61
				03.03.2017	-10360	Market sale	13504458	1.60
				10.03.2017	-535537	Market sale	12968921	1.54
				31.03.2017	-459438	Market sale	12509483	1.49
				15.04.2016	-2467800	Market sale	20148652	2.40
				22.04.2016	-3057200	Market sale	17091452	2.03
				29.04.2016	-2130762	Market sale	14960690	1.78
5	Hudson Equity Holdings Limited	22616452	2.689	06.05.2016	-230000	Market sale	14730690	1.75
				13.05.2016	-2800000	Market sale	11930690	1.42
				20.05.2016	-3378311	Market sale	8552379	1.02
				27.05.2016	-1830000	Market sale	6722379	0.80
				03.06.2016	-1536000	Market sale	5186379	0.62
				10.06.2016	-1318513	Market sale	3867866	0.46
				17.06.2016	-600000	Market sale	3267866	0.39
				24.06.2016	-1630940	Market sale	1636926	0.20
				30.06.2016	-1000000	Market sale	636926	0.08
				01.07.2016	-100000	Market sale	536926	0.06
				08.07.2016	-450000	Market sale	86926	0.01
				15.07.2016	-80000	Market sale	6926	0.00
				05.08.2016	1243455	Market Purchase	13389006	1.59
				18.11.2016	525065	Market Purchase	13914071	1.65
				25.11.2016	509069	Market Purchase	14423140	1.71
	DSP Blackrock Small And Mid Cap Fund	9802273	1.165	24.06.2016	690989	Market Purchase	10493262	1.25

SI No	Names	Shareholding at the beginning of the year as on 01-04-2016		Date	Date wise Increase / Decrease in Promoters Share holding during the year	Reason	Cumulative Shareholding during the year 31-03-2017	
		No of Shares	% of the total share of the company				No of Shares	% of the total share of the company
	DSP Blackrock India T.i.g.e.r. Fund	0	0	20.05.2016	3112804	Market Purchase	3112804	0.37
				08.07.2016	-193936	Market sale	2918868	0.35
				15.07.2016	-199770	Market sale	2719098	0.32
				12.08.2016	-657551	Market sale	2061547	0.25
				16.09.2016	-438531	Market sale	1623016	0.19
				21.10.2016	61368	Market Purchase	1684384	0.20
				18.11.2016	-300625	Market sale	1383759	0.16
				25.11.2016	-402091	Market sale	981668	0.12
				02.12.2016	-981668	Market sale	0	-
	DSP Blackrock Tax Saver Fund	0	0	04.11.2016	1050491	Market Purchase	1050491	0.13
				11.11.2016	150464	Market Purchase	1200955	0.14
				18.11.2016	-125965	Market sale	1074990	0.13
				25.11.2016	-122436	Market sale	952554	0.11
				02.12.2016	-952554	Market sale	0	-
	DSP Blackrock Dual Advantage Fund Series	0	0	21.10.2016	27679	Market Purchase	27679	0.003
				11.11.2016	-27679	Market sale	0	-
	DSP Blackrock Opportunities Fund	0	0	04.11.2016	902780	Market Purchase	902780	0.107
				11.11.2016	378136	Market Purchase	1280916	0.152
				18.11.2016	-187858	Market sale	1093058	0.13
				25.11.2016	-217464	Market sale	875594	0.13
				02.12.2016	-875594	Market sale	0	0
	DSP Blackrock Equity Savings Fund	0	0	21.10.2016	319287	Market Purchase	319287	0.038
				04.11.2016	207636	Market Purchase	526923	0.063
				18.11.2016	-263461	Market sale	263462	0.031
				03.02.2017	81384	Market Purchase	344846	0.041
	DSP Blackrock Mip Fund	0	0	21.10.2016	180437	Market Purchase	180437	0.021
				03.02.2017	82266	Market Purchase	262703	0.031
	DSP Blackrock Dual Advantage Fund - Series	0	0	03.02.2017	3388	Market Purchase	3388	0.000
				31.03.2017	-3388	Market sale	0	0
7	Morgan Stanley Asia (Singapore) Pte.	14631075	1.739	08.04.2016	333653	Market Purchase	14964728	1.779
				15.04.2016	234170	Market Purchase	15198898	1.807
				22.04.2016	408785	Market Purchase	15607683	1.855
				29.04.2016	-85880	Market sale	15521803	1.845
				06.05.2016	-9039	Market sale	15512764	1.844
				13.05.2016	-120539	Market sale	15392225	1.83
				20.05.2016	-534771	Market sale	14857454	1.766
				27.05.2016	1284097	Market Purchase	16141551	1.919
				03.06.2016	130032	Market Purchase	16271583	1.934
				10.06.2016	307446	Market Purchase	16579029	1.971
				17.06.2016	-239320	Market sale	16339709	1.942
				24.06.2016	1189004	Market Purchase	17528713	2.083
				30.06.2016	-975792	Market sale	16552921	1.967
				01.07.2016	-113274	Market sale	16439647	1.954
				08.07.2016	-687480	Market sale	15752167	1.872
				15.07.2016	-468951	Market sale	15283216	1.817
				22.07.2016	-45049	Market sale	15238167	1.811
				29.07.2016	18362	Market Purchase	15256529	1.813
				05.08.2016	-1524639	Market sale	13731890	1.632
				12.08.2016	-1851676	Market sale	11880214	1.412
				19.08.2016	-459885	Market sale	11420329	1.357
				02.09.2016	-182412	Market sale	11237917	1.335
				09.09.2016	-501926	Market sale	10735991	1.276

SI No	Names	Shareholding at the beginning of the year as on 01-04-2016		Date	Date wise Increase / Decrease in Promoters Share holding during the year	Reason	Cumulative Shareholding during the year 31-03-2017	
		No of Shares	% of the total share of the company				No of Shares	% of the total share of the company
				16.09.2016	-229885	Market sale	10506106	1.248
				23.09.2016	-779797	Market sale	9726309	1.156
				30.09.2016	-409339	Market sale	9316970	1.107
				07.10.2016	-124503	Market sale	9192467	1.092
				14.10.2016	-45799	Market sale	9146668	1.087
				21.10.2016	-69093	Market sale	9077575	1.079
				28.10.2016	-298259	Market sale	8779316	1.043
				04.11.2016	-716455	Market sale	8062861	0.958
				11.11.2016	-1080897	Market sale	6981964	0.83
				18.11.2016	-908109	Market sale	6073855	0.722
				25.11.2016	-219106	Market sale	5854749	0.696
				02.12.2016	-105003	Market sale	5749746	0.683
				09.12.2016	-118591	Market sale	5631155	0.669
				16.12.2016	-378671	Market sale	5252484	0.624
				23.12.2016	-111924	Market sale	5140560	0.611
				06.01.2017	-1094359	Market sale	4046201	0.481
				13.01.2017	-27889	Market sale	4018312	0.477
				20.01.2017	-196743	Market sale	3821569	0.454
				27.01.2017	-578196	Market sale	3243373	0.385
				03.02.2017	-855633	Market sale	2387740	0.284
				10.02.2017	-1712150	Market sale	675590	0.08
				17.02.2017	-27538	Market sale	648052	0.077
				24.02.2017	-116691	Market sale	531361	0.063
				03.03.2017	-34501	Market sale	496860	0.059
				10.03.2017	-416820	Market sale	80040	0.01
				17.03.2017	-80040	Market sale	0	0
8	Bric li Mauritius Trading	12931619	1.537	12.08.2016	-3776605	Market sale	9155014	1.088
					-4607266	Market sale	4547748	0.54
					-1915809	Market sale	2631939	0.313
					-798110	Market sale	1833829	0.218
					-1833829	Market sale	0	0
9	Mousseganesh Limited	10114979	1.202	13.05.2016	1027676	Market Purchase	11142655	1.325
				18.11.2016	1500000	Market Purchase	12642655	1.502
				02.12.2016	357345	Market Purchase	13000000	1.545
				17.03.2017	-1308124	Market sale	11691876	1.389
10	Merrill Lynch Capital Markets Espana S.a	9691185	1.152	06.05.2016	866070	Market Purchase	10557255	1.255
				27.05.2016	-328470	Market sale	10228785	1.216
				03.06.2016	-132185	Market sale	10096600	1.200
				10.06.2016	9732	Market Purchase	10106332	1.201
				24.06.2016	44931	Market Purchase	10151263	1.207
				08.07.2016	-44931	Market sale	10106332	1.201
				12.08.2016	1	Market Purchase	10106333	1.201
				26.08.2016	-10089374	Market sale	16959	0.002
				02.09.2016	16959	Market Purchase	0	0

Annexure-I(G)

Shareholding of Directors and Key Managerial Personnel:

SL NO	Names	Designation	Shareholding at the beginning of the year as on 01-04-2016		Date	Date wise Increase / Decrease in Promoters Share holding during the year	Reason	Cumulative Shareholding during the year 31-03-2017	
			No of Shares	% of the total share of the company				No of Shares	% of the total share of the company
1	Nandakumar V P	Managing Director & CEO	230939917	27.453	08.04.2016	600000	Market Purchase	231539917	27.50
					15.04.2016	2507922	Market Purchase	234047839	27.80
					17.06.2016	783500	Market Purchase	234831339	27.89
					24.06.2016	763500	Market Purchase	235594839	27.98
					30.06.2016	1005305	Market Purchase	236600144	28.10
					01.07.2016	4676	Market Purchase	236604820	28.10
					08.07.2016	19	Market Purchase	236604839	28.10
					19.08.2016	408400	Market Purchase	237013239	28.15
					18.11.2016	252500	Market Purchase	237265739	28.18
					23.12.2016	163000	Market Purchase	237428739	28.20
					13.01.2017	138500	Market Purchase	237567239	28.22
2	B.N Raveendrababu	Executive Director	2417236	0.288	20.05.2016	-200000	Market Sale	2217236	0.264
					02.12.2016	-100000	Market Sale	2117236	0.252
					24.02.2017	-100000	Market Sale	2017236	0.240
3	Ramachandran V.R	Director	1598000	0.189	30.06.2016	27000	Market Purchase	1625000	0.192
4	Shailesh J Mehta	Director	500000	0.059	NIL	NIL	NIL	500000	0.059
5	Jagdish Capoor	Director	2000	0	NIL	NIL	NIL	2000	-
6	Manomohanan P	Director	1043582	0.124	NIL	NIL	NIL	1043582	0.124
8	Rajiven V.R	Director	10600	0.001	NIL	NIL	NIL	10600	0.001
9	Amla Samanta	Director	NIL	NIL	NIL	NIL	NIL	NIL	
10	Pradeep Jagdish Saxena *	Director	NIL	NIL	NIL	NIL	NIL	NIL	
11	Eknath Atmaram Kshirsagar	Director	NIL	NIL	NIL	NIL	NIL	NIL	
12	Kapil Krishan	Chief Financial Officer	100000	0.01	24.06.2016	50000	Market Purchase	150000.00	0.018
					26.08.2016	-50000	Market Sale	100000.00	0.012
					17.02.2017	50000	Market Purchase	150000.00	0.018
					05.12.2016	-101	Market Sale	-	
13	Ramesh Periasamy	Company Secretary	0	-	03.06.2016	101	Market Purchase	101.00	
					05.12.2016	-101	Market Sale	-	

* Mr. Pradeep Saxena, Nominee Director retired with effect from 09.08.2016

Annexure-I(H)

V. INDEBTEDNESS

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

(All amounts are in ₹ Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
In indebtedness at the beginning of the financial year				
(i) Principal Amount	75,782.02	12,221.39	0.07	88,003.48
(ii) Interest due but not paid	0.83	3.26	-	4.09
(iii) Interest accrued but not due	1,038.80	553.58		1,592.38
TOTAL (I+II+III)	76,821.65	12,778.23	0.07	89,599.95
Change in indebtedness during the year				
• Additions	125,928.01	87,368.88		213,296.89
• Reduction	133,776.54	75,545.16	0.01	209,321.71
Net change	(7,848.53)	11,823.72	(0.01)	3,975.18
In indebtedness at the end of the financial year				
(i) Principal Amount	67,586.66	24,045.11	0.06	91,631.83
(ii) Interest due but not paid	1.66	-		1.66
(iii) Interest accrued but not due	2,169.53	759.85		2,929.39
TOTAL (I+II+III)	69,757.85	24,804.96	0.06	94,562.88

Annexure-I(I)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(All amounts are in ₹ Million)

Sl No	Particulars of Remuneration	Name of MD/WT/Manager		Total Amount
		V.P Nandakumar	B.N Raveendra Babu	
1	Gross salary	40.45	09.16	49.62
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	11.09	NIL	11.09
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission	25.00	5.00	30.00
	- as % of profit	0.34%	0.07%	
	- others, specify.			
5	Others, please specify			
	TOTAL (A)	76.54	14.16	90.70

Ceiling as per the Act

In terms of the provisions of the companies Act , 2013, the remuneration to MD/WT/Manager shall not exceed 5% of the net profit of the company. The remuneration paid to the MD/WT/Manager is well with in the said limit

Annexure-I(J)

B. REMUNERATION TO OTHER DIRECTORS:

(All amounts are in ₹ Million)

Sl No	Particulars of Remuneration	Name of Directors						Total Amount
		Jagdish Capoor	P.Manomohanan	Shailesh J Mehta	Rajiven V.R	V.R Ramachandran	Amla Samanta	
1	Independent Directors							
	• Fee for attending board committee meetings	0.40	0.65	0.69	0.71	0.35	0.57	3.36
	• Commission	4.00	3.00	10.00	2.00	1.80	1.5	22.30
	• Others, please specify							
	Total (1)	4.40	3.65	10.69	2.71	2.15	2.07	25.66
2	Other Non-Executive Directors							
	• Fee for attending board committee meetings							-
	• Commission							-
	• Others, please specify							-
	Total (2)	-	-	-	-	-	-	-
	TOTAL (B)=(1+2)	4.40	3.65	10.69	2.71	2.15	2.07	25.66
	Total Managerial Remuneration							
	Over all Ceiling as per the act	In terms of provisions of the Companies Act,2013, the remuneration payable to directors other than executive directors shall not exceed 1% of the net profit of the company. The Remuneration paid to the directors is well within the said limits .						

Annexure-I(K)

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

(All amounts are in ₹ Million)

SL	Particulars of Remuneration	Chief Finanacial Officer	Company Secretary	Total
		Kapil Krishan	Ramesh Periasamy	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7.97	2.54	10.51
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.35		2.35
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission	-	-	-
	- as % of profit			
	- Others, specify			
5	Others, please specify			
	TOTAL	10.32	2.54	12.86

Annexure-I(L)

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

NIL

Annexure- IX

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

- i The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-2017, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-2017 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sl. No	Name of Director/KMP and designation	% increase in Remuneration in the Financial Year 2016-2017	Ratio of remuneration of each Director /KMP/ to median remuneration of employees
1.	Jagdish Capoor(Chairman)	11.11%	22:1
2.	Shailesh J Mehta(Director)	177.78%	55:1
3.	P. Manomohanan(Director)	38.89%	16:1
4.	V.R.Ramachandran(Director)	25.00%	10:1
5.	V.R.Rajiven(Director)	11.11%	11:1
6.	V.P.Nandakumar(MD & CEO)	48.08%	449:1
7.	B.N.Raveendra Babu(ED)	10.81%	84:1
8.	Kapil Krishan(CFO)	41.77%	57:1
9.	Ramesh Periasamy(CS)	12.90%	14:1

- ii. The median remuneration of employees of the Company during the financial year 2016-2017 was ₹ 0.18 million
- iii. In the financial year, there was an increase of 9 % in the median remuneration of employees;
- iv. There were 18,933 permanent employees on the rolls of Company as on March 31, 2017;
- v. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2016-2017 was 14% whereas the increase in the managerial remuneration for the same financial year was 34%. The difference between average percentage increase in salaries of employees and managerial personnel was mainly due to perquisites in terms of stock options which were exercised by the managerial personnel during the financial year.
- vi. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

TOP 10 EMPLOYEES IN TERMS OF REMUNERATION DRAWN DURING THE YEAR

Employee Name #	Designation	Educational qualification	Age	Nature of Employment	Percentage of equity shares held by the employee in the company	Experience (in years)	Date of joining	Gross Remuneration paid (₹ In Millions)	Previous employment and designation
Kapil Krishan	Chief Financial Officer	Chartered Accountant	52	Permanent	0.020	26	09-Sep-13	10.32 *	Chief Financial Officer - India Infoline
K Senthil Kumar	CEO - Equipment & Vehicle Finance	MBA	46	Permanent	0.004	21	02-Jun-14	8.41*	Senior Vice President - Fullerton India Credit Company Limited
Mohan Vizhakat	Chief Technology Officer	MBA	55	Permanent	0.00	34	10-Feb-14	7.35*	Coca Cola Limited - Independent Senior Consultant
Sumitha Nandan Jayasankar	Chief Executive Officer(OGI)	MBBS , MS (OBGYN)	38	Permanent	0.00	8	03-Feb-15	6.66	Practicing Gynecologist
Dinesh Kalliarackal	General Manager-Legal Corporate	LLB	48	Permanent	0.00	22	01-Jan-13	5.01*	Associate Vice President- Kotak Mahindra Bank
Vipin G.S	Vice President-Compliance	Bachelor Of Law	48	Permanent	0.005	23	14-Jan-13	4.47*	Vice President- Legal & Compliance, Geojit Limited
Bindu.A.L	Chief General Manager-F&A	Chartered Accountant	44	Permanent	0.005	19	15-Jun-98	4.38	Senior Audit Assistant - Mohandas & Associates
Raju.N	Sr. General Manager-Marketing & F.A.W	Chartered Accountant	38	Permanent	0.00	12	15-Dec-04	3.80	Audit Assistant - Seshadri Nadan B.Com.FCA
Ramesh Rangorth	Head Risk & Audit	Chartered Accountant	44	Permanent	0.00	17	10-Aug-15	3.64	AVP- Finance Risk & Internal Control Governance - Standard Chartered Bank
Sooraj Nandan	Senior Vice President (Operation)	MSc – (Risk Management)	35	Permanent	0.00	6	02-Feb-14	3.61*	Marketing Manager - Manappuram Finance Limited and Owned Koffee Co.Ltd.London

Employees excluding executive directors

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

EMPLOYEES DRAWING A REMUNERATION OF 1.02 CRORE OR ABOVE PER ANNUM

Employee Name #	Designation	Educational qualification	Age	Nature of Employment	Percentage of equity shares held by the employee in the company	Experience (in years)	Date of joining	Gross Remuneration paid (₹ In Millions)	Previous employment and designation
Kapil Krishan	Chief Financial Officer	Chartered Accountant	52	Permanent	0.020	26	09-Sep-13	10.32*	Chief Financial Officer – India Infoline

Employees excluding executive directors

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

Annexure-X

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Members of Manappuram Finance Limited
Manappuram House, P.O - Valapad
Thrissur District, Kerala, India - 680 567

1. The accompanying Corporate Governance Report prepared by Manappuram Finance Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") with respect to Corporate Governance for the year ended March 31, 2017. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute

of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:
 - i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;
 - ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;
 - iii. Obtained and read the Directors Register as on 31st March 2017 and verified that atleast one women director was on the Board during the year;
 - iv. Obtained and read the minutes of the following committee meetings held from 1st April 2016 to 31st March 2017:
 - (a) Board of Directors meeting;
 - (b) Audit committee;
 - (c) Nomination and remuneration committee;
 - (d) Stakeholders Relationship Committee; and
 - (e) Risk management committee;

- v. Obtained necessary representations and declarations from directors of the Company including the independent directors ; and
- vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

- 8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, that we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable as at March 31, 2017, referred to in paragraph 1 above.

Other matters and Restriction on Use

- 9. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

- 10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Bharath N S**

Partner

Membership Number: 210934

Place of Signature: Chennai

Date: May 25 , 2017

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

The Company has adopted Manappuram Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct to regulate, monitor and report Trading by Insiders and also adopted Internal Guidelines on Corporate Governance in compliance with RBI Master Direction, 2016. These codes are available in the Company website – <http://www.manappuram.com/public/uploads/editor-images/files/CodeOfConductForPreventionOfInsiderTradingAndCodeOfCorporateDisclosurePractices080217.pdf>

BOARD OF DIRECTORS

A. Composition of the Board

The Company has formulated Board Diversity policy to have a competent and highly professional team of Board members. There are nine directors on the Board of the Company having diverse experience and expertise in their respective areas. The composition of the Board meets the criteria as prescribed in SEBI (LODR) Regulations, 2015, and Companies Act, 2013. This composition also fulfils the norms prescribed by Reserve Bank of India in this regard. Out of the (9) nine directors, (2) two are Executive Directors, (1) one is nominee director and (6) six are independent directors. Out of (6) Six Independent Directors, (1) One Independent Director is a Woman Director.

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

All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 read with Section 149(6) of the Companies Act, 2013. None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she is a Director as per disclosures regarding Committee positions in other public companies made by the Directors during the year under review. None of the Directors are related to each other.

During the year, a separate meeting of Independent Directors was held on November 10, 2016 and all Independent Directors were present for that meeting. The Independent Directors, inter-alia, reviewed the performance of non-independent directors, Chairman of the Company and the Board as a whole.

B. Meetings & attendance

During FY 2016-17, the Board met on six occasions viz. 12-05-2016, 09-08-2016, 05-10-2016, 10-11-2016, 08-02- 2017 and 17-03-2017. The details of participation in the meetings and other relevant information are given in the below statement.

Name & Category of Director	Category of Directors	No. of Board Meetings attended	Whether attended the last AGM	Details of membership in Committees of the Board *		Share Holding of Non-Executive Directors (Equity Shares)	Number of Directorships in other Companies**	
				Chairman	Member		Chairman	Member
Mr. Jagdish Capoor Chairman	Independent Non-Executive	6	Yes	3	1	2,000	-	2
Mr. V. P Nandakumar (Managing Director & CEO)	Promoter, Executive	6	Yes	-	1	Not Applicable	-	-
Mr. B. N. Raveendra Babu	Executive	6	Yes	-	1	Not Applicable	-	-
Adv. V. R. Ramachandran	Independent Non-Executive	6	Yes	-	-	16,25,000	-	-
Mr. P. Manomohanan	Independent, Non-Executive	6	Yes	-	-	10,43,582	-	-
Dr. Shailesh J. Mehta	Independent Non-Executive	6	Yes	1	-	5,00,000	-	1
Mr. E. A. Kshirsagar	Independent, Non-Executive (Nominee Director of Baring India Pvt Equity Fund III Listed Investment Ltd – equity investor)	4	No	4	-	NIL	-	3
Mr. V. R. Rajiven	Independent, Non-Executive	5	Yes	-	-	10,600	-	-
Dr. Amla Samanta	Independent, Non-Executive	6	Yes	1	-	-	-	-

* Membership/Chairpersonship of Audit Committee and Stakeholder's Relationship Committee of Companies other than Manappuram Finance Limited only are shown.

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

C. Change in the board of directors during FY 2016-17

Mr. Pradeep Saxena retired by rotation at the Annual General Meeting held on August 9, 2016, since he preferred not to get re-appointed.

D. Information provided to the board members

The Board agenda with proper explanatory notes is prepared and circulated well in advance to all the Board members. All statutory and other matters of significant importance including information as mentioned in Section 179 of the Companies Act, 2013 and Regulation 17 read with Part A of Schedule II of the SEBI (LODR) Regulations, 2015 are tabled before the Board to enable it to discharge its responsibility of strategic supervision of the Company.

The Board periodically reviews the statement submitted by the unlisted subsidiaries on all significant transactions and arrangements entered into by it during that period. The Board also reviews periodical compliances of all applicable laws, rules and regulations. At the Board Meeting, members have full freedom to express their opinion and decisions are taken after detailed deliberations.

COMMITTEES OF THE BOARD

The Board has constituted sub-committees of the Board. Each Committee of the Board functions according to Companies Act, 2013 and SEBI (LODR) Regulations, 2015, RBI Directions, 2016 and the terms of reference as approved by the Board. Meeting of each sub-committee is convened by the respective Committee Chairman. The composition and terms of reference of these sub-committees including the number of meetings held during the financial year and the related attendance are given below:

A. Audit Committee

The Company has constituted a qualified and independent Audit Committee as required under Section 177 of the Companies Act, 2013, and Regulation 18 of the SEBI (LODR) Regulations, 2015. The Committee also fulfils the provisions of RBI Master Direction, 2016. The Committee has four members eminently qualified to handle accounts, finance, audit and legal matters. The Company Secretary acts as the Secretary of the Audit Committee.

The Audit Committee met six times during FY 2016-17 viz. 11-05-2016, 08-08-2016, 04-10-2016, 09-11-2016, 08-02-2017 and 16-03-2017. The constitution, record of attendance of meetings and other details of the Audit Committee of the Company are below:

Composition, Meetings and Attendance:

Sl. No.	Name of the Member	Position	Category of Directors	Number of meetings during FY 2016-17	
				Held	Attended
1	Mr. P. Manomohanan	Chairman	Independent, Non-Executive	6	6
2	Dr. Shailesh J Mehta	Member	Independent, Non-Executive	6	6
3	Mr. E.A. Kshirsagar	Member	Nominee, Non- Executive	6	6
4	Mr. V.R.Rajiven	Member	Independent, Non-Executive	6	6
5	Dr. Amla Samanta	Member	Independent, Non-Executive	6	6

Terms of Reference of Audit Committee:

1. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board the appointment, reappointment, and if required, the replacement or removal of the statutory auditor and the fixation of audit fee.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with management the annual financial statements before submission to the Board for approval with particular reference to:
 - a. Matters required to be included in the Directors Responsibility Statement to be included in the board's report in terms of clause(C) of Sub-section 3 of section 134 of the Companies Act 2013.
 - b. Changes if any in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustment made in the financial statement arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to the financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
 5. Reviewing with the management the quarterly financial statements before submission to the board for approval.
 6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report

- submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 8. Approval or any subsequent modification of transactions of the company with related parties;
 9. Scrutiny of inter-corporate loans and investments;
 10. Valuation of undertakings or assets of the company, wherever it is necessary;
 11. Evaluation of internal financial controls and risk management systems;
 12. Reviewing with the management performance of the statutory and internal auditors and adequacy of the internal control system.
 13. Reviewing the adequacy of internal audit function if any including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 14. Discussion with internal auditors regarding any significant findings and follow-up thereon.
 15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 16. Discussion with statutory auditors before audit commences about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern.
 17. To look into the reasons for substantial defaults in the payments to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors.
 18. To review the function of whistle blower mechanism in case the same exists.
 19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
 20. Monitoring the end use of funds raised through public offers and related matters.

Audit Committee also reviews and recommends to the Board of Directors, Quarterly and annually on frauds in terms of RBI Master Circular on Frauds – Future approach towards monitoring of frauds in NBFCs and complaints received under the Prevention of Sexual Harassment against Women in Work Place Act, 2012.

B. Nomination, Compensation & Corporate Governance Committee

The Nomination, Compensation and Corporate Governance Committee of the Company was constituted to oversee the Compliance with the Reserve Bank of India's Circular No. DNBS/PD/CC/94/03.10.042/2006-07 dated May 08, 2007 to ensure that eminent and experienced persons are appointed as directors. The Committee was reconstituted on December 23, 2014. The Committee also meets the requirements of Section 178 of the Companies Act, 2013, Regulation 19 of the SEBI (LODR) Regulations, 2015 and RBI Master Direction, 2016.

The Committee met 4 times during FY 2016-17 viz. 11-05-2016, 08-08-2016, 05-10-2016 and 10-11-2016

Composition, Meetings and Attendance:

Name of the Member	Position	Category of Directors	No. of meetings held during FY 2016-17	
			Held	Attended
Dr. Shailesh Mehta	Chairman	Independent, Non-Executive	4	4
Mr. Jagdish Capoor	Member	Independent, Non-Executive	4	4
Mr. Rajiven.V.R	Member	Independent, Non-Executive	4	3
Mr. E.A. Kshirsagar	Member	Nominee, Non- Executive	4	4

Terms of Reference of Nomination, Compensation and Corporate Governance Committee

Considering the statutory provisions of Section 178 of the Companies Act, 2013, Regulation 19 of SEBI (LODR) Regulations, 2015 and RBI Master Direction, 2016, the roles and responsibilities of the committee can be classified into three broader categories such as;

- i. of nomination
- ii. of fixation of remuneration and performance evaluation
- iii. of Governance

The committee shall effectively discharge its roles and responsibilities in the following manner.

I. Role of Nomination

- a) Recommend to the Board a broader policy describing the qualification, experience and other positive attributes for selection of Executive/whole time directors including their age of retirement.
- b) Formulation of guiding principles to determine the qualities, qualifications, and the parameters to determine the 'fit and proper' criteria for appointment of independent Directors keeping in mind the diversity quotient the company's board shall maintain from time to time and subject to the applicable regulatory requirements.
- c) Filling in a timely manner vacancy on the board of the company including the position of executive/whole time directors.
- d) Selection of directors, key management personnel and persons to be appointed in senior management positions as defined by the board and recommend to the board for their appointment and removal thereof.

II. Role of Fixing Remuneration and Evaluation of performance

- a. Recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees from time to time. The policy as aforesaid shall ensure that-
 1. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 2. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 3. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and

long term performance objectives appropriate to the working of the company and its goals;

- b. Review the performance of individual directors of the company on a yearly basis at the end of each financial year or at such periodicity as the committee deem fit and recommend to the board on the basis of such review, whether a director to be recommended for re-appointment or not.
- c. Review the performance of the Executive/Whole time Directors of the company and fix suitable compensation packages in consideration of their performance, contributions, the general business environment in which the company operates and financial position of the company. The remuneration package may be a combination of fixed and performance based bonus/ incentives for the period under review.
- d. On annual basis, review along with the management the performance of Key managerial personnel and senior management persons on a periodical basis and fix their remuneration packages in accordance with the policies approved by the Board.

III. Role on ensuring Compliance on governance standards.

- a. Ensure at all times, the board of the company has a fair combination of independent, non-executive and executive directors meeting the governance standards set by the board and in compliance with regulatory requirements, listing regulations, etc. prevailing from time to time.
- b. Ensure that the organization structure and flow of command meets the governance standard set for the internal management of the company.
- c. Oversee the refreshment trainings for directors on relevant subject.
- d. Ensure that the independence of independent directors is always maintained and to ensure that there are no situations which suggest the existence of circumstances resulting in the loss of independence of any directors of the company.
- e. Formulate subject to the provisions of applicable laws, policies and procedure for determining the retirement and re-appointment of independent and other directors on the board of the company.
- f. Ensure at all times the sub committees of the Board is functioning and are constituted according to the regulatory requirements and governance policies of the company.
- g. Oversee the overall governance standards and policies of the company and delegation of authorities to match with

the best practices in relation to the size of the company and the level of its operations to protect the interest of all stake holders.

IV. Others.

The committee also carries out the following additional roles:

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

- Performing such other functions as may be delegated to it by the Board or prescribed under any law, rules, regulations or orders or directions of any statutory or regulatory body including stock exchanges where the securities of the company are listed.

Remuneration of Directors

a) There is no pecuniary relationship or transactions of the non-executive directors vis-à-vis the company.

b) Criteria of making payments to non-executive directors:

While considering the level of commission payable to the independent, non-executive directors, the Nomination, Compensation and Corporate Governance Committee take into account of various factors such as attendance, level of participation, contribution to the meetings and its decision making, continuity on the board, fit and proper status and feedback of performance appraisal questionnaire, etc. There is no relationship between Directors inter-se.

c) Disclosures with respect to Remuneration for FY 2016-17:

Independent, Non-Executive Directors: -

SI No	Name of Directors	₹ In Million	
		Commission	Sitting Fee
1	Mr. Jagdish Capoor	4.00	0.40
2	Mr. P.Manomohanan	3.00	0.65
3	Dr. Shailesh J Mehta	10.00	0.69
4	Mr. V.R.Rajiven	2.00	0.71
5	Adv. V.R.Ramachandran	1.8	0.35
6	Dr. Amla Samanta	1.5	0.57

Non-Independent, Executive Directors: -

SI No	Name of Directors	₹ In Million						
		Salary	Commission	Benefits/ provident Fund	Perquisites	Bonus	Sitting Fee	ESOS
1	Mr. V.P Nandakumar	40.44	25.00	5.08	11.09	.02	Nil	Nil
2	Mr. B.N.Raveendra Babu	9.15	5.00	1.15	Nil	.02	Nil	Nil

The above mentioned salary to non-independent, Executive Directors are the only fixed component of remuneration and performance linked incentive/commission paid for the FY 2016-17 based on the evaluation of performance criteria fixed by the Nomination, Compensation and Corporate Governance Committee are detailed below;

Performance Evaluation Parameter for MD & CEO:

Parameters	Target	Weight
Consolidated AUM	₹ 13800 Cr/72 tonnes gold	20%
Risk Management	To develop risk management System and begin its implementation	20%
OPEX(Consolidated)	8.3%	20%
PAT	₹ 610 Cr	20%
Fintech Initiatives	Develop Fintech initiatives- OGL & Home Finance	10%
Strengthening the Management Team	Enhance and strengthen the CFO under function & Branch Management functions	10%
Total Weight		100%

Performance Evaluation Parameter for Executive Director:

Parameters FY 16-17	Weight	Target
Tech security and infrastructure	30%	Clean Audit Report
OPEX (Stand Alone)	50%	8%
Fintech Initiatives	20%	Develop Fintech initiatives - OGL & Home Finance
Total Weight	100%	

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

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

C. Stakeholders Relationship Committee

The company has constituted Stakeholders Grievance Committee in line with the provisions of Regulation 20 of SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013 to monitor the securities holders and investor complaints / grievances and also to ensure quick redressal of investor complaints associated with transfer/ transmission / dematerialization of shares, non-receipt of Balance Sheet, Dividend warrants, interest payments, redemption payments etc. The committee was re-designated as Stakeholder Relationship Committee during the FY 2014-15. The Committee shall consist of a chairperson who shall be a non-executive director and such other members as may be decided by the Board.

Composition, Meetings and Attendance:

Name of the Member	Position	Category of Directors	Number of meetings during the financial year 2016 -17	
			Held	Attended
Adv.V.R.Ramachandran	Chairman	Independent, Non-Executive	4	4
Mr.V.R.Rajiven	Member	Independent, Non-Executive	4	4
Mr.P. Manomohan	Member	Independent, Non-Executive	4	4

Scope:

Committee was constituted to specifically look into the redressal of shareholder and investors complaints / grievances like transfer and transmission of securities, non-receipt of annual report / notice / declared dividends / interest / redemption amount, etc. and all other securities-holders related matters.

Name, designation and address of Compliance Officer:

Mr. Ramesh Periasamy Company Secretary Manappuram Finance Limited IV/470A(old) W638A(New)

Manappuram House

P.O - Valapad, Thrissur District, Kerala, India -680 567

Phone – 0487 3050000, 3050413/417

E-Mail - cosecretary@manappuram.com

Details of investor complaints received and redressed during the financial year 2016- 17 are as follows:

Name of the Member	Complaints pending at the beginning of FY 2016-17	Complaints received during FY 2016-17	Complaints disposed and resolved at the end of the year	Complaints unresolved at the end of the year
Equity	Nil	5	5	Nil
Private placement-Retail NCD	Nil	3	2	1
Private Placement-Institutional NCD	Nil	Nil	Nil	Nil
Public Issue of Bonds	Nil	19	19	Nil
Complaints registered in SCORES	Nil	3	1	2
Subordinated Bonds	Nil	7	7	0

D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)

The Company has constituted Corporate Social Responsibility Committee (CSR Committee) in line with the provisions of Section 135 of the Companies Act, 2013 which has substantial roles and responsibilities in respect of projects to be recommended to the board and also for the monitoring of the CSR projects and reporting.

Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

Composition, Meetings & Attendance:

Name of the Member	Position	Category of Directors	Number of meetings during the financial year 2016 -17	
			Held	Attended
Mr. Rajiven.V.R	Chairman	Independent, Non-Executive	3	3
Mr. V.P.Nandakumar	Member	MD & CEO	3	3
Adv. V.R.Ramachandran	Member	Independent, Non-Executive	3	3
Dr. Amla Samanta	Member	Independent, Non-Executive	3	3

Role of the CSR Committee include: -

- Review and recommend any new CSR initiatives to be taken up by the company including the selection /appointment of implementation agencies.
- Review the progress of CSR projects already undertaken by the company and the utilization of budgets for each such projects
- Review and recommend the CSR report to be included in the board's report.
- Review and recommend any amendments to be made in the CSR policy of the Company.
- To carry such other functions as may be delegated to it by the board relating to CSR activities of the company.

E. RISK MANAGEMENT COMMITTEE (RMC)

The Company has constituted Risk Management Committee (RMC) in line with the provisions of Regulation 21 of SEBI (LODR) Regulations, 2015 and RBI Master Direction, 2016.

The committee reviews the Risk Management Policy, document and improve risk management practices, ensure appropriate / adequate reporting to the Board, manage the integrated risk, review the functioning of the Risk Management Department and any other matter as the Committee may deem fit. The Committee is involved in the process of identification, measurement, monitoring and mitigation of the various risks faced by the Company. The RMC shall meet at least twice in a year and reports to the Board.

Composition, Meetings & Attendance:

Name of the Member	Position	Category of Directors	Number of meetings during the financial year 2016 -17	
			Held	Attended
Mr. P. Manomohan	Chairman	Independent, Non-Executive	3	3
Dr. Shailesh J Mehta	Member	Independent, Non-Executive	3	3
Mr. E.A.Kshirsagar	Member	Non-Independent, Non-Executive	3	3
Mr. Rajiven V.R.	Member	Independent, Non-Executive	3	3
Mr. V.P.Nandakumar	Member	MD & CEO	3	3
Dr. Amla Samanta	Member	Independent, Non-Executive	3	3
Mr. B.N.Raveendra Babu	Member	Non-Independent, Executive	3	3
Head – Risk Management Department	Invitee	Management Official	3	3

Scope of RMC

A) RMC reviews the risk management framework and risk appetite of the Company, examine the adequacy and effectiveness of the risk management policy, and ensure appropriate / adequate reporting to the Board with recommendations where required. To this effect the RMC will:

- i) Oversee the development and implementation of the risk management strategy and practices by the Company and assess the effectiveness thereof.
- ii) Ensure that the Company has an appropriate and effective mechanism to identify, measure, control and monitor all applicable risks on a timely basis and as accurately as feasible.
- iii) Call for appropriate data / information to confirm the risk assessments of the past or projections for the future including development of any key performance or risk tolerance indicators.
- iv) Ensure that the risk management policy in force is in tune with regulatory requirements, corporate governance standards, emerging new risks and industry best practices.
- v) Review major breaches in policy.

vi) Appraise uncovered / residual risks to the Board.

vii) Assess the capacity of the Company to withstand major 'shocks', financial or otherwise, caused by market forces, regulatory directives, environment, any other external factors or internal upheavals.

B) The RMC shall be empowered to call for any studies, information, data or analyses in matters pertaining to management of risk from the officers of the Company, issue orders for investigation on any risk related subject including constitution of any sub-committee for such purpose and seek the opinions or reports of independent experts / professionals where considered desirable or essential.

F. Asset- Liability Management Committee (ALCO):

The Company has constituted Asset- Liability Management Committee (ALCO) in line with provisions of RBI Master Direction, 2016 and Asset Liability Management (ALM) System for NBFCs – Guidelines. Reserve Bank of India has stipulated templates for reporting Structural liquidity (ALM-1) Dynamic Liquidity (ALM-2) and Interest Rate Sensitivity (ALM-3) and provided indicative formats for compiling the figures. ALCO will use the indicative formats for compiling the figures and the Reports on ALM 1, ALM 2 and ALM 3 for reviewing the liquidity and interest rate risk. The Member-Secretary will arrange for convening the meetings of ALCO on a regular basis and when needed depending upon the necessity.

Composition of Committee:

Name of the Member	Position	Designation of Members
Mr. V P. Nandakumar	Chairman	MD & CEO
Mr. B.N. Raveendra Babu	Member	Executive Director
Mr. Kapil Krishan	Member	Chief Financial Officer
Mr. Ramesh Rangorth	Member	Head - Risk & Internal Audit
Mrs. Bindu A.L	Invitee	CGM-Finance & Accounts
Mr. Mohan Vizhakat	Invitee	Chief Technology Officer

Terms of Reference of Asset- Liability Management Committee (ALCO):

I. The committee shall transact the following business;

- a. Management of liquidity position, long term and short term.
- b. Review of ALM Returns to be submitted to RBI.
- c. Decision on disposal of surplus funds of the company for shorter durations (up to 6 months).

d. Pricing of the products of the company depending upon the cost and benefit analysis both on the asset side and liability side of the balance sheet.

e. Notwithstanding anything stated herein above, the committee shall consider and discharge such other functions as may be necessary for the day to day management of the company or such other functions as may be directed by RBI from time to time.

- II. CEO of the company shall act as the chairman of the committee and in his absence Executive Director shall chair the meeting.
- III. The committee shall have power to invite such other officers or employees of the company as and when required.
- IV. The committee shall function under the overall supervision of the risk management committee of the Board.
- V. CFO shall act as the member secretary of the committee. Discussion paper covering the following areas will be deliberated by ALCO namely;
 - 1. Liquidity risk management
 - 2. Management of market risk
 - 3. Funding and capital planning
 - 4. Profit planning and growth projection
 - 5. Forecasting and analyzing 'What if scenario' and preparation of contingency plans

G. SECURITIES TRANSFER COMMITTEE

The Company has constituted Securities Transfer committee to approve /authenticate security transfer requisitions submitted by the RTA in respect of listed securities and the transfer requisitions submitted to the Company, in respect of unlisted securities.

Composition of Committee:

Name of the Member	Position	Designation of Members
Mr. V.P.Nandakumar	Chairman	MD & CEO
Mr. B.N.Raveendra Babu	Member	Executive Director
Mr. Ramesh Periasamy	Member	Company Secretary

H. FINANCIAL RESOURCES & MANAGEMENT COMMITTEE

The Financial Resources and Management Committee has been constituted by the Board of Directors to facilitate the day to day management of the company

Composition of Committee:

Name of the Member	Position	Designation of Members
Mr.V.P.Nandakumar	Chairman	MD & CEO
Mr.B.N.Raveendra Babu	Member	Executive Director
Mr. P. Manomohanan	Member	Independent, Non-Executive

The committee's function is to oversee and deal with the following operational matters from time to time

- a) The committee shall meet as and when it becomes necessary to consider urgent matters coming up between two board meetings and requiring Board's sanction.
- b) The quorum for the meeting of the committee shall be 2 members.
- (i) **Investments**
 - (a) To deliberate and make recommendation to the Board on all transactions and matters relating to the business of the company or its investments.
 - (b) Dispose the short term surplus of the company in eligible short term investment instruments and securities with a maturity period of not more than one year as recommended by the ALM committee of the company or to meet any statutory obligations or cash collaterals as part of lending arrangement or as caution deposits and also to authorize officers or directors for the purpose.

Functions and duties

The committee shall be responsible for overseeing and dealing with operational matters from time to time. Such matters include: -

(ii) Financial Arrangements

- Approve financial arrangements whether as working capital demand loans or against assignment of receivables of the company or buy out of portfolios or by such other means with banks and other financial institutions including the signing of such documents for facilities within the borrowing powers of the Board.
- Approve the creation of any mortgage/charge or other encumbrance over the company's properties or assets for the above purposes.
- Approve the issuing or providing or permitting the company to issue or provide any form of guarantee or indemnity or other financial or non-financial support in the ordinary course of business.
- To consider the issue of commercial papers and other short term or long term instruments for raising funds from the market.
- Authorize changes in signatories in respect of accounts maintained by the company with banks and other financial institutions.
- Authorisation for opening, operation and Closing of Bank Accounts in different centres for different branches.
- Approve fully hedged foreign currency transactions with banks and other financial institutions'

(iii) Allotment of Debentures and Bonds

Approve the allotment of debentures and bonds issued by the company within in the overall limit set for the issue and the creation/modification/satisfaction of mortgage/charge on such debentures/bonds as the case may be.

(iv) Others

- Authorizing officers of the company for making necessary application for registration under different enactments for employee welfare, fiscal and other municipal or local or subordinate legislations.
- Authorizing officers of the company by grant of power of attorneys or by resolution so as to represent before Government, Judicial or quasi-judicial bodies or other authorities for sanction, approval or other permissions on such matters affecting the business of the company.
- Authorizing officers of the company by grant of power of attorneys or by way of resolution for matters in connection with day to day business activities, opening of branches, execution of rent/tenancy agreements, represent the company before any statutory or regulatory bodies.

Reporting to the Board of Directors;

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

I. DEBENTURE COMMITTEE

The Debenture Committee has been constituted by the Board of Directors for public Issuance of debentures of the company.
Composition of Committee:

Composition of Committee:

Name of the Member	Position	Designation of Members
Mr. V.P Nandakumar	Chairman	MD & CEO
Mr. B.N.Raveendra Babu	Member	Executive Director
Mr. Kapil Krishan	Member	Chief Financial Officer
Ms. Bindu A.L	Member	CGM-Finance & Accounts
Mr. Ramesh Periasamy	Member	Company Secretary

The functions of the Debenture Committee include:

- 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 Bonds;
- giving or authorizing the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time;
- appointing the lead managers to the issue in accordance with the provisions of the Debt Regulations;

- (iv) seeking, if required, any approval, consent or waiver from the Company's lenders, and/or parties with whom the Company has entered into various commercial and other agreements, and/or any/all concerned government and regulatory authorities in India, and/or any other approvals, consents or waivers that may be required in connection with the issue, offer and allotment of the Bonds;
- (v) deciding, approving, modifying or altering the pricing and terms of the Bonds, and all other related matters, including the determination of the size of the Bond issue up to the maximum limit prescribed by the Board and the minimum subscription for the Issue;
- (vi) approval of the draft and final prospectus or disclosure document as the case may be (including amending, varying or modifying the same, as may be considered desirable or expedient) as finalized in consultation with the lead managers, in accordance with all applicable laws, rules, regulations and guidelines;
- (vii) seeking the listing of the Bonds on any Indian stock exchange, submitting the listing application to such stock exchange and taking all actions that may be necessary in connection with obtaining such listing;
- (viii) appointing the registrar and other intermediaries to the Issue, in accordance with the provisions of the Debt Regulations;
- (ix) finalization of arrangement for the submission of the draft prospectus to be submitted to the Stock Exchange(s) for receiving comments from the public and the prospectus to be filed with the Stock Exchange(s), and any corrigendum, amendments supplements thereto;
- (x) appointing the debenture trustee and execution of the trust deed in connection with the Issue, in accordance with the provisions of the Debt Regulations;
- (xi) authorization of the maintenance of a register of holders of the Bonds;
- (xii) finalization of the basis of allotment of the Bonds including in the event of oversubscription;
- (xiii) finalization of the allotment of the Bonds on the basis of the applications received;
- (xiv) acceptance and appropriation of the proceeds of the Issue; and
- (xv) to generally do any other act and/or deed, to negotiate and execute any document/s, application/s, agreement/s, undertaking/s, deed/s, affidavits, declarations and certificates, and/or to give such direction as it deems fit or as may be necessary or desirable with regard to the Issue.

GENERAL BODY MEETINGS

Details of the last three Annual General Meetings of the Company are given below:

Year Date	Time & Place	Special Resolutions Passed
2016 August 9	09.30. a.m Anugraha Auditorium Valapad	1. Raising of Fund through Private Placement of Secured Redeemable Non- Convertible Debentures (NCDs).
2015 August 6	10.30. a.m Anugraha Auditorium Valapad Thrissur	1. Raising of Fund through Private Placement of Secured Redeemable Convertible Debenture 2. Ratification of Commission paid to Non- Executive Directors for the FY 2013-14 and 2014-15
2014 July 31	10.00. a.m Anugraha Auditorium Valapad Thrissur	1. Approve Related Party Transactions :- payment of donation to Manappuram Foundation 2. Approve Related party transactions: - contracts or arrangements for leasing of land and buildings. 3. Approve Related party transactions:- Contract or arrangements with wholly owned subsidiary company Milestone Home Finance Co. Pvt. Ltd. 4. Raising of Fund through Private Placement of Redeemable Non Convertible Debentures (NCD)

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

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

Details of Postal Ballot held during the Financial Year 2016-17: -

Year	Date	Details of of voting pattern of Special Resolutions:																																																						
2016	5th July	1. Employee Stock Option Scheme 2016 ('MAFIL-ESOS') and Grant of Employee Stock Options to the Employees/Directors of the Company thereunder Voting Pattern: <table> <tr> <th></th><th>In Favour</th><th>Against</th></tr> <tr> <td>Number of Votes Cast</td><td></td><td></td></tr> <tr> <td>E Voting</td><td>4,97,58,649</td><td>7,12,50,817</td></tr> <tr> <td>Postal Ballot</td><td>28,82,50,201</td><td>1,65,416</td></tr> <tr> <td>Total Votes Cast</td><td>33,80,08,850</td><td>7,14,16,233</td></tr> <tr> <td>% of Valid Votes Cast</td><td>82.56%</td><td>17.44%</td></tr> </table> 2. Approval of grant of options to the Employees/Directors of its Subsidiary Companies, present and future, under MAFIL ESOS 2016 Voting Pattern: <table> <tr> <th></th><th>In Favour</th><th>Against</th></tr> <tr> <td>Number of Votes Cast</td><td></td><td></td></tr> <tr> <td>E Voting</td><td>4,97,58,446</td><td>7,12,51,020</td></tr> <tr> <td>Postal Ballot</td><td>28,82,38,795</td><td>1,93,322</td></tr> <tr> <td>Total Votes Cast</td><td>33,79,97,241</td><td>7,14,44,342</td></tr> <tr> <td>% of Valid Votes Cast</td><td>82.55%</td><td>17.45%</td></tr> </table> 3. Approval of granting of Employee Stock Options to the Employees/Directors of the Company under MAFIL ESOS 2016 Voting Pattern: <table> <tr> <th></th><th>In Favour</th><th>Against</th></tr> <tr> <td>Number of Votes Cast</td><td></td><td></td></tr> <tr> <td>E Voting</td><td>4,97,58,647</td><td>7,12,50,819</td></tr> <tr> <td>Postal Ballot</td><td>28,82,91,915</td><td>1,55,632</td></tr> <tr> <td>Total Votes Cast</td><td>33,80,50,562</td><td>7,14,06,451</td></tr> <tr> <td>% of Valid Votes Cast</td><td>82.56%</td><td>17.44%</td></tr> </table>		In Favour	Against	Number of Votes Cast			E Voting	4,97,58,649	7,12,50,817	Postal Ballot	28,82,50,201	1,65,416	Total Votes Cast	33,80,08,850	7,14,16,233	% of Valid Votes Cast	82.56%	17.44%		In Favour	Against	Number of Votes Cast			E Voting	4,97,58,446	7,12,51,020	Postal Ballot	28,82,38,795	1,93,322	Total Votes Cast	33,79,97,241	7,14,44,342	% of Valid Votes Cast	82.55%	17.45%		In Favour	Against	Number of Votes Cast			E Voting	4,97,58,647	7,12,50,819	Postal Ballot	28,82,91,915	1,55,632	Total Votes Cast	33,80,50,562	7,14,06,451	% of Valid Votes Cast	82.56%	17.44%
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E Voting	4,97,58,446	7,12,51,020																																																						
Postal Ballot	28,82,38,795	1,93,322																																																						
Total Votes Cast	33,79,97,241	7,14,44,342																																																						
% of Valid Votes Cast	82.55%	17.45%																																																						
	In Favour	Against																																																						
Number of Votes Cast																																																								
E Voting	4,97,58,647	7,12,50,819																																																						
Postal Ballot	28,82,91,915	1,55,632																																																						
Total Votes Cast	33,80,50,562	7,14,06,451																																																						
% of Valid Votes Cast	82.56%	17.44%																																																						

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

No special resolution is proposed to be conducted through postal ballot at the AGM to be held on August 18, 2017.

MEANS OF COMMUNICATION

The Company publishes the Consolidated and Standalone un-audited / audited financial results on quarterly basis in accordance with the provisions of SEBI (LODR) Regulations, 2015.

The financial results in the prescribed format are published in leading newspapers including Business Line, Mathrubhumi etc. Other major announcements pertaining to Book Closure / record date, Board Meetings, postal ballot, etc. are also published as above. The Company has its website at www.manappuram.com wherein relevant information about the Company and its performance including board approved policies / code are given. The financial results of the Company are posted on its web site. Detailed presentations made to institutional investors / analysts on overall performance of the Company are also posted on its website on a quarterly basis for the benefit of investors and other stake holders.

All information/communication for shareholders are duly filed with National Stock Exchange and Bombay Stock Exchange and the same are simultaneously posted on Company Website.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting	Date: August 18, 2017 Time: 10.30 am Place: Lata Convention Centre (earlier Anugraha Auditorium), Valapad PO, Thrissur, Kerala - 680567
Financial Year	2017-18
Dividend Payment Date	NA (No final dividend recommended by the Board)
Listing on Stock Exchanges	BSE Limited (BSE) 25th floor, P. J. Towers, Dalal Street, Mumbai - 400 001 National Stock Exchange of India Limited (NSE) Exchange Plaza, C-1, Block G Bandra Kurla Complex Bandra (East), Mumbai 400 051
Stock Code	BSE- 531213, NSE- MANAPPURAM
Corporate Identity Number (CIN)	L65910KL1992PLC006623
Registrar and Share Transfer Agent	SKDC Consultants Limited Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road Ganapathy PO, Coimbatore- 641 006 Ph: 0422 4958995, 0422 2539835 Email: info@skdc-consultants.com
Compliance Officer	Mr.Ramesh Periasamy Company Secretary Ph: 0487-3050417/413 Email: cosecretary@manappuram.com
Company Address	Manappuram Finance Limited, IV/470A (OLD) W 638A (NEW) Manappuram House Valapad PO, Thrissur-680 567 Kerala Phone: 0487- 3050108, 3050000. Fax 0487- 2399298 Email: mail@manappuram.com

PAYMENT OF LISTING FEES

Annual listing fee for FY 2017-18 has been paid by the Company to BSE and NSE.

PAYMENT OF DEPOSITORY FEES

Annual Custody/Issuer fee for FY 2017-18 has been paid by the Company to NSDL and CDSL.

MARKET PRICE DATA:

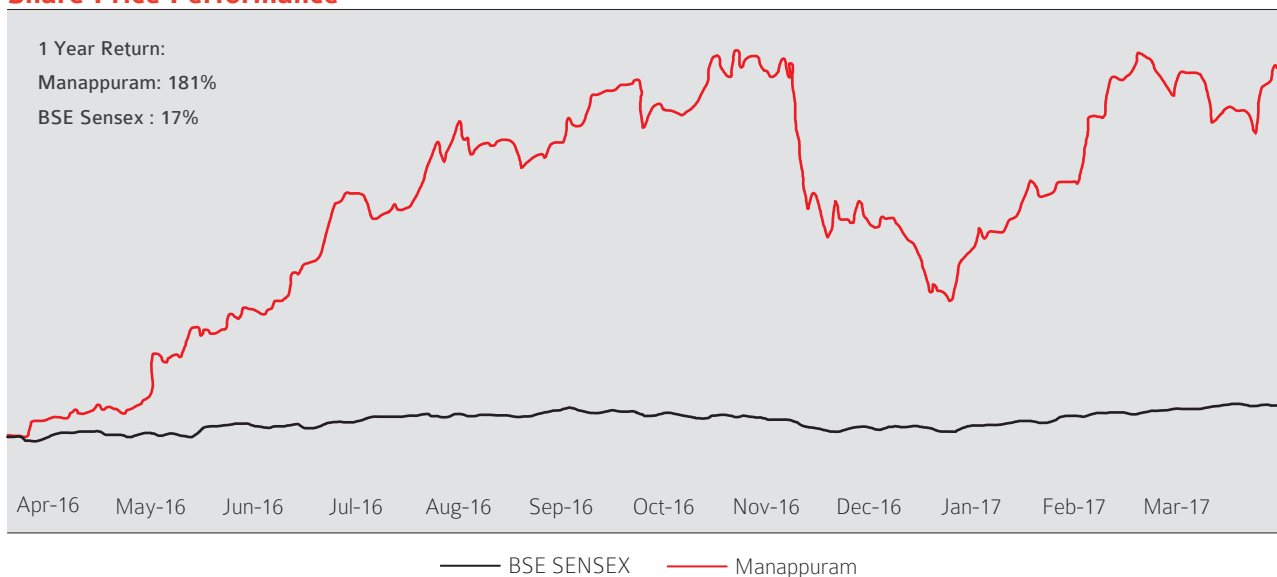
Share Price Movements of the Company [NSE] during each month of FY 2016-17

Month	Open Price	High Price	Low Price	Close Price	Total Traded Quantity	Turnover	No. of Trades	Deliverable Qty	% Dly Qt to Traded Qty
Apr-16	35.15	41.00	34.45	40.05	55676765	2112801725	178116	33926232	62.34
May-16	40.05	55.60	38.45	53.65	115394493	5657449276	358736	54181541	51.14
Jun-16	53.80	69.50	52.20	68.95	146098771	8915783392	499342	60532654	43.85
Jul-16	69.70	83.15	69.10	82.00	134664752	10375310893	462015	56763938	46.08
Aug-16	82.10	92.40	80.60	85.30	189798147	16492976444	701839	76282092	44.00
Sep-16	85.60	101.15	83.30	91.50	117437166	10928219850	538348	55567212	47.30
Oct-16	92.50	106.90	89.30	102.70	66615384	6567097043	327236	30894875	48.24
Nov-16	102.50	104.50	62.20	77.00	141475828	11872164962	650640	59772134	44.87
Dec-16	78.75	78.75	57.80	67.30	80074203	5355067908	372135	33813158	43.83
Jan-17	68.25	82.45	67.50	78.95	68581848	5219683086	313162	30411157	43.49
Feb-17	78.65	105.80	78.35	97.15	114408188	11047449423	525155	51008804	47.62
Mar-17	98.40	106.00	88.15	98.15	119470715	11578193965	570304	64175364	53.46

Share Price Movements of the Company [BSE] during each month of FY 2016-17

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (₹)	Deliverable Quantity	% Deli. Qty to Traded Qty
Apr-16	34.95	41.00	34.50	40.00	5288566	21597	201542493	2284234	43.19
May-16	40.40	55.50	38.50	53.70	19040005	86854	942876938	6239580	32.77
Jun-16	53.85	69.50	52.30	68.95	22578389	97044	1377212173	6419588	28.43
Jul-16	69.80	83.15	69.20	81.90	20575924	107567	1585800671	6192319	30.09
Aug-16	82.00	92.35	80.65	85.40	28357796	152331	2464585089	7950035	28.03
Sep-16	85.75	101.00	83.30	91.60	15959036	102948	1482061973	4760486	29.83
Oct-16	92.50	106.75	89.10	102.50	11688449	73214	1145782923	4396126	37.61
Nov-16	102.70	104.50	66.10	76.95	23080103	175694	1919890323	6659711	28.85
Dec-16	79.00	79.00	57.80	67.25	13030319	88961	873715358	4000937	30.7
Jan-17	68.00	82.55	67.50	78.85	10790332	67482	821773532	3473880	32.19
Feb-17	79.00	106.00	78.35	97.20	17707817	117674	1709345036	5877898	33.19
Mar-17	98.75	105.90	88.30	98.00	16300833	98575	1576575481	6116199	37.52

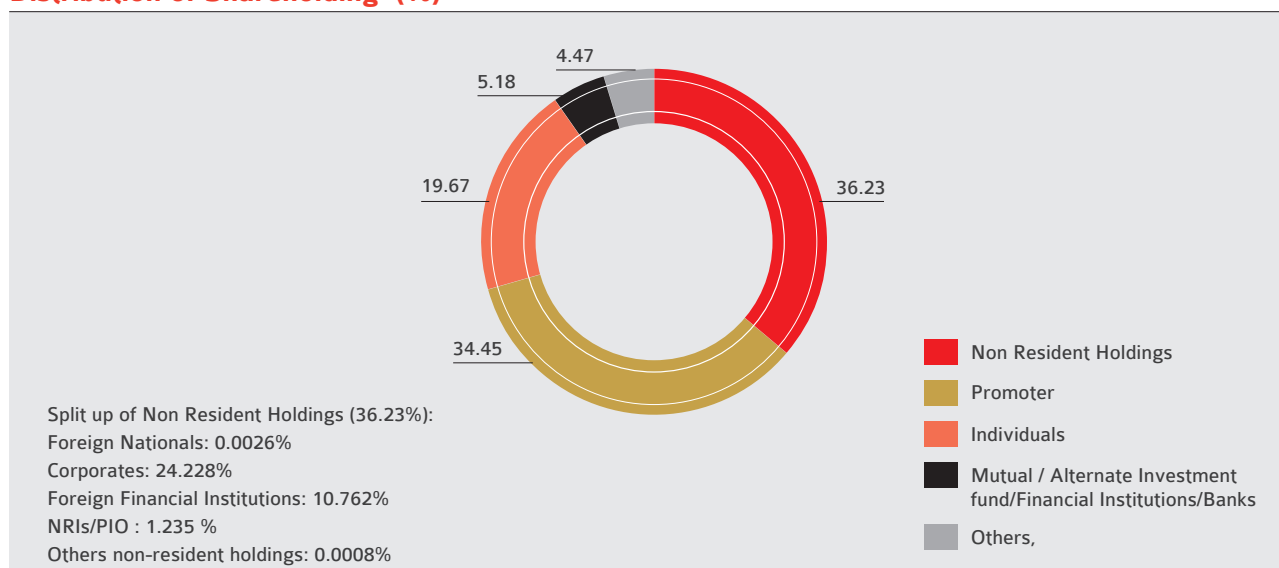
Share Price Performance



Performance of the Share Price in comparison to BSE Sensex Here black-line indicates changes in share price of BSE SENSEX and Red-line indicates changes in share price of Manappuram

List of Top 10 Shareholders as on March 31, 2017:

Sl. No.	Name	Shares	%
1	Nandakumar V P	237567239	28.22
2	Sushama Nandakumar	48000078	5.70
3	Baring India Private Equity Fund III Listed Invest	47616584	5.66
4	WF Asian Reconnaissance Fund Limited	33593014	3.99
5	Barclays Merchant Bank (Singapore) Ltd.	31744389	3.77
6	Baring India Private Equity Fund II Limited	26453439	3.14
7	DSP Blackrock Mutual Fund	25527339	3.03
8	Ashish Dhawan	12509483	1.49
9	Mousseganesh Limited	11691876	1.39
10	Morgan Stanley Mauritius Company Limited	10418349	1.24

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

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

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

Distribution of share holding as on March 31, 2017:

Value (₹)	No. of Shareholders	%	Amount (₹ In Million)	%
Upto 5,000	86960	91.91	61.74	3.67
5,001 - 10,000	3240	3.42	24.24	1.44
10,001 - 20,000	1818	1.92	27.69	1.64
20,001 - 30,000	613	0.65	15.31	0.91
30,001 - 40,000	579	0.61	21.71	1.29
40,001 - 50,000	226	0.24	10.28	0.61
50,001 - 1,00,000	537	0.57	38.89	2.31
1,00,001 and above	641	0.68	1483.95	88.13

DEMATERIALISATION AND LIQUIDITY

The Company is a member of the depository services of the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of its shares. As on 31/03/2017, 99.14% of the equity shares of the Company are in electronic form with the depositories as detailed below;

Category	No. of Shares	%	No. of S/h
National Securities Depository Ltd.	745112785	88.504	55163
Central Depository Services Ltd.	89576241	10.640	38847
Physical Holdings	7210610	0.856	608
TOTAL	841899636	100.000	94618

Shareholders can get their shares dematerialised with either NSDL or CDSL. Through SKDC Consultants Limited, Registrars and Share Transfer Agents, the Company has established connectivity with both the depositories, that is, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE522D01027.

Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity: The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence as on March 31, 2017, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments. No equity shares are in the suspense account / demat suspense account / unclaimed suspense account.

INTERIM DIVIDEND

Your Board has declared three interim dividends during the FY 2016-17 with an amount of 0.50 paise per equity share (face value ₹ 2/- per

share). The aggregate amount of ₹1.50/- per shares in FY 2016-17, amounts to 75 percent of the paid up value of the shares.

PAYMENT OF UNCLAIMED OR UNPAID DIVIDEND

Unclaimed dividend for the years prior to and including the financial year 2008-09 has been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government, as applicable.

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

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

Last date for claiming Unclaimed Dividend from the Company are detailed below:

Financial Year	Date of Declaration	Last date for claiming unpaid dividend
2009-10	11.05.2010	24.08.2017
2010-11	28.04.2011	16.09.2018
2011-12 (Interim)	02.02.2012	03.03.2019
2011-12 (Final)	18.05.2012	01.09.2019
2012-13	13.03.2013	12.04.2020
2013-14 (1st Interim)	09.08.2013	08.09.2020
2013-14 (2nd Interim)	13.11.2013	12.12.2020
2013-14 (3rd Interim)	07.02.2014	06.03.2021
2013-14 (Final)	31.07.2014	30.08.2021
2014-15 (1st Interim)	25.07.2014	24.08.2021
2014-15 (2nd Interim)	30.10.2014	29.11.2021
2014-15 (3rd Interim)	03.02.2015	02.03.2022
2014-15 (4th Interim)	26.05.2015	25.06.2022
2015-16 (1st Interim)	07.09.2015	06.10.2022
2015-16 (2nd Interim)	05.11.2015	04.12.2022
2015-16 (3rd Interim)	12.02.2016	11.03.2023
2015-16 (4th Interim)	26.03.2016	25.04.2023
2016-17 (1st Interim)	09.08.2016	08.09.2023
2016-17 (2nd Interim)	10.11.2016	09.12.2023
2016-17 (3rd Interim)	08.02.2017	07.03.2024

Claiming of unclaimed dividends before transfer to IEPF:

Shareholders were advised to make their claim for the unclaimed dividends in respect of the Shares held by them, by writing to Registrar and Share Transfer Agents, S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore – 641006 (Email: info@skdc-consultants.com, Phone: +91 422 4958995, 2539835-836).

Claiming of shares/dividends after transfer to IEPF:

In case of any shareholder wish to claim the shares / Dividend(s) after its transfer to IEPF, a separate application has to be made to the IEPF Authority in Form IEPF-5, as prescribed under the IEPF Rules and the same is available at IEPF website i.e., www.iepf.gov.in.

OTHER DISCLOSURES

There were no materially significant related party transactions having potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note 24 of Standalone financial statements.

The Company has complied with all the directives issued by stock exchanges and other statutory authorities. No penalties and strictures were imposed on the Company by any of the regulatory authorities such as the Stock Exchange, SEBI, Reserve Bank of India, Registrar of Companies, for non-compliance on any matter related to capital markets during the last three years 2014-15, 2015-16 and 2016-17.

Company has adopted the following policies in line with provisions of SEBI (LODR) Regulations, 2015 and its web link;

- Policy for determining Material Subsidiaries - <http://www.manappuram.com/public/uploads/editor-images/files/14-Policy-for-determining-Material-Subsidiaries.pdf>
- Policy for Determination of Materiality and Disclosure of Material Events / Information - <http://www.manappuram.com/public/uploads/editor-images/files/13-Policy-for-Determination-of-Materiality-and-Disclosure-of-Mater.pdf>
- Policy on Preservation of Documents and Archival of Documents in the Company Website - <http://www.manappuram.com/public/uploads/editor-images/files/17-Policy-on-Preservation-of-Documents-and-Archival-of-Documents-in-the-Company-Website.pdf>
- Policy on Related Party Transactions - <http://www.manappuram.com/public/uploads/editor-images/files/POLICYONRELATEDPARTYTRANSACTIONS080217.pdf>

Company is in compliance with all the corporate governance requirements mandated by Part A to D of Schedule II of the SEBI (LODR) Regulations, 2015. The Company has duly fulfilled the following discretionary requirements as prescribed in Schedule II Part E of the SEBI (LODR) Regulations, 2015:

- The auditors' report on statutory financial statements of the Company are unmodified.
- Mr. Jagadish Capoor is the Non-Executive Chairman of the Company and Mr. V.P.Nandakumar is the Managing Director and Chief Executive Officer of the Company. The Company has complied with the requirement of having separate persons to the post of Chairman and Managing Director / Chief Executive Officer.
- KPMG, the internal auditors of the Company, make presentations to the audit committee on their reports.

WHISTLE BLOWER POLICY AND VIGIL MECHANISM:

The Company has formulated Whistle Blower Policy and Vigil Mechanism ("the Policy") in line with the provisions of Regulation 4 and 22 of the SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013 with a view to enabling stakeholders, including directors, individual employees and their representative bodies to freely communicate their concerns about illegal or unethical practices and to report genuine concerns to the Audit Committee of the Company.

The vigil mechanism of the Company provides adequate safeguards against the victimisation of any directors or employees or any other person who avail the mechanism and also provides direct access to the Chairperson of the Audit Committee and a woman director. No person has been denied access to the Chairman of the audit committee. The said policy has been also put up on the website of the Company at the following link – <http://www.manappuram.com/public/uploads/editor-images/files/22-Whistle-blower-Policy-v2.pdf>

COMMODITY PRICE RISKS, FOREIGN EXCHANGE RISKS AND HEDGING ACTIVITIES:**Commodity Price Risks:**

The company lends against the collateral of used gold jewellery. When the customer fails to repay the principal plus interest of the loan, the company auctions the collateral and recovers the dues as per the RBI guidelines on gold loan auctioning. The amount recovered at the time of auction depends on the price of the gold content of the jewellery. As gold is a commodity, the company does therefore bear an exposure to commodity price risk. If gold prices are high, the amount of recovery at the time of auction is more and when the price of gold is low the amount recovered at the time of auction is lower. At the time of auction, the company may not collect full amount of interest due, especially if the price of gold is lower at the time of auction than at the time of disbursement.

Foreign Exchange Risks:

The company does not directly face any foreign exchange risks as all its loans are made in rupee terms. The company does not have any un-hedged borrowing in foreign exchange as well. There have been on occasions, borrowings in foreign exchange which are fully hedged and received in Indian Rupees.

Hedging Activities for the above:

The company has hedged the commodity price risk by shifting to primarily short term loans. Earlier the company used to make one year loans which had a higher risk of exposure to commodity price risk. With the shift to shorter term loans the company has significantly reduced its risk of non-collection of full interest and principal at the time of auction. This has also resulted in higher net yield during the year which has contributed to higher profitability as well.

SUBSIDIARY COMPANIES:

The audit committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the Board and Audit Committee meetings along with a report on significant transactions and arrangements entered into by the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.

Board of Directors of unlisted subsidiary companies consist of one independent director of the Company. The Company does not have any material non-listed subsidiary companies.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

As a part of familiarization programme for directors, a Director's Companion Second Edition is circulated to all directors of the company which is the compilation of duties and responsibilities as a director as well as other relevant aspects. It can be accessed on the company's website at <http://www.manappuram.com/public/uploads/editor-images/files/DirectorsCompanionEdition2-020517.pdf>.

Details regarding familiarization programmes conducted for Directors can be viewed on the company's website at <http://www.manappuram.com/familiarization-programme-for-independent-directors.html>

CODE OF CONDUCT

As per Regulation 26 of SEBI (LODR) Regulations, 2015, the Company has framed a Code of Conduct for the directors and senior management personnel and the same has been uploaded on to the website of the Company and is accessible to the shareholders of the Company at <http://www.manappuram.com/company/management-team.html>.

It is hereby affirmed that all the Board members and senior management personnel have complied with Code of Conduct of the Company. In terms of the provisions of Part E of Schedule V of the SEBI (LODR) Regulations, 2015, a declaration signed by the Chief Executive Officer of the Company is published in this report as Annexure - A.

FAIR PRACTICES CODE

The Company has framed Fair Practices Code as per the latest guidelines issued by Reserve Bank of India in this regard. The code is posted on the website of the Company at the <http://www.manappuram.com/public/uploads/editor-images/files/05-FPC-v2.pdf>

CEO/CFO CERTIFICATION

The requisite certification made by CEO/CFO as per the Regulation 17(8) as specified in Part B of Schedule II of the SEBI (LODR) Regulations, 2015 for FY 2016-17 was taken note by the Board of Directors at its meeting held on May 25, 2017 and is published in this report as Annexure - B.

AUDITOR'S CERTIFICATE

Independent auditor's compliance certificate regarding the compliance of conditions of corporate governance is annexed with the Board's Report in terms of the provisions of Part E of Schedule V of the SEBI (LODR) Regulations, 2015.

On Behalf of the Board
Sd/-

V.P. Nandakumar
Managing Director & CEO
DIN- 00044512

Place: Valapad
Date: May 25, 2017

Annexure - A

Declaration Regarding Compliance by Board Members and Senior Management Personnel With the Company's Code of Conduct

This is to confirm that the Company has adopted a Code of Conduct for the directors and senior management personnel. I confirm that the Company has in respect of the year ended March 31, 2017, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

Place: Valapad

Date: May 25, 2017

V.P. Nandakumar
Managing Director & CEO
DIN- 00044512

Annexure - B

CEO & CFO Certification Under SEBI (LODR) Regulations, 2015

We, V.P.Nandakumar, Managing Director & CEO and Kapil Krishan, Chief Financial Officer, of Manappuram Finance Limited, ("the Company") hereby certify that:-

- (a) We have reviewed financial statements and cash flow statement for the year ended 31st March 2017 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company for the year ended 31st March 2017 which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the audit committee
 - 1. significant changes in internal control over financial reporting during the year;
 - 2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Valapad

Date: May 25, 2017

V.P. Nandakumar
Managing Director & CEO
DIN- 00044512

Kapil Krishan
Chief Financial Officer

Independent Auditor's Report

To the Members of Manappuram Finance Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of Manappuram Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, its profit, and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's report) Order, 2016("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
 - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified

(All amounts are in millions of Indian Rupees, unless otherwise stated)

as on March 31, 2017, 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 2" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 27 to the standalone financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts – Refer Note 6 to the financial statements and ;
- iii. The following are the instances of delay in transferring amounts, to the Investor Education and Protection Fund by the Company.

Particulars	Amount ₹ In Million	Date of payment	No of days delay
Unpaid dividend 2008-09	0.47	24/10/2016	1
Unpaid Matured deposits	0.01	21/10/2016	One instance of 34 days and another of 69 days respectively

- iv. The Company has provided disclosures in Note 47 in the financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including those in Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management. However, as stated in note 47 in the financial statements, certain borrowers of the Company have directly deposited cash in the Company's bank accounts and we report that we were not made available sufficient appropriate audit evidence to report on the matter including denomination wise details of such deposits, the details of which, as represented to us, are not available with the Company. Further, as stated in note 47 in the financial statements and based on information and explanation provided to us, we report that there have been non-permitted transactions aggregating ₹ 47.17 million.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Bharath N S**

Partner

Membership Number: 210934

Place of Signature: Chennai

Date: May 25, 2017

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Annexure 1 referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date Re: Manappuram Finance Limited (“the Company”)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, fixed assets are held in the name of the Company.
- (ii) The Company’s business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) (a) The Company has granted loans to three companies covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grants and loans not prejudicial to the Company’s interest.
- (b) In respect of loans granted to companies covered in the register maintained under section 189 of the Companies Act, 2013, repayment of the principal amount is as stipulated and payment of interest has been regular.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained
- under section 189 of the Companies Act, 2013 which are overdue and outstanding for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made, guarantees and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including income-tax, excise duty, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases with regard to remittances of provident fund, employees’ state insurance, sales tax and service tax. The provisions relating to customs duty is not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, sales-tax, service tax, excise duty, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the records of the Company, there are no dues outstanding of wealth tax, excise duty and cess on account of any dispute. The dues outstanding of service tax, income tax and sales-tax on account of a dispute are as follows:

Name of the Statute	Nature of dues	Period of dispute	Amount due ₹ in million *	Forum where it is pending
Finance Act, 1994	Service Tax	FY 2001-02 to 2007-08	2.99 (including penalty of 2.24)	Commissioner of Central Excise and Service Tax (Appeals)
Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax	FY-2011-12	5.60 (including penalty of 1.12)	Appellate Deputy Commissioner (CT)
Finance Act, 1994	Service Tax	FY 2004-05 to 2007-08	3.05	Commissioner Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	FY 2008-09	0.37 (including penalty of 0.19)	Commissioner Central Excise and Service Tax (Appeals)
Income Tax Act, 1961	Income tax	FY 2011-12	7.72	Commissioner of Income tax (Appeals)
Income Tax Act, 1961	Income tax	FY 2012-13	87.36	Commissioner of Income tax (Appeals)
Income Tax Act, 1961	Income tax	FY 2013-14	230.09	Commissioner of Income tax (Appeals)

*Amount paid under protest Income tax act ₹ 29.90 million & Value Added Tax ₹ 2.80 million.

(All amounts are in millions of Indian Rupees, unless otherwise stated)

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders. The Company did not have any outstanding dues to government during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer during the year. The Company has utilised the monies raised by way of term loan / debt instruments for the purpose for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, we report that no fraud by the Company has been noticed or reported during the year. However, as more fully discussed in Note 46 to the financial statements and as informed by the management, we report that, during the year there have been certain instances of fraud on the Company by officers and employees where gold loan related misappropriations / cash embezzlements / burglaries have occurred for amounts aggregating ₹ 17.46 million (net of recoveries of ₹ 54.71 million). The Company has taken or is in the processing of taking legal and other actions against such employees/third parties and making insurance claims for recoveries of these amounts from the respective insurance companies where applicable.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Bharath N S**

Partner

Membership Number: 210934

Place of Signature: Chennai

Date: May 25, 2017

Annexure 2 to the Independent Auditor's Report of Even Date on the Standalone Financial Statements of Manappuram Finance Limited

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

To the Members of Manappuram Finance Limited

We have audited the internal financial controls over financial reporting of Manappuram Finance Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance

Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

(All amounts are in millions of Indian Rupees, unless otherwise stated)

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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Bharath N S**

Partner

Membership Number: 210934

Place of Signature: Chennai

Date: May 25, 2017

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Standalone Balance Sheet

as at March 31, 2017

	Note No.	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,683.80	1,682.41
Reserves and surplus	4	31,423.73	25,685.67
		33,107.53	27,368.08
Non-current liabilities			
Long-term borrowings	5	19,529.31	11,151.34
Other long term liabilities	6	1,134.50	1,237.80
		20,663.81	12,389.14
Current liabilities			
Short-term borrowings	7	62,559.51	67,672.41
Trade Payables	8		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		685.22	232.51
Other current liabilities	8	13,435.16	10,778.74
Short-term provisions	9	1,012.42	667.90
		77,692.31	79,351.56
TOTAL		131,463.64	119,108.78
ASSETS			
Non-current assets			
Fixed assets			
Property, Plant and Equipment	10A	1,760.51	1,868.10
Intangible assets	10B	29.92	30.18
Capital work-in-progress		1.36	-
Non-current investments	11	3,241.92	3,241.92
Deferred tax assets (net)	12	555.34	390.84
Long-term loans and advances	13	2,724.92	2,100.50
Other non current assets	14	782.95	979.43
		9,096.92	8,610.97
Current assets			
Cash and bank balances	15	4,116.50	4,919.33
Short-term loans and advances	13	114,962.91	101,790.71
Other current assets	14	3,287.31	3,787.77
		122,366.72	110,497.81
TOTAL		131,463.64	119,108.78
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For **S.R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **Bharath N S**

Partner

Membership no.: 210934

For and on behalf of the board of directors

V.P. Nandakumar

Managing Director & Chief Executive Officer

B. N. Raveendra Babu

Executive Director

Kapil Krishan

Chief Financial Officer

Ramesh Periasamy

Company Secretary

Place: Chennai

Date : May 25, 2017

Place: Valapad, Thrissur

Date : May 25, 2017

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Statement of Standalone Profit and Loss

for the year ended March 31, 2017

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
INCOME			
Revenue from operations	16	30,070.14	22,130.78
Other income	17	14.19	18.11
Total revenue		30,084.33	22,148.89
EXPENSES			
Finance costs	18	10,025.55	8,838.65
Employee benefits expense	19	4,205.01	3,962.16
Other expenses	20	4,122.39	3,628.07
Depreciation and amortization expense	21	582.61	530.89
Total Expenses		18,935.56	16,959.77
Profit before tax		11,148.77	5,189.12
Tax expenses			
Current tax		4,052.93	1,911.36
Deferred tax		(164.50)	(94.67)
Total tax expense		3,888.43	1,816.69
Profit for the year		7,260.34	3,372.43
Earnings per equity share [nominal value of share ₹ 2/-]	22		
Basic earnings per share (₹/-)		8.63	4.01
Diluted earnings per share (₹/-)		8.63	4.01
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For **S.R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **Bharath N S**

Partner

Membership no.: 210934

Place: Chennai

Date : May 25, 2017

For and on behalf of the board of directors

V.P. Nandakumar

Managing Director & Chief Executive Officer

Kapil Krishan

Chief Financial Officer

Place: Valapad, Thrissur

Date : May 25, 2017

B. N. Raveendra Babu

Executive Director

Ramesh Periasamy

Company Secretary

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Standalone Cash Flow Statement

for the year ended March 31, 2017

	March 31, 2017	March 31, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	11,148.77	5,189.12
Depreciation and amortization	582.61	530.89
(Profit)/loss on sale of fixed assets	(5.17)	(6.70)
Net gain on sale of current investments	(5.98)	(23.30)
Provision for standard assets	95.90	128.76
Bad debts/advances written off / provision for non performing assets and provision for doubtful advances	459.99	195.96
Amortisation of Forward contracts premium	89.77	-
Provision for Litigation claim	6.56	4.07
Operating profit before working capital changes	12,372.45	6,018.80
Movements in working capital :		
Increase/ (decrease) in trade payable	452.71	(9.63)
Increase/ (decrease) in other current liabilities and provisions	1,985.14	340.55
Decrease / (increase) in long-term loans and advances	(636.90)	(1,210.15)
Decrease / (increase) in short-term loans and advances	(13,485.41)	(9,433.01)
Decrease / (increase) in other current assets	513.03	2,221.54
Increase / (decrease) in Other long term liabilities	(187.27)	143.91
Cash generated from /(used in) operations	1,013.75	(1,927.99)
Direct taxes paid (net of refunds)	(3,847.09)	(1682.35)
Net cash flow from/ (used in) operating activities (A)	(2,833.34)	(3610.34)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including Capital work in progress	(464.04)	(742.25)
Proceeds from sale of fixed assets	5.57	10.87
Purchase of current investments	-	(450.00)
Purchase of non current investments	-	(1,565.50)
Sale of current investments	5.98	2,591.50
Redemption/ maturity of bank deposits (having original maturity of more than three months)	1,194.31	937.80
Investments in bank deposits (having original maturity of more than three months)	(1,019.65)	(1,052.34)
Net cash flow from/ (used in) investing activities (B)	(277.83)	(269.92)

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Standalone Cash Flow Statement

for the year ended March 31, 2017

	March 31, 2017	March 31, 2016
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of equity share capital	21.65	-
Proceeds from Institutional debentures (long term)	15,050.00	-
Repayment of Institutional debentures (long term)	(436.40)	(890.50)
Repayment of Public debentures	(1,539.72)	(1,505.35)
Repayment of Retail Debenture	(94.66)	(451.82)
Proceeds from commercial paper	87,246.61	70,266.49
Repayment of commercial paper	(73,489.32)	(61,834.06)
Proceed from Vehicle Loan	31.00	-
Repayment of Vehicle Loan	(1.73)	(2.00)
Proceed from Finance Lease	27.01	81.03
Repayment of Finance Lease	(27.55)	(19.65)
Repayment of Subordinate Debt	(1,807.31)	(575.18)
Proceed from Term loan/WCDL from Bank	103,820.00	117,400.00
Repayment of Term Loan/WCDL from Banks	(124,470.30)	(122,362.75)
Proceeds from Foreign currency term loan - Bank	1,500.00	-
Proceeds from Foreign currency WCDL - Bank	5,500.00	-
Proceeds from Borrowings from others	122.26	262.80
Repayment of Borrowings from others	(248.53)	(175.17)
Proceeds / (Repayment) in Cash credit facilities (net)	(7,206.18)	3,891.09
Dividends paid	(1,262.56)	(1,892.74)
Tax on dividend paid	(257.02)	(385.31)
Net cash flow from/ (used in) in financing activities (C)	2,477.25	1,806.88
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(633.92)	(2,073.38)
Cash and cash equivalents at the beginning of the year	3,821.11	5,894.49
Cash and cash equivalents at the end of the year	3,187.19	3,821.11
Components of cash and cash equivalents		
Cash on hand	1,025.56	1,269.61
With banks		
- in current account	1,595.86	2,031.93
- in escrow account*		
Unpaid matured deposit account	0.07	0.07
Unpaid NCD trustee account	24.39	34.26
Unpaid auction surplus deposit	510.40	446.71
Unpaid dividend account	30.91	38.53
TOTAL CASH AND CASH EQUIVALENTS (NOTE 15)	3,187.19	3,821.11

*The Company can utilize these balances only towards settlement of the respective unpaid dividend, unpaid matured deposits, unpaid NCD trustee account and unpaid auction surplus.

For **S.R Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004
per **Bharath N S**
Partner
Membership no.: 210934

For and on behalf of the board of directors

V.P. Nandakumar
Managing Director & Chief Executive Officer

Kapil Krishan
Chief Financial Officer
Place: Valapad, Thrissur
Date : May 25, 2017

B. N. Raveendra Babu
Executive Director

Ramesh Periasamy
Company Secretary

Place: Chennai
Date : May 25, 2017

Notes

to the Standalone Financial statements for the year ended March 31, 2017

1) NATURE OF OPERATIONS

Manappuram Finance Limited ('MAFIL' or 'the Company') was incorporated on July 15, 1992 in Thrissur, Kerala. The Company is a Non-Banking Finance Company ('NBFC'), which provides a wide range of fund based and fee based services including gold loans, money exchange facilities, etc. The Company currently operates through 3,291 branches spread across the country. The Company is a Systemically Important Non-Deposit taking NBFC.

2) BASIS OF PREPARATION

The standalone financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016 and the guidelines issued by the Reserve Bank of India as applicable to a Systemically Important Non-Deposit accepting NBFC ('NBFC-ND-SI'). The standalone financial statements have been prepared under the historical cost convention and on an accrual basis except for interest and discounts on non-performing assets which are recognized on realization basis.

The accounting policies adopted in the preparation of standalone financial statements are consistent with those of previous year, except for the changes required as per the Companies (Accounting Standard) Amendment Rules, 2016.

2.1) Statement of significant accounting policies

a) Use of estimates

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

(b) Property, Plant and Equipment

Property, plant and equipment, capital work in progress are stated at cost, less accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met

and directly attributable cost of bringing the asset to its working condition for the intended use.

The company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

b) Depreciation

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

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

* The Company has estimated useful life which is different from Schedule II useful life based on technical advice obtained by the management.

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

c) Intangible assets – Computer software & licenses

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

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

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

d) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any

Notes

to the Standalone Financial statements for the year ended March 31, 2017

indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

e) Leases

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

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

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments in respect of non-cancellable leases are recognized as an

expense in the statement of Profit and Loss on a straight-line basis over the lease term.

f) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Any inter class transfer should be with the approval of the board and as per RBI regulation.

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

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

g) Revenues

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

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

Loan origination income i.e. processing fee and other charges collected upfront are recognized at the inception of the loan.

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Standalone Financial statements for the year ended March 31, 2017

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

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

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

h) Employee benefits

- i. Retirement benefit in the form of Provident Fund is a defined contribution scheme. The Company has no obligation payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for the service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as the liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent the pre-payment will lead to, for example, a reduction in future payment or a cash refund.
- ii. Gratuity liability under the Payment of Gratuity Act which is a defined benefit scheme is accrued and provided for on the basis of an actuarial valuation as per projected unit credit method made at the end of each financial year.
- iii. Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.
- iv. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences

are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet considering the absence of unconditional right to defer its settlement.

i) Foreign currency transactions

(i) Initial Recognition

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

(ii) Conversion

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

(iii) Exchange Differences

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

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

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

(All amounts are in millions of Indian Rupees, unless otherwise stated)

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recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period. Any gain/loss arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with the following

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

(v) Derivative instruments and hedge accounting

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

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

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

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

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

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

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

j) Borrowing costs

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

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

k) Income Tax

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient

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future taxable income will be available against which such deferred tax assets can be realized.

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

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

l) Earnings per share

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

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

m) Provisions

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

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

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

Other loans are classified/ provided for, as per management's best estimate, subject to the minimum provisions required as per Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

n) Segment reporting

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

o) Cash and Cash Equivalents

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

p) Ancillary borrowing costs

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

q) Insurance claims

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

r) Surplus on auction of pledged gold

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

s) Expenditure on Corporate Social Responsibility (CSR)

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

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to the Standalone Financial statements for the year ended March 31, 2017

t) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to

settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements as there is no indication of the uncertainties relating to any outflow.

NOTE: 3 SHARE CAPITAL

	As at March 31, 2017	As at March 31, 2016
Authorized shares		
980,000,000 (March 31, 2016: 980,000,000) equity shares of ₹ 2/- each	1,960.00	1,960.00
400,000 (March 31, 2016: 400,000) redeemable preference shares of ₹ 100/- each	40.00	40.00
Issued, subscribed and fully paid-up shares		
841,899,636 (31 March 2016: 841,207,136) equity shares of ₹ 2/- each	1,683.80	1,682.41
Total issued, subscribed and fully paid-up share capital	1,683.80	1,682.41

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

	March 31, 2017		March 31, 2016	
	No. millions	₹ (in millions)	No. millions	₹ (in millions)
At the beginning of the year	841.20	1,682.41	841.20	1,682.41
Issued during the year - ESOP (refer note 23)	0.69	1.39	-	-
Outstanding at the end of the year	841.89	1,683.80	841.20	1,682.41

b. Terms/rights attached to equity shares

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

During the year ended 31 March 2017, the amount of per share dividend recognized as distributions to equity shareholders was ₹1.50 per share (31 March 2016: ₹ 2.25/- per share).

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

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

	March 31, 2017 No. millions	March 31, 2016 No. millions
Equity shares allotted as fully paid bonus shares by capitalization of securities premium, general reserve and capital redemption reserve.	614.56	614.56

In addition, the Company has issued 746,500 equity shares (March 31, 2016: 11,213,880) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

(All amounts are in millions of Indian Rupees, unless otherwise stated)

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to the Standalone Financial statements for the year ended March 31, 2017

d. Details of shareholders holding more than 5% shares in the Company (Equity shares of ₹ 2/- each fully paid)

	March 31, 2017		March 31, 2016	
	No. millions	% holding in the class	No. millions	% holding in the class
Mr.Nandakumar V P	237.57	28.22	230.94	27.45
Ms Sushama Nandakumar	48.00	5.70	48.00	5.71
Baring India Private Equity Fund III	47.62	5.66	79.36	9.43

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

NOTE: 4 RESERVES AND SURPLUS

	As at March 31, 2017	As at March 31, 2016
Securities premium account		
Balance as per the last financial statements	13,699.17	13,699.17
Add: additions on ESOPs exercised	20.26	-
Closing Balance	13,719.43	13,699.17
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934		
Balance as per the last financial statements	4,283.83	3,609.34
Add: Transfer from surplus balance in the Statement of Profit and Loss	1,452.07	674.49
Closing Balance	5,735.90	4,283.83
Debenture Redemption reserve		
Balance as per the last financial statements	718.95	549.04
Add: amount transferred from surplus balance in the Statement of Profit and Loss (refer note 4 (b))	102.26	169.91
Closing Balance	821.21	718.95
General reserve		
Balance as per the last financial statements	3,885.08	3,885.08
Closing Balance	3,885.08	3,885.08
Hedge Reserve		
Balance as per the last financial statements	-	-
Gains/(losses) arising during the year	22.96	-
Closing Balance	(22.96)	-
Surplus/(deficit) in the Statement of Profit and Loss		
Balance as per last financial statements	3,098.64	2,848.66
Profit for the year	7,260.34	3,372.43
Less: Appropriations		
Transfer to debenture redemption reserve	102.26	169.91
Interim dividend on equity shares	1,262.56	1,892.74
Tax on proposed equity dividend	-	-
Tax on interim dividend on equity shares	257.02	385.31
Transfer to Statutory reserve	1,452.07	674.49
Total appropriations	3,073.91	3,122.45
Net surplus in the Statement of Profit and Loss	7,285.07	3,098.64
Total reserves and surplus	31,423.73	25,685.67

Notes:

a) Pursuant to Section 71 of the Companies Act, 2013 and circular 04/2013, read with notification issued date 19th June 2016 issued by Ministry of Corporate Affairs, the Company is required to transfer 25% of the value of the outstanding debentures issued through public issue as per the present SEBI (Issue and Listing of Debt Securities) Regulation, 2008 to Debenture Redemption Reserve (DRR) and no DRR is required in case of privately placed debenture. Also the Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the balance sheet date.

(All amounts are in millions of Indian Rupees, unless otherwise stated)

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to the Standalone Financial statements for the year ended March 31, 2017

b) In respect of the debentures issued through public issue, the Company has created DRR of ₹ 821.21 as at March 31, 2017 (Previous Year March 31, 2016 ₹ 718.95). The Company subsequent to the year-end has deposited a sum of ₹ 291.20 (previous year March 31, 2016 ₹ 189.08) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date net of redemption before April 30, 2017.

NOTE: 5 LONG-TERM BORROWINGS

	Non-current portion		Current maturities	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Sub-ordinated debt (Unsecured)				
Subordinate debt from banks	-	500.00	500.00	1,000.00
Subordinate bonds from others	63.99	417.98	353.99	807.30
Debentures (Secured)				
Non-convertible Debentures - Private placement	16,612.06	2,669.81	1,059.05	482.36
Non-convertible Debentures - Public issue	578.10	3,284.84	2,706.74	1,539.72
Term loans				
Indian rupee loan from banks (secured)	795.83	4,248.85	4,841.67	5,160.77
Foreign Currency Term Loan from banks (secured)	1,438.99	-	-	-
Indian rupee loan from others (Unsecured)	-	-	31.27	157.53
Vehicle loans (Secured)	24.44	-	5.30	0.47
Finance lease obligation (secured)	15.90	29.86	44.93	31.51
	19,529.31	11,151.34	9,542.96	9,179.66
The above amount includes				
Secured borrowings	19,465.32	10,233.36	8,657.69	7,214.83
Unsecured borrowings	63.99	917.98	885.26	1,964.83
Amount disclosed under the head "other current liabilities" (note 8)	-	-	(9,542.95)	(9,179.66)
Net amount	19,529.31	11,151.34	-	-

A) Indian rupee loan from banks (secured) As at March 31, 2017

Terms of repayment

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

These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold and margin/cash collateral as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO.

(All amounts are in millions of Indian Rupees, unless otherwise stated)

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to the Standalone Financial statements for the year ended March 31, 2017

As at March 31, 2016

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within 2-5 years	10.45 -11.30%	423.08	-
Due within 1-2 years	9.95 -11.30%	3,825.77	-
Due within 1 year	9.50 -11.30%	-	5,160.77
TOTAL		4,248.85	5,160.77

These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold and margin/cash collateral as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO

B) Indian rupee loan from others (Unsecured)

As at March 31, 2017

Terms of repayment

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

As at March 31, 2016

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within One year	12.30 -13.75 %	-	157.53
TOTAL		-	157.53

C) Vehicle loans (Secured loans)

As at March 31, 2017

Terms of repayment

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

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

(All amounts are in millions of Indian Rupees, unless otherwise stated)

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to the Standalone Financial statements for the year ended March 31, 2017

As at March 31, 2016

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest		Total
	< 10%	>= 10% < =12%	
	Amount	Amount	Amount
Due within 1-2 years	-	-	-
Due within 1 year	0.47	-	0.47
Grand Total	0.47	-	0.47
Non current portion			-
Current Maturities			0.47

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

- D.** Subordinate debt from banks as at March 31, 2017 aggregating ₹ Nil (March 31, 2016 ₹ 1,000) which carries an interest rate of (floating - BR + 3.75%) is repayable at the end of five years and six months from the date of the loan viz. December 13, 2010, and ₹ 500 as at March 31, 2017, (₹ 500 as at March 31, 2016) which carries an interest rate of (floating - BR + 3.30%) is repayable at the end of five years and six months from the date of the loan viz. January 28, 2012.
- E.** Finance lease obligation is secured by hypothecation of Computers taken on lease. The interest rate implicit in the lease is 11% p.a. The gross investment in lease, i.e., lease obligation plus interest, is payable in 12 quarterly instalments of approx. ₹ 9.88 (March 31, 2016 - ₹ 7.41) each.
- F. Foreign currency loan:**
- 1) ₹ 1,000 as at March 31, 2017 which carries interest @ LIBOR plus 265bps. The loan is repayable after 3 years from the date of its origination, viz., 9 May 2016.
 - 2) ₹ 500 as at March 31, 2017 which carries interest @ LIBOR plus 215bps. The loan is repayable after 3 years from the date of its origination, viz., 22 December 2016. The loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans & advances of the Company. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO.

Subordinate bonds have a face value of ₹ 1,000/- each. Details of rate of interest and maturity pattern from the date of the balance sheet is as under:

As at March 31, 2017

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14%<=15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	-	-	1,472	1.47	3,542	3.54	5,014	5.01
Due within 4-5 years	-	-	18,452	18.45	12,463	12.46	30,915	30.91
Due within 3-4 years	6,857	6.86	10,589	10.59	-	-	17,446	17.45
Due within 2-3 years	413	0.41	2,937	2.94	2,309	2.31	5,659	5.66
Due within 1-2 years	-	-	-	-	4,965	4.97	4,965	4.97
Due within 1 year	-	-	139,795	139.80	214,189	214.19	353,984	353.99
Grand Total	7,270	7.27	173,245	173.25	237,468	237.47	417,983	417.98
Non-current portion								63.99
Current maturities								353.99
TOTAL								417.98

(All amounts are in millions of Indian Rupees, unless otherwise stated)

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As at March 31, 2016

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		>= 14% <= 15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	-	-	19,924	19.92	16,005	16.01	35,929	35.92
Due within 4-5 years	6,857	6.86	10,589	10.59	-	-	17,446	17.45
Due within 3-4 years	413	0.41	2,937	2.94	2,309	2.31	5,659	5.66
Due within 2-3 years	-	-	-	-	4,965	4.97	4,965	4.97
Due within 1-2 years	-	-	139,795	139.79	214,189	214.19	353,984	353.98
Due within 1 year	-	-	531,843	531.84	275,466	275.47	807,309	807.31
Grand Total	7,270	7.27	705,088	705.08	512,934	512.95	1,225,292	1,225.29
Non-current portion								417.98
Current maturities								807.31
TOTAL								1,225.29

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

As at March 31, 2017

Terms of repayment

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

As at March 31, 2016

Terms of repayment

Redeemable at par within	Rate of interest									
	< 10%		>= 10% < 12%		>= 12% < 14%		>= 14% < 16%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 2-3 years	-	-	-	-	1,146,540	1,146.54	434,038	434.04	1,580,578	1,580.58
Due within 1-2 years	-	-	20,000	20.00	104,961	104.96	167,267	167.27	292,228	292.23
Due within 1 year	-	-	7,500	7.50	38,115	38.12	336	0.34	45,951	45.96
Grand Total	-	-	27,500	27.50	1,289,616	1,289.62	601,641	601.65	1,918,757	1,918.77
Non-current portion										1,872.81
Current maturities										45.96
TOTAL										1,918.77

Nature of Security

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

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

(All amounts are in millions of Indian Rupees, unless otherwise stated)

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ii) Private Placement Institutional- Issue of Redeemable Non-convertible Debentures of ₹ 100,000/- each

As at March 31, 2017

Terms of repayment

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Security
	Nil	Nil			
TOTAL					
Non-current portion		-			
Current maturities		-			
TOTAL		-			

As at March 31, 2016

Terms of repayment

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Security
17-Jun-11	400	40.00	12.50%	17-Jun-16	Secured by first pari passu charge on the receivable of the Company with minimum asset cover ratio of 1.10 times and immovable property*
27-May-11	84	8.40	12.25%	27-May-16	
27-May-11	3,880	388.00	12.50%	27-May-16	
TOTAL	4,364	436.40			
Non-current portion		-			
Current maturities		436.40			
TOTAL		436.40			

*Immovable property shall mean the commercial premises of the Company at Kole Kalyan, Santacruz (East) Mumbai.

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

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

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Standalone Financial statements for the year ended March 31, 2017

As at March 31, 2016

Terms of repayment

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Put and Call option
31-Dec-12	400	400.00	12.55%	31-Dec-17	None
09-Jan-13	116	116.00	12.40%	09-Jan-18	None
01-Feb-13	250	250.00	12.55%	01-Feb-18	None
20-Mar-13	1	1.00	12.40%	20-Mar-18	None
20-Mar-13	30	30.00	13.00%	20-Mar-23	None
TOTAL	797	797.00			
Non-current portion		797.00			
Current maturities		-			
TOTAL		797.00			

Nature of Security

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

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

As at March 31, 2017

Terms of repayment

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

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Standalone Financial statements for the year ended March 31, 2017

As at March 31, 2016

Terms of repayment

Date of allotment	Number	Amount	Interest Rate	Redeemable at par on
05-Apr-14	127,579	127.58	11.50%	05-Apr-16
05-Apr-14	264,285	264.29	12.00%	05-Apr-16
18-Oct-14	165,683	165.68	11.00%	18-Oct-16
18-Oct-14	135,403	135.40	11.25%	18-Oct-16
28-Jan-14	539,297	539.30	12.25%	28-Jan-17
28-Jan-14	307,469	307.47	12.50%	28-Jan-17
05-Apr-14	585,064	585.06	12.25%	05-Apr-17
05-Apr-14	315,100	315.10	12.50%	05-Apr-17
18-Oct-14	1,137,977	1,137.98	11.50%	18-Oct-17
18-Oct-14	668,597	668.60	11.75%	18-Oct-17
28-Jan-14	4,919	4.92	11.50%	28-Jan-19
28-Jan-14	11,140	11.14	12.00%	28-Jan-19
05-Apr-14	5,012	5.01	11.50%	05-Apr-19
05-Apr-14	8,447	8.45	12.00%	05-Apr-19
18-Oct-14	22,024	22.02	11.25%	18-Oct-19
18-Oct-14	12,970	12.97	11.50%	18-Oct-19
28-Jan-14	175,298	175.30	12.61%	28-Nov-19
05-Apr-14	187,771	187.77	12.61%	05-Feb-20
18-Oct-14	150,523	150.52	11.70%	18-Jan-21
TOTAL	4,824,558	4,824.56		
Non-current portion		3,284.84		
Current maturities		1,539.72		
TOTAL		4,824.56		

Nature of Security

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

NOTE: 6 OTHER LONG TERM LIABILITIES

	As at March 31, 2017	As at March 31, 2016
Interest accrued but not due on long term borrowings	855.89	1,038.15
Security deposits from employees	194.64	199.65
Derivative Liability(Refer Note 33)	83.97	-
	1,134.50	1,237.80

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Standalone Financial statements for the year ended March 31, 2017

NOTE: 7 SHORT-TERM BORROWINGS

	As at March 31, 2017	As at March 31, 2016
Cash credit / Overdraft facilities from banks (secured)	5,647.66	12,853.84
Working Capital demand loan from banks (secured)	33,815.99	45,480.00
Commercial Papers (unsecured)	23,095.86	9,338.57
	62,559.51	67,672.41
The above amount includes		
Secured borrowings	39,463.65	58,333.84
Unsecured borrowings	23,095.86	9,338.57
TOTAL	62,559.51	67,672.41

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

Particulars	March 31, 2017	March 31, 2016
Secured by hypothecation of specific/paripassu assets covered and Margin/cash collateral under hypothecation agreements. The loans have been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director & CEO	39,463.65	58,333.84
TOTAL	39,463.65	58,333.84

The cash credit is repayable on demand and carries interest @ 9.85% to 11.75% p.a.

The working capital demand loan from banks carries interest @ 8.81% to 9.90% p.a.

Commercial papers carry interest rates of 7.25% to 10.05% and their tenor ranges from 60 days to 364 days.

NOTE: 8 OTHER CURRENT LIABILITIES

	As at March 31, 2017	As at March 31, 2016
Trade Payables (refer note 8 (A))		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	685.22	232.51
TOTAL (A)	685.22	232.51
Current maturities of long-term borrowings (note 5) (Includes current maturity of finance lease obligation ₹ 44.93 (PY ₹ 31.51))	9,542.95	9,179.67
Interest accrued but not due on borrowings	2,075.15	554.33
Statutory dues payable	167.62	95.62
Employee related payables	388.41	342.35
Auction surplus	579.13	462.74
Forward cover contract payable	403.27	-
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unclaimed matured Non convertible debenture	11.67	13.83
Unclaimed dividend	30.90	38.52
Unclaimed matured deposits	0.06	0.07
Unclaimed matured subordinate bonds	153.87	21.19
Unpaid Interest - NCD/Bond	1.91	3.99
Others	80.21	66.43
TOTAL (B)	13,435.15	10,778.74
TOTAL (A+B)	14,120.37	11,011.25

Note 8(A): There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding as at March 31, 2017 and March 31, 2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Standalone Financial statements for the year ended March 31, 2017

NOTE: 9 SHORT TERM PROVISIONS

	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits		
Provision for gratuity	71.52	62.54
Provision for leave encashment	86.29	-
	157.81	62.54
Other provisions		
Provision for non performing assets	365.28	218.50
Provision for standard assets	453.85	357.94
Provision for litigation	35.48	28.92
	854.61	605.36
	1,012.42	667.90

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

	As at March 31, 2017	As at March 31, 2016
At the beginning of the year	28.92	24.85
Arising during the year	6.56	4.07
Utilized during the year	-	-
Unused amounts reversed	-	-
At the end of the year	35.48	28.92
Current portion	35.48	28.92
Non-current portion	-	-

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Standalone Financial statements for the year ended March 31, 2017

NOTE: 10A PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Building	Office equipment	Electrical Installation	Computer equipment **	Furniture and Fittings	Vehicle *	Plant & Machinery	Total
Cost									
At 1 April 2015	81.18	305.71	261.03	264.35	936.45	2,057.39	33.88	42.94	3,982.93
Additions	17.01	1.10	107.87	44.36	349.88	186.22	6.59	2.04	715.07
Deletions	-	-	2.62	1.12	63.93	17.56	3.56	-	88.79
At 31 March 2016	98.19	306.81	366.28	307.59	1,222.40	2,226.05	36.91	44.98	4,609.21
Cost									
At 1 April 2016	98.19	306.81	366.28	307.59	1,222.40	2,226.05	36.91	44.98	4,609.21
Additions	35.47	1.63	46.67	18.95	132.56	187.53	33.05	2.34	458.20
Deletions/adjustment	-	-	33.94	18.72	113.04	127.84	-	-	293.54
At 31 March 2017	133.66	308.44	379.01	307.82	1,241.92	2,285.74	69.96	47.32	4,773.87
Accumulated Depreciation									
At 1 April 2015	-	17.71	180.71	236.59	748.91	1,105.86	14.27	7.74	2,311.79
Charge for the year	-	10.54	55.69	25.47	158.78	254.99	5.37	3.09	513.93
Deletions	-	-	2.60	1.12	62.44	16.90	1.55	-	84.61
At 31 March 2016	-	28.25	233.80	260.94	845.25	1,343.95	18.09	10.83	2,741.11
Accumulated Depreciation									
At 1 April 2016	-	28.25	233.80	260.94	845.25	1,343.95	18.09	10.83	2,741.11
Charge for the year	-	10.56	69.81	25.73	199.53	250.19	6.33	3.26	565.41
Disposals/adjustment	-	-	33.93	18.71	112.88	127.64	-	-	293.16
At 31 March 2017	-	38.81	269.68	267.96	931.90	1,466.50	24.42	14.09	3,013.36
Net Block at 31 March 2016	98.19	278.56	132.48	46.65	377.15	882.10	18.82	34.15	1,868.10
Net Block at 31 March 2017	133.66	269.63	109.33	39.86	310.02	819.24	45.54	33.23	1,760.51

*Includes vehicles taken on finance lease/hire purchase- Gross block ₹ 33.05 as at March 31, 2017 (March 31, 2016 ₹ 2.00). Depreciation for the year ₹ 1.30 (March 31, 2016 ₹ 0.36) and Net block ₹ 31.75 as at March 31, 2017 (March 31, 2016 ₹ 2.00)

**Includes Computers taken on finance lease/hire purchase- Gross block ₹ 108.07 as at March 31, 2017 (March 31, 2016 ₹ 81.06). Depreciation for the year ₹ 30.44 (March 31, 2016 ₹ 16.87) and Net block ₹ 60.76 as at March 31, 2017 (March 31, 2016 ₹ 64.19)

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Standalone Financial statements for the year ended March 31, 2017

NOTE: 10B INTANGIBLE ASSETS

	Computer Software
Cost	
At 1 April 2015	141.02
Purchase	3.90
Deletions	-
At 31 March 2016	144.92
Cost	
At 1 April 2016	144.92
Purchase	16.96
Deletions	15.66
At 31 March 2017	146.22
Amortization	
At 1 April 2015	97.79
Charge for the year	16.95
Deletions	-
At 31 March 2016	114.74
Amortization	
At 1 April 2016	114.74
Charge for the year	17.20
Deletions	15.64
At 31 March 2017	116.30
Net block	
At 31 March 2016	30.18
At 31 March 2017	29.92

NOTE: 11 NON-CURRENT INVESTMENTS

	As at March 31, 2017	As at March 31, 2016
Non trade - (Unquoted, valued at cost)		
50 (Previous year: 50) Non Convertible Subordinate bonds of ₹ 1,000,000/- each fully paid in Dhanalaxmi Bank Limited	50.00	50.00
Trade - Investment in wholly owned subsidiary (Unquoted, valued at cost)		
100,000,000 (Previous year - 100,000,000) equity share of ₹ 10/- each fully paid in Manappuram Home Finance Private Limited	1,052.56	1,052.56
770,000 (Previous year - 770,000) equity share of ₹ 10/- each fully paid in The Manappuram Insurance Brokers Private Limited.	15.50	15.50
Trade - Investment in other subsidiary (Unquoted, valued at cost)		
23,749,979 (Previous year - 23,749,979) equity share of ₹ 10/- each fully paid in Asirvad Microfinance limited (formerly Asirvad Microfinance Private limited).	2,123.83	2,123.83
Non trade - Investment in other companies (Unquoted, valued at cost)		
1,000 (Previous year - 1,000) equity share of ₹ 10/- each fully paid in The Catholic Syrian Bank Limited.	0.03	0.03
	3,241.92	3,241.92

Note :

1. Aggregate amount of unquoted investments	3,241.92	3,241.92
2. Aggregate provision for diminution in value of investments	-	-

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Standalone Financial statements for the year ended March 31, 2017

NOTE: 12 DEFERRED TAX ASSETS (NET)

	As at March 31, 2017	As at March 31, 2016
Deferred tax liability		
On unamortised debenture issue expense	(4.90)	(16.10)
Gross deferred tax liability	(4.90)	(16.10)
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting.	216.27	175.79
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	99.02	21.64
Provision for advances	232.67	199.49
Others	12.28	10.02
Gross deferred tax asset	560.24	406.94
Net deferred tax asset	555.34	390.84

NOTE: 13 LOANS AND ADVANCES

	Non-Current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Portfolio Loan				
Secured, considered good				
- Gold Loan	-	-	111,022.69	100,655.58
- Commercial Vehicle Loan	1,450.81	894.31	1,579.29	402.86
- Mortgage/Property Loan	257.56	377.65	65.72	49.51
- Corporate Loan*	426.21	276.04	373.04	195.83
- Other Loans	-	-	16.41	17.84
	2,134.58	1,548.00	113,057.15	101,321.62
Secured, considered doubtful				
- Gold Loan	-	-	222.65	150.71
- Commercial Vehicle Loan	14.13	-	14.11	0.59
- Mortgage/Property Loan	25.89	-	22.17	14.53
Portfolio Loan				
Unsecured, considered good				
- Business loan	7.33	13.17	11.62	7.34
- Personal loan	-	-	-	0.02
Unsecured, considered doubtful	-	-	-	-
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	1,499.50	160.86
	-	-	1,499.50	160.86
Deposits (Unsecured, considered good)				
Rental deposits	478.17	462.42	85.11	95.02
Other security deposits	45.20	44.81	8.40	7.43
	523.37	507.23	93.51	102.45
Service tax and other taxes recoverable, from Government (Unsecured, considered good)	-	-	42.20	32.59
Capital advances (Unsecured, considered good)	19.62	32.10	-	-
TOTAL	2,724.92	2,100.50	114,962.91	101,790.71
* Corporate loan includes dues from relative of directors and related parties	0.38	-	0.75	-

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Standalone Financial statements for the year ended March 31, 2017

NOTE: 14 OTHER ASSETS

	Non-Current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Non-current bank deposits (note 15)	145.29	151.04	-	-
(A)	145.29	151.04	-	-
Interest accrued:				
Loan Portfolio (Secured, considered good)	-	-	2,984.50	3,470.69
Fixed deposits and investment	0.90	0.19	13.23	23.80
Advance tax (net of Provisions for taxation and tax deducted at source)	598.95	804.79	-	-
Unamortized premium on forward contracts	-	-	27.68	-
Ancillary cost of arranging the borrowings	37.81	23.41	44.47	63.39
Others	-	-	217.43	229.89
(B)	637.66	828.39	3,287.31	3,787.77
TOTAL (A + B)	782.95	979.43	3,287.31	3,787.77

NOTE: 15 CASH AND BANK BALANCES

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Cash and cash equivalents				
Balances with banks:				
On current accounts	-	-	1,595.86	2,031.93
Deposits with original maturity of less than three months	-	-	-	-
Cash on hand	-	-	1,025.56	1,269.61
On Escrow accounts #				
Unpaid matured deposit	-	-	0.07	0.07
Unpaid NCD trustee account	-	-	24.39	34.26
Unpaid auction surplus deposit	-	-	510.40	446.71
Unpaid dividend account	-	-	30.91	38.53
	-	-	3,187.19	3,821.11
# The Company can utilize these balances only towards settlement of the respective unpaid dividend, unpaid matured deposits, unpaid NCD trustee account and unpaid auction surplus.				
Other bank balances				
Other balance				
Deposits with original maturity for more than 3 months but less than 12 months*	-	-	917.07	1,020.28
Deposits with original maturity for more than 12 months*	145.29	151.04	12.24	77.94
	145.29	151.04	929.31	1,098.22
Amount disclosed under non-current assets (note 14)	145.29	151.04	-	-
	-	-	4,116.50	4,919.33

* Includes:

- a) Cash collateral deposits aggregating ₹ 840 (March 31, 2016 : ₹ 1,020) towards approved bank facilities;
- b) Employee security deposits aggregating ₹ 187.60 (March 31, 2016 : ₹ 159.79) placed as fixed deposits with banks;
- c) Deposits aggregating to ₹ 40.57 (March 31, 2016 : ₹ 69.47) towards security deposit to various authorities.

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Standalone Financial statements for the year ended March 31, 2017

NOTE: 16 REVENUE FROM OPERATIONS

	Year ended March 31, 2017	Year ended March 31, 2016
Interest Income		
- Gold loans	29,153.01	21,553.85
- Bank and other deposits	61.99	95.91
- Property loans	74.26	72.76
- Commercial Vehicles	402.37	122.55
- Corporate Loan	116.03	49.86
- Other loans	-	3.09
Processing Fees	172.70	128.66
Total Operating income (A)	29,980.36	22,026.68
Other operating revenue		
- Money transfer	46.80	50.87
- Net Gain on current investment	5.98	23.30
- Bad debts recovered	9.02	13.69
- Insurance claim received	6.95	11.33
- Others	21.03	4.91
Total Other operating revenue (B)	89.78	104.10
Revenue from operations (A+B)	30,070.14	22,130.78

NOTE: 17 OTHER INCOME

	Year ended March 31, 2017	Year ended March 31, 2016
Profit on sale of fixed assets (net)	5.17	6.70
Other non-operating income	9.02	11.41
	14.19	18.11

NOTE: 18 FINANCE COST

	Year ended March 31, 2017	Year ended March 31, 2016
Interest		
- on Debentures	1,898.67	1,234.76
- on Bank and other borrowings	5,854.57	5,996.26
- on Subordinate bonds and loans	277.38	461.60
- on Commercial papers	1,642.30	869.94
- Others	33.32	41.67
Amortisation of Forward contracts premium	89.77	-
Other borrowing cost	229.54	234.42
	10,025.55	8,838.65

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Standalone Financial statements for the year ended March 31, 2017

NOTE: 19 EMPLOYEE BENEFIT EXPENSE

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages and bonus	3,682.77	3,472.28
Contribution to provident and other funds	415.36	392.78
Gratuity expense (note 25)	91.19	85.88
Staff welfare expenses	15.69	11.22
	4,205.01	3,962.16

NOTE: 20 OTHER EXPENSES

	Year ended March 31, 2017	Year ended March 31, 2016
Electricity	186.79	177.72
Rent	1,023.60	979.98
Rates and taxes	30.26	27.22
Insurance	50.54	38.57
Repairs and maintenance		
-Vehicles	5.28	4.58
-Others	145.50	125.88
Advertising and sales promotion	436.77	567.10
Commission Paid	119.64	78.24
Travelling and conveyance	133.47	133.94
Communication costs	232.84	150.35
Printing and stationery	105.11	99.15
IT Support costs	265.79	246.70
Legal and professional fees	81.47	89.20
Security charges	590.79	435.05
Bad debts/advances written off	313.21	161.25
Provision for non performing assets	146.78	34.71
Provision for standard assets	95.90	128.76
Corporate social responsibility expenditure (refer note 51)	112.40	94.22
Miscellaneous expenses	46.25	55.45
	4,122.39	3,628.07
Legal and professional charges include Payment to auditors:		
As auditor:		
Audit fee	3.73	3.73
Limited reviews	3.10	3.10
Certification fees	0.84	0.84
Reimbursement of expenses	0.80	0.30
	8.47	7.97

NOTE: 21 DEPRECIATION AND AMORTIZATION EXPENSE

	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation	565.41	513.94
Amortization of intangible assets	17.20	16.95
	582.61	530.89

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Standalone Financial statements for the year ended March 31, 2017

NOTE: 22 EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	Year ended March 31, 2017	Year ended March 31, 2016
Net profit for calculation of basic EPS	7,260.34	3,372.43
Weighted average number of equity shares in calculating basic EPS (Nos.)	841,539,979	841,207,136
Effect of dilution:		
Stock options granted under ESOP (Nos.)	31,870	-
Weighted average number of equity shares in calculating diluted EPS (Nos.)	841,571,849	841,207,136
Basic EPS (₹)	8.63	4.01
Diluted EPS (₹)	8.63	4.01

NOTE: 23 EMPLOYEE STOCK OPTION SCHEME (ESOS)

Employee Stock Option Scheme (ESOS), 2009

The details of the Employee Stock Option Scheme 2009 are as under:

Date of share holders' approval	August 17, 2009
Number of options approved	1,000,000
Date of grant	August 17, 2009
Number of options granted	829,500
Method of settlement	Equity
Graded Vesting	50% after one year from the date of grant i.e. August 16, 2010 and balance 50% after two years from the date of grant i.e. August 16, 2011
Exercisable period	4 years from vesting date
Vesting conditions	On achievement of pre-determined performance parameters.

Subsequent to the share split and bonus issue in an earlier year, the number of options has been adjusted to 8,295,000 options and the exercise price has been adjusted to ₹ 33.12/- per share in accordance with the terms of the scheme. Further, subsequent to bonus issue in the earlier year, the exercise price has been adjusted to ₹ 16.56 per share.

The Company has adopted the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India, and has recorded a compensation expense using the intrinsic value method as set out in those guidelines.

The Company has re-allotted the lapsed options, pursuant to the approval of the Board. The Company has granted 1,191,000 options at an exercise price of ₹ 31.25 on November 03, 2014 which will vest over a period of two years from the grant date (50% of the eligible share on November 03, 2015 and balance 50% of the eligible share on November 03, 2016). The exercise period commences from the date of vesting and will expire not later than four years from the date of vesting.

The summary of the movements in options is given below:

Particulars	March 31, 2017	March 31, 2016
Options outstanding, beginning of year	875,000	1,061,000
Options exercised during the year	(692,500)	-
Options lapsed during the year	(132,500)	(186,000)
Options outstanding, end of year	50,000	875,000
Options outstanding at the yearend comprise of :		
- Options eligible for exercise at year end	50,000	875,000
- Options not eligible for exercise at year end	-	-

(All amounts are in millions of Indian Rupees, unless otherwise stated)

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to the Standalone Financial statements for the year ended March 31, 2017

Particulars	March 31, 2017	March 31, 2016
Weighted average remaining contract life of options	-	-
weighted average market price at the exercise date	-	-

The fair value of options estimated at the date of grant using the Black-Scholes method and the assumptions used are as under:

Particulars	Vesting I 16-Aug-2010 50%	Vesting II 16-Aug-2011 50%
Option fair value (pre-split and bonus at a face value of ₹ 10/- per share)	₹ 142.43/-	₹ 157.92/-
Risk-free interest rate	6.51%	6.53%
Expected life	3 years	4 Years
Expected volatility	67.11%	66.62%
Expected dividend yield	2.76%	2.76%
Share price on the date of grant (face value of ₹ 10/-)	₹ 331.15/-	₹ 331.15/-

The expected volatility of the stock has been determined based on historical volatility of the stock. The period over which volatility has been considered is the expected life of the option.

Employee Stock Option Scheme (ESOS), 2016

The details of the Employee Stock Option Scheme 2016 are as under:

Date of share holders' approval	July 05, 2016
Number of options approved	25,236,214
Date of grant	August 08, 2016
Date of Inprincipal Approval	In principal approval of the BSE was obtained on December 20, 2016 and NSE on December 28, 2016.
Number of options granted	13,750,466
Method of settlement	Equity
Graded Vesting	Graded vesting shall happen in a graded basis in three tranches over a period of three years. a) The first tranche of 30% shall be vested when a period of 12 months would expire from the Date of grant; b) The second tranche of 30% shall+B28 be vested when a period of 24 months would expire from the Date of grant; c) The third tranche of 40% shall be vested when a period of 36 months would expire from the Date of grant.
Exercisable period	The vested options shall be allowed for exercise on and from the date of vesting. The vested options need to be exercised with in a period of one year and 30 days from the date of vesting of the respective tranche through the Exercise Window to apply for ESOS Shares against Options vested with the Eligible Employee in pursuance of the Scheme. However, the Eligible Employee has a right to exercise the Options vested in the first tranche and second tranche on or before the expiry of the Exercise Period of the third tranche, utilising the exercise window which shall be a period of 30 days from the close of each half of the year counted from the date of vesting during the Exercise Period.
Vesting conditions	Options shall vest essentially based on continuation of employment and apart from that the Board or Committee may prescribe achievement of any performance condition(s) for vesting.
Source of shares	Primary
Variation in terms of options	No Variations made to the term of Scheme

The Company has adopted ESOS 2016 as per SEBI(Share Based Employee Benefits) Regulation, 2014 and has recorded a compensation expense using the fair value method as set out in those regulations.

The Company has granted 13750466 options at an exercise price of ₹ 86.45 on August 08, 2016 which will vest over a period of three years from the grant date (08.08.2016) and the vesting of options shall be at 30% each in the first and second year and the balance 40% in the third year from the date of grant.

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Standalone Financial statements for the year ended March 31, 2017

The summary of the movements in options is given below:

Particulars	March 31, 2017	March 31, 2016
Options outstanding, beginning of year	-	-
Options granted during the year	13,750,466	-
Increase on account of Bonus issue	-	-
Lapsed Options restored during the year	-	-
Options lapsed during the year	(1,932,637)	-
Options unvested and Outstanding at the End of the Year	11,817,829	-

Particulars	March 31, 2017	March 31, 2016
Weighted average remaining contract life of options	-	-
weighted average market price at the exercise date	-	-

The fair value of options estimated at the date of grant using the Black-Scholes method and the assumptions used are as under:

Particulars	Vesting I	Vesting II	Vesting III
	8-Aug-2017 30%	8-Aug-2018 30%	8-Aug-2019 40%
Fair Value per vest (₹)	26.11	30.61	34.29
Risk-free interest rate (%)	7.03	7.15	7.25
Expected life	3 years	4 years	5 Years
Expected volatility (%)	49.68	52.66	55.38
Expected dividend yield (%)	2.95	2.95	2.95
Share price on the date of grant (face value of ₹ 10/-)	₹ 86.45 /-	₹ 86.45 /-	₹ 86.45 /-

The expected volatility of the stock has been determined based on historical volatility of the stock. The period over which volatility has been considered is the expected life of the option.

Pro-forma Disclosures for ESOS

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for ESOS 2009 been recognized based on the fair value at the date of grant in accordance with Black-Scholes method, the amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	Profit after tax	Basic EPS (₹)	Diluted EPS (₹)
Year ended March 31, 2017			
- Amounts as reported	7,260.34	8.63	8.63
- Amounts as per pro-forma	7,139.78	8.47	8.47

Particulars	Profit after tax	Basic EPS (₹)	Diluted EPS (₹)
Year ended March 31, 2016			
- Amounts as reported	3,372.43	4.01	4.01
- Amounts as per pro-forma	3,367.47	4.00	4.00

(All amounts are in millions of Indian Rupees, unless otherwise stated)

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to the Standalone Financial statements for the year ended March 31, 2017

NOTE: 24 RELATED PARTY DISCLOSURES

Names of related parties

Relationship	Name of the party
Subsidiary company	Manappuram Home Finance Private Limited
	Asirvad Microfinance Limited(Formerly, Asirvad Microfinance Private Limited)
	Manappuram Insurance Brokers Private Limited
Associates / Enterprises owned or significantly influenced by key management personnel or their relatives	Manappuram Jewellers Limited
	Manappuram Agro Farms Limited
	Manappuram Foundation
	Manappuram Comptech and Consultant Limited *
	Manappuram Health Care Limited *
	Manappuram Construction and Properties Limited
	Manappuram Chit Funds Company Private Limited *
	MABEN Nidhi Limited
	Manappuram Asset Finance Limited
	Manappuram Chits (Karnataka) Private Limited *
	Manappuram Chits (Andhra) Private Limited *
	Adlux Medicity and Convention centre Private Limited*
	MAFIN Enterprise *
	Manappuram travels *
	MAGRO Farms *
	Manappuram Chits *
Key Management Personnel	Mr. V P Nandakumar- Managing Director & CEO
	Mr. B.N Raveendra Babu- Executive Director
	Mr. Kapil Krishan -Chief financial officer
	Mr.Ramesh Periasamy -Company Secretary
Relatives of key management personnel	Mrs. Sushama Nandakumar (wife of Mr. V P Nandakumar)
	Mr. Sooraj Nandan (son of Mr. V P Nandakumar)
	Mrs Sumitha Jayshankar(daughter of Mr. V P Nandakumar)
	Mr. Suhas Nandan (son of Mr. V P Nandakumar)
	Ms. Biji Babu (daughter of Mr. B.N Raveendra Babu)
	Mrs. Shelly Ekalavyan (sister of Mr. V P Nandakumar)
	Mrs. Rajalakshmi Raveendra Babu (wife of Mr. B.N Raveendra Babu)

* No transactions with these related parties.

Related Party transactions during the year:

Particulars	Subsidiary Company		Associates / Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel		Relatives of key management personnel	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Debentures and Subordinate Bond redeemed during the year	-	-	-	-	-	-	0.80	0.28
Mrs. Rajalakshmi Raveendra Babu	-	-	-	-	-	-	0.40	0.28
Ms. Biji Babu	-	-	-	-	-	-	0.40	-
Equity contribution	-	1,550.00	-	-	-	-	-	-
Manappuram Home Finance Private Limited	-	550.00	-	-	-	-	-	-
Asirvad Microfinance Limited	-	1,000.00	-	-	-	-	-	-

(All amounts are in millions of Indian Rupees, unless otherwise stated)

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to the Standalone Financial statements for the year ended March 31, 2017

Related Party transactions during the year: (Contd.)

Particulars	Subsidiary Company		Associates / Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel		Relatives of key management personnel	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Interest expense	-	-	-	-	-	-	0.51	0.52
Mrs. Rajalakshmi Raveendra Babu	-	-	-	-	-	-	0.29	0.31
Ms. Biji Babu	-	-	-	-	-	-	0.09	0.09
Mrs. Shelly Ekalavyan	-	-	-	-	-	-	0.13	0.12
Commission to Directors	-	-	-	-	30.00	24.00	-	-
Mr. V.P.Nandakumar	-	-	-	-	25.00	20.00	-	-
Mr. Raveendra Babu	-	-	-	-	5.00	4.00	-	-
Remuneration to Directors	-	-	-	-	67.03	43.35	-	-
Mr. V.P.Nandakumar	-	-	-	-	56.71	33.86	-	-
Mr. Raveendra Babu	-	-	-	-	10.32	9.49	-	-
Remuneration to other KMPs	-	-	-	-	10.69	9.43	-	-
Remuneration paid to Relative of KMP	-	-	-	-	-	-	12.23	5.50
Mr. Sooraj Nandan	-	-	-	-	-	-	4.06	2.10
Mrs. Sumita Jayshankar	-	-	-	-	-	-	6.95	2.91
Mr. Suhas Nandan	-	-	-	-	-	-	1.22	0.49
Donation made	-	-	104.80	92.00	-	-	-	-
Manappuram Foundation	-	-	104.80	92.00	-	-	-	-
Rent Paid	-	-	0.75	0.65	0.33	0.32	0.39	0.26
Mr. V.P.Nandakumar	-	-	-	-	0.33	0.32	-	-
Mr. Suhas Nandan	-	-	-	-	-	-	0.20	0.09
Mrs. Sumitha Jayshankar	-	-	-	-	-	-	0.12	0.11
Mr. Sooraj Nandan	-	-	-	-	-	-	0.07	0.06
Manappuram Agro Farms Limited	-	-	0.75	0.65	-	-	-	-
Repayment of Rent	-	-	-	-	-	-	-	-
Manappuram Foundation	-	-	0.35	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-
Manappuram Foundation	-	-	0.13	-	-	-	-	-
Rent Received	1.09	0.07	1.20	1.03	-	-	-	-
Manappuram Jewellers Limited	-	-	0.50	0.47	-	-	-	-
Manappuram Agro Farms Limited	-	-	0.19	0.16	-	-	-	-
Manappuram Insurance Brokers Private Limited	1.09	0.07	-	-	-	-	-	-
Manappuram Foundation	-	-	0.51	0.40	-	-	-	-
Electricity Charge Received	-	-	-	-	-	-	-	-
Manappuram Jewellers Limited	-	-	0.95	0.32	-	-	-	-
Manappuram Insurance Brokers Private Limited	0.12	-	-	-	-	-	-	-
Manappuram Foundation	-	-	0.12	-	-	-	-	-

(All amounts are in millions of Indian Rupees, unless otherwise stated)

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to the Standalone Financial statements for the year ended March 31, 2017

Related Party transactions during the year: (Contd.)

Particulars	Subsidiary Company		Associates / Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel		Relatives of key management personnel	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Rent, Electricity, telephone and printing charges Received								
Manappuram Home Finance Private Limited	1.53	5.23	-	-	-	-	-	-
Manappuram Foundation	0.16	-	-	-	-	-	-	-
Consultation Charge Paid								
Manappuram Construction and Properties Limited	-	-	0.87	-	-	-	-	-
Expenses reimbursed to the Company								
Asirvad Microfinance limited	-	0.77	-	-	-	-	-	-
Expenses reimbursed by the Company								
Manappuram Home Finance Private Limited	-	0.03	-	-	-	-	-	-
Purchase of assets								
Manappuram Home Finance Private Limited	0.92	-	-	-	-	-	-	-
Rent Advance Received								
Manappuram Jewellers Limited	-	-	-	0.03	-	-	-	-
Manappuram Insurance Brokers Private Limited	0.01	-	-	-	-	-	-	-
Manappuram Foundation	-	-	-	0.09	-	-	-	-
Interest Income								
Manappuram Home Finance Private Limited	0.17	14.14	-	-	-	-	-	-
Asirvad Microfinance limited	19.73	16.05	-	-	-	-	-	-
Manappuram Insurance Brokers Private Limited	0.09	-	-	-	-	-	-	-
Processing Fee Received								
Asirvad Microfinance limited	0.78	5.00	-	-	-	-	-	-
Manappuram Insurance Brokers Private Limited	0.02	-	-	-	-	-	-	-
Processing Fee Refunded								
Asirvad Microfinance limited	-	4.37	-	-	-	-	-	-
Corporate loan given to								
Asirvad Microfinance limited	750.00	500.00	-	-	-	-	-	-
Manappuram Home Finance Private Limited	140.00	775.00	-	-	-	-	-	-
Manappuram Insurance Brokers Private Limited	1.50	-	-	-	-	-	-	-
Repayment of Corporate loan from								
Asirvad Microfinance limited	750.00	500.00	-	-	-	-	-	-
Manappuram Home Finance Private Limited	140.00	775.00	-	-	-	-	-	-
Manappuram Insurance Brokers Private Limited	0.38	-	-	-	-	-	-	-

(All amounts are in millions of Indian Rupees, unless otherwise stated)

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to the Standalone Financial statements for the year ended March 31, 2017

Related Party transactions during the year: (Contd.)

Particulars	Subsidiary Company		Associates / Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel		Relatives of key management personnel	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Security and Bank Gurrantee deposit received								
Manappuram Home Finance Private Limited	-	0.44	-	-	-	-	-	-
Security and Bank Gurrantee deposit refunded								
Manappuram Home Finance Private Limited	-	0.44	-	-	-	-	-	-
Balance outstanding as at the year end:								
Investment in Subsidiary company	3,191.89	3,191.89	-	-	-	-	-	-
Manappuram Home Finance Private Limited	1,052.56	1,052.56	-	-	-	-	-	-
Asirvad Microfinance limited	2,123.83	2,123.83	-	-	-	-	-	-
Manappuram Insurance Brokers Private Limited	15.50	15.50	-	-	-	-	-	-
Corporate loan Outstanding								
Manappuram Insurance Brokers Private Limited	1.13	-	-	-	-	-	-	-
Amounts payable (net) to related parties	-	-	-	-	20.23	24.00	2.65	3.75
Mr. V.P.Nandakumar	-	-	-	-	17.18	20.00	-	-
Mr. Raveendra Babu	-	-	-	-	3.05	4.00	-	-
Mrs. Rajalakshmi Raveendra Babu	-	-	-	-	-	-	1.60	2.10
Ms. Biji Babu	-	-	-	-	-	-	-	0.71
Mrs. Shelly Ekalavyan	-	-	-	-	-	-	1.05	0.94
Asirvad Microfinance limited	3.59	4.37	-	-	-	-	-	-

Note:

Loans given to related parties are repayable on demand. These loans carry interest @ of 12% to 13% p.a. The loans have been utilised by the Manappuram Home Finance Private Limited for lending Home Loan and meeting the working capital requirements. Asirvad Microfinance limited has used the loan for meeting the working capital requirements. The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

NOTE: 25 EMPLOYMENT BENEFITS DISCLOSURES:

The amounts of Provident fund contribution charged to the statement of Profit and loss during the year aggregates to ₹ 329.39 for March 31, 2017 (March 31, 2016 ₹ 307.05)

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India and Kotak Life Insurance.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

(All amounts are in millions of Indian Rupees, unless otherwise stated)

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to the Standalone Financial statements for the year ended March 31, 2017

Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost

	March 31, 2017	March 31, 2016
Current service cost	85.42	74.74
Interest cost on benefit obligation	23.05	16.87
Expected return on plan assets	(21.38)	(16.75)
Net actuarial (gain)/loss recognized in the year	4.10	11.02
Net (benefit) / expense	91.19	85.88
Actual return on plan assets	23.97	16.68

Balance sheet

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

	March 31, 2017	March 31, 2016
Defined benefit obligation	(384.45)	(307.37)
Fair value of plan assets	312.93	244.83
Asset/(liability) recognized in the balance sheet	(71.52)	(62.54)
Experience adjustments on plan liabilities (Gain) / Loss	(7.61)	5.20
Experience adjustments on plan assets Gain / (Loss)	(1.74)	(1.57)

	March 31, 2015	March 31, 2014
Defined benefit obligation	(216.33)	(151.07)
Fair value of plan assets	177.21	141.96
Asset/(liability) recognized in the balance sheet	(39.12)	(9.11)
Experience adjustments on plan liabilities (Gain) / Loss	(16.58)	0.45
Experience adjustments on plan assets Gain / (Loss)	4.32	(1.02)

	March 31, 2013
Defined benefit obligation	(107.98)
Fair value of plan assets	110.34
Asset/(liability) recognized in the balance sheet	2.36
Experience adjustments on plan liabilities (Gain) / Loss	(8.57)
Experience adjustments on plan assets Gain / (Loss)	1.07

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

	March 31, 2017	March 31, 2016
Opening defined benefit obligation	307.37	216.33
Interest cost	23.05	16.87
Current service cost	85.42	74.74
Benefits paid	(38.09)	(11.52)
Actuarial loss / (gain) on obligation	6.69	10.95
Closing defined benefit obligation	384.45	307.37

(All amounts are in millions of Indian Rupees, unless otherwise stated)

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to the Standalone Financial statements for the year ended March 31, 2017

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

	March 31, 2017	March 31, 2016
Opening fair value of plan assets	244.83	177.21
Expected return	21.38	16.75
Contributions by employer	82.22	62.46
Benefits paid	(38.09)	(11.52)
Actuarial gains / (losses)	2.59	(0.07)
Closing fair value of plan assets	312.93	244.83
Expected contribution to fund to be made in the next year	70.00	60.00

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

	March 31, 2017	March 31, 2016
	%	%
Discount rate	6.9%	7.5%
Attrition rate	15%	15%
Expected rate of return on assets	7.5%	7.8%

The fund is administered by Life Insurance Corporation of India ("LIC") and Kotak Life Insurance. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTE: 26 COMMITMENTS

- Estimated amount of contracts remaining to be executed on capital account, net of advances is ₹ 82.99 as at March 31, 2017 (March 31, 2016 - ₹ 20.08).
- The Company has entered into an agreement for outsourcing of Information Technology support in April 2011 for a period of 10 years with an annual expense of ₹ 270.

NOTE: 27 CONTINGENT LIABILITIES

(a) Applicability of Kerala Money Lenders' Act

The Company has challenged in the Hon'ble Supreme Court the order of Hon'ble Kerala High Court upholding the applicability of Kerala Money Lenders Act to NBFCs. The Hon'ble Supreme Court has directed that a status quo on the matter shall be maintained and the matter is currently pending with the Hon'ble Supreme Court. The Company has taken legal opinion on the matter and based on such opinion the management is confident of a favourable outcome. Pending the resolution of the same, no adjustments have been made in the financial statements for the required license fee and Security deposits.

(b) Litigations

Income tax demand ₹ 325.17 (March 31, 2016 ₹ 7.72) case is pending with Commissioner of Income tax (Appeals). The Company has filed an appeal with Commissioner of Income Tax - Appeals. Based on professional advice, the company strongly believe that the case will be decided in the their favour and hence no provision has been considered in the standalone financial statements..

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Standalone Financial statements for the year ended March 31, 2017

NOTE: 28 BALANCE SHEET DISCLOSURES AS REQUIRED BY MASTER DIRECTION DNBR. PD. 008/03.10.119/2016-17

a) Capital to Risk Assets Ratio

Particulars	March 31, 2017	March 31, 2016
CRAR (%)	26.12	24.00
CRAR - Tier I Capital (%)	25.73	23.48
CRAR - Tier II Capital (%)	0.39	0.52
Amount of subordinated debt raised as Tier-II Capital	434.71	2,260.65

b) Asset liability management

Maturity pattern of certain items of assets and liabilities as at March 31, 2017

Liabilities	1 day to 30/31 days (one month)	Over one to month 2 months	Over 2 month upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Borrowings from banks	7,459.21	3,375.00	15,630.10	4,704.17	7,922.66	795.83	-	-	39,886.97
Foreign Currency liabilities	4,258.75	-	955.43	-	-	1,438.99	-	-	6,653.17
Market borrowings #	6,960.83	16,749.48	1,141.87	73.48	2,871.48	17,048.23	211.25	35.01	45,091.63

Assets @	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Advances (net)	43,009.30	30,841.33	37,751.89	398.26	779.82	2,301.27	377.12	50.64	115,509.63
Investments	-	-	-	-	-	50.00	-	3,191.92	3,241.92

Represents working capital demand loans from others, commercial papers under Note 7 and vehicle loans under Note 5

Maturity pattern of certain 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 upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Borrowings from banks	17,392.63	3,802.63	8,080.10	18,095.39	16,123.86	4,248.85	-	-	67,743.46
Market borrowings #	482.80	9,807.78	1,095.74	162.90	1,776.73	6,221.55	585.15	65.93	20,198.58

Assets @	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Advances (net)	30,093.90	25,431.10	29,994.90	6,847.60	8,668.03	1,015.80	814.20	190.50	103,056.03
Investments	-	-	-	-	-	50.00	-	3,191.92	3,241.92

Represents working capital demand loans from others and commercial papers under Note 7 and vehicle loans under Note 5

These disclosures are given only for certain items of assets and liabilities from the Balance sheet as required by the above circular and is not a complete depiction of the asset liability maturity position of the Company as at March 31, 2017 and March 31, 2016.

@ The asset maturity pattern are based on expected collections pattern of the Company based on past experience.

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Standalone Financial statements for the year ended March 31, 2017

NOTE: 29 LEASE DISCLOSURES

Operating Lease :

Office premises are obtained on operating lease which are cancellable in nature. Operating lease payments are recognized as an expense in the statement of profit and loss.

Finance Leases:

The Company has finance leases for vehicles. These leases are non-cancellable and has no escalation clause. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	31-Mar-17	31-Mar-16
Total minimum lease payments at the year end	68.08	69.64
Less: amount representing finance charges	7.25	7.80
Present value of minimum lease payments	60.83	61.84
Lease payments for the year	33.50	26.14
Minimum lease Payments:		
Not less than one year [Present value ₹ 44.93 as on March 31, 2017 (₹ 31.98 as on March 31, 2016)]	50.79	37.54
Later than one year but not later than five years [Present value ₹ 15.90 as on March 31, 2017 (₹ 29.86 as on March 31, 2016)]	17.29	32.10

NOTE: 30 CASH COLLATERAL DEPOSITS

Deposit with Banks includes Cash collaterals deposits aggregating ₹ 840.00 (March 31, 2016 ₹ 1,020.00) towards approved facilities. Bank / institution wise breakup of the same is as under :

Bank/Financial institution	31-Mar-17	31-Mar-16
The Federal Bank Ltd	40.00	40.00
South Indian Bank Ltd	-	180.00
State Bank of India	800.00	800.00
TOTAL	840.00	1,020.00

NOTE: 31 (A) GOLD AND OTHER LOAN PORTFOLIO CLASSIFICATION AND PROVISION FOR NON PERFORMING ASSETS (AS PER RBI PRUDENTIAL NORMS)

Particulars	Gross Loan Outstanding		Provision For Assets		Net Loan Outstanding	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Secured Loans						
A) Gold Loan						
Standard Asset	109,005.04	99,825.12	437.18	350.12	108,567.86	99,475.00
Sub Standard Asset	2,017.65	830.46	201.77	83.05	1,815.88	747.41
Doubtful Asset	122.08	24.90	27.63	5.94	94.45	18.96
Loss Asset	100.57	125.81	100.57	125.81	-	-
Total - A	111,245.34	100,806.29	767.15	564.92	110,478.19	100,241.37
B) Other Loans						
Standard Asset	4,148.12	2,213.92	16.59	7.75	4,131.53	2,206.17
Sub Standard Asset	20.92	0.71	2.67	0.07	18.25	0.64
Doubtful Asset	73.85	14.53	30.19	3.63	43.66	10.90
Loss Asset	2.45	-	2.45	-	-	-
Total - B	4,245.34	2,229.16	51.90	11.45	4,193.44	2,217.71
Total (A+B)	115,490.68	103,035.45	819.05	576.37	114,671.63	102,459.08

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Standalone Financial statements for the year ended March 31, 2017

NOTE: 31 (A) GOLD AND OTHER LOAN PORTFOLIO CLASSIFICATION AND PROVISION FOR NON PERFORMING ASSETS (AS PER RBI PRUDENTIAL NORMS) (Contd.)

Particulars	Gross Loan Outstanding		Provision For Assets		Net Loan Outstanding	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Unsecured Loans						
A) Other Loans						
Standard Asset	18.95	20.53	0.08	0.07	18.87	20.46
Sub Standard Asset	-	-	-	-	-	-
Doubtful Asset	-	-	-	-	-	-
Loss Asset	-	-	-	-	-	-
TOTAL	18.95	20.53	0.08	0.07	18.87	20.46

NOTE: 31 (B) PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS

Particulars	31-Mar-17	31-Mar-16
Provision for diminution in value of investments - Refer Note 11	-	-

NOTE: 32 INVESTMENT

Particulars	31-Mar-17	31-Mar-16
1) Value of Investments		
i) Gross Value of Investments		
(a) In India	3,241.92	3,241.92
(b) Outside India	-	-
ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
iii) Net Value of Investments		
(a) In India	3,241.92	3,241.92
(b) Outside India	-	-
2) Movement of provisions held towards depreciation on investments		
i) Opening balance	-	-
ii) Add : Provisions made during the year	-	-
iii) Less : Write-off / write-back of excess provisions during the year	-	-
iv) Closing balance	-	-

NOTE: 33 DERIVATIVES

Pursuant to the Guidance note issued by Institute of Chartered Accountants of India (ICAI) in respect of "Accounting for Derivative Contracts", the has adopted to follow hedge accounting principles relating to accounting for derivatives.

Consequently, as at March 31, 2017, the Company has recognised a net Market to Market (MTM) loss of ₹ 83.97 (Previous year Nil) relating derivative contracts entered to hedge the foreign currency risk of future interest payment and repayment of loans designated as cash flow hedges, in Hedge Reserve Account as part of the Shareholders' funds

Particulars	31-Mar-17	31-Mar-16
At the Beginning of the year	-	-
Net Movement	(22.96)	-
At the end of the Year	(22.96)	-

Details of outstanding derivative contracts as at the year end.

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Standalone Financial statements for the year ended March 31, 2017

Type of Derivatives	31-Mar-17		31-Mar-16	
	No of contracts	Value (USD)	No of contracts	Value (USD)
Forward Contracts entered into hedge the currency risk of future interest payments	6	304,725	-	-
Currency Swaps	2	102,593,177	-	-

Type of Derivatives	31-Mar-17		31-Mar-16	
	No of contracts	Value ₹ In million	No of contracts	Value ₹ In million
Forward Contracts entered into hedge the currency risk of future interest payments	6	19.76	-	-
Currency Swaps	2	6,653.17	-	-

Disclosure required as per RBI

Forward rate agreement / Interest rate swap

Particulars	31-Mar-17	31-Mar-16
i) The notional principal of swap agreements	6,653.17	-
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements.	-	-
iii) Collateral required by the NBFC upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swap	-	-
v) The fair value of the swap book	6,653.17	-

Exchange Traded interest rate (IR) derivatives : NIL

Disclosures on risk exposure of derivatives

Qualitative disclosures

The Company has a Board approved policy in dealing with derivative transactions. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Company undertakes forward contracts for hedging on-balance sheet assets and liabilities. Such outstanding derivative transactions are accounted on accrual basis over the life of the underlying instrument. The Finance Resource Committee and Risk Management Committee closely monitors such transactions and reviews the risks involved.

Particulars	31-Mar-17	31-Mar-16
i) Derivatives (Notional principal amount) For Hedging	6,653.17	-
ii) Marked to Market Positions		
a) Asset (+)		
b) Liability (-)	(83.97)	-
iii) Credit Exposure	-	-
iv) Unhedged Exposure	-	-

NOTE: 34 DISCLOSURES RELATING TO SECURITISATION

The Company has no securitisation transaction during the current and previous year.

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Standalone Financial statements for the year ended March 31, 2017

NOTE: 35 EXPOSURE

i) Exposure to real estate sector

Particulars	31-Mar-17	31-Mar-16
1) Direct Exposure		
a) Residential Mortgages		
Lending fully secured by mortgage on residential property that is or will be occupied by the borrower or that is rented.	287.80	357.00
Individual loans upto ₹ 15 lakhs included in 1 (a) above	72.33	84.02
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.	39.32	40.06
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)	-	-

ii) Exposure to Capital Market

Particulars	31-Mar-17	31-Mar-16
i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	3,191.92	3,191.92
ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances';	-	-
v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii) bridge loans to companies against expected equity flows / issues;	-	-
viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	3,191.92	3,191.92

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

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Standalone Financial statements for the year ended March 31, 2017

NOTE: 37 PROVISIONS AND CONTINGENCIES

Particulars	31-Mar-17	31-Mar-16
Break -up of Provision and contingencies in statement of profit and loss		
Provision towards NPA	146.78	34.71
Provisions for depreciation on Investment	-	-
Provision made towards current tax	4,052.93	1,911.36
Provision for litigation	6.56	4.07
Provision for Standard Assets	95.90	128.76

NOTE: 38 DRAW DOWN FROM RESERVES

Details of draw down from reserves, if any, are provided in Note 4 to these financial statements.

NOTE: 39 CONCENTRATION OF ADVANCES, EXPOSURES AND NPAS

i) Concentration of Advances

Particulars	31-Mar-17	31-Mar-16
Total advances to twenty largest borrowers	1,640.33	2,419.41
Percentage of advances to twenty largest borrowers to total advances of the Company	0.31%	0.67%

ii) Concentration of Exposures

Particulars	31-Mar-17	31-Mar-16
Total exposure to twenty largest borrowers/customers	877.98	492.79
Percentage of exposures to twenty largest borrowers/customers to total exposure of the Company on borrowers/customers	0.76%	0.48%

iii) Concentration of NPA's

Particulars	31-Mar-17	31-Mar-16
Total exposure to top four NPA accounts	35.56	22.01

iv) Sector-wise NPAs

Particulars	31-Mar-17	31-Mar-16
Agriculture & allied activities	-	-
MSME	-	-
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	2,337.52	996.41

Notes

to the Standalone Financial statements for the year ended March 31, 2017

v) Movement of NPAs

Particulars	31-Mar-17	31-Mar-16
I) Net NPAs to Net Advances (%)	1.77%	0.77%
II) Movement of NPAs (Gross)		
a) Opening balance	996.41	1,083.69
b) Addition during the year	2,217.24	896.60
c) Reduction during the year	876.13	983.88
d) Closing balance	2,337.52	996.41
III) Movement of NPAs (Net)		
a) Opening balance	777.91	899.90
b) Addition during the year	1,965.50	761.13
c) Reduction during the year	771.17	883.12
d) Closing balance	1,972.24	777.91
IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	218.50	183.79
b) Provision made during the year	251.74	135.47
c) Write-off/write-back of excess provisions	104.96	100.76
d) Closing balance	365.28	218.50

NOTE: 40 CUSTOMER COMPLAINTS

Particulars	31-Mar-17	31-Mar-16
No. of complaints pending at the beginning of the year	76	143
No. of complaints received during the year	10,570	3,626
No. of complaints redressed during the year	10,449	3,693
No. of complaints pending at the end of the year	197	76

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 have been imposed by RBI and other Regulators during the year ended March 31, 2017 and March 31, 2016.

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

Credit rating Agency	Type of Facility	₹ In Million	Rating
Brickwork	Non-Convertible debentures	547	BWR AA-
CRISIL	Bank Loan Facility	2,500	CRISIL AA-/ Stable
	Non-Convertible Debenture	21,575	CRISIL AA-/ Stable
	Short Term Debt	22,500	CRISIL A1+Stable
ICRA	Non-Convertible Debentures	4,430	[ICRA]AA-(Stable)
	Short Term Debt	5,000	[ICRA]A1+
CARE	Bank Loan Facility Long Term	56,800	CARE AA- Stable
	Bank Loan Facility Short Term	33,200	CARE A1+[A One Plus]
	Non-Convertible Debentures	4,900	CARE AA-Stable

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Standalone Financial statements for the year ended March 31, 2017

NOTE: 42 ADDITIONAL DISCLOSURES AS REQUIRED BY THE RESERVE BANK OF INDIA:

Particulars	March 31, 2017	March 31, 2016
Total Gold loan portfolio	111,245.34	100,806.29
Total Assets	131,463.64	119,108.78
Gold loan portfolio as a percentage age of total assets	85%	85%

NOTE: 43 ADDITIONAL DISCLOSURES AS REQUIRED BY THE RESERVE BANK OF INDIA:

Year	Number of Loan Accounts	Principal Amount outstanding at the dates of auctions (A)	Interest Amount outstanding at the dates of auctions (B)	Total (A+B)	Value fetched*
31-Mar-17	305,439	9,289.54	1,466.29	10,755.83	10,704.05
31-Mar-16	702,038	19,319.03	4,890.18	24,209.21	22,094.92

Note:

No sister concerns participated in the auctions during the year ended March 31, 2017 and March 31, 2016.

* Net of Sale Tax Collected from the buyer.

NOTE: 44 EXPENDITURE IN FOREIGN CURRENCY

Particulars	March 31, 2017	March 31, 2016
Travel	0.13	0.09
	0.13	0.09

NOTE: 45 UNDER RECOVERY OF INTEREST INCOME

The Company disbursed some gold loans on which the total amount receivable including principal and accumulated interest have exceeded the value of the underlying security. As of March 31, 2017, the Company has not recognized interest income aggregating to ₹ 143.00 (March 31, 2016 ₹ 0.71).

NOTE: 46 During the year there have been certain instances of fraud on the Company by officers and employees where gold loan related misappropriations / cash embezzlements / burglaries have occurred for amounts aggregating ₹ 17.46 million (March 31, 2016 ₹ 36.36) (net of recoveries of ₹ 54.71 million (March 31, 2016 ₹ 23.69)). The Company has taken or is in the processing of taking legal and other actions against such employees/third parties and making insurance claims for recoveries of these amounts from the respective insurance companies where applicable. The Company has created provision aggregating to ₹ 17.46 (March 31, 2016 ₹ 36.36) towards these losses based on its estimate.

NOTE: 47 SPECIFIED BANK NOTE DISCLOSURE

Details of Specified Bank Notes (SBN) held as on November 8, 2016 and December 30, 2016 and transacted during the period from November 9, 2016 to December 30, 2016 ('the Period') given below.

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	1,273.92	199.61	1,473.53
SBNs exchanged for other denominations (Refer Note 47.2)	37.73	(37.73)	-
(+) Permitted receipts (Refer Note 47.4)	-	17,859.28	17,859.28
(+) Non Permitted receipts (Refer Note 47.3)	4.80	-	4.80
(-) Non Permitted payments (Refer Note 47.3)	(4.64)	-	(4.64)
(-) Permitted payments	-	(14,476.16)	(14,476.16)
(-) Amount deposited in Banks (Refer Note 47.4)	(1,311.81)	(2,910.85)	(4,222.66)
Closing cash in hand as on December 30, 2016	-	634.15	634.15

Notes

to the Standalone Financial statements for the year ended March 31, 2017

Note:

47.1 The Company implemented the directions and issued circulars to all its branches on November 8, 2016 in order to strictly comply with the directions issued by the Reserve Bank of India via circular DCM (Plg) No.1226/10.27.00/2016-17 dated November 8, 2016 with regard to demonization of SBNs. In a majority of cases the Company and its branches have complied with the directions. In some cases where there have been non-compliances the Company has taken note of those and suitable action has been taken against any employee in accordance with its internal policy. All disclosures made are in accordance with the books of accounts and other records.

47.2 The Company has noted that certain SBNs have been exchanged for other denominations on November 8, 2017 in certain branches by employees/customers. The Company has taken suitable action against those employees.

47.3 Non-permitted receipts/payments presented in the table above represents cash collection/payments made from/to customers at the Company's branches against settlement/disbursement of Gold loan principal and interest. All these receipts/payments have been deposited by the Company in the bank accounts as per normal operating policies and procedures.

47.4 As a part of its normal operating policies and procedures, the Company maintains denomination-wise details of closing cash as at end of every day based on which the opening and closing balance is disclosed. In the ordinary course of business, loan borrowers of the Company have directly deposited cash as part of their loan repayments in the collection bank accounts of the Company with various banks, aggregating to ₹ 254.54 million during the period November 9, 2016 to December 30, 2016 the denomination wise details of which are currently not available with the Company and hence not included in the above table.

NOTE: 48 LOANS AND ADVANCES IN THE NATURE OF LOANS GIVEN TO SUBSIDIARIES AND ASSOCIATES AND FIRMS/ COMPANIES IN WHICH DIRECTORS ARE INTERESTED

Loan given to wholly owned subsidiary:

a) Manappuram Home Finance Private Limited

Balance as at 31 March 2017 NIL (31 March 2016: NIL)
Maximum amount outstanding during the year ₹ 90.00
(31 March 2016 ₹ 405.00)

b) Manappuram Insurance brokers private limited

Balance as at 31 March 2017 ₹ 1.13 (31 March 2016: NIL)
Maximum amount outstanding during the year ₹ 1.50
(31 March 2016 Nil)

Loan given to other subsidiary:

a) Asirvad Microfinance Limited

Balance as at 31 March 2017 NIL (31 March 2016: NIL)
Maximum amount outstanding during the year ₹ 750.00
(31 March 2016 ₹ 500.00)

NOTE: 49 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

Particulars		March 31, 2017	March 31, 2016	
a)	Gross amount required to be spent by the Company during the year	85.88	71.10	
b)	Amount spent during the year ending on March 31, 2017:	In cash	Yet to be paid in cash	Total
i)	Construction/ acquisition of any asset	-	-	-
ii)	On purposes other than (i) above	112.40	-	112.40
b)	Amount spent during the year ending on March 31, 2016:	In cash	Yet to be paid in cash	Total
i)	Construction/ acquisition of any asset	-	-	-
ii)	On purposes other than (i) above	94.22	-	94.22

NOTE: 50 PREVIOUS YEAR FIGURES

Previous year figures have been regrouped/reclassified, where necessary, to conform current year's classification.

For **S.R Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per **Bharath N S**
Partner
Membership no.: 210934

Place: Chennai
Date : May 25, 2017

For and on behalf of the board of directors

V.P. Nandakumar
Managing Director & Chief Executive Officer

Kapil Krishan
Chief Financial Officer

Place: Valapad, Thrissur
Date : May 25, 2017

B. N. Raveendra Babu
Executive Director

Ramesh Periasamy
Company Secretary

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Schedule to the Balance Sheet of a NBFC

Particulars	Amount outstanding	Amount overdue
Liabilities side		
(1) Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid :		
(a) Debentures : Secured	23,116.45	
: Unsecured		
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits		
(c) Term Loans	7,207.37	
(d) Inter-corporate loans and borrowing		
(e) Commercial Paper	23,519.41	
(f) Public Deposits*	0.06	
(g) Other Loans (specify nature)		
Subordinate bond	1,253.93	
Bank	39,463.65	
Others	-	
* Please see Note 1 below		
2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :		
(a) In the form of Unsecured debentures		
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		
(c) Other public deposits	0.06	
* Please see Note 1 below		
Assets side	Amount outstanding	
3 Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
(a) Secured		115,490.68
(b) Unsecured		18.95
4 Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease		
(b) Operating lease		
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire		
(b) Repossessed Assets		
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed		
(b) Loans other than (a) above		
(5) Break-up of Investments		
Current Investments		
1. Quoted		
(i) Shares		
(a) Equity		
(b) Preference		

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Schedule to the Balance Sheet of a NBFC

Particulars	Amount outstanding	Amount overdue
(ii) Debentures and Bonds		
(iii) Units of mutual funds		
(iv) Government Securities		
(v) Others (please specify)		
2. Unquoted		
(i) Shares		
(a) Equity		
(b) Preference		
(ii) Debentures and Bonds		
(iii) Units of mutual funds		
(iv) Government Securities		
(v) Others (please specify)		
Long Term investments		
1. Quoted		
(i) Share		
(a) Equity		
(b) Preference		
(ii) Debentures and Bonds		
(iii) Units of mutual funds		
(iv) Government Securities		
(v) Others (please specify)		
2. Unquoted		
(i) Shares		
(a) Equity		3,191.92
(b) Preference		
(ii) Debentures and Bonds		50.00
(iii) Units of mutual funds		
(iv) Government Securities		
(v) Others (please specify)		
(vi)		
(6) Borrower group-wise classification of assets financed as in (3) and (4) above : Please see Note 2 below		
Category	Amount net of provisions	
	Secured	Unsecured
Total		
1. Related Parties **		
(a) Subsidiaries	1.13	
(b) Companies in the same group		
(c) Other related parties		
2. Other than related parties	115,489.55	18.95
TOTAL		

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Schedule to the Balance Sheet of a NBFC

Particulars		Amount outstanding	Amount overdue
(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) : Please see note 3 below			
Category		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1	Related Parties **		
	(a) Subsidiaries		
	(b) Companies in the same group	3,191.89	3,191.89
	(c) Other related parties		
2	Other than related parties	50.03	
TOTAL			
** As per Accounting Standard of ICAI (Please see Note 3)			
(8) Other information			
Particulars		Amount	
(i)	Gross Non-Performing Assets		
	(a) Related parties		
	(b) Other than related parties		2,337.52
iii	Assets acquired in satisfaction of debt		
Notes :			
1	As defined in point xix of paragraph 3 of chapter 2 of these Directions.		
2	Provisioning norms shall be applicable as prescribed in these Direction		
3	All Accounting standards and Guidance note issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However market value in respect of quoted investment and break up/share value/ NAV in respect of unquoted investment shall be disclosed irrespective of whether they are classified as long term or current in (5) above		

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Independent Auditor's Report

To the Members of Manappuram Finance Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Manappuram Finance Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated

financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2017, their consolidated profit, and their consolidated cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We /the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies none of the

Independent Auditor's Report

directors of the Group's companies is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies refer to our separate report in "Annexure 1" to this report; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group- Refer Note 27 to the consolidated financial statements;
 - Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 6 to the consolidated financial statements in respect of such items as it relates to the Group.
 - Following are the instances of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries during the year ended March 31, 2017.

Particulars	Amount ₹ In Million	Date of payment	No of days delay
Unpaid dividend 2008-09	0.47	24/10/2016	1
Unpaid Matured deposits	0.01	21/10/2016	One instance of 34 days and another of 69 days respectively

- The Holding Company and all but one subsidiaries have provided requisite disclosures in Note 35 to these consolidated financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 9, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation of the Holding Company regarding the holding and nature of cash transactions, including those in Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Group and as produced to us by the management of the Holding Company. However, as stated in note 35 in the consolidated financial

statements, certain borrowers of the Company have directly deposited cash in the Company's bank accounts and we report that we were not made available sufficient appropriate audit evidence to report on the matter including details of denomination wise details of such deposits, as such the details as represented to us, are not available with the Company. Further, as stated in Note 35 in the consolidated financial statements and based on information and explanation provided to us, we report that there have been non-permitted transactions aggregating ₹ 82.60 million. One of the subsidiary companies is unable to provide information on the details of 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 we were unable to verify such disclosure as we 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 balances reported as at specified dates and the transactions during the period.

OTHER MATTER

- (a) We did not audit the financial statements and other financial information, in respect of two subsidiaries whose financial statements include total assets of ₹ 19,632 million and net assets of ₹ 2,652.92 million as at March 31, 2017, and total revenues of ₹ 3,448.08 million and net cash inflows of ₹ 197.21 for the year ended on that date. These financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such other auditors.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Bharath N S**

Partner

Membership Number: 210934

Place of Signature: Chennai

Date: May 25, 2017

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Annexure to the Independent Auditor's Report of Even Date on the Consolidated Financial Statements of Manappuram Finance Limited

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

In conjunction with our audit of the consolidated financial statements of Manappuram Finance Limited as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Manappuram Finance Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the 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, the Holding Company, its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Holding 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.

OTHER MATTERS

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to these two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary, associate and jointly controlled companies incorporated in India.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Bharath N S**

Partner

Membership Number: 210934

Place of Signature: Chennai

Date: May 25, 2017

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Consolidated Balance Sheet

as at March 31, 2017

	Note No.	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,683.80	1,682.41
Reserves and surplus	4	31,934.15	25,897.95
		33,617.95	27,580.36
Minority Interest		238.43	212.01
Non-current liabilities			
Long-term borrowings	5	31,224.10	16,000.07
Other long term liabilities	6	1,134.50	1,237.80
Long-term provisions	9	112.99	31.91
		32,471.59	17,269.78
Current liabilities			
Short-term borrowings			
Trade Payables	8	62,809.43	67,674.23
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		719.12	250.71
Other current liabilities	8	20,114.61	14,653.32
Short-term provisions	9	1,550.60	751.13
		85,193.76	83,329.39
TOTAL		151,521.73	128,391.54
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10A	1,832.10	1,915.46
Intangible assets	10B	31.10	32.21
Capital work-in-progress		6.28	-
Goodwill on consolidation		355.65	355.65
Non-current investments	11A	50.53	50.53
Deferred tax assets (net)	12	777.16	433.86
Long-term loans and advances	13	8,139.04	5,377.25
Other Non current assets	14	1,274.07	1,296.09
		12,465.93	9,461.05
Current assets			
Current investments	11B	-	440.08
Cash and bank balances	15	5,226.90	6,044.75
Short-term loans and advances	13	130,277.61	108,475.73
Other current assets	14	3,551.29	3,969.93
		139,055.80	118,930.49
TOTAL		151,521.73	128,391.54
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date

For **S.R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **Bharath N S**

Partner

Membership no.: 210934

For and on behalf of the board of directors

V.P. Nandakumar

MD & CEO

Kapil Krishan

Chief Financial Officer

B. N. Raveendra Babu

Executive Director

Ramesh Periasamy

Company Secretary

Place: Chennai

Date : May 25, 2017

Place: Valapad, Thrissur

Date : May 25, 2017

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Consolidated Statement of Profit and Loss

for the year ended March 31, 2017

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
INCOME			
Revenue from operations	16	33,876.93	23,602.31
Other income	17	212.23	110.04
Total revenue		34,089.16	23,712.35
EXPENSES			
Finance costs	18	11,687.05	9,473.90
Employee benefits expense	19	5,025.82	4,300.90
Other expenses	20	5,087.55	3,895.91
Depreciation and amortization expense	21	631.54	557.81
Exceptional items (Refer Note 29)		-	25.32
Total Expenses		22,431.96	18,228.52
Profit before tax		11,657.20	5,483.83
Tax expenses			
Current tax		4,415.60	2,056.02
Deferred tax		(343.30)	(123.77)
Total tax expense		4,072.30	1,932.25
Profit for the year before minority interest		7,584.90	3,551.58
Less : Minority interest - Share of profit		26.42	17.90
Profit for the year		7,558.48	3,533.68
Earnings per equity share [nominal value of share ₹ 2/-]	22		
Basic earnings per share (₹-)		8.98	4.20
Diluted earnings per share (₹-)		8.98	4.20
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date

For **S.R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **Bharath N S**

Partner

Membership no.: 210934

For and on behalf of the board of directors

V.P. Nandakumar

MD & CEO

Kapil Krishan

Chief Financial Officer

Place: Valapad, Thrissur

Date : May 25, 2017

B. N. Raveendra Babu

Executive Director

Ramesh Periasamy

Company Secretary

Place: Chennai

Date : May 25, 2017

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Consolidated Cash Flow Statement

for the year ended March 31, 2017

	March 31, 2017	March 31, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	11,657.20	5,483.83
Depreciation and amortization	631.54	557.81
Profit on sale of fixed assets	(5.17)	(6.92)
Net gain on sale of current investments	(28.91)	(33.87)
Provision for standard assets	16.97	190.66
Bad debts/advances written off / provision for non performing assets and provision for doubtful advances	1,075.16	232.69
Amortisation of Forward contracts premium	89.77	-
Provision for Litigation claim	6.46	4.17
Operating profit before working capital changes	13,443.02	6,428.37
Movements in working capital :		
Increase/ (decrease) in trade payable	468.41	(8.90)
Increase/ (decrease) in other current liabilities and provisions	2,026.38	550.96
Increase/ (decrease) in long term provisions	11.28	24.69
Decrease / (increase) in long-term loans and advances	(2,774.42)	(3,769.39)
Decrease / (increase) in short-term loans and advances	(22,157.53)	(14,200.47)
Decrease / (increase) in other current assets	329.46	2,232.65
Increase / (decrease) in Other long term liabilities	(187.27)	143.87
Cash generated from /(used in) operations	(8,840.67)	(8,598.22)
Direct taxes paid (net of refunds)	(4,170.15)	(1,821.31)
Net cash flow from/ (used in) operating activities (A)	(13,010.82)	(10,419.53)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including CWIP	(542.07)	(798.57)
Proceeds from sale of fixed assets	6.52	11.10
Purchase of current investments	-	(5,955.00)
Sale of current investments	468.99	7,666.99
Acquisition of subsidiaries	-	9.73
Redemption/ maturity of bank deposits (having original maturity of more than three months)	640.66	834.35
Investments in bank deposits (having original maturity of more than three months)	(1,019.65)	(1,052.34)
Net cash flow from/ (used in) investing activities (B)	(445.55)	716.26
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of equity share capital	21.76	-
Proceeds from Institutional debentures (long term)	18,860.12	1,500.00
Repayment of Institutional debentures (long term)	(436.39)	(1,250.51)
Proceeds from issuance of public debentures	-	-
Repayment of Public debentures	(1,539.72)	(1,505.35)
Repayment of Retail Debenture	(94.65)	(451.82)
Proceeds from Commercial paper	87,246.61	70,266.49
Repayment of Commercial paper	(73,489.32)	(61,834.06)
Proceed from Vechile Loan	39.29	-
Repayment of Vechile Loan	(1.73)	(3.36)
Proceed from Finance Lease	27.01	81.03
Repayment of Finance Lease	(27.56)	(19.65)
Repayment of Subordinate Debt	(1,807.32)	(575.18)
Proceed from Term loan from Bank	103,820.00	120,890.00
Repayment of Term Loan from Banks	(120,004.10)	(122,836.29)
Proceeds from Foreign currency term loan - Bank	1,500.00	-
Proceeds from Foreign currency WCDL - Bank	5,500.00	-

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Consolidated Cash Flow Statement

for the year ended March 31, 2017

	March 31, 2017	March 31, 2016
Proceeds from Borrowings from others	-	3,412.80
Repayment of Borrowings from others	-	(1,507.42)
Net proceeds / (Repayments) of borrowings from others	1,194.40	
Proceeds / (Repayment) in working capital bank borrowings (net)	(6,956.29)	3,891.12
Repayment of Preference share capital in subsidiary	-	(50.00)
Preference dividend payment	-	(5.56)
Dividends paid	(1,262.56)	(1,892.74)
Tax on dividend paid	(257.02)	(385.31)
Net cash flow from/ (used in) in financing activities (C)	12,332.53	7,724.20
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(1,123.84)	(1,979.07)
Cash and cash equivalents at the beginning of the year	4,789.86	6,767.25
Add: Cash and cash equivalent acquired as part of subsidiary acquisition	-	1.67
Cash and cash equivalents at the end of the year	3,666.02	4,789.86
Components of cash and cash equivalents		
Cash on hand	1,082.62	1,269.65
With banks		
- in current account	2,017.63	3,000.64
- on Unpaid NCD trustee account	24.39	34.26
- in deposit account	-	-
- in escrow account*	-	-
NCD public issue application money	-	-
Unpaid matured deposit account	0.07	0.07
Unpaid auction surplus deposit	510.40	446.71
Unpaid dividend account	30.91	38.53
TOTAL CASH AND CASH EQUIVALENTS (NOTE 15)	3,666.02	4,789.86

*The Company can utilize these balances only towards settlement of the respective unpaid dividend, unpaid matured deposits and unpaid auction surplus.

For S.R Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Bharath N S

Partner

Membership no.: 210934

Place: Chennai

Date : May 25, 2017

For and on behalf of the board of directors

V.P. Nandakumar

MD & CEO

Kapil Krishan

Chief Financial Officer

Place: Valapad, Thrissur

Date : May 25, 2017

B. N. Raveendra Babu

Executive Director

Ramesh Periasamy

Company Secretary

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

1) NATURE OF OPERATIONS

Manappuram Finance Limited ('MAFIL' or 'the Company' or 'the Holding Company') was incorporated on July 15, 1992 in Thrissur, Kerala. The Company is a Non Banking Finance Company ('NBFC'), which provides a wide range of fund based and fee based services including gold loans, money exchange facilities, etc. The Company currently operates through 3,291 branches spread across the country. The Company is a Systemically Important Non-Deposit taking NBFC.

The Company has three subsidiaries, Manappuram Home Finance Private Limited ('MHF'), Manappuram Insurance Brokers Private Limited ("Maibro") and Asirvad Microfinance Limited (formerly Asirvad Microfinance Private Limited) ('Asirvad') which is incorporated in India. The Company along with the Subsidiaries is collectively referred to as "Group".

MHF, a wholly owned subsidiary of the Company, was incorporated in the year 2010. MHF is a housing finance company registered with National Housing Bank under the provision of National Housing Bank Act, 1987.

Asirvad, was incorporated in the year 2007. Asirvad is a micro finance company registered with Reserve Bank of India under the provision of Reserve Bank of India Act, 1934. The Company acquired 84.98% share capital of Asirvad in FY 14-15. The Company has made further investment in year 15-16 and the shareholding as at March 31, 2017 is 90.38%.

Maibro, a wholly owned subsidiary of the Company, was incorporated in the year 2002 is a Company registered with IRDA.

The Consolidated Financial Statements ('the CFS') relate to the Group. The CFS has been prepared in accordance with (AS-21) "Consolidated Financial Statements", under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014

The subsidiaries companies considered in these consolidated financial statements are:

Name of the Company	Relation-ship	Country of Incorporation	Proportion of owner-ship interest
Manappuram Home Finance Private Limited	Subsidiary	India	100%
Asirvad Microfinance Limited	Subsidiary	India	90.38%
Manappuram Insurance Brokers Private Limited	Subsidiary	India	100%

2) BASIS OF PREPARATION

a) The CFS of the Group has been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The management has prepared these CFS to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016 the guidelines issued by the Reserve Bank of India as applicable to a non deposit accepting NBFC and the guidelines issued by the National Housing Board (NHB) as applicable to a non deposit accepting NBFC. The CFS has been prepared under the historical cost convention and on an accrual basis except for interest and discounts on non-performing assets which are recognized on realization basis.

The accounting policies adopted in the preparation of CFS are consistent with those of previous year.

b) The CFS of the Group has been prepared based on a line-by-line consolidation of the Balance Sheet, as at March 31, 2017 and Statement of profit and loss and cash flows of the Company and its Subsidiaries for the year ended March 31, 2017.

c) The financial statements of the Subsidiaries used for consolidation are drawn for the same reporting period as that of the Company i.e. year ended March 31, 2017.

d) All material inter-company transactions and balances between the entities have been eliminated in the CFS.

e) The CFS has been prepared using uniform accounting policies, except as stated otherwise, for similar transactions and are presented to the extent possible, in the same manner as the Company's standalone financial statements.

f) The excess of cost to the Company of its investment in the subsidiary companies over its equity of the subsidiary companies, at the date on which the investment in the subsidiary companies are made, is recognized as Goodwill being an asset in the consolidated financial statements.

g) Minority interest, if any, in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the date on which investment are made by the Company in the subsidiary companies and further movement in their share in the equity, subsequent to the date of investment as stated above.

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

2.1) Statement of significant accounting policies

a) Use of estimates

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

b) Property Plant and Equipment

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

c) Depreciation

Depreciation is provided using straight line method (except for one of the subsidiaries, which is following written down value method) at the following rates, which is management's estimate of the useful lives of the assets:

Nature of asset	Useful life in years
Computer equipment	
- End user equipment	3
- Server*	3-6
Furniture and fixtures	
- Safe and strong rooms	10
- Others*	3-10
Office equipment *	3-10
Buildings	30
Vehicles	8
Plant & machinery	15

* The group has estimated useful life which is different for Schedule II useful life's based on technical advice obtained by the management.

d) Intangible assets – Computer software & licenses

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

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

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

e) Impairment of tangible and intangible assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

f) Leases

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

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

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments in respect of non-cancellable leases are recognized as an

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expense in the statement of Profit and Loss on a straight-line basis over the lease term.

g) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Any inter class transfer should be with the approval of the board and as per RBI regulation.

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

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

h) Revenues

Interest Income

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

Interest income on loans given is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Such interests, where instalments are overdue in respect of non-performing assets are recognized on realization basis. Any such income recognized and remaining unrealized after they become overdue in respect of standard gold loans accounts are reversed based on Management's estimate of ultimate realisation of the underlying security.

Income on securitization

In respect of the receivables securitized / assigned, losses arising are recognized in the Statement of Profit and Loss immediately upon receipt of sale consideration. Gains arising from the transaction are amortized over the tenor of the transaction. Reversal of gains proportionate to the

amount prepaid by the borrowers is also provided for during the year of prepayment.

Others

Commission income on marketing of products is recognised accrual basis when the service is rendered taking into account the number of units sold at the rates applicable according to the terms of the agreement.

Commission income on the other services is recognised on accrual basis when the service is rendered at the rates applicable in accordance with the terms of the agreement.

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

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

Fee income on loans sourced on behalf of other business partners is recognized on accrual basis according to the terms of the agreement.

Loan processing fee is recognized upfront by the Group except in one subsidiary where loan processing fee is recognized over the life of the loan on a straight line basis.

Commission from insurance companies is being recognised on acceptance of insurance policy by the insurance companies.

i) Employee benefits

i. Retirement benefit in the form of Provident Fund is a defined contribution scheme. The Group has no obligation payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for the service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as the liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

ii. Gratuity liability under the Payment of Gratuity Act which is a defined benefit scheme is accrued and provided for on the basis of an actuarial valuation as per projected unit credit method made at the end of each financial year.

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to the Consolidated Financial statements for the year ended March 31, 2017

iii. Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.

iv. Employee stock compensation cost - Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Group measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense, if any, is amortized over the vesting period of the option on a straight line basis.

j) Leave benefit plan

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

k) Foreign currency transactions

(i) Initial Recognition

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

(ii) Conversion

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

(iii) Exchange Differences

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

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

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

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

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(v) Derivative instruments and hedge accounting

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

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

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

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

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

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

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

l) Borrowing costs

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

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

m) Income Tax

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

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

At each balance sheet date the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

n) Earnings per share

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

(All amounts are in millions of Indian Rupees, unless otherwise stated)

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to the Consolidated Financial statements for the year ended March 31, 2017

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

o) Provisions

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

Loan and other credit facilities are classified as per the Reserve Bank of India (RBI) and National Housing Bank (NHB) guidelines, into performing and non-performing assets. Further non-performing assets are classified into sub-standard, doubtful and loss assets and provision made based on the criteria stipulated by RBI and NHB guidelines. Additional provision are made against specific non-performing assets over and above stated in RBI and NHB guidelines, if in the opinion of the management, increased provisions are necessary.

- (ii) Provision for credit enhancements on assets derecognized is made based on Management estimates @ 1% of the outstanding amount of assets de-recognized from the books of the company as at the Balance Sheet Date.

p) Segment reporting

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

q) Cash and Cash Equivalents

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

r) Ancillary borrowing costs

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

s) Securities issue expenses

Expenses incurred in connection with issue of shares are adjusted (net of tax effects, if any) against the securities

premium account in accordance with Section 52 of the Companies Act, 2013.

Public issue expenses incurred in connection with issue of debentures are amortized over the term of the debenture.

t) Insurance claims

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

u) Surplus on auction of pledged gold

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

v) Expenditure on Corporate Social Responsibility (CSR)

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

w) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the CFS as there is no indication of the uncertainties relating to any outflow.

x) Goodwill on acquisition

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognized in statement of profit loss.

(All amounts are in millions of Indian Rupees, unless otherwise stated)

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to the Consolidated Financial statements for the year ended March 31, 2017

NOTE: 3 SHARE CAPITAL

	As at March 31, 2017	As at March 31, 2016
Authorized shares		
980,000,000 (March 31, 2016: 980,000,000) equity shares of ₹ 2/- each	1,960.00	1,960.00
400,000 (March 31, 2016: 400,000) redeemable preference shares of ₹100/- each	40.00	40.00
Issued, subscribed and fully paid-up shares		
841,899,636 (31 March 2016: 841,207,136) equity shares of ₹ 2/- each	1,683.80	1,682.41
Total issued, subscribed and fully paid-up share capital	1,683.80	1,682.41

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

	March 31, 2017		March 31, 2016	
	No. millions	₹ (in millions)	No. millions	₹ (in millions)
At the beginning of the year	841.20	1,682.41	841.20	1,682.41
Issued during the year - ESOP (refer note 23)	0.69	1.39	-	-
Outstanding at the end of the year	841.89	1,683.80	841.20	1,682.41

b. Terms/rights attached to equity shares

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

During the year ended 31 March 2017, the amount of per share dividend recognized as distributions to equity shareholders was ₹1.50 per share (31 March 2016: ₹2.25/- per share).

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

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

	March 31, 2017 No. millions	March 31, 2016 No. millions
Equity shares allotted as fully paid bonus shares by capitalization of securities premium, general reserve and capital redemption reserve.	614.56	614.56

In addition, the Company has issued 746,500 equity shares (March 31, 2016: 11,213,880) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

d. Details of shareholders holding more than 5% shares in the Company (Equity shares of ₹ 2/- each fully paid)

	March 31, 2017		March 31, 2016	
	No. millions	% holding in the class	No. millions	% holding in the class
Mr.Nandakumar V P	237.57	28.22	230.94	27.45
Ms Sushama Nandakumar	48.00	5.70	48.00	5.71
Baring India Private Equity Fund III	47.62	5.66	79.36	9.43

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

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

NOTE: 4 RESERVES AND SURPLUS

	As at March 31, 2017	As at March 31, 2016
Securities premium account		
Balance as per the last Consolidated Financial Statements	13,699.16	13,699.05
Add: additions on ESOPs exercised	20.26	-
Closing Balance	13,719.42	13,699.05
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934		
Balance as per the last Consolidated Financial Statements	4,385.49	3,660.75
Add: On acquisition	-	2.33
Add: Transfer from surplus balance in the Statement of Profit and Loss	1,521.12	722.41
Closing Balance	5,906.61	4,385.49
Debenture Redemption reserve		
Balance as per the last Consolidated Financial Statements	718.95	549.04
Add: amount transferred from surplus balance in the Statement of Profit and Loss (refer note 4 (b))	102.26	169.91
Closing Balance	821.21	718.95
Capital Redemption reserve		
Balance as per the last Consolidated Financial Statements	50.00	-
Add: amount transferred from surplus balance in the Statement of Profit and Loss	-	50.00
Closing Balance	50.00	50.00
General reserve		
Balance as per the last Consolidated Financial Statements	3,885.08	3,885.08
Closing Balance	3,885.08	3,885.08
Hedge Reserve		
Balance as per the last financial statements	-	-
Gains/(losses) arising during the year	(22.96)	-
Closing Balance	(22.96)	-
Surplus in the Consolidated Statement of Profit and Loss		
Balance as per the last Consolidated Financial Statements	3,159.29	2,851.54
Profit for the year	7,558.48	3,533.68
Less: Appropriations		
Transfer to debenture redemption reserve	102.26	169.91
Interim dividend on equity shares	1,262.56	1,892.74
Tax on interim dividend on equity shares	257.02	385.31
Dividend distributed to Preference shares holders by subsidiary	-	5.56
Transfer to Statutory reserve	1,521.12	722.41
Transfer to Capital redemption reserve	-	50.00
Total appropriations	3,142.96	3,225.93
Net surplus in the Consolidated statement of Profit and Loss	7,574.81	3,159.29
Total reserves and surplus	31,934.15	25,897.95

Notes:

- Pursuant to Section 71 of the Companies Act, 2013 and circular 04/2013, read with notification issued date 19th June 2016 issued by Ministry of Corporate Affairs, the Company is required to transfer 25% of the value of the outstanding debentures issued through public issue as per the present SEBI (Issue and Listing of Debt Securities) Regulation, 2008 to Debenture Redemption Reserve (DRR) and no DRR is required in case of privately placed debenture. Also the Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the balance sheet date.
- In respect of the debentures issued through public issue, the Company has created DRR of ₹821.21 as at March 31, 2017 (Previous Year March 31, 2016 ₹718.95). The Company subsequent to the year-end has deposited a sum of ₹291.20 (previous year March 31, 2016 ₹189.08) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date net of redemption before April 30, 2017.

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

NOTE: 5 LONG-TERM BORROWINGS

	Non-current portion		Current maturities	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Sub-ordinated debt (Unsecured)				
Subordinate debt from banks	-	500.00	500.00	1,000.00
Subordinate bonds from others	63.99	417.99	353.99	807.31
Debentures (Secured)				
Non-convertible Debentures - Private placement	21,561.05	3,803.13	1,519.76	948.60
Non-convertible Debentures - Public issue	578.10	3,284.84	2,706.74	1,539.72
Term loans				
Indian rupee loan from banks (secured)	5,461.25	6,615.90	8,738.41	6,891.19
Foreign Currency Term Loan from banks (secured)	1,438.99	-	-	-
Indian rupee loan from others (secured)	2,074.36	1,348.35	1,924.10	1,327.65
Indian rupee loan from others (Unsecured)	-	-	31.27	157.53
Vehicle loans (Secured)	30.46	-	8.55	1.45
Finance lease obligation (secured)	15.90	29.86	44.93	31.52
	31,224.10	16,000.07	15,827.75	12,704.97
The above amount includes				
Secured borrowings	31,160.11	15,082.08	14,942.49	10,740.13
Unsecured borrowings	63.99	917.99	885.26	1,964.84
Amount disclosed under the head "other current liabilities" (note 8)	-	-	(15,827.75)	(12,704.97)
NET AMOUNT	31,224.10	16,000.07	-	-

A) Indian rupee loan from banks (secured)

As at March 31, 2017

Terms of repayment

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

These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold and margin/cash collateral as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO.

Particulars	Non current portion	Current Maturities
Base Rate+Spread	2,606.37	3,653.29
TOTAL	2,606.37	3,653.29

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans.

Particulars	Non current portion	Current Maturities
Fixed	2,059.05	243.45
TOTAL	2,059.05	243.45

These are secured by an exclusive charge by way of pari passu first charge on housing loans receivables of the Manappuram Home Finance which are regular as per NHB Guidelines.

(All amounts are in millions of Indian Rupees, unless otherwise stated)

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to the Consolidated Financial statements for the year ended March 31, 2017

As at March 31, 2016

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within 2-5 years	10.45 -11.30%	423.08	-
Due within 1-2 years	9.95 -11.30%	3,825.77	-
Due within 1 year	9.50 -11.30%	-	5,160.77
TOTAL		4,248.85	5,160.77

These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold and margin/cash collateral as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO.

Particulars	Non current portion	Current Maturities
Base Rate	1.55	11.26
Base Rate+Spread	1,590.11	1,594.39
Fixed	100.00	100.00
TOTAL	1,691.66	1,705.65

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans.

As at March 31, 2016

Particulars	Non current portion	Current Maturities
Fixed	675.00	25.00
TOTAL	675.00	25.00

These are secured by an exclusive charge by way of pari passu first charge on housing loans receivables of the Manappuram Home Finance which are regular as per NHB Guidelines.

B) Indian rupee loan from others (Unsecured)

As at March 31, 2017

Terms of repayment

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

As at March 31, 2016

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within One year	12.30 -13.75 %	-	157.53
TOTAL		-	157.53

(All amounts are in millions of Indian Rupees, unless otherwise stated)

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to the Consolidated Financial statements for the year ended March 31, 2017

C) Vehicle loans (Secured loans)

As at March 31, 2017

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest		Total
	< 10%	>= 10% < =12%	
	Amount	Amount	Amount
Later than one year and not later than five years	30.46	-	30.46
Due within 1 year	8.55	-	8.55
Grand Total	39.01	-	39.01
Non current portion			30.46
Current Maturities			8.55

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

As at March 31, 2016

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest		Total
	< 10%	>= 10% < =12%	
	Amount	Amount	Amount
Due within 1 year	0.47	-	0.47
Grand Total	0.47	-	0.47
Non current portion			-
Current Maturities			0.47

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

D. Subordinate debt from banks as at March 31, 2017 aggregating ₹ Nil (March 31, 2016 ₹1,000) which carries an interest rate of 14.00% (floating - BR + 3.75%) is repayable at the end of five years and six months from the date of the loan viz. December 13, 2010, and ₹500 as at March 31, 2017, (₹500 Mil as at March 31, 2016) which carries an interest rate of 13.55% (floating - BR + 3.30%) is repayable at the end of five years and six months from the date of the loan viz. January 28, 2012.

E. Finance lease obligation is secured by hypothecation of Computers taken on lease. The interest rate implicit in the lease is 11% p.a. The gross investment in lease, i.e., lease obligation plus interest, is payable in 12 quarterly instalments of approx. ₹ 9.88 million (March 31, 2016 - ₹ 7.41) each.

F. Foreign currency loan:

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

The loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans & advances of the Company. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO.

(All amounts are in millions of Indian Rupees, unless otherwise stated)

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to the Consolidated Financial statements for the year ended March 31, 2017

G) Indian rupee loan from others (secured)

As at March 31, 2017

Particulars	Non current portion	Current Maturities
Base Rate+Spread	-	-
Fixed	2,074.36	1,924.10
TOTAL	2,074.36	1,924.10

As at March 31, 2016

Particulars	Non current portion	Current Maturities
Base Rate+Spread	378.71	164.44
Fixed	970.03	1,163.21
TOTAL	1,348.74	1,327.65

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans.

Subordinate bonds from others:

Subordinate bonds have a face value of ₹1,000/- each. Details of rate of interest and maturity pattern from the date of the balance sheet is as under:

As at March 31, 2017

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14%<=15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	-	-	1,472	1.47	3,542	3.54	5,014	5.01
Due within 4-5 years	-	-	18,452	18.45	12,463	12.46	30,915	30.91
Due within 3-4 years	6,857	6.86	10,589	10.59	-	-	17,446	17.44
Due within 2-3 years	413	0.41	2,937	2.94	2,309	2.31	5,659	5.66
Due within 1-2 years	-	-	-	-	4,965	4.97	4,965	4.97
Due within 1 year	-	-	139,795	139.80	214,189	214.19	353,984	353.99
Grand Total	7,270	7.27	173,245	173.25	237,468	237.47	417,983	417.98
Non-current portion								63.99
Current maturities								353.99
TOTAL								417.98

As at March 31, 2016

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14%<=15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	-	-	19,924	19.92	16,005	16.01	35,929	35.93
Due within 4-5 years	6,857	6.86	10,589	10.59	-	-	17,446	17.44
Due within 3-4 years	413	0.41	2,937	2.94	2,309	2.31	5,659	5.66
Due within 2-3 years	-	-	-	-	4,965	4.97	4,965	4.97
Due within 1-2 years	-	-	139,795	139.79	214,189	214.19	353,984	353.99
Due within 1 year	-	-	531,843	531.84	275,466	275.47	807,309	807.31
Grand Total	7,270	7.27	705,088	705.08	512,934	512.95	1,225,292	1,225.30
Non-current portion								417.99
Current maturities								807.31
TOTAL								1,225.30

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

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

As at March 31, 2017

Terms of repayment

Redeemable at par within	Rate of interest									
	< 10%		>= 10% < 12%		>= 12% < 14%		>= 14% < 16%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 2-3 years	-	-	-	-	-	-	-	-	-	-
Due within 1-2 years	-	-	-	-	1,105,068	1,105.07	426,990	426.99	1,532,058	1,532.06
Due within 1 year	-	-	20,000	20.00	104,961	104.96	167,097	167.10	292,058	292.06
Grand Total	-	-	20,000	20.00	1,210,029	1,210.03	594,087	594.09	1,824,116	1,824.12
Non-current portion										1,532.06
Current maturities										292.06
TOTAL										1,824.12

As at March 31, 2016

Terms of repayment

Redeemable at par within	Rate of interest									
	< 10%		>= 10% < 12%		>= 12% < 14%		>= 14% < 16%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 4-5 years	-	-	-	-	-	-	-	-	-	-
Due within 3-4 years	-	-	-	-	-	-	-	-	-	-
Due within 2-3 years	-	-	-	-	1,146,540	1,146.54	434,038	434.04	1,580,578	1,580.58
Due within 1-2 years	-	-	20,000	20.00	104,961	104.96	167,267	167.27	292,228	292.23
Due within 1 year	-	-	7,500	7.50	38,115	38.12	336	0.34	45,951	45.96
Grand Total	-	-	27,500	27.50	1,289,616	1,289.62	601,641	601.65	1,918,757	1,918.77
Non-current portion										1,872.81
Current maturities										45.96
TOTAL										1,918.77

Nature of Security

Secured by a floating charge on the book debts of the Company on gold and other unencumbered assets. The Company shall maintain 100% security cover on the outstanding balance of debenture with accrued interest any time. Debentures are offered for a period of 366 days to 65 Months.

ii) Private Placement Institutional- Issue of Redeemable Non-convertible Debentures of ₹ 100,000/- each

As at March 31, 2017

Terms of repayment

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	
	Nil	Nil			
TOTAL	-	-			

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

As at March 31, 2016

Terms of repayment

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on
17-Jun-11	400	40.00	12.50%	17-Jun-16
27-May-11	84	8.40	12.25%	27-May-16
27-May-11	3,880	388.00	12.50%	27-May-16
TOTAL	4,364	436.40		
Non-current portion		-		
Current maturities		436.40		
TOTAL		436.40		

Secured by first pari passu charge on the receivable of the Company with minimum asset cover ratio of 1.10 times and immovable property. Immovable property shall mean the commercial premises of the Company at Kole Kalyan, Santacruz (East) Mumbai.

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

As at March 31, 2017 Terms of repayment

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Put and Call option
31-Dec-12	400	400.00	12.55%	31-Dec-17	None
09-Jan-13	116	116.00	12.40%	09-Jan-18	None
01-Feb-13	250	250.00	12.80%	01-Feb-18	None
20-Mar-13	1	1.00	12.40%	20-Mar-18	None
20-Mar-13	30	30.00	13.25%	20-Mar-23	None
24-May-16	750	750.00	10.50%	04-Apr-18	None
24-May-16	750	750.00	10.50%	08-Apr-18	None
28-Jun-16	400	400.00	9.80%	28-Jun-19	None
28-Jul-16	1,400	1,400.00	10.30%	28-Jul-18	None
05-Aug-16	1,000	1,000.00	10.31%	28-Dec-18	None
05-Aug-16	1,500	1,500.00	10.31%	15-Mar-18	None
23-Aug-16	750	750.00	10.20%	22-Mar-18	None
26-Aug-16	500	500.00	10.25%	26-Aug-19	None
31-Aug-16	2,000	2,000.00	10.20%	20-Dec-18	None
15-Sep-16	2,000	2,000.00	10.15%	15-Sep-19	None
27-Sep-16	1,500	1,500.00	10.05%	20-Mar-19	None
14-Oct-16	2,500	2,500.00	9.99%	14-Oct-19	None
TOTAL	15,847	15,847.00			
Non-current portion		15,080.00			
Current maturities		767.00			
TOTAL		15,847.00			

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

As at March 31, 2016

Terms of repayment

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Put and Call option
31-Dec-12	400	400.00	12.80%	31-Dec-17	None
09-Jan-13	116	116.00	12.40%	09-Jan-18	None
01-Feb-13	250	250.00	12.80%	01-Feb-18	None
20-Mar-13	1	1.00	12.40%	20-Mar-18	None
20-Mar-13	30	30.00	13.25%	20-Mar-23	None
TOTAL	797	797.00			
Non-current portion		797.00			
Current maturities		-			
TOTAL		797.00			

Nature of Security

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

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

As at March 31, 2017

Terms of repayment

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

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

As at March 31, 2016

Terms of repayment

Date of allotment	Number	Amount	Interest Rate	Redeemable at par on
05-Apr-14	127,579	127.58	11.50%	05-Apr-16
05-Apr-14	264,285	264.29	12.00%	05-Apr-16
18-Oct-14	165,683	165.68	11.00%	18-Oct-16
18-Oct-14	135,403	135.40	11.25%	18-Oct-16
28-Jan-14	539,297	539.30	12.25%	28-Jan-17
28-Jan-14	307,469	307.47	12.50%	28-Jan-17
05-Apr-14	585,064	585.06	12.25%	05-Apr-17
05-Apr-14	315,100	315.10	12.50%	05-Apr-17
18-Oct-14	1,137,977	1,137.98	11.50%	18-Oct-17
18-Oct-14	668,597	668.60	11.75%	18-Oct-17
28-Jan-14	4,919	4.92	11.50%	28-Jan-19
28-Jan-14	11,140	11.14	12.00%	28-Jan-19
05-Apr-14	5,012	5.01	11.50%	05-Apr-19
05-Apr-14	8,447	8.45	12.00%	05-Apr-19
18-Oct-14	22,024	22.02	11.25%	18-Oct-19
18-Oct-14	12,970	12.97	11.50%	18-Oct-19
28-Jan-14	175,298	175.30	12.61%	28-Nov-19
05-Apr-14	187,771	187.77	12.61%	05-Feb-20
18-Oct-14	150,523	150.52	11.70%	18-Jan-21
TOTAL	4,824,558	4,824.56		
Non-current portion		3,284.84		
Current maturities		1,539.72		
TOTAL		4,824.56		

Nature of Security

Secured by mortgage of the immovable property of the Company and a charge on all book debts and other current assets as fully described in the debenture trust deed except those receivables exclusively charged, on a first ranking pari passu basis with all other lenders to the Company holding pari passu charge over security.

The Company shall maintain an asset cover of at least 1.10 times of the outstanding amount of debenture, at all times, till the debentures are completely redeemed.

v) Secured, Redeemable Non-convertible Debentures

As at March 31, 2017

Date of allotment	No.of. Debentures	Face Value	Balance as at 31 March 2017	Int Rate	Due date of redemption
28-Sep-16	750	1,000,000	750.00	11.35%	01-Jul-22
28-Sep-16	2,500	100,000	250.00	11.45%	19-Mar-19
17-Oct-16	1,500	100,000	150.00	11.45%	19-Apr-19
28-Mar-16	700	1,000,000	700.00	13.25%	01-Sep-20
19-May-16	330	1,000,000	330.00	13.25%	01-May-21
13-May-15	100	1,000,000	100.00	14.50%	01-Dec-20
13-Jul-16	150	1,000,000	150.00	13.50%	01-Jul-19
13-Jul-16	250	1,000,000	250.00	13.50%	01-Jul-22

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

Date of allotment	No. of Debentures	Face Value	Balance as at 31 March 2017	Int Rate	Due date of redemption
29-Dec-16	500	1,000,000	500.00	13.00%	01-Dec-22
15-Mar-17	350	1,000,000	350.00	13.00%	01-Jul-22
15-Mar-17	150	1,000,000	150.00	13.00%	01-Jul-22
28-Dec-16	150	1,000,000	150.00	13.00%	01-Jun-23
01-Jul-16	333	100,000	299.70	12.80%	01-Jul-19
11-Aug-16	400	100,000	400.00	12.25%	01-Aug-19
19-Aug-16	500	1,000,000	500.00	12.20%	01-Aug-19
04-Nov-16	380	1,000,000	380.00	12.00%	01-Nov-19
TOTAL	9043		5,409.70		
Non-current portion			4,949.00		
Current maturities			460.70		
TOTAL			5,409.70		

As at March 31, 2016

Date of allotment	No. of Debentures	Face Value	Balance as at 31 March 2017	Int Rate	Due date of redemption
07-Apr-14	120	500,000	2.50	14.00%	01-Apr-16
30-Jul-14	65	1,000,000	10.83	13.75%	16-Jul-16
16-Sep-14	75	1,000,000	18.75	13.25%	16-Sep-16
31-Jul-14	100	1,000,000	33.33	12.55%	17-Jan-17
02-Dec-14	140	1,000,000	46.67	13.50%	16-Dec-16
23-Jan-15	150	1,000,000	62.50	13.25%	17-Jan-17
13-May-15	100	1,000,000	100.00	14.50%	18-Dec-20
23-Jul-15	4,235	5,000	13.23	11.84%	24-Jan-17
23-Jul-15	9,882	5,000	30.88	11.84%	24-Jan-17
23-Jul-15	3,294	5,000	26.47	11.84%	24-Jan-17
23-Jul-15	8,471	5,000	10.29	11.84%	24-Jan-17
23-Jul-15	14,118	5,000	44.12	11.84%	24-Jan-17
19-Aug-15	500	1,000,000	500.00	13.52%	20-Aug-18
28-Mar-16	700	1,000,000	700.00	13.53%	27-Mar-21
Non-current portion			1,133.33		
Current maturities			466.25		
TOTAL			1,599.58		

Nature of Security

The NCDs are secured by charge on specific loans and receivables of the Company.

NOTE: 6 OTHER LONG TERM LIABILITIES

	As at March 31, 2017	As at March 31, 2016
Interest accrued but not due on long term borrowings	855.89	1,038.15
Security deposits from employees	194.64	199.65
Derivative Liability	83.97	-
	1,134.50	1,237.80

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

NOTE: 7 SHORT-TERM BORROWINGS

	As at March 31, 2017	As at March 31, 2016
Cash credit / Overdraft facilities from banks (secured)	5,897.58	12,853.87
Working Capital demand loan from banks (secured)	33,815.99	45,479.99
Loan from Related party (unsecured)	-	1.80
Commercial Papers (unsecured)	23,095.86	9,338.57
	62,809.43	67,674.23
The above amount includes		
Secured borrowings	39,713.57	58,333.86
Unsecured borrowings	23,095.86	9,340.37
TOTAL	62,809.43	67,674.23

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

Particulars	March 31, 2017	March 31, 2016
Secured by hypothecation of specific/paripassu assets covered and Margin/cash collateral under hypothecation agreements.	39,713.57	58,333.86
TOTAL	39,713.57	58,333.86

Commercial papers carry interest rates of 7.25% to 10.05% and their tenor ranges from 60 days to 364 days.

NOTE: 8 OTHER CURRENT LIABILITIES

	As at March 31, 2017	As at March 31, 2016
Trade Payables (A) (refer note 8 (A))		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	719.12	250.71
	719.12	250.71
Current maturities of long-term borrowings (note 5) (Includes current maturity of finance lease obligation ₹44.93 million)	15,827.75	12,704.97
Interest accrued but not due on borrowings	2,243.35	661.83
Statutory dues payable	184.13	87.34
Employee related payables	443.95	366.18
Auction surplus	579.13	462.74
Forward cover contract payable	403.27	
Income received in advance (unearned revenue)	124.35	89.53
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unclaimed matured Non convertible debenture	11.67	13.83
Unclaimed dividend	30.90	38.52
Unclaimed matured deposits	0.06	0.07
Unpaid Interest - NCD/Bond	1.91	3.99
Unclaimed matured subordinate bonds	153.87	21.19
Advance from MAS Financial Services Limited	-	23.83
Others	110.27	179.30
TOTAL (B)	20,114.61	14,653.32
TOTAL (A+B)	20,833.73	14,904.03

Note 8(A): There are no Micro and Small Enterprises, to whom the Group owes dues, which are as at March 31, 2017 and March 31, 2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

NOTE: 9 SHORT TERM PROVISIONS

Provisions	Non-current portion		Current maturities	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Provision for employee benefits				
Provision for gratuity	2.56	-	78.79	65.27
Provision for leave encashment	12.96	4.24	88.41	0.74
	15.52	4.24	167.20	66.01
Other provisions				
Provision for non performing assets	85.62	2.47	854.87	218.51
Provisions for taxation (net of advance tax and tax deducted at source)	-	-	38.15	-
Provision for standard assets	11.85	25.20	454.21	423.81
Provision for credit enhancement on asset derecognised	-	-	0.69	13.78
Provision for litigation	-	-	35.48	29.02
	97.47	27.67	1,383.40	685.12
	112.99	31.91	1,550.60	751.13

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

	As at March 31, 2017	As at March 31, 2016
At the beginning of the year	29.02	24.85
Arising during the year	6.46	4.17
Utilized during the year	-	-
Unused amounts reversed	-	-
At the end of the year	35.48	29.02
Current portion	35.48	29.02
Non-current portion	-	-

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

NOTE: 10A PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Building	Office equipment	Electrical Installation	Computer equipment **	Furniture and Fittings	Vehicle *	Plant & Machinery	Total
Cost									
At 1 April 2015	81.18	305.71	265.86	265.44	942.04	2,063.00	43.17	42.94	4,009.34
Addition on acquisition of subsidiary	-	-	-	-	2.37	6.57	-	-	8.94
Additions	17.00	1.10	114.06	45.08	369.84	198.52	24.08	2.03	771.71
Deletions	-	-	2.63	1.12	63.93	17.56	4.36	-	89.60
At 31 March 2016	98.18	306.81	377.29	309.40	1,250.32	2,250.53	62.89	44.97	4,700.39
Cost									
At 1 April 2016	98.18	306.81	377.29	309.40	1,250.32	2,250.53	62.89	42.94	4,700.39
Additions	36.33	1.63	61.06	18.95	159.69	202.65	47.85	2.34	530.50
Deletions/adjustment	-	-	34.59	18.72	113.04	128.73	-	-	295.08
At 31 March 2017	134.51	308.44	403.76	309.63	1,296.97	2,324.45	110.74	45.28	4,935.81
Accumulated Depreciation									
At 1 April 2015	-	17.71	184.65	237.31	753.19	1,109.53	16.91	7.75	2,327.05
Addition on acquisition of subsidiary	-	-	0.19	0.01	1.03	1.26	0.40	-	2.89
Charge for the year	-	10.54	58.52	25.80	169.29	261.94	11.24	3.09	540.42
Deletions	-	-	2.62	1.12	62.44	16.90	2.35	-	85.43
At 31 March 2016	-	28.25	240.74	262.00	861.07	1,355.83	26.20	10.84	2,784.93
Accumulated Depreciation									
At 1 April 2016	-	28.25	240.74	262.00	861.07	1,355.83	26.20	10.84	2,784.93
Charge for the year	-	10.56	79.21	25.73	221.26	258.69	13.82	3.26	612.53
Disposals/adjustment	-	-	34.43	18.71	112.88	127.73	-	-	293.75
At 31 March 2017	-	38.81	285.52	269.02	969.45	1,486.79	40.02	14.10	3,103.71
Net Block at 31 March 2016	98.18	278.56	136.55	47.40	389.25	894.70	36.69	34.13	1,915.46
Net Block at 31 March 2017	134.51	269.63	118.24	40.61	327.52	837.66	70.72	31.18	1,832.10

*Includes vehicles taken on finance lease/hire purchase- Gross block ₹ 33.05 as at March 31, 2017 (March 31, 2016 ₹ 2.82). Depreciation for the period ₹ 1.30 (March 31, 2016 ₹ 0.36) and Net block ₹ 31.75 as at March 31, 2017 (March 31, 2016 ₹ 2.00)

**Includes Computers taken on finance lease/hire purchase- Gross block ₹ 108.07 as at March 31, 2017 (March 31, 2016 ₹ 81.06). Depreciation for the period ₹ 30.44 (March 31, 2016 ₹ 16.87) and Net block ₹ 60.76 as at March 31, 2017 (March 31, 2016 ₹ 64.19)

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

NOTE: 10B INTANGIBLE ASSETS

	Computer Software
Cost	
At 1 April 2015	144.95
Addition on acquisition of subsidiary	0.98
Purchase	6.10
Deletions	-
At 31 March 2016	152.03
Cost	
At 1 April 2016	152.03
Purchase	17.92
Deletions	15.66
At 31 March 2017	154.29
Amortization	
At 1 April 2015	101.72
Addition on acquisition of subsidiary	0.72
Charge for the year	17.38
Deletions	-
At 31 March 2016	119.82
Amortization	
At 1 April 2016	119.82
Charge for the year	19.01
Deletions	15.64
At 31 March 2017	123.19
Net block	
At 31 March 2016	32.21
At 31 March 2017	31.10

NOTE: 11A NON-CURRENT INVESTMENTS

	As at March 31, 2017	As at March 31, 2016
Non trade - (Unquoted, valued at cost)		
50 (previous year: 50) Non Convertible Subordinate bonds of ₹1,000,000/- each fully paid in Dhanalaxmi Bank Limited	50.00	50.00
50,000 Equity Shares of Alpha Micro Finance Consultants Private Limited of ₹10/- each	0.50	0.50
Non-Trade Investment in other companies (Unquoted, valued at cost)		
1,000 (Previous year - 1,000) equity share of ₹ 10/- each fully paid in The Catholic Syrian Bank Limited.	0.03	0.03
	50.53	50.53

Note :

1. Aggregate amount of unquoted investments	50.53	50.53
2. Aggregate provision for diminution in value of investments	-	-

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

NOTE: 11B CURRENT INVESTMENTS

	As at March 31, 2017	As at March 31, 2016
Mutual Fund (Unquoted, valued at net asset value or cost which ever is lower)		
Nil (Previous year 9,940,852) units of ₹ 10.06/- each in Franklin Templeton Ultra Short Daily Dividend Plan	-	100.00
Nil (Previous year 49,996) units of ₹ 1,000.51/- each in Reliance Liquidity Fund Daily Dividend Plan	-	50.03
Nil (Previous year 9,903,874) units of ₹ 10.25/- each in Sundaram Money Fund	-	100.05
Nil (Previous year 16,379.30) units of ₹2,442.11/- each in Reliance Liquid Fund-Cash-Plan-Direct Growth Plan.	-	40.00
Nil (Previous year 5,892.26) units of ₹1,697.14/- each in UTI Money Market Fund-Institutional Plan-Direct Plan-Growth.	-	10.00
Nil (Previous year 16,282.57) units of ₹3,070.77/- each in Kotak Liquid Plan A-Direct plan-Growth	-	50.00
Nil (Previous year 164,555.55) units of ₹243.08/- each in Birla Sunlife Cash Plus-Growth-Direct	-	40.00
Nil (Previous year 170,173.60) units of ₹293.82/- each in Birla Sunlife Savings Fund-Growth-Direct	-	50.00
	-	440.08
Note :		
1. Aggregate amount of unquoted investments (Cost)	-	440.08

NOTE: 12 DEFERRED TAX ASSETS (NET)

	As at March 31, 2017	As at March 31, 2016
Deferred tax liability		
On unamortised debenture issue expense	(4.90)	(16.10)
Gross deferred tax liability	(4.90)	(16.10)
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting.	227.53	181.28
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	116.94	22.09
Provision for advances	425.30	234.85
Others	12.29	11.74
Gross deferred tax asset	159.69	449.96
Net deferred tax asset	154.79	433.86

NOTE: 13 LOANS AND ADVANCES

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Portfolio Loan				
Secured, considered good				
- Gold Loan	-	-	111,022.69	100,591.51
- Commercial Vehicle Loan	1,450.81	894.31	1,579.29	403.39
- Mortgage/Property Loan	257.56	377.65	65.72	60.42
- Home Loan	2,181.11	1,177.64	65.64	24.33
- Corporate Loan	426.21	276.04	371.92	195.84
- Other Loans	781.06	82.50	46.57	19.01
	5,096.75	2,808.14	113,151.83	101,294.50

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

NOTE: 13 LOANS AND ADVANCES (Contd.)

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Secured, considered doubtful#				
- Gold Loan	-	-	222.65	214.80
- Commercial Vehicle Loan	14.13	-	14.11	0.07
- Mortgage/Property Loan	25.89	-	22.17	3.63
- Home Loan	43.47	-	1.41	-
- Other Loans	1.18	-	0.01	-
Portfolio Loan				
Unsecured, considered good				
- Demand loan	7.33	22.12	11.62	10.10
- Personal loan	-	-	-	0.02
- Micro finance loan ##	2,397.40	2,007.51	14,820.15	6,587.69
Unsecured, considered doubtful#				
- Micro finance loan	-	-	-	2.74
Advances recoverable in cash or kind*				
Unsecured, considered good	-	-	1,858.80	200.20
Deposits (Unsecured, considered good)				
Rental deposits	488.07	462.42	121.59	119.72
Other security deposits	45.20	44.81	9.90	8.01
	533.27	507.23	131.49	127.73
Service tax and other taxes recoverable, from Government (Unsecured, considered good)	-	-	43.37	34.25
Capital advances (Unsecured, considered good)	19.62	32.25	-	-
TOTAL	8,139.04	5,377.25	130,277.61	108,475.73

* Advances recoverable in cash or kind includes dues from relative of directors and related parties

Provision for the same has been disclosed separately under note 9.

Includes Managed Micro finance loans - ₹ NIL (Previous year ₹1,377.65).

NOTE: 14 OTHER ASSETS

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Deposits with other NBFCs as collateral towards loans and assets derecognised	-	4.58	-	14.04
Deposits as collateral with business partner towards loans sourced on their behalf	-	0.00	-	10.67
Non-current bank deposits (note 15)	497.81	424.81	-	-
(A)	497.81	429.39	-	24.71
Interest accrued:				
Loan Portfolio (Secured, considered good)	-	-	3,017.74	3,489.78
Micro finance Loan (Unsecured, considered good)	46.32	-	134.79	94.71
Fixed deposits and investment	22.45	11.41	41.78	30.16
Deposit under Pradhan Mantri Garib Kalyan Yojna (PMGKY)(Refer Note 35.6)	1.50	-	-	-
Advance tax (net of Provisions for taxation and tax deducted at source)	603.91	811.21	-	-
Unamortized premium on forward contract	-	-	27.68	-
Ancillary cost of arranging the borrowings	102.08	44.08	104.48	101.19
Commission receivable	-	-	7.38	-
Others	-	-	217.44	229.38
(B)	776.26	866.70	3,551.29	3,945.22
TOTAL (A + B)	1,274.07	1,296.09	3,551.29	3,969.93

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

NOTE: 15 CASH AND BANK BALANCES

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Cash and cash equivalents				
Balances with banks:				
On current accounts	-	-	2,017.63	3,000.64
Deposits with original maturity of less than three months	-	-	-	-
Cash on hand	-	-	1,082.62	1,269.65
On Escrow accounts #				
Unpaid matured deposit	-	-	0.07	0.07
Unpaid NCD trustee account	-	-	24.39	34.26
Unpaid auction surplus deposit	-	-	510.40	446.71
Unpaid dividend	-	-	30.91	38.53
	-	-	3,666.02	4,789.86
# The Company can utilize these balances only towards settlement of the respective unpaid dividend, unpaid matured deposits and unpaid auction surplus.				
Other bank balances				
Other balance				
Deposits with original maturity for more than 3 months but less than 12 months*	-	-	1,548.64	1,176.95
Deposits with original maturity for more than 12 months*	497.81	424.81	12.24	77.94
	497.81	424.81	1,560.88	1,254.89
Amount disclosed under non-current assets (note 14)	497.81	424.81	-	-
	-	-	5,226.90	6,044.75

NOTE: 16 REVENUE FROM OPERATIONS

	Year ended March 31, 2017	Year ended March 31, 2016
Interest Income		
- Gold loans	29,153.01	21,553.86
- Bank and other deposits	111.24	135.54
- Property Loans	76.09	72.88
- Micro Finance	3,059.23	1,202.01
- Commercial Vehicles	402.37	122.55
- Home Loan	317.60	69.83
- Corporate Loan	95.32	19.04
- Other loans	-	3.09
Insurance Commission	19.85	11.97
Processing and application fees	368.98	212.03
Gain on Securitisation	158.76	86.83
Total Interest income (A)	33,762.45	23,489.63
Other operating revenue		
- Money transfer	46.80	50.87
- Net Gain on current investment	28.91	33.87
- Bad debts recovered	10.79	13.69
- Insurance claim received	6.95	11.33
- Others	21.03	2.92
Total Other operating revenue (B)	114.48	112.68
Revenue from operations (A+B)	33,876.93	23,602.31

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

NOTE: 17 OTHER INCOME

	Year ended March 31, 2017	Year ended March 31, 2016
Profit on sale of fixed assets (net)	5.17	6.92
Commission - (refer note 37)	178.41	82.76
Other non-operating income	15.56	20.36
Reversal of Provision for Credit Enhancement on Assets De-recognised	13.09	-
	212.23	110.04

NOTE: 18 FINANCE COST

	Year ended March 31, 2017	Year ended March 31, 2016
Interest		
- on Debentures	2,360.34	1,345.75
- on Bank and other borrowings	6,949.50	6,219.17
- on Subordinate bonds and loans	277.38	461.60
- on Commercial papers	1,661.32	869.94
- Others	34.16	273.87
Other borrowing cost	404.35	301.31
	11,687.05	9,473.90

NOTE: 19 EMPLOYEE BENEFIT EXPENSE

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages and bonus	4,426.30	3,783.25
Contribution to provident and other funds	470.26	412.41
Gratuity expense (note 25)	100.85	90.13
Staff welfare expenses	28.41	15.11
	5,025.82	4,300.90

NOTE: 20 OTHER EXPENSES

	Year ended March 31, 2017	Year ended March 31, 2016
Electricity	191.35	179.67
Rent	1,106.69	1,005.88
Rates and taxes	40.61	32.40
Insurance	65.95	42.15
Repairs and maintenance		
-Vehicles	10.23	4.59
-Others	153.14	131.07
Advertising and sales promotion	437.33	570.22
Commission paid	119.64	78.24
Travelling and conveyance	250.68	178.65
Communication costs	249.45	157.20
Printing and stationery	138.35	117.29
IT Support costs	301.62	259.25

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

NOTE: 20 OTHER EXPENSES (Contd.)

	Year ended March 31, 2017	Year ended March 31, 2016
Legal and professional fees	126.15	107.52
Security charges	591.47	435.47
Bad debts/advances written off	355.65	198.22
Provision for non performing assets	719.51	34.47
Provision for standard assets	16.97	232.69
Corporate social responsibility expenditure	112.40	190.66
Miscellaneous expenses	100.36	94.22
	5,087.55	3,895.91
Payment to auditors included in Legal and Professional Charges:		
As auditor:		
Audit fee	7.03	5.95
Limited reviews	3.33	3.33
Tax audit	0.21	0.13
Certification fees	1.89	1.40
Reimbursement of expenses	0.95	0.42
	13.41	11.23

NOTE: 21 DEPRECIATION AND AMORTIZATION EXPENSE

	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation	612.53	540.43
Amortization of intangible assets	19.01	17.38
	631.54	557.81

NOTE: 22 EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	Year ended March 31, 2017	Year ended March 31, 2016
Net profit for calculation of basic EPS	7,558.48	3,533.68
Weighted average number of equity shares in calculating basic EPS (Nos.)	841,539,979	841,207,136
Effect of dilution:		
Stock options granted under ESOP (Nos.)	31,870	-
Weighted average number of equity shares in calculating diluted EPS (Nos.)	841,571,849	841,207,136
Basic EPS (₹)	8.98	4.20
Diluted EPS (₹)	8.98	4.20

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

NOTE: 23 EMPLOYEE STOCK OPTION SCHEME (ESOS)

Employee Stock Option Scheme (ESOS), 2009

The details of the Employee Stock Option Scheme 2009 are as under:

Date of share holders' approval	August 17, 2009
Number of options approved	1,000,000
Date of grant	August 17, 2009
Number of options granted	829,500
Method of settlement	Equity
Graded Vesting	50% after one year from the date of grant i.e. August 16, 2010 and balance 50% after two years from the date of grant i.e August 16, 2011
Exercisable period	4 years from vesting date
Vesting conditions	On achievement of pre-determined performance parameters.

Subsequent to the share split and bonus issue in an earlier year, the number of options has been adjusted to 8,295,000 options and the exercise price has been adjusted to ₹33.12/- per share in accordance with the terms of the scheme. Further, subsequent to bonus issue in the earlier year, the exercise price has been adjusted to ₹16.56 per share.

The Company has adopted the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India, and has recorded a compensation expense using the intrinsic value method as set out in those guidelines.

The Company has re-allotted the lapsed options, pursuant to the approval of the Board. The Company has granted 1,191,000 options at an exercise price of ₹ 31.25 on November 03, 2014 which will vest over a period of two years from the grant date (50% of the eligible share on November 03, 2015 and balance 50% of the eligible share on November 03, 2016). The exercise period commences from the date of vesting and will expire not later than four years from the date of vesting.

The summary of the movements in options is given below:

Particulars	March 31, 2017	March 31, 2016
Options outstanding, beginning of year	875,000	1,061,000
Options exercised during the year	(692,500)	-
Options lapsed during the year	(132,500)	(186,000)
Options outstanding, end of year	50,000	875,000
Options outstanding at the yearend comprise of :		
- Options eligible for exercise at year end	50,000	875,000
- Options not eligible for exercise at year end	-	-
Particulars	March 31, 2017	March 31, 2016
Weighted average remaining contract life of options	-	-
weighted average market price at the exercise date	-	-

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

The fair value of options estimated at the date of grant using the Black-Scholes method and the assumptions used are as under:

Particulars	Vesting I	Vesting II
	16-Aug-2010 50%	16-Aug-2011 50%
Option fair value (pre-split and bonus at a face value of ₹10/- per share)	₹142.43/-	₹157.92/-
Risk-free interest rate	6.51%	6.53%
Expected life	3 years	4 Years
Expected volatility	67.11%	66.62%
Expected dividend yield	2.76%	2.76%
Share price on the date of grant (face value of ₹10/-)	₹ 331.15/-	₹ 331.15/-

The expected volatility of the stock has been determined based on historical volatility of the stock. The period over which volatility has been considered is the expected life of the option.

Employee Stock Option Scheme (ESOS), 2016

The details of the Employee Stock Option Scheme 2016 are as under:

Date of share holders' approval	July 05, 2016
Number of options approved	25,236,214
Date of grant	August 08, 2016
Date of Inprincipal Approval	In principal approval of the BSE was obtained on December 20, 2016 and NSE on December 28, 2016.
Number of options granted	13,750,466
Method of settlement	Equity
Graded Vesting	Graded vesting shall happen in a graded basis in three tranches over a period of three years. a) The first tranche of 30% shall be vested when a period of 12 months would expire from the Date of grant; b) The second tranche of 30% shall+B28 be vested when a period of 24 months would expire from the Date of grant; c) The third tranche of 40% shall be vested when a period of 36 months would expire from the Date of grant.
Exercisable period	The vested options shall be allowed for exercise on and from the date of vesting. The vested options need to be exercised with in a period of one year and 30 days from the date of vesting of the respective tranche through the Exercise Window to apply for ESOS Shares against Options vested with the Eligible Employee in pursuance of the Scheme. However, the Eligible Employee has a right to exercise the Options vested in the first tranche and second tranche on or before the expiry of the Exercise Period of the third tranche, utilising the exercise window which shall be a period of 30 days from the close of each half of the year counted from the date of vesting during the Exercise Period.
Vesting conditions	Options shall vest essentially based on continuation of employment and apart from that the Board or Committee may prescribe achievement of any performance condition(s) for vesting.
Source of shares	Primary
Variation in terms of options	No Variations made to the term of Scheme

The Company has adopted ESOS 2016 as per SEBI(Share Based Employee Benefits) Regulation, 2014 and has recorded a compensation expense using the fair value method as set out in those regulations.

The Company has granted 13,750,466 options at an exercise price of ₹ 86.45 on August 08, 2016 which will vest over a period of three years from the grant date (08.08.2016) and the vesting of options shall be at 30% each in the first and second year and the balance 40% in the third year from the date of grant.

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

The summary of the movements in options is given below:

Particulars	March 31, 2017	March 31, 2016
Options outstanding, beginning of year	-	-
Options granted during the year	13,750,466	-
Increase on account of Bonus issue	-	-
Lapsed Options restored during the year	-	-
Options lapsed during the year	(1,932,637)	-
Options unvested and Outstanding at the End of the Year	11,817,829	-

Particulars	March 31, 2017	March 31, 2016
Weighted average remaining contract life of options	-	-
weighted average market price at the exercise date	-	-

The fair value of options estimated at the date of grant using the Black-Scholes method and the assumptions used are as under:

Particulars	Vesting I	Vesting II	Vesting III
	8-Aug-2017 30%	8-Aug-2018 30%	8-Aug-2019 40%
Fair Value per vest (₹)	26.11	30.61	34.29
Risk-free interest rate (%)	7.03	7.15	7.25
Expected life	3 years	4 years	5 Years
Expected volatility (%)	49.68	52.66	55.38
Expected dividend yield (%)	2.95	2.95	2.95
Share price on the date of grant (face value of ₹10/-)	₹ 86.45 /-	₹ 86.45 /-	₹ 86.45 /-

The expected volatility of the stock has been determined based on historical volatility of the stock. The period over which volatility has been considered is the expected life of the option.

Pro-forma Disclosures for ESOS

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for ESOS 2009 been recognized based on the fair value at the date of grant in accordance with Black-Scholes method, the amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	Profit after tax	Basic EPS (₹)	Diluted EPS (₹)
Year ended March 31, 2016			
- Amounts as reported	3,533.68	4.20	4.20
- Amounts as per pro-forma	3,528.72	4.19	4.19

Particulars	Profit after tax	Basic EPS (₹)	Diluted EPS (₹)
Year ended March 31, 2017			
- Amounts as reported	7,558.48	8.98	8.98
- Amounts as per pro-forma	7,429.24	8.83	8.83

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

NOTE: 24 RELATED PARTY DISCLOSURES

Names of related parties

Relationship	Name of the party
Associates / Enterprises owned or significantly influenced by key management personnel or their relatives	Manappuram Jewellers Limited
	Manappuram Agro Farms Limited
	Manappuram Foundation
	Manappuram Comptech and Consultant Limited *
	Manappuram Health Care Limited *
	Manappuram Construction and Properties Limited
	Manappuram Chit Funds Company Private Limited *
	MABEN Nidhi Limited
	Manappuram Asset Finance Limited
	Manappuram Chits (Karnataka) Private Limited *
	Manappuram Chits (Andhra) Private Limited *
	Adlux Medicity and Convention centre Private Limited*
	MAFIN Enterprise *
	Manappuram travels *
	MAGRO Farms *
	Manappuram Chits *
Key Management Personnel	Mr. V P Nandakumar- Managing Director & CEO
	Mr. B.N Raveendra Babu- Executive Director
	Mr. Kapil Krishan -Chief financial officer
	Mr.Ramesh Periasamy -Company Secretary
Relatives of key management personnel	Mrs. Sushama Nandakumar (wife of Mr. V P Nandakumar)
	Mr. Sooraj Nandan (son of Mr. V P Nandakumar)
	Mrs Sumitha Jayshankar(daughter of Mr. V P Nandakumar)
	Mr. Suhas Nandan (son of Mr. V P Nandakumar)
	Ms. Biji Babu (daughter of Mr. B.N Raveendra Babu)
	Mrs. Shelly Ekalavyan (sister of Mr. V P Nandakumar)
	Mrs. Rajalakshmi Raveendra Babu (wife of Mr. B.N Raveendra Babu)

* No transactions with these related parties.

Related Party transactions during the year:

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel		Relatives of key management personnel	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Debentures and Subordinate Bond redeemed during the year					0.80	0.28
Mrs. Sathyalekshmi					0.40	-
Mrs. Rajalakshmi Raveendra Babu					0.40	0.28
Interest expense					0.52	0.52
Mrs. Rajalakshmi Raveendra Babu					0.29	0.31
Ms. Biji Babu					0.09	0.09
Mrs. Shelly Ekalavyan					0.13	0.12
Commission to Directors			30.00	24.00		
Mr. V.P.Nandakumar			25.00	20.00		
Mr. Raveendra Babu			5.00	4.00		
Remuneration to Directors			67.03	43.35		
Mr. V.P.Nandakumar			56.71	33.86		
Mr. Raveendra Babu			10.32	9.49		

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel		Relatives of key management personnel	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Remuneration to other KMPs			10.69	9.43		
Remuneration paid to Relative of KMP					12.23	5.50
Mr Sooraj Nandan					4.06	2.10
Mrs. Sumitha Jayshankar					6.95	2.91
Mr. Suhas Nandan					1.22	0.49
Donation made	104.80	92.00				
Manappuram Foundation	104.80	92.00				
Rent Paid	0.75	0.65	0.33	0.32	0.39	0.26
Mr. V.P.Nandakumar	-	-	0.33	0.32	-	-
Mr. Suhas Nandan					0.20	0.09
Mrs. Sumitha Jayshankar					0.12	0.11
Mr. Sooraj Nandan					0.07	0.06
Manappuram Agro Farms Limited	0.75	0.65				
Repayment of Rent advances						
Manappuram Foundation	0.35	-				
Other Income						
Manappuram Foundation	0.13	-				
Rent Received	1.20	1.03				
Manappuram Jewellers Limited	0.50	0.47				
Manappuram Agro Farms Limited	0.19	0.16				
Manappuram Foundation	0.51	0.40				
Electricity Charge Received	1.08	0.32				
Manappuram Jewellers Limited	0.95	0.32				
Manappuram Foundation	0.12	-				
Consultation Charge Paid						
Manappuram Construction and Properties Limited	0.87	-				
Loan from Directors						
Mr. V.P.Nandakumar			-	1.80		
Repayment of loan from Directors						
Mr. V.P.Nandakumar			1.80	-		
Rent Advance Received	-	0.03				
Manappuram Jewellers Limited	-	0.03				
Balance outstanding as at the year end:						
Amounts payable (net) to related parties			20.23	24.00	2.65	3.75
Mr. V.P.Nandakumar			17.18	20.00	-	-
Mr. Raveendra Babu			3.05	4.00	-	-
Mrs. Rajalakshmi Raveendra Babu					1.60	2.10
Ms. Biji Babu					-	0.71
Mrs. Shelly Ekalavyan					1.05	0.94

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.

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

NOTE: 25 EMPLOYMENT BENEFITS DISCLOSURES:

The amounts of Provident fund contribution charged to the statement of Profit and loss during the year aggregates to ₹ 368.45 for March 31, 2017 (March 31, 2016 ₹ 329.35)

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure for each completed year of service. The group has funded the scheme either with Life Insurance Corporation of India and Kotak Life Insurance.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost

	March 31, 2017	March 31, 2016
Current service cost	96.35	82.15
Interest cost on benefit obligation	23.83	17.82
Expected return on plan assets	(22.31)	(16.94)
Net actuarial (gain)/loss recognized in the year	2.98	9.62
Net (benefit) / expense	100.85	90.13
Actual return on plan assets	23.97	16.68

Balance sheet

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

	March 31, 2017	March 31, 2016	March 31, 2015
Defined benefit obligation	(406.87)	(319.37)	221.20
Fair value of plan assets	323.02	254.10	181.97
Asset/(liability) recognized in the balance sheet	(83.85)	(65.27)	(39.23)

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

	March 31, 2017	March 31, 2016
Opening defined benefit obligation	319.37	221.20
On Acquisition of Subsidiary	-	1.06
Interest cost	23.83	17.82
Current service cost	96.35	82.15
Benefits paid	(38.20)	(12.24)
Actuarial loss / (gain) on obligation	5.53	9.38
Closing defined benefit obligation	406.87	319.37

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

	March 31, 2017	March 31, 2016
Opening fair value of plan assets	254.10	181.97
On Acquisition of Subsidiary	-	1.48
Expected return	22.31	16.94
Contributions by employer	82.26	66.19
Benefits paid	(38.20)	(12.24)
Actuarial gains / (losses)	2.55	(0.24)
Closing fair value of plan assets	323.02	254.10
Expected contribution to fund to be made in the next year	70.00	60.00

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

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

	March 31, 2017	March 31, 2016
	%	%
Discount rate	6.9%	7.5%
Attrition rate	15%	15%
Expected rate of return on assets	7.5%	7.8%

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.

NOTE: 26 COMMITMENTS

- Estimated amount of contracts remaining to be executed on capital account, net of advances is ₹ 83.87 as at March 31, 2017 (March 31, 2016 - ₹ 20.34).
- The Company has entered into an agreement for outsourcing of Information Technology support in April 2011 for a period of 10 years with an annual expense of ₹ 270.

NOTE: 27 CONTINGENT LIABILITIES

(a) Applicability of Kerala Money Lenders' Act

The Company has challenged in the Hon'ble Supreme Court the order of Hon'ble Kerala High Court upholding the applicability of Kerala Money Lenders Act to NBFCs. The Hon'ble Supreme Court has directed that a status quo on the matter shall be maintained and the matter is currently pending with the Hon'ble Supreme Court. The Company has taken legal opinion on the matter and based on such opinion the management is confident of a favourable outcome. Pending the resolution of the same, no adjustments have been made in the financial statements for the required license fee and Security deposits.

(b) Litigations

Income tax demand ₹ 367.17 (March 31, 2016 ₹ 7.95) case is pending with Commissioner of Income tax (Appeals). The Company has filed an appeal with Commissioner of Income Tax - Appeals. Based on professional advice, the company strongly believe that the case will be decided in the their favour and hence no provision has been considered in Group financial statements.

(c) On account of Corporate Guarantees provided by the Group

Particulars	March 31, 2017	March 31, 2016
On account of managed portfolio	-	23.58
TOTAL	-	23.58

NOTE: 28 LEASE DISCLOSURES

Operating Lease :

The Company has operating lease agreements primarily for office spaces, the lease terms of which are different for each Company in the Group.

Particulars	31-Mar-17	31-Mar-16
Less than One Year	14.37	3.19
One Year to Five Years	16.46	4.83
Later than Five Years	-	-

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

Finance Leases:

The Company has finance leases for vehicles. These leases are non-cancellable and has no escalation clause. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

Particulars	31-Mar-17	31-Mar-16
Total minimum lease payments at the year end	78.70	70.67
Less: amount representing finance charges	8.60	7.84
Present value of minimum lease payments	70.10	62.83
Minimum lease Payments:		
Not less than one year	54.84	38.56
Later than one year but not later than five years	23.86	32.11

NOTE: 29 EXCEPTIONAL ITEM

Exceptional item represents loss assets written off with respect to debts considered bad in one of the divisions. These debts were not repaid by the borrowers due to an incidence of embezzlement of cash collections by the employees in some of the branches of the above division.

NOTE: 30 UNDER RECOVERY OF INTEREST INCOME

The Company disbursed some gold loans on which the total amount receivable including principal and accumulated interest have exceeded the value of the underlying security. As of March 31, 2017, the Company has not recognized interest income aggregating to ₹ 143.00 (March 31, 2016 ₹ 0.71).

NOTE: 31 During the year there have been certain instances of fraud on the Company by officer and employees, where gold loan related misappropriations / cash embezzlements / burglaries have occurred for amounts aggregating an amount of ₹ 103.30 (March 31, 2016 ₹ 60.05) of which the Company has recovered ₹ 64.88 (March 31, 2016 ₹ 23.69). The Company has taken or is in the processing of taking legal and other actions against such employees/third parties and making insurance claims for recoveries of these amounts from the respective insurance companies where applicable. The Company has created provision aggregating to ₹ 31.99 (March 31, 2016 ₹ 36.36) towards these losses based on its estimate.

NOTE: 32 GOODWILL ON CONSOLIDATION

Goodwill on consolidation represents the excess purchase consideration paid over value of net assets of acquired subsidiaries on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are indicators for impairment. The Management does not foresee any risk of impairment on the carrying value of goodwill as at March 31, 2017.

NOTE: 33 ADDITIONAL DISCLOSURE AS PER SCHEDULE III OF COMPANIES ACT 2013

For the year March 31, 2017

Name of the Entity	Net Assets, i.e Total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit and Loss	Amount
Manappuram Finance Limited	98.31%	33,050.18	95.41%	7,236.67
Manappuram Home Finance Private Limited	-0.16%	(53.29)	-0.12%	(9.00)
Manappuram Insurance Brokers Private Limited	0.00%	0.95	-0.09%	(6.78)
Asirvad Microfinance Limited	1.84%	620.11	4.45%	337.59
Minority Interest in subsidiary			0.35%	26.42

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

For the year March 31, 2016

Name of the Entity	Net Assets, i.e Total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit and Loss	Amount
Manappuram Finance Limited	99.10%	27,331.95	94.10%	3,341.97
Manappuram Home Finance Private Limited	-0.16%	(44.29)	-1.11%	(39.39)
Manappuram Insurance Brokers Private Limited	0.02%	6.59	0.19%	6.59
Asirvad Microfinance Limited	1.04%	286.11	6.32%	224.51
Minority Interest in subsidiary			0.50%	17.90

NOTE: 34 DERIVATIVES

Pursuant to the Guidance note issued by Institute of Chartered Accountants of India (ICAI) in respect of "Accounting for Derivative Contracts", the has adopted to follow hedge accounting principles relating to accounting for derivatives.

Consequently, as at March 31, 2017, the Company has recognised a net Market to Market (MTM) loss of Rest. 83.97 (Previous year Nil) relating derivative contracts entered to hedge the foreign currency risk of future interest payment and repayment of loans designated as cash flow hedges, in Hedge Reserve Account as part of the Shareholders' funds.

Particulars	31-Mar-17	31-Mar-16
At the Beginning of the year	-	-
Net Movement	(22.96)	-
At the end of the Year	(22.96)	-

Details of outstanding derivative contracts as at the year end.

Type of Derivatives	31-Mar-17		31-Mar-16	
	No of contracts	Value (USD)	No of contracts	Value (USD)
Forward Contracts entered into hedge the currency risk of future interest payments	6	304,725	-	-
Currency Swaps	2	102,593,177	-	-

Type of Derivatives	31-Mar-17		31-Mar-16	
	No of contracts	Value (USD)	No of contracts	Value (USD)
Forward Contracts entered into hedge the currency risk of future interest payments	6	19.76	-	-
Currency Swaps	2	6,653.17	-	-

Disclosure required as per RBI

Forward rate agreement / Interest rate swap

Particulars	31-Mar-17	31-Mar-16
i) The notional principal of swap agreements	6,653.17	-
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements.	-	-
iii) Collateral required by the NBFC upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swap	-	-
v) The fair value of the swap book	6,653.17	-

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

Exchange Traded interest rate (IR) derivatives : NIL

Disclosures on risk exposure of derivatives

Qualitative disclosures

The Company has a Board approved policy in dealing with derivative transactions. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Company undertakes forward contracts for hedging on-balance sheet assets and liabilities. Such outstanding derivative transactions are accounted on accrual basis over the life of the underlying instrument. The Finance Resource Committee and Risk Management Committee closely monitors such transactions and reviews the risks involved.

Particulars	31-Mar-17	31-Mar-16
i) Derivatives (Notional principal amount)		
For Hedging	6,653.17	-
ii) Marked to Market Positions		
a) Asset (+)		
b) Liability (-)	(83.97)	-
iii) Credit Exposure	-	-
iv) Unhedged Exposure	-	-

NOTE: 35 SPECIFIED BANK NOTE DISCLOSURE

Details of Specified Bank Notes (SBN) held as on November 8, 2016 and December 30, 2016 and transacted during the period from November 9, 2016 to December 30, 2016 ('the Period').

Particulars	SBNs	Other denomination notes	Subsidiary Note 35.5	Total
Closing cash in hand as on November 8, 2016	1,296.01	204.68	0.48	1,501.17
SBNs exchanged for other denominations (Refer Note 35.2)	37.73	(37.73)	-	-
(+) Permitted receipts (Refer Note 35.4)	-	20,464.90	3.56	20,468.46
(+) Non Permitted receipts (Refer Note 35.3)	40.23	-	-	40.23
(-) Non Permitted payments (Refer Note 35.3)	(4.64)	-	-	(4.64)
(-) Permitted payments	(0.13)	(15,591.27)	(0.06)	(15,591.46)
(-) Amount deposited in Banks (Refer Note 35.4)	(1,369.20)	(4,370.55)	(3.95)	(5,743.70)
Closing cash in hand as on December 30, 2016	-	670.03	0.03	670.06

Note:

35.1 The Company implemented the directions and issued circulars to all its branches on November 8, 2016 in order to strictly comply with the directions issued by the Reserve Bank of India via circular DCM (Plg) No.1226/10.27.00/2016-17 dated November 8, 2016 with regard to demonization of SBNs. In a majority of cases the Group and its branches have complied with the directions. In some cases where there have been non-compliances the Group has taken note of those and suitable action has been taken against any employee in accordance with its internal policy. All disclosures made are in accordance with the books of accounts and other records.

35.2 The Company has noted that certain SBNs have been exchanged for other denominations on November 8, 2017 in certain branches by employees/customers. The Company has taken suitable action against those employees.

35.3 Non-permitted receipts/payments presented in the table above represents cash collection/payments made from/to customers at the Company's branches against settlement/disbursement of Gold loan principal and interest. All these receipts/payments have been deposited by the Company in the bank accounts as per normal operating policies and procedures.

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

35.4 As a part of its normal operating policies and procedures, the Company maintains denomination-wise details of closing cash as at end of every day based on which the opening and closing balance is disclosed. In the ordinary course of business, loan borrowers of the Company have directly deposited cash as part of their loan repayments in the collection bank accounts of the Company with various banks, aggregating to ₹ 254.54 during the period November 9, 2016 to December 30, 2016 the denomination wise details of which are currently not available with the Company and hence not included in the above table.

35.5 One of the Subsidiary's books of account does not facilitate collation of denomination wise breakup of cash balances as on November 8, 2016 and December 30, 2016 and cash transactions

during the period from November 9, 2016 to December 30, 2016 ('the Period') and accordingly, the group has provided details of 'total' cash balances as on specified dates and transactions during the Period.

35.6 During the year ended 31 March 2017, the One of the subsidiary has remitted an amount of ₹ 3.00 (Tax - ₹ 2.40 and Penalty - ₹ 0.6) as per the self declaration filed by the Company for dealing in specified bank notes for the period from 9 November 2016 to 30 December 2016 into the Pradhan Mantri Garib Kalyan Yojna (PMGKY). Further, an amount of ₹ 1.50 has been paid as an interest free refundable (after 4 years) deposit has been deposited with Pradhan Mantri Garib Kalyan Yojna (PMGKY).

NOTE: 36 DETAILS OF FINANCIAL ASSETS SOLD TO SECURITISATION COMPANY

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Total number of loan assets securitized during the year	125,860	145,330
Book value of loan assets securitized during the year (₹ In Million)	679.29	1,786.40
Sale consideration received during the year	-	-
MFL Loans subordinated as Credit Enhancement on Assets Derecognised	-	500.39
Gain / (loss) on the securitization transaction recognised in P&L	-	30.28
Gain / (loss) on the securitization transactions deferred	-	1.07
Quantum of Credit Enhancement provided on the transactions in the form of deposits	-	51.27
Quantum of Credit Enhancement as at year end	61.18	81.56
Interest spread Recognised in the Statement of Profit and Loss during the Year (including amortization of Unamortised Income)	158.76	90.22

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Notes

to the Consolidated Financial statements for the year ended March 31, 2017

NOTE: 37 MARKETING COMMISSION

The Company has entered into agreements with Inthree Financial Services, Uniq Synergy, Maryland and RAL Consumer Products for marketing their solar lamps, mobile phones and cookware to its members. The Company receives commission for the lamps, mobile phones and cookware sold at the volume based slab rates specified according to the terms of the agreements. The Company has received an amount of ₹ 178.41 (Previous Year ₹ 87.27) towards commission for the marketing of solar lamps, mobile phones and cookware.

NOTE: 38 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

Particulars	March 31, 2017	March 31, 2016
a) Gross amount required to be spent by the group during the year	89.81	71.10

b) Amount spent during the year ending on March 31, 2017:	In cash	Yet to be paid in cash	Total
i) Construction/ acquisition of any asset	-	-	-
ii) On purposes other than (i) above	112.40	4.00	116.40

b) Amount spent during the year ending on March 31, 2016:	In cash	Yet to be paid in cash	Total
i) Construction/ acquisition of any asset	-	-	-
ii) On purposes other than (i) above	94.22	-	94.22

NOTE: 39 PREVIOUS YEAR FIGURES

Previous year figures have been regrouped/reclassified, where necessary, to conform current year's classification.

For **S.R Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per **Bharath N S**
Partner
Membership no.: 210934

Place: Chennai
Date : May 25, 2017

For and on behalf of the board of directors

V.P. Nandakumar
Managing Director & Chief Executive Officer

Kapil Krishan
Chief Financial Officer

Place: Valapad, Thrissur
Date : May 25, 2017

B. N. Raveendra Babu
Executive Director

Ramesh Periasamy
Company Secretary

NOTES

Corporate Information

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E-mail: cosecretary@manappuram.com
Website: www.manappuram.com

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Company Registration No.: 09-06623
CIN No. : L65910KL1992PLC006623
RBI Registration No.: 16.00029

CHAIRMAN

Mr. Jagdish Capoor

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

Mr. V.P. Nandakumar

EXECUTIVE DIRECTOR

Mr. B.N. Raveendra Babu

BOARD MEMBERS

Adv. V.R. Ramachandran
Mr. P. Manomohanan
Dr. Shailesh J. Mehta
Mr. E.A. Kshirsagar
Mr. Rajiven.V.R
Dr. Amla Samanta

COMPANY SECRETARY

Mr. Ramesh Pariasamy

CHIEF FINANCIAL OFFICER

Mr. Kapil Krishan

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National Stock Exchange –Scrip
Code - Manappuram
ISIN- INE 522D01027

BANKERS / FINANCIAL INSTITUTIONS

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Bank of Maharashtra
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Corporation Bank
Lakshmi Vilas Bank
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Kotak Mahindra Bank
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South Indian Bank
State Bank of India
State Bank of Patiala
Syndicate Bank
Union Bank of India
Vijaya Bank
Catholic Syrian Bank
United Bank of India
UCO Bank
State Bank of Hyderabad
RBL Bank
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