



## MANAPPURAM FINANCE LIMITED

Manappuram Finance Limited (our "Company") was incorporated as Manappuram General Finance and Leasing Limited on July 15, 1992 at Thrissur, Kerala, under the Companies Act, 1956 with corporate identity number L65910KL1992PLC006623 as a public limited company and obtained a certificate for commencement of business dated July 31, 1992. The name of our Company was changed to Manappuram Finance Limited pursuant to a fresh certificate of incorporation dated June 22, 2011. Further, our Company is registered as a Non-Banking Financial Company ("NBFC") within the meaning of the Reserve Bank of India Act, 1934, as amended (the "RBI Act"). For further details, please see the section titled "History and Main Objects" on page 133 of this Shelf Prospectus.

Corporate Identity Number of our Company is L65910KL1992PLC006623

Registered and Corporate Office: IV/470A (Old) W/638A(New), "Manappuram House", Valapad, Thrissur 680 567

Tel: (91 487) 305 0000; Fax: (91 487) 239 9298; Website: www.manappuram.com

Company Secretary and Compliance Officer: Ramesh Periasamy; Tel: (91 487) 305 0417,408; Fax: (91 487) 239 9298; Email: cs@manappuram.com

**PUBLIC ISSUE BY OUR COMPANY OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,000 EACH ("NCDs") FOR AN AMOUNT AGGREGATING UP TO ₹ 10,000 MILLION ("SHELF LIMIT") ("ISSUE"). THE NCDs WILL BE ISSUED IN ONE OR MORE TRANCHES UP TO THE SHELF LIMIT, ON TERMS AND CONDITIONS AS SET OUT IN THE RELEVANT TRANCHE PROSPECTUS FOR ANY TRANCHE ISSUE (EACH SUCH TRANCHE ISSUANCE, "TRANCHE ISSUE") WHICH SHOULD BE READ TOGETHER WITH THE DRAFT SHELF PROSPECTUS AND THIS SHELF PROSPECTUS (COLLECTIVELY THE "ISSUE DOCUMENTS"). THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 AS AMENDED (THE "SEBI DEBT REGULATIONS"), THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER AS AMENDED, AND TO THE EXTENT NOTIFIED (THE "COMPANIES ACT, 2013").**

## PROMOTERS

Our Promoters are V. P. Nandakumar and Sushama Nandakumar. For further details, please see the section titled "Our Promoters" on page 151 of this Shelf Prospectus.

## GENERAL RISK

For taking an investment decision, the investors must rely on their own examination of our Company and the Issue including the risks involved. Specific attention of the investors is invited to the sections titled "Risk Factors" on page 13 of this Shelf Prospectus and "Material Developments" on page 171 of this Shelf Prospectus, in the Shelf Prospectus and the relevant Tranche Prospectus of any Tranche Issue before making an investment in such Tranche Issue. This Shelf Prospectus has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("SEBI"), the Registrar of Companies, Kerala and Lakshadweep at Ernakulam ("RoC") or any stock exchange in India.

## ISSUER'S ABSOLUTE RESPONSIBILITY

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

## CREDIT RATING

The NCDs proposed to be issued pursuant to this Issue have been rated "CARE AA/Stable" by CARE Ratings Limited ("CARE") for an amount of up to ₹ 10,000 million by way of its letter bearing reference number CARE/CRO/RL/2018-19/1239 and dated August 20, 2018 and revalidated by way of its letter dated September 17, 2018 and further revalidated by way of its letter dated October 8, 2018 and have been rated "BWR AA+/Stable" by Brickwork Ratings India Private Limited ("Brickwork") for an amount up to ₹ 10,000 million by way of its letter bearing reference number BWR/NCD/HO/ERC/VS/0351/2018-19 and dated August 29, 2018 and further revalidated by way of its letter bearing reference number BWR/NCD/HO/ERC/VS/0458/2018-19 and dated October 11, 2018. The rating of the NCDs by CARE and Brickwork indicates high degree of safety regarding timely servicing of financial obligations. The ratings provided by CARE and Brickwork may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. Please see Annexure B and Annexure C of this Shelf Prospectus for rating letters and rationale for the aforementioned ratings.

## PUBLIC COMMENTS

The Draft Shelf Prospectus dated September 26, 2018 was filed with the BSE Limited ("BSE") pursuant to the provisions of the SEBI Debt Regulations and was open for public comments for a period of 7 (seven) Working Days from the date of filing the Draft Shelf Prospectus with the Designated Stock Exchange until 5:00 pm on October 4, 2018.

## LISTING

The NCDs offered through this Shelf Prospectus along with the relevant Tranche Prospectus are proposed to be listed on BSE Limited ("BSE"). For the purposes of the Issue, BSE shall be the Designated Stock Exchange. Our Company has received an 'in-principle' approval from BSE by way of its letter bearing reference number DCS/BM/PI-BOND/12/18-19 dated October 4, 2018.





## COUPON RATE, COUPON PAYMENT FREQUENCY, MATURITY DATE, MATURITY AMOUNT AND ELIGIBLE INVESTORS

For details pertaining to Coupon Rate, Coupon Payment Frequency, Maturity Date and Maturity Amount of the NCDs, please see the section titled "General Terms of the Issue" on page 172 of this Shelf Prospectus. For details relating to eligible investors please see the section titled "Issue Procedure" on page 187 of this Shelf Prospectus.

## LEAD MANAGERS TO THE ISSUE

## REGISTRAR TO THE ISSUE

## DEBENTURE TRUSTEE

LEAD MANAGERS TO THE ISSUE	REGISTRAR TO THE ISSUE	DEBENTURE TRUSTEE	
 <p><b>A. K. Capital Services Limited</b> 30-39, Free Press House, 3<sup>rd</sup> Floor, Free Press Journal Marg 215, Nariman Point, Mumbai 400 021 Tel: (91 22) 6754 6500 Fax: (91 22) 6610 0594 Email: manappuram.2018ncd@akgroup.co.in Investor Grievance Email: investor.grievance@akgroup.co.in Website: www.akgroup.co.in Contact Person: Shilpa Pandey/ Krish Sanghvi SEBI Registration Number: INM000010411</p>	 <p><b>Edelweiss Financial Services Limited</b> Edelweiss House, Off CST Road Kalina Mumbai 400 098 Tel: (91 22) 4086 3535 Fax: (91 22) 4086 3610 Email: manappuram.2018ncd@edelweissfin.com Investor Grievance Email: customerservice.mb@edelweissfin.com Website: www.edelweissfin.com Contact Person: Lokesh Singh/ Mandeep Singh SEBI Registration Number: INM0000010650</p>	 <p><b>Link Intime India Private Limited</b> C-101, 1<sup>st</sup> Floor, 247 Park L.B.S. Marg, Vikhroli (West) Mumbai 400 083 Tel: (91 22) 4918 6200 Fax: (91 22) 4918 6195 Email: manappuram.ncd2018@linkintime.co.in Investor Grievance Email: manappuram.ncd2018@linkintime.co.in Website: www.linkintime.co.in Contact Person: Shanti Gopalkrishnan SEBI Registration No.: INR000004058</p>	 <p><b>Catalyst Trusteeship Limited (formerly GDA Trusteeship Limited)</b> 'GDA House', Plot No. 85, Bhusary Colony (Right), Kothrud, Pune 411 038, Tel: (91 22) 4922 0543 Fax: (91 20) 4922 0505 Email: complianceCTL-Mumbai@ctltrustee.com Investor Grievance Email: grievance@ctltrustee.com Website: www.catalysttrustee.com Contact Person: Umesh Salvi SEBI Registration. Number: IND000000034</p>
<b>ISSUE PROGRAMME*</b>			
<b>ISSUE OPENS ON:</b> As specified in the relevant Tranche Prospectus		<b>ISSUE CLOSES ON:</b> As specified in the relevant Tranche Prospectus	

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

\*\* Catalyst Trusteeship Limited pursuant to Regulation 4(4) of the SEBI Debt Regulations and by way of its letter dated August 24, 2018 has given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Shelf Prospectus and relevant Tranche Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue.

A copy of this Shelf Prospectus and relevant Tranche Prospectus shall be filed with the RoC, in terms of section 26 and 31 of the Companies Act, 2013, along with the certified copies of all requisite documents. For further details, please see the section titled "Material Contracts and Documents for Inspection" on page 285 of this Shelf Prospectus.

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## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

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

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

*Notwithstanding the foregoing, the terms defined as part of “Our Business”, “Risk Factors” “Industry Overview”, “Regulations and Policies”, “Statement of Tax Benefits Available to the Debenture Holders”, “Summary of Key Provisions of Articles of Association”, “Financial Information” and “Other Regulatory and Statutory Disclosures” on pages 115, 13, 70, 231, 62, 244, A-1 and 217, respectively shall have the meaning ascribed to them as part of the aforementioned sections. Terms not defined as part of “Our Business”, “Risk Factors” “Industry Overview” and “Regulations and Policies”, on pages 115, 13, 70 and 231, shall have the meaning ascribed to them hereunder.*

#### General

Term	Description
“MFL” or “MAFIL” or “Company” or “the Company” or “the Issuer” or “our Company”	Manappuram Finance Limited, a public limited company incorporated under the Companies Act, 1956, registered as an NBFC with the RBI under Section 45-IA of the RBI Act and having its Registered and Corporate Office at IV/470A (Old) W/638A (New), “Manappuram House”, Valapad, Thrissur- 680 567
“we” or “us” or “our”	Unless the context otherwise requires, Manappuram Finance Limited
Subsidiaries	Subsidiaries of our Company namely, Asirvad Microfinance Limited, Manappuram Home Finance Limited and Manappuram Insurance Brokers Limited

#### Company Related Terms

Term	Description
“Articles” or “Articles of Association”	Articles of association of our Company
Asset Liability Management Committee	Asset Liability Committee of the Board of Directors as statutorily required by the RBI guidelines
Audit Committee	Audit committee of the Board of Directors as statutorily required by the Companies Act
“Auditors” or “Statutory Auditors”	The statutory auditors of the Company, Deloitte Haskins & Sells LLP
AML	Asirvad Microfinance Limited
“Board” or “Board of Directors”	Board of Directors of our Company or any duly constituted committee thereof
Corporate Social Responsibility Committee	Corporate Social Responsibility Committee of the Board of Directors as statutorily required by the Companies Act
Equity Shares	Equity shares of face value of ₹ 2 each of the Company
ESOS 2016	The Manappuram Finance Limited Employee Stock Option 2016
Limited Review Financial Information	The standalone and consolidated unaudited limited review financial information of the Company for the quarter ended June 30, 2018, along with the Statutory Auditors reports thereon
MAIBRO	Manappuram Insurance Brokers Limited
MBFL	Manappuram Benefit Fund Limited
MHFL	Manappuram Home Finance Limited
“Memorandum” or “Memorandum of Association”	Memorandum of association of our Company
Nomination, Compensation and Corporate Governance Committee	Nomination, compensation and corporate governance committee of the Board of Directors as statutorily required by the Companies Act
Promoter Group	Includes such persons and entities constituting the promoter group of our Company

<b>Term</b>	<b>Description</b>
	pursuant to Regulation 2 (1)(zb) of the SEBI ICDR Regulations
Promoters	The promoters of our Company V. P. Nandakumar and Sushama Nandakumar
Reformatted Summary Consolidated Financial Statements	The statement of reformatted consolidated assets and liabilities of the Company and its Subsidiaries as at March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018 and the related statement of reformatted consolidated statement of profit and loss and the related statement of reformatted consolidated cash flow for the financial years ended March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018 as examined by our Company's Statutory Auditor
Reformatted Summary Financial Statements	The Reformatted Summary Standalone Financial Statements and Reformatted Summary Consolidated Financial Statements
Reformatted Summary Standalone Financial Statements	The statement of reformatted standalone assets and liabilities of the Company as at March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018 and the related statement of reformatted standalone statement of profit and loss and the related statement of reformatted standalone cash flow for the financial years ended March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018 as examined by our Company's Statutory Auditor
Registered and Corporate Office	The registered and corporate office of our Company, situated at IV/470A (Old) W/638 A (New), "Manappuram House", Valapad, Thrissur 680 567
Risk Management Committee	Risk management committee of the Board of Directors as statutorily required by the Companies Act
RoC	Registrar of Companies, Kerala and Lakshadweep, located at Ernakulam
Stakeholders Relationship and Security Transfer Committee	Stakeholders Relationship and Security Transfer Committee as set up by the Board of Directors

#### Issue Related Terms

<b>Term</b>	<b>Description</b>
Abridged Prospectus	A memorandum containing salient features of the Shelf Prospectus and the relevant Tranche Prospectus
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form
Allotment Advice	The communication sent to the Allottees conveying the details of NCDs allotted to the Allottees in accordance with the Basis of Allotment
"Allotment", "Allot" or Allotted	Unless the context otherwise requires, the allotment of NCDs to the successful Applicants pursuant to the Issue
Allottee	A successful Applicant to whom the NCDs will be/have been allotted
"Applicant" or "Investor"	Any person who applies for issuance of NCDs pursuant to the terms of this Shelf Prospectus, the relevant Tranche Prospectus(es) and Abridged Prospectus and the Application Form for any Tranche Issue
"Application" or "ASBA Application"	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising an SCSB to block the Application Amount in the ASBA Account
Application Amount	The aggregate value of the NCDs applied for, as indicated in the Application Form
Application Form	Form in terms of which an Applicant shall make an offer to subscribe to NCDs through the ASBA process and which will be considered as the application for Allotment of NCDs in terms of this Shelf Prospectus and relevant Tranche Prospectus(es)
ASBA Account	An account maintained with a SCSB and specified in the Application Form which will be blocked by such SCSB to the extent of the Application Amount mentioned in the Application Form by an ASBA Applicant
Banker(s) to the Issue	Collectively, the Public Issue Account Bank and the Refund Bank.
Base Issue Size	As may be specified in the relevant Tranche Prospectus
Basis of Allotment	As may be specified in the relevant Tranche Prospectus
Bidding Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for Members of the Consortium, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and

<b>Term</b>	<b>Description</b>
	Designated CDP Locations for CDPs
Broker Centres	Broker centres notified by the Stock Exchange where Applicants can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the website of the Stock Exchange at <a href="http://www.bseindia.com">www.bseindia.com</a>
Category I (Institutional Investors)	<ul style="list-style-type: none"> <li>• Public financial institutions, scheduled commercial banks, and Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs</li> <li>• Provident funds and pension funds with a minimum corpus of ₹ 250 million, superannuation funds and gratuity funds, which are authorised to invest in the NCDs</li> <li>• Alternative Investment Funds, subject to investment conditions applicable to them under Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012</li> <li>• Resident Venture Capital Funds registered with SEBI</li> <li>• Insurance companies registered with the IRDAI</li> <li>• State industrial development corporations</li> <li>• Insurance funds set up and managed by the army, navy, or air force of the Union of India</li> <li>• Insurance funds set up and managed by the Department of Posts, the Union of India</li> <li>• Systemically Important Non-Banking Financial Company registered with the RBI and having a net-worth of more than ₹ 5,000 million as per the last audited financial statements;</li> <li>• National Investment Fund set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India</li> <li>• Mutual funds registered with SEBI</li> </ul>
Category II (Non Institutional Investors)	<ul style="list-style-type: none"> <li>• Companies within the meaning of Section 2(20) of the Companies Act, 2013</li> <li>• Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs</li> <li>• Co-operative banks and regional rural banks</li> <li>• Trusts including public/private charitable/religious trusts which are authorised to invest in the NCDs</li> <li>• Scientific and/or industrial research organisations, which are authorised to invest in the NCDs</li> <li>• Partnership firms in the name of the partners</li> <li>• Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)</li> <li>• Association of Persons</li> <li>• Any other incorporated and/ or unincorporated body of persons</li> </ul>
Category III (High Net Worth Individual Investors)	High net-worth individual investors, resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10,00,000 across all options of NCDs in this Issue
Category IV (Retail Individual Investors)	Retail individual investors, resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹10,00,000 across all options of NCDs in this Issue
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
“Collecting Depository Participant” or “CDP”	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications in the Issue, at the Designated CDP Locations
Consortium Agreement	The Consortium Agreement dated October 16, 2018 between our Company and the Consortium
Consortium Members	Affiliates of the Lead Managers appointed as brokers to the Issue in accordance with the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 and more particularly set out

<b>Term</b>	<b>Description</b>
	in the relevant Tranche Prospectus
“Consortium” or “Members of the Consortium” (each individually, a Member of the Consortium)	The Lead Managers and Consortium Members
Credit Rating Agencies	Brickwork Ratings India Private Limited and CARE Ratings Limited
Debenture Committee	Debenture committee of the Board of Directors of our Company, constituted in accordance with applicable law
Debenture Trust Deed	Trust deed to be entered into between the Debenture Trustee and our Company
Debenture Trustee/ Trustee	Trustees for the NCD holders in this case being Catalyst Trusteeship Limited
Debt Listing Agreement	The listing agreement entered into between our Company and the relevant stock exchange(s) in connection with the listing of debt securities of our Company
Deemed Date of Allotment	The date on which the Board of Directors or the Debenture Committee approves the Allotment of the NCDs for each Tranche Issue. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs (as specified for each Tranche Issue by way of the relevant Tranche Prospectus) shall be available to the Debenture holders from the Deemed Date of Allotment
Demographic Details	The demographic details of the Applicants such as their respective addresses, email, PAN, investor status, MICR Code and bank account detail
Designated Branches	Such branches of SCSBs which shall collect the ASBA Application and a list of which is available on <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the ASBA Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the Stock Exchange at <a href="http://www.bseindia.com">www.bseindia.com</a>
Designated Date	The date on which Registrar to the Issue issues instruction to SCSBs for transfer of funds from the ASBA Account to the Public Issue Account(s) or to the Refund Account, as appropriate, in terms of the Shelf Prospectus and relevant Tranche Prospectus and the Public Issue Account Agreement
Designated Intermediaries	The members of the Consortium, Sub-Consortium/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect Application Forms from the Applicants, in relation to the Issue
Designated RTA Locations	Such locations of the RTAs where Applicants can submit the ASBA Forms to RTAs, a list of which, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the website of the Stock Exchange at <a href="http://www.bseindia.com">www.bseindia.com</a>
Designated Stock Exchange	The designated stock exchange for the Issue, being the BSE Limited
Direct Online Application	The Application made using the online interface and online payment facility of the Stock Exchange, as applicable. Please note that the Direct Online Application facility will not be available to the Applicants for this Issue. For further details, please see the section titled, “ <i>Issue Procedure</i> ” on page 187 of this Shelf Prospectus
Draft Shelf Prospectus	The draft shelf prospectus dated September 26, 2018 filed with the Designated Stock Exchange for receiving public comments and with, SEBI in accordance with the provisions of the Companies Act, 2013 and the SEBI Debt Regulations
Issue	Public issue of secured, redeemable, non-convertible debentures of face value of ₹ 1,000 each aggregating to ₹ 10,000 million in one or more tranches
Issue Closing Date	Issue closing date as specified in the relevant Tranche Prospectus for the relevant Tranche Issue
Issue Opening Date	Issue Opening Date as specified in the relevant Tranche Prospectus for the relevant Tranche Issue
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants can submit their Application Forms
Lead Managers	A. K. Capital Services Limited and Edelweiss Financial Services Limited
Market Lot	One NCD
“Maturity Amount” or	In respect of NCDs Allotted to a NCD holder, repayment of the face value of the NCDs

<b>Term</b>	<b>Description</b>
“Redemption Amount”	along with interest that may have accrued as on the Redemption Date
“Maturity Date” or “Redemption Date”	The respective dates on which each Series of NCDs shall be redeemed and Redemption Amount shall be paid by our Company, at the end of the respective tenure of such Series of NCDs
NCD	Secured, redeemable, non-convertible debentures of our Company of face value of ₹ 1,000 each
NCD holder(s)	Any person holding the NCDs and whose name appears on the beneficial owners’ list provided by the Depositories or whose name appears in the Register of NCD holders maintained by the Issuer/the Registrar
Public Issue Account	A bank account opened in accordance with the provisions of the Companies Act, 2013, with the Public Issue Account Bank to receive money from the ASBA Accounts on the Designated Date
Public Issue Account Agreement	Agreement to be entered into amongst our Company, the Registrar to the Issue, the Public Issue Account Bank, the Refund Bank and the Lead Managers for collection of the Application Amounts from ASBA Accounts and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof.
Public Issue Account Bank	Banks which are clearing members and registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, with whom the Public Issue Account will be opened
Record Date	The date for payment of interest in connection with the NCDs or repayment of principal in connection therewith which shall be 15 days prior to the date of payment of interest, and/or the date of redemption under the relevant Tranche Prospectus. In case the Record Date falls on a day when the Stock Exchange is having a trading holiday, the immediate subsequent trading day or a date notified by our Company to the Stock Exchange, will be deemed as the Record Date
Refund Account	The account opened with the Refund Bank, from which refunds, if any, shall be made
Refund Bank	Banks which are clearing members and registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, with whom the Refund Account will be opened
Register of NCD holders	The register of NCD holders maintained by the Issuer in accordance with the provisions of the Companies Act, 2013 and by the Depositories in case of NCDs held in dematerialised form, and/or the register of NCD holders maintained by the Registrar
Registrar Agreement	Agreement dated September 24, 2018 entered into between the Issuer and the Registrar under the terms of which the Registrar has agreed to act as the Registrar to the Issue
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the Consortium and eligible to procure Applications from Applicants
Registrar to the Issue or Registrar	Link Intime India Private Limited
Resident Individual	An individual who is a person resident in India as defined in the FEMA
“Registrar and Share Transfer Agents” or “RTAs”	Registrar and share transfer agents registered with SEBI and eligible to procure Application in the Issue
Security	The principal amount of the NCDs to be issued in terms of this Shelf Prospectus together with all interest due on the NCDs, subject to any obligations under applicable statutory and/or regulatory requirements shall be secured by a first ranking <i>pari passu</i> charge by way of a mortgage over the Company’s specific immovable property and a first ranking <i>pari passu</i> charge on all current assets, book debts, receivables (both present and future) of the Company, created in favour of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed, except those receivables specifically and exclusively charged in favour of certain existing charge holders, such that a security cover of 100% of the outstanding principal amounts of the NCDs and interest thereon is maintained at all time until the Maturity Date, more particularly as detailed in the section titled “ <i>Issue Structure - Security</i> ” on page 185 of this Shelf Prospectus.
“Self-Certified Syndicate Banks” or “SCSBs”	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> and updated from time to time and at such other websites as may be prescribed by SEBI from time to time

Term	Description
“Specified Cities” or “Specified Locations”	Bidding centres where the Consortium shall accept Application Forms from Applicants, a list of which is available on the website of the SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> and updated from time to time and at such other websites as may be prescribed by SEBI from time to time
Syndicate ASBA	ASBA Application submitted through the Members of the Consortium and the other Designated Intermediaries at the Syndicate ASBA Application Locations and a list of which is available on <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> or at such other website as may be prescribed by SEBI from time to time.
Tranche Issue	Issue of the NCDs pursuant to the respective Tranche Prospectus
Tranche Prospectus(es)	The relevant Tranche Prospectus containing the details of NCDs including interest, other terms and conditions, recent developments, general information, objects, procedure for application, statement of tax benefits, regulatory and statutory disclosures and material contracts, documents for inspection and other terms and conditions in respect of the relevant Tranche Issue
Transaction Documents	Transaction documents shall mean the Draft Shelf Prospectus, this Shelf Prospectus, relevant Tranche Prospectus read with any notices, corrigenda, addenda thereto, Issue Agreement, Registrar Agreement, Debenture Trust Deed, Public Issue Account Agreement, Tripartite Agreements and the Consortium Agreement executed or to be executed by our Company, as the case may be. For further details please see the section titled, " <i>Material Contracts and Documents for Inspection</i> " on page 285 of this Shelf Prospectus
Acknowledgement Slip	The acknowledgement slip or document issued by any of the Members of the Consortium or the Designated Intermediaries as the case may be, to an Applicant upon demand as proof of registration of his application for the NCDs
Working Days	Working Day(s) shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of Stock Exchange excluding Sundays and bank holidays in Mumbai

#### Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
“₹”, “Rupees” or “Indian Rupees”	The lawful currency of the Republic of India
AGM	Annual General Meeting
ALM	Asset Liability Management
ALM Guidelines	Guidelines for ALM system in relation to NBFCs
AMC	Asset Management Company
AS	Accounting Standards
ASBA	Application supported by blocked amounts
Brickwork	Brickwork Ratings India Private Limited
BSE	BSE Limited
CAGR	Compounded annual growth rate over a specified period of time of a given value (the year-over-year growth rate)
CARE	CARE Ratings Limited
CCTV	Closed-circuit Television
CDSL	Central Depository Services (India) Limited
Companies Act	The Companies Act, 1956, or the Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956
Companies Act, 2013	Companies Act, 2013, to the extent notified by the MCA and in force as of the date of this Shelf Prospectus and the rules made thereunder
CRAR	Capital to risk-weighted assets ratio means (Tier I Capital + Tier II Capital)/ Total Risk



<b>Term/Abbreviation</b>	<b>Description/ Full Form</b>
	Weighted Assets *100
CRISIL	CRISIL Limited
CSE	Cochin Stock Exchange
Debt Listing Agreement	The agreement for listing of NCDs on the BSE Limited
Depositories	CDSL and NSDL
Depositories Act	Depositories Act, 1996
DIN	Director Identification Number
“DP” or “Depository Participant”	Depository Participant as defined under the Depositories Act, 1996
DRR	Debenture Redemption Reserve
EGM	Extraordinary General Meeting
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
“Financial Year”, “Fiscal” or “FY”	Period of 12 months ended March 31 of that particular year
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
“GoI” or “Government”	Government of India
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IEPF	Investor Education and Protection Fund
IFRS	International Financial Reporting Standards
“Income Tax Act” or “IT Act”	Income Tax Act, 1961
Ind AS	Indian Accounting Standards as referred to in and notified by the Ind AS Rules
Ind AS Rules	The Companies (Indian Accounting Standard) Rules, 2015
India	Republic of India
Indian GAAP	Accounting Standards specified under section 133 of the Act, read with the Companies (Accounting Standards) Amendment Rules, 2016
IRDAI	Insurance Regulatory and Development Authority of India
IT	Information Technology
KYC	Know Your Customer
LLP	Limited Liability Partnership
LLP Act	Limited Liability Partnership Act, 2008
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic Ink Character Recognition
Mn	Million
MoU	Memorandum of Understanding
MSE	Madras Stock Exchange
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
NACH	National Automated Clearing House
NHB	National Housing Bank
NHB Act	National Housing Act, 1987
NAV	Net Asset Value
NBFC	Non-Banking Financial Company, as defined under Section 45-IA of the RBI Act
NEFT	National Electronic Fund Transfer
NRI	Non-resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited

<b>Term/Abbreviation</b>	<b>Description/ Full Form</b>
p.a.	Per annum
PAN	Permanent Account Number
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RBI Master Directions	Master Direction – Non-Banking Financial Company – Systemically Important Non Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016
RTGS	Real Time Gross Settlement
SARFAESI Act	Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002
SBI	State Bank of India Limited
SCRA	Securities Contracts Regulation Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended and circulars issued thereunder
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

#### Technical and Industry Related Terms

<b>Term/Abbreviation</b>	<b>Description/ Full Form</b>
AD II license	Authorised Dealer II license
BBA	Indian Bullion and Jewellers Association Limited, formerly known as Bombay Bullion Association Limited
Gold Loans	Loans secured by gold jewellery
Hybrid Debt	A capital instrument, which possesses certain characteristics of equity as well as debt
LTV	Ratio of loan to the collateral value of gold jewellery
MFI	Microfinance institutions
NPA	Non-Performing Assets
NBFC-D	NBFC registered as a deposit accepting NBFC
NBFC-ND	NBFC registered as a non-deposit accepting NBFC
NBFC-ND-SI	Systematically important NBFC-ND
Owned Funds	Paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any
PDI	Perpetual Debt Instruments
Prudential Norms	Prudential norms as provided under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
SME	Small and Medium Enterprises
Tier I	Tier I capital means, owned fund as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund and perpetual debt instruments issued by a non-deposit taking NBFC in each year to the extent it does not exceed 15%

Term/Abbreviation	Description/ Full Form
	of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year
Tier II	Tier-II capital includes the following: (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55%; (c) general provisions and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (d) hybrid debt capital instruments; and (e) subordinated debt to the extent the aggregate does not exceed Tier-I capital

## FORWARD-LOOKING STATEMENTS

Certain statements in this Shelf Prospectus that are not statements of historical fact constitute “forward-looking statements”. Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “seek”, “should”, “will”, “would”, or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Shelf Prospectus that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results, including our financial conditions and results of operations to differ from our expectations include, but are not limited to, the following:

- Impact of our in certain legal and other proceedings (including criminal proceedings);
- Our inability to successfully manage and maintain our growth;
- Volatility in the market price of gold;
- Increasing competition in our business;
- Our business is subject to various regulatory and legal requirements;
- Our inability to adequately manage our interest rate risk;
- Our inability to realise the full value of our pledged gold, which exposes us to potential loss;
- Certain non-compliances observed by RBI or NHB during inspections; and
- Received requests for information and show cause notices from RBI and SEBI indicating certain violations of RBI and SEBI norms.

For further discussion of factors that could cause our actual results to differ, please see the section titled “*Risk Factors*” on page 13 of this Shelf Prospectus.

All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results and valuations to differ materially from those contemplated by the relevant statement. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the “*Industry Overview*”, “*Our Business*” and “*Legal and Other Information*” on pages 70, 115 and 205 respectively of this Shelf Prospectus.

The forward-looking statements contained in this Shelf Prospectus are based on the beliefs of our management, as well as the assumptions made by and information currently available to our management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our Company’s underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

Neither we, its Directors and officers, nor any of our respective affiliates or the Lead Managers have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI Debt Regulations, our Company and the Lead Managers will ensure that investors in India are informed of material developments between the date of filing the Shelf Prospectus with the RoC and the date of receipt of listing and trading permission being obtained from the Stock Exchange.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### General

In this Shelf Prospectus, unless the context otherwise indicates or implies, references to "you", "offeree", "purchaser", "subscriber", "recipient", "investors" and "potential investor" are to the prospective investors in this Issue, references to our "Company", the "Company" or the "Issuer" are to Manappuram Finance Limited.

In this Shelf Prospectus, references to "Rupees", "₹", "Rs.", "INR" are to the legal currency of India and references to "US\$" is to the legal currency of the United States. All references herein to the "U.S." or the "United States" are to the United States of America and its territories and possessions and all references to "India" are to the Republic of India and its territories and possessions, and the "Government", the "Central Government" or the "State Government" are to the Government of India, central or state, as applicable.

In this Shelf Prospectus, any discrepancy in any table between total and the sum of the amounts listed are due to rounding off.

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

Unless otherwise stated all figures pertaining to the financial information in connection with our Company are on a consolidated basis. Additionally, unless stated otherwise all references to time in this Shelf Prospectus are to Indian standard time.

### Presentation of Financial Information

Our Company publishes its financial statements in Rupees, in million. Our Company's financial statements for the year ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 have been prepared in accordance with Indian GAAP, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India, applicable accounting standards prescribed by the Institute of Chartered Accountants of India, Companies Act, as applicable and other applicable statutory and / or regulatory requirements, and the Limited Review Financial Information included in this Shelf Prospectus has been prepared in accordance with Ind AS, guidance notes specified by the Institute of Chartered Accountants of India, Companies Act, as applicable and other applicable statutory and / or regulatory requirements. In addition to the Limited Review Financial Information, all additional financial information included in this Shelf Prospectus as at and for the period ended June 30, 2018 has been prepared in accordance with Ind AS.

The Reformatted Summary Standalone Financial Statements and the Reformatted Summary Consolidated Financial Statements are included in this Shelf Prospectus and collectively referred to hereinafter as the ("**Reformatted Summary Financial Statements**"). The reports on the Reformatted Summary Financial Statements, as issued by our Statutory Auditors, are included in this Shelf Prospectus in "Financial Information" on page A-1 of this Shelf Prospectus.

### Industry and Market Data

There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

Unless stated otherwise, all industry and market data cited throughout this Shelf Prospectus has been obtained from industry publications and certain public sources and accordingly, all financial data forming part of the industry and market data cited throughout this Shelf Prospectus, is based on such industry publications and certain public sources and represented in Rupees, in million, billions and trillions, as applicable. Industry publications generally state that the information contained in those publications have been obtained from sources believed to be reliable, but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although our Company believes that the industry and market data used in this Shelf Prospectus is reliable, it has not been verified by us or any independent sources. Further, the extent to which the market and industry data presented in this Shelf Prospectus is meaningful depends on the readers' familiarity with and understanding of methodologies used in compiling such data.

### Exchange Rates

The exchange rates (in ₹) of USD are provided below:

Currency	September 30, 2018	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
USD	72.5474	68.5753	65.0441	64.8386	66.3329	62.5908	60.0998

Source: [www.rbi.org.in](http://www.rbi.org.in), [www.fbil.org.in](http://www.fbil.org.in)

In case March 31 of any of the respective years is a public holiday, the previous calendar day not being a public holiday has been considered.

## SECTION II: RISK FACTORS

*The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of, the NCDs. Prospective investors should carefully consider the risks and uncertainties described below, in addition to the other information contained in this Shelf Prospectus including "Our Business" and in "Financial Information" on pages 115 and A-1 of this Shelf Prospectus, respectively, before making any investment decision relating to the NCDs. If any of the following risks or other risks that are not currently known or are now deemed immaterial, actually occur, our business, financial condition, cash flows and result of operation could suffer, the trading price of the NCDs could decline and you may lose all or part of your interest and/or redemption amounts. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition.*

*Unless otherwise stated in the relevant risk factors set forth, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.*

*This Shelf Prospectus contains forward looking statements that involve risk and uncertainties. Our Company's actual results could differ materially from those anticipated in these forward looking statements as a result of several factors, including the considerations described below and elsewhere in this Shelf Prospectus.*

*Unless otherwise indicated, the financial information included herein is based on our Reformatted Summary Financial Statements and our Limited Reviewed Financial Information, as included in this Shelf Prospectus.*

### **RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY**

**1. *We and our Directors are involved in certain legal and other proceedings (including criminal proceedings) in India and may face certain liabilities as a result of the same.***

We and our Directors are party to various criminal proceedings in relation to violations of state money lending laws and for certain offences under the Indian Penal Code, 1860. Such criminal cases have been filed by various parties including customers, borrowers and employees of our Company.

We are involved in various criminal, civil, consumer and tax related litigation proceedings, which are at different stages of adjudication. We are involved in litigation for a variety of reasons, which typically arise in the normal course of business, when we seek to recover our dues from borrowers in default. We are party to matters of the nature of value added tax matters, service tax proceedings, civil suits, criminal cases, consumer cases and cases filed by owners of branch premises for eviction and rent escalation. In determining our provisions for income taxes and our accounting for tax-related matters in general, we are required to exercise judgment. We regularly make estimates where the ultimate tax determination is uncertain. We have been, and from time to time may become, subject to tax audits, tax litigation or similar proceedings, the result of which may be materially different from that reflected in our financial statements. The assessment of additional taxes, interest and penalties in connection with such proceedings could be materially adverse to our current and future results of operations and financial condition. For further details, please see the section titled "Pending Proceedings and Statutory Defaults" on page 205 of this Shelf Prospectus.

Such criminal, civil, consumer and tax related litigation proceedings are costly to defend against and can materially affect our financial condition, even if we are successful in defending them or effectively redress such proceedings. If we are unsuccessful in defending these proceedings, we may have to pay significant damages. We are also exposed to the risk of adverse publicity as a result of such proceedings. Accordingly, even if we are successful in defending or settling them, our reputation could be materially harmed.

We have a practice of providing for the probable liability that may accrue upon adjudication of litigations initiated against us, on the basis of advice received from our lawyers/ advocates/ consultants conducting or handling the litigation on our behalf. The advice so rendered are based on the best judgement of such lawyers/ advocates/ consultants, which may differ from our actual liability upon adjudication of the litigations. Further, there may be litigation against us that we are unaware of and hence, have not been provided for by us.

Decisions in any of the aforesaid proceedings adverse to our interests may have a material adverse effect on our business, future financial position and results of operations. If the courts or tribunals rule against us or our Company, Directors, our Promoter or Group Companies, we may face monetary and/or reputational losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities.

We cannot assure you that these cases will be disposed of in our favour. In the event of any adverse order passed in these cases, it may adversely affect our reputation.

2. ***We may not be able to successfully manage and maintain our growth.***

We have significantly expanded our operations and anticipate further expansion of our operations. Our consolidated loans portfolio increased from ₹ 81,630.72 million in Fiscal 2014 to ₹ 157,647.50 million in Fiscal 2018 at a compounded annual growth rate (“CAGR”) of 14.07% and our consolidated revenue from operations grew from ₹ 21,004.62 million in Fiscal 2014 to ₹ 34,233.57 million in Fiscal 2018 at a CAGR of 10.26% during the same period. Further, in the same period, our branch network increased from 3,293 to 3,330. Our future growth depends on a number of factors, including growing our loan book and expanding our customer base, increasing our ability to further penetrate the Gold Loans, microfinance, housing finance and vehicle finance markets, the competitive scenario and future regulatory changes. We cannot assure you that we will continue to grow at historical rates in the future or diversify our product portfolio. If we grow our loan book too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition.

Our future growth also depends on our timely access to, and the cost associated with, raising working capital. If we do not have access to financing on terms acceptable to us, our growth could be adversely affected.

As we continue to grow, we are required to continue to improve our managerial, technical and operational knowledge, resources and systems. In addition, we may be required to manage relationships with a greater number of customers, third party agents, lenders and other parties. We cannot assure you that we will not experience issues such as capital constraints, operational difficulties, difficulties in expanding our existing business and operations and training an increasing number of personnel to manage and operate our expanding business.

Further, we have expanded and will further expand our business into markets outside southern India. We have less experience in penetration in markets where we do not have a significant presence, which may lead to difficulties in cultivating new customer relationships and managing such operations. Any of these issues may result in a failure to implement our expansion plans in a timely manner or at all, and we cannot assure you that any expansion plans, if implemented, will be successful.

Further, we have acquired our Subsidiaries in the past through acquisitions and we may plan to undertake further acquisitions. For instance, we plan to acquire 85.39% of the share capital (on a fully diluted basis) of Indian School Finance Company Private Limited from its existing shareholders (the “**Proposed Acquisition**”). Further, our Company has also entered into a transfer restrictions agreement in relation to the Proposed Acquisition. The Proposed Acquisition was subject to approval of the RBI and other customary conditions precedent. However, RBI examined the changes in shareholding and change of management of ISFC, pursuant to the Proposed Acquisition and through its letter dated September 12, 2018 has intimated to ISFC that the Proposed Acquisition is not acceptable.

Further, ISFC has provided responses dated September 14, 2018 to the RBI requesting for an opportunity to represent themselves again in order to provide any clarifications or requisite amendments to the Proposed Acquisition, if any required by RBI and requesting to pass final orders after consideration of such representation.

While we will evaluate acquisition opportunities in the future based on our targeted return, operational scale and diversification criteria and whether we consider these opportunities to be available at reasonable prices, acquisitions involve risks that could materially and adversely affect our business, including the failure of the new acquisitions or projects to achieve the expected investment results, risks related to the integration of the assets or businesses and integration or retention of personnel relating to the acquired assets or companies, adverse impact of purchase price adjustments, and the inability to achieve potential synergies in a profitable manner, risks associated with the diversion of our management’s attention from our existing business and risks associated with entering into any new markets.

3. ***Volatility in the market price of gold may adversely affect our financial condition, cash flows and results of operations.***

A significant portion of our loan portfolio comprises of loans secured by household and/or used gold jewellery. A sharp downward movement in the price of gold could result in a decline in pledged gold values. Further, a sustained decrease in the market price of gold could also cause a decrease in new Gold Loans in our loan portfolio and, as a result, our interest income. In addition, customers may not repay their loans and the gold jewellery securing the loans may have decreased significantly in value, resulting in losses which we may not be able to support. Although we use a technology-based risk management system and follow strict internal risk management guidelines on portfolio monitoring, which include periodic assessment of loan to security value on the basis of conservative market price levels, limits on the amount of margin, ageing analysis and pre-determined margin call thresholds, we cannot assure you that if the price of gold decreases significantly, our financial condition, cash flows and results of operations would not be adversely affected.

4. ***We face increasing competition in our business which may result in declining margins if we are unable to compete effectively.***

Our principal business is the provision of personal loans to retail customers in India secured by household and/or used gold jewellery. Historically, the Gold Loans industry in India has been largely unorganised and dominated by local jewellery pawn shops and money lenders, with little involvement from the public sector or private sector banks. Gold Loans financing was availed predominantly by lower income group customers with limited or no access to other forms of credit, however, such income group has gained increased access to capital through organised and unorganised money lenders, which has increased our exposure to competition. We believe that demand for Gold Loans has also increased due to relatively lower and affordable interest rates, increased need for urgent borrowing or bridge financing requirements, the need for liquidity for assets held in gold and increased awareness and acceptance of gold loan financing. Our Subsidiary, AML is engaged in micro finance industry and faces significant competition from other MFIs and banks in India (including SFBs), as the microfinance industry is characterized by low barriers to entry. Traditional banks also participate in microfinance by financing the loan programs of self-help groups often in partnership with NGOs, or through certain state-sponsored social programs. In addition, of late, some commercial banks are also beginning to directly compete with for-profit MFIs for lower income segment clients in certain geographies.

Further, our Subsidiary, MHFL also provides home loans and other mortgage loans to customers residing in the rural and semi-urban markets of India. In the housing finance industry, our primary competitors are banks, other housing finance companies, small finance banks and NBFCs who have entered these markets as well as private unorganized lenders who typically operate in rural and semi-urban markets.

All of these factors have resulted in increased competition from other lenders in the market where we operate, including commercial banks and other NBFCs, who also have access to funding from customers' savings and current deposits. We are reliant on higher-cost loans and debentures for our funding requirements, which may reduce our margins compared to our competitors. Our ability to compete effectively will depend, to some extent, on our ability to raise low-cost funding in the future. If we are unable to compete effectively with other participants in the markets where we operate, our business, cash flows, financial condition and results of operations may be adversely affected.

We have been increasingly facing competition from domestic and foreign banks and NBFCs in each of our lines of businesses. Some of our competitors are aggressive in underwriting credit risk and pricing their products and may have access to funds at a lower cost, wider networks and greater resources than our Company. As a result of increased competition in our business, the terms of various loans are becoming increasingly standardised. Variable interest rates, variable payment terms, waiver of processing fees are also becoming increasingly common.

We cannot assure you that we will be able to react effectively to these or other market developments or compete effectively with new and existing competitors. Increasing competition may have an adverse effect on our profitability, market share and results of operations.

While our Company believes that it has historically been able to offer competitive interest rates on the loans extended to our customers, there can be no assurance that our Company will be able to continue to do so in the future. Our financial condition, cash flows and results of operations are dependent on our ability to obtain and maintain low cost funds and to provide prompt and quality services to our customers. If our Company is unable to access funds at a cost comparable to or lower than our competitors, we may not be able to offer loans at competitive interest rates to our customers.

5. ***Our business is subject to various regulatory and legal requirements. Also, future regulatory changes may have a material adverse effect on our business, results of operations and financial condition.***

We are primarily regulated by the RBI and are subject to the RBI's guidelines on the regulation of NBFC-ND-SIs, which includes, among other things, matters related to capital adequacy, exposure, other prudential norms, deployment of assets, requirement of net owned funds, borrowing limits, and credit ratings. The RBI also regulates the credit flow by banks to NBFC-ND-SIs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFC-ND-SIs. The RBI's regulation of NBFC-ND-SIs may change in the future which may require us to restructure our activities, incur additional costs or could otherwise adversely affect our business and financial performance. Further, the RBI's regulations regarding restrictions on banks in relation to their exposure to NBFCs could have an impact on our business and could affect our growth, margins and business operations. For instance, the RBI has introduced the RBI Master Directions on September 1, 2016, which are applicable to an NBFC-ND-SI. In order to provide enhanced control, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented. There can be no assurance that the RBI the GoI and/or the other regulators will not implement further regulations or policies, including legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, or otherwise take action, that may have an adverse impact on an NBFC-ND-SI, and consequently on our fund based activities. Any change in the rules applicable to us as an NBFC-ND-SI may adversely affect our business, financial condition and results of operations. Further, the RBI has not established a ceiling on the rate of interest that can be charged by NBFCs in the



asset finance sector and requires that the board of directors of each NBFC to adopt an interest rate model that takes into account relevant factors such as the cost of funds, margin and risk premium. Moreover, it is unclear whether NBFCs are required to comply with the provisions of state money lending laws that establish ceilings on interest rates.

All non-deposit taking NBFCs are required to maintain a minimum capital adequacy ratio, consisting of Tier I and Tier II capital of not less than 15% of their aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items. RBI has further prescribed that NBFCs primarily engaged in lending against gold jewellery have to maintain a minimum Tier I capital of 12%. Our capital adequacy ratio was 25.57% as of June 30, 2018, with Tier I capital comprising 25.16% and Tier II capital comprising 0.41%.

If we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios with respect to our business. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favourable to us or at all and this may adversely affect the growth of our business.

In addition to the above, we are also subject to the corporate, taxation and other laws in effect in India which require continued monitoring and compliance. The introduction of additional government control or newly implemented laws and regulations, depending on the nature and extent thereof and our ability to make corresponding adjustments may adversely affect our business, results of operations and financial condition. In particular, decisions taken by regulators concerning economic policies or goals that are inconsistent with our interests could adversely affect our results of operations. These laws and regulations and the way in which they are implemented and enforced may change from time to time and we cannot assure you that future legislative or regulatory changes will not have an adverse effect on our business, financial condition, cash flows and results of operations.

Compliance with many of the regulations applicable to our operations may involve significant costs and otherwise may impose restrictions on our operations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and the business of our Company could be adversely affected. There can be no assurance that changes in these regulations and the enforcement of existing and future rules by governmental and regulatory authorities will not adversely affect our business and future financial performance. For instance, the RBI has, on January 2, 2013, released a draft report by the K.U.B. Rao Committee, a committee set up by the RBI, on issues relating to gold imports and gold loan NBFCs. This report has made a number of significant recommendations in relation to the supply and import of gold in India as well as the current legal framework governing gold loan NBFCs. Significantly, for gold loan NBFCs, the report has recommended, *inter alia*, the increase of the loan to value ratio of the underlying gold collateral to 75%, the approval of the RBI for the expansion of branches by a gold loan NBFC in a year in excess of 1,000 branches, rationalization of interest rates on gold loans including the adoption of an interest rate linked to benchmark bank rates or the maximum advance rate of the State Bank of India Limited and confining the subscription to privately placed debentures of gold loan NBFCs to institutions and high-net worth individuals as opposed to retail investors.

Pursuant to the circular dated September 16, 2013, the RBI has issued certain guidelines pursuant to the recommendations of the K.U.B. Rao Committee. For instance, existing NBFCs having more than 1,000 branches shall have to approach the RBI for prior approval for any further branch expansion. In order to standardize the valuation and make it more transparent to the borrower, gold jewellery accepted as collateral shall have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by the BBA or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission. While accepting the gold as collateral, the NBFC should give in writing to the borrower, on their letter head giving the purity (in terms of carats) and weight of the gold. If the gold is of purity less than 22 carats, the NBFC should translate the collateral into 22 carat and state the exact grams of the collateral. High value loans of ₹ 20,000 and above must only be disbursed by cheque. Further, NBFCs have also been prohibited from issuing advertisements like claiming the availability of loans in a matter of 2-3 minutes. The RBI, vide notification dated January 8, 2014 has increased the loan to value ratio of the underlying gold collateral to 75% and has directed all NBFCs to put in place an explicit policy approved by their board of directors within their overall loan policy to verify ownership through a suitable document which is prepared to explain the manner in which ownership is determined, particularly in each case where the gold pledged at any one time or cumulatively on the loan outstanding is more than 20 grams.

Implementation of these guidelines could have an adverse effect on our results of operation, cash flows and financial condition. For further information pertaining to the aforesaid guidelines, please see the section titled “*Regulations and Policies*” on page 231 of this Shelf Prospectus. In the event that other recommendations of the K.U.B Rao Committee are enacted as law, our operations and compliance cost could be significantly hampered, which could have an adverse effect on our results of operation, cash flows and financial condition.

6. ***Our financial performance is particularly vulnerable to interest rate risk. If we fail to adequately manage our interest rate risk in the future it could have an adverse effect on our net interest margin, thereby adversely affecting our business, cash flows and financial condition.***

Over the last several years, the GoI has substantially deregulated the financial sector. As a result, interest rates are now primarily determined by the market, which has increased the interest rate risk exposure of all banks and financial intermediaries in India, including us.

Our results of operations are substantially dependent on our net interest margins. Interest rates are sensitive to many factors beyond our control, including the RBI's monetary policies, domestic and international economic and political conditions and other factors.

Our policy is to attempt to balance the proportion of our interest-earning assets, which bear fixed interest rates, with interest-bearing liabilities. A portion of our liabilities, such as our NCDs, subordinated debt and short term loans carry fixed rates of interest and the remaining are linked to the respective banks' benchmark prime lending rate/base rate. Moreover, we are an NBFC-ND-SI, and do not have access to deposits. As on June 30, 2018 our consolidated borrowings amounted to ₹ 134,216.21 million of which 44.85% were at fixed rates of interest.

We seek to hedge against foreign currency fluctuations and use derivative financial instruments such as forward exchange 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 and interest rate swaps to hedge interest rate risk arising from variable rate loans. Changes in exchange rates may still have an adverse effect on our financial condition and results of operations. Any amounts we spend in order to hedge the risks to our business due to fluctuations in currencies may not adequately hedge against any losses we incur due to such fluctuations. We cannot assure you that we will be able to reduce our foreign currency risk exposure, through the hedging transactions we have already entered into or will enter into, in an effective manner, at reasonable costs, or at all.

Further, we cannot assure you that we will be able to adequately manage our interest rate risk in the future or be able to effectively balance the proportion of our fixed rate loan assets and liabilities. Further, changes in interest rates could affect the interest rates charged on interest-earning assets and the interest rates paid on interest-bearing liabilities in different ways. Thus, our results of operations could be affected by changes in interest rates and the timing of any re-pricing of our liabilities compared with the re-pricing of our assets.

Furthermore, we may be exposed to greater interest rate risk than banks or other NBFCs. In a rising interest rate environment, if the yield on our interest-earning assets does not increase at the same time or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline at the same time or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely affected.

Additional risks arising from increasing interest rates include:

- reductions in the volume of loans as a result of customers' inability to service high interest rate payments; and
- reductions in the value of fixed income securities held in our investment portfolio.

Accordingly, our operations are susceptible to fluctuations in interest rates. Interest rates are highly sensitive and fluctuations thereof are dependent upon many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic and international economic and political conditions, inflation and other factors. Rise in inflation, and consequent changes in bank rates, repo rates and reverse repo rates by the RBI has led to an increase in interest rates on loans provided by banks and financial institutions, and market interest rates in India have been volatile in recent periods.

7. ***We may not be able to realise the full value of our pledged gold, which exposes us to potential loss.***

We may not be able to realise the full value of our pledged gold, due to, among other things, defects in the quality of gold or wastage that may occur when melting gold jewellery into gold bars. In the case of a default, we typically sell the pledged gold through publicly announced auctions in accordance with the terms of our 'auction policy'. We cannot assure you that we will be able to sell such pledged gold at prices sufficient to cover the amounts under default. Moreover, there may be delays associated with the auction process. Any failure to recover the expected value of pledged gold could expose us to a potential loss. Any such losses could adversely affect our financial condition, cash flows and results of operations.

8. ***We and our Subsidiaries are subject to periodic inspections from RBI and NHB. Non-compliance with RBI or NHB observations may have a material adverse effect on our and our Subsidiaries business, financial condition or results of operation.***

Our Company is subject to certain routine inspections carried out by the RBI from time to time. The inspections conducted by RBI of the Company in the last five Fiscals included certain findings and observations, in relation to certain non-compliances of Anti-Money Laundering norms, corporate governance requirements and in relation to maintenance of adequate financial matrices as required under the RBI Master Directions among others.

For instance, the most recent inspection by the RBI was conducted for our Company for Fiscal 2017, pursuant to which the RBI issued its observations by way of its letter dated December 19, 2017 (“**Observations**”). Whilst our Company provided its response and informed the RBI regarding the status of our compliance in relation to such Observations on February 9, 2018 and June 21, 2018, there can be no assurance that RBI will consider such steps to be adequate and treat the observations as being duly complied with. RBI may take appropriate action against our Company which could have a material and adverse effect on our business and financial condition. While we believe that we can address these findings and comply with applicable regulations, any delay or failure in doing so may subject us to a penalty being imposed in this regard by the RBI.

Further, our Subsidiary, AML is also subject to periodic inspections of books of accounts and other records by RBI for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI or for obtaining any information which AML may have failed to furnish on being called upon to do so. The inspections conducted by RBI of AML in the last five Fiscals included certain findings and observations, including in relation to certain non-compliances of the Anti-Money Laundering norms, corporate governance requirements and in relation to maintenance of adequate financial matrices among others.

For instance, the most recent inspection of AML for Fiscal 2017 was carried out, pursuant to which the RBI issued its observations by way of its letter dated September 25, 2017 (“**AML RBI Observations**”). Whilst AML provided its response and informed the RBI regarding the status of our compliance in relation to such AML RBI Observations on November 8, 2017, there can be no assurance that RBI will consider such steps to be adequate and treat the observations as being duly complied with. RBI may take appropriate action against AML which could have a material and adverse effect on our business and financial condition.

Further, our Subsidiary, MHFL is also subject to periodic inspections of books of accounts and other records by NHB for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the NHB or for obtaining any information which MHFL may have failed to furnish on being called upon to do so. Inspection by the NHB is a regular exercise and is carried out periodically by the NHB for all housing finance institutions under provisions of the NHB Act. The inspections conducted by NHB of MHFL in the last five Fiscals included certain findings and observations, including in relation to certain non-compliances of Housing Finance Companies (NHB) Directions, 2010, guidelines on ‘KYC and AML for HFCs and HFCs - Corporate Governance (NHB) Directions, 2016 and in relation to maintenance of adequate financial matrices among others.

The most recent inspection of MHFL was conducted for Fiscal 2017, pursuant to which the NHB issued its observations by way of its letter dated January 17, 2018 (“**NHB Observations**”). Whilst MHFL provided its response and informed the NHB regarding the status of compliance in relation to such NHB Observations on February 21, 2018, there can be no assurance that NHB will consider such steps to be adequate and treat the observations as being duly complied with. NHB may take appropriate action against MHFL which could have a material and adverse effect on our business and financial condition.

9. ***Our Statutory Auditors and our previous statutory auditors have included remarks and comments on some of the matters in relation to our Company.***

Our Statutory Auditors and our previous statutory auditors have included certain remarks in relation to our Company, for the last five Fiscals and except as disclosed below, there are no reservations, qualifications, emphasis of matter and adverse remarks included in the financial statements of our Company in the last five financial years, from March 31, 2014 to March 31, 2018.

The summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the date of this Shelf Prospectus and their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of the said reservations or qualifications or adverse remarks is provided below:

<b>Financial Year</b>	<b>Auditors Remark/Qualification</b>	<b>Impact on Financial Position</b>	<b>Corrective Steps Taken or Proposed</b>
2017-18	During the year there have been certain instances of fraud on the company by employees where	Provision aggregating ₹ 53.07 million created in	Recovery procedures undertaken for fraud cases.

Financial Year	Auditors Remark/Qualification	Impact on Financial Position	Corrective Steps Taken or Proposed
	gold loan related misappropriations/cash have occurred.	respect of these matters.	
2016-17	During the year there have been certain instances of fraud on the company by employees where gold loan related misappropriations/cash have occurred	Provision aggregating ₹ 17.46 million created in respect of these matters.	Recovery procedures undertaken for fraud cases.
2015-16	During the year there have been certain instances of fraud on the company by employees where gold loan related misappropriations/cash have occurred	Provision aggregating ₹ 36.36 million created in respect of these matters.	Recovery procedures undertaken for fraud cases.
2014-15	During the year there have been certain instances of fraud on the company by employees where gold loan related misappropriations/cash have occurred	Provision aggregating ₹ 42.98 million created in respect of these matters.	Recovery procedures undertaken for fraud cases.
2013-14	Delay in remitting undisputed statutory dues to Maharashtra Tax on professions Traders, Callings and Employments Act, 1975 for more than six months from financial year 2004-2005 to financial year 2012-13 amounting to ₹ 5.05 million. This liability is paid.	1. No material impact on first observation. 2. ₹ 52.97 million is provided in accounts with respect to fraud cases.	1. The statutory dues outstanding liability is paid. 2. Recovery procedures undertaken for fraud cases.

There can be no assurance that any similar matters of emphasis, qualification or reservations will not form part of financial statements of our Company for the future fiscal periods, which could subject us to penalties and additional liabilities due to which our reputation and financial condition may be adversely affected.

**10. We received requests for information and show cause notices from RBI and SEBI indicating certain violations of RBI and SEBI norms.**

We had received show cause notices from RBI and SEBI in relation to certain violations of RBI and SEBI norms. For instance, SEBI had issued a notice dated August 6, 2014 under Section 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 to the Managing Director and Chief Executive Officer, V. P. Nandakumar, the Company's directors, I. Unnikrishnan, B. N. Raveendra Babu and the Company's Secretary, Rajesh Kumar. In this notice, SEBI had observed that the RBI issued a press release on February 6, 2012, stating that the Company cannot accept or renew public deposits. On February 7, 2012, the price of the Company's scrip declined by 19.95% from the previous trading day. The National Stock Exchange of India Limited suspected insider trading by certain entities who sold their shares prior to the RBI press release. Further, on February 2, 2012, the financial results for the three months' period ended December 31, 2011 were announced and an interim dividend was declared. In accordance with the SEBI (Prohibition of Insider Trading) Regulations, 1992 declaration of financial results and dividends are price sensitive information and the trading window is to be closed during this period. Although, the trading window was closed from January 27, 2012 to February 2, 2012, the Company had failed to comply with the relevant SEBI regulations which require that the trading window to be closed for a period up to 24 hours after the corporate announcement. On these grounds, SEBI had issued a notice to show cause as to why an inquiry should not be held against them for violation of the SEBI (Prohibition of Insider Trading) Regulations, 1992. An identical show cause notice dated August 6, 2014 had also been issued to the Company. The Company had been provided with a period of 14 days to respond. The Company had replied to SEBI by letter dated September 1, 2014, requesting for permission to undertake inspection of all documents and records available with SEBI in relation to the show cause notice. On a review of the documents, the Company has filed a consent application dated November 29, 2014 along with an application dated November 29, 2014 for condonation of delay. In the consent application the Company had stated its willingness to consent to a settlement without admitting or denying any wrongdoing. The Company had also

requested the SEBI Internal Committee and the High Powered Advisory Committee to arrive at a settlement amount commensurate with the merits of the case and had expressed its willingness to pay the same as a full and final settlement of all proceedings arising out of the notice. The Company, directors and key managerial personnel have received settlement order dated September 23, 2015 in respect of the show cause notice dated August 6, 2015 which was issued to the applicants alleging that they violated the provisions of the code of conduct and the Company, directors and key managerial personnel have accordingly paid the settlement amount.

Further, the RBI had issued a show cause notice dated May 7, 2012 under Section 45 IA of the RBI Act, 1934, asking why the certificate of registration issued to the Company should not be cancelled. The show cause notice states that the Company despite being a non-deposit taking NBFC had been accepting deposits from the public in the name of Manappuram Agro Farms. The show cause notice further states that the Company had been re-collecting on maturity, those deposits which it had originally accepted when it was a deposit taking company and issuing deposits in the name of Manappuram Agro Farms. The show cause notice also stated that certain branches of the Company has displayed interest rate on deposit schemes in their branches. It has been stated that the Company had been assisting Manappuram Agro Farms to contravene the provisions of Section 45S of the RBI Act and that an amount of ₹ 1.438 million has been accepted by the Company in the name of Manappuram Agro Farms and its branches spread over in Thrissur. The Company in its response dated May 21, 2012 to the show cause notice had denied these claims and clarified that the Company had never accepted deposits in the name of Manappuram Agro Farms. The Company had further clarified that it had taken all steps to comply with the RBI directives. The Company had informed the RBI that it had taken all steps to dissociate the Company's name, premises and employees from that of Manappuram Agro Farms. Further, in order to comply with the RBI directives and segregate the Company's employees from employees of Manappuram Agro Farms the Company issued fresh appointment letter and identification cards. By letter dated January 23, 2014 the Company had informed the RBI that as on December 21, 2013 the Company had returned the outstanding deposits to the customers by issuing cheques. The balance of the unclaimed deposits maintained with Punjab National Bank, as on March 31, 2017 was an aggregate amount of ₹ 0.062 million, which was transferred to the IEPF formulated in accordance with the regulations of the Ministry of Corporate Affairs under the Companies Act, 2013, on September 21, 2017. In addition to the above with respect to Manappuram Agro Farms, the outstanding deposits, as of April 1, 2018, the total outstanding amount in relation to the deposits lying in the escrow account was ₹ 1.25 million. Further, Manappuram Agro Farms has issued demand drafts to the customers for ₹ 1.20 million since April 1, 2018 and consequently, as of September 24, 2018, the outstanding deposits lying in the escrow account maintained with Punjab National Bank, Thrissur Branch is ₹ 0.05 million.

The RBI pursuant to its letter dated January 01, 2015 confirmed its acknowledgement of the various quarterly status reports submitted by the Company with regard to the deposits collected by Manappuram Agro Farms and reply to the show cause notice and stated that the same is largely acceptable to the RBI.

In another instance, the RBI has through its letter dated August 11, 2017 issued a show cause notice under Section 58-G of the RBI Act, 1934, concerning observations made during the inspection held between August 16, 2016 to September 1, 2016. The show cause notice was served on the basis of observations made by RBI, regarding the (i) the non-declaration by the Company of the reserve price during the auction of gold ornaments pledged by the Customer; (ii) non-intimation to customers in the event of any change in the purity of gold as assessed by the company subsequent to a disbursement of the loan; (iii) splitting of high value loans greater than ₹100,000 so that the loan disbursements made above ₹ 100,000 are made in cash (including the issue of uncrossed cheques while disbursing loans above ₹ 100,000) against which cash was withdrawn across bank counters by customers; (iv) post auction intimation sent to customers which did not mention details such as the date of the auction, the venue, the breakup of claim towards principal, interest and other charges recovered during auction (including not conducting auctions at designated branches on specified dates despite advertising the same). The Company pursuant to its letter dated August 25, 2018, had submitted a detailed reply to RBI providing necessary clarifications on the points observed as well as detailed explanations on the steps taken by the Company to regularize the observations along with supporting documents in this regard. The Company further to the above mentioned letter, also requested for a personal hearing to be able to make submissions to the points raised in the show cause notice through its letter dated September 7, 2017.

Accordingly, an opportunity for personal hearing was granted by RBI on December 21, 2017, and the Company in the said meeting had provided necessary clarification and explanations on the concerned points raised by RBI. Following the same, RBI pursuant to letter dated March 28, 2018, while noting that the Company has been in gross violation of the extant guidelines stipulated by the RBI and cautioning the Company that the RBI takes serious note of such violations has advised the Company to strictly follow the extant instructions of RBI pertaining to declaration of reserve price, certification of purity of gold, conduct of auction process, post auction intimation letter and disbursement of loan amount in cash, compliance of which will be continuously monitored by RBI.

RBI or SEBI may take appropriate action against our Company which could have a material and adverse effect on our business and financial condition. While we believe that we can address these show cause notices, any delay or failure in doing so may subject us to a penalty being imposed in this regard by the SEBI or RBI.

11. ***We do not have access to records and data pertaining to certain historical secretarial information of the Promoters in relation to certain disclosures.***

Our Company was incorporated on July 15, 1992. Our Company does not have access to documentation pertaining to certain of our historical secretarial data or information. Consequently, we have not made adequate disclosures pertaining to the allotment of 1,468,000 Equity Shares by our Company to the Promoters during the period between October 12, 1995 and December 31, 2006 as the records of the same relate to public issuances and secondary sale, details of which are not available with us.

Further, for the period from April 1, 2007 until September 9, 2014, our Company does not have any records on the actual date of secondary sales and rely on the weekly benpos data downloaded from the depositories (NSDL/CDSL) on a weekly basis and this information does not reflect the exact buying/selling of shares in each account. We have relied on secondary information for 2.00% of the total shares which have been purchased by the Promoters from incorporation until date and 0.04% of the total shares which have been sold by the Promoters from incorporation until date on account of non-availability of information. We cannot assure you of the accuracy and completeness of disclosures during such period.

12. ***Failure to make required filings by the Company and its Subsidiaries with regulatory authorities may result in the imposition of penalties.***

We are required to make various filings with the RBI, the Registrar of Companies, the SEBI, NHB and other relevant authorities pursuant to the provisions of RBI regulations, the Companies Act and other regulations. If we fail to comply with these requirements, or a regulator claims we have not complied with these requirements, we may be subject to penalties and compounding proceedings. For instance, in the past, we have needed to approach the Company Law Board for condoning the delay in filing certain forms and have had to pay certain penalties. In another instance, our subsidiary, MHFL was asked to show cause as to why penal action should not be taken against it under the NHB Act for non-submission of the half yearly return for the period ended March 31, 2014. However, later on the matter was disposed of.

Any failure or delay in making various filings with regulatory authorities might warrant actions against our Company and its Subsidiaries by such authorities which could have a material and adverse effect on our business and financial condition.

13. ***Our business requires substantial capital, and any disruption in funding sources would have an adverse effect on our liquidity, cash flows and financial condition.***

Our liquidity and on-going profitability are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. Our funding requirements historically have been met predominantly from a combination of borrowings such as term loans from banks and financial institutions (including external commercial borrowings) and issuance of commercial papers and non-convertible debentures and other debt instruments on private placement basis. Thus, our continued growth will depend, among other things, on our ability to secure requisite financing at competitive rates, to manage our expansion process, to make timely capital investments, to control input costs and to maintain sufficient operational control. Our inability to secure requisite financing could have an adverse effect on our business, results of operations and financial condition. Changes in laws and regulations, our obligations to lenders or under debt instruments can disrupt funding sources which would have a material adverse effect on our liquidity and financial condition. Further, any inability on our part to secure requisite financing or continue with our existing financing arrangement could have an adverse effect on our business, results of operations and financial condition.

Aggregate value of current maturities of our consolidated unsecured long term borrowings and consolidated unsecured short term borrowings outstanding as at June 30, 2018 was ₹ 273.52 million and ₹ 33,149.20 million. These mature within one year from June 30, 2018. In order to retire these instruments, we will either need to refinance this debt, which could be difficult in the event of volatility in the credit markets, or raise equity capital or generate sufficient cash to retire the debt. If we are not able to do so, our financial condition, cash flows and results of operations may be adversely affected.

14. ***Microfinance loans offered by our subsidiary, AML, are unsecured and are susceptible to various operational, credit and political risks which may result in increased levels of NPAs, thereby adversely affecting our business, results of operation and financial condition.***

The focus client segment for our micro-loans is women in rural areas. The clients of AML typically have limited sources of income, savings and credit histories and as a result, are usually adversely affected by declining economic conditions. Further, for most of the loans provided by AML, clients do not provide any collateral or security for their borrowings as the RBI has mandated that loans given by NBFC-MFIs should be collateral free for the purpose of "Qualifying Assets". Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. Furthermore, although AML uses credit

bureau reports to check certain background information such as the total indebtedness of each potential client and their existing repayment/ default history, the information in such reports may be incomplete or unreliable and accordingly the credit risk analyses we carry out on potential clients may be limited. Further, AML relies primarily on non-traditional guarantee mechanisms rather than any tangible assets such as collateral. Most of its loans involve a joint liability mechanism whereby borrowers form an informal joint liability group and provide joint and several guarantees for loans obtained by each member of the group. Such joint liability arrangements are likely to fail if there is no meaningful personal relationship or bond among members of such group, if there is irregular participation in group meetings, if inadequate risk management procedures have been employed, or as a result of adverse external factors such as natural calamities. As a result, its clients potentially present a higher risk of loss in case of a credit default compared to that of borrowers in other asset-backed financing products. In addition, the microfinance business is susceptible to various political and social risks, including political interference in the working of MFIs at the district, state or national level; adverse publicity or litigation relating to the microfinance sector; public criticism of the microfinance sector; introduction of a stringent regulatory regime; or religious beliefs relating to loans and introduction of a stringent regulatory regime; or religious beliefs relating to loans and interest payments, which adversely affect repayment by its clients and may have an adverse effect on our business prospects and future financial performance. Due to the underlying profile of the clients of AML, we may, in the future, experience increased levels of non-performing assets and related provisions and write-offs, which would materially and adversely impact our business and results of operations.

15. ***The new Bankruptcy Code may affect our rights to recover loans from borrowers.***

The Insolvency and Bankruptcy Code, 2016 (“**Bankruptcy Code**”) was notified on August 5, 2016, and amended by the Insolvency and Bankruptcy (Amendment) Act, 2018. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor, and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and sets forth adjudicatory mechanisms, all of which facilitate a time-bound insolvency resolution and liquidation process.

In case a liquidation process is opted for, the Bankruptcy Code provides for a fixed order of priority of how the proceeds from the sale of the debtor’s assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes, debts owed to workmen and other employees, and debts owed to unsecured credits. Further, under this process, dues owed to the central and state governments rank at par with those owed to secured creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realise their security interests in priority. In the event a secured creditor relinquishes security, it shall rank senior to unsecured creditors and dues owed to the central and state governments in order of priority.

Accordingly, if the provisions of the Bankruptcy Code are invoked against any of the borrowers of our Company, it may affect our Company’s ability to recover our loans from the borrowers and enforcement of our Company’s rights will be subject to enforcement procedures enumerated under the Bankruptcy Code.

16. ***Our subsidiary, MHFL being an HFC, has significant exposure to the real estate sector and any negative events affecting this sector could adversely affect our business and result of operations.***

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

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

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

Furthermore, the RBI has pursuant to its circular on Resolution of Stressed Assets – Revised Framework dated February 12, 2018 (“**Revised Restructuring Framework**”) introduced a revised framework to provide for a harmonised and simplified mechanism for resolution of stressed assets. The RBI has replaced the earlier restructuring schemes like the corporate debt restructuring, strategic debt restructuring and scheme for sustainable structuring of stressed assets with the Revised Restructuring Framework. Under the Revised Restructuring Framework, lenders have to implement a resolution plan to revive a defaulting company within 180 days. If the resolution plan is not implemented within the stipulated time, such defaulting company will have to be referred to the National Company Law Tribunal for resolution as per the Insolvency and Bankruptcy Code, 2016. Any such debt restructuring could lead to an unexpected loss that could adversely affect our business, results of operations and financial condition.

17. ***This Shelf Prospectus includes certain unaudited financial information, which has been subjected to limited review, in relation to our Company and its Subsidiaries. Reliance on such information should, accordingly, be limited. Additionally, our Company may publish additional unaudited financial information during the Issue Period.***

This Shelf Prospectus includes Limited Review Financial Information in relation to our Company and its Subsidiaries, for the three months ended June 30, 2018 in respect of which the Auditors have issued their Limited Review Report dated August 9, 2018. As Limited Review Financial Information prepared by the Company in accordance with Regulation 52(2) of the SEBI Debt Regulations have been subject only to a limited review and as described in Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information” Performed by the Independent Auditor of the Entity” issued by the ICAI, and not to an audit, any reliance by prospective investors on such Limited Review Financial Information for the three months ended June 30, 2018 should, accordingly, be limited.

Additionally, in accordance with applicable law, our Company is required to publish its quarterly and half yearly financial information with the stock exchanges. Our Company may publish such information during the Issue Period. Any financial results published in the future may not be consistent with past performance. Accordingly, prospective investors should rely on their independent examination of our financial position and results of operations, and should not place undue reliance on, or base their investment decision solely on the financial information included in this Shelf Prospectus.

18. ***Our ability to access capital depends on our credit ratings. Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and lending markets and, as a result, would negatively affect our net interest margin and our business.***

The cost and availability of capital is, amongst other factors, also dependent on our short term and long term credit ratings. For details of credit ratings for our short-term instruments and long-term instruments, please see the section titled “*Our Business*” on page 115 of this Shelf Prospectus.

Further, the NCDs proposed to be issued under this Issue have been rated “CARE AA/Stable” by CARE by way of its letter bearing reference number CARE/CRO/RL/2018-19/1239 and dated August 20, 2018 and revalidated by way of its letter dated September 17, 2018 and further revalidated by way of its letter dated October 8, 2018 and have been rated “BWR AA+/Stable” by Brickwork by way of its letter bearing reference number BWR/NCD/HO/ERC/VS/0351/2018-19 and dated August 29, 2018 and further revalidated by way of its letter bearing reference number BWR/NCD/HO/ERC/VS/0458/2018-19 and dated October 11, 2018. We cannot guarantee that these ratings will not be downgraded. The ratings provided by CARE and Brickwork may be suspended, withdrawn or revised at any time. Any revision or downgrading in the above credit ratings may lower the value of the NCDs and may also affect our Company’s ability to raise further debt. In addition to the credit ratings for the Issue, our Company currently enjoys AA- (Positive) from CRISIL Limited and AA- (Stable) from ICRA Limited.

Ratings reflect a rating agency’s opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. The rating agencies reserve the right to suspend, withdraw or revise ratings at any time based on new information or other circumstances. Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and lending markets and, as a result, would adversely affect our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements in the future. Any such adverse development could adversely affect our business, financial condition, cash flows and results of operations.

19. ***A large number of our branches are located in southern India, and any downturn in the economy of southern India or adverse change in consumer preferences in that region could adversely affect our results of operations.***

As of June 30, 2018, out of 3,331 branches, 2,221 of our branches of our Company were located in the southern states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh and Telangana. Out of ₹ 124,650.04 million advanced as Gold Loans as on June 30, 2018, ₹ 73,722.68 million of our Gold Loan advances as on June 30, 2018 were made through branches located in the southern states of Andhra Pradesh, Karnataka, Kerala and Tamil Nadu. Out of the South Indian advances, about ₹ 8,068.41 million were made through branches located in the state of Kerala alone as on June 30, 2018. Although we have branches in northern, eastern and western parts of India, our concentration in states located



in southern India exposes us more strongly to any adverse geological, ecological, economic or political circumstance that may arise in that region as compared to other NBFCs or commercial banks that have a more diversified national presence. If there is a downturn in the economy of southern India or an adverse change in consumer preferences in that region, our business, financial condition, cash flows and results of operations may be adversely affected.

20. ***Inaccurate appraisal of gold by our personnel may adversely affect our business and financial condition.***

The accurate appraisal of pledged gold is a significant factor in the successful operation of our business and such appraisal requires a skilled and reliable workforce. Inaccurate appraisal of gold by our workforce may result in gold being overvalued and pledged for a loan that is higher in value than the gold's actual value, which could adversely affect our reputation and business.

Further, we are subject to the risk that our gold appraisers may engage in fraud regarding their estimation of the value of pledged gold. Any such inaccuracies or fraud in relation to our appraisal of gold may adversely affect our reputation, business and financial condition.

21. ***Our branches are vulnerable to various operational risks, including theft, fraud, burglary and embezzlement by our employees and customers due to high volume of cash and gold jewellery handled by us.***

Our business involves carrying out cash and gold jewelry transactions that expose us to the risk of fraud by employees, agents, customers or third parties, theft, burglary and misappropriation or unauthorised transactions by our employees. Storage of cash and pledged gold jewellery as part of our business entails the risk of theft and resulting loss to our reputation and business. The short tenure of the loans advanced by us and our practice of processing loan repayments within short timelines require us to store pledged gold on our premises at all points in time. There have been burglaries at some of our branches since inception. With regard to all burglaries, we may not be able to recover the entire amount of the loss suffered and may receive only a partial payment of the insurance claim. While we are insured against the risk of burglary arising from our business, such insurance may not be sufficient to fully cover the losses we suffer. Additionally, our cash in transit policies do not cover theft where an employee is involved, unless such involvement is identified within 48 hours of such thefts. Further, the actual recovery of the insured amount from the insurer requires the undertaking of certain procedures, and any delay in recovery could adversely affect our reputation and results of operation. Historically, RBI had expressed concern regarding the frequency of burglaries at some of our branches. Pursuant to the same, while we have strengthened our security policies and procedures, we cannot guarantee you that theft will not be committed in the future, which could adversely affect our reputation, business and results of operations.

Further, we are exposed to the risk of fraud and other misconduct by employees and customers. While we carefully recruit all of our employees and screen all our employees who are responsible for disbursement of Gold Loans and custody of gold, there have in the past been acts of fraud with respect to Gold Loans and cash related misappropriation committed by our employees. For instance, one of the employees of our Company colluded with the vendor of cameras to raise inflated bills for the purchase of surveillance cameras. The total amount involved was ₹ 26.40 million. Additionally, our customers have also committed such acts of fraud and misappropriation. We have filed cases and are diligently prosecuting such employees and other parties involved. The aggregate value of losses recorded in the books of account in this regard during the three month period ended June 30, 2018, Fiscal Year 2018, Fiscal Year 2017, Fiscal Year 2016, Fiscal Year 2015 and Fiscal Year 2014 is ₹0.60 million, ₹ 53.07 million, ₹17.46 million, ₹ 36.36 million, ₹ 42.98 million and ₹ 52.97 million respectively. We are required to report cases of internal fraud to the RBI, which may take appropriate action. Certain routine inspections have noted that there has been a decrease in the number of frauds committed from 28 in Fiscal Year 2014 to 22 in Fiscal Year 2018 and also that a reassessment is required in the classification adopted by the Company while reporting frauds to the RBI. While we have risk monitoring policies in place and the number of frauds and amounts involved have decreased from Fiscal Year 2014 to Fiscal Year 2018, we cannot guarantee you that such acts will not be committed in the future, and that such act could not adversely affect our reputation, business and results of operations.

22. ***If we are unable to successfully manage the level of non-performing assets in our loan portfolio, our business and financial condition may be adversely affected.***

The RBI Master Directions create certain provisioning requirements with respect to our outstanding loan portfolio. These provisioning requirements may require us to reserve lower amounts than the provisioning requirements applicable to financial institutions and banks in other countries. The provisioning requirements may also require the exercise of subjective judgments of management. As of June 30, 2018, our gross NPAs were ₹793.69 million of ₹ 137,660.75 million of our total loans on a standalone basis, as compared to gross NPAs of ₹694.58 million, of ₹129,233.84 million of our loans on a standalone basis as of March 31, 2018. The level of our provisions may not be adequate to cover further increases in the amount of our non-performing loans or a decrease in the value of our pledged gold. If such provisions are not sufficient to provide adequate cover for loan losses that may occur, or if we are required to increase our provisions, this could have an adverse effect on our financial condition, cash flows, liquidity and results of operations and may require us to raise additional capital. In addition, we cannot assure you that we will not have

significant additional NPAs in our loan portfolio in the future on account of new loans made or that we will be able to maintain the asset quality of our current loan portfolio.

23. ***We are subject to certain restrictive covenants in our loan agreements, which may restrict our operations and ability to expand our business.***

We have entered into certain loan agreements in respect of our borrowings, which contain certain restrictive covenants or require us to obtain approval from the lender in certain circumstances for disposing of (including creating a charge on) our specified assets, undertaking any merger or reorganisation, entering into a new line of business, declaring dividends in certain circumstances, amending our memorandum and articles of association, making substantial change to the general nature or scope of our business, incurring or assuming any debt, diluting the Promoters' equity share holdings in our Company beyond certain agreed thresholds, reducing our share capital, undertaking any guarantee obligations on behalf of any other company, making changes to the Company's accounting policies and making a substantial change in our management. We cannot assure you that consents or waivers in connection with the application of any of these restrictive covenants could be granted in the future. Some of our lenders have a right to appoint a nominee director on the Board even before the occurrence of a default. The occurrence of any of these events could adversely affect our financial condition, cash flows and results of operations.

A failure to observe the covenants under our financing arrangements or to obtain necessary consents required thereunder may lead to the termination of our credit facilities, acceleration of all amounts due under such facilities and the enforcement of any security provided. Any acceleration of amounts due under such facilities may also trigger cross default provisions under our other financing agreements. If the obligations under any of our financing documents are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Further, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. Any of these circumstances could adversely affect our business, credit rating and financial condition, cash flows and results of operations. Moreover, any such action initiated by our lenders could result in the price of our NCDs being adversely affected.

24. ***Certain of our existing shareholders have pre-emptive rights or special rights pursuant to the terms of the share purchase agreements.***

Our Company and the Promoters had entered into a share purchase agreement dated March 14, 2012 with Baring India Private Equity Fund II Limited, Baring India Private Equity Fund III Listed Investments Limited, BRIC II Mauritius Trading (collectively, the "Investors" and such agreement the ("SPA")). Such Investors enjoy certain special rights attached to their shareholding in our Company including (i) the appointment of a nominee director on the Board of the Company; (ii) appointment of the nominee director on certain committees of the Company; (iv) share transfer restrictions on the Promoters; and (v) certain financial rights, such as tag along rights, a right of first offer and a right of first sale in certain specified situations. For further details of the rights of Investors under the SPA, please see the section titled "History and Main Objects" on page 133 of this Shelf Prospectus.

25. ***We have entered into, and will continue to enter into, related party transactions.***

We have entered into transactions with several related parties, including our Promoters, Directors and group companies. We cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. Furthermore, it is likely that we will enter into related party transactions in the future. Any future transactions with our related parties could potentially involve conflicts of interest. For details in relation to our transactions with related parties for Fiscals 2018, 2017, 2016, 2015 and 2014, please see "Our Business – Related Party Transactions" on page 132 of this Shelf Prospectus.

26. ***We depend on the accuracy and completeness of information about customers and counterparties for our business. Any misrepresentation, errors in or incompleteness of such information could adversely affect our business and financial performance.***

In deciding whether to enter into transactions with customers, we rely on information furnished to us by or on behalf of customers (including in relation to their financial transactions and past credit history). We may also rely on certain representations from our customers as to the accuracy and completeness of that information. We may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation. Our risk management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business prospects, financial condition and results of operations.

We need to conduct various credit checks of all our customers, however there can be no assurance that such credit checks will be accurate or comprehensive. Difficulties in assessing credit risks associated with our day-to-day operations may lead to an increase in the level of our non-performing assets, which could materially and adversely affect our business prospects, financial condition and results of operations.

27. ***The success of our business depends on our ability to attract and retain our senior management and employees in critical roles, and the loss of their services could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.***

The success of our business depends on the continued service of our senior management and various professionals and specialists, information technology specialists, relationship managers and finance professionals (including tax and accounting specialists), legal professionals, risk management specialists, compliance specialists and specialists in other control functions. As a result of ever-increasing market competition, the market demand and competition for experienced management personnel, qualified professionals and specialists has intensified. Our business and financial condition could suffer if we are unable to retain our senior management, or other high-quality personnel, including management in professional departments of business, finance, internal controls and information technology, or cannot adequately and timely replace them upon their departure.

Moreover, we may be required to increase substantially the number of our professionals and specialists in connection with any future growth plans, and we may face difficulties in doing so due to the competition in the financial services industry for such personnel. For instance, the office of the Chief Financial Officer of the Company is vacant as of the date of this Shelf Prospectus. Our failure to attract, hire or retain competent personnel could materially impair our ability to implement any plan for growth and expansion. Competition for quality employees among business institutions may also require us to increase compensation, which would increase operating costs and reduce our profitability.

Further, our businesses are dependent on our team of relationship managers who directly manage customer relationships. Our relationship managers also have an in-depth knowledge of the products or services that we provide to their customers. If we lose our relationship managers to our competitors or if we are otherwise unable to retain such relationship managers, in addition to the cost incurred in replacing them, we may lose the customer relationships that they helped maintain. Any such loss could have a material adverse effect of on our business and financial condition.

28. ***Our Promoters, Directors and related entities have interests in a number of companies similar to ours, which may result in potential conflicts of interest with us.***

Certain decisions concerning our operations or financial structure may present conflicts of interest among our Promoters, Directors, executive officers and other shareholders. Commercial transactions in the future between us and related parties could result in conflicting interests. A conflict of interest may occur between our business and the business of our group companies such as Maben Nidhi Limited and Manappuram Asset Finance Limited, being engaged in gold loans and mortgage loans and accordingly, could have an adverse effect on our operations. Conflicts of interest may also arise out of common business objectives shared by us, our Promoters, Directors and their related entities. Our Promoters, directors and their related entities may compete with us and have no obligation to direct any opportunities to us. We cannot assure you that these or other conflicts of interest will be resolved in an impartial manner, and any of these conflicts could adversely affect our business and results of operations.

29. ***Some of our Subsidiaries and Group Companies have incurred losses, which may have an adverse effect on our reputation and business.***

The following table provides the details of our loss-making Subsidiaries and Group Companies which have incurred loss as per their last available audited financial statements and the profit/(loss) after tax made by them during Fiscals 2018, 2017, 2016, 2015 and 2014 are as follows:

Name of Subsidiary/ Group Company	Profit / (loss) (in ₹ million)				
	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014
AML	(323.01)	343.32	239.58	103.99	-
MHFL	(8.05)	(10.70)	(53.80)	(5.89)	3.07
MAIBRO	13.48	(8.10)	1.37	-	-

There can be no assurance that our Subsidiaries and Group Companies will not incur losses in the future, which may have an adverse effect on our reputation and business.

30. ***Our majority of the customer base comprises individual borrowers, who generally are more likely to be affected by declining economic conditions than larger corporate borrowers.***

Individual borrowers typically are less financially resilient than larger corporate borrowers, and as a result, they are typically more adversely affected by declining economic conditions. In addition, a significant majority of our customer base belongs to the low to medium income group. Furthermore, unlike many developed economies, a nationwide credit

bureau has only recently become operational in India, so there is less financial information available about individuals, particularly our focus customer segment of the low to medium income group. It is therefore difficult to carry out precise credit risk analyses on our customers. While we follow certain procedures to evaluate the credit profile of our customers before we sanction a loan, we generally rely on the quality of the pledged gold rather than on a stringent analysis of the credit profile of our customers. Although we believe that our risk management controls are sufficient, we cannot be certain that they will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to maintain sufficient credit assessment policies, particularly for individual borrowers, could adversely affect our loan portfolio, which could in turn have an adverse effect on our financial condition, cash flows and results of operations.

**31. *A rise in the general income level of our customers may adversely affect the demand for our loans.***

The size of our Gold Loans portfolio is dependent upon the demand for Gold Loans in India, which is inversely related to the general income level of our customers. A rise in the general income level in India could make our loans unattractive to some customers due to their having increased disposable income, making them less reliant on loans, including Gold Loans. Such a shift in income levels could lower our interest income, which could in turn adversely affect our business, financial condition, cash flows and results of operations.

**32. *Major lapses of control, system failures or calamities could adversely affect our business.***

We are vulnerable to risks arising from the failure of employees to adhere to approved procedures, failures of security systems, computer system disruptions, communication systems failure and data interception during transmission through external communication channels and networks. Failure to prevent or detect such breaches in security or data and communications errors may adversely affect our operations.

Despite our internal controls, policies and procedures, certain matters such as fraud and embezzlement cannot be eliminated entirely given the cash nature of our business. If we fail to maintain and continue to enhance our internal controls, policies and systems, we may be unable to prevent fraud, security breaches or system failures.

Constant connectivity between our branches across India and our head office is key to the functioning of our business. Each of our branches accesses the Manappuram data centre through the internet, and all data is stored centrally in the Manappuram data centre. Data is replicated at our Disaster Recovery Centre in Chennai. Our business is increasingly dependent on our ability to process, on a daily basis, a large number of transactions. Our financial, accounting or other data processing systems may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, including a disruption of electrical or communications services.

If any of these systems do not operate properly or are disabled, or if there are other shortcomings or failures in our internal processes or systems, financial loss, disruption of our business, regulatory intervention or damage to our reputation may result. In addition, our ability to conduct business may be adversely affected by a disruption in the infrastructure that supports our businesses and the localities in which we are located. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security.

**33. *We face asset-liability mismatches which could affect our liquidity and consequently may adversely affect our operations and profitability.***

We face potential liquidity risks due to varying periods over which our assets and liabilities mature. As is typical for NBFCs, a portion of our funding requirements is met through short-term funding sources such as bank loans, working capital demand loans, cash credit, short term loans and commercial papers. However, each of our products differs in terms of the average tenor, average yield, average interest rates and average size of loan. The average tenor of our products may not match with the average tenor of our liabilities. Typically, the average maturity profile of our Company's lending portfolio for Gold Loans business is three months to a year whereas the liabilities are of a longer term. Consequently, any inability to obtain additional credit facilities or renew our existing credit facilities, in a timely and cost-effective manner or at all, may lead to liquidity mismatches, which in turn may adversely affect our operations and financial performance. Further, mismatches between our assets and liabilities are compounded in case of pre-payments of the financing facilities we grant to our customers.

**34. *The RBI has altered and may further alter regulations relating to priority sector advances.***

The RBI in the Master Directions - RBI (Priority Sector Lending – Targets and Classification) Directions, 2016 for banks require domestic commercial banks operating in India and foreign banks to maintain an aggregate of 40% of their adjusted net bank credit or credit equivalent amount of off-balance sheet exposure, whichever is higher, as "priority sector advances". These include advances to agriculture, small enterprises, exports and similar sectors where the Government seeks to encourage the flow of credit to stimulate economic development in India. As these

commercial banks are unable to meet these requirements, they often rely on specialised institutions, including MFIs and other financing companies, to provide them with access to qualifying advances through lending programs and loan assignments. These bank requirements result in significant funding for the microfinance sector. Further, the loans sanctioned to NBFCs for on-lending to individuals or other entities against the security of gold jewellery, are not eligible for classification as loans made to the agricultural sector. RBI has also stipulated that loans provided by NBFCs against gold jewellery cannot be treated as priority sector for banks if transferred through assignment/outright purchase/investment under securitisation route. To the extent that similar changes in RBI regulations eliminate or reduce the need of banks for priority sector advances or modifies the understanding of the concept of MFIs, less capital would be available to MFIs and other financing companies, such as ours. In such event, our access to funds and the cost of our capital would be adversely affected, which may in turn adversely affect our financial condition, cash flows and results of operations.

35. ***Our ability to borrow from various banks may be restricted on account of guidelines issued by the RBI imposing restrictions on banks in relation to their exposure to NBFCs. Any limitation on our ability to borrow from such banks may increase our cost of borrowing, which could adversely impact our growth, business and financial condition.***

Under RBI Master Circular DBR.BP.BC.No.5/21.04.172/2015-16 on bank finance to NBFCs issued on July 1, 2015, the exposure (both lending and investment, including off balance sheet exposures) of a bank to a single NBFC engaged in lending against collateral of gold jewellery (i.e. such loans comprising 50% or more of its financial assets) should not exceed 7.5%, of its capital funds. Banks may, however, assume exposures on a single NBFC up to 12.5%, of their capital funds, provided the exposure in excess of 7.5% is on account of funds on-lent by the NBFC to the infrastructure sector. Further, banks may also consider fixing internal limits for their aggregate exposure to all NBFCs put together and should include internal sub-limit to all NBFCs providing Gold Loans (i.e. such loans comprising 50% or more of their financial assets), including us. This limits the exposure that banks may have on NBFCs such as us, which may restrict our ability to borrow from such banks and may increase our cost of borrowing, which could adversely impact our growth, business and financial condition.

36. ***We may not be in compliance with relevant state money lending laws, which could adversely affect our business. In the event that any state government requires us to comply with the provisions of their respective state money lending laws, or imposes any penalty, including for prior non-compliance, our business, results of operations and financial condition may be adversely affected.***

There is ambiguity on whether or not NBFCs are required to comply with the provisions of state money lending laws that establish ceilings on interest rates. NBFCs are registered under the provisions of the RBI Act and all operations are carried on as per applicable RBI guidelines. The government authorities in the states of Kerala, Karnataka and Gujarat had sent notices to all NBFCs including our company to register under the provisions of their respective money lending laws and comply with the said laws. The proceedings initiated by the Inspector of Money Lenders before the Metropolitan Magistrate Court, Ahmedabad have been quashed by the Gujarat High Court on a petition filed by us. The writ filed before High Court of Karnataka challenging the notices received is pending for arguments. The Writ Petition filed before the Kerala High Court by most of the NBFCs operating in Kerala including our company, has been dismissed vide orders dated November 18, 2009. A special leave petition has been filed challenging the dismissal of our writ by the Kerala High Court. The matter is pending. For further details, please see the section titled “*Pending Proceedings and Statutory Defaults*” on page 205 of this Shelf Prospectus. In the event that any state government requires us to comply with the provisions of their respective state money lending laws, or imposes any penalty against us, our Directors or our officers, including for prior non-compliance, our business, results of operations and financial condition may be adversely affected.

37. ***Our ability to assess, monitor and manage risks inherent in our business differs from the standards of some of our counterparts in India and in some developed countries.***

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data.

Our hedging strategies and other risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, current, or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective. Our future success will depend, in part, on our ability to respond to new technological advances and evolving NBFC and Gold Loans sector standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully

implement new technologies or adapt our transaction-processing systems to customer requirements or evolving market standards.

38. ***In order to successfully manage and expand our business, we must be able to attract, train, motivate and retain key employees.***

In order to successfully manage and expand our business, we must be able to attract, train, motivate and retain highly skilled employees, especially branch managers and gold appraisal personnel. If we cannot hire additional personnel or retain existing qualified personnel, our ability to expand our business will be impaired and our revenues could decline. Our ability to hire and retain qualified and skilled managers and sales representatives is critical to our future, and competition for experienced employees in the industry in which we operate may be significant. In addition, we may not be able to hire and retain enough skilled and experienced employees to replace those who leave or may not be able to re-deploy. We also may not be able to retain the proper mix of employees to follow trends in technology, evolving industry standards and changing customer preferences. Any failure by us to hire or retain key employees could have an adverse impact on our business and results of operations.

39. ***We rely on third-party service providers who may not perform their obligations satisfactorily or in compliance with law or may discontinue providing service which may adversely impact our operations.***

We enter into arrangements with third-party vendors, outsourced employees and independent contractors to provide services that include, amongst others, telecommunications, IT infrastructure and software services. We cannot guarantee that there will be no disruptions in the provision of such services or that these third-parties will adhere to their contractual obligations. If there is a disruption in the third-party services, or if the third-party service providers discontinue their service agreements with us, our business, financial condition and results of operations will be adversely affected. In case of any dispute, we cannot assure you that the terms of such agreements will not be breached, and this may result in litigation or other costs. On November 9, 2017, the RBI issued the “Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs” (“**Outsourcing Directions**”). Pursuant to the Outsourcing Directions, the RBI has directed NBFCs to put in place necessary safeguards for the activities outsourced by them. In this regard, NBFCs are required to put in place a comprehensive, board-approved outsourcing policy which incorporates criteria for selection of activities as well as service providers, delegation of authority depending on risks and materiality and systems to monitor and review the operation of these activities. Further, in case NBFCs have back office and service arrangements with group entities for sharing of premises, legal and other professional services, hardware and software applications, the NBFCs are required to have a board-approved policy prior to entering into such arrangements with group entities, which shall cover demarcation of sharing resources (for example, premises and personnel). Further, a central record of all material outsourcing that is readily accessible for review by the board and senior management of the NBFC shall be maintained, and records shall be updated promptly and half yearly reviews shall be placed before the board or risk management committee.

40. ***Our insurance may not be adequate to protect us against all potential losses to which we may be subject. If we were to incur an uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have a material adverse effect on our financial condition, results of operations and cash flows***

We maintain insurance for our free hold real estate and tangible properties, including gold and cash, and infrastructure at all premises, which provides insurance cover against loss or damage by fire as well as against natural calamities including earthquake and floods. Further we maintain insurance for employee fidelity, cash and gold in the branch premises and in transit, which provides insurance cover against loss or damage by employee theft, house breaking and hold up. However, our cash in transit policies do not cover theft where an employee is involved, unless such involvement is identified within 48 hours. Additionally, the amount of our insurance coverage may be less than the replacement cost of all covered property and may not be sufficient to cover all financial losses that we may suffer should a risk materialise. There are many events that could significantly affect our operations, or expose us to third party liabilities, for which we may not be adequately insured. If we were to incur a significant liability for which we were not fully insured, it could adversely affect our business, results of operations, cash flows and financial condition.

41. ***If interest rate restrictions are imposed on lending by NBFCs, our operating results and financial condition may be adversely affected.***

We are subject to laws and regulations by Indian governmental authorities, including the RBI. There may be future changes in the regulatory system or in the enforcement of the laws and regulations that could adversely affect us. For instance, a number of states in India have enacted laws to regulate transactions involving money lenders. These state laws establish maximum rates of interest that can be charged by a person lending money. The RBI, however, has not established a ceiling on the rate of interest that can be charged by an NBFC in our sector of operations. Currently, the RBI requires that the board of all NBFCs adopt an interest rate model taking into account relevant factors such as the cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. If, in the future, the RBI imposes an interest rate ceiling on lending by NBFCs, our operating results, cash flows and financial condition may be adversely affected.

42. ***Our inability to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our business may have an adverse effect on our business.***

Our Company and its Subsidiaries are subject to strict regulation and close supervision by the regulatory authorities including RBI, SEBI and IRDAI. In addition to the numerous conditions required for the registration as an NBFC with the RBI, we are required to maintain certain statutory and regulatory permits and approvals for our business. In the future, we will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. We cannot assure you that the relevant authorities will issue any or all such permits or approvals in our anticipated timeframe or at all. Failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition, cash flows and results of operations.

43. ***The implementation of our KYC norms as well as our measures to prevent money laundering may not be completely effective, which could adversely affect our reputation and in turn have an adverse impact on our business and results of operations.***

In accordance with the requirements applicable to us, we are mandated to comply with applicable AML and KYC regulations in India. These laws and regulations require us, among other things, to adopt and enforce AML and KYC policies and procedures. For further details, please see the section titled "*Regulations and Policies*" on page 231 of this Shelf Prospectus. While we have adopted policies and procedures aimed at collecting and maintaining all AML and KYC related information from our clients in order to detect and prevent the use of our business networks for illegal money-laundering activities, there may be instances where we may be used by other parties in attempts to engage in money-laundering and other illegal or improper activities.

Our implementation of AML and KYC policies and procedures in all our branches, may not be completely effective. There can be no assurance that attempts to launder money using us as a vehicle will not be made and accordingly we may be subject to regulatory actions including imposition of fines and other penalties by the relevant government agencies to whom we report. Our business and reputation could suffer if any such parties use or attempt to use us for money-laundering or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable regulatory requirements.

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

Our branches are required to be registered under the relevant shops and establishments laws and verifications under the Legal Metrology Act, 2009 of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays, leave and overtime compensation. If we fail to obtain or retain any of these approvals, exemptions or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected.

If we fail to comply, or a regulator claims that we have not complied, with any conditions, our certificate of registration may be suspended or cancelled and we may not be able to carry on such activities.

In addition, our employees are required to be registered under the provisions of certain labour laws such as the Employees' State Insurance Act, 1948, the Payment of Gratuity Act, 1972, the Kerala Shops and Commercial Establishments Act, 1960, the Kerala Labour Welfare Fund Act, 1975, and the Employees Provident Fund and Miscellaneous Provisions Act, 1952. We are also required to maintain certain records under the provisions of these laws, which add to our costs. Certain claims have also been raised against us in the past for non-compliance with the provisions of the Minimum Wages Act, 1948 and the Maternity Benefits Act, 1961. If we are subject to penalties under these labour laws or if we do not obtain the requisite approvals, our business, financial condition, cash flows and results of operations may be adversely affected.

45. ***We are subject to supervision and regulation by the RBI as a non-deposit-taking systemically important NBFC, and changes in RBI's regulations governing us could adversely affect our business.***

We are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. The RBI's regulations of NBFCs could change in the future which may require us to restructure our activities, incur additional costs or could otherwise adversely affect our business and our financial performance.

The laws and regulations governing the non-banking financial services industry in India have become increasingly complex and cover a wide variety of issues such as interest rates, liquidity, securitization, investments, ethical issues, money laundering and privacy. In some cases, there are overlapping regulations and enforcement authorities. Moreover, these laws and regulations can be amended, supplemented or changed at any time such that we may be

required to restructure our activities and incur additional expenses to comply with such laws and regulations, which could materially and adversely affect our business and our financial performance.

Compliance with many of the regulations applicable to our operations in India, including any restrictions on investments, lending and other activities currently being carried out by our Company, involves a number of risks, particularly in areas where applicable regulations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected. We are also subject to changes in Indian laws, regulations and accounting principles and practices. There can be no assurance that the laws governing the Indian financial services sector will not change in the future or that such changes or the interpretation or enforcement of existing and future laws and rules by governmental and regulatory authorities will not adversely affect our business and future financial performance.

46. ***We do not currently own the trademark to the “Manappuram” logo.***

The “Manappuram” logo is registered with the Registrar of Trademarks in India under Class 36 in the name of our Promoter, V. P. Nandakumar. The trademark has been licensed to us for use on a non-exclusive, non-assignable basis for a period of ten years by way of a licensing agreement entered into by us with V. P. Nandakumar on December 18, 2007 (the “**Trademark Licensing Agreement**”). Further, we have received a no-objection letter dated September 1, 2018 from our Promoter, V.P. Nandakumar for continuous use of the logo by our Company and its Subsidiaries in terms of the Trademark Licensing Agreement. We cannot assure you that we will continue to have the uninterrupted use and enjoyment of the “Manappuram” logo if we are unable to renew the license agreement. Further, renewal of the agreement may be on terms and conditions that are unfavorable to us. Termination, non-renewal or renewal on unfavourable terms of this licensing agreement may adversely affect our business, reputation, goodwill, financial condition, cash flows and results of operations.

All of our group companies use the “Manappuram” name and logo, however there is no license agreement entered into by them for such use. If the actions of our Promoters or our group companies damage the “Manappuram” name, our reputation, business and financial condition may in turn be adversely affected.

47. ***We face difficulties and incur additional expenses in operating from rural and semi urban areas, where infrastructural facilities are limited.***

A significant portion of our operations are conducted in rural and semi urban areas. We face certain difficulties in conducting such operations, such as accessing power facilities, transporting people and goods and maintaining profitability at branches in remote areas. We may also face increased costs in implementing security measures and expanding our advertising presence. We cannot assure you that such costs will not increase in the future as we expand our network in rural and semi urban areas.

48. ***We depend on customer-supplied information when evaluating customer credit worthiness.***

In deciding whether to extend credit or enter into other transactions with customers and counter parties, we may rely on information furnished to us by or on behalf of our customers, including the financial information from which we create our credit assessments. We may also rely on customer representations as to the accuracy and completeness of customer-supplied information. Any relevant changes in this information may not be made available to us. The information that we have gathered may not be sufficient to create a complete customer risk profile. Because we rely on such customer-supplied information, some or all of certain customers’ risk profiles may be willfully or inadvertently wrong or misleading, which may lead us to enter into transactions that may adversely affect our financial condition, cash flows and results of operations.

49. ***Our foreign currency exchange business may be adversely affected by exchange rate fluctuations and is required to adhere to strict KYC norms.***

Our income from foreign currency exchange business for the three month period ended June 30, 2018 and the financial year ended March 31, 2018 was ₹ 0.16 million and ₹ 0.40 million and forms 0.002% and 0.001% of our consolidated total revenue for the three month period ended June 30, 2018 and the financial year ended March 31, 2018, respectively from fee based services. We are authorised to conduct this business under the AD II license that has been granted to us by the RBI. Engaging in the foreign currency exchange business requires us to adhere to all the terms that are contained in our AD II license, including periodic statements to the RBI and strict compliance with KYC norms. Any failure by us to comply with such reporting requirements and KYC norms may result in the imposition of significant penalties, which could adversely affect our financial condition, cash flows and results of operations.

50. ***Our money transfer business is strictly regulated by the RBI money transfer service scheme.***

Our income from our money transfer business for the three month period ended June 30, 2018 was ₹ 8.72 million and constituted 0.09% of our consolidated total revenue for the three month period ended June 30, 2018 from fee based



services. Our money transfer business is required to adhere to the requirements of the RBI money transfer service scheme with regard to the nature of transactions permitted to be undertaken. The RBI has imposed strict KYC requirements for agents as well as sub-agents of foreign principals who are engaged in providing money transfer services. These KYC requirements would require us to adapt our policies on customer acceptance, customer identification, monitoring of transactions and risk management in relation to our money transfer business. Compliance with these requirements may increase costs and could adversely affect our money transfer business.

51. ***All of our Company's branches are located on leased premises (except the branch located at our Registered and Corporate Office) and non-renewal of lease agreements or their renewal on terms unfavourable to us could adversely affect our operations.***

All of our Company's and Subsidiaries branches and are located on leased premises (except the branch located at our Registered and Corporate Office). Our Company and its Subsidiaries have entered into lease agreements with various third parties, which may be renewed from time to time. Any delay or failure to renew such lease agreements for these premises on terms and conditions favourable to us may require us to move certain branches to new premises. We may incur considerable expenses in relation to such relocations, which may adversely affect our results of operations.

Further, some branch owners have also filed suits to evict us from certain premises. Some of our lease agreements for our branches may not be adequately stamped or registered with the registering authority of appropriate jurisdiction, which may adversely affect our rights in such litigations. If any of these litigations are not resolved in our favour, our business and results of operations may be adversely affected.

52. ***Our Promoters have given personal guarantees in relation to certain debt including assignment facilities provided to us, which if revoked may require alternative guarantees, repayment of amounts due or termination of the facilities.***

Our Promoters have given personal guarantees aggregating to ₹ 54,532.92 million as on September 30, 2018 in relation to certain debt including assignment facilities provided to us, which is the total limit sanctioned to us under such debt including assignment facilities. In the event that any of the guarantees are revoked, the lenders for such facilities may require alternate guarantees, repayment of amounts outstanding under such facilities or may terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could adversely affect our financial condition.

53. ***Our Promoters have pledged Equity Shares under the terms of certain loan agreements that they have entered into. Such agreements also contain certain restrictive provisions.***

Further, pursuant to the terms contained in the sanction letters, our Promoter V. P. Nandakumar has pledged a total of 13,500,000 Equity Shares with Aditya Birla Money Limited as on September 30, 2018. This amounts to 1.60% of our paid up capital as on that date. As per the terms of the loan arrangement with Aditya Birla Money Limited, the Equity Shares are pledged at a margin of 50 % and in case of a margin shortfall, the same would have to be recouped by the pledge of additional Equity Shares. However, any margin shortfall due to a reduction in share price beyond 30 % would have to be recouped by way of repayment. We cannot assure you that the interest and/or principal amount of these loans will be repaid on time or that an adequate margin will be maintained at all times, which could result in a sale by of the pledged shares.

A decrease in promoter holding below agreed thresholds could amount to an event of default under certain of our loan agreements. The occurrence of any of these risks may adversely affect our financial condition, cash flows and results of operations.

54. ***We have certain contingent liabilities which may adversely affect our financial condition.***

As of March 31, 2018, we had certain contingent liabilities. The contingent liability of amounts disclosed in our Reformatted Unconsolidated Statements represents estimates and assumptions of our management based on advice received from the legal department and in accordance with Accounting Standard 29, 'Provisions, Contingent liabilities and Contingent Assets'.

For further information on such contingent liabilities covered under Accounting Standard 29, 'Provisions, Contingent liabilities and Contingent Assets', please see "Annexure A – Financial Information - Annexure IV- Reformatted Standalone Financial Statements – Note 28 – Contingent Liabilities" and "Annexure A – Financial Information - Annexure IV - Reformatted Consolidated Financial Statements – Note 28 – Contingent Liabilities". In the event that any of these contingent liabilities materialise, our financial condition may be adversely affected.

## **RISKS RELATED TO INVESTMENTS IN AN INDIAN COMPANY**

55. ***A slow-down in economic growth in India and other political and economic factors may adversely affect our business.***

Our financial performance and the quality and growth of our business depend significantly on the health of the overall economy in India, the gross domestic product growth rate and the economic cycle in India. A substantial portion of our assets and employees are located in different parts of the country and we intend to continue to develop and expand our presence across India.

Our performance and the growth of our business depend on the performance of the Indian economy. The Indian economy could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalisation policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. The Government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. National and local government policies could adversely affect businesses and economic conditions in India. Any slowdown in the Indian economy could adversely affect the ability of our customers to afford our services, which in turn would adversely affect our business, results of operation and financial condition.

Our performance may also be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is commonly referred to as “systemic risk”, may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact on a daily basis, which exposes us to the systemic risks faced by entities operating in the Indian financial system, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme.

Further, in light of the increasing linkage of the Indian economy to other global economies, the Indian economy is increasingly influenced by economic developments and volatility in securities markets in other countries. Global slowdown of the financial markets and economies has in the past contributed to weakness in the Indian financial and economic environment.

56. ***Difficulties faced by other NBFCs, banks or financial institutions or the Indian financial sector generally could cause our business to be adversely affected.***

We are exposed to the risks of the Indian financial sector which in turn may be affected by financial difficulties and other problems faced by Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years particularly in managing risks associated with their portfolios and matching the duration of their assets and liabilities. Some co-operative banks have also faced serious financial and liquidity crises. Any major difficulty or instability experienced by the Indian financial sector could create adverse market perception, which in turn could adversely affect our business, prospects, results of operations, cash flows and financial condition.

57. ***Financial instability in other countries could disrupt our business.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors’ reactions to developments in one country can have adverse effects on the economy as a whole, in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India.

In the event that the current difficult conditions in the global credit markets continue or if the recovery is slower than expected or if there any significant financial disruption, this could have an adverse effect on our cost of funding, loan portfolio, business, prospects, results of operations, cash flows and financial condition.

58. ***If inflation were to rise significantly, we might not be able to increase the prices of our products at a proportional rate in order to pass costs on to our customers and our profits might decline.***

Inflation rates have been volatile in recent years, and such volatility may continue in the future. As per the RBI Weekly Statistical Supplement dated August 31, 2018, the Wholesale Price Index (“WPI”), stood at 120.0% for the month of August, 2018 as against 114.8 for the month of August, 2017 as compared to 119.7 for the month of July, 2018 as against 113.9 for the month of the July, 2017. The main risks to the outlook are uncertainties such as commodity prices, monsoon and weather-related disturbances, volatility in prices of seasonal items and spill overs from external developments through exchange rate and asset price channels, according to the RBI. In the event of increase in inflation, our costs, such as operating expenses, may increase, which could have an adverse effect on our business, results of operations and financial condition.

59. ***A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition.***

According to the RBI Weekly Statistical Supplement dated August 31, 2018, India's foreign exchange reserves totalled US\$ 401,293.30 million as of August 24, 2018. A decline in India's foreign exchange reserves could impact the valuation of the Rupee and could result in reduced liquidity and higher interest rates which could adversely affect our future financial performance.

60. ***A downgrade of India's sovereign debt rating by an international rating agency could have a negative impact on our business.***

India's sovereign debt rating could be downgraded due to various factors, including changes in tax or fiscal policy, which are outside our control. Such downgrading could cause a change in interest rates or other commercial terms and could adversely affect our ability to raise additional financing as well as our capital expenditure plans, business and financial performance. A decline in this reserve could impact the valuation of the Indian Rupee and could result in reduced liquidity and higher interest rates, which could adversely affect the availability of financing to us.

61. ***The effects of the adoption of the "Indian Accounting Standards converged with IFRS" ("IND-AS") are uncertain.***

Our financial statements are prepared in accordance with the Indian GAAP and Limited Review Financial Information as of June 30, 2018 are prepared in accordance with IND-AS. In January 2016, the Ministry of Corporate Affairs ("MCA") laid out a road map for implementation of IND-AS for scheduled commercial banks, insurance companies and non-banking financial company ("NBFCs"). NBFCs will be required to prepare IND-AS-based financial statements (consolidated and individual) in two phases. Under Phase I, NBFCs that have a net worth of ₹5 billion or more, including us, and our holding, subsidiary, joint venture or associate companies are required to prepare IND-AS-based financial statements for accounting periods beginning from April 1, 2018 onwards with comparatives for the periods ending March 31, 2018 or thereafter. Under Phase II, NBFCs whose equity and/or debt securities are listed or are in the process of listing on any stock exchange or outside India and have a net worth less than ₹5 billion, NBFCs that are not listed and have a net worth of more than ₹2.5 billion but less than ₹5 billion, and their respective holding, subsidiary, joint venture or associate companies are required to prepare IND-AS-based financial statements for accounting periods beginning from April 1, 2020 onwards with comparatives for the periods ending March 31, 2020 or thereafter. NBFCs that have a net worth below ₹2.5 billion and not covered under the above provisions shall continue to apply Accounting Standards specified in Annexure to Companies (Accounting Standards) Rules, 2006.

MCA notified the Companies (Indian Accounting Standards) Rules 2015 on February 16, 2015 ("IAS Rules"). As the requirement to adopt IND-AS in our financial reporting has just begun to apply to us with effect from April 1, 2018, we are not able to determine with a degree of certainty the impact of adoption of IND-AS and there can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IND-AS than under Indian GAAP. We may also encounter difficulties in the on-going process of implementing and enhancing our management information systems in response to the adoption of IND-AS. Moreover, there is increasing competition for the small number of IND-AS experienced accounting personnel available as more companies begin to prepare IND-AS financial statements. Further, there is no significant body of established practice on which to draw in forming judgments regarding the new system's implementation and application.

Further, there are significant differences between Indian GAAP and Ind AS and we have not attempted to quantify or identify the impact of the difference between Indian GAAP and Ind AS applied to our financial statements. For further details please see the section titled "Summary of significant differences between Indian GAAP and Ind AS" on page 238 of this Shelf Prospectus. It is urged that you consult your own advisors regarding such differences and their impact on our financial data. Our Company may in the future disclose financial information regarding our business in a manner which is significantly different from what has been disclosed in the past.

62. ***The new taxation system could adversely affect our business, prospects, financial condition and results of operations.***

The Government has implemented a major reforms in tax laws, namely the goods and services tax ("GST"), and proposed provisions relating to general anti-avoidance rules ("GAAR").

The goods and service tax ("GST") has been implemented with effect from July 1, 2017 and has replaced the indirect taxes on goods and services, such as central excise duty, service tax, central sales tax, state value added tax, surcharge and excise, collected by the central and state governments. The GST has increased administrative compliance for the companies which is a consequence of increased registration and form filing requirements.

As regards to GAAR, the provisions were introduced in the Finance Act 2012 and apply (as per the Finance Act 2015) in respect of an assessment year beginning on April 1, 2018. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is defined in the Finance Act, 2012 as any arrangement,

the main purpose of which is to obtain a tax benefit and which satisfies at least one of the following tests: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. The onus to prove that the transaction is not an "impermissible avoidance agreement" is on the assessee. If GAAR provisions are invoked, then the tax authorities have wide powers, including the denial of tax benefit or the denial of a benefit under a tax treaty.

Further, the Government has issued a set of income computation and disclosure standards ("ICDS") that will be applied in computing taxable income and payment of income taxes thereon, effective from April 1, 2016. ICDS apply to all taxpayers following an accrual system of accounting for the purpose of computation of income under the heads of "profits and gains of business/profession" and "income from other sources" as the taxation regime is undergoing a significant overhaul, its consequent effects on economy cannot be determined at present and there can be no assurance that such effects would not adversely affect our business, future financial performance, profits and the interest earned on the NCDs.

As the taxation system is intended to undergo significant changes, the effect of such changes on the financial system cannot be determined at present and there can be no assurance that such effects would not adversely affect our business, prospects, financial condition and results of operations.

63. ***Borrowing for the purchase or construction of property may not continue to offer borrowers the same fiscal benefits it currently offers and the housing sector may not continue to be regarded as a priority sector by the Government. This may have an impact on the business of our Subsidiary, MHFL.***

The rapid growth in the housing finance industry in the last decade is in part due to the introduction of fiscal benefits for homeowners. Since the early 1990s, interest and principal repayments on capital borrowed for the purchase or construction of housing have been tax deductible up to certain limits and tax rebates have been available for borrowers of such capital up to specified income levels. There can be no assurance that the Government will continue to offer such tax benefits to borrowers at the current levels or at all. In addition, there can be no assurance that the Government will not introduce tax efficient investment options which are more attractive to borrowers than property investment. The demand for housing and/or housing finance may be reduced if any of these changes occur.

The RBI has also provided incentives to the housing finance industry by extending priority sector status to housing loans. In addition, pursuant to Section 36(1)(viii) of the Income Tax Act, 1961, up to 20% of profits from the provision of long-term finance for the construction or purchase of housing, may be carried to a "Special Reserve" and are not subject to income tax. There can be no assurance that the Government will continue to make this fiscal benefit available to housing finance companies. If it does not, this may result in a higher tax outflow. Under its notification no. NHB(ND)/DRS/Pol. Circular No. 62/2014 dated May 27, 2014, NHB stipulated that all housing finance companies are required to create a deferred tax liability ("DTL") on the Special Reserve created from current and past profits, irrespective of whether it is intended to withdraw from such reserve or not.

64. ***Financial difficulty and other problems in certain financial institutions could adversely affect our business, results of operations and financial condition.***

As a NBFC, we are exposed to the risks of the financial system which may be affected by the financial difficulties faced by certain financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact on a daily basis. Any such difficulties or instability of the financial system in general could create an adverse market perception about financial institutions and banks and adversely affect our business, results of operation and financial condition. As the financial system operates within an emerging market, it faces risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme.

65. ***Our ability to raise foreign capital may be constrained by Indian law.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our business.

66. ***The recent floods in Kerala could affect the economy of Kerala and may impact the Company's operations in Kerala and the financial condition of the Company.***

The state of Kerala has recently experienced torrential flooding which has resulted in extensive damage to the existing infrastructure in the state, including damage to the airports, roads, bridges, and housing. Besides the infrastructure sector, the floods could also have an effect on other sectors such as tourism and hospitality, transport, health care, public administration and financial services sectors.

The Company has a strong retail franchise, particularly in Kerala, supported by its long standing presence in the gold loan business. A large part of its business and branches are in Kerala. Hence, floods in the state could affect the credit cost and business growth in the near term. While the losses of the floods have not been quantified, it is possible that the flooding has affected the operations and timelines of the Company and the performance branches across Kerala. This could in turn affect the operations and financial condition of the Company.

**67. *Natural disasters and other disruptions could adversely affect the economy and could adversely affect our business, results of operations and financial condition.***

Our operations, including our branch network, may be damaged or disrupted as a result of natural disasters such as earthquakes, floods, heavy rainfall, epidemics, tsunamis and cyclones and other events such as protests, riots and labour unrest. Such events may lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our business locations. Damage or destruction that interrupts our provision of services could adversely affect our reputation, our relationships with our customers, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or rebuild parts of our branch network. Any of the above factors may adversely affect our business, results of operation and financial condition.

**RISKS RELATED TO THE NCDs**

**68. *The lenders of the Company who have exclusive charges over gold loan receivables of identified branches of the Company may rank pari passu with the NCD holders in the event their security gets re-characterized.***

The Company has taken various loans from banks and financial institutions which are secured by 'exclusive first charge' over gold loan receivables of identified branches of the Company. However the Company periodically changes the identified branches depending on the amounts outstanding with the respective lender and depending on the financial covenants to be maintained under the documents entered into by the Company with the respective lender. Due to the ability of the Company to deal with the receivables over which the charge is created, the purported exclusive charge may be *pari passu* charge over all assets of the Company. In this event, such creditors will rank *pari passu* along with all the charge holders of the Company which would include the NCD holders and this may therefore reduce the amounts recoverable by NCD holders in the event of the Company's bankruptcy, winding-up or liquidation.

**69. *There are other lenders and debenture trustees who have pari passu charge over the Security provided.***

There are other lenders and debenture trustees of the Company who have *pari passu* charge over the Security provided for the Issue. While the Company is required to maintain an asset cover of one time the outstanding amount of the secured NCDs issued by this Shelf Prospectus and interest thereon, upon the Company's bankruptcy, winding-up or liquidation, the other lenders and debenture trustees will rank *pari passu* with the NCD holders and to that extent, may reduce the amounts recoverable by the NCD holders.

**70. *Industry information included in this Shelf Prospectus has been derived from an industry report prepared by an independent third party. However, there can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.***

The industry related information used in this Shelf Prospectus is reproduced from an industry report titled "NBFC Report 2018" dated August, 2018, prepared by CRISIL Research, a division of CRISIL Limited ("CRISIL" and such report the "CRISIL Report").

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

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

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

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

The NCDs will be subordinated to certain liabilities preferred by law such as the claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of our business. In particular, in the event of bankruptcy, liquidation or winding-up, our Company's assets will be available to pay obligations on the NCDs only after all of those liabilities that rank senior to these NCDs have been paid as per section 327 of the Companies Act, 2013. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the Secured NCDs.

73. ***If we do not generate adequate profits, we may not be able to maintain an adequate DRR for the NCDs issued pursuant to the Shelf Prospectus, which may have a bearing on the timely redemption of the NCDs by our Company.***

Section 71 of the Companies Act, read with Rule 18 of Companies (Share Capital and Debentures) Rules, 2014 ("**Companies Rules**"), as amended requires any company that intends to issue debentures must create a DRR for the purpose of redemption of debentures, in accordance with the following conditions: (a) the DRR shall be created out of the profits of the company available for payment of dividend, (b) the DRR shall be equivalent to at least 25% of the value of the outstanding debentures, raised through public issue of debentures in accordance with the SEBI Debt Regulations. Accordingly, our Company is required to create a DRR of 25% of the value of the outstanding NCDs issued through the Issue. In addition, as per Rule 18 (7) (e) of Companies Rules, the amounts credited to DRR shall not be utilised by our Company except for the redemption of the NCDs. Every company required to create or maintain a DRR shall on or before the 30<sup>th</sup> day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31<sup>st</sup> day of March, of the next year, following any one or more of the following methods: (a) in deposits with any scheduled bank, free from charge or lien (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The amount deposited or invested, as the case may be, shall not be utilized for any purpose other than for the repayment of debentures maturing during the year referred to above, provided that the amount remaining deposited or invested, as the case may be, shall not at any time fall below 15% of the amount of debentures maturing during the 31<sup>st</sup> day of March of that year. This may have a bearing on the timely redemption of the NCDs by our Company.

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

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

75. ***Security provided for the Secured NCDs as part of the Issue may not be enforceable if the security provided for the Secured NCDs as part of the Issue is classified as 'Assets' under the IT Act and may be void as against any claim in respect of any tax or any other sum payable by our Company.***

Under Section 281 of the IT Act and circular bearing number 04/2011 dated July 19, 2011, our Company is required to obtain prior consent of the assessing officer to create the security provided for the Secured NCDs as part of the Issue to the extent classified as assets under Section 281 of the IT Act, during the pendency of such proceedings. We had made an application to the relevant assessing officer seeking such prior consent on August 11, 2018. By a certificate dated August 21, 2018, the Deputy Commissioner of Income Tax, Circle 1(1), Thrissur ("**DCIT**") confirmed the

particulars of appeals and stay orders in relation to corporation tax due by our Company, along with the total amounts of outstanding demand therein. While we have received the aforesaid certificate from the DCIT, there can be no assurance that the security provided for the Secured NCDs as part of the Issue, to the extent classified as 'Assets' under Section 281 of the IT Act, will not be void as against any claim in respect of any tax or any other sum payable by our Company, including as a result of the completion of these proceedings.

76. ***There has been a limited trading in the NCDs of such nature and the same may not develop in future, therefore the price of the NCDs may be volatile.***

There has been a limited trading in NCDs of such nature in the past. Although the NCDs shall be listed on BSE, there can be no assurance that a public market for these NCDs would be available on a sustained basis. The liquidity and market prices of the NCDs can be expected to vary with changes in market and economic conditions, our financial condition and prospects and other factors that generally influence market price of NCDs. Such fluctuations may significantly affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which the NCDs are being issued.

Further, the price of our NCDs may fluctuate after this Issue due to a wide variety of factors, including:

- changes in the prevailing interest rate;
- volatility in the Indian and global securities markets;
- our operational performance, financial results and our ability to expand our business;
- developments in India's economic liberalization and deregulation policies, particularly in the power sector;
- changes in India's laws and regulations impacting our business;
- changes in securities analysts' recommendations or the failure to meet the expectations of securities analysts;
- the entrance of new competitors and their positions in the market; and
- announcements by our Company of its financial results.

We cannot assure that an active trading market for our NCDs will be sustained after this Issue, or that the price at which our NCDs are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue.

77. ***Changes in interest rates may affect the price of our Company's NCDs.***

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

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

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for our various financing activities including lending and investments, subject to applicable statutory and/or regulatory requirements, to repay our existing loans and our business operations including for our capital expenditure and working capital requirements. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, according to the provisions of the SEBI Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for this Issue.

## SECTION III: INTRODUCTION

### GENERAL INFORMATION

#### **Manappuram Finance Limited**

Our Company was incorporated as Manappuram General Finance and Leasing Limited on July 15, 1992 at Thrissur, Kerala, under the Companies Act, 1956 with corporate identity number L65910KL1992PLC006623 as a public limited company and obtained a certificate for commencement of business dated July 31, 1992. The name of our Company was changed to Manappuram Finance Limited pursuant to a fresh certificate of incorporation dated June 22, 2011. Further, our Company is registered as an NBFC within the meaning of the RBI Act, 1934, as amended. For further details, regarding changes to our Registered and Corporate Office, please see the section titled “*History and Main Objects*” on page 133 of this Shelf Prospectus. For details of the business of our Company, please see the section titled “*Our Business*” on page 115 of this Shelf Prospectus.

#### **Registered and Corporate Office**

The Company has its Registered and Corporate Office at IV/470A (Old) W/638A (New), “Manappuram House”, Valapad P.O., Thrissur 680 567.

#### **Corporate Identity Number, Registration Number and Legal Entity Identifier Number**

**Corporate Identity Number:** L65910KL1992PLC006623

**Registration Number:** 6623

**Legal Entity Identifier Number:** 335800JL5WTUSKOSPN77

#### **Registration**

Corporate Identity Number: L65910KL1992PLC006623 issued by the RoC.

The certificate of incorporation dated July 15, 1992 and fresh certificate of incorporation dated June 22, 2011.

The Company was issued a certificate for commencement of business dated July 31, 1992 by the RoC. We received a certificate of registration no. 16.00029 dated May 25, 1998 issued by the RBI allowing our Company to commence/ carry on the business of a deposit accepting NBFC, under section 45-IA of the RBI Act. Subsequently our registration was changed to that of a non-deposit accepting NBFC vide certificate of registration no. B-16.00029 dated March 22, 2011. Further, pursuant to change in name of our Company, a fresh certificate of registration dated July 4, 2011, bearing registration number B-16.00029, was issued by RBI to carry on the activities of a non-banking financial company without accepting public deposits under Section 45 IA of the RBI Act.

#### **Chief Financial Officer**

The Company presently does not have a Chief Financial Officer. Kapil Krishan, the erstwhile Chief Financial Officer of our Company, resigned from his position with effect from June 30, 2018.

#### **Company Secretary and Compliance Officer**

##### **Ramesh Periasamy**

IV/470A (Old) W/638 A (New), “Manappuram House”

Valapad P.O.

Thrissur 680 567

Tel: (91 487) 305 0417,408

Fax: (91 487) 239 9298

Email: cs@manappuram.com

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

All grievances relating to this Issue or any relevant Tranche Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of NCDs applied for, amount paid on application, Depository Participant and the collection centre of the Members of the Consortium where the Application was submitted.

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

#### **Lead Managers**



## **A. K. Capital Services Limited**

30-39, Free Press House  
3<sup>rd</sup> Floor, Free Press Journal Marg  
215, Nariman Point  
Mumbai 400 021  
Tel: (91 22) 6754 6500  
Fax: (91 22) 6610 0594  
Email: manappuram.2018ncd@akgroup.co.in  
Investor Grievance Email: investor.grievance@akgroup.co.in  
Website: www.akgroup.co.in  
Contact Person: Shilpa Pandey/ Krish Sanghvi  
Compliance Officer: Tejas Davda  
SEBI Registration No.: INM000010411

## **Edelweiss Financial Services Limited**

Edelweiss House  
Off. C.S.T. Road  
Kalina  
Mumbai 400 098  
Tel: (91 22) 4086 3535  
Fax: (91 22) 4086 3610  
E-mail: manappuram.2018ncd@edelweissfin.com  
Website: www.edelweissfin.com  
Investor Grievance E-mail: customerservice.mb@edelweissfin.com  
Contact Person: Lokesh Singhi / Mandeep Singh  
Compliance Officer: B. Renganathan  
SEBI Registration No.: INM0000010650

## **Consortium Members**

As specified in the relevant Tranche Prospectus.

## **Debenture Trustee**

### **Catalyst Trusteeship Limited (formerly GDA Trusteeship Limited)**

'GDA House', Plot No. 85  
Bhusary Colony (Right)  
Kothrud, Pune 411 038  
Tel: (91 22) 4922 0543  
Fax: (91 20) 4922 0505  
Email: complianceCTL-Mumbai@ctltrustee.com  
Investor Grievance Email: grievance@ctltrustee.com  
Website: www.catalysttrustee.com  
Contact Person: Umesh Salvi  
SEBI Registration. Number: IND000000034

Catalyst Trusteeship Limited has, pursuant to regulation 4(4) of the SEBI Debt Regulations, by its letter dated August 24, 2018 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in the Draft Shelf Prospectus, this Shelf Prospectus and the relevant Tranche Prospectus(es) and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue.

All the rights and remedies of the Debenture Holders under this Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Issue without having it referred to the Debenture Holders. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for this Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by our Company to the Debenture Holders/Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge our Company *pro tanto* from any liability to the Debenture Holders. For details on the terms of the Debenture Trust Deed see, "*Issue Related Information*" on page 172 of this Shelf Prospectus.

## **Registrar to the Issue**

### **Link Intime India Private Limited**

C-101, 1<sup>st</sup> Floor, 247 Park  
L.B.S. Marg, Vikhroli (West)

Mumbai 400 083  
Tel: (91 22) 4918 6200  
Fax: (91 22) 4918 6195  
Email: manappuram.ncd2018@linkintime.co.in  
Investor Grievance Email: manappuram.ncd2018@linkintime.co.in  
Website: www.linkintime.co.in  
Contact Person: Shanti Gopalkrishnan  
SEBI Registration No.: INR000004058

Link Intime India Private Limited has by its letter dated August 25, 2018 given its consent for its appointment as Registrar to the Issue and for its name to be included in the Draft Shelf Prospectus, this Shelf Prospectus or the relevant Tranche Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue.

Applicants or prospective investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer in case of any pre-Issue or post-Issue related problems, such as non-receipt of Allotment Advice, demat credit, transfers, etc. All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of NCDs applied for, amount paid on application, DP ID, and the Bidding Centre where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (i) the relevant Designated Branch of the SCSB where the Application Form was submitted by the Applicant, or (ii) the concerned Member of the Consortium and the relevant Designated Branch of the SCSB in the event of an Application submitted by an Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, number of NCDs applied for and amount blocked on Application.

### **Statutory Auditors**

#### **Deloitte Haskins & Sells LLP**

Prestige Trade Tower, Level 19,  
46, Palace Road, High Grounds,  
Bengaluru – 560 001, Karnataka  
Tel: +91 (80) 6188 6000  
Fax: +91 (80) 6188 6011  
Email: ssundaresan@deloitte.com  
Firm's Registration No. : 117366W/W-100018

### **Independent Chartered Accountants of our Company**

#### **Manikandan & Associates**

Room No 78, Second Floor, DD Oceana Mall  
Marine Drive  
Kochi 682 011  
Tel: +91 94471 00504  
Email: Manikandan\_ck@yahoo.com  
Firm Registration No.: 08520S

### **Credit Rating Agencies**

#### **Brickwork Ratings India Private Limited**

3<sup>rd</sup> Floor, Raj Alkaa Park  
Kalena Agrahara  
Bannerghatta Road  
Bengaluru  
Karnataka 560076  
Tel: (91 80) 4040 9940  
Fax: (91 80) 40409941  
Email: info@Brickworkratings.com  
Website: www.brickworkratings.com  
Contact Person: Mr K N Suvarna  
SEBI Registration No.: IN/CRA/005/2008

#### **CARE Ratings Limited (formerly known as Credit Analysis & Research Limited)**

Unit No O-509/C, Spencer Plaza  
5<sup>th</sup> Floor, No.769  
Anna Salai  
Chennai 600002  
Tel: (91 44) 2849 7812/0876/0811

Fax: (91 44) 2849 7812  
Email: pradeep.kumar@careratings.com  
Contact Person: V. Pradeep Kumar  
Website: www.careratings.com  
SEBI Registration No.: IN/CRA/004/1999

## **Credit Rating and Rationale**

The NCDs proposed to be issued pursuant to this Issue have been rated “CARE AA/Stable” by CARE Ratings Limited (“**CARE**”) for an amount of up to ₹ 10,000 million by way of its letter bearing reference number CARE/CRO/RL/2018-19/1239 and dated August 20, 2018 and revalidated by way of its letter dated September 17, 2018 and further revalidated by way of its letter dated October 8, 2018 and have been rated “BWR AA+/Stable” by Brickwork Ratings India Private Limited (“**Brickwork**”) for an amount up to ₹ 10,000 million by way of its letter bearing reference number BWR/NCD/HO/ERC/VS/0351/2018-19 and dated August 29, 2018 and further revalidated by way of its letter bearing reference number BWR/NCD/HO/ERC/VS/0458/2018-19 and dated October 11, 2018. The rating of the NCDs by CARE and Brickwork indicates high degree of safety regarding timely servicing of financial obligations. The ratings provided by CARE and Brickwork may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. Please see Annexure B and Annexure C of this Shelf Prospectus for rating letters and rationale for the aforementioned ratings.

### **Disclaimer clause of rating agencies**

#### ***Disclaimer clause of Brickwork Ratings India Private Limited***

*Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presentation “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.*

#### ***Disclaimer clause of CARE Ratings Limited***

*CARE’s ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.*

*In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.*

### **Legal Counsel to the Issue**

**Cyril Amarchand Mangaldas**  
5th Floor, Peninsula Chambers  
Peninsula Corporate Park  
Ganpatrao Kadam Marg  
Lower Parel, Mumbai 400 013  
Tel: (91 22) 2496 4455  
Fax: (91 22) 2496 3666

## Banker(s) to our Company

### Andhra Bank

No.17 Mill Road, Coimbatore – 641 001  
Contact Person: Jhansi Rani  
Telephone number: (0422) 2300503/ 2396464  
E-mail - bm0083@andhrabank.co.in  
Website: www.andhrabank.in

### HDFC Bank Limited

SL Plaza, First Floor Palarivattom Kochi -682025  
Contact Person: Rathish Surendrababu  
Telephone number: (0484) 401 2571  
E-mail: rathish.surendrababu@hdfcbank.com  
Website: www.hdfcbank.com

### ICICI Bank Limited

2nd Floor, Daffodils, K P Vallon Road,  
Kadavanthara, Kochi – 682 020  
Contact Person: Sajana Sreekumar  
Telephone number: (0484) – 4011 355/365  
E-mail: mailsajana.sreekumar@icicibank.com  
Website: www.icicibank.com

### Kotak Mahindra Bank Limited

27 BKC, 3rd Floor, Plot No C-27, G Block,  
Bandra Kurla Complex | Bandra (E) | Mumbai –  
400051  
Contact Person: Vikash Chandak  
Telephone number: (022) 6166 0363  
E-mail: vikash.chandak@kotak.com  
Website: www.kotak.com

### South Indian Bank Limited

Thrissur Main Branch,  
(084) XXV/2149, P.B.#81, Round South Thrissur,  
Thrissur – 686 001  
Contact Person: Joji  
Tel: (0487) 2424215  
Email: br0084@sib.co.in  
Website: www.southindianbank.com

### Oriental Bank of Commerce

14th Floor, Maker Tower "F",  
Cuffe Parade, Mumbai - 400 005  
Contact Person: Hanif Naddaf  
Telephone number: (022) 43023149  
E-mail: bm0902@obc.co.in  
Website: www.obcindia.co.in

### Union Bank of India

Shakthan Arcade, 1st Floor,  
ST Nagar, Thrissur – 680 001  
Contact Person: Jayaram  
Tel: (0487) - 2420335  
E-mail: cmtrichur@unionbankofindia.com  
Website: www.unionbankofindia.co.in

### Karnataka Bank Limited

TC Street Branch  
New No.324, Thambu Chetty Street  
Chennai-600001  
Contact Person: Thimmayya Hegde  
Tel: (044) 23453232/23453233/23453234

### Axis Bank Limited

2nd Floor, City Centre, Round West, Thrissur – 680  
001  
Contact Person: Prathap  
Telephone number: (0487) 233 5820  
E-mail: branchhead@axisbank.com  
Website: www.axisbank.com

### Federal Bank Limited

Sakthan Thampuran Nagar branch,  
Federal Towers, Mission Quarters, Thrissur – 680  
001  
Contact Person: Edwin A G  
Telephone number: (0487) 244 0221/ 242 3116  
E-mail: tcrb@federalbank.co.in  
Website: www.federalbank.co.in

### IDBI Bank Limited

Panampilly Nagar, Post Bag No, 4253,  
Kochi 682 036  
Contact Person: Amritha  
Telephone number: (0484) – 231 0390  
E-mail: amritha.nambiar@idbi.co.in  
Website: www.idbi.com

### Punjab National Bank

Palace Road, Thrissur – 680 020  
Contact Person: Ajeesh  
Tel: (0487) – 233 0127/ 2335560  
E-mail: bo3314@pnb.co.in,  
pnbpalaceroadtcr@pnb.co.in  
Website: www.pnbindia.in

### State Bank of India Limited

1st Floor, Vankarath Towers, Bye Pass Junction,  
Padivattom, Kochi – 682 024  
Contact Person: P V Viswanathan  
Tel: (0484) 2340027/ 2340028  
E-mail: sbi.04062@sbi.co.in, rm2.cbekm@sbi.co.in  
Website: www.sbi.co.in

### Syndicate Bank Limited

Palace Road, Thrissur – 680 020  
Contact Person: Kiran  
Tel: 0487-2331422  
E-mail Id: kl.4550thris@syndicatebank.co.in,  
br.4550@syndicatebank.co.in  
Website: www.sbi.co.in

### Vijaya Bank

Jose Annex, 1st Floor Jose Junction, MG  
Road Ernakulam – 682 016  
Contact Person: Suresh/Annie  
Tel: (0484) 2365645/ 2351437  
E-mail: ern.mgroad2022@vijayabank.co.in,  
vb2022@vijayabank.co.in  
Website: www.vijayabank.com

### Catholic Syrian Bank Limited

Catholic Syrian Bank, Angelic Tower, Palakkad  
Main Road, Near Lourde Church, East Fort Branch,  
Thrissur - 680 005

E-mail: mad.tcst@ktkbank.com  
Website: www.karnatakabank.com

Contact person: Antony E V  
Tel: (0487) 2333223  
E-mail: thrissurcollege@csb.co.in  
Website: www.csb.co.in

#### **Shinhan Bank**

The Shinhan Bank  
Survey No. 69/4A1, Bangalore Highway Road,  
Thandalam Village, Sriperumbudur Taluk,  
Kancheepuram - 602 105  
Contact person: Amit Ranjan  
Tel: (044) 67144400  
E-mail: credit.vel@shinhan.com  
Website: www.in.shinhanglobal.com

#### **RBL Bank Limited**

One Indiabulls Centre, Tower 2/B, 6th Floor, 841,  
Senapati Bapat Marg, Lower Parel (W),  
Mumbai 400 013  
Contact Person: Karan Doshi  
Tel: (022) 43020600  
E-mail: Karan.Doshi@rblbank.com  
Website: www.rblbank.com

#### **Qatar National Bank S.A.Q**

Qatar National Bank S.A.Q, G-1A, Ground Floor  
4 North Avenue, Maker Maxity  
Bandra Kurla Complex, Bandra East, Mumbai 400  
051, India  
Contact person: Neetu Mathew  
Tel: (022) 62296309  
E-mail: neetu.mathew@qnb.com  
Website: www.qnb.com

#### **Canara Bank**

Thrissur Main Branch,  
Ramraj Building Thrissur – 686 001  
Contact Person: Lipin/Kushalakumari  
Tel: (0487) 2422872/0487 2426943  
Email: cb088@canarabank.co.in  
Website: www.canarabank.com

#### **Bajaj Finance Limited**

The Capital, B-Wing, 16th Floor, Bandra Kurla  
Complex, Bandra East, Mumbai - 400 051  
Contact person: Anand Soni / Nitesh Agrawal  
Tel: (022) 39500513 / 0514  
E-mail: Nitesh.agrawal@bajajfinserv.in,  
anand.soni@bajajfinserv.in  
Website: www.bajajfinserv.in

#### **IndusInd Bank Limited**

First Floor, Gowrinarayan , Opp.to New Jayalakshmi  
Silks) 40/8399,8400  
MG Road, Kochi -682 035  
Contact Person: Soby Abraham  
Tel: (0484) 4216247  
E-mail: soby.abraham@indusind.com  
Website: www.indusind.com

#### **Indian Bank**

Shanmugham Road  
Ernakulam – 682 031  
Contact Person: Mr. Rajasekhar  
Tel: (0484) 2354169  
E-mail: ernakulam@indianbank.co.in  
Website: www.indianbank.in

#### **Banker to the Issue**

As specified in the relevant Tranche Prospectus for each Tranche.

#### **Impersonation**

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

“Any person who —

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

shall be liable for action under Section 447.”

#### **Underwriting**

This Issue will not be underwritten.

## Minimum Subscription

In terms of the SEBI Debt Regulations for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If our Company does not receive the minimum subscription of 75% of the Base Issue, as specified in the respective Tranche Prospectus, prior to the Issue Closing Date for the respective tranche issue, within the prescribed timelines under Companies Act and any rules thereto, the entire subscription amount shall be unblocked in the ASBA Accounts of the Applicants within six Working Days from the date of closure of the respective tranche Issue provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Account(s) of the Applicants within 6 Working Days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15% per annum for the delayed period.

## Designated Intermediaries

### *Self-Certified Syndicate Banks*

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, refer to the above-mentioned link.

### *Syndicate SCSB Branches*

In relation to Bids submitted under the ASBA process to a Member of the Consortium, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of the ASBA Forms from the Members of the Consortium is available on the website of SEBI <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>.

### *Registered Brokers / RTAs / CDPs*

Applicants can submit ASBA Forms in the Offer using the stock broker network of the Stock Exchanges, *i.e.*, through the Registered Brokers at the Broker Centres.

The list of the Registered Brokers, RTAs and CDPs, eligible to accept Applications in the Issue, including details such as postal address, telephone number and email address, are provided on the websites of the BSE at [http://www.bseindia.com/Markets/PublicIssues/brokercentres\\_new.aspx?expandable=3](http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3) for Registered Brokers and <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> for RTAs and CDPs, as updated from time to time.

In relation to Applications submitted to the Registered Brokers at the Broker Centres, the list of branches of the SCSBs at the Broker Centres named by the respective SCSBs to receive deposits of the ASBA Forms from the Registered Brokers is available on the website of the SEBI at [www.sebi.gov.in](http://www.sebi.gov.in) and updated from time to time.

For further details, please see the section titled “*Issue Procedure*” on page 187 of this Shelf Prospectus.

## Utilisation of Issue proceeds

For details on utilisation of Issue proceeds, see “*Objects of the Issue*” on page 60 of this Shelf Prospectus.

## Issue Programme

<b>ISSUE OPENS ON</b>	As specified in the relevant Tranche Prospectus
<b>ISSUE CLOSES ON</b>	As specified in the relevant Tranche Prospectus

This Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m., during the period indicated in the relevant Tranche Prospectus, except that this Issue may close on such earlier date or extended date as may be decided by the Board or the Debenture Committee of the Board of Directors of our Company. In the event of such an early closure or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a leading daily national newspaper on or before such earlier date or extended date of closure.

Applications Forms for this Issue will be accepted only from 10:00 a.m. to 5:00 p.m. or such extended time as may be permitted by the Stock Exchange, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday), (a) directly by the Designated Branches of the SCSBs or (b) by the centres of the Consortium, sub-brokers, or other Designated Intermediaries as the case maybe, only at the selected cities. On the Issue Closing Date, Application

Forms will be accepted only between 10:00 a.m. and 3:00 p.m. and uploaded until 5:00 p.m. or such extended time as may be permitted by the Stock Exchange.

Due to limitation of time available for uploading the Applications on the electronic platform of the Stock Exchange on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Members of the Consortium are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that the Basis of Allotment will be as per the relevant Tranche Prospectus. In this regard, as per the SEBI circular CIR/IMD/DF/18/2013 dated October 29, 2013, the allotment in this Issue would be made on the basis of date of upload of each application into the electronic book of the Stock Exchange. However, in the event of oversubscription, on such date, the allotments would be made to the applicants on proportionate basis.

## THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section titled "*General Terms of the Issue*" on page 172.

### Common Terms for all series of NCDs

Particulars	Details
Issuer	Manappuram Finance Limited.
Lead Managers	A. K. Capital Services Limited and Edelweiss Financial Services Limited.
Debenture Trustee	Catalyst Trusteeship Limited.
Registrar to the Issue	Link Intime India Private Limited.
Type and nature of instrument	Secured, redeemable, non-convertible debentures of face value of ₹ 1,000 each.
Seniority	Senior (to clarify, the claims of the NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements).
Base Issue	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Option to retain Oversubscription Amount	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Face Value (in ₹ / NCD)	1,000
Issue Price (in ₹ / NCD)	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Minimum application	As specified in the relevant Tranche Prospectus for each Tranche Issue.
In multiples of	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Mode of Issue	Public Issue.
Issue	Public issue of secured, redeemable, non-convertible debentures of face value of ₹ 1,000 each, in the nature of debentures by the Issuer, aggregating up to ₹ 10,000 million.
Listing	The NCDs are proposed to be listed on BSE. BSE shall be the Designated Stock Exchange for the Issue.  The NCDs shall be listed in accordance with applicable law and within the time frame stipulated by SEBI.
Lock-in	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Mode of Allotment and Trading	Compulsorily in dematerialised form.
Mode of settlement	Please see the section titled " <i>Issue Structure</i> " on page 176 of this Shelf Prospectus.
Market / Trading Lot	One NCD.
Depositories	NSDL and CDSL.
Security	The principal amount of the NCDs to be issued in terms of this Shelf Prospectus together with all interest due on the NCDs, subject to any obligations under applicable statutory and/or regulatory requirements shall be secured by a first ranking <i>pari passu</i> charge by way of a mortgage over the Company's specific immovable property and a first ranking <i>pari passu</i> charge on all current assets, book debts, receivables (both present and future) of the Company, created in favour of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed, except those receivables specifically and exclusively charged in favour of certain existing charge holders, such that a security cover of 100% of the outstanding principal amounts of the NCDs and interest thereon is maintained at all time until the Maturity Date, more particularly as detailed in



Particulars	Details																		
	the section titled “ <i>Issue Structure - Security</i> ” on page 185 of this Shelf Prospectus.																		
Who can apply/ Eligible Investors	Please see the section titled “ <i>Issue Procedure</i> ” on page 187 of this Shelf Prospectus.																		
Credit Ratings	<table border="1"> <thead> <tr> <th>Rating agency</th> <th>Instrument</th> <th>Rating symbol</th> <th>Date of credit rating letter</th> <th>Amount rated (in INR million)</th> <th>Rating definition</th> </tr> </thead> <tbody> <tr> <td>Brickwork Ratings India Private Limited</td> <td>Secured, redeemable non-convertible debentures</td> <td>‘BWR AA+’/Stable</td> <td>August 29, 2018 and further revalidated by letter dated October 11, 2018</td> <td>₹10,000 million</td> <td>Stable</td> </tr> <tr> <td>CARE Ratings Limited</td> <td>Secured, redeemable non-convertible debentures</td> <td>‘CARE AA’/ Stable</td> <td>August 20, 2018, revalidated on September 17, 2018 and further revalidated by letter dated October 8, 2018</td> <td>₹10,000 million</td> <td>Stable</td> </tr> </tbody> </table> <p>Please see Annexure B and Annexure C for rating letter and rationale for the above ratings. Please see the disclaimer clause of Brickwork Ratings India Private Limited and Care Ratings Limited under the section titled “<i>General Information</i>” on page 39 of this Shelf Prospectus.</p>	Rating agency	Instrument	Rating symbol	Date of credit rating letter	Amount rated (in INR million)	Rating definition	Brickwork Ratings India Private Limited	Secured, redeemable non-convertible debentures	‘BWR AA+’/Stable	August 29, 2018 and further revalidated by letter dated October 11, 2018	₹10,000 million	Stable	CARE Ratings Limited	Secured, redeemable non-convertible debentures	‘CARE AA’/ Stable	August 20, 2018, revalidated on September 17, 2018 and further revalidated by letter dated October 8, 2018	₹10,000 million	Stable
Rating agency	Instrument	Rating symbol	Date of credit rating letter	Amount rated (in INR million)	Rating definition														
Brickwork Ratings India Private Limited	Secured, redeemable non-convertible debentures	‘BWR AA+’/Stable	August 29, 2018 and further revalidated by letter dated October 11, 2018	₹10,000 million	Stable														
CARE Ratings Limited	Secured, redeemable non-convertible debentures	‘CARE AA’/ Stable	August 20, 2018, revalidated on September 17, 2018 and further revalidated by letter dated October 8, 2018	₹10,000 million	Stable														
Issue Size	As specified in the relevant Tranche Prospectus for each Tranche Issue.																		
Application money	The entire Application Amount is payable on submitting the Application.																		
Record Date	The Record Date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. In case Record Date falls on a day Sunday or holiday of the Depositories, the immediate subsequent trading day or a date notified by our Company to the Stock Exchange, will be deemed as the Record Date.																		
Issue Schedule*	As specified in the relevant Tranche Prospectus for each Tranche Issue.																		
Objects of the Issue	Please see the section titled “ <i>Objects of the Issue</i> ” on page 60 of this Shelf Prospectus.																		
Details of the utilisation of Issue proceeds	Please see the section titled “ <i>Objects of the Issue</i> ” on page 60 of this Shelf Prospectus.																		
Coupon rate, coupon payment date and redemption premium/discount	As specified in the relevant Tranche Prospectus for each Tranche Issue.																		
Step up/ Step down interest rates	As specified in the relevant Tranche Prospectus for each Tranche Issue.																		
Interest type	As specified in the relevant Tranche Prospectus for each Tranche Issue.																		
Interest reset process	As specified in the relevant Tranche Prospectus for each Tranche Issue.																		
Tenor	As specified in the relevant Tranche Prospectus for each Tranche Issue.																		
Coupon payment frequency	As specified in the relevant Tranche Prospectus for each Tranche Issue.																		
Discount at which security, if any is issued	As specified in the relevant Tranche Prospectus for each Tranche Issue.																		

Particulars	Details
and the effective yield as a result of such discount.	
Redemption date	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Redemption Amount	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Day count convention	Actual/Actual.
Working Days convention / Effect of holidays on payment	<p>Working Day(s) shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of Stock Exchange excluding Sundays and bank holidays in Mumbai</p> <p>If the date of payment of interest specified does not fall on a Working Day, then the succeeding Working Day will be considered as the effective date for such payment of interest, as the case may be (the "<b>Effective Date</b>"), however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act, 1961 or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last interest payment date) falls on a holiday, the interest/redemption payments shall be made only on the preceding Working Day, along with interest accrued on the NCDs until such date, however, excluding the date of such payment.</p>
Issue Opening Date	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Issue Closing Date	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Default interest rate	Our Company shall pay interest in connection with any delay in allotment, listing, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws.
Put/Call	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Call Notification Time / Put Notification Time	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Deemed Date of Allotment	The date on which the Board or the Debenture Committee of the Board of Directors approves the Allotment of the NCDs for each Tranche Issue. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs (as specified for each Tranche Issue by way of the relevant Tranche Prospectus) shall be available to the Debenture holders from the Deemed Date of Allotment.
Transaction documents	Transaction documents shall mean the Draft Shelf Prospectus, this Shelf Prospectus, relevant Tranche Prospectus read with any notices, corrigenda, addenda thereto, Issue Agreement, Registrar Agreement, Debenture Trust Deed, Public Issue Account Agreement, Tripartite Agreements and the Consortium Agreement executed or to be executed by our Company, as the case may be. For further details please see the section titled, " <i>Material Contracts and Documents for Inspection</i> " on page 285 of this Shelf Prospectus
Conditions precedent and subsequent to the Issue	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedent and subsequent to disbursement.
Events of default	Please see the section titled " <i>Issue Structure</i> " on page 176 of this Shelf Prospectus.
Cross Default	Please see the section titled " <i>Issue Structure</i> " on page 176 of this Shelf Prospectus.
Roles and responsibilities of the Debenture Trustee	Please see the section titled " <i>General Terms of the Issue</i> " on page 172 of this Shelf Prospectus.
Governing law and jurisdiction	The Issue shall be governed in accordance with the laws of India and shall be subject to the exclusive jurisdiction of the courts of Mumbai.

*\*The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m., during the period indicated in the relevant Tranche Prospectus, except that the Issue may close on such earlier date or extended date as may be decided by the Board. In the event of such an early closure of or extension of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a national daily newspaper with wide circulation on or before such earlier date or initial date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. till 5:00 p.m. or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. or such extended time as may be permitted by BSE.*

The specific terms of each instrument to be issued pursuant to a Tranche Issue shall be as set out in the relevant Tranche Prospectus.

Please see "Issue Procedure" on page 187 for details of category wise eligibility and allotment in the Issue.

## CAPITAL STRUCTURE

### Details of share capital

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

*(in ₹ unless stated otherwise)*

Authorised share capital	Amount
980,000,000 Equity Shares of ₹ 2 each	1,960,000,000
400,000 Redeemable Preference Shares of ₹ 100 each	40,000,000
<b>Issued, subscribed and paid up share capital before and after the Issue</b>	
842,809,857 Equity Shares ₹ 2 each, fully paid up	1,685,619,714
<b>Securities Premium Account</b>	13,793,536,059

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

### Notes to Capital Structure

- Changes in authorized share capital of our Company for the last five years preceding September 30, 2018 and as of September 30, 2018**

There has not been any change in the authorized capital of our Company in the last five years preceding September 30, 2018 and as of September 30, 2018.

- Equity Share capital history of our Company for the last five years preceding September 30, 2018 and as of September 30, 2018 is provided below:**

Date of Allotment	No. of equity shares	Face Value (₹)	Issue price per equity share (₹)	Nature of consideration	Nature of Allotment	Cumulative no of equity shares	Cumulative paid-up equity share capital	Gross Cumulative share premium (₹)
June 8, 2016	124,375	2	31.25	Cash	ESOS <sup>(1)</sup>	841,331,511	1,682,663,022	13,702,813,068
July 21, 2016	243,425	2	31.25	Cash	ESOS <sup>(2)</sup>	841,574,936	1,683,149,872	13,709,933,250
October 27, 2016	37,200	2	31.25	Cash	ESOS <sup>(3)</sup>	841,612,136	1,683,224,272	13,711,021,350
January 31, 2017	287,500	2	31.25	Cash	ESOS <sup>(4)</sup>	841,899,636	1,683,699,272	13,719,430,725
April 17, 2017	50,000	2	31.25	Cash	ESOS <sup>(5)</sup>	841,949,636	1,683,899,272	13,720,893,225
September 21, 2017	10,613	2	86.45	Cash	ESOS <sup>(6)</sup>	841,960,249	1,685,074,922	13,721,789,492
December 20, 2017	2,221	2	86.45	Cash	ESOS <sup>(7)</sup>	841,962,470	1,683,924,940	13,721,977,056
February 21, 2018	9,562	2	86.45	Cash	ESOS <sup>(8)</sup>	841,972,032	1,683,944,064	13,722,784,567
March 16, 2018	563,730	2	86.45	Cash	ESOS <sup>(9)</sup>	842,535,762	1,685,071,524	13,770,391,565
June 2, 2018	1,699	2	86.45	Cash	ESOS <sup>(10)</sup>	842,537,461	1,685,074,922	13,770,535,054
July 31, 2018	1,699	2	84.78	Cash	ESOS <sup>(11)</sup>	842,539,160	1,685,078,320	13,770,675,698
September 18, 2018	270,697	2	86.45	Cash	ESOS <sup>(12)</sup>	842,809,857	1,685,619,714	13,793,536,059

(1) An aggregate of 124,375 Equity Shares have been allotted by our Company under the ESOS Scheme to four employees of our Company on June 8, 2016.

(2) An aggregate of 243,425 Equity Shares have been allotted by our Company under the ESOS Scheme to ten employees of our Company on July 21, 2016.

(3) An aggregate of 37,200 Equity Shares have been allotted by our Company under the ESOS Scheme to one employee of our Company on October 27, 2016.

(4) An aggregate of 287,500 Equity Shares have been allotted by our Company under the ESOS Scheme to ten employees of our Company on January 31, 2017.

(5) An aggregate of 50,000 Equity Shares have been allotted by our Company under the ESOS Scheme to one employee of our Company on April 17, 2017.

(6) An aggregate of 10,613 Equity Shares have been allotted by our Company under the ESOS Scheme to three employees of our Company on September 21, 2017.

(7) An aggregate of 2,221 Equity Shares have been allotted by our Company under the ESOS Scheme to one employee of our Company on December 20, 2017.

(8) An aggregate of 9,562 Equity Shares have been allotted by our Company under the ESOS Scheme to two employees of our Company on February 21, 2018.

- (9) *An aggregate of 563,730 Equity Shares have been allotted by our Company and Subsidiaries under the ESOS Scheme to 103 employees of our Company on March 16, 2018.*
- (10) *An aggregate of 1,699 Equity Shares have been allotted by our Company under the ESOS Scheme to one employee of our Company on June 2, 2018.*
- (11) *An aggregate of 1,699 Equity Shares have been allotted by our Company under the ESOS Scheme to one employee of our Subsidiary on July 31, 2018.*
- (12) *An aggregate of 270,697 Equity Shares have been allotted by our Company under the ESOS Scheme to 84 employees of our Company and Subsidiaries on September 18, 2018.*

3. ***Preference Share capital history of our Company for the last five years preceding September 30, 2018 and as of September 30, 2018***

There has not been any change in the Preference Share capital history of our Company in the last five years preceding September 30, 2018 and as of September 30, 2018.

4. ***Issue of Equity Shares for consideration other than cash***

There has not been any issue of Equity Shares for consideration other than cash in the last five years preceding September 30, 2018 and as of September 30, 2018.

5. *Shareholding pattern of our Company as on September 30, 2018:*

**Table I - Summary Statement holding of specified securities**

Category	Category of Shareholder	Number of Shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	Nos. of shares underlying Depository Receipts	Total number of shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital)	Number of Locked in shares		Shares Pledged of otherwise encumbered		Number of equity shares held in dematerialized form	
								No of Voting Rights Each share has I vote		Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII = IV+V+VI)	(VIII)	Class X	Class Y	Total		(X)	(XI) = (VII)+(X) as a % of A+B+C2	(XII)		(XIII)		(XIV)
(A)	<b>Promoter and Promoter Group</b>	5	296,156,139	Nil	Nil	296,156,139	35.139	296,156,139	Nil	296,156,139	35.139	Nil	35.139	Nil	Nil	13,500,000	4.558	296,156,139
(B)	<b>Public</b>	135,682	546,653,718	Nil	Nil	546,653,718	64.861	546,653,718	Nil	546,653,718	64.861	Nil	64.861	Nil	Nil	Nil	Nil	540,638,832
(C)	<b>Non Promoter-Non Public</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(C1)	<b>Shares underlying DRs</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(C2)	<b>Shares held by Employee Trusts</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>135,687</b>	<b>842,809,857</b>	<b>Nil</b>	<b>Nil</b>	<b>842,809,857</b>	<b>100.00</b>	<b>842,809,857</b>	<b>0</b>	<b>842,809,857</b>	<b>100.00</b>	<b>Nil</b>	<b>100.00</b>	<b>Nil</b>	<b>Nil</b>	<b>13,500,000</b>	<b>1.602</b>	<b>836,794,971</b>

**Table II - Statement showing shareholding pattern of the Promoter and Promoter Group**

	Category & Name of Shareholder	Number of Shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	Nos. of shares underlying Depository Receipts	Total number of shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (VIII)			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital)	Number of Locked in shares		Shares Pledged of otherwise encumbered		Number of equity shares held in dematerialized form	
								No of Voting Rights Each share has I vote					Total as a % of Total Voting rights	No. (a)	As a % of total Shares held (b)	No. (a)		As a % of total Shares held (b)
								Class X	Class Y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI = III+IV+V)	(VII)	Class X	Class Y	Total	(IX)	(X) = (VI)+(IX) as a % of A+B+C2	(XI)		(XII)		(XIII)		
<b>(A) Shareholding of Promoter and Promoter Group<sup>2</sup></b>																		
<b>1 Indian</b>																		
<b>(a) Individuals/ Hindu Undivided Family</b>	5	296,156,139	Nil	Nil	296,156,139	35.139	296,156,139	Nil	296,156,139	35.139	Nil	35.139	Nil	Nil	13,500,000	4.558	296,156,139	
NANDAKUMAR V P	1	243,672,171	Nil	Nil	243,672,171	28.912	243,672,171	Nil	243,672,171	28.912	Nil	28.912	Nil	Nil	13,500,000	5.540	243,672,171	
SOORAJ NANDAN	1	3,674	Nil	Nil	3,674	0.00	3,674	Nil	3,674	0.00	Nil	0.00	Nil	Nil	Nil	Nil	3,674	
SUSHAMA NANDAKUMAR	1	48,001,078	Nil	Nil	48,001,078	5.695	48,001,078	Nil	48,001,078	5.695	Nil	5.695	Nil	Nil	Nil	Nil	48,001,078	
SUHAS NANDAN	1	17,051	Nil	Nil	17,051	0.002	17,051	Nil	17,051	0.002	Nil	0.002	Nil	Nil	Nil	Nil	17,051	
JYOTHI	1	4,462,165	Nil	Nil	4,462,165	0.529	4,462,165	Nil	4,462,165	0.529	Nil	0.529	Nil	Nil	Nil	Nil	4,462,165	
<b>(b) Central Government/ State Government(s)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
<b>(c) Financial Institutions/ Banks</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
<b>(d) Any Others(Specify)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
<b>Sub Total(A)(1)</b>	<b>5</b>	<b>296,156,139</b>	<b>Nil</b>	<b>Nil</b>	<b>296,156,139</b>	<b>35.139</b>	<b>296,156,139</b>		<b>296,156,139</b>	<b>35.139</b>	<b>Nil</b>	<b>35.139</b>	<b>Nil</b>	<b>Nil</b>	<b>13,500,000</b>	<b>4.558</b>	<b>296,156,139</b>	
<b>2 Foreign</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
<b>a Individuals (Non-Residents Individuals/ Foreign Individuals)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
<b>b Government</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
<b>c Institutions</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
<b>d Foreign Portfolio Investor</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
<b>e Any Others(Specify)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
<b>Sub Total(A)(2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	
<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>5</b>	<b>296,156,139</b>	<b>Nil</b>	<b>Nil</b>	<b>296,156,139</b>	<b>35.139</b>	<b>296,156,139</b>		<b>296,156,139</b>	<b>35.139</b>	<b>Nil</b>	<b>35.139</b>	<b>Nil</b>	<b>Nil</b>	<b>13,500,000</b>	<b>4.558</b>	<b>296,156,139</b>	

**Table III - Statement showing shareholding pattern of the Public Shareholder**

	Category & Name of Shareholders	Number of Shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	Nos. of shares underlying Depository Receipts	Total number of shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital)	Number of Locked in shares		Shares Pledged of otherwise encumbered		Number of equity shares held in dematerialized form	
								No of Voting Rights Each share has 1 vote		Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
								Class X	Class Y									Total
(I)	(III)	(IV)	(V)	(VI)	(VII = IV+V+VI)	(VIII)	Class X	Class Y	Total	(X)	(XI) = (VII)+(X) as a % of A+B+C2	(XII)	(XIII)	(XIV)				
<b>(1) Institutions</b>																		
<b>(a) Mutual Funds/</b>	16	50,833,953	Nil			50,833,953	6.031	50,833,953		50,833,953	6.031	Nil	6.031	Nil	Nil	Nil	Nil	50,833,953
DSP BLACKROCK SMALL CAP FUND	1	25,655,758	Nil			25,655,758	3.044	25,655,758		25,655,758	3.044	Nil	3.044	Nil	Nil	Nil	Nil	25,655,758
<b>(b) Venture Capital Funds</b>																		
<b>(c) Alternate Investment Funds</b>	3	4,959,304	Nil			4,959,304	0.588	4,959,304		4,959,304	0.588	Nil	0.588	Nil	Nil	Nil	Nil	4,959,304
<b>(d) Foreign Venture Capital Investors</b>																		
<b>(e) Foreign portfolio Investors</b>	133	321,779,976	Nil			321,779,976	38.179	321,779,976		321,779,976	38.179	Nil	38.179	Nil	Nil	Nil	Nil	321,779,976
Quinag Acquisition (FPI) Ltd	1	83,785,880	Nil			83,785,880	9.941	83,785,880		83,785,880	9.941	Nil	9.941	Nil	Nil	Nil	Nil	83,785,880
Fidelity Investment Trust Fidelity	1	25,514,903	Nil			25,514,903	3.027	25,514,903		25,514,903	3.027	Nil	3.027	Nil	Nil	Nil	Nil	25,514,903
Societe Generale	1	10,030,855	Nil			10,030,855	1.190	10,030,855		10,030,855	1.190	Nil	1.190	Nil	Nil	Nil	Nil	10,030,855
Barclays Merchant Bank (Singapore) Ltd.	1	31,744,389	Nil			31,744,389	3.766	31,744,389		31,744,389	3.766	Nil	3.766	Nil	Nil	Nil	Nil	31,744,389
Baring India Private Equity Fund II Limited	1	26,453,439	Nil			26,453,439	3.139	26,453,439		26,453,439	3.139	Nil	3.139	Nil	Nil	Nil	Nil	26,453,439
Baring India Private Equity Fund III	1	47,616,584	Nil			47,616,584	5.650	47,616,584		47,616,584	5.650	Nil	5.650	Nil	Nil	Nil	Nil	47,616,584
Duro One Investments Limited	1	11,691,876	Nil			11,691,876	1.387	11,691,876		11,691,876	1.387	Nil	1.387	Nil	Nil	Nil	Nil	11,691,876
<b>(f) Financial Institutions /Banks</b>	4	1,092,156	Nil			1,092,156	0.130	1,092,156		1,092,156	0.130	Nil	0.130	Nil	Nil	Nil	Nil	1,092,156
<b>(g) Insurance Companies</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>(h) Provident Funds/Pension Funds</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>(i) Any Other (specify)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-Total (B)(1)</b>	<b>156</b>	<b>378,665,389</b>	<b>0</b>	<b>0</b>	<b>378,665,389</b>	<b>44.928</b>	<b>378,665,389</b>		<b>378,665,389</b>	<b>44.928</b>	Nil	<b>44.928</b>	Nil	Nil	Nil	Nil	Nil	<b>378,665,389</b>
<b>(2) Central Government/ State Government(s)/ President of India</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.00	Nil	Nil	Nil	Nil	Nil
<b>Sub-Total (B)(2)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	<b>0.00</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>(3) Non-institutions</b>																		
<b>(a) Individuals -i. Individual shareholders holding nominal share capital up to Rs 2 lakh</b>	129,034	91,076,303	Nil	Nil		91,076,303	10.808	91,076,303	Nil	91,076,303	10.808	Nil	10.808	Nil	Nil	Nil	Nil	85,887,517
<b>ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.</b>	96	39,535,820	Nil	Nil		39,535,820	4.691	39,535,820	Nil	39,535,820	4.691	Nil	4.691	Nil	Nil	Nil	Nil	38,931,820
dolly khanna	1	9,010,360	Nil	Nil		9,010,360	1.069	9,010,360	Nil	9,010,360	1.069	Nil	1.069	Nil	Nil	Nil	Nil	9,010,360
<b>(b) NBFCs registered with RBI</b>																		
<b>(c) Employee Trusts</b>																		
<b>(d) Overseas Depositories (holding DRs) (balancing figure)</b>																		
<b>(e) Any other (Specify)</b>																		
Directors & Relatives	9	5,757,218	Nil			5,757,218	0.683	5,757,218		5,757,218	0.683	Nil	0.683	Nil	Nil	Nil	Nil	5,757,218
Bodies Corpoates	782	15,105,725	Nil			15,105,725	1.792	15,105,725		15,105,725	1.792	Nil	1.792	Nil	Nil	Nil	Nil	15,103,625



Category & Name of Shareholders	Number of Shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	Nos. of shares underlying Depository Receipts	Total number of shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital)	Number of Locked in shares		Shares Pledged of otherwise encumbered		Number of equity shares held in dematerialized form	
							No of Voting Rights Each share has 1 vote					Total as a % of Total Voting rights	No. (a)	As a % of total Shares held (b)	No. (a)		As a % of total Shares held (b)
							Class X	Class Y	Total								
(I)	(III)	(IV)	(V)	(VI)	(VII = IV+V+VI)	(VIII)	Class X	Class Y	Total	(X)	(XI) = (VII)+(X) as a % of A+B+C2	(XII)		(XIII)		(XIV)	
Trusts	4	666,934	Nil		666,934	0.079	666,934		666,934	0.079	Nil	0.079	Nil	Nil	Nil	Nil	666,934
Foreign Nationals	2	15,212	Nil		15,212	0.002	15,212		15,212	0.002	Nil	0.002	Nil	Nil	Nil	Nil	15,212
Non Resident Indians - Non Repatriable	871	2,059,780	Nil		2,059,780	0.244	2,059,780		2,059,780	0.244	Nil	0.244	Nil	Nil	Nil	Nil	2,059,780
Non Resident Indians - Repatriable	2,626	6,878,695	Nil		6,878,695	0.816	6,878,695		6,878,695	0.816	Nil	0.816	Nil	Nil	Nil	Nil	6,658,695
Clearing Members	272	3,502,228	Nil		3,502,228	0.416	3,502,228		3,502,228	0.416	Nil	0.416	Nil	Nil	Nil	Nil	3,502,228
Hindu Undivided Families	1828	2,619,167	Nil		2,619,167	0.311	2,619,167		2,619,167	0.311	Nil	0.311	Nil	Nil	Nil	Nil	2,619,167
NRI-Director	1	500,000	Nil		500,000	0.059	500,000		500,000	0.059	Nil	0.059	Nil	Nil	Nil	Nil	500,000
Inv.Education and Protection Fund Auth.	1	271,247	Nil		271,247	0.032	271,247		271,247	0.032	Nil	0.032	Nil	Nil	Nil	Nil	271,247
<b>Sub-Total(B)(3)</b>	<b>135,526</b>	<b>167,988,329</b>	<b>0</b>	<b>0</b>	<b>167,988,329</b>	<b>19.933</b>	<b>167,988,329</b>		<b>167,988,329</b>	<b>19.933</b>	<b>0</b>	<b>19.933</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>161,973,443</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)+B(3)</b>	<b>135,682</b>	<b>546,653,718</b>	<b>Nil</b>	<b>Nil</b>	<b>546,653,718</b>	<b>64.861</b>	<b>546,653,718</b>	Nil	<b>546,653,718</b>	<b>64.861</b>	<b>Nil</b>	<b>64.861</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>540,638,832</b>

**Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public Shareholder**

	Category & Name of Shareholders	Number of Shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	Nos. of shares underlying Depository Receipts	Total number of shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (VIII)				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital)	Number of Locked in shares		Shares Pledged of otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting Rights			Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
	(I)	(II)	(III)	(IV)	(V)	(VI = III+IV+V)	(VII)	Class X	Class Y	Total		(IX)	(X) = (VIII)+(IX) as a % of A+B+C2	(XI)		(XII)		(XIII)
(1)	Custodian/DR Holder	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(2)	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total Non-Promoter- Non Public Shareholding (C)=(C)(1)+(C)(2)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

6. **Promoters Shareholding**

As on September 30, 2018, the details of the Promoters shareholding in the Company is provided below:

Sr. No.	Name of the Shareholder	Total No. of Equity Shares held	No. of Equity Shares held in dematerialised form	Percentage of the Equity Shares held (%)	No of shares Pledged	Percentage of the Shares pledged with respect to shares owned (%)
i.	V. P. Nandakumar	243,672,171	243,672,171	28.912	13,500,000	5.540
ii.	Sushama Nandakumar	48,001,078	48,001,078	5.695	0	0

The aggregate number of securities of the Company that have been purchased or sold by the Promoter Group, Directors of the Company and their relatives within six months immediately preceding the date of this Shelf Prospectus is provided below:

Particulars	Number of Securities	Amount (₹ in million)
Number of securities purchased	4,341,837	385.62
Number of securities sold	Nil	Nil

It is clarified that except as disclosed above, no securities including shares of our Company were either purchased or sold by the Promoters, members of the Promoter Group, Directors of our Company and their relatives within six months immediately preceding the date of this Shelf Prospectus. For further details, please see the section titled “Other Regulatory and Statutory Disclosures” on page 217 of this Shelf Prospectus.

It is further clarified that no securities including shares of Subsidiaries were either purchased or sold by the Promoters, members of the Promoter Group, Directors of our Company and their relatives within six months immediately preceding the date of this Shelf Prospectus.

7. **List of our top 10 shareholders of Equity Shares as on September 30, 2018 is as follows:**

Sr. No.	Name of the Shareholder	No. of Equity Shares held	No. of Equity Shares held in dematerialised form	Percentage of the shareholding (%)
i.	V. P. Nandakumar	243,672,171	243,672,171	28.912
ii.	Quinag Acquisition (FPI) Limited	83,785,880	83,785,880	9.941
iii.	Sushama Nandakumar	48,001,078	48,001,078	5.695
iv.	Baring India Private Equity Fund III	47,616,584	47,616,584	5.650
v.	Barclays Merchant Bank (Singapore) Limited	31,744,389	31,744,389	3.766
vi.	Baring India Private Equity Fund II Limited	26,453,439	26,453,439	3.139
vii.	DSP Blackrock Small Cap Fund	25,655,758	25,655,758	3.044
viii.	Fidelity Investment Trust Fidelity	25,514,903	25,514,903	3.027
ix.	Duro One Investments Limited	11,691,876	11,691,876	1.387
x.	Societe Generale	10,030,855	10,030,855	1.190
<b>Total</b>		<b>554,166,933</b>	<b>554,166,933</b>	<b>65.752</b>

8. **List of our top 10 Debenture Holders as on the date of this Shelf Prospectus is as follows:**

Sr. No.	Name of the Holder	Amount (in ₹ million)
1.	ICICI Prudential Mutual Fund	4,400.00
2.	Kotak Mahindra Trustee Co. Limited	4,000.00
3.	Reliance Capital Trustee Co. Ltd	2,750.00
4.	SBI Mutual Fund	2,500.00
5.	IDFC Bank Limited	2,500.00
6.	L&T Mutual Fund Trustee Limited	1,250.00
7.	Baroda Pioneer Mutual Fund	750.00
8.	Kotak Mahindra Life Insurance Company Limited	500.00
9.	Samco Ventures Private Limited	300.00

Sr. No.	Name of the Holder	Amount (in ₹ million)
10.	Army Group Insurance Fund	250.00

9. **Debt - equity ratio:**

*Amount (in ₹ million)*

Particulars	Prior to the Issue (as of June 30, 2018)	Post the Issue
Secured Loan	76,761.48	86,761.48
Unsecured Loan	33,475.73	33,475.73
<b>Total Debt [A]</b>	<b>110,237.21</b>	<b>120,237.21</b>
Share Capital	1,685.07	1,685.07
Reserves	37,700.16	37,700.16
<b>Total Shareholders' Funds [B]</b>	<b>39,385.23</b>	<b>39,385.23</b>
<b>Debt Equity Ratio (No. of Times)<sup>#</sup> [A]/[B]</b>	<b>2.80</b>	<b>3.05</b>

The debt to equity ratio of our Company as on June 30, 2018 (prior to this Issue) is based on a total outstanding debt of ₹ 110,237.21 million, and shareholders' funds amounting to ₹ 39,385.23 million which was 2.80 times as on June 30, 2018. The debt to equity ratio post the Issue (assuming subscription of ₹ 10,000 million) would be 3.05 times, based on a total outstanding debt of ₹ 120,237.21 million and shareholders' fund (as on June 30, 2018) of ₹ 39,385.23 million. The actual debt equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment.

For details of the outstanding debt of our Company, please see the section titled “Disclosures on Existing Financial Indebtedness” on page 153 of this Shelf Prospectus.

10. **ESOS 2016**

The Board has approved the ‘Employee Stock Options Scheme, 2016 (the “ESOS 2016”) at its meeting dated March 11, 2016. Pursuant to the aforesaid approval, the shareholders’ of the Company have approved ESOS 2016 by way of postal ballot dated March 11, 2016. The Company has obtained in principal approval of the Stock Exchanges where the share capital of the Company is listed i.e. BSE and NSE for listing up to 13,750,466 equity shares of face value of ₹ 2/- each on exercise of the employee stock options by the eligible employees from time to time.

## OBJECTS OF THE ISSUE

### Issue proceeds

Public issue by our Company of NCDs, for an amount aggregating up to the Shelf Limit. The NCDs will be issued in one or more tranches, on terms and conditions as set out in the relevant Tranche Prospectus for any Tranche Issue which should be read together with this Shelf Prospectus. The Issue is being made pursuant to the provisions of the SEBI Debt Regulations and the Companies Act, 2013.

The details of the proceeds of the Issue are summarized below:

Particulars	Estimated amount (in ₹ million)
Gross proceeds to be raised through each Tranche Issue	As mentioned in the relevant Tranche Prospectus
Less: - Tranche Issue related expenses	As mentioned in the relevant Tranche Prospectus
Net proceeds of the Tranche Issue after deducting the Tranche Issue related expenses	As mentioned in the relevant Tranche Prospectus

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

S. No.	Objects of the Issue	Percentage of amount proposed to be financed from Net Proceeds
1.	For the purpose of onward lending, financing, and for repayment /prepayment of interest and principal of existing borrowings of our Company <sup>#</sup>	At least 75%
2.	General Corporate Purposes*	Maximum of up to 25%
<b>Total</b>		<b>100%</b>

<sup>#</sup>Our Company shall not utilize the proceeds of the Issue towards payment of prepayment penalty, if any.

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

The main objects clause of the Memorandum of Association of our Company permits our Company to undertake its existing activities as well as the activities for which the funds are being raised through this Issue.

### Purpose for which there is a requirement of funds

As stated in this section.

### Monitoring and reporting of utilisation of funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. The Audit Committee of our Company shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose in our Company's financial statements for the relevant financial year commencing from Fiscal 2019, the utilisation of the proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue. Our Company shall utilize the proceeds of the Issue only upon the execution of the Debenture Trust Deed and receipt of final listing and trading approval from the Stock Exchange.

### Interim use of proceeds

The management of our Company, in accordance with the policies formulated by it from time to time, will have the flexibility in deploying the proceeds received from the Issue. Pending utilisation of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by the Board / Committee of Directors of our Company, as the case may be. Such investment would be in accordance with the investment policy of our Company approved by the Board or any committee thereof from time to time.

### Other confirmations

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

The Issue proceeds shall not be utilised towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property.

No part of the proceeds from this Issue will be paid by us as consideration to our Promoters, our Directors, Key Managerial Personnel, or companies promoted by our Promoters except in ordinary course of business.

No part of the proceeds from this Issue will be utilized for buying, trading or otherwise dealing in equity shares of any listed company.

Further our Company undertakes that Issue proceeds from NCDs allotted to banks shall not be used for any purpose, which may be in contravention of the RBI guidelines including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI regulations.

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

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

#### **Variation in terms of contract or objects in this Shelf Prospectus**

Our Company shall not, in terms of Section 27 of the Companies Act, 2013, at any time, vary the terms of the objects for which this Shelf Prospectus is issued, except as may be prescribed under the applicable laws and specifically under Section 27 of the Companies Act, 2013.

#### **Benefit / interest accruing to Promoters/Directors out of the object of the Issue**

Neither the Promoters nor the Directors of our Company are interested in the Objects of this Issue.

## STATEMENT OF TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS

**The Board of Directors**  
**Manappuram Finance Limited**  
IV/470A(old) W638A(new)  
Manappuram House  
Valapad, Thrissur  
Kerala - 680567

Dear Sirs,

**Statement of tax benefits in relation to proposed public issue by Manappuram Finance Limited (the “Company”) of secured, redeemable, non-convertible debentures of face value of ₹ 1,000 each (“NCDs”) aggregating up to ₹ 10,000 million through one or more tranches (the “Issue”)**

1. We have performed the procedures agreed with you, *vide* the engagement letter dated 10<sup>th</sup> August, 2018, and enumerated in paragraph 2 below with respect to the possible tax benefits available to the Debenture Holder(s), under the Income Tax Act, 1961, as amended (the “IT Act”), presently in force in India, in the enclosed Annexure I. Our engagement was performed in accordance with the Standard on Related Services (SRS) 4400, “Engagements to Perform Agreed-upon Procedures regarding Financial Information”, issued by the Institute of Chartered Accountants of India.
2. We have performed the following procedures:
  - i. Read the statement of tax benefits as given in Annexure I, and
  - ii. Evaluated with reference to the provisions of the IT Act to confirm that statements made are correct in all material respect.
3. Because the above procedures do not constitute either an audit or a review made in accordance with the Standard on Related Services (SRS) 4400, “Engagements to Perform Agreed-upon Procedures regarding Financial Information”, issued by the Institute of Chartered Accountants of India, we do not express any assurance on the Statement of Tax Benefits, as set out in Annexure I.
4. Had we performed additional procedures, or had we performed an audit or review of the financial information in accordance with the generally accepted auditing standards of India, other matters might have come to our attention that would have been reported to you.
5. We confirm that the Statement of Tax Benefits as set out in Annexure I materially covers all the provisions of the IT Act as amended with respect to Debenture Holder(s).
6. Several of these benefits are dependent on the Debenture Holder(s) fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Debenture Holder(s) to derive the tax benefits is dependent upon fulfilling such conditions, which are based on business imperatives the Debenture Holder(s) would face in the future. The Debenture Holder(s) may or may not choose to fulfill such conditions.
7. The benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
8. The contents of the enclosed annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.
9. No assurance is given that the revenue authorities/ Courts will concur with the views expressed herein. Our views are based on existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume any responsibility to update the views consequent to such changes.

We hereby consent to inclusion of the extracts of this certificate in the Draft Shelf Prospectus, Shelf Prospectus, relevant Tranche Prospectus or any other document in relation to the Issue.

This certificate has been issued at the request of the Company for use in connection with the Proposed Public Issue of secured, redeemable NCDs and may accordingly be furnished as required BSE Limited or any other regulatory authorities, as required, and shared with and relied on as necessary by the Company’s advisors and intermediaries duly appointed in this regard.

**For, MANIKANDAN & ASSOCIATES**

**MANIKANDAN.C.K  
(PARTNER)  
CHARTERED ACCOUNTANTS  
MEMBERSHIP No.208654  
FIRM.No.008520S**

**Valappad  
Dated 25<sup>th</sup> September, 2018**

**Cc:**

**Cyril Amarchand Mangaldas  
5th Floor, Peninsula Chambers  
Peninsula Corporate Park  
Ganpatrao Kadam Marg  
Lower Parel  
Mumbai 400 013**



## **STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDER(S)**

Under the existing provisions of law, the following tax benefits, inter-alia, will be available to the Debenture Holder(s). The tax benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The information given below lists out the possible benefits available to the Debenture Holder(s) of an Indian company in which public are substantially interested, in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the debenture.

The Debenture Holder is advised to consider in its own case, the tax implications in respect of subscription to the Debentures after consulting his tax advisor as alternate views are possible. We are not liable to the Debenture Holder in any manner for placing reliance upon the contents of this statement of tax benefits.

### **A. IMPLICATIONS UNDER THE INCOME-TAX ACT, 1961 ('I.T. ACT')**

#### ***I. To the Resident Debenture Holder***

1. Interest on NCD received by Debenture Holder(s) would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the rate of 10% at the time of credit/payment as per the provisions of Section 193 of the I.T. Act. However, no income tax is deductible at source in respect of the following:
  - a) On any security issued by a company in a dematerialized form and is listed on recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made there under.
  - b) In case the payment of interest on debentures to a resident individual or a Hindu Undivided Family ('HUF'), Debenture Holder does not or is not likely to exceed ₹ 5,000 in the aggregate during the Financial Year and the interest is paid by an account payee cheque.
  - c) When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the I.T. Act; and that certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest.
  - d) (i) When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the I.T. Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However under section 197A(1B) of the I.T. Act, "Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax".

To illustrate, as on 01.04.2018 –

- the maximum amount of income not chargeable to tax in case of individuals (other than senior citizens and super senior citizens) and HUFs is ₹ 2,50,000;
- in the case of every individual being a resident in India, who is of the age of 60 years or more but less than 80 years at any time during the Financial year (Senior Citizen) is ₹ 3,00,000; and
- in the case of every individual being a resident in India, who is of the age of 80 years or more at any time during the Financial year (Super Senior Citizen) is ₹ 5,00,000 for Financial Year 2018-19

Further, section 87A provides a rebate of 100 percent of income-tax or an amount of ₹ 2,500 whichever is less to a resident individual whose total income does not exceed ₹ 3,50,000.

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

(iii) In all other situations, tax would be deducted at source as per prevailing provisions of the I.T.

Act. Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company before the prescribed date of closure of books for payment of debenture interest without any tax withholding.

2. In case where tax has to be deducted at source while paying debenture interest, the Company is not required to deduct surcharge, education cess and secondary and higher education cess.

3. *Capital gains and other general provisions*

- a) As per the provisions of section 2(29A) of the IT Act, read with section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer. In all other cases, it is 36 months immediately preceding the date of its transfer.
- b) As per section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition/indexed cost of acquisition of the debentures from the sale consideration.
- c) However as per the third proviso to section 48 of I.T. Act, benefit of indexation of cost of acquisition under second proviso of section 48 of I.T. Act, is not available in case of bonds and debenture, except capital indexed bonds. Accordingly, long term capital gains arising to the Debenture Holder(s), would be subject to tax at the rate of 10%, computed without indexation, as the benefit of indexation of cost of acquisition is not available in case of debentures.

4. *In case of an individual or HUF, being a resident, where the total income as reduced by such long-term*

- a) capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate mentioned above.
- b) Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. The provisions relating to maximum amount not chargeable to tax described at para 3 above would also apply to such short term capital gains.
- c) As per Section 74 of the I.T. Act, short-term capital loss on debentures suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long term capital gains. Long-term capital loss on debentures suffered during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

5. *Classification of gains on transfer*

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

## **II. To the Non Resident Debenture Holder**

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

1. *Interest on NCD and capital gains on transfer*

- a) Under section 115E of the I.T. Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%, whereas, long term capital gains on transfer of such Debentures will be taxable at 10% of such capital gains without indexation

of cost of acquisition. Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.

*(Exemption from long-term capital gains)*

- b) Under section 115F of the I.T. Act, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax if the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in section 10(4B) of the I.T. Act in accordance with and subject to the provisions contained therein.

2. *Others relaxations*

- a. Under section 115G of the I.T. Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the I.T. Act, if his total income consists only of investment income as defined under section 115C and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the I.T. Act in accordance with and subject to the provisions contained therein.
- b. Under section 115H of the I.T. Act, where a non-resident Indian becomes a resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.

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

- a. Long term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation.
- b. Investment income and Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act

4. Under Section 195 of the I.T. Act, the applicable rate of tax deduction at source is 20% on investment income and 10% on any long-term capital gains as per section 115E, and 30% for Short Term Capital Gains if the payee Debenture Holder is a Non Resident Indian.

5. As per Section 74 of the I.T. Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered (other than the long-term capital assets whose gains are exempt under Section 10(38) of the I.T. Act) during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

6. The income tax deducted shall be increased by a surcharge as under:

- a. In the case of non-resident Indian surcharge at the rate of 10% of such tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds ₹ 50,00,000 and 15 % of such tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds ₹ 1,00,00,000.
- b. In case of foreign companies, where the income paid or likely to be paid exceeds ₹ 1,00,00,000 but does not exceed ₹ 10,00,00,000 a surcharge of 2% of such tax liability is payable and when such income paid or likely to be paid exceeds ₹ 10,00,00,000, surcharge at 5% of such tax is payable.
- c. In case of domestic companies, where the income paid or likely to be paid exceeds ₹ 1,00,00,000 but does not exceed ₹ 10,00,00,000 a surcharge of 7% of such tax liability is payable and when such income paid or likely to be paid exceeds ₹ 10,00,00,000, surcharge at 12% of such tax is payable. Further, 4% health and education cess on the total income tax (including surcharge) is also deductible.

7. As per section 90(2) of the I.T. Act read with the Circular no. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes ('CBDT'), in the case of a remittance to a country with which a Double Taxation Avoidance Agreement ('DTAA') is in force, the tax should be deducted at the rate provided in the I.T. Act or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of Tax Residency Certificate ('TRC') is a mandatory condition for availing benefits under any DTAA. Further, such non-resident investor would also be required to furnish Form 10F along with TRC, if such TRC does not contain information prescribed by the CBDT vide its Notification No. 57/2013 dated 1 August 2013.
8. Alternatively, to ensure non deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under section 195(2) & 195(3) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest. However, an application for the issuance of such certificate would not be entertained in the absence of PAN as per the provisions of section 206AA.
9. Where, debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising there from are generally treated as capital gains or business income as the case may be. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterization (especially considering the provisions explained in Para V below) and hold the such gains/income as interest income in the hands of such Debenture Holder(s). Further, cumulative or regular returns on debentures held till maturity would generally be taxable as interest income taxable under the head Income from other sources where debentures are held as investments or business income where debentures are held as trading asset /stock in trade.

### **III. To the Foreign Institutional Investors (FIIs/FPIs)**

1. As per Section 2(14) of the I.T. Act, any securities held by FIIs/FPIs which have invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FIIs as capital gains.
2. In accordance with and subject to the provisions of section 115AD of the I.T. Act, long term capital gains on transfer of debentures by FIIs/FPIs are taxable at 10% (plus applicable surcharge and cess) and short term capital gains are taxable at 30% (plus applicable surcharge and cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of section 48 of the I.T. Act will not apply.
3. Short Term capital gains arising out of debentures is taxable at 20% in accordance with and subject to the provisions of Section 115AD.
4. The Finance Act, 2013 (by way of insertion of a new section 194LD in the I.T. Act) provides for lower rate of withholding tax at the rate of 5% on payment by way of interest paid by an Indian company to FIIs/FPIs and Qualified Foreign Investor in respect of rupee denominated bond of an Indian company between June 1, 2013 and July 1, 2020 provided such rate does not exceed the rate as may be notified<sup>2</sup> by the Government.
5. In accordance with and subject to the provisions of section 196D (2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FIIs/FPIs.
6. The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of Section 115AD of the I.T. Act.

### **IV. To the Other Eligible Institutions**

All mutual funds registered under Securities and Exchange Board of India or set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India are exempt from tax on all their Income, including income from investment in Debentures under the provisions of Section 10(23D) of the I.T. Act subject to and in accordance with the provisions contained therein. Further, as per the provisions of section 196 of the I.T. Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under Section 10(23D) of the I.T. Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.

### **V. General Anti-Avoidance Rule ('GAAR')**

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

**VI. Exemption under Sections 54EC and 54F of the I.T. Act**

1. Under section 54EC of the I.T. Act, long term capital gains arising to the Debenture Holder(s) on transfer of their debentures in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months after the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. However, the amount of exemption with respect to the investment made in the aforesaid notified bonds during the financial year in which the debentures are transferred and the subsequent financial year, should not exceed ₹ 50 lacs. Where the benefit of section 54EC of the I.T. Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the I.T. Act. However, Union Budget 2018 has discontinued for the above benefit on all asset except Land and Building.
2. As per the provisions of section 54F of the I.T. Act, any long-term capital gains on transfer of a long term capital asset (not being residential house) arising to a Debenture Holder who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of a residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

This exemption is available, subject to the condition that the debenture holder does not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such residential house is transferred. Similarly, if the debenture holder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired

**VII. Requirement to furnish PAN under the I.T. Act**

1. Sec.139A (5A)  
Section 139A(5A) requires every person from whose income tax has been deducted at source under chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deduction of tax at source.
2. Sec.206AA
  - a. Section 206AA of the I.T. Act requires every person entitled to receive any sum, on which tax is deductible under Chapter XVIIIB ('deductee') to furnish his PAN to the deductor, failing which tax shall be deducted at the highest of the following rates:
    - i. at the rate specified in the relevant provision of the I.T. Act; or
    - ii. at the rate or rates in force; or
    - iii. at the rate of twenty per cent.However, new rule 37BC of the Income Tax Rules provides that the provisions of section 206AA of the Act shall not apply on payments made to non-resident deductee who do not have PAN in India. The non-resident deductee in this regard, shall be required to furnish few prescribed details inter alia TRC and Tax Identification Number (TIN).
  - b. A declaration under Section 197A(1) or 197A(1A) or 197A(1C) shall not be valid unless the person furnishes his PAN in such declaration and the deductor is required to deduct tax as per Para (a) above in such a case.
  - c. Where a wrong PAN is provided, it will be regarded as non furnishing of PAN and Para (a) above will apply apart from penal consequences.

**VIII. Taxability of Gifts received for nil or inadequate consideration**

As per section 56(2)x) of the I.T. Act, where an Individual or Hindu Undivided Family receives debentures from any person on or after 1st April 2017:

- i. without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such debentures or;
- ii. for a consideration which is less than the aggregate fair market value of the debenture by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such debentures as exceeds such consideration;

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

## **B. IMPLICATIONS UNDER THE WEALTH TAX ACT, 1957**

The Finance Act, 2015 has abolished Wealth Tax Act, 1957 with effect from 1 April 2016 which shall then apply in relation to FY 2015-16 and subsequent years. There is, therefore, no wealth tax obligation arising out of the investment in debentures.

### ***Notes***

1. The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of debentures/bonds.
2. The above statement covers only certain relevant benefits under the Income-tax Act, 1961 and does not cover benefits under any other law.
3. The above statement of possible tax benefits is as per the current direct tax laws relevant for the Assessment Year 2019-20 (considering the amendments made by Finance Act, 2018).
4. Further, several of these benefits are dependent on the Debenture Holder fulfilling the conditions prescribed under the relevant provisions.
5. This statement is intended only to provide general information to the Debenture Holder(s) and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each Debenture Holder is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its holding in the debentures of the Company.
6. The stated benefits will be available only to the sole/ first named holder in case the debenture is held by joint holders.
7. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the nonresident has fiscal domicile.
8. In respect of non-residents, taxes paid in India could be claimed as a credit in accordance with the provisions of the relevant tax treaty and applicable domestic law.
9. Interest on application money would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 194A of the I.T. Act.
10. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

## SECTION IV: ABOUT THE ISSUER AND INDUSTRY OVERVIEW

### INDUSTRY OVERVIEW

*Unless stated otherwise, the information in this section has been obtained or derived from the report titled “NBFC Report 2018” dated August, 2018 prepared by CRISIL Research, a division of CRISIL Limited (“CRISIL” and such report the “CRISIL Report”), as well as other industry sources and government publications. All financial data forming part of the industry and market data cited as part of “Industry Overview”, is derived from the CRISIL Report and as well as other industry sources and government publications and accordingly, such financial data is represented in Rupees, in million, billions and trillions, as applicable. All information contained herein must be construed solely as statements of opinion. None of our Company, the Lead Managers and any other person connected with this Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. The information in this section must be read in conjunction with “Risk Factors” and “Our Business” on pages 13 and 115, respectively.*

The CRISIL Report contains the following disclaimer:

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#### Gold Finance

##### **Banks drive Industry AUM growth in fiscal 2018; NBFCs grew at a steady pace**

The industry’s assets under management (AUM) grew at a compounded annual growth rate (CAGR) of 10% between fiscals 2012 and 2015. While banks registered healthy growth in the gold loans segment, NBFCs were marked by slowdown and weakening competitive positioning owing to:

- Withdrawal of eligibility for NBFCs under priority sector lending
- The Reserve Bank of India (RBI) putting a ceiling on loan-to-value (LTV) ratio that could be given out by NBFCs at 60%, as against 75% for banks
- RBI norms for conducting gold loan auctions

However, the industry’s AUM slid from Rs 2,199 billion in fiscal 2015 to Rs 2,140 billion in fiscal 2016 owing to continuous decline in gold prices, which in turn, led to increasing defaults.

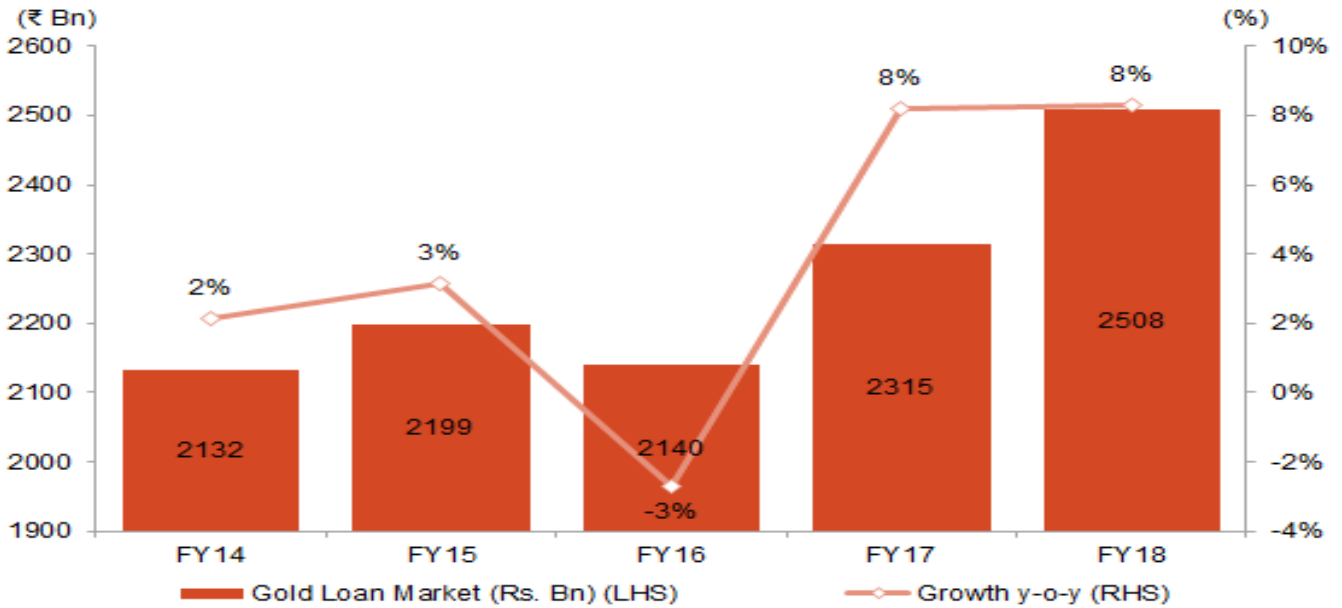
The situation, however, improved thereafter. AUM rose at 8.2% from Rs 2,140 billion in fiscal 2016 to Rs 2,508 billion in fiscal 2018 because of:

- Rise in gold prices by 12% from Rs 2,655/gram to Rs 2,930/gram
  - This growth in prices was aided by good monsoon and macroeconomic turmoil with respect to the US-North Korea conflict

- NBFCs' focus on improving the business per branch as they diversified their regional concentration, undertook aggressive marketing, and witnessed strong growth from non-southern regions
  - Their AUM increased from Rs 530 billion to Rs 640 billion

Going forward, we expect the industry AUM to grow to over Rs 2,700 billion by fiscal 2020, driven by stable gold prices, higher geographical penetration, and flexibility offered by players in terms of interest rates and loan tenure.

Industry AUM to increase based on players' increasing geographical presence



*Note: Includes agriculture lending by banks with gold as collateral*

**Source: Company reports, CRISIL Research**

### **NBFCs' AUM to cross Rs 750 billion by fiscal 2020**

NBFCs witnessed a decline in AUM between fiscals 2012 and 2014, as RBI's regulations curbed performance

These included capping LTV ratio at 60%, which provided banks with a competitive edge

However, as the permissible LTV ratio cap was increased to 75% in fiscal 2014, NBFCs found themselves playing a level field vis-à-vis banks

This, along with their flexible loan offerings and quicker disbursement time, helped them grow their AUM from Rs 467 billion in fiscal 2014 to Rs 530 billion in fiscal 2016

AUM further grew by an impressive 10% over the next 2 years to Rs 640 billion in fiscal 2018 driven by

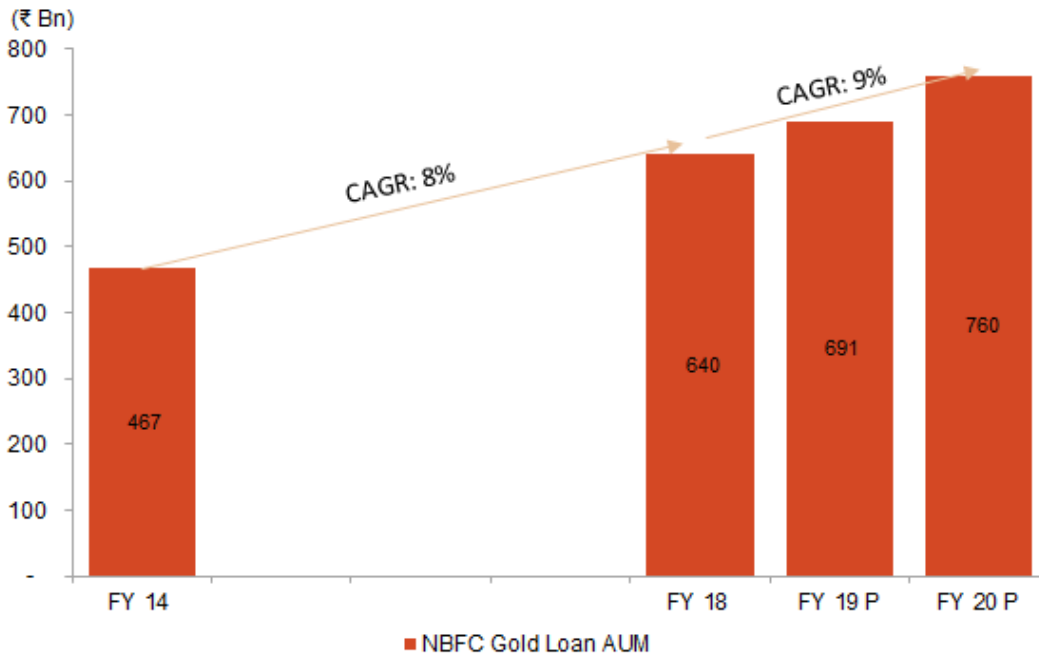
- Gold loan NBFCs moving into non-southern Indian territories, achieving relatively higher growth based on lower penetration
  - For instance, the two largest players expanded their presence in eastern parts of the country, showing 12% and 10% growth in branches, respectively, compared with negative growth rates for branches in southern India
- Rise in gold prices
- Higher marketing expenditure undertaken by players in order to improve product awareness and build brand identity. Currently, south India accounts for more than 40% of regional demand
- As these markets saturate, diversification into regional geographies and untapped markets would be key to AUM growth
- Players' marketing initiatives to raise awareness against heavy interest rates charged by the unorganised players (25-50% in some cases) especially in rural parts will further aid growth



- At the same time, players' ability to leverage technology and improve their online gold disbursements could turn out to be a game changer
- Along with these drivers, a favourable economic scenario will further drive up the funding needs of small businesses, and hence, improve demand for gold loans

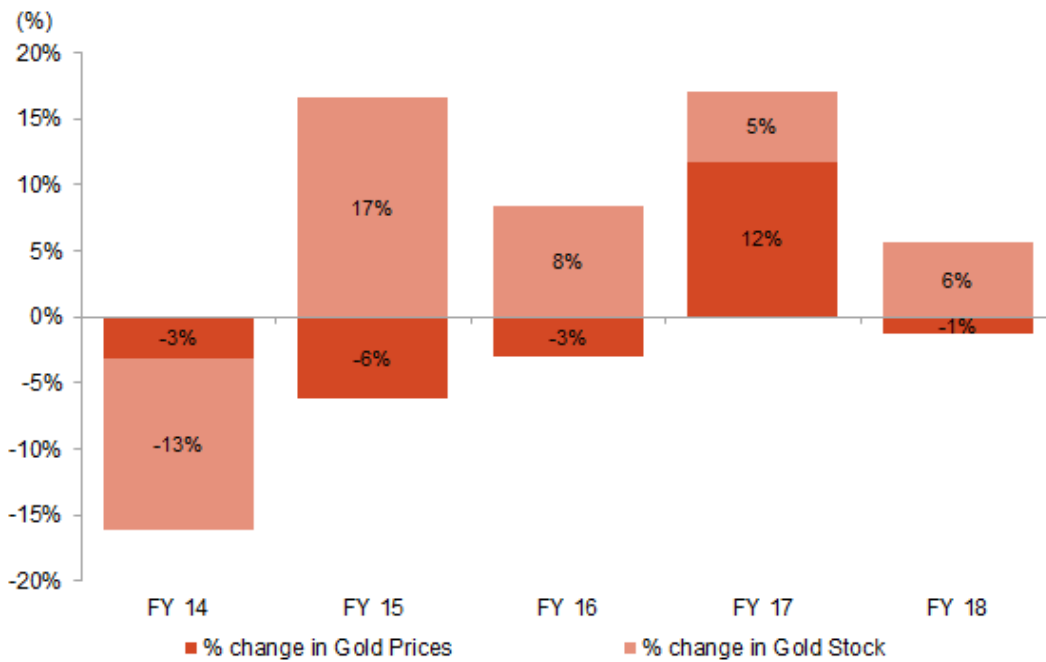
Based on these growth drivers, we expect gold loan NBFCs' AUM to grow at 9% CAGR, from Rs 640 billion in fiscal 2018 to Rs 760 billion in fiscal 2020

NBFC AUM to grow at a marginally higher rate over the next 2 fiscals



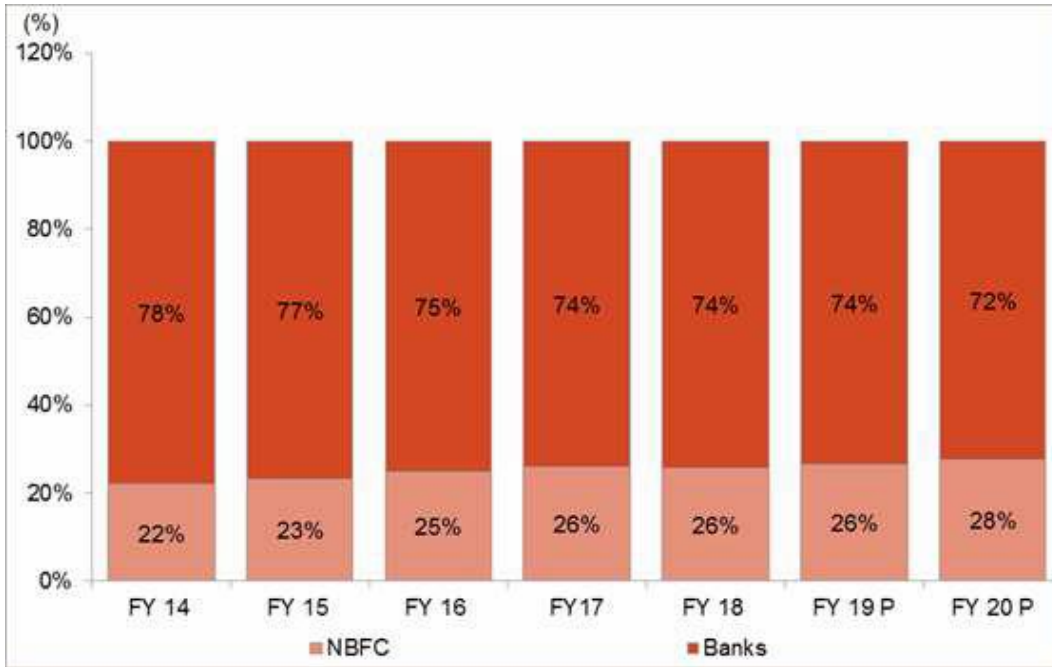
**Source: CRISIL Research, Company Reports**

Stable gold prices and increasing gold stock penetration hold the key to AUM growth



**Source: Company reports, CRISIL Research, World Gold Council, World Bank Data**

NBFCs expected to gain market share based on their specialized focus



Note: 1) Includes agriculture lending by banks with gold as collateral.

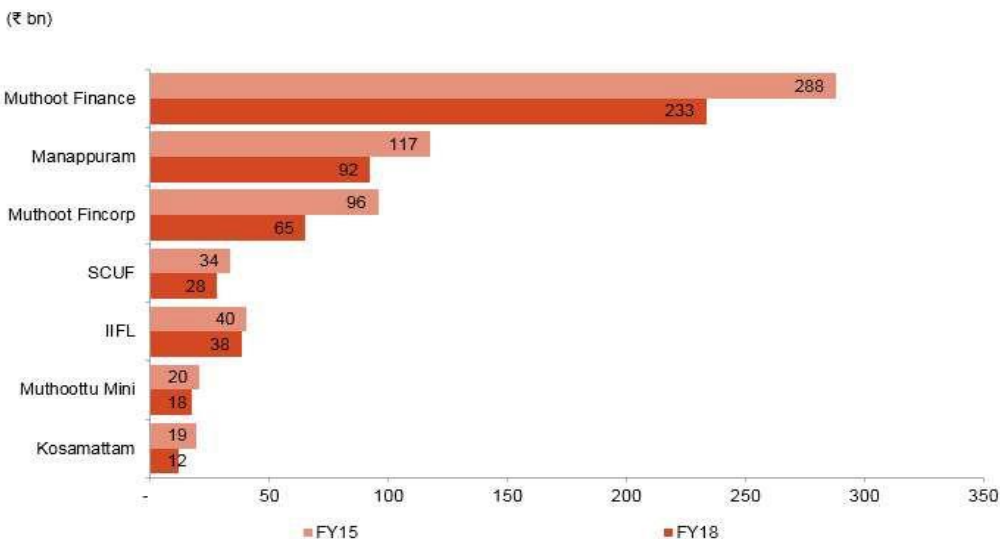
**Source: CRISIL Research**

**Competitive positioning**

Major players in the industry include the likes of Muthoot Finance, Manappuram Finance, Muthoot Fincorp, Shriram City Union Finance, India Infoline, Muthoottu Mini, and Kosamattam Limited

- The top five players in the NBFC space account for over 90% of the overall market pie
- The assets under management (AUMs) for the specialized Gold Loan NBFC players have increased at an average growth rate of over 6% over the 4-year period since fiscal 2015

Muthoot Finance has been able to sustain the AUM growth based on their specialized focus in the gold loan domain along with the new technological initiatives taken up by them allowing customers to transact online with ease Muthoot Finance remains the market leader based on strong network presence



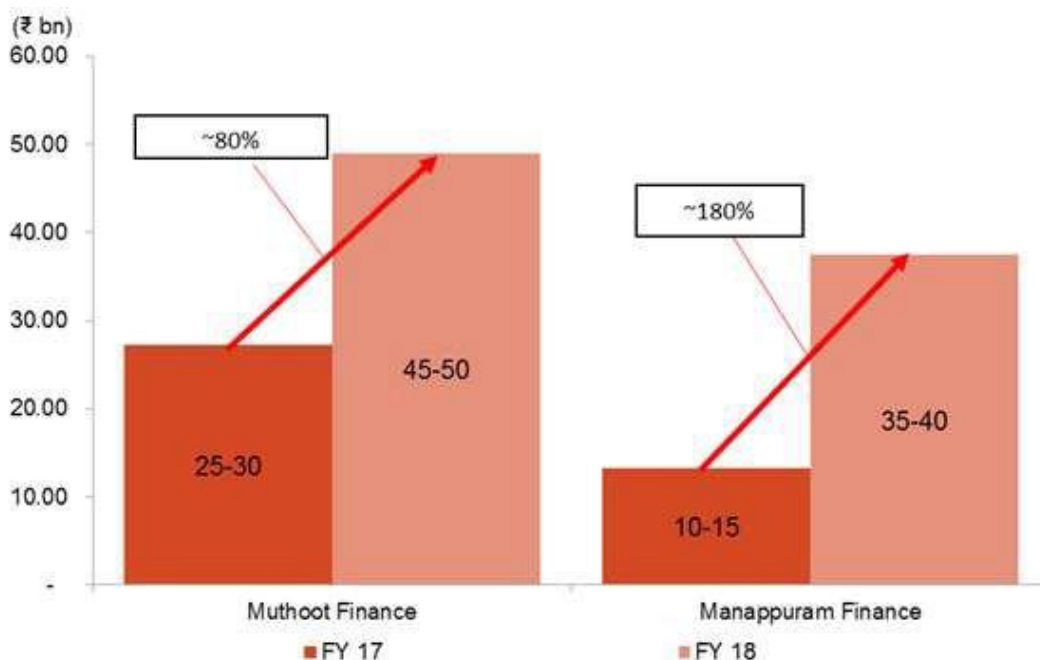
Note: 1) Figures include estimates for Muthoot Fincorp, Muthoottu Mini and Kosamattam;  
 2) SCUF - Shriram City Union Finance

Source: Company reports, CRISIL Research

### Role of technology in growth of the gold loan market

Technology provides scalability to businesses, enabling inroads into under-penetrated markets.

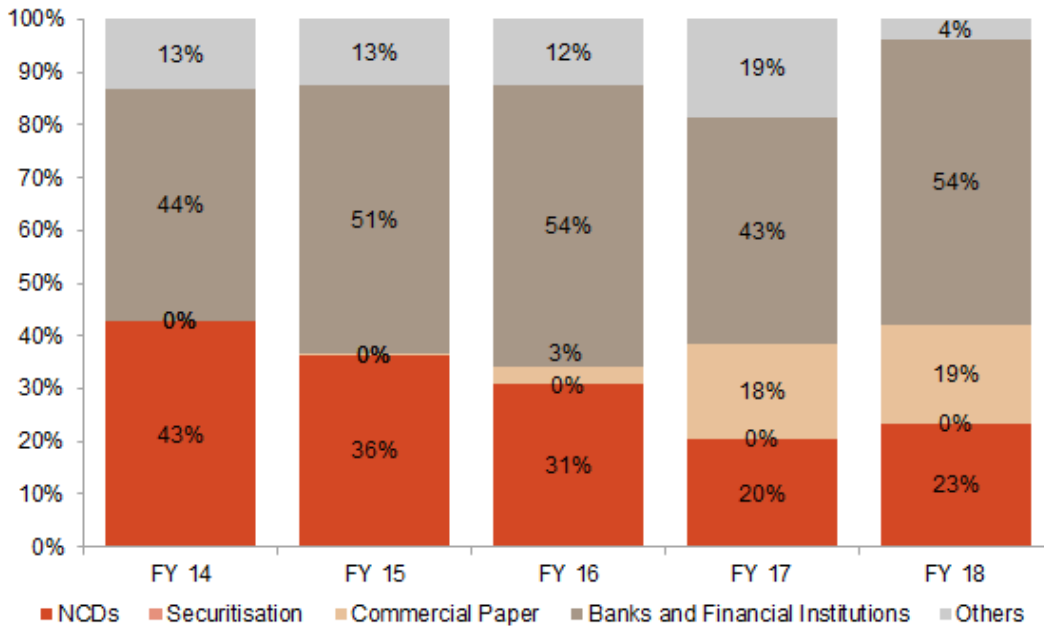
- Accurate real-time information has led to faster decision making and reduced turnaround time for disbursal. Technology has reduced human intervention significantly, thereby making the approval, disbursal and repayment processes much faster, simpler and more robust.
- Better compliance to lending regulations such as KYC, etc, efficient tracking of customer accounts, and lowering of operational costs are some of the major benefits realised through the use of technology.



### Bank loans continue as the major funding source for NBFCs

Banks acted as major source of funds until FY11 when Reserve Bank of India took away the Priority Sector Lending (PSL) eligibility tag from NBFCs

- Non-cumulative Debentures (NCDs) and other sources started to emerge as a possible alternative to bank loans leading to rising costs of borrowing NBFCs further impacted when regulations curbed securitisation of loans with bullet payments of interest and principal
- Over 90% of the gold loans extended were with a bullet payment facility Post FY17, NBFCs started issuing Commercial Papers in order to finance their loans advances
- As a result of these, the gross spread started to improve, which in turn, impacted their profitability As of FY18, Banks have re-emerged as the major financier for the NBFC sector with more than 50% of the liability mix comprising of bank borrowings
- NCDs, and Commercial Papers continue as alternative financiers NBFCs source their funds mainly from banks and financial institutions



Note: Based on the borrowing mix for Muthoot Finance and Manappuram Finance

Source: Company reports, CRISIL Research

### Specialised gold loan NBFCs have carved a niche for themselves

Specialised gold loan NBFCs have witnessed exceptional growth amongst organised players. This growth is driven by aggressive expansion of branches, heavy spending on marketing and rapid acquisition of customers. NBFCs and banks approach the gold loan market differently, which is reflected in their interest rates, ticket sizes and loan tenures. NBFCs focus more single-mindedly on the gold loans business and have accordingly built their service offerings by investing significantly in manpower, systems, processes and branch expansion. This has helped them attract and serve more customers. Some of their advantages are:

- Less documentation enabling faster turnaround
- Adequate systems to ensure quick disbursal. For example, NBFCs have dedicated personnel to value gold jewels at the branches
- Flexible repayment options, wherein the borrower can pay both the interest and principal at closure of the loan
- Greater accessibility due to better penetration, ability to serve non-bankable customers
- Single product focus on gold loans enabling them to develop strong appraisal and valuation expertise, resulting in faster and better customer service Banks, on the other hand, have a more vigilant approach.
- They view gold loans as a safer means to meet their priority sector lending targets, especially agricultural loans.
- Even in the case of non-agricultural gold loans, they mostly target the organised segment or their existing customers as they are unable to offer flexible and rapid disbursal.
- It is only a few south-based banks - Indian Overseas Bank, Indian Bank and South Indian Bank - that have a higher share in non-agricultural gold loan disbursements, given the region's proclivity for gold loans.

Parameter	Gold Loan NBFCs	Banks	Moneylenders
LTV	Up to 75%	Lower LTV than NBFCs	Higher than 75%
Processing Fees	None/Minimal	Higher compared to NBFCs	None
Interest Rate	~18-24% p.a.	~12-15% p.a	~36-60% p.a
Penetration	Highly penetrated	Selective branches	Highly penetrated
Mode of Disbursal	Cash/Cheque	Cheque	Cash
Working Hours	Open beyond banking hours	Typical hours	Open beyond banking hours
Regulator	RBI	RBI	Not Regulated
Fixed Office Place	Proper branches	Proper branches	No fixed place
Customer Service	High – Specialized focus	Non-Core	Core focus
Documentation Required	Minimal	KYC Compliance	Minimal
Repayment Structure	Flexible repayment structure	EMI consists compulsorily of Interest and Principal. Pre-payment penalty exists	-
Average Turnaround Time	10 minutes	1-2 hours	10 minutes

*The gold loan market will continue to be attractive because of ...*

1. Strong collateral, higher interest rate, lower cost, better return on investment
2. Product diversification that compensates for lower off take of auto, home loans
3. Scope for cross-selling opportunities in future, including other gold-based products
4. Opportunity to capture under-penetrated, untapped markets

For the above-mentioned reasons, even Small Finance Banks (SFBs) have entered the gold loan market and are expected to increase competition in the coming years.

#### **Moreover under penetration provides substantial potential for growth**

Organized gold loan penetration remains significantly low which provides ample opportunity for organized financiers' loan book growth

- Overall gold loan stock with the organized sector forms a miniscule part of the overall gold stock in the economy, however, this has been increasing at a steady overall pace

#### **NBFCs focusing on improving branch level business to achieve AUM growth**

As NBFCs push for higher operating efficiency, they are concentrating more on improving business per branch.

- This limits the fixed costs incurred, thus improving operating leverage and increasing operating profits.

#### **Customer-centric approach driving the business received per branch**

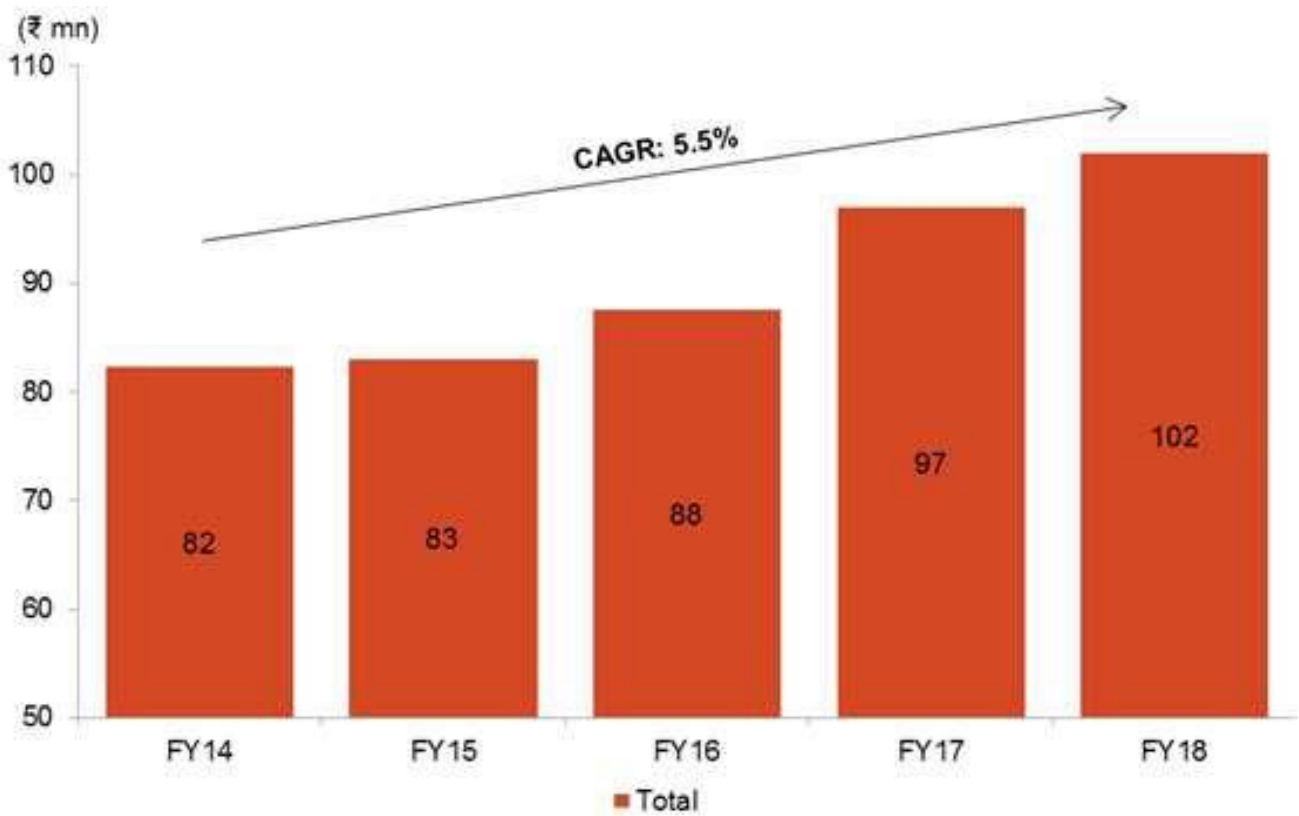
Continuous expansion plans along with geographical diversification initiatives undertaken by the players have, in turn, led to a continuous increase in the average gold loans given out per branch

- The top two players in the industry have witnessed a significant CAGR of over 4% over the past 5 fiscals

The market share leader has seen tremendous growth over the last five fiscals based on the upward movement of the ticket size per branch

- A CAGR of ~6% has been achieved by the top market share holder
- The second largest player in the industry has seen timid growth but the figures for the same have been on a continuous upward trend with a CAGR of over 2%

### Average Gold Loans outstanding per branch expected to increase based on increasing penetration



Notes- Data is in Million INR, Source: Company reports, CRISIL Research

#### Gold finance - Region-wise industry dynamics

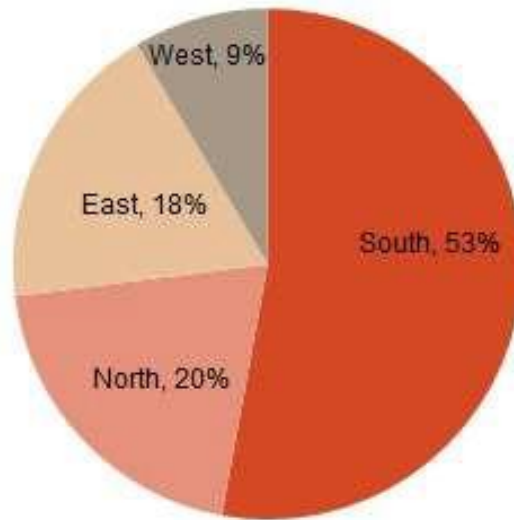
##### Region-based industry dynamics

##### South India accounts for major share of non-banking financial companies' (NBFC) assets under management (AUMs)

Going forward, while the south will continue to dominate the overall gold loan demand, other under penetrated regions in northern and western India are likely to emerge as growth centres.

Changing consumer perceptions about gold loans, driven by increasing awareness, as well as rising funding requirements are expected to drive growth for NBFCs in these regions.

Region-wise AUM split for gold loan NBFCs



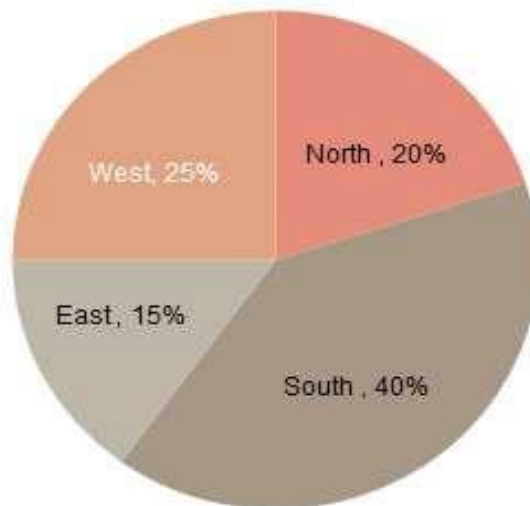
Notes: 1. Aggregate includes region-wise AUM split of Muthoot Finance, and Manappuram Finance  
 2. Shares are based on AUMs as of FY18

**Source: CRISIL Research**

**Regional gold demand**

However, NBFCs will still have to contend with public sentiment against pledging gold, as well as a general distrust of financiers, as they look to expand beyond the south.

**Regional gold demand**



**Source: CRISIL Research, World Gold Council report: 'India's gold market: evolution and innovation' January 2017**

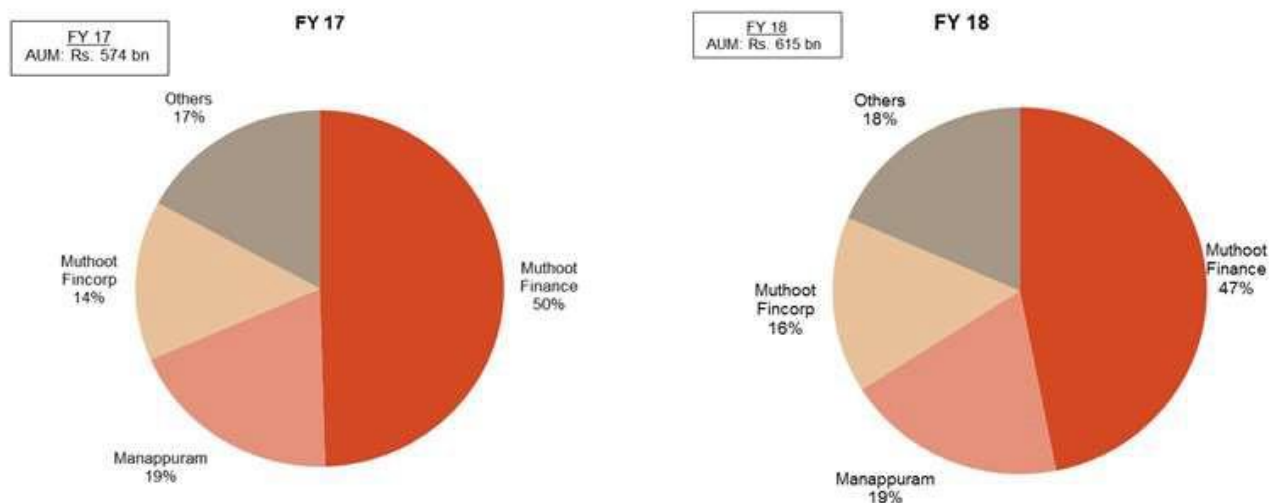
**South-based NBFCs command major market share**

India's top three gold loan NBFCs are based in the south and controlled ~79% of the market (in terms of AUMs), as on March 31, 2018.

They have managed to retain their market share through the years based on continuous customer focus and penetration into newer territories.

This is an obvious consequence of a more evolved gold loan market in the region.

### Player-wise share of gold loans based on AUMs (NBFCs)



*Note: Others include India Infoline (IIFL), Shriram City Union Finance, Muthoottu Mini and other smaller NBFCs, as of fiscal 2018.*

**Source: Company reports, CRISIL Research**

Demand for gold is skewed towards the southern states, as households here account for the largest share of accumulated gold stock in the form of ornaments, coins, bars, etc.

### Profitability

#### Profitability to be impacted in fiscals 2019 and 2020, due to rising interest rates

There has been a significant bounceback in the profitability, after a tighter regulatory phase.

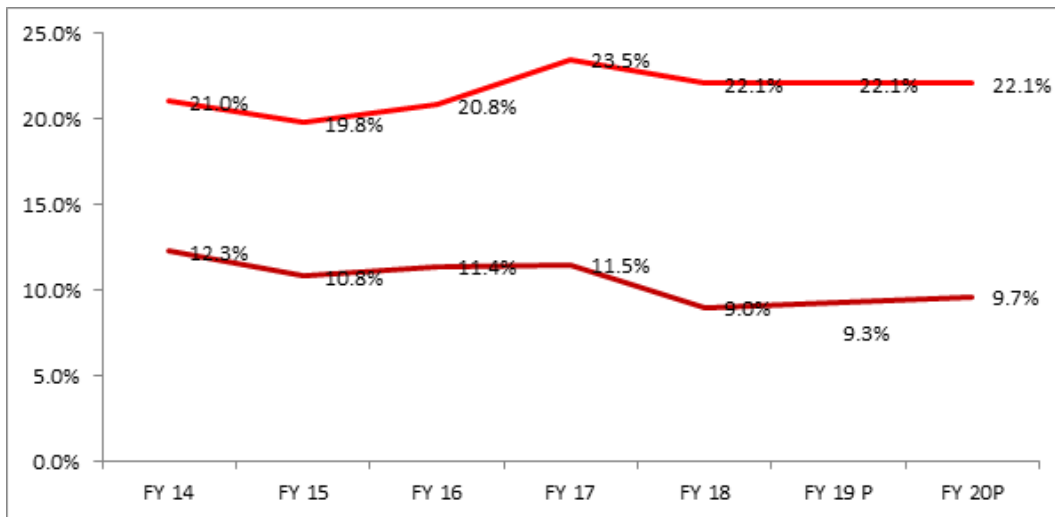
- Cost of borrowing declined in fiscal 2018, due to lower rates charged by lenders
- Benefits received from lower cost of borrowing have been transferred to customers through subsequent reduction in the interest rates charged by the lenders

*Players' returns on assets (RoA) have witnessed a significant improvement due to stable gold prices, increasing awareness initiatives and expansion of branches across geographies*

- *RoAs are expected to decline to 4.7% in fiscals 2019 and 4.3% in 2020, as customers and players adapt to regulatory changes and new business strategies*

NBFCs benefited from lower interest rates in fiscal 2018; Spread expected to narrow based on increasing rates





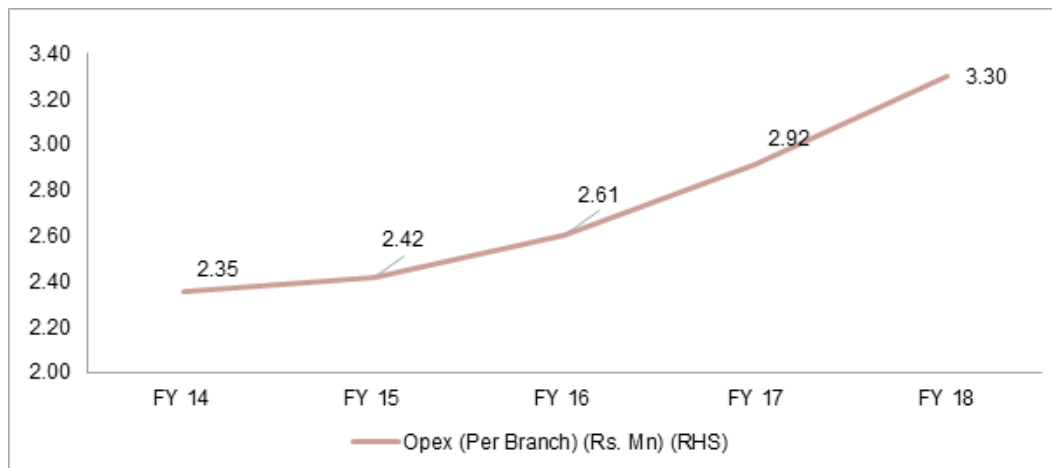
Aggregates includes Muthoot Finance and Manappuram Finance

**Source: Company reports, CRISIL Research**

Between fiscals 2016 and 2018, there has been a significant decline in the cost of borrowing, as players shifted to alternative sources of funding, such as commercial paper, which allows them to raise funds at cheaper rates compared with those offered by banks

- However, after successive interest rate hikes, we expect the gross spread - i.e., the differential yield received on advances and interest cost paid on borrowings - to shrink, as costs are not expected to be passed onto the consumer
- Operating expenses per branch are expected to increase further, as NBFCs expand their geographical presence and tap into non-southern regions
- Other income, including commissions and dividends, are expected to come down in the next two fiscals, as the increase in fiscal 2018 was mainly because of bad-debt recovery
- Credit costs are expected to decline in the coming fiscals, as players adjust to the new 90 dpd regime for provisioning

Rising Opex per branch based on increasing efforts for customer acquisition and retention



Aggregate includes financials of Muthoot Finance and Manappuram Finance.

**Source: Company reports, CR ISIL Research**

Profitability of gold loan NBFCs expected to reduce in fiscals 2019 and fiscals 2020 based on rising borrowing costs

Particulars	FY 14	FY 15	FY 16	FY17	FY 18	FY 19P	FY 20P
Net Interest Income	8.50%	8.70%	10.20%	13.00%	13.80%	13.50%	13.10%
Operating expenses	4.50%	4.90%	5.10%	5.20%	5.40%	5.50%	5.60%
Other income	0.20%	0.20%	0.20%	0.30%	0.50%	0.30%	0.30%
Credit costs	0.20%	0.20%	0.60%	0.90%	1.00%	1.00%	0.90%
Tax	1.40%	1.30%	1.80%	2.70%	2.90%	2.70%	2.70%
RoA	2.60%	2.50%	2.90%	4.50%	5.10%	4.70%	4.30%

Aggregate includes Muthoot Finance and Manappuram Finance

Note: Figures are taken as a percentage of average assets

**Source: Company reports, CRISIL Research**

### Asset quality to remain stable, as the impact of classification norms wanes

Gold prices posted a healthy recovery in fiscal 2018 with a 6% rise on-year. Prices remained volatile in the first quarter of fiscal 2018, because of global economic uncertainty, especially the instability in the Korean peninsula with respect to the nuclear tests conducted by North Korea and the successive sanctions imposed by the US.

- A rise in gold prices has historically lowered under-recoveries and boosted profitability, a trend which continued in fiscal 2018
  - However, gold prices are expected to remain relatively less volatile in fiscals 2019 and 2020

Players are focusing on de-risking their business models from volatility in gold prices, by tightening their interest collections (regular interest collections versus bullet system in the past), which will improve asset quality.

GNPAs spiked in fiscal 2018, as the Reserve Bank of India (RBI) changed the NPA recognition norms for NBFCs and most players started to make provisions for the current fiscal itself.

- However, it should not be a cause for concern, since default is not an issue for a gold finance company, as the loan is fully secured.
- In case of non-payment, the gold finance company could simply auction off the gold underlying to recover the interest and principal
- Even then, NPA numbers appear in the financials because:
  - Although NBFCs have physical gold as collateral, which can be auctioned, the RBI mandates that post-90 dpd, NBFCs must categorise the assets as NPAs
  - Some customers approach the judiciary with an intention to stall or postpone the gold loan auction, so that they get some extra time to repay the loan
  - NBFCs have to be cautious regarding auctioning off the assets of customers, since auction of gold affects the relationship with the customer, and the NBFC may lose the customer in the future. Acquiring a new customer is costlier than retaining an old one.

Additionally, during volatile periods, there is greater possibility of capital or principal loss, since the value given out might vary considerably from the value of the underlying

In fiscal 2018, we saw a spike in GNPAs, based on the changing business strategies, with respect to the changing classification norms and tenures, as followed and offered by the players

- The largest player in the domain witnessed a sharp spike in GNPA from 2.1% in fiscal 2017 to near 7% level in fiscal 2018
  - This was primarily based on the players wanting to provide their customer base more time to repay the loan rather than losing them, if they auction the underlying gold asset

- For gold loan NBFCs, the cost of retention of customers remains lower than that of acquisition

The new classification requires players to classify accounts into primary and secondary NPAs

- Primary NPAs refer to those accounts that have not paid interest or principal 30 days post the tenure of the loan
- Secondary NPAs refer to other loan accounts of the primary NPA account holders which, in turn, translate into risk for lenders

Asset quality is expected to remain stable in the near term, based on these changing environmental conditions, as players seek to retain their customer base by offering extended period to allow the repayment of loans and return of collateral

Asset quality to remain stable in fiscal 2019; reduce in fiscal 2020 as borrowers adjust to the new tenure schemes



*Note: Aggregate includes Muthoot Finance, Manappuram Finance.*

*GNPAs till FY15 were 180 dpd while they were 150 dpd, 120 dpd, and 90 dpd for FY16, FY17, and FY 18, respectively.*

**Source: Company reports, CRISIL Research**

## **Microfinance**

### **Microfinance industry (MFI) resilient over the past decade despite some major setbacks**

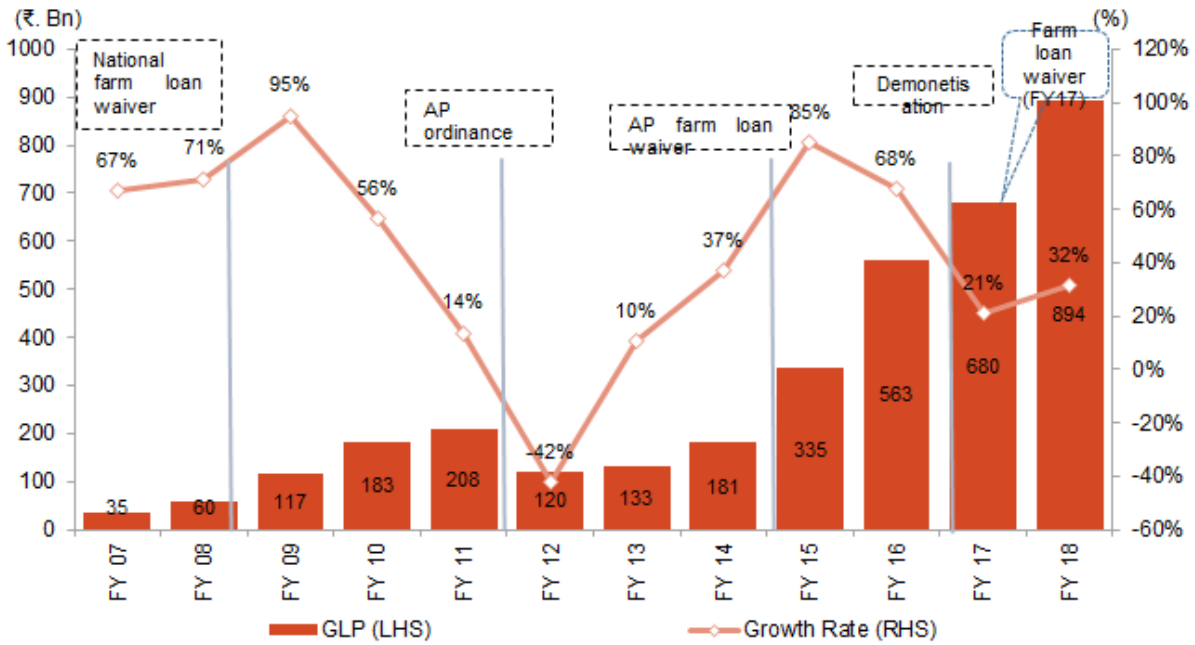
The microfinance industry has shown clear signs of tiding over the demonetisation and Andhra crises.

Portfolio at risk (PAR) data for the fourth quarter of fiscal 2018 indicates that the industry is recovering. Collection of loan disbursements since January 2017 has been healthy.

The Andhra Pradesh crisis of 2010 had a lasting impact on the industry. Some players found it difficult to sustain their businesses and had to undertake corporate debt restructuring.

Since then, however, no other event has affected a complete state to such a degree. While demonetisation hurt the industry, the impact was nowhere as serious as the Andhra Pradesh crisis and was contained to a few districts.

MFI industry has shown resilience over the past decade; expected to remain strong going forward



Note: The

estimated data for the microfinance industry includes eight SFBs (which were earlier NBFC- MFIs), non-profit MFIs, NBFCs, and NBFC-MFIs

Source: CRISIL Research, MFIN, Bharat Microfinance

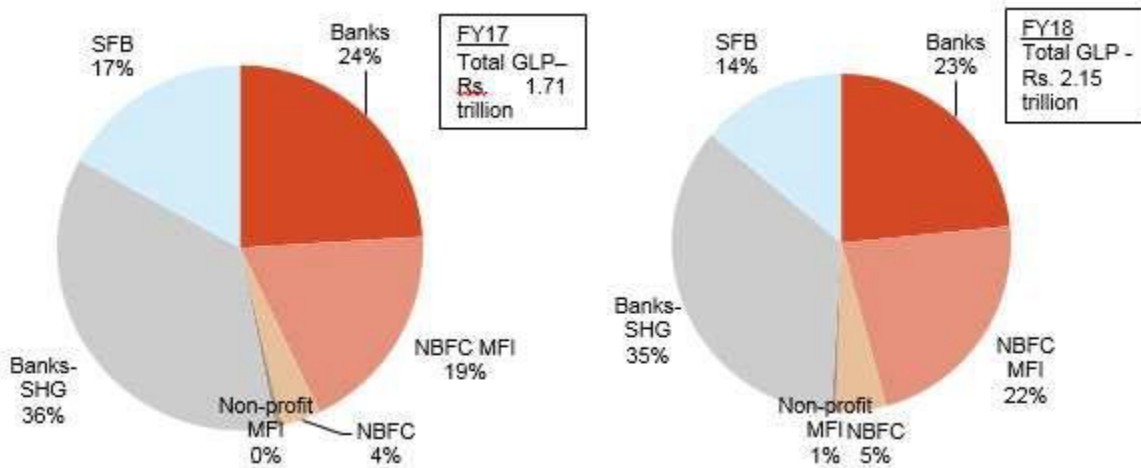
### Banks remain market leader, but MFIs are catching up

There are multiple players in the microfinance industry with varied organisational structures. Loans in the microfinance sector are provided by banks, small finance banks (SFBs), non-banking financial company-microfinance institutions (NBFC-MFIs), other NBFCs, and non-profit organisations.

Banks provide loans under the self-help group (SHG) model. However, they also give microfinance loans directly or through business correspondents to meet their priority-sector lending targets.

The total loan portfolio of the microfinance industry, including all player groups, is estimated at Rs 2.15 trillion in fiscal 2018.

Banks to continue holding pole position in microfinance



Source: NABARD report on Microfinance FY18, MFIN (March, 2018), CRISIL Research estimates

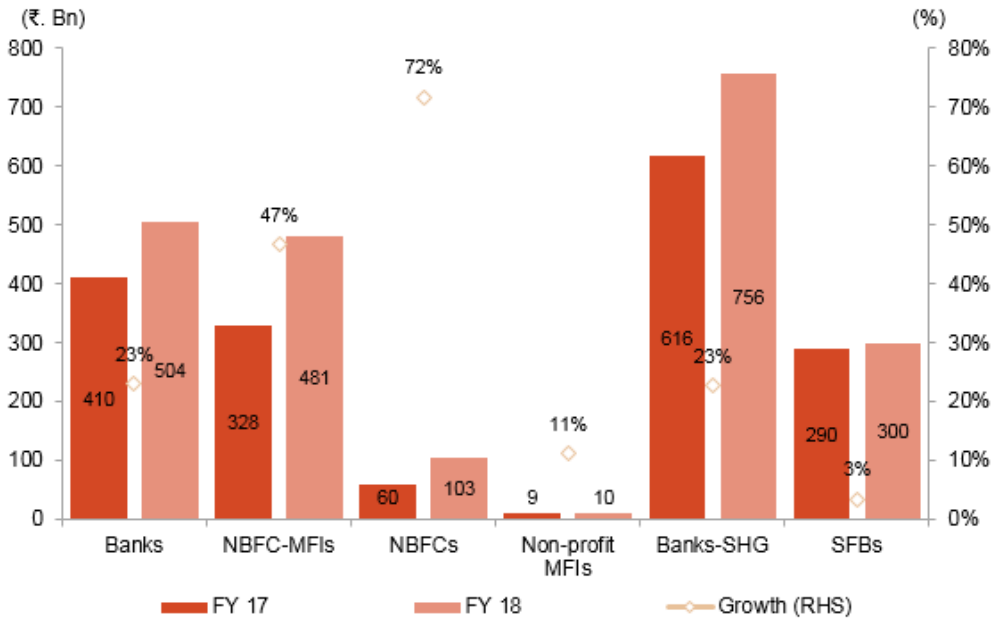
### MFI-turned-SFBs make room for the rest to grow share

NBFC-MFIs and non-profit MFIs are the only two player groups with loan portfolios exclusively focused on microcredit.

In fiscal 2018, SFBs with MFI lending businesses started looking at other asset classes such as affordable housing, small and medium enterprises and vehicle finance, after receiving the SFB licence. This is especially the case for players such as Jana Small Finance Bank and Equitas Small Finance Bank, which have witnessed de-growth in their microfinance portfolio by over 25% on-year.

Taking into account that these players dragged down overall SFBs growth, the segment has grown at a meagre 3% in fiscal 2018. On the other hand, NBFC- MFIs, NBFCs, and non-profit MFIs have witnessed strong double-digit growth.

Banks are still leading but MFIs are gaining share on the back of strong growth



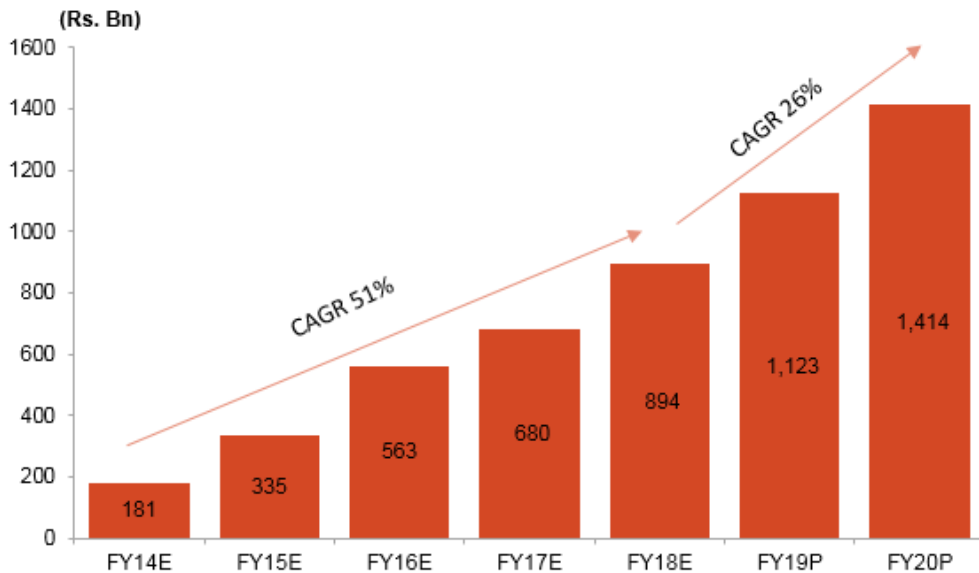
**Source: MFIN, CRISIL Research**

**Rising penetration to help MFIs grow at ~26% CAGR over the next two fiscals**

The gross loan portfolio (GLP) of MFIs grew at a compounded annual growth rate (CAGR) of 49% between fiscals 2014 and 2018, fuelled by the extraordinary growth in GLPs of some large players such as Janalakshmi Financial Services (now Jana Small Finance Bank), Bharat Financial Inclusion Ltd, Ujjivan Financial Services (now Ujjivan Small Finance Bank), Muthoot Microfin, Arohan Financial, and CreditAccess Grameen Ltd (formerly known as Grameen Koota Financial Services).

The domestic microfinance industry has a huge opportunity to capture further market share through penetration into areas that see high unorganised sector presence.

Growth in client base and average ticket size to drive MFI loan portfolio in the next two fiscals



Note: GLP includes NBFC-MFIs and all 8 MFI turned SFBs; Bharat Financial Inclusion Ltd, which is merging with IndusInd Bank, is also included in the analysis

**Source: Bharat Microfinance, MFIN, CRISIL Research**

Going forward, we expect the MFI loan portfolio to grow at a relatively slower 26% CAGR of 26% between fiscals 2018 and 2020, as rural areas in well- penetrated states mature and the focus of some top players such as Janalakshmi, Ujjivan, and Equitas that have converted into SFBs shift towards selling other banking products. This is expected to drag down the overall growth for MFIs, despite strong growth forecasts for NBFC-MFIs.

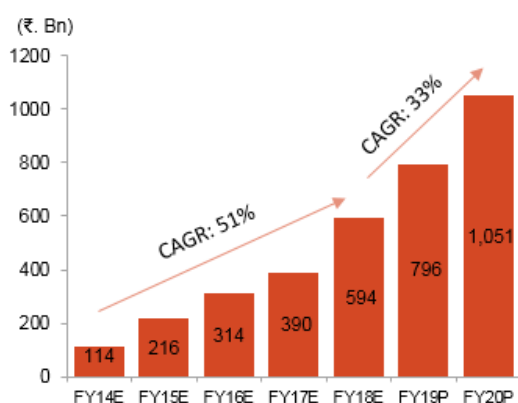
The growth forecast is calculated excluding the impact of any external factors that may hinder the growth of microfinance NBFCs. The future GLP growth of microfinance NBFCs is also contingent on the availability of adequate capital.

Factors that will define success in the future are:

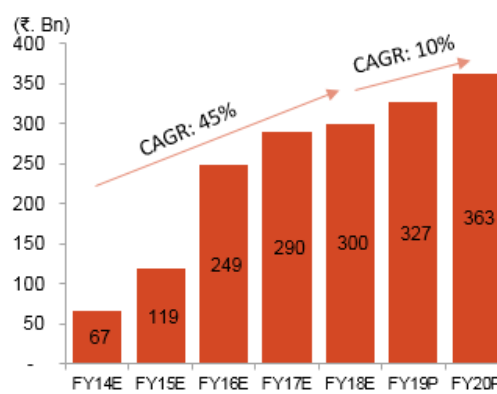
- Ability to attract funds and maintain healthy capital position
- Strong promoters, who have witnessed various business cycles and successfully tackled events
- Loan recovery and control aging of non-performing assets
- Geographic diversification
- Adoption of technology to improve efficiency and lower costs
- Ability to manage local stakeholders

**Microfinance portfolio of non-SFB players to grow at ~33% CAGR, SFB-MFI growth to slow down**

Growth in GLP of players without SFB licence



Growth in GLP of players with SFB licence



Note: Projected portfolio for players with SFB licence is only for their microfinance business; BFIL included in NBFC-MFIs; E: Estimated; P: Projected

**Source: Bharat Microfinance, MFIN, CRISIL Research**

Players with and without an SFB licence have grown at similar pace between fiscals 2014 and 2018, at 51% and 45% CAGR, respectively. Growth has been driven by increasing penetration into untapped markets.

Going forward, we expect GLP of players with SFB licence to clock 10% growth over the next two fiscals based on strong performance from other players such as Ujjivan, Suryoday, and Utkarsh.

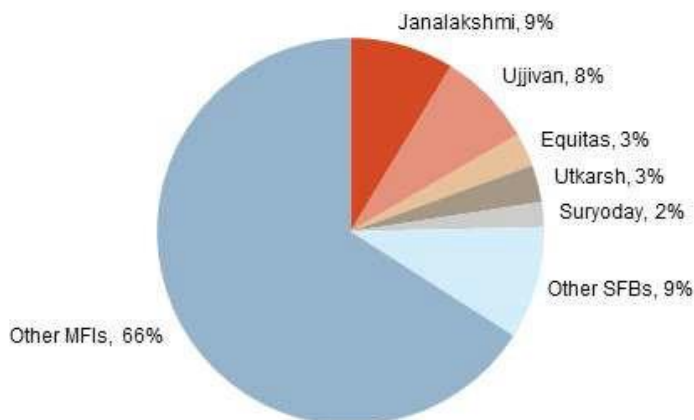
**Micro finance - Changing Industry Landscape**

**Industry landscape changing with players applying to become Small Finance Banks**

The RBI awarded in-principle SFB licenses to 8 MFI applicants on September 16, 2015. All the MFI applicants have received final approval from RBI to start operations.

These MFIs cumulatively accounted for ~33% of the total gross loan portfolio of the industry, as of FY18.

MFIs with SFB licenses account for more than 33% of the overall MFI industry



Note: Shares are calculated on the basis of AUMs as of March 2018; Data for Equitas SFB includes value as of Dec 2017

Source: MFIN; Company reports; CRISIL Research

#### Details of players with SFB approvals

MFI	Operation Commencement Date	Registered Office	RoA
Jana SFB	28 <sup>th</sup> March 2018	Bengaluru	-20.3%
Ujjivan SFB	1st Feb 2017	Bengaluru	0.1%
Equitas SFB	5th Sept 2016	Chennai	0.3%
ESAF SFB	10th March 2017	Thrissur	0.7%
Utkarsh SFB	23rd Jan 2017	Varanasi	-1.8%
Suryoday SFB	23rd Jan 2017	Mumbai	0.5%
Fincare SFB	21st July 2017	Ahmedabad	-5.6%
North East SFB	17 <sup>th</sup> October 2017	Guwahati	1.8%

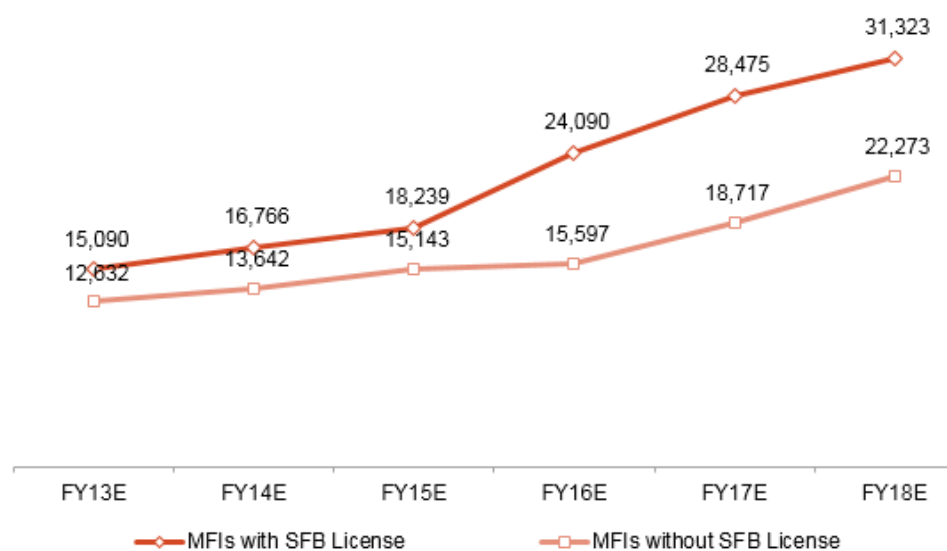
Note RoA numbers are as of FY18

Source: Company reports, CRISIL Research

The MFIs that converted into SFBs are expected to diversify and expand their loan book beyond microfinance loans by focusing on allied segment loans such as MSME loans, affordable housing finance, gold loans, CV/non-CV loans and two-wheeler loans.

Ticket size for SFBs expected to further increase as they start offering home loans and other products

(₹.)



Source: MFIN, CRISIL Research

## MFIs to continue to gain market share as compared to the Bank-SHG linkage programme

Banks have a strong presence in the microfinance industry, directly as well as indirectly. While lending to borrowers, MFIs focus on the joint-lending group (JLG) model, as it is easier to form such groups, whereas banks have a dominant presence in the SHG model through their SHG-BLP.

- The total credit outstanding under SHG-BLP as of FY18 was ₹ 756 billion, which signifies a growth of near 23% over FY17.
- Although, outstanding loans under SHG-BLP have grown significantly, growth is relatively low compared with NBFC-MFIs (including SFBs).

Bank SHG	FY15	FY16	FY17	FY18
Loan outstanding to SHGs (Rs billion)	515	571	615	756
Loan outstanding growth %	20.0%	10.9%	7.7%	22.9%
Average loan outstanding per client (Rs.)	115,361	122,242	127,016	150,584
MFIs	FY15	FY16	FY17	FY18
Gross loan outstanding (Rs billion)	335	563	683	881
Gross loan outstanding growth %	84.9%	67.7%	21.5%	29.0%
Average loan amount outstanding per client (Rs.)	14,733	17,807	18,964	19,009

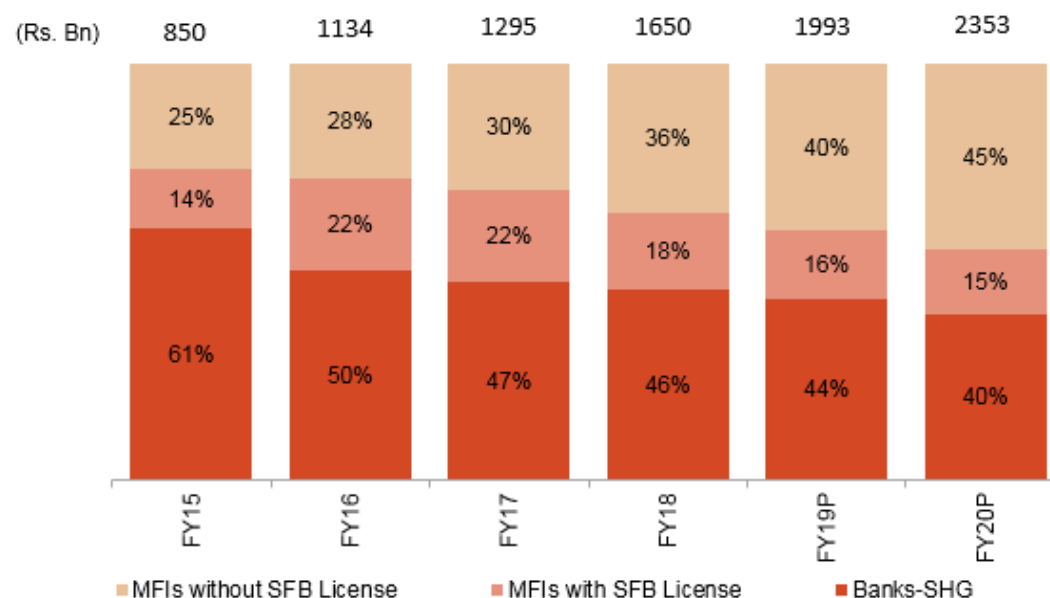
Note: MFI numbers till FY17 includes data of 8 SFBs which were earlier NBFC MFIs; MFI numbers for FY18 includes data for NBFC- MFIs only

E: Estimated

**Source: National Bank for Agriculture & Rural Development (NABARD), Bharat Microfinance, MFIN, CRISIL Research**

MFIs have increased their market share from 39% to 58% between FY15 and FY18, following greater regulatory clarity and demand for loans from states, other than Andhra Pradesh.

The growth rate of MFIs is expected to remain higher, which will increase their market share further in the next two fiscals. Share of MFIs in the overall GLP expected to improve further in next two fiscals



Note: Aggregates are in ₹ Billion and include figures for only MFIs (both with and without SFB license s) and Bank-SHG; Figures for Banks for the fiscals are not taken

P: Projected (NBFCs including players with SFB license)

**Source: NABARD, Bharat Microfinance, MFIN, CRISIL Research**



## Comparison of different business models

Particulars	Scheduled Commercial Banks	Small Finance Bank	MFI
<b>Priority Sector Lending</b>			
Targeted lending to sectors	<ul style="list-style-type: none"> <li>40 percent for priority sector lending of their Adjusted Net Bank Credit (ANBC) or equivalent off-balance sheet exposure (whichever is higher) <ul style="list-style-type: none"> <li>18% of ANBC to Agriculture</li> <li>7.5% of ANBC to micro-enterprises</li> <li>10% of ANBC to weaker sections</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>75 per cent for priority sector lending of their Adjusted Net Bank Credit (ANBC) <ul style="list-style-type: none"> <li>18% of ANBC to Agriculture enterprises</li> <li>10% of ANBC to weaker sections</li> </ul> </li> <li>At least 50 per cent of loan portfolio should constitute loans and advances of up to Rs. 25 lakh</li> </ul>	<ul style="list-style-type: none"> <li>85% of loans should be qualifying micro-finance assets <ul style="list-style-type: none"> <li>Income generation loans &gt; 50% of total loans</li> </ul> </li> </ul>
<b>Prudential Norms</b>			
Capital adequacy framework	<ul style="list-style-type: none"> <li>Minimum Tier 1 capital: 7%</li> <li>Minimum capital adequacy ratio: 9%</li> </ul>	<ul style="list-style-type: none"> <li>Minimum Tier 1 capital: 7.5%</li> <li>Minimum capital adequacy ratio: 15%</li> </ul>	<ul style="list-style-type: none"> <li>Tier 1 capital &gt; Tier 2 capital</li> <li>Minimum capital adequacy ratio: 15%</li> </ul>
NIM	<ul style="list-style-type: none"> <li>No Margin Cap</li> </ul>	<ul style="list-style-type: none"> <li>No Margin Cap</li> </ul>	<ul style="list-style-type: none"> <li>Maximum of 10% for MFIs with loan portfolio above Rs 1 billion</li> </ul>
CRR / SLR	<ul style="list-style-type: none"> <li>Maintenance of CRR/SLR ratio mandatory</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance of CRR/SLR ratio mandatory</li> </ul>	<ul style="list-style-type: none"> <li>No such requirement</li> </ul>
Average Ticket Size (FY17)	Rs. 2,04,314 (Average loan disbursed to SHGs by banks)	Rs. 28,475	Rs. 18,717
(FY17)	6.5% (For SHGs)	NA	8.2% (PAR 90)
AUM Growth (FY17)-YoY	7.7% (For SHGs)	16.40%	25.10%
Leverage ratio	<ul style="list-style-type: none"> <li>Minimum leverage ratio of 4.5%</li> </ul>	<ul style="list-style-type: none"> <li>Minimum leverage ratio of 4.5%</li> </ul>	<ul style="list-style-type: none"> <li>No such requirement</li> </ul>
NSFR (net stable funding ratio)	<ul style="list-style-type: none"> <li>Mandatory requirement to maintain liquidity coverage ratio</li> </ul>	<ul style="list-style-type: none"> <li>Minimum liquidity coverage ratio of 100% by Jan 1, 2021</li> <li>NSFR will be applicable to SFBs on par with scheduled commercial banks as and when finalized</li> </ul>	<ul style="list-style-type: none"> <li>No such requirement</li> </ul>
<b>Funding</b>			
Deposits	<ul style="list-style-type: none"> <li>Primarily rely on deposits for funding requirements</li> </ul>	<ul style="list-style-type: none"> <li>Primarily rely on deposits for funding requirements</li> <li>Deposit ramp-up will take time</li> </ul>	<ul style="list-style-type: none"> <li>Cannot accept deposits</li> </ul>
Bank loans / market funding	<ul style="list-style-type: none"> <li>Access to broader array of market borrowings</li> </ul>	<ul style="list-style-type: none"> <li>Access to broader array of market borrowings</li> <li>No access to bank loans</li> </ul>	<ul style="list-style-type: none"> <li>including bank loans, short term and long term market borrowings. Funding from NABARD, MUDRA loans etc.</li> </ul>
<b>Products</b>			
Products offered	<ul style="list-style-type: none"> <li>Full spectrum of banking, savings, investment and insurance products</li> </ul>	<ul style="list-style-type: none"> <li>Can offer savings and investment products apart from credit products / loans</li> <li>Can act as Corporate Agent to offer insurance products</li> <li>Cannot act as Business Correspondent to other banks</li> </ul>	<ul style="list-style-type: none"> <li>Correspondent to another bank and offer savings, deposits, credit and investment products</li> <li>Can act as Corporate Agent to offer insurance products</li> </ul>

**Source: RBI, CRISIL Research**

**NBFC-MFIs' reach, growth and resilience have caught the eye of private banks and other investors, which are tapping this opportunity, either through acquisition or by buying minority stakes.**

For private banks, the primary attraction is the huge number of clients that these MFIs have access to, which can be used to cross-sell various products.

- Also, in October 2017, IndusInd Bank announced the takeover of Bharat Financial Inclusion, the then largest NBFC-MFI, which would make it the largest merger in the microfinance space.

## Some recent deals in the MFI space

Acquirer	MFI	Stake	Year	Comment
				Equity investment- Rs 100 crore
				Rs 80 crore from Kora Investment and
Kora Investment	Satin Creditcare Network	4.60%	2018	Rs 20 crore from Nordik Microfinance
Creation Investment	Muthoot Microfin	11%	2017	Deal size: Rs 130 crore
				Maj Invest has invested Rs 97 crore and existing investors, including Tano Capital and promoter group company Aavishkar Venture Management Services, have contributed a total of Rs 58.5 crore.
Maj Invest	Arohan Financial Services	13%	2017	
Capital First	Satin Creditcare	~3%	2017	Deal size: Rs 35 crore
				All-stock deal; BFIL shareholders to receive 639 IBL shares for every 1,000 BFIL shares. Deal size: Rs ~15,000 crore
IndusInd Bank	Bharat Financial Inclusion	100% (in process)	2017	
				Acquired a 71% stake with a deal value for Rs 48.6 crore in February 2015, then increased to a 90.38% stake in 2016
Manappuram Finance	Asirvad Microfinance	90.38%	2015-2016	
DCB Bank	Annapurna Microfinance	5.81%	2016	Deal size Rs ~10 crore
RBL Bank	Utkarsh Microfinance	9.99%	2016	Deal size Rs 28.4 crore
IDFC Bank	Grama Vidiyal	100%	2016	NA
Kotak Mahindra Bank	BSS Microfinance	99.49%	2016	NA

Note: This is not an exhaustive list; NA: not available

### Source: CRISIL Research

The future prospects of mergers and acquisitions in the microfinance industry are bright, as investors are keen to fund micro lenders with both business interest as well as with a charitable outlook.

- That reinforces the importance as well as the attractiveness of the model.
- Since there is still a huge gap in the microfinance space, banks are developing their own ecosystem to reach out directly to the poor for higher returns.
- In this regard, NBFC-MFIs can help banks in a great way to achieve their desired targets in the microfinance space.

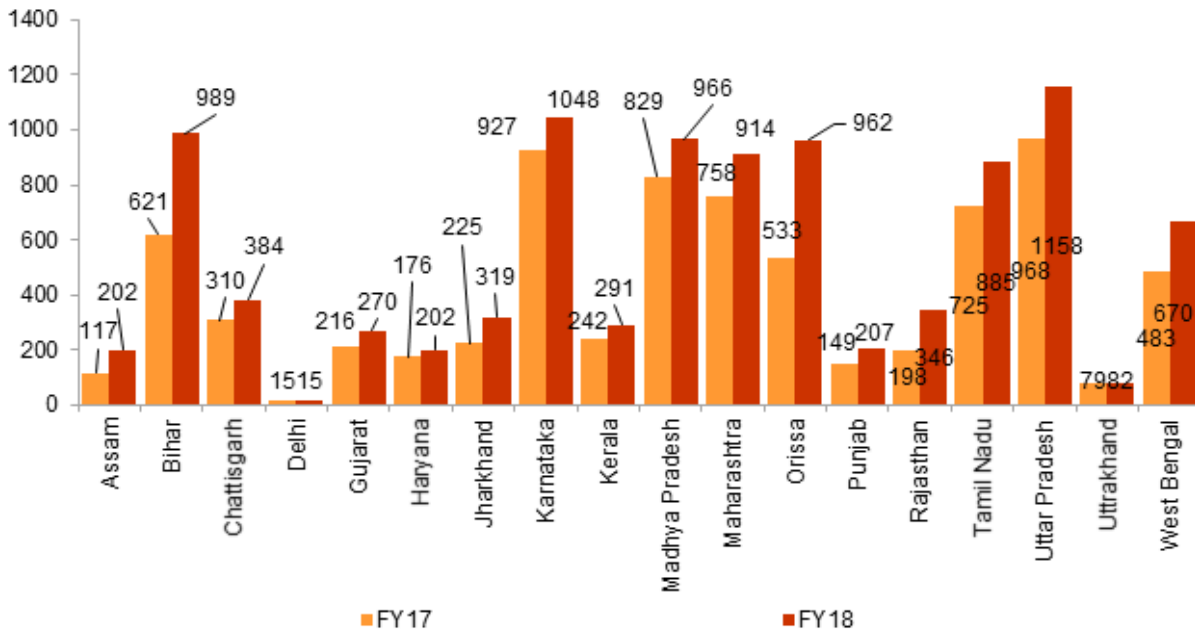
### **Micro finance - Region - wise Industry trends**

#### **MFIs expanding aggressively, tapping newer states and districts to widen the client base**

Many MFIs have started exploring newer states and are opening new branches in untapped districts, thus increasing overall penetration.

We expect penetration to deepen further, because of aggressive expansion plans of some big players. We expect the number of branches, and the client base in states/union territories (UTs) to increase.

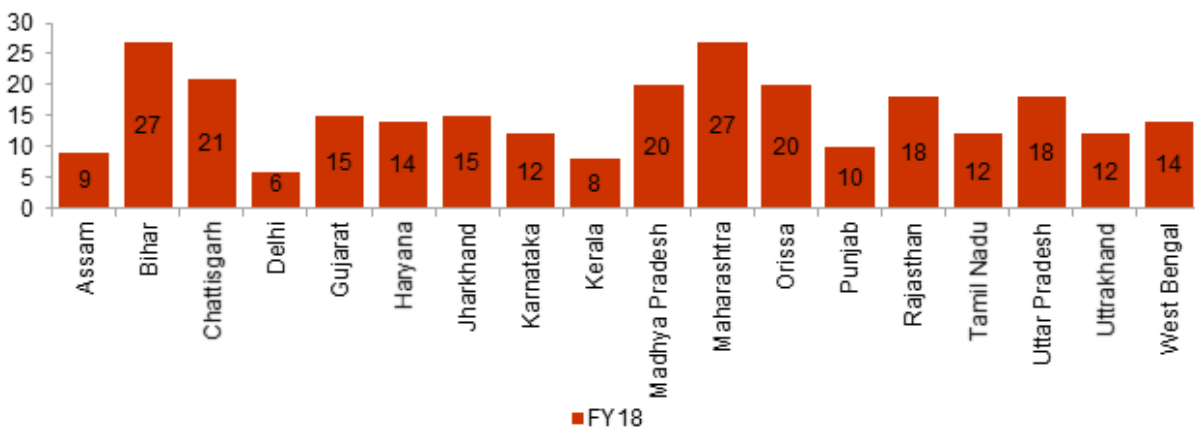
Number of branches increased at the highest pace for Orissa followed by Rajasthan and Assam



Note: The data for each state includes the data for NBFC MFIs; SFBs are excluded from the graphs

Source: MFIN, CRISIL Research estimates

Highest number of NBFC-MFI players exist in Bihar and Maharashtra, followed by Chattisgarh



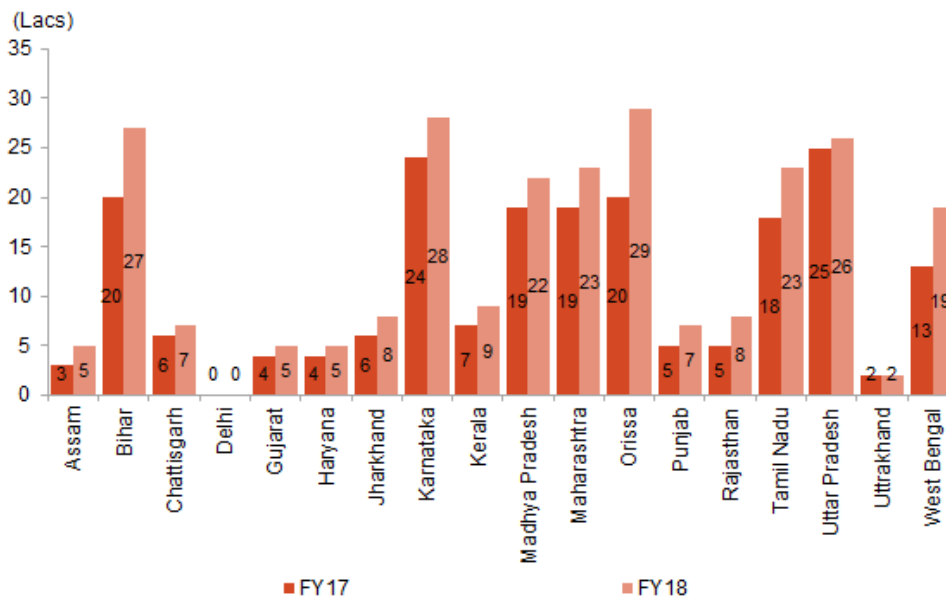
Note: The data for each state is only for NBFC MFIs

Source: MFIN, CRISIL Research

As of March 2018 data of only NBFC MFIs, the maximum number of NBFC MFIs was present in Bihar and Maharashtra

- Followed by Chattisgarh, Odisha and Madhya Pradesh.

Assam witnessed the highest number of increase in the number of clients followed by Rajasthan



Note: The data for each state is only for NBFC MFIs

Source: MFIN, CRISIL Research

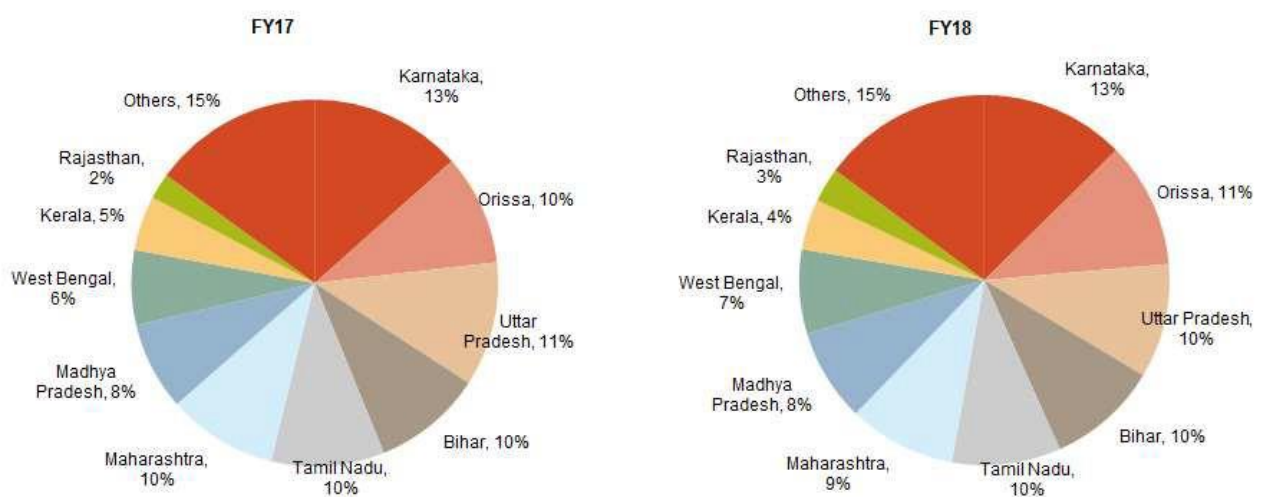
Among the top 10 states, Orissa has registered the highest increase of 80% in the number of branches in FY18, followed by Rajasthan with a 75% growth.

- States such as Goa, Sikkim, Arunachal Pradesh, Jammu and Kashmir (J&K), Mizoram and Nagaland remain relatively under penetrated.
- Some MFIs have begun operations in these states, furthering financial inclusion.
- However, many players are still cautious in starting operations in some north eastern states and in J&K, due to the high political and geographical risks

**Top 10 states contribute ~85% of total GLP as of FY18**

About ~85% of the gross loan portfolio is concentrated in top 10 states with Karnataka (13%), Odisha (11%), Uttar Pradesh (10%), Bihar (10%) and Tamil Nadu (10%) are the top 5 states.

**Karnataka maintains the top position in terms of GLP; Orissa gaining market share**



Note: Data only for NBFC MFIs

Source: MFIN, CRISIL Research

The growth in the MFI portfolio is expected to come from states that have a relatively lower penetration.

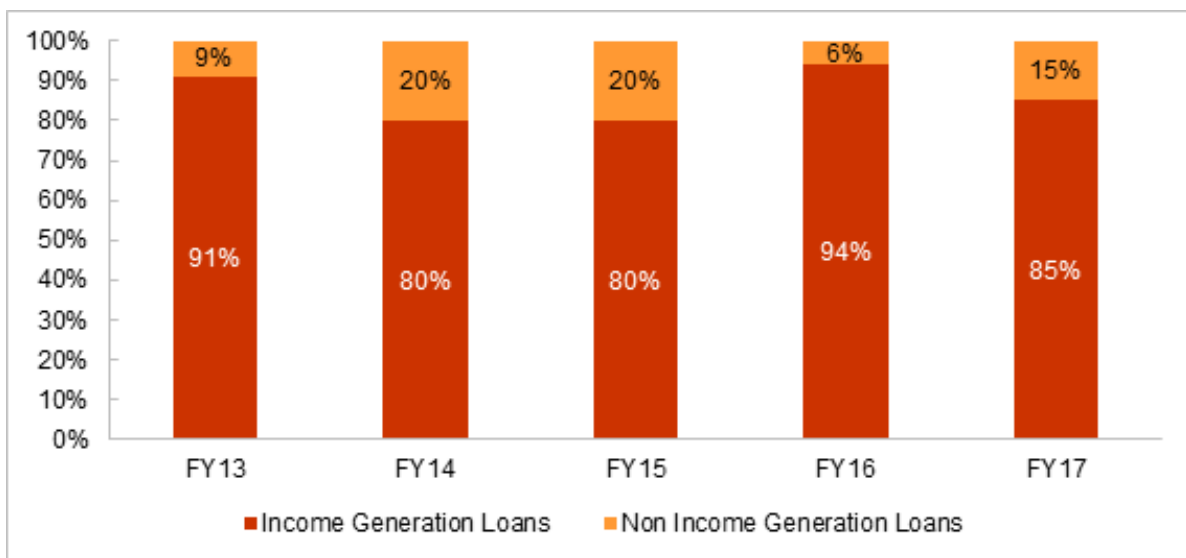
Thus, under penetrated states such as Uttar Pradesh, Rajasthan and Gujarat are expected to drive future growth along with some of the moderately penetrated eastern/north-eastern states such as West Bengal, Assam, Chhattisgarh, Bihar and Jharkhand.

**Purpose of loans remains tilted towards income generation**

The majority of loans issued by MFIs are meant for income-generating activities. The share of income-generating loans declined from 91% in FY13 to 80% in FY14 and remained constant in FY15.

- However, the share increased in FY16, scaling 94% and dipped to 85% in FY17.
- Agriculture, animal husbandry and trading are the major income-generating activities for which MFIs grant loans.
- Around 15% loans have been provided for non-income generating activities, including loans for consumption and housing, in FY17.

Income-generation loans account for 85% of loans



*Note: The data for the industry given above is estimated using the data available for small finance banks, NBFC-MFIs and others as per Bharat Microfinance Report 2017*

**Source: Bharat Microfinance, CRISIL Research**

**NABARD refinancing MFIs to encourage lending in rural areas**

NABARD is the main facilitator and mentor of microfinance initiatives in the country, with a focus on rural areas.

It assists eligible NBFC-MFIs and SFBs by providing them with long-term refinance support.

NBFC-MFIs having continuous profit during the last three years and grading up to mfr2 (mfr3 in north eastern states and hilly areas) by CRISIL or equivalent, are eligible for refinance, subject to the fulfilling of other conditions.

During FY17, refinancing to the tune of ~₹ 34 billion was disbursed to 19 MFIs.

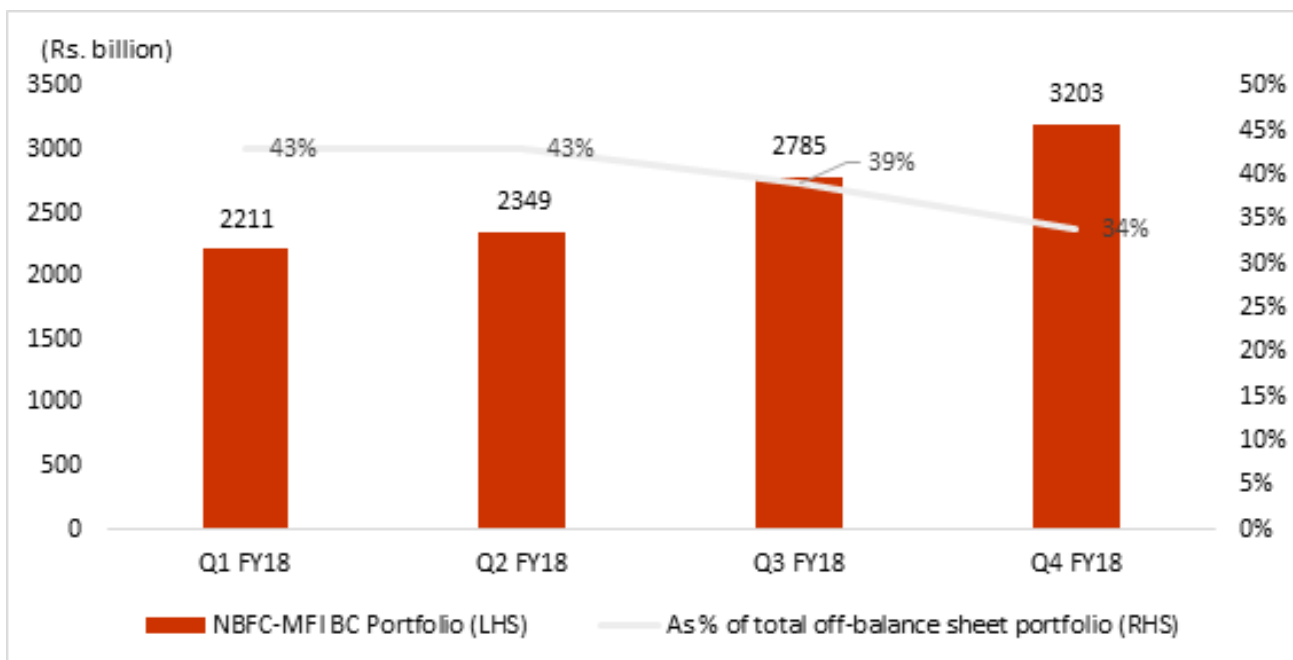
**NBFC-MFIs exhibiting strong growth in business correspondents business**

As transactions through BCs have increased for banks due to lower operating costs, NBFC-MFIs are playing an important role as BCs in micro-lending.

- A low base, along with entry of new players into the segment, has resulted in good growth numbers.

The BC portfolio comprises 30-40% of the overall off-balance sheet portfolio of NBFC-MFIs; securitisation used to be a big chunk of the overall off-balance sheet portfolio (60-70%), however, this share has come down to near 30% with increase in bilateral agreements.

## BC portfolio of NBFC-MFIs on the rise



*Source: MFIN, CRISIL Research*

### BC portfolio growth of NBFC-MFIs to remain strong

Over the next two fiscals, we expect growth in BC portfolio of MFI industry to be muted on account of exclusion of SFB portfolio, to book business on their books to fulfil their priority sector lending (PSL) targets.

However, NBFC-MFIs might witness healthy growth as overall banking credit growth recovers, the MFI industry stabilizes and competition from SFBs reduces.

Micro-lending through BCs has attracted banks, as it offers several benefits such as:

- Meeting of PSL targets without any direct involvement of banks, as loans are sourced by MFIs, who are in direct contact with borrowers
- Better resource utilisation for banks, as rural branches are relieved from low-ticket size micro-lending obligations
- Improved portfolio quality as NBFC-MFIs have expertise in micro-lending as part of their core portfolio, unlike banks which focus on industrial and other high ticket-size lending

### Securitisation proportion impacted by demonetization in FY17; has witnessed improvement in FY18

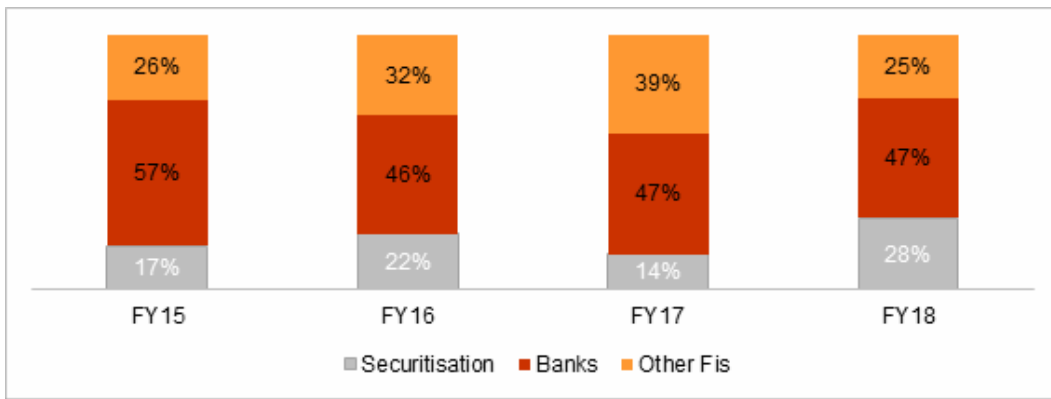
Implementation of RBI guidelines following the Andhra Pradesh ordinance helped improve overall risk perception towards the microfinance sector.

- Also, decline in bank credit following the crisis in Andhra Pradesh prompted several large MFIs to tap the securitisation route.
- Further, securitisation has helped bring down funding costs.

However, slowdown in growth of MFIs, increased risk perception on account of demonetization, slower bank credit growth (banks invest in securities to fulfil their priority sector requirements) and conversion of some large players into SFBs had reduced the overall share of securitisation to 14% in FY17.

- In FY18, share of securitisation increased again; and currently, it forms around 28% of funding mix of MFIs.

Bank loans form majority of MFI funding mix



Note: Data of 5 SFBs is not included in FY17, data of FY18 excludes all 8 SFBs (earlier NBFC MFIs)

Source: MFIN, CRISIL Research

### Micro finance – Profitability

#### Profitability of the industry to improve in near term based on stability in business operations of SFBs

Profitability has plunged in FY18 primarily based on Small Finance Banks adapting to the newer business models and incurring heavy operating and credit costs.

- The other remaining MFIs witnessed improvement in profitability levels based on reducing credit costs, improving gross spreads and better collection efficiencies.
- The largest player's profitability levels improved from 3.3% in FY17 to

4.1% in FY18 indicating an upturn in business operations.

#### Industry profitability to improve based on stabilization in SFBs operations

Particulars	FY15	FY16	FY17	FY18	FY19P	FY20P
Net Interest Income	6.80%	8.50%	7.60%	7.30%	7.10%	6.90%
Opex	5.50%	6.00%	6.50%	6.90%	6.90%	6.70%
Other Income	2.80%	3.90%	3.60%	3.60%	3.60%	3.60%
Credit Costs	0.50%	0.70%	1.90%	2.50%	2.00%	1.50%
Tax	0.80%	1.50%	0.50%	0.30%	0.30%	0.30%
RoA	2.80%	4.20%	2.30%	1.20%	1.50%	2.00%
RoA (including Jana SFB)	3.20%	4.80%	2.70%	-2.80%		

Note: Figures include data of NBFC MFIs with market share > 67% in total NBFC MFI portfolio

Source: Company reports, CRISIL Research

#### SFBs profitability to improve based on lower provisioning and stability in business operations

Particulars (SFBs)	FY15	FY16	FY17	FY18	FY19P	FY20P
Net Interest Income	6.00%	9.20%	8.00%	7.00%	6.80%	6.60%
Opex	4.40%	6.00%	6.80%	7.40%	7.40%	7.20%
Other Income	1.60%	2.60%	2.70%	3.00%	3.00%	3.00%
Credit Costs	0.70%	0.80%	0.90%	2.70%	2.20%	1.70%
Tax	0.90%	1.80%	1.00%	0.10%	0.10%	0.10%
RoA	1.60%	3.20%	2.00%	-0.20%	0.10%	0.60%
RoA (including Jana SFB)	2.30%	4.50%	2.80%	-7.80%		

Note: 1) Figures are % of average assets

2) Figures include data of SFBs with market share > 75% in overall SFB portfolio;

3) Figures for NII, Opex, Other Income, Credit Costs, and Tax exclude data for Jana SFB

*Source: Company reports, CRISIL Research*

**NBFC-MFIs profitability expected to come under pressure based on increasing interest rates and operating expenses**

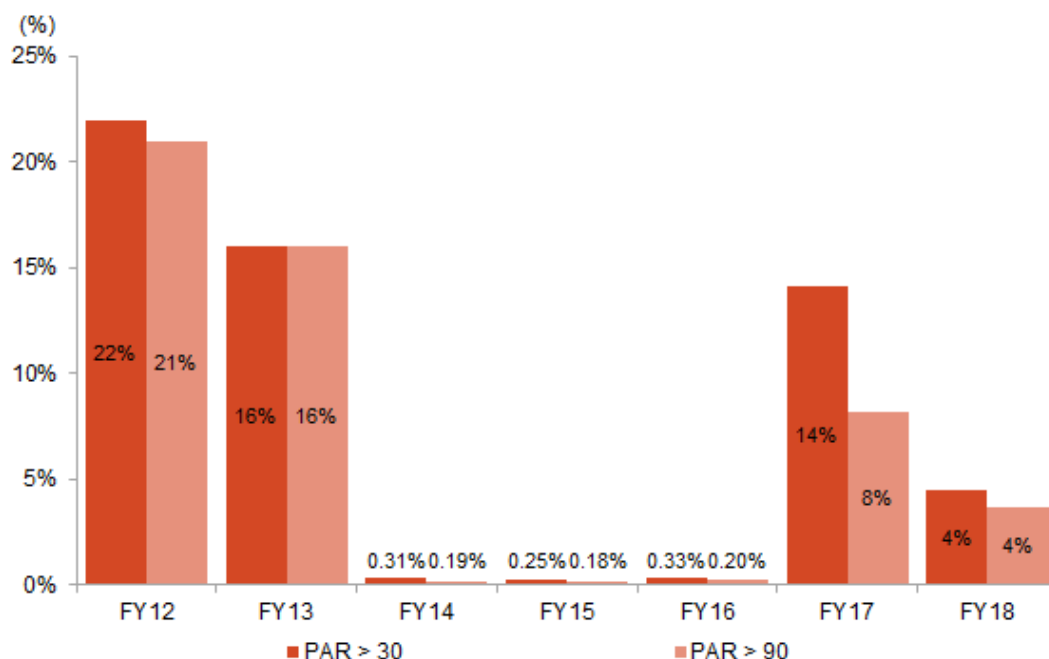
Particulars	FY15	FY16	FY17	FY18	FY19P	FY20P
Net Interest Income	7.70%	8.00%	7.30%	7.80%	7.50%	7.10%
Opex	6.70%	6.00%	6.20%	6.40%	6.40%	6.40%
Other Income	4.20%	4.90%	4.40%	4.20%	4.20%	4.20%
Credit Costs	0.40%	0.60%	2.80%	2.20%	2.00%	1.80%
Tax	0.60%	1.30%	0.20%	0.50%	0.50%	0.50%
RoA	4.20%	5.10%	2.50%	2.80%	2.70%	2.50%

*Note: Figures include data of NBFC MFIs with market share > 67% in total NBFC MFI portfolio*

*Source: Company reports, CRISIL Research*

Going forward, the profitability levels for the industry are expected to improve as SFBs adapt to the new business environment and their credit costs improve significantly

- We expect SFBs' RoA to improve by 30 basis points in FY19 and by 50 basis points in FY20 based on declining credit costs, and benefits received with respect to scale of operations
- The improvement could be higher but increasing cost of borrowing is expected to dampen the same. Along with SFBs' upturn, NBFC-MFIs are expected to witness AUM growth as they gobble up the market left out by the SFBs who'd now offer diversified loan products
- Higher credit cost and higher operating expenditure related to infrastructure, technology and management would be incurred, as they will be in expansion mode
- Large players without SFB license but established operations, diversified geographical presence and strong collection mechanisms, are likely to enjoy higher profit margins. Over the long term, technological investments being made by MFIs should help bring down operating expenses and thus, improve profitability
- However, it must be noted that the increasing interest costs might end up curtailing that recovery. PAR 30 and PAR 90 improving as the effects of demonetization subside; expected to improve further



*Source: MFIN, CRISIL Research*

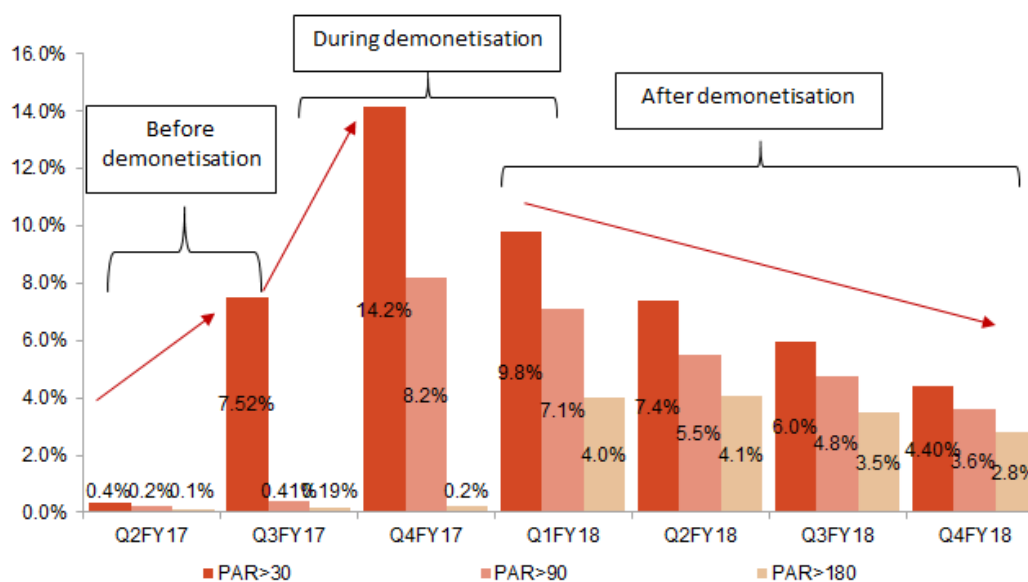
Implementation of RBI guidelines on lending and greater co-operation amongst MFI players in sharing data with credit bureaus partly limit the risk of over-leveraging of borrowers. The credit bureau data presently does not capture loans availed of by borrowers through SHG-BLP and on-book lending by banks through business correspondents. Therefore, over-leveraging of borrowers remains a key concern.



Nevertheless, inherent strengths of the operating model such as peer pressure exerted by JLG and regular engagement with borrowers, and enhanced usage of technology in portfolio monitoring and tracking are expected to ensure that asset quality remains under control despite rapid growth.

Also, the latest norm requiring customers to provide their Aadhaar number to avail of loans from MFIs will help address the issue of over-indebtedness and provide a mechanism to reduce the risk of default as customer tracking will be easier. However, it is imperative for MFIs to continuously ramp up investments in people, processes, and systems to manage risks and maintain asset quality.

PAR levels of MFIs over quarters showing considerable decline; expected to further improve



*Note: Par levels exclude AP and Telangana portfolio; PAR >30 includes all overdues over 30 days; PAR data of Q2FY17 and Q3FY17 includes all 8 SFBs (earlier NBFC-MFIs), PAR data for Q4FY17 is excluding 5 SFBs which are ESAF, Utkarsh, Equitas, Ujjivan and Suryoday. PAR data from Q1FY18 onwards is calculated after excluding all 8 SFBs.*

**Source: MFI N, CRISIL Research**

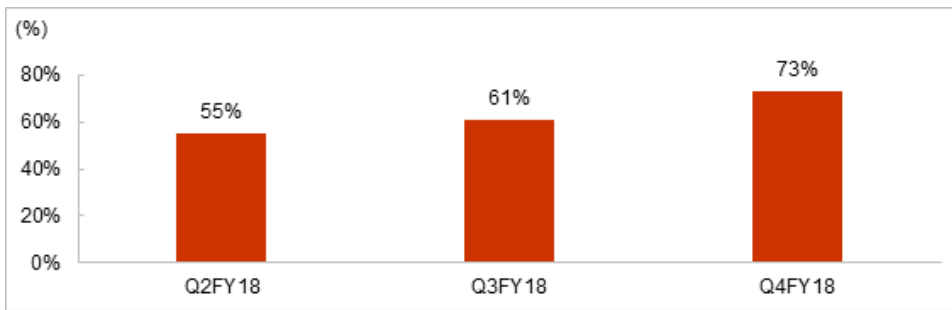
### Digitalization to bring down costs, improve efficiency and profitability for MFIs

A strong backend technology platform helps companies scale up faster since the same processes can be easily replicated across geographies.

- To improve efficiency, many MFIs have provided tablets to their loan officers.
- Digitalization is also helping the microfinance institutions in monitoring the already disbursed loans as the data on each borrower is available in the digital form and can be accessed easily.
- Paperwork has reduced with the use of tablets; entries are made in real time as and when the disbursement happens or repayment is made.
- Direct update of information on the core platform also helps in better servicing of customers by usage of customer relationship management applications, which help in the handling of customers over their credit life cycles.
- It also helps in targeted marketing, cross-selling of products, and product customization. e-KYC and biometric scanners do away with the requirement for physical documents and help lower turnaround time.
- With numerous banking accounts opened through the Jan-Dhan Yojana and launch of other avenues like mobile wallets for transfer of funds, MFIs have started disbursing loans directly into the accounts of customers and also accepting repayments through electronic means, reducing cash requirements and resulting in cost savings.

The lower cost of serving customers, better productivity and lower credit costs through the use of technology are expected to help MFIs improve profitability.

- However, not all MFIs will be able to adopt technology; only those who have a sizable business will be able to invest in technology and reap the full benefits. Cashless disbursements increasing



*Note- Above data is as per MFIN Micrometer (March, 2018) excludes SFBs. Data for Satin, Share and CreditAccess is not included in the analysis.*

**Source – MFIN, CRISIL Research**

**Segment wise Outlook**

**Housing Finance**

**HFCs clocked strong growth between fiscals 2013 and 2018**

CRISIL Research estimates that home loans outstanding of housing finance companies (HFCs) grew at a compounded annual growth rate (CAGR) of 21% to Rs 6.3 trillion between fiscals 2013 and 2018. Demand for individual home loans rose on account of increasing demand from tier 2 and 3 cities, rising disposable incomes, interest rate subventions, and fiscal incentives on housing loans.

**Growth momentum to continue at a robust pace (outstanding size in Rs bn)**



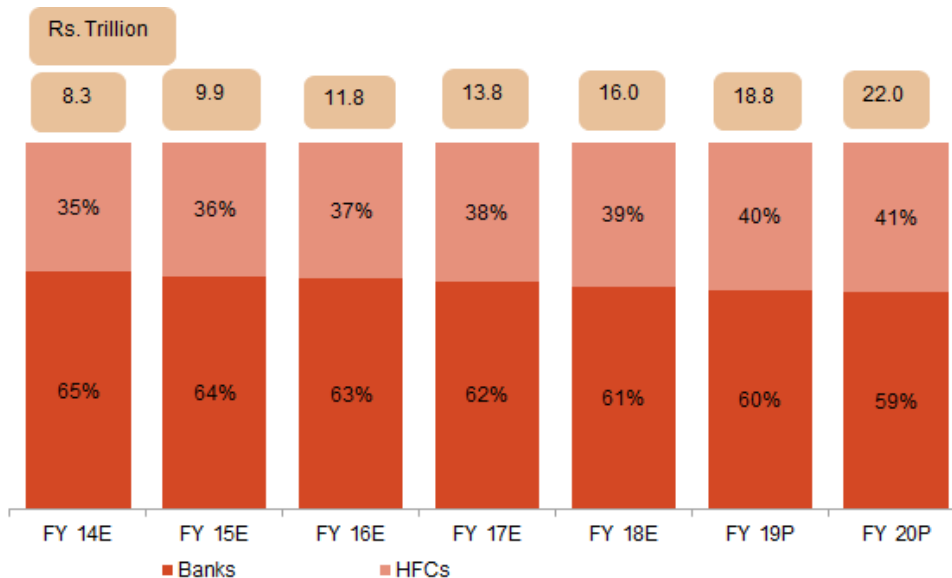
Note: E estimated; P: Projected

Source: Reserve Bank of India (RBI), NHB, Company Reports, CRISIL Research

**HFCs’ outstanding to more than double over next 5 years to ~Rs 15 trillion**

The housing portfolio of HFCs’ total outstanding is projected to clock 18-19% CAGR, growing from Rs 6.3 trillion in fiscal 2018 to Rs 14.8 trillion in fiscal 2023.

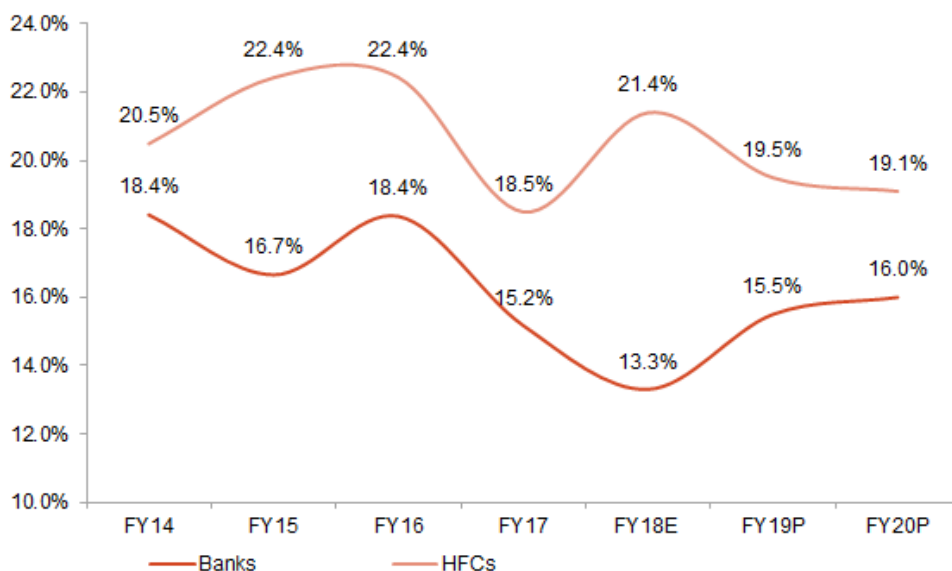
**HFCs to remain competitive in the housing market and their market share is expected to increase**



Note: market share is based on retail finance- housing outstanding

P: Projected

**Source: Reserve Bank of India (RBI), NHB, CRISIL Research**



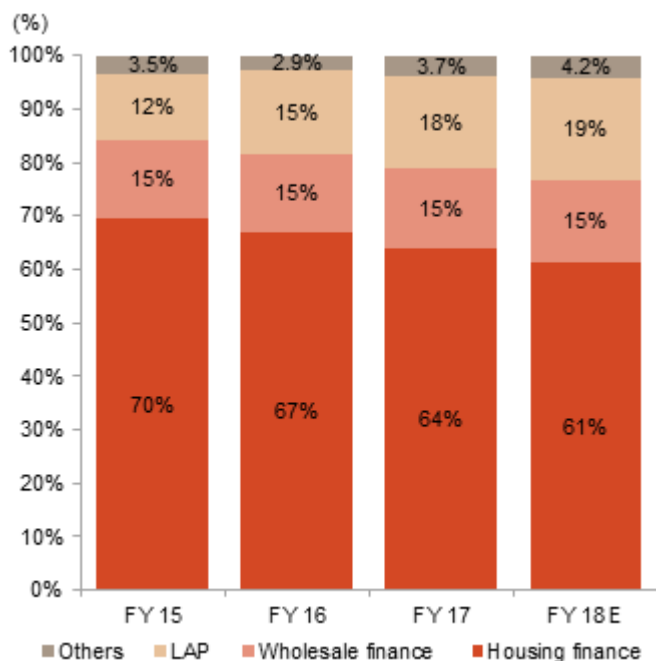
**Banks housing loan growth to improve; however HFCs to continue to gain market share**

P: Projected

**Source: CRISIL Research**

**HFCs are transitioning their product mix towards higher-yielding assets**

CRISIL Research estimates that HFCs’ total loan outstanding (housing loans, LAPs, developer loans and others) increased 20% on-year in fiscal 2018. LAP increased fastest among all, as its share widening to ~19% from 12% over the past three years. Whereas share of wholesale finance remain stable as banks are reluctant to lend owing to higher delinquency in the past.

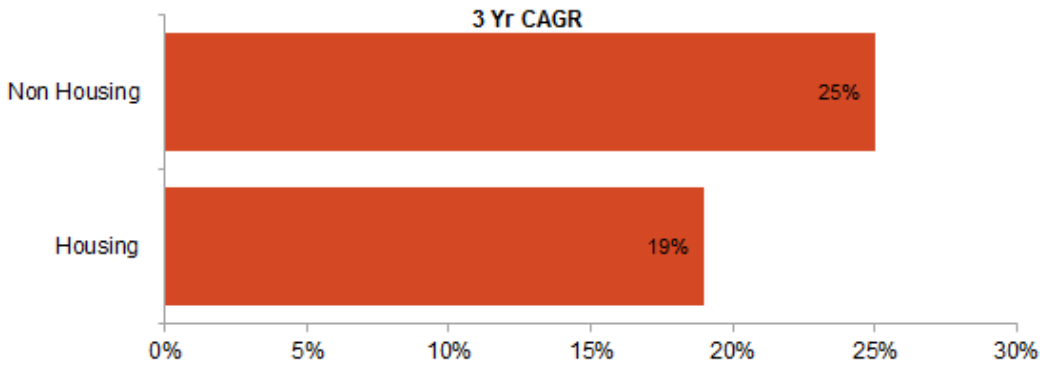


*Note: Wholesale finance includes developer loan*

*Data representing more than 75% of the industry*

**Source: CRISIL Research**

**Non-retail products in HFC's basket supported higher credit growth**



Note: Data representing more than 75% of the industry

**Source: CRISIL Research**

**Mid and small HFCs to grow faster than large HFCs**

We expect higher growth for mid-sized and small HFCs, given their focus on affordable housing projects and relatively higher concentration in tier 2 and smaller cities, where growth has been higher over the past years. On the other hand, metros have seen some moderation in housing demand owing to decline in affordability levels owing to high property prices. Our forecast is further supported by our expectation of demand growth for affordable housing to exceed overall housing demand growth over the next 2 years, owing to greater focus of real estate developers in this segment.

**Growth in large and mid-sized HFCs**



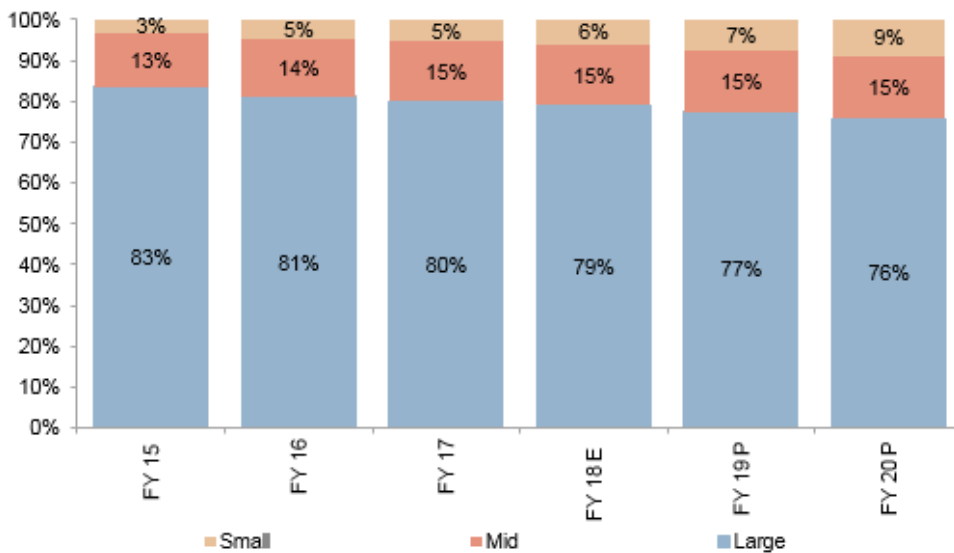
E: Estimated, P: Projected

Note: Classification is based on outstanding housing loan portfolio; large HFCs: >300 bn (top 5 players); mid HFCs: 50 - 300 bn (next 10 players); small HFCs: <=50 bn (rest of HFCs)

**Source: CRISIL Research**

**Within HFCs, large players are dominant but smaller players are gaining**

Share of small-sized HFCs to rise to 9% in next 2 years



Note: E: Estimated; P: Projected

Note: Classification is based on outstanding housing loan portfolio; large HFCs: >300 bn (top 5 players) ; mid HFCs: 50 - 300 bn (next 10 players); small HFCs: <=50 bn (rest of HFCs)

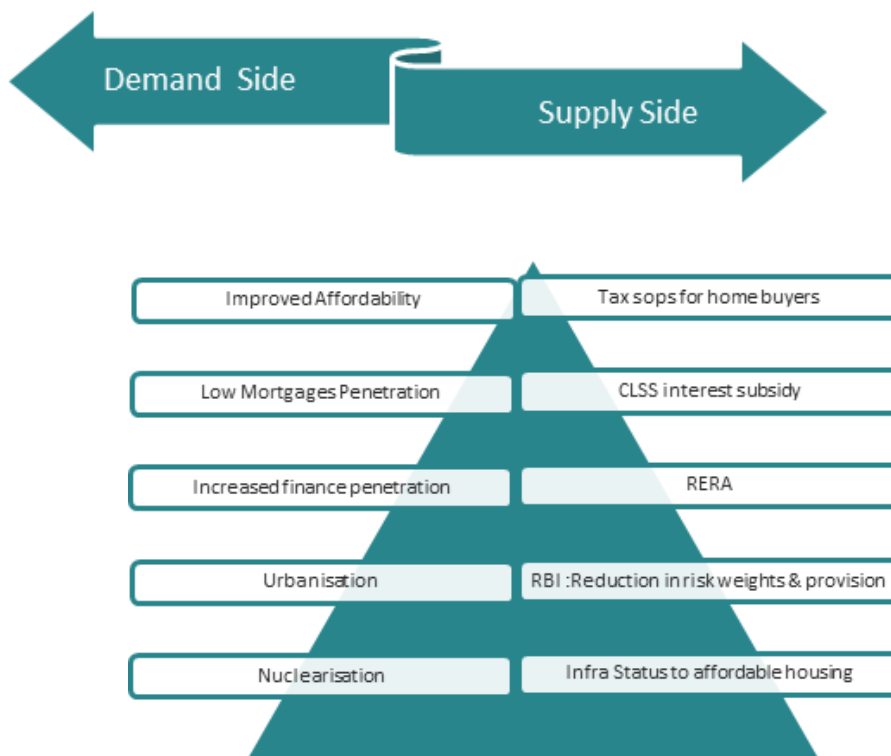
Source: CRISIL Research

### Share of top five HFCs in total retail housing finance of all HFCs is waning

Share of top five players in the total housing loan outstanding of HFCs is declining continuously owing to a diminishing proportion of housing loans in their incremental book and rising competition from new HFCs. A strong focus on niche customer profiles such as self-employed population and increasing geographical presence of other HFCs are contributing to this. Availability of funding (both equity and debt) and strong origination skills and operating processes have also helped small and mid-sized HFCs gain market share.

### Housing - Growth drivers

#### Drivers for growth

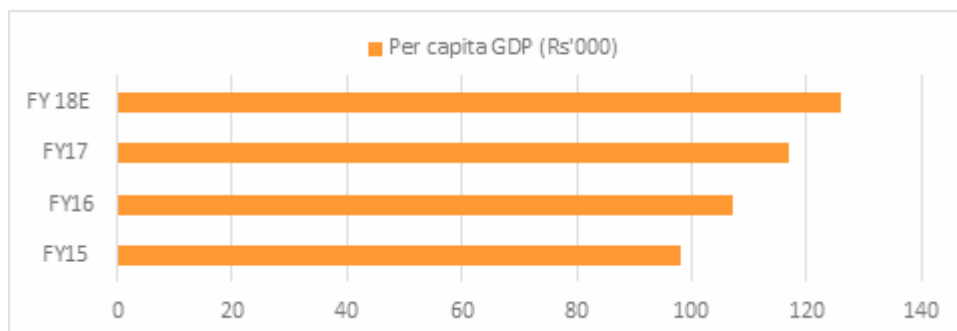


### affordability led by disposable income

India's per capita GDP grew at a healthy rate in the three years up to fiscal 2018. It rose to ₹ 126,000 in fiscal 2018 (base year 2011-12). In real terms, per capita GDP is estimated to have grown 8.1% in fiscal 2018 compared with 8.6% in the preceding fiscal. Among India's GDP components, private consumption is the biggest contributor at ~58% in fiscal 2018. Per capita GDP, a proxy to measure private consumption, is estimated to have grown 8.1% in fiscal 2018.

With GDP accelerating in fiscal 2019, per capita GDP is expected to grow faster.

The buoyant trend in per capita GDP is expected to continue

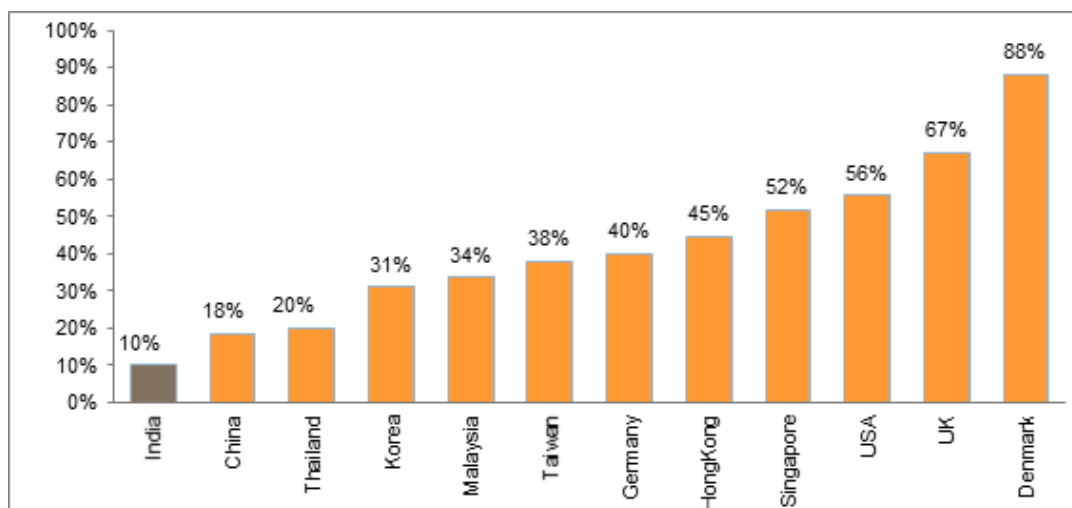


**Source: CSO (Central Statistical Organisation), RBI, CRISIL Research**

### Low mortgage penetration

India's mortgage-to-GDP ratio was still low at 10% in fiscal 2016 compared with other developing countries, but it has improved from 7.4% in fiscal 2010, given rising incomes, improving affordability, growing urbanisation and nuclearisation of families, emergence of tier-II and tier-III cities, ease of financing, tax incentives, and widening reach of financiers.

Low Mortgage penetration (% of GDP) as compared with other developing countries



Note: India data for FY16, Other countries data for CY15

**Source: European Mortgage Federation, HOFINET, CRISIL Research**

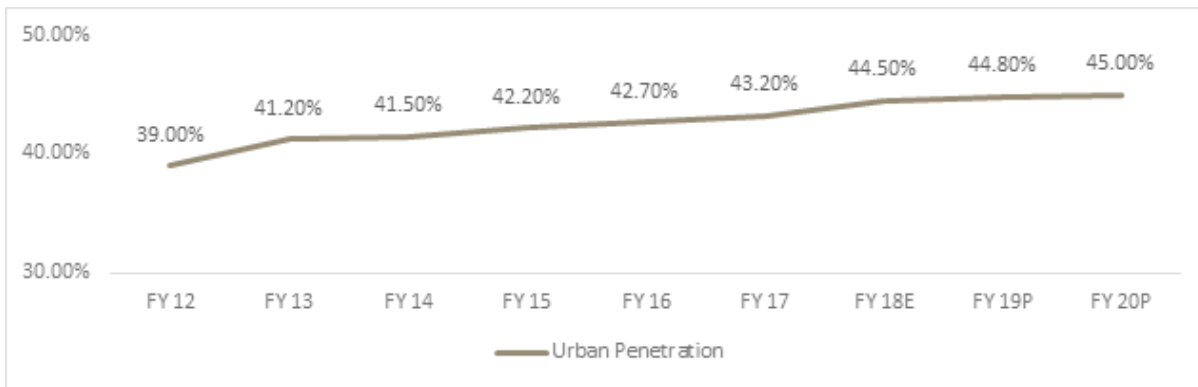
Based on our analysis, mortgage penetration in India is 9-11 years behind other regional emerging markets, such as China and Thailand. However, due to various structural drivers, such as a young population, smaller family sizes, urbanisation and rising income levels, we believe growth rates in the mortgage segment should remain healthy over the long term.

### Rise in finance penetration to drive industry

An increase in finance penetration is also expected to support the industry's growth. Rising demand for housing from tier-II and tier-III cities, and a subsequent surge in construction activity, have increased the focus of financiers on these geographies.

Consequently, finance penetration in urban areas is estimated to have increased to 44.5% in 2018, from an estimated 39% in 2012. Boosted by the affordable housing push and rising competition in higher ticket size loans, we expect finance penetration to increase to 45% in urban areas fiscal 2020.

Uptick in finance penetration in urban areas



**Source: CRISIL Research, Company Report, NHB**

Apart from urban segment, rural areas are also likely to witness considerable improvement in finance penetration, led by the government’s efforts to provide housing for all. However, operational challenges, such as timely collection of payments, lower ticket sizes and higher delinquencies compared with the urban markets will pose headwinds to rural expansion.

**Expansion in branches and well network of HFCs spurred retail housing finance growth**

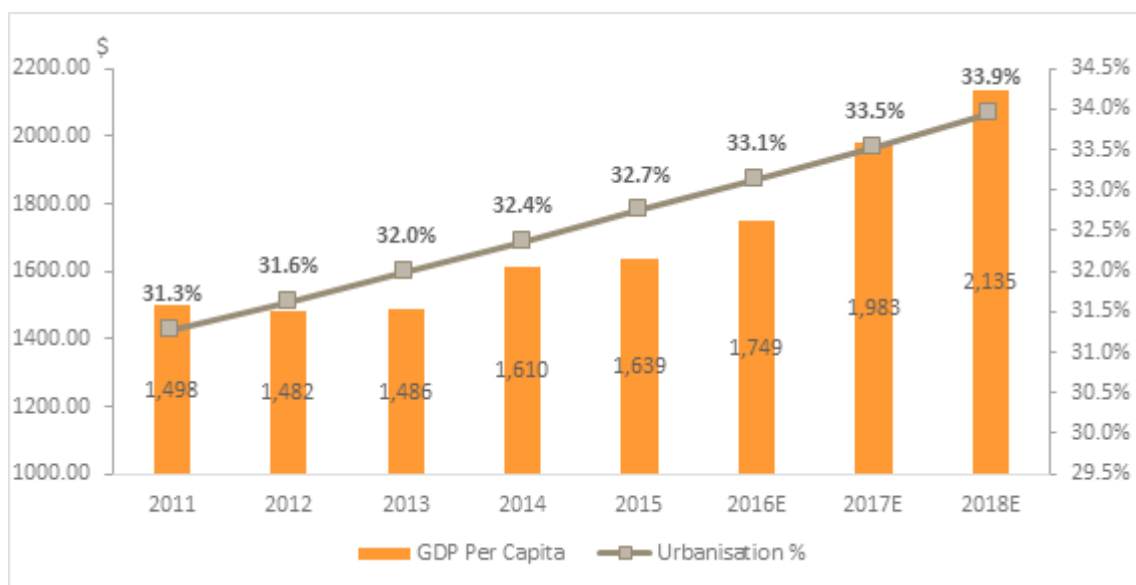
The branch network of HFCs expanded at a CAGR of 22% over the past 3 years. CRISIL Research expects growth to continue over the next two years as new players enter the market, and some existing ones expand their geographical presence across the country. Though players are equally focusing on the digital channel, presence gives them an identity in that particular geography.

Apart from branch network expansion, players are also expanding their footprints in newer cities. In last three years players reach to new cities is increased by 30%.

**Rapid urbanisation will boost housing demand**

Despite a flourishing housing finance industry, India still faces a huge shortage of houses, especially in the urban areas. The share of urban population rose steadily from 31% in 2011 to an estimated 33.9% in 2018. CRISIL Research expects urbanisation to accelerate, with the urban population growing at a CAGR of 2.0-2.5% between 2018 and 2022, compared with the overall population growth of 1.2% during the same period. The increasing urbanisation will boost per-capita GDP, as was evident during the previous five years, and also enhance financial literacy and quality of living. Urbanisation has a twin impact on housing demand: it results in a rise in the number of nuclear families, leading to the formation of more urban households, and reduces the area requirement per household.

Trend in urbanization of population



**Source: United Nations Department of Economic and Social affairs, IMF**

Urbanisation provides an impetus to housing demand in urban areas as migrants from rural areas require dwelling units. People from rural areas move to cities for better job opportunities, education, avail better lifestyle etc. Nearly 36% of the country’s population is expected to live in urban locations by 2020, which will drive the demand for housing in these areas.



## Rise in nuclear families leads to the formation of new houses

Nuclearisation refers to formation of multiple single families out of one large joint family; each of these families live in separate houses while the ancestral house may be retained or partitioned to buy new houses. Nuclearisation in urban areas is primarily driven by changing lifestyle of people, individualism, changing social/cultural attitudes and increased mobility of labour in search of better employment opportunities. These trends are expected to continue in future.

## Traditional tools to promote the housing sector: Tax incentives

The government has traditionally used tax regulations to promote the housing sector. Tax sops for the housing sector have been instrumental in driving growth in the housing and housing finance sectors

Some of the tax benefits are as follows:

- As per Section 24 (B) of the Income Tax Act, 1961, annual interest payments of up to Rs 200,000 (Rs 300,000 for senior citizens) on housing loans can be claimed as a deduction from taxable income.
- As per Section 80 C (read with section 80 CCE) of the Income Tax Act, 1961, principal repayments of up to Rs 150,000 on a home loan are allowed as a deduction from gross total income.
- As per Section 80 EE, an additional deduction in respect of interest of ₹ 50,000 p.a has been provided exclusively for first-time home buyers, given the property value is up to ₹ 5 million, the loan is up to ₹ 3.5 million

## Interest subvention scheme will lead to a surge in loan disbursements over the next 3-5 years

The Cabinet Committee on Economic Affairs approved a proposal to increase the interest subsidy to 6.5% for loans of up to ₹ 0.6 million for economically weaker section (EWS) and lower income group (LIG) beneficiaries under Affordable Housing through Credit-Linked Subsidy Scheme (CLSS) component of the Housing for All by 2020 mission.

In February 2017, benefits of the CLSS were extended to include middle-income group households as well. Inclusion of middle-income group (MIG) households, whose incomes range between Rs 6 lakh and Rs 18 lakh per annum under the credit-linked interest subsidy scheme, will lead to a surge in loan disbursements over next fiscal years, leading to faster outstanding growth. Higher government support for the affordable-housing segment (in terms of interest rate subsidies) as well as a low interest rate scenario will boost overall housing loan demand over next two fiscal years.

## Effective implementation of RERA will lead greater transparency and drive growth in the long term

Real Estate (Regulatory & Development) Act, 2016, could have some impact over next 1-2 fiscal years until the industry adjusts to the new regulations, as RERA has forced developers to focus on completing their existing projects. This, coupled with sluggish demand, has resulted in fewer new launches of residential properties. However, CRISIL Research expects RERA will lead to better structure, transparency and discipline in the sector in future.

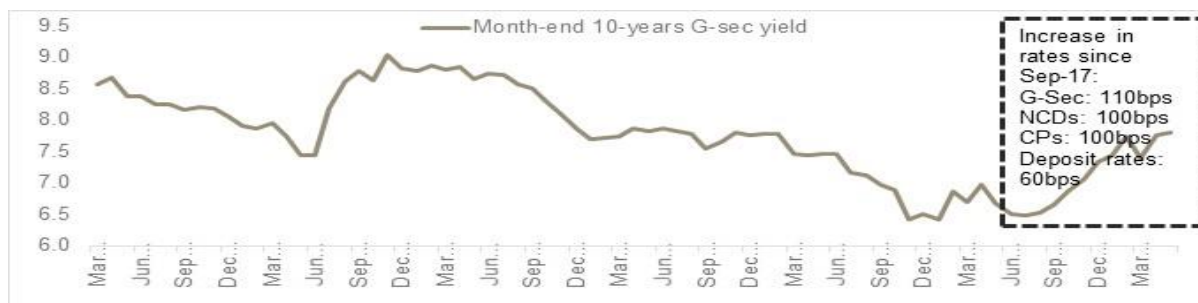
## Reduction in risk weights will boost housing credit growth

The risk weights for individual housing loans has been reduced to 50% from 75% for home loans above Rs 7.5 million will reduce the risk weights thereby freeing up the capital. The regulators (RBI for banks, and NHB for HFCs) have been progressively reducing the risk weights for housing loans, taking into cognizance the healthy asset quality of the asset class.

## Higher market rates will lead to an increase in bank borrowings in the coming years

In fiscal 2018, the share of borrowings from debt funds has increased, supported by the reduction in g-sec yields (difference between the average yield during the year) by ~80 bps in March 2017 from the previous year, leading to lower cost of borrowing for higher-rated housing finance companies (HFCs). PSBs have also increased their lending to corporates through investments in corporate bonds, rather than providing direct credit, as asset quality fear looms along with higher capital requirement to comply with the Basel III norms.

Market rates have increased sharply over past few months

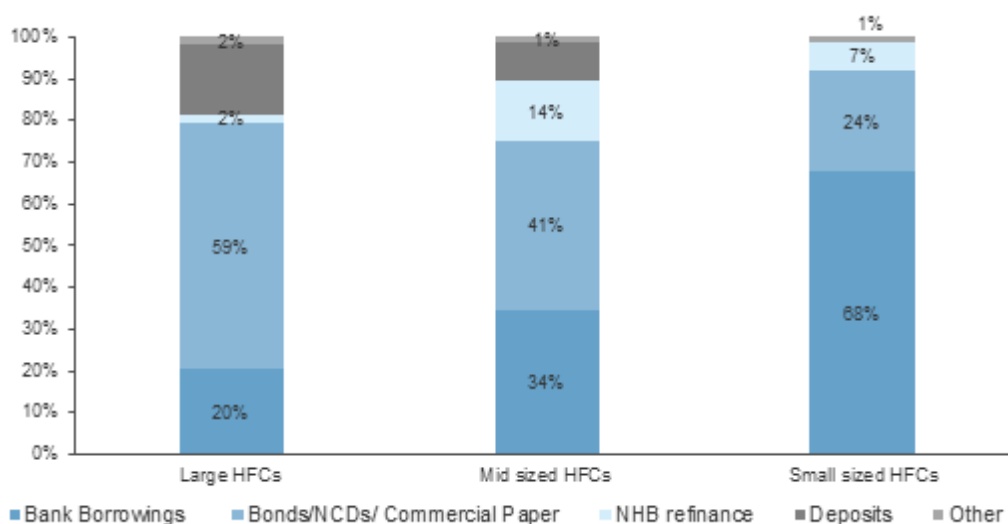


**Source: CRISIL Research**

**Source: NHB, Company Reports, CRISIL Research**

HFCs have a well-diversified and stable resource base, comprising fixed deposits, bank borrowings, debentures, bonds and foreign currency borrowings. This lends flexibility to their borrowings, allowing them to manage costs.

Small and mid sized players have higher reliance on banks borrowings



Large HFCs includes top 5 HFC's HDFC Ltd, Indiabulls Housing Finance Limited, LIC Housing Finance Limited, Dewan Housing Finance Corporation Limited, PNB Housing Finance Limited Mid Sized HFC's includes next 10 and Small Sized HFCs includes remaining players

**Source: CRISIL Research**

- Large HFCs have better access to the debt market, given their size and parentage, making it easier for them to mobilise resources. But, during a lower interest rate regime, where the difference between the bond yields and the bank rate converges, these large HFCs could again increase their funding from banks.
- On the other hand, mid-sized and small HFCs incur higher borrowing costs, given their limited ability to tap the bond market.

These HFCs have greater reliance on bank borrowings and refinancing from the National Housing Bank (NHB), which runs various schemes under which it refinances banks and HFCs.

- Most schemes from the NHB are formulated to encourage lending in semi-urban, rural, and the peripherals of urban areas where ticket sizes are generally low.

Given the design of the schemes, mid-sized and small HFCs have been the disproportionate beneficiaries of low-cost funds released by

NHB. Also, they aid in reducing asset-liability mismatches on their balance sheets and eventually reduce the cost of borrowing

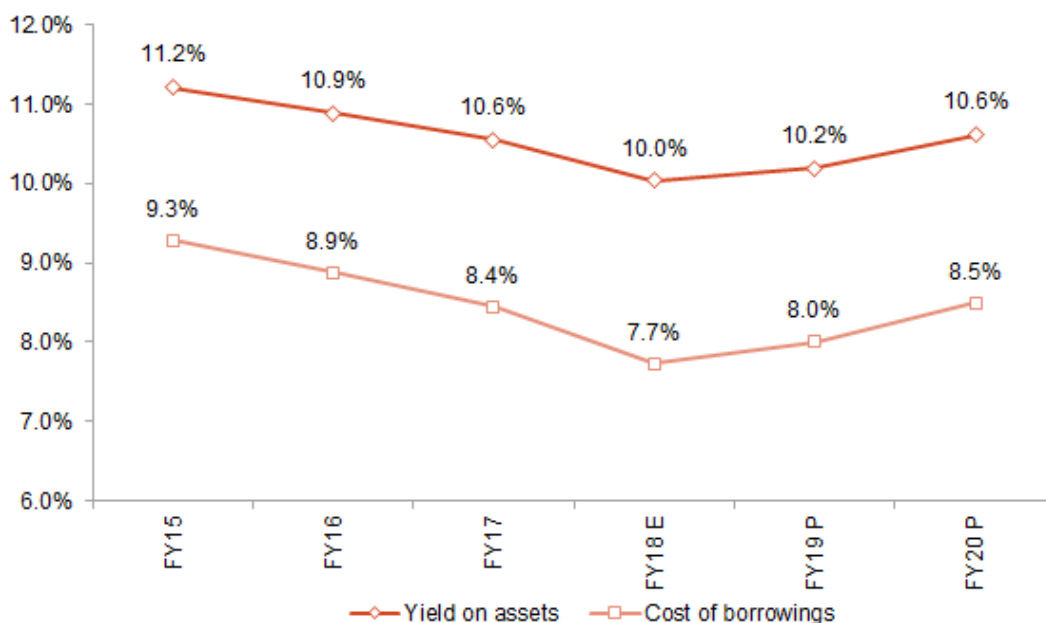
## **Profitability in Housing Finance**

### **Profitability to stay stable as higher cost of funds offsets yields**

Net interest margins (NIM) of housing finance companies (HFC) improved in fiscal 2018 due to heightened cost of borrowings. An easing bond yield cycle had driven a rapid drop in HFCs' funding cost, which had offset the pressure on yields and in turn improved RoAs (return on interest) for players. We believe, overall cost of borrowings of HFCs will increase marginally, thereby offsetting yields.

Over past few months, players have demonstrated their ability to pass on increased cost of funds to borrowers by hiking lending rates. However, pressure on yield will remain as public sector banks (PSB), which have advantages of reach and lower borrowing costs, have intensified their focus on the sector. In addition to this, elevated credit cost will hamper profitability in fiscal 2019.

HFCs' bottom lines to decrease marginally in fiscal 2019



**P: Projected**

Note: Profitability is only for HFCs

**Source: Company Reports, CRISIL Research**

CRISIL Research expects credit costs to rise due to HFCs' focus on affordable housing segment; small ticket- size loans have shown above-average increase in delinquencies in past two years. In addition to this, credit costs will further increase for mid & small HFCs due to seasoning of their books as well as their sharper focus on informal segment and higher exposure to non-salaried borrowers, leading to higher gross non-performing assets (GNPA).

NIMs to remain stable

	FY 15E	FY 16E	FY 17E	FY 18E	FY 19P	FY 20P
NII	3.1%	3.1%	3.1%	3.1%	3.1%	3.0%
Opex	0.7%	0.7%	0.7%	0.6%	0.6%	0.6%
Credit cost	0.2%	0.3%	0.4%	0.3%	0.4%	0.4%
RoA	2.1%	2.2%	2.0%	2.0%	2.0%	2.0%

Note: Profitability is only for HFCs

**Source: Company Reports, CRISIL Research**

Overall operating cost has reduced to 0.65% during fiscal 2018 from around 0.71% during fiscal 2017. With higher operating efficiencies, the operating cost has shown decline going forward. Cost to income ratio and profit per employee of top seven players have significantly improved in past three years. Aggregate cost-to- income ratio improved 2-3% during 2018 from 2016.

Comparative analysis of financial and business performance of large, mid-sized and small HFCs

	Large	Medium	Small
Definition	>300 Bn	>50 Bn<300Bn	<50Bn
Market Share based on housing portfolio	79%	15%	6%
No of players	Top 5	Next 10	Remaining ( includes more than 30 players)
Prominent players	DFC, LIC, Indiabulls, PNB, DHFL	Gruh, Tata Capital, Can Fin, Repco, India Infoline	Aspire, Aadhar, Aptus, Aditya Birla,Awas
Past three yr CAGR	19%	25%	52%
Avg . Ticket size	Rs 2-3 Mn	Rs 1-2 Mn	below Rs 1 Mn
LTV	~70%	~55-60%	~45%
Portfolio Mix			
Housing	65%	76%	91%
Non Housing	35%	24%	9%
Geographical presence			
	Majorly metros and tier I cities	Tier II and Sub urban cities	Tier III and smaller towns
Branch Network growth in past 3yrs	around 8-10%	around 15-18%	around 30-35%
Business per employee	Rs 880 Mn	Rs 210 Mn	Around 43 Mn
AUM/ Branch	Rs 4700 Mn	Rs 1000 Mn	Rs 253 Mn
Profit per employee	Rs. 26 Mn	Rs 3-5 Mn	~Rs 0.5- 1 Mn
Profit per branch	Rs. 140 Mn	Rs 18-20 Mn	Rs 3-5 Mn
Borrower Mix			
Salaried	75-80%	55-60%	20%
Self Employed	20-25%	40-45%	80%
Yield	9.4%	11.6%	12.8%
Cost of Funds	6.5%	7.6%	8.0%
Net Interest Income	2.9%	4.1%	4.5%
Credit cost	0.3%	0.6%	0.8%
Opex	0.5%	1.7%	1.9%
ROAUM	2.0%	1.8%	1.4%
Borrowing Mix			
Bank Borrowings	20%	34%	68%
Bonds/NCDs/CP	59%	41%	24%
NHB Refinance	2%	14%	7%
Deposits	14%	10%	0%
Others	2%	1%	1%
Gross NPA	~0.9%	~1.7%	2-2.5%
Competition with Banks	Intense	Moderate	Low

Estimated data for FY18

**Source: CRISIL Research**

### **Yield to remain stable due to increased focus of large HFCs on non-retail loan products**

Over last couple of years, large HFCs are leaning more towards loans against property and other non-housing loans to sustain RoAs. Average rate of interest in non-retail products is higher as these loans are taken by largely self-employed borrowers. Such risks are taken into account in pricing of non-retail loan products.

As mentioned earlier, large HFCs are increasingly raising funds through non- bank routes, particularly bonds/non-convertible debentures (though, some part of bank borrowings are retained for liquidity management). We expect base rates to increase over 2019 and 2020, thereby raising cost of funds for the players.

	FY15	FY16	FY17	FY18 E	FY19P	FY20 P
NII	3.0%	3.0%	2.9%	2.9%	2.9%	2.8%
Opex	0.6%	0.6%	0.5%	0.5%	0.5%	0.4%
Credit cost	0.1%	0.3%	0.3%	0.3%	0.3%	0.4%
ROA	2.2%	2.2%	2.1%	2.0%	2.0%	2.0%

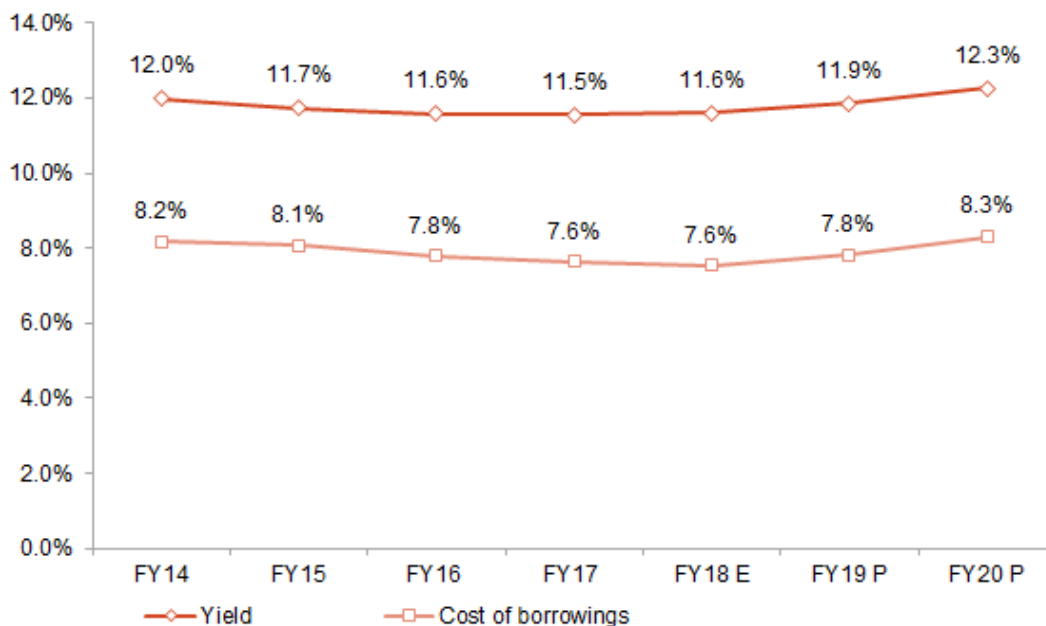
Notes: Aggregate includes financials of HDFC, Indiabulls Housing Finance, LIC Housing Finance, DHFL and PNB Housing Finance

Source: Company Reports, CRISIL Research

### Higher operating cost capped profitability of mid-sized HFCs

By virtue of their presence in Tier-II cities and suburban cities as well as serving to risky customers segment, mid-sized HFCs are able to garner higher yield than banks and large HFCs. Also, because of good credit ratings and higher regulatory support, they are able to generate funds at competitive rate and have subsequently higher spread than large HFCs. These HFCs are in expansion mode (both in terms of number of employees and branches) and are assimilating latest technology, resulting in higher operating expenditure. Also, mid-sized players are expanding their footprint into smaller cities, where scope of affordable housing is rising, which will further enhance their operating expense.

### Higher operating cost capped profitability of mid -sized HFCs



Estimated, P: Projected

Source: Company Reports, CRISIL Research

### NPAs are likely to increase

As demand for home loans largely comes from first-time buyers, asset quality in this segment has remained low historically. However, due to the seasoning of portfolios of rapidly growing HFCs, many of which are focused on self-employed customers, delinquency in that segment could increase. Asset quality in the non- individual segment will also need to be closely monitored, given the pressure on real estate developers. NPAs are likely to increase over the medium term, especially in small player segment.

### Low cost housing finance

#### Low mortgage penetration and increasing lender interest will lead to strong growth in low cost housing finance

There is enormous unmet demand for low-cost housing finance. Low-cost housing in India refers to housing for economically weaker sections (EWS) and lower income group (LIG) households. **CRISIL Research defines low-cost housing as a housing market within a ticket size of less than Rs 1 million.** It is believed that the root cause of shortage is lack of housing finance options for low-income households. The supply of low-cost housing finance is constrained mainly by the inability of banks to

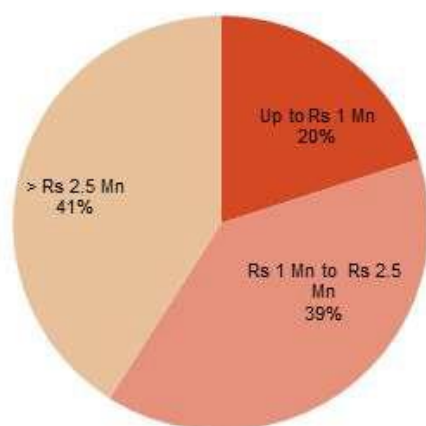
accurately assess credit risk associated with low-income borrowers; lower profit margins; lack of land titles; and uncertainty of repossession. Lending to this segment has been restricted chiefly by:

- High costs of serving on account of small ticket size and lower volumes
- Unknown risks associated with the informal segment, wariness of financiers with regard to the high delinquencies, and uneven payback patterns

While the mortgage-to-gross domestic product ratio in India is already miniscule, mortgage penetration in low-income housing is even smaller. Due to the burgeoning traditional mortgage finance market, a few commercial banks have entered the low-income housing market. These banks tend to offer long-term mortgage loans, which extend to twenty years and require down payment between 10% and 30% of the home value, pay slips, and legal title to property.

With the strong growth in the overall housing finance market and the increasing average ticket size of home loans, the number of housing finance companies (HFC) serving the financially excluded, lower-income informal customers has also increased.

Ticket size-wise break-up of housing finance market for fiscal 2018(E)



*E: Estimated*

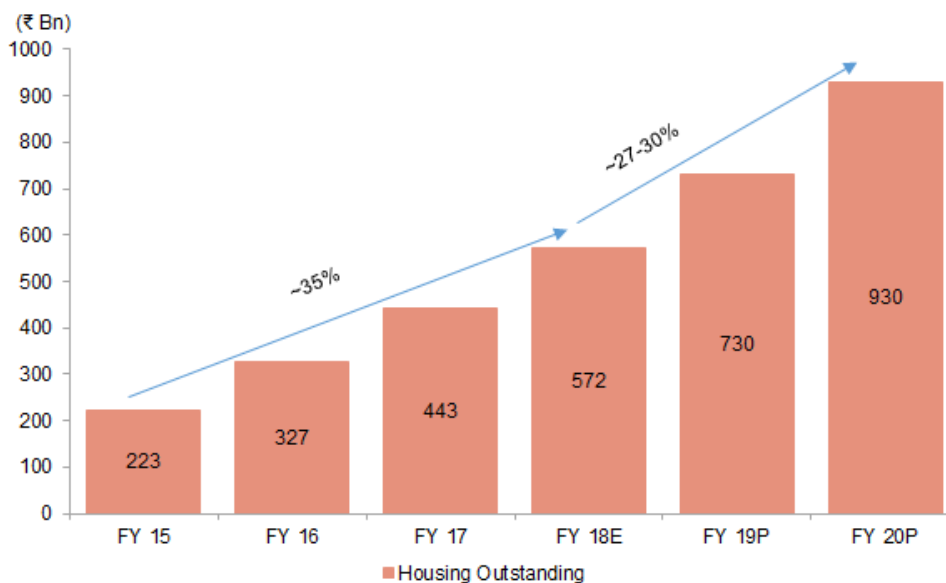
*Note: Ticket size wise breakup is combined outstanding for Banks and HFCs*

**Source: NHB, RBI and Crisil Research**

### **Low-cost housing finance industry to expand fastest across ticket sizes**

The low-cost housing market increased 35% compound annual growth rate (CAGR) over fiscals 2015-18, outpacing the growth of the overall HFC (growing at 21%) during the period. As of March 2018, the low-cost housing outstanding was close to Rs 550 billion, accounting for 9% of the total HFC's outstanding. The growth is largely attributed to the increased focus of the government and emerging players towards low-cost housing. We expect the segment to continue growing at healthy 27-30% to reach around Rs 930 billion in fiscal 2020. The growth is expected to be strong due to huge latent demand in the economy for low-cost housing and intense government focus on the same.

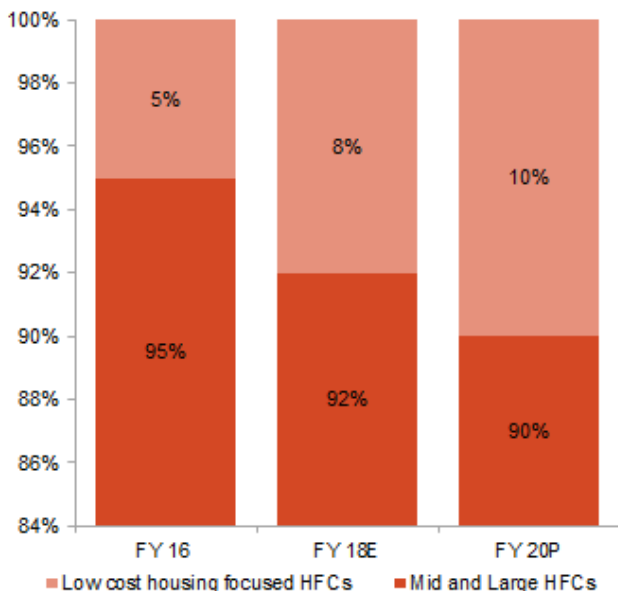
### Healthy growth expected in the low -cost housing segment



Note: Aggregate includes housing outstanding of HFCs catering to less than Rs 1 million ticket size housing loans

Source: CRISIL Research

Share of low-cost housing loans in overall housing loan outstanding by HFCs increased to ~10% in fiscal 2020



E : Estimated; P: Projected

Note: The above share of low-cost segment is based on our estimates which includes 38 HFCs with ticket size <1 million.

Source: NHB, Company reports, CRISIL Research

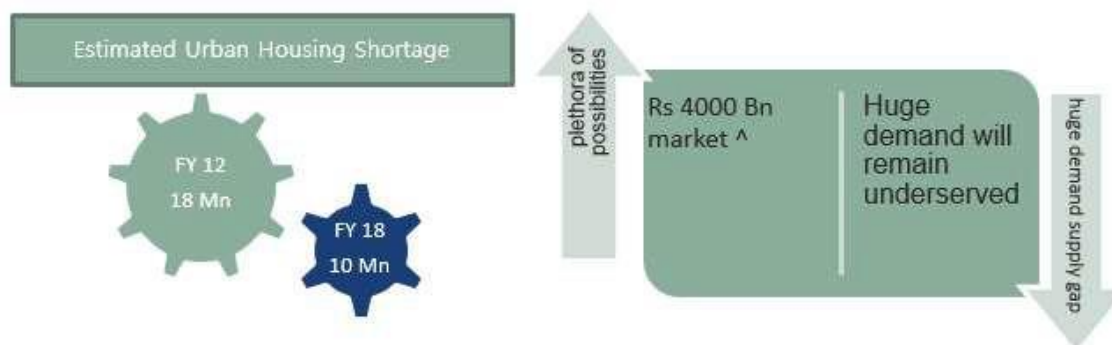
### Key Growth Drivers

#### What are the growth drivers?

#### Over Rs 4,000 billion opportunity in low-cost housing, due to demand-supply gap

Ministry of Housing and Urban Poverty Alleviation had estimated at the beginning of 12th five-year plan that urban housing and rural housing shortage in India was around 18.78 million and 43.67 million, respectively. As per current estimates, urban housing shortage is around 10 million, i.e., it has reduced by 50%.

**Low cost-focussed housing finance companies (LCHFC) to cater to 10% of market opportunity over the medium term, due to strong growth of 27-30%**



^ Market opportunity estimated, assuming one-fourth demand will be met through housing finance

**Source : Ministry of Housing & Urban Affairs, NHB, CRISIL Research**

Earlier, there was shortage of 18.8 million homes across urban centres of India, of which 95% were needed for economically weaker section (EWS) and low- income groups (LIG) in urban areas; in contrast, around 90% of shortage of houses is for below-poverty category in rural India.

India’s housing shortage is lesser by 50%, still enormous

Category	Urban housing Shortage (Million)			Rural housing Shortage (Million)		
	FY 18^^	FY 12	Share (%)	Category	FY 12 data	Share (%)
Economically Weaker Section (EWS)	5.62	10.55	56.18	Below Poverty Line (BPL)	39.3	90
Lower Income Group (LIG)	3.94	7.41	39.44	Above Poverty Line (APL)	4.37	10
Middle Income Group (MIG)	0.44	0.82	4.38			
<b>Total</b>	<b>10</b>	<b>18.78</b>	<b>100</b>	<b>Total</b>	<b>43.67</b>	<b>100</b>

**Source: NHB, Urban Housing Shortage (2012-17) Report of the Ministry of Housing and Urban**

**Poverty Alleviation**

**Large influx of new players focused on low-cost housing segment in Tier III and smaller cities**

The past couple of years have seen a large influx of new players, taking the number of housing finance companies (HFC) from 55 in fiscal 2014 to 71 in fiscal 2018. Further, large number of licenses are pending with National Housing

Bank (NHB). Interestingly, many of these new entrants are focussed on the low- cost housing segment in Tier III and smaller cities. Many of the new smaller HFCs are now emerging as important players in niche segments like low-cost housing.

**Saturation in key metro markets and tax incentives will deepen focus of developers on Tier II and smaller cities**

Saturated demand for home loans in Tier I cities has led buyers to explore more cost-effective markets in smaller cities, especially in low-cost segment. Also, many new entrants in housing finance industry are focused on smaller cities and are expanding their footprints in these regions.

**Strong demand for home loans in Tier III and other smaller towns**

Cities	Outstanding loan in terms of value	
	Growth in last two years	Share in overall loan outstanding
Top 10 Cities	~9%	48%
Rest of India	~16 to 18%	52%

Note: (data only for Scheduled Commercial Banks’ latest data available for FY 2017); FY 2018 estimated



**Source: RBI**

### **Government initiatives like “Housing for all by 2022” and other regulatory impetus will provide stimulus to low-cost housing segment**

Recent push by the government to provide ‘housing for all’ by 2022 and various steps taken to implement the same, are expected to boost sales of affordable and low-cost housing units and consequently, financing for the same. Under the ‘Housing for All’ mission, the central government has implemented credit-linked subsidy component as a demand-side intervention, to expand institutional credit flow, to meet housing needs of people residing in urban regions.

Under this scheme, as in March 2018, around ₹ 17 billion of interest subsidy on housing loans of Rs 100 billion has been disbursed. This accounts for around 2% of overall housing loans disbursed during fiscal 2018. However, going forward, CRISIL Research believes that share of housing funded through Credit Linked Subsidy Scheme (CLSS) will increase to 4-5% in overall housing market.

Progress of CLSS scheme as in June 2018

<b>Scheme</b>	<b>Units</b>	<b>Subsidy amount Rs Bn</b>
EWS/LIG	1,33,213	28.9
MIG	35,204	7.36
<b>Total</b>	<b>1,68,417</b>	<b>36.27</b>

*Note: includes Banks and HFCs*

**Source: Bloomberg**

### **NHB’s revision of interest-spread cap for Rural Housing Fund will make financing attractive for LCHFCs**

For fiscal 2018, National Housing Bank (NHB) has allocated Rs 6,000 crore under Rural Housing Fund (RHF) and Rs 3,000 crore under Urban Housing Fund (UHF). Also, NHB revised the interest rate and on-lending cap under RHF in fiscal 2018. CRISIL Research believes the revised on-lending cap of 3.5% is better, as the previous 2% cap made financing unattractive because of higher operating cost incurred to serve rural areas.

### **Lower aggression by PSB in low-cost housing segment to benefit NBFCs in near term**

Asset quality of public sector banks (PSB) in lower ticket-size segment is at elevated levels. Banks are reluctant to lend to rural and semi-urban areas, mainly because of their higher gross non-performing assets (GNPA). Higher NPA stress in lower ticket-sized home loans

<b>Slab wise NPA</b>	<b>PSBs</b>		<b>HFCs</b>	
	2016	2017	2016	2017
Up to `2 lakhs	12	11.9	6.1	8.6
Up to `5 lakhs	4.9	5	2.4	3.4
Up to `10 lakhs	2.7	2.7	1.5	1.2
Up to `25 lakhs	1.7	1.7	0.8	0.7
>`25 lakhs	0.9	1.2	0.3	0.5
<b>Total</b>	<b>1.4</b>	<b>1.5</b>	<b>0.4</b>	<b>0.6</b>

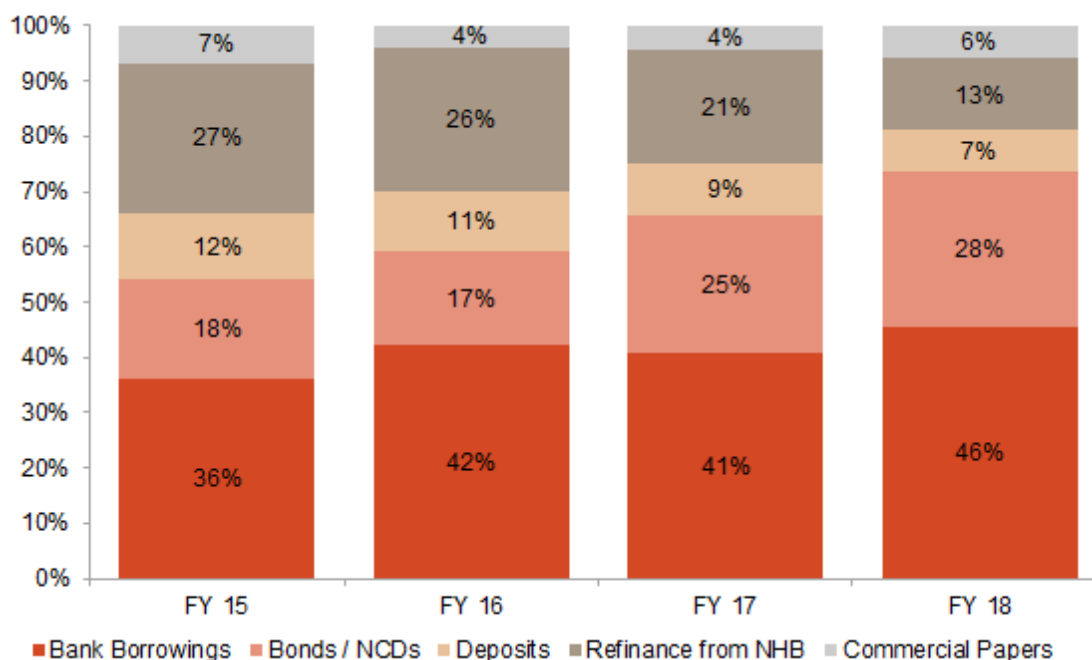
**Source: RBI**

### **For players focused on low-cost housing, dependence on banks to remain high**

#### **Dependence on banks to remain high in HFCs’ borrowing mix**

The mix of bank lending in the overall borrowing mix of housing finance companies (HFCs) has increased to 46% in fiscal 2018, from 36% in fiscal 2015. CRISIL Research expects the dependence on bank borrowings to remain high, given the increasing pool of smaller and new HFCs which have limited access to the capital markets. Further, increasing interest rates will tilt the borrowing mix towards bank funding for larger HFCs.

## Significant increase in borrowings from bonds/NCDs in the past two years



Note: Aggregate numbers include the financials of Aadhar Housing Finance Ltd, Akme Star Housing Finance Ltd, Aptus Value Housing Finance India Ltd, Gruh Finance Ltd, Mahindra Rural Housing Finance Ltd, Shriram Housing Finance Ltd, Sundaram BNP Paribas Home Finance Limited

Source: CRISIL Research; Company reports

Small-size HFCs traditionally rely on commercial banks and the National Housing Bank (NHB) for their borrowings. Over the past few years, the government's focus on affordable housing and rural housing has raised the budgetary support for NHB. We believe this will continue, given the housing shortage and slow progress in rural housing, thereby boosting the prospects of HFCs focused on affordable and low-cost housing.

### Borrowing profile of low-cost HFCs with loan book higher and lower than Rs 20 billion (2018)

Low-cost HFCs backed by large HFCs or financial institutions has higher share of market borrowings

### Profitability - Low cost housing segment

#### High operating costs to cap profitability of the low cost housing segment

The low cost housing segment (< Rs 1 million) earned return on assets (RoA) of just 1.7% in 2018 on account of high operating costs (processing, verification and servicing costs) as well as high credit losses owing to low property appreciation in the rural and urban outskirts, and bargaining power of buyers. During 2018-19 and 2019-20, CRISIL Research expects RoA in the low cost segment to be around 1.6%.

#### Increasing branch network of low cost focused HFCs

Housing finance companies (HFCs), focused on the low cost segment, increased their branch network at ~33% CAGR from 2013 to 2018. With players expanding their footprint in tier III and smaller cities, where there is immense scope for low cost housing, their total operating cost has risen.

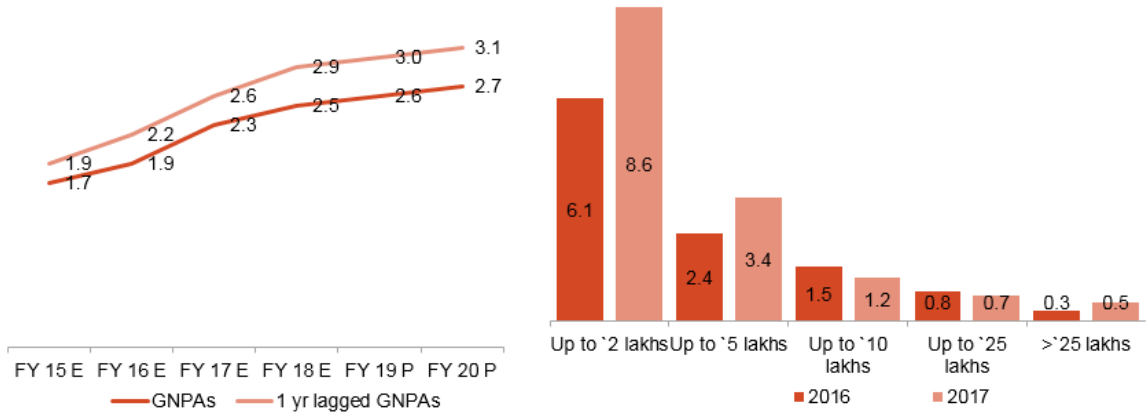
#### GNPAs to remain high in the low cost housing segment

Owing to concentration of low ticket focused HFCs in semi-urban and rural areas

– where the cash inflow of borrowers is highly irregular and depends largely on macro factors (such as the monsoon), and their credit history is unavailable – these HFCs are exposed to higher geographical concentration risk. To mitigate this risk, they charge higher yield and use different/unique assessment strategies.

For the next two years, CRISIL Research expects overall gross non-performing assets (GNPAs) of these companies to remain high owing to low seasoning of portfolios of rapidly growing HFCs, many of which are focused on self-employed customers. Hence, this could increase delinquencies in the segment.

GNPA trend      Ticket size-wise GNPA of HFCs



Note: 1. Data representing around 90% of the industry (HFCs with ticket size less than Rs 1 million)

2. Ticket size wise GNPA number not available for FY 18

Source: RBI, Company reports, CRISIL Research

## OUR BUSINESS

*Some of the information in the following section, especially information with respect to our plans and strategies, contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. This section should be read in conjunction with the sections “Forward-looking Statements”, “Risk Factors”, and “Financial Information” on pages 11, 13 and A-1, respectively. Unless otherwise indicated, the financial information included herein is based on our Reformatted Summary Financial Statements for Fiscals 2014, 2015, 2016, 2017 and 2018, and our Limited Reviewed Financial Information for and as at the quarter ended June 30, 2018, as included in this Shelf Prospectus. Our Reformatted Summary Financial Statements included in this Shelf Prospectus have been prepared by the Company from the financial statements prepared in accordance with Indian GAAP and our Limited Reviewed Financial Information for and as at the period ended June 30, 2018 have been prepared in accordance with Ind AS.*

*Unless otherwise indicated, industry data and statistics used in this section have been extracted from the report titled “NBFC Report 2018” dated August, 2018 prepared by CRISIL Research, a division of CRISIL Limited (“CRISIL” and such report the “CRISIL Report”). Unless otherwise indicated, all financial, operational, industry and other related information derived from such CRISIL Report (extracts of which have been incorporated in the section titled “Industry Overview” on page 70 and included herein with respect to any particular year refers to such information for that Fiscal Year.*

### Overview

We are one of the major NBFC players in the gold finance business in India. (Source: CRISIL Report) We provide loans against the pledge of household and/or used gold jewellery and provide short-term personal and business gold loans (“Gold Loans”) primarily to retail customers who require immediate availability of funds, but who do not have access to formal credit on an immediate basis. Our Gold Loans portfolio as of March 31, 2018 comprised approximately 2.25 million customers aggregating a principal amount of ₹ 117,349.82 million in Gold Loans, which accounted for 76.21% of our total loans on a consolidated basis. As of June 30, 2018, we disbursed Gold Loans to our customers from a network of 3,331 branches of our Company in 28 states and union territories of India, including 2,236 branches in the southern states of Andhra Pradesh, Telangana, Karnataka, Kerala and Tamil Nadu.

We are headquartered in the southern Indian state of Kerala. Our Company commenced operations from Valapad, Thrissur, Kerala and have decades of established history in the money lending business, mainly in small-scale money lending against household and/or used gold jewellery. Our Company has been in the gold loan financing business since 1999. Historically, we have also provided other related services, including asset finance, money transfer and foreign exchange, sales of gold coins and business and personal lending.

Our lending functions are supported by an in-house, custom developed information technology platform that allows us to, among other things, record relevant customer details, approve and disburse the loan. Our technology platform also handles internal audit, risk monitoring and management of the relevant loan and pledged gold related information. Our employees undergo periodic training related to evaluation of the worth and authenticity of the gold that is pledged with us.

We have developed various Gold Loan schemes, including Swarna Shakthi (GL-SX), Express Gold Loan Plus (GL-XG+), Super Loan Plus (GL-SG+), Samadhan Plus (GL-SA+), Privilege Loan (GL-PL), Business Loan (GL-BL), GL DS, GL SY, GL B1-N, GL B1+N, GL B2+, GL-H3 and GL B4+, which offer variable terms in relation to the amount advanced per gram of gold, the interest rate and the quantum of the loan, to meet different needs of various customers. Our Gold Loan customers are largely individuals from rural, semi-urban areas and metro cities, including, Mumbai, Delhi, Chennai and Bengaluru, who typically require funds for social obligations, emergencies, agriculture-related activities, small scale business operations or consumption purposes.

We believe that our focus on non-organized sections of society and our faster turn-around time are among the factors which distinguish us from banks. Loan amounts advanced by us are generally in the range of ₹ 1,000 to ₹ 10.00 million per loan transaction, and typically remain outstanding for an average tenor of two months. All our Gold Loans had a maximum tenure of 12 months in the Fiscal Year ended March 31, 2018. Our Gold Loans portfolio yield (representing interest income on Gold Loans as a percentage of average outstanding (average of opening balance as at March 31, 2017 and closing balance as at March 31, 2018) of Gold Loans), was, on an average, 24.30%.

In the Fiscal Years 2014, 2015, 2016, 2017 and 2018 and the three month period ended June 30, 2018, our consolidated total revenue was ₹ 21,118.27 million, ₹ 19,934.27 million, ₹ 23,738.26 million, ₹ 34,089.16 million, ₹ 34,765.56 million and ₹ 9,471.82 million, respectively, and our consolidated profit for the year for same periods was ₹ 2,259.81 million, ₹ 2,713.17 million, ₹ 3,533.68 million, ₹ 7,558.48 million, ₹ 6,708.94 million and ₹ 2,005.50 million, respectively.

In the Fiscal Years 2014, 2015, 2016, 2017 and 2018 and the three month period ended June 30, 2018, interest income from our Gold Loan business constituted 97.00%, 97.00%, 91.00%, 86.00%, 79.90% and 76.29%, respectively, of our total revenue. As of March 31, 2014, 2015, 2016, 2017 and 2018 and the three month period ended June 30, 2018, our portfolio of Gold Loans under management in principal amount was ₹ 81,552.37 million, ₹ 92,145.79 million, ₹ 100,806.31 million, ₹ 111,245.34 million, ₹ 117,349.8200 million and ₹ 124,650.04 million, respectively. Further, approximately 45.57 tons, 53.13 tons, 59.61

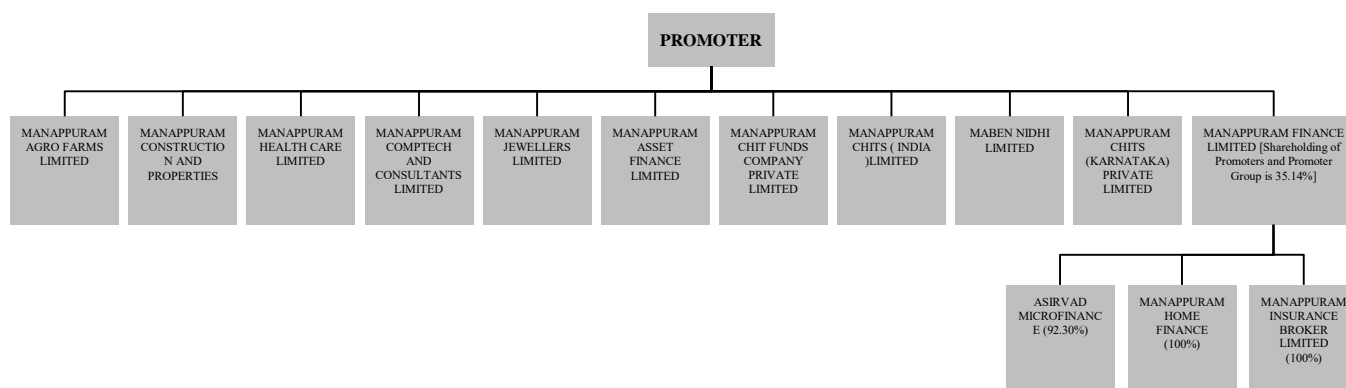
tons, 61.05 tons, 69.38 tons and 65.98 tons, respectively, of gold jewellery was held by us as security for our Gold Loans as of March 31, 2014, 2015, 2016, 2017 and 2018 and the three month period ended June 30, 2018. Gross non-performing Gold Loans assets were 1.22%, 1.18%, 0.97%, 2.01%, 0.39% and 0.39% of our Gold Loans portfolio as of March 31, 2014, 2015, 2016, 2017 and 2018 and the three months period ended June 30, 2018, respectively.

The other business verticals of our Company includes Vehicle and Equipment Finance Business, Payments business, SME business and fee based services including forex and money transfer. Further, we have also expanded into other business verticals such as microfinance business through our Subsidiary AML, housing finance business through our Subsidiary MHFL and insurance broking through our Subsidiary MAIBRO.

In the Fiscal Years 2014, 2015, 2016, 2017, 2018 and the three month period ended June 30, 2018, interest income from other businesses excluding income from bank and other deposits and Gold Loans constituted 0.01%, 0.57%, 6.27%, 11.59%, 15.87% and 19.10% respectively, of our total revenue on a consolidated basis.

## Corporate Structure

The following diagram sets out an overview of our group structure as of the date of this Shelf Prospectus:



## Operational Data

The table below includes certain operational data for Fiscal Years 2016, 2017 and 2018 on a consolidated basis (unless otherwise specified).

<i>Amount (in ₹ million)</i>				
Sl. No	Particulars	Fiscal 2016	Fiscal 2017	Fiscal 2018
1.	Networth*	27,580.36	33,617.95	38,362.04
2.	Total debt of which:			
	- Non-current maturities of long term borrowings	16,000.07	31,224.10	26,962.54
	- Current maturities of long term borrowings	12,704.97	15,827.75	20,725.36
	- Short term borrowings	67,674.23	62,809.43	78,274.66
3.	Net fixed assets of which:			
4.	- Tangible Asset	1,915.46	1,832.10	2,691.48
5.	- Intangible Asset	32.21	31.10	52.88
6.	Non current assets	9,461.05	12,424.73	18,466.04
7.	Cash and cash equivalents	6,044.75	5,554.26	6,986.45
8.	Current investments	440.08	0.00	0.00
9.	Current assets	118,930.49	139,098.79	153,858.58
10.	Current liabilities	83,329.39	85,202.74	105,977.27
11.	Assets under management (included Securitised and Direct Assignment Loan)**	114,329.70	136,572.00	157,647.50
12.	Off balance sheet assets (included in AUM)	1,377.65	741.84	3,515.72
13.	Interest income excluding insurance commission, processing fees and gain on securitization	23,178.80	33,214.86	33,413.86
14.	Interest expense***	9,473.90	11,687.05	10,276.64
15.	Provisioning and write-offs	423.35	1,092.13	2,101.48
16.	Profit after Taxation ("PAT")#	3,533.68	7,558.48	6,708.94
17.	Gross NPA^ (%)	0.97	2.02	0.54
18.	Net NPA^ (%)	0.75	1.71	0.33

Sl. No	Particulars	Fiscal 2016	Fiscal 2017	Fiscal 2018
19.	Tier I <sup>##</sup> Capital Adequacy Ratio (%) <sup>^</sup>	23.48	25.73	26.59
20.	Tier II <sup>###</sup> Capital Adequacy Ratio (%) <sup>^</sup>	0.52	0.39	0.39

\* *Networth includes paid-up share capital and reserves and surplus*

\*\* *Assets under management means total loans including securitised loan and direct assignment loan*

\*\*\* *Interest Expense includes other borrowing cost*

# *Profit after Taxation represents profit for the year.*

Tier I<sup>##</sup> *Capital Adequacy Ratio means Tier I Capital/ Total Risk Weighted Assets\*100*

Tier II<sup>###</sup> *Capital Adequacy Ratio means Tier II capital/ Total Risk Weighted Assets \*100.*

<sup>^</sup>*This figures are provided on a standalone basis.*

## Competitive Strengths

We believe that the following are our key strengths:

### ***One of the major players in the gold financing business in India with a long operating history***

We have been engaged in the business of gold loan financing since 1999. We have, over the years, been successful in establishing our brand name, as well as expanding our customer base to different geographical locations across India. We believe that we have created a niche in the Gold Loans market by catering to the expectations of a typical Gold Loan customer. Our total number of Gold Loan customers grew from 1.51 million as of March 31, 2014 to 2.25 million as of March 31, 2018. We attribute our growth, in part, to our market penetration, particularly in areas less served by organized lending institutions and the efficient and streamlined procedural formalities which our customers need to complete in order to complete a loan transaction with us, which makes us a preferred mode of finance for our customers. We also attribute our growth to customer loyalty which in turn leads to repeat business. We believe that a large portion of our customer base returns to us when they are in need of funds.

### ***Flexible loan schemes, high quality customer service and short response time***

We believe the growth in our Gold Loans portfolio is partly due to the flexible gold loan schemes such as Swarna Shakthi (GL-SX), Express Gold Loan Plus (GL-XG+), Super Loan Plus (GL-SG+), Samadhan Plus (GL-SA+), Privilege Loan (GL-PL), Business Loan (GL-BL), GL DS, GL SY, GL B1-N, GL B1+N, GL B2+, GL-H3 and GL B4+. Depending on the needs of each customer, we are able to customize loans for our customers in terms of the loan amount, advance rate per gram of gold and interest rate. We also allow customers to prepay their loans availed from us without penalty. Further, we also provide shorter tenure loans with tenure ranging from three months which can be extended up to 12 months (depending on the customer's requirement) at the discretion of the Company, to facilitate lower interest burden on the customers. The LTV varies across the various Gold Loan schemes and is dependent on the specific scheme opted for by a customer.

Our products and services are aligned to the lifestyle and needs of our customers. We adhere to a strict set of market survey and location guidelines at the time of selecting branch sites to ensure that our branches are set up close to our customers. We provide our customers with a transparent process and a clean, attractive and secure environment in which to transact their business, and we believe that our staff is professional and attentive at all our branch locations. Each of our branches is staffed with customer representatives who possess local knowledge and understanding of customers' needs.

For instance, in keeping with our customers' changing needs, in April 2017, we launched a co-branded prepaid money card. The card can be preloaded up to a maximum amount of ₹ 50,000 and be used to withdraw money from all ATMs.

In addition, we strive to complete our Gold Loan transactions within a short time frame, which we believe is an important component in our competitive edge over other lenders. We believe that we are able to process Gold Loans within a short time frame as a result of our efficient technology support, skilled workforce and clear policies on internal processes. Although the duration for disbursement may vary due to the loan size and the number of items pledged, we have the ability to disburse loans within a few minutes from the time gold is tendered to the appraiser.

Furthermore, since our loans are all collateralized by gold jewellery, there are minimal documentary and credit assessment requirements, which also shorten our turnaround time and increases the ease with which our customers can do business with us. We believe our high quality customer service and short response time are significant competitive strengths that differentiate our services and products from those provided by other lenders including commercial banks.

### ***Geographical reach of our branch network***

We have steadily expanded our branch network in the past, which we believe has provided us with an advantage over our competitors. The total number of our branches of our Company grew from 3,293 branches in 27 states and union territories as at March 31, 2014 to 3,331 branches in 28 states and union territories as at June 30, 2018. Although we have historically had most of our branches in the southern states of India, we have expanded our branch network to the northern states and currently

have 439 branches in other parts of India. Our customers are typically retail customers, small business persons, vendors, traders, farmers and salaried individuals, who for reasons of convenience, accessibility or necessity, avail our credit facilities by pledging their gold with us rather than taking loans from banks and other financial institutions. A significant proportion of our branches are located in rural locations and in semi-urban locations. We believe that we have a wide reach in rural markets in this category. Our reach in rural and semi-urban locations gives us an added advantage of being able to reach a large set of potential rural customers. In order to manage our expanding operations as well as our increased customer base, we have developed a proprietary technology framework that provides an integrated, robust platform to run our operations and scale our branch network. We intend to continue to develop our technology framework in order to equip ourselves for further growth of our business.

### ***Strong capital raising ability and high credit rating***

We have a track record of successfully raising capital from a variety of sources, including through debt and equity financing. We have received private equity financing in the past from affiliates of AA Development Capital India Fund LLC, Hudson Equity Holdings Limited, GHIOF Mauritius, Nambe Investment Holdings, Beaver Investment Holdings, Baring India Private Equity Fund II Limited, Baring India Private Equity Fund III Listed Investments Limited and BRIC II Mauritius Trading. As of June 30, 2018, Baring India Private Equity Fund II Limited, Baring India Private Equity Fund III Listed Investments Limited and BRIC II Mauritius Trading have remained invested in the Company.

Our results of operations also depend substantially on our net interest margin, which is the difference between the interest rates on our interest-earning assets and interest-bearing liabilities. For the Fiscal Years 2016, 2017 and 2018, our consolidated interest income excluding insurance commission, processing and application fees and gain on securitisation was ₹ 23,178.80 million, ₹ 33,214.86 million and ₹ 33,413.86 million representing 98%, 97% and 96% respectively, of our consolidated total revenue being ₹ 23,738.26 million, ₹ 34,089.16 million and ₹ 34,765.56 million respectively.

In addition, as of June 30, 2018, we had borrowing relationships with more than 39 banks. As of March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017, and March 31, 2018, our secured borrowings on a consolidated basis were ₹ 74,058.03 million, ₹ 82,043.15 million, ₹ 84,156.08 million, ₹ 85,816.18 million and ₹ 95,896.18 million respectively. Our bank borrowings and private equity financings have aided us in achieving growth in our business.

We also raise capital by issuance of non-convertible debentures, issuance of commercial paper and availing term loans and cash credit facilities from banks including working capital term loans. We have in the past issued both secured redeemable non-convertible debentures and unsecured subordinate non-convertible debentures to retail investors on a private placement basis as a means to access capital for our Gold Loan business.

We have earned and sustained credit rating above the investment grade norm, from approved credit rating agencies since 1995. Our current Issue has been rated “CARE AA/Stable” by CARE by way of its letter bearing reference number CARE/CRO/RL/2018-19/1239 and dated August 20, 2018 and revalidated by way of its letter dated September 17, 2018 and further revalidated by letter dated October 8, 2018 and has been rated “BWR AA+/Stable” by Brickwork by way of its letter bearing reference number BWR/NCD/HO/ERC/VS/0351/2018-19 and dated August 29, 2018 and revalidated by way its letter bearing reference number BWR/NCD/HO/ERC/VS/0458/2018-19 and dated October 11, 2018.

Further, the details of credit ratings for our short-term instruments and long-term instruments, are provided as under:

<b>Rating Agency</b>	<b>Rating</b>	<b>Nature of Securities</b>
Brickwork	AA+ (Stable)	Non - Convertible Debentures aggregating to ₹ 30.00 million
CARE	AA (Stable)	Long Term Bank Facilities aggregating to ₹ 56,800.00 million
CARE	A1+	Short Term Bank Facilities aggregating to ₹ 33,200.00 million
CARE	AA (Stable)	Non - Convertible Debentures aggregating to ₹ 6,800.00 million
CARE	A1+	Commercial Paper aggregating to ₹ 35,000.00 million
CRISIL	AA- (Positive)	Bank Loan Facilities aggregating to ₹ 2,500.00 million
CRISIL	AA- (Positive)	Non - Convertible Debentures aggregating to ₹ 27,070 million and Non - Convertible Debentures aggregating to ₹ 5,050.00 million
CRISIL	A1+	Commercial Paper aggregating to ₹ 35,000 million
ICRA	AA- (Stable)	Non - Convertible Debentures aggregating to ₹ 2,701.20 million

Our credit rating reflects our sources of stable funding, adequate liquidity and our robust capitalization levels in relation to our proposed expansion plans. Our liquidity position is comfortable with a well matched asset liability management profile on account of the relatively shorter tenure of the advance portfolio and availability of funding lines.

### ***Robust support system and IT infrastructure, including appraisal, internal audit and inventory control and safety systems***

Our IT infrastructure has been developed in house and links our network of branches across the country with the head office. We migrated to a .NET platform in December 2008 and have reaped benefits in the form of minimizing errors, faster transmission of data and risk monitoring. Our management has also benefited from availability of real time information. We upload data at each branch to facilitate online information access for faster decision making. In addition, our technology platform has helped us develop an effective risk based internal control system and internal audit. We also have a disaster recovery system located outside of Kerala which replicates data on a real time basis. Our centralized technology aids us in offsite surveillance of all our branches. Our technology also helps reduce the time it takes to complete Gold Loan transactions.

Our ability to accurately appraise the quality of the gold jewellery to be pledged in a short period of time is critical to our business. We do not engage third parties to assess the gold jewellery, but instead employ in-house staff for this purpose, which, we believe leads to better customer service. Assessing gold jewellery quickly and accurately is a specialized skill that involves an assessment for gold content and quality manually without damaging the jewellery. We use tested methods of appraisal of gold, such as the nitric acid test, the touchstone test, checking for hallmarks and the sound test, and an independent appraisal is carried out by different sets of officials before disbursement is made depending on the ticket size. In addition, branch heads are required to independently verify loans where the net weight of gold exceeds 20 grams. Further branch heads shall verify the gold in all pledges of a single customer beyond ₹ 100,000. Since we generally lend only against household, used jewellery and avoid lending against bullion or lending to jewellers and goldsmiths, the risk of use of low quality gold or spurious jewellery as security for our Gold Loans is limited.

In addition, the gold that is pledged for each loan is typically as much as the worth of gold that is owned by an average Indian household, which prevents our exposure to larger-sized loans where the chances of default and subsequent losses are increased. Only a small portion of the loans advanced by us are for relatively larger amounts, and in such cases we follow a more detailed process for evaluation of such loans. For larger loans, the head office will verify the profile of the customer and approve limits for loan sanctions.

Once the Gold Loan is made, we have a system in place for continuous monitoring of the pledged gold by internal audit and risk management teams. Further, all our branches are subject to audit inspections by internal audit department from time to time. At the time of conducting an inspection, a quality check on the inventory is also carried out. Our inventory control procedures involve physical security checks and checks on the quality of pledged gold. In addition, the branch head and the assistant branch head are the joint custodians of the gold stored in strong rooms or vaults, which means that the strong rooms or vaults can only be opened if two keys are inserted at the same time. The safes and strong rooms are reinforced concrete cement structures built per industry standards and practices.

#### ***In-house training capabilities to meet the requirements of its branches***

Our company focusses on building a strong leadership pipeline that can elevate the company to the next growth trajectory. Our employees, being a mix of youth and experience, are customer-centric, focused and forward looking in their approach. Our employees also receive training through various skill advancement programmes and educational programmes including management development programme, executive development programme and company sponsored courses in business administration. We recognise talent and reward employees accordingly to motivate them. We have 32 regional training centres and two apex training centres called the Manappuram School of Training. Our Company has been continuously investing in developing advanced learning solutions for preparing its employees for the future and to cater to the ever increasing needs of our customers, and training our employees. We have an online e-learning tool, which can be accessed by all our employees. This tool helps train employees and prepares new staff for ensuring the branch service ambience. Additionally, we deploy various methods of training and development including class room training, e-learning, on-the-job training, job rotation, case studies, role plays, distance learning, video conferencing and social media. We believe that our in-house training has built up a talent pool that enables us to staff new branches with qualified and skilled personnel. Our in-house training capabilities also enable us to improve the skill sets of our existing personnel.

#### ***Experienced Management Team and Skilled Personnel***

Our Key Managerial Personnel on an average have over 21 years of experience. Our Directors have extensive experience in the gold loan business and we believe that their considerable knowledge of, and experience in, the industry enhances our ability to operate effectively. Our staff, including professionals, covers a variety of disciplines, including gold appraisal, internal audit, technology, accounting, marketing and sales. Some of our key management personnel have been employed by us since our inception. We believe that the in-depth industry knowledge and loyalty of our management and professionals provide us with a distinct competitive advantage. Our management has experience in identifying market trends and suitable locations for expanding and setting up branches to suit our target customers. Our management further promotes a result-oriented culture that rewards our employees on the basis of merit. Our workforce also consists of appraisers who are skilled in the evaluation of the worth and authenticity of the gold that is pledged with us and we conduct periodic training programs to augment their knowledge and efficiency in performing this task. In order to strengthen our credit appraisal and risk management systems and to develop and implement our credit policies, we have hired a number of senior managers who have extensive experience in the Indian banking and financial services sector and in specialized finance firms providing loans to retail customers.

Further, we believe that our company has been successful in attracting, fostering and retaining talent. The recruitment and business strategy has been aligned right through the years and having a strong pool of talent gives the company a competitive



edge in its growth. While recruiting, the company has laid down minimum standards that a prospective candidate should meet. The prospective candidate is rated on various factors like qualifications and academic knowledge, communication skills, family background, experience in relevant field, personality, mental ability and behavioral competencies. We have implemented a decentralised recruitment policy at the entry level to attract and retain local talent and meet staffing requirements. We have also implemented a retention policy to promote internal appreciation and retention of talent by promoting career growth, establishing a suitable working environment and implementing a performance based appraisal mechanism. The employee welfare initiatives including provident funds and group medi-claim policy ensures a conducive work environment for all. To uphold its performance oriented culture, the company conducts training programmes and online skill assessments on a periodic basis, continuously monitoring and augmenting the performance level of the employees.

## **Strategy**

Our business strategy is designed to capitalize on our competitive strengths and enhance our leadership position in the Gold Loan industry. Key elements of our strategy include:

### ***Further strengthen and grow our Gold Loan business***

A typical Gold Loan customer expects high loan-to-value ratios, rapid and accurate appraisals, easy access, low levels of documentation, quick approval and disbursement of loans and safekeeping of their pledged gold. We believe we meet these criteria, and thus our focus is to continue to expand our Gold Loan business.

Gold loan NBFCs' AUM grew by 10% to ₹ 640 billion in Fiscal Year 2018, primarily driven by such NBFCs moving into non-southern Indian territories and achieving relatively higher growth based on lower penetration. For instance, the two largest players expanded their presence in eastern India, demonstrating 12% and 10% growth in branches, respectively, compared to negative growth rates for branches in southern India. Rise in gold prices and higher marketing expenditure undertaken by players in order to improve product awareness and build brand identity have also contributed to this growth. Currently, south India accounts for more than 40% of regional demand. As these markets saturate, growth will be driven by (i) diversification into regional geographies and untapped markets; (ii) marketing initiatives to raise awareness against heavy interest rates charged by the unorganised players especially in rural markets; (iii) ability to leverage technology and improve online gold disbursements; and (iv) a favourable economic scenario resulting in increased funding needs of small businesses. Based on these growth drivers, it is expected that gold loan NBFCs' AUM will grow at 9% CAGR, from ₹ 640 billion in Fiscal Year 2018 to ₹ 760 billion in Fiscal Year 2020. (Source: CRISIL Report)

We intend to focus on the industry opportunity and leverage our established presence to further grow our gold loan business.

### ***Continue to build the Manappuram brand***

We believe that our brand is key to the growth of our business. We believe that we have built a recognizable brand in the rural and semi-urban markets of India, largely in the southern states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh and Telangana and are growing our presence in Maharashtra, Gujarat, West Bengal and other parts of India. We intend to leverage on our well connected branch network to strengthen our position in existing markets and reach out to customers in newer markets. To further strengthen our brand equity, we have a planned and consistent marketing approach based on long term as well as short term marketing goals.

At the macro level, to build awareness, mass media campaigns through various mediums such as television, print and radio, enable us to reach out to a large proportion of our target audience. Such campaigns are planned on an annual basis in line with the Company's overall objectives. At a micro level, customer engagement programs in key target customer locations as well as the branch catchment areas help us in taking the concept of Gold Loans closer to our target audience.

We intend to continue to build our brand by taking the below key initiatives enumerated as under:

- Local marketing initiatives such as village campaigns, loan *melas*, shop visits, home visits and notice distribution were conducted extensively;
- Local marketing initiatives were conducted on a scale ranging from mass marketing to individual marketing, wherein customised options are made available for customers; and
- Our Company is endorsed by various icons of the film industry.

We intend to continue to increase our brand presence through our marketing initiatives and engage with customers and build awareness about the 'Manappuram' brand and our products and services.

### ***Expanding other businesses and entering into new businesses***

In Fiscal 2015, we leveraged our strong brand equity and existing retail customer base developed through our mainstay Gold Loans business over the years to expand into other businesses, including microfinance, mortgage and housing finance and

commercial vehicles loan business. Our microfinance business is housed under our Chennai based Subsidiary AML that was acquired by us in February 2015. Our mortgage and housing finance business is housed under our Subsidiary MHFL. Through our housing finance and commercial vehicle loans business, we sought to reach out to upwardly mobile customers. Through our microfinance business, we cater to the lower income group segments, using the collateral-free, joint liability model. Our Company had entered into commercial vehicle financing business in Fiscal 2015 operating from southern and western regions to envisage financing customers who are largely from unorganised sector. Over the last three years, we believe that we have steadily expanded our microfinance business, mortgage and housing finance business and commercial vehicles loan business.

Further, we forayed into multiple business segments to tap into macro opportunities and become a diversified, multi-product NBFC with products catering to corporate finance, micro, small and medium enterprises, personal loans and project and industrial finance.

The corporate finance segment focusses on lending to vendors and dealers of large and good-quality corporates. We believe that this segment is underbanked and have significant, unmet credit requirements. The micro, small and medium enterprises segment introduced various tailor made products to meet working capital demands of MSME. We focus on tapping the Tier 1, Tier 2 and Tier 3 cities and partner with budding entrepreneurs to help them prosper.

We believe a continued focus on these diversified business lines will help our future growth.

### ***Strengthen our technology platform and continue to develop robust risk management procedures and related systems***

Our eKYC has been live in the branches for over a year now as we continue to work on developing an in-house eKYC solution. Further, UPI based payments went live in our online web application to enable Gold Loan payments. We are also getting all our previous records scanned, from the human resources, legal, finance and admin departments, in a structured manner so as to achieve our goal of becoming 100% paperless. We will shortly undertake a process rationalisation initiative wherein we will reengineer our existing processes to suit the business process management and document management system tools. Moreover, we are working on many consumer-facing tools that will help create digitisation of the loan processes right from the first step. For the customer, it will mean shorter turn-around-time and faster loan disbursal. Simultaneously, we are also increasing our digital marketing footprint. In these segments, more often than not, the search for a product starts online, and we want to be present to serve those needs from the earliest stage. We have begun to apply analytics in all aspects of our businesses. For example, in loan sourcing, we are consistently optimising our marketing budgets by looking at return on investment from various channels. This is an analytical exercise that requires benchmarking of response rates from each channel and then examining the incremental lift that marketing spend is bringing. We would like to cross-sell and develop surrogate variables for the incomes and expenditures of our gold loan customers. Further we have tie-ups with various payment wallets and this enables our customers to make payments through a variety of options.

Since we are geographically well connected, our scale of operations increased manifold. We intend to further develop and strengthen our technology platform to support our growth and improve the quality of our services. Our information technology strategy is designed to increase our operational and managerial efficiency. We aim to increasingly use technology in streamlining our credit approval, administration and monitoring processes to meet customer requirements on a real-time basis. We continue to implement technology led processing systems to make our appraisal and collection processes more efficient, facilitate rapid delivery of credit to our customers and augment the benefits of our relationship based approach. We also believe that deploying strong technology systems will enable us to respond to market opportunities and challenges swiftly, improve the quality of services to our customers, monitor our process and performance and improve our risk management capabilities. As a part of our service oriented strategy, our Company has implemented proactive service related measures which are designed to reduce customer grievances and complaints. We are focused on improving our comprehensive knowledge base and customer profile and support systems, which in turn will assist us in the expansion of our business. We encourage the periodic collection of interest which helps reduce the credit risk. We believe that improvements in technology will also reduce our operational and processing time and thereby improve our operating efficiencies.

In addition, we view risk management as crucial to the expansion of our Gold Loan business. We therefore continually focus on improving our integrated risk management framework with processes for identifying, measuring, monitoring, reporting and mitigating key risks, including credit risk, appraisal risk, custodial risk, market risk and operational risk. The objective of our risk management systems is to measure and monitor the various risks we are subject to and to implement policies and procedures to address such risks. We intend to continue to improve our operating processes and risk management systems that will further enhance our ability to manage the risks inherent to our business. We continue to make significant investments in personnel, security, technology and infrastructure in order to improve process efficiencies and mitigate business risks. We have recruited individuals who have significant risk management experience and plan to retain this focus in hiring additional risk management personnel. Going forward, we plan to continue to adapt our risk management procedures to take account of trends we have identified, including our loan loss experience. We believe that prudent risk management policies and development of tailored credit procedures will allow us to expand our Gold Loan financing business without experiencing significant increases in non-performing assets.

### ***Attract and retain high quality talent***

The intellectual capital of our management and finance teams, as well as other professionals in our business, is critical to our success, and we intend to continue to focus on attracting and retaining high quality talent. In order to achieve this, we will continue to capitalize on our strengths in the area of recruiting. In particular, we plan to consolidate our position as an employer of choice within the NBFC sector. We currently conduct training programs periodically across our regional training centers. We have also developed and will continue to develop targeted compensation schemes designed to retain our key management personnel and professionals, such as offering performance-linked salaries.

## **Our Business Operations**

### ***Our Gold Loan Business***

Our core business is providing Gold Loans, which are typically small loans secured by the pledge of household, and/or used gold jewellery. Loan amounts advanced by us are typically within the range of ₹ 1,000.00 to ₹ 10.00 million per loan transaction and typically remain outstanding approximately for an average tenor of 2 months. As of June 30, 2018, we had approximately 3.75 million Gold Loan accounts, aggregating to ₹ 124,650.04 million in principal amount.

In the Fiscal Years 2014, 2015, 2016, 2017, 2018 and the three month period ended June 30, 2018, our gross Gold Loan portfolio yield representing net interest income on gross gold loans as a percentage of gross average outstanding of gold loans (opening balance + closing balance)/2) of Gold Loan were 22.62%, 22.25%, 22.34%, 27.50%, 24.30%, per annum and 23.91% respectively. In the Fiscal Years 2014, 2015, 2016, 2017, 2018 and the three month period ended June 30, 2018, interest income from Gold Loans constituted 97.00%, 97.00%, 91.00%, 86.00%, 79.90% and 76.29%, respectively, of our total revenue.

We are able to offer a variety of Gold Loan schemes to our customers to suit their individual needs. As of June 30, 2018, we have Swarna Shakthi (GL-SX), Express Gold Loan Plus (GL-XG+), Super Loan Plus (GL-SG+), Samadhan Plus (GL-SA+), Privilege Loan (GL-PL), Business Loan (GL-BL), GL DS, GL SY, GL B1-N, GL B1+N, GL B2+, GL-H3, GL B4+ which offer variable terms in relation to the amount advanced per gram of gold, the interest rate and the amount of the loan, to meet the different needs of various customers. The schemes differ in relation to the amount advanced per evaluated gram of gold, the interest rate chargeable, the number of days the scheme is valid and the amount of the loan. Some of our schemes are available only in certain geographical areas and branches. The elements of a scheme do not remain constant and are dependent on external factors such as the market price of gold, our cost of funds, the advance and the rate of interest that is offered by our competitors. To maintain consistency and ensure that our standards are not compromised, we have kept the procedures and processes involved in each gold finance transaction generally the same across the different schemes. We also allow customers to prepay their loans without penalty.

In the Gold Loans business, the Company endeavours to continue to launch new products such as doorstep gold loans and further have recalibrated the loan-to-value of our gold loans to the tenure of the loan. This means that loans with shorter tenures can have LTV of up to 75% (the maximum permitted limit allowed by RBI), which delinks gold prices from our Gold Loans business.

In keeping with its record of technology led innovations, our Company launched its latest product “Online Gold Loans” in 2015. A customer who has completed the initial formalities, including depositing gold jewellery at one of our branches, can now avail a gold loan 24X7, from anywhere in the world. The loan proceeds are instantaneously transferred to his bank account. We have further launched a co-branded debit card that allows even customers, including those, without access to bank accounts to withdraw money from an ATM. Our OGL portfolio, which is an important focus area for us, now accounts for 32% of the total gold loan book as of March 31, 2018 compared to 11.90% as of March 31, 2017.

### ***Gold Loan Disbursement Process***

The principal form of security that we accept is wearable, household, used, gold jewellery. The RBI Master Directions provide that NBFCs shall not grant any advance for purchase of gold in any form including primary gold, gold bullion, gold jewellery, gold coins, units of Exchange Traded Funds (ETF) and units of gold mutual fund. Our internal policies have been suitably modified to ensure the same. While these restrictions narrow the pool of assets that may be provided to us as security, we believe that it provides us with the following key advantages:

- It filters out spurious jewellery that may be pledged by jewellers and goldsmiths. We find that household, used jewellery is less likely to be spurious or fake.
- The emotional value attached by each household to the pledged jewellery acts as a strong incentive for timely repayment of loans and revoking the pledge.
- As we only accept the pledge of household jewellery, the value of the pledged gold is typically only as much as the worth of gold that is owned by an average Indian household. This prevents our exposure to large-sized loans where the chances of default and subsequent losses are high.

The amount that we finance against the pledged gold jewellery is typically based on a fixed rate per gram of gold content in the jewellery. We value the gold jewellery brought by customers based on our centralized policies and guidelines. We generally lend up to 75.00% of the price of gold assumed by us, which is generally lower than the market price of gold at that time. At 75.00%, the actual loan amount varies according to the type of jewellery pledged. While jewellery can be appraised based on a variety of factors, such as total weight, weight of gold content, production cost, style, brand and value of any gemstones, we appraise the gold jewellery solely based on its gold content. Our Gold Loans are therefore generally well collateralized because the actual value of the gold jewellery is higher than our appraised value of the gold jewellery when the loan is disbursed.

The amount we lend against an item and the total value of the pledged gold we hold fluctuates according to the market price of gold. However, an increase in the price of gold will not automatically result in an increase in the value of our Gold Loan portfolio unless the per gram rate is revised by our corporate office. Similarly, since adequate margins are built in at the time of the loan disbursement and owing to the short tenure of these loans on average, a decrease in the price of gold generally has little impact on our interest income. However, a sustained decrease in the market price of gold could cause a decrease in the growth rate of Gold Loans in our loan portfolio. For further details, please see the section titled “*Risk Factors - Volatility in the market price of gold may adversely affect our financial condition, cash flows and results of operations*” on page 14 of this Shelf Prospectus.

All our Gold Loans have a maximum tenure of 12 months, however, customers may redeem the loan at any time. Our Gold Loans typically remain outstanding approximately for an average tenor of 6 months. In most cases, interest is paid only at the time the principal is repaid. In the event that a loan is not repaid on time and after providing due notice to the customer, the unredeemed pledged gold is disposed of on behalf of the customer in satisfaction of the principal and interest charges. Any surplus arising out of the disposal of the pledged gold is refunded to the customer. In the event that the recoverable amount is more than the realizable value of the pledged gold, the customer remains liable for the shortfall. We make provisions for losses that we believe are not recoverable from the customer when the respective loans remain outstanding after six months from the date of agreed tenor of the loan.

The processes involved in approving and disbursing a Gold Loan are divided into three phases: Pre-disbursement, Post-disbursement and release of the pledge. When a loan is repaid, we give the customer the option to pledge the security again and obtain another loan.

#### *Pre-Disbursement*

Pre-disbursement processes include all the actions that are carried out from the moment a customer enters any of our branches for procuring a Gold Loan until the customer receives the loan amount and include the following:

#### Appraisal of Gold

The first step in the process is the appraisal or evaluation of the gold to be used as security for the Gold Loan. Each of our branches has designated personnel for gold appraisal who operate under a clear policy regarding their function and responsibilities. The initial appraisal is performed by a trained employee who has experience in appraising the gold content of jewellery. The initial appraisal is then verified by a second trained employee. Additionally, if the net weight of gold being offered as security for the Gold Loan is above 10 grams but less than 20 grams, the appraisal must be verified by the assistant branch head. However, if the net weight of gold being offered as security for the Gold Loan is above 20 grams, the appraisal must be verified by the branch head.

Several steps are involved in the gold appraisal process. We first test the authenticity of the gold in accordance with standard guidelines that are applied across all our branches. This process involves several principal tests, which include the nitric acid test, the touchstone test, checking for hallmarks and the sound test.

We then determine the gross weight of the gold jewellery by weighing the jewellery. From the gross weight, we deduct for purity and stone weight to arrive at net weight. We have determined a constant percentage deduction that applies depending on the purity of the gold, which is based on the proportion of gold contained in the jewellery in relation to other metals. As purity decreases, the percentage deduction that is applied to the gross weight increases in order to arrive at the net weight. The weight of stones and other material that is embedded in the jewellery is also deducted from the gross weight to determine the net weight. The net weight is then converted into 22 carat purity levels. We use weighing machines of ISO approved quality at various branches of our Company.

Pursuant to RBI Master Directions, in order to standardize the valuation and make it more transparent to the borrower, gold jewellery accepted as collateral shall have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by the Indian Bullion and Jewellers Association Limited formerly known as Bombay Bullion Association Limited, (“**BBA**”) or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission and value of the jewellery of lower purity in terms of carats shall be proportionately reduced. While accepting the gold as collateral, the NBFC should give in writing to the borrower, on their letter head giving the purity (in terms of carats) and weight of the gold. Pursuant to the circular dated January 8, 2014, the RBI has clarified that the certified purity may be applied to determine the maximum permissible loan and reserve price for auction. However, suitable caveats to

protect themselves against disputes on redemption may be included. If the gold is of purity less than 22 carats, the NBFC should translate the collateral into 22 carat and state the exact grams of the collateral.

In order to determine the loan amount that can be advanced against a specific piece of jewellery, or the loan to value, the net weight of the jewellery is multiplied against a fixed constant, which is the 90 days trailing average of the price of gold, or the spot price of gold, whichever is lower.

### Appraisal of the Customer

Since the disbursement of the Gold Loan is primarily based on the value of the pledged gold, the customer's creditworthiness is not a major factor in the loan decision. However, each branch complies with standard "know your customer" ("KYC") policies and other customer appraisal procedures, depending on the amount of the Gold Loan.

Compliance with the KYC policies ensures that the personal data provided by a particular customer is accurate. For loans up to ₹ 50,000, the customer must provide a document that confirms the customer's identity, which could be a Government issued document, such as a passport, driver's license, PAN card, voter identification card, ration card or UIDAI card (Aadhar). For loans above ₹ 50,000, proof of address is also required. Any KYC document that is received is verified for authenticity. A KYC register is maintained in every branch to enter all KYC related details of our customers. We also maintain and file electronic copies of all KYC documents at each branch, retain a photograph of each customer in our system, and confirm the customer's mobile number by generation of a unique identification number through text message at the time of the pledge.

The RBI Master Directions provides that Gold Loan NBFCs have been mandated to insist on a copy of the PAN card of the borrower for all transaction above ₹ 500,000. Further, where the gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams, NBFCs must keep record of the verification of the ownership of the jewellery. Further, it is not necessary to produce original receipts to establish ownership. Instead, a suitable document may be prepared to explain how the ownership is determined and an explicit policy within the overall loan policy must be established by the Company. Our internal policies have been suitably modified to ensure the same.

If the outstanding loan in the account of a customer is ₹ 100,000 or more, the branch head verifies the gold pledged by such customer. Further, an information statement is generated by our internal system, which is tracked by the area head. Further, we monitor individually, customers who have loans outstanding in excess of ₹ 1,000,000. In addition, the system generates daily alert reports based on certain pre-set parameters, which are tracked by the area head. All of these processes are supported by our technology platform. Pursuant to the RBI Master Directions, high value loans of ₹ 20,000 and above can only be disbursed by cheque. Our internal policies have been suitably modified to ensure the same.

### Documentation

The standard set of documents that are executed in a typical Gold Loan transaction include the gold loan slip, the pawn ticket cum terms and conditions and the demand promissory note cum loan application. Basic details of the pledge, such as the name of the customer and the net weight of the jewellery pledged is recorded on the gold loan slip, which is retained by us. The pawn ticket, which contains the details of the customer and the pledged jewellery, is filled in by the employee who appraised the gold and a copy is retained by the customer. The demand promissory note is an undertaking by the customer to repay the loan amount with the interest to the Company. The terms and conditions that are contained in the demand promissory note empower us to sell the pledged jewellery if the customer defaults on the Gold Loan. In addition to these documents, we keep additional internal records that specify the customer and the pledged jewellery. We identify and correct data entry errors in customer data through a process of day-book checking.

### *Post-Disbursement*

#### Custody of the Pledged Gold

The pledged gold jewellery is packed separately by staff of the branch along with the relevant documents about the loan and the customer, and stored in the safe or strong room of the branch. Once lodged in the safe or strong room of the concerned branch, the branch head and the assistant branch head are the joint custodians of the gold.

The safes and strong rooms in which the gold jewellery is kept are built in accordance with industry practice. The strong rooms are vaults with reinforced concrete cement structures. Separate cupboards are used within the strong rooms for the safe keeping of the gold collateral. Pursuant to the RBI Master Directions, the business of granting loans against the security of gold cannot be transacted at places where there are no proper facilities for storage/security of the gold jewellery. Further, no new branches can be opened without suitable storage arrangements having been made.

#### Inventory Control

Once the pledged gold is packed and moved to the safe or strong room, color coded stickers are affixed on the packet. Tamper proof stickers are also affixed on the jewellery packets to ensure inventory control. Additional stickers are used to seal packets

by persons examining packages subsequently, including our internal auditors. In addition to the color coding, these stickers also contain details of the persons inspecting the gold. We have procedures in place for random verification of gold packets by the branch heads. A separate register is maintained for updating the details of the stickers used by a branch.

### Branch Security and Safety Measures

Ensuring the safety and security of the branch premises is vital to our business since cash and gold inventory are stored in each branch. Branch security measures implemented by us include:

- *Burglar alarms:* Burglar alarms are installed at all branches and phone numbers of the assistant branch head, branch head, area manager, regional manager, zonal manager, general manager (Financial Analysis Wing), the concerned police station and control room are integrated into the alarm system, which triggers a call to these numbers if the alarm goes off.
- *Joint custodianship by the branch head and the assistant branch head:* Both the branch head and the assistant branch head hold the keys to the safe or strong room, which can only be opened if both keys are inserted at the same time.
- *Security guards:* Security guards are recruited through approved agencies and are present at night at all of our branches. Day time security is also provided at some of our branches, depending on the security of the particular area and the Gold Loans outstanding in the respective branch. In the absence of a security guard, the branch head or the assistant branch head informs regional branch head and the security control room at the head office and alternative arrangements are made. Patrolling services by the local police have also been implemented to reduce risk of burglary.
- *IP cameras/CCTVs:* We have installed CCTV cameras in all branches of our Company.
- *Rules in relation to the cash counter:* The cash counter is always locked from the inside and the cashier is required to tally the cash against the cash book at least every three hours and in the morning and the evening. Shifting of cash from one storage point to another is recorded in the cash movement register that is maintained for this purpose. Cash that is held in the cash cabin at any point in time does not generally exceed the retention limit prescribed for this purpose. If there is a case where such cash exceeds the retention limit, it is generally due to a banking holiday or other business reasons.

### *Release of the Pledge*

We monitor our loan accounts and recovery of interest on an ongoing basis. Once a loan is fully repaid, the pledged gold jewellery is returned to the customer. When a customer does not repay a loan on or before its maturity, we initiate the recovery process and dispose of the pledged gold to satisfy the amount owed to us, including both the principal and accrued interest. Before starting the recovery process, we inform the customer through registered letters or legal notices. The recovery procedure typically commences after 15 days from the date of maturity. When a loan is repaid or interest is repaid but not the principal, we give the customer the option to pledge the security again and obtain another loan. The procedure of re-pledging entails the same procedure as that of a pledge and is accompanied by the same mode of documentation that a pledge entails.

We also reserve the right, subject to notification to the customer, to sell the pledged gold even before a loan becomes past due in the event the market value of the underlying pledged gold falls below amounts outstanding on the loan.

Pursuant to the RBI Master Directions, the following additional stipulations have been made in respect to auctioning of gold jewellery:

- (i) Auction should be conducted in the same town or taluka in which the branch that has extended the loan is located;
- (ii) While auctioning the gold, NBFCs have been mandated to declare a reserve price for the pledged ornaments. The reserve price for the pledged ornaments should not be less than 85.00% of the previous 30 day average closing price of 22 carat gold as declared by BBA and value of the jewellery of lower purity in terms of carats should be proportionately reduced;
- (iii) NBFCs have been mandated to provide full details of the value fetched in the auction and the outstanding dues adjusted and any amount over and above the loan outstanding should be payable to the borrower; and

NBFCs shall disclose in their annual reports, the details of the auctions conducted during the financial year including the number of loan accounts, outstanding amounts, value fetched and whether any of its sister concerns participated in the auction.

### ***Other Businesses***

Our non-gold portfolio collectively grew by 59.00% during the Fiscal 2018 led by the commercial vehicles portfolio, which more than doubled its assets under management in the same period even our microfinance Subsidiary, AML, closed the Fiscal

Year 2018 with a 36.00% growth in assets under management, touching the ₹ 25,000 million mark. Our non-gold businesses contributes 25.50% of our consolidated loans portfolio for Fiscal 2018, as against 18.50% for Fiscal 2017. Our strategy is to minimise our risk profile and enable us to emerge as a larger, multi-product NBFC.

Over the last three fiscals, the other 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), and enhance the manpower strength of each vertical and foster synergistic lead generation connections with the Company's network.

### ***Other Businesses of our Company***

#### *Vehicle and Equipment Finance Business*

Our Company's vehicle finance portfolio is about ₹ 6,253.80 million spread across 116 locations in 20 states as on March 31, 2018. The assets under management (which includes all loans including securitisation and direct assignment pool) of our vehicle finance business doubled during the Fiscal 2018 to ₹ 6,253.80 million owing to healthy traction and improved demand momentum in the preowned commercial vehicles space.

#### *Payments business*

Our Company's payments business includes our remittances and money changing business. Our Company became an RBI-licensed principal agent in Fiscal 2018 and tied up with various third parties as their principal agent. We have also tied up with various banks and other institutions to provide banking correspondent services. Going forward, we intend to grow our outward remittances business. We are also looking to leverage higher synergies between our online gold lending platform and our digital wallet 'MAKASH'.

#### *SME business*

Our Company commenced SME business in November, 2017 to serve the underserved segment and help them grow their businesses. The SME business vertical covers loans provided against the collateral security of property with the loan amount ranging from ₹ 0.25 million to ₹ 1.50 million. The tenure of such loan generally ranges from 24 months to 60 months along with a 10 day TAT. We are building our team and have only launched this business in Maharashtra.

#### *Fee based services including forex and money transfer*

Our Company's fee based services include money transfer and foreign exchange services. We act as sub-agents to Indian representatives for money transfer inward remittance and enter into representation agreements and sub-agency agreements for the same. Under these agreements, we are entitled to a commission for the services provided depending on the amount of money transferred and the location from which the money is transferred to us. We are associated with various third parties for inward money transfer services.

Foreign exchange service involves the repatriation of money in the form of foreign exchange by an Indian citizen to his account from an account outside India. We have an Authorized Dealer II License from the RBI in connection with this business activity. We facilitate fast, easy and safe money transfer and no bank account is needed by the customer for an amount of up to ₹ 50,000, subject to compliance with applicable RBI norms.

We also have the right to appoint franchisees. In addition, we assist in currency exchanges and sale of travelers' cheques for a variety of purposes as permitted under the FEMA. We are associated with various third parties for money transfer outward remittance facilities. Fee based services accounted for 0.25% of our total revenue for the Fiscal 2018.

### ***Other Businesses of our Subsidiaries***

#### *Microfinance Business under our Subsidiary, AML*

AML, being an NBFC operating as a micro finance institution (NBFC - MFI) is a majority-owned subsidiary of our Company. AML provides mainly three types of loans, namely income generating programme loan, product loan and SME loan with an average tenure of up to 24 months.

The assets under management of this business increased by 35.70% during the Fiscal 2018. This growth was an outcome of multiple factors such as healthy addition of new customers aggregation to 0.30 million, enhanced reach via a balanced mix of branch-led expansion as well as more client acquisition via our online/digital platforms. AML has an extensive network of 840 branches spread across 18 states and 2 union territories with a customer base of 1.50 million persons and gross NPAs of 2.33%.

#### *Housing Finance Business under our Subsidiary MHFL*

MHFL focuses on affordable housing loans and aims to cater to the needs of mid-income to low-income group. Our housing finance business registered 20.70% growth in its AUM in Fiscal 2018. Currently, there are 35 branches across six states including Maharashtra, Gujarat, Tamil Nadu, Kerala, Andhra Pradesh and Karnataka. Western region contributes the largest share of the MHFL loan portfolio.

#### *Insurance broking under our Subsidiary MAIBRO*

Our wholly owned Subsidiary, MAIBRO provides insurance broking services for all leading players and has entered into tie-ups with various insurance companies.

#### *Marketing, Sales and Customer Care*

Our sales and marketing efforts are led by a team of Regional Managers who guide the marketing and sales efforts of their respective regions and who are supported by Area Heads and Branch Heads. At our head office, the sales function is coordinated and guided by a National Head - Sales, Zonal Managers and supporting staffs who co-ordinate and monitor the overall sales functions of the company and marketing function is coordinated and guided by Vice-President Marketing. Our marketing team provides advertisement support to all of our branches located in various parts of India, creates new advertising materials, creates new marketing strategies before launching a branch office, monitors the competition from other companies and creates new strategies to develop our businesses. Our marketing team also provides additional support to improve business of non-performing branches. We use multiple media agencies for creative content and advertising campaigns, and our media department coordinates with various internal departments for managing their publicity requirements.

For the Fiscal Years 2014, 2015, 2016, 2017, 2018 and the three month period ended June 30, 2018, our total advertising and sales promotion expenditure was ₹ 428.79 million, ₹ 446.42 million, ₹ 570.22 million, ₹ 437.33 million, ₹ 272.80 million and ₹ 45.33 million, respectively, to support our aggressive brand building initiatives.

#### *Risk Management*

Risk management forms an integral element of our business. Our risk management policy which was originally approved by the Board on December 4, 2007 was revised, re-drafted and approved by the Board on February 7, 2014. Given the changes in the business environment and increase in competition, we have revised our risk management policy, effective from February 8, 2014. As a lending institution, we are exposed to various risks that are related to our gold lending business, including volatility in gold prices, regulatory directives and operating environment. For instance, gold prices have historically been volatile and difficult to predict. In order to reduce our exposure to volatile gold prices, which have historically proved challenging, we decided to change our strategy in Fiscal 2015. We introduced short tenure gold loans and over the last couple of years have managed to shift our entire Gold Loans portfolio to the short term bucket of three months tenure (as against the earlier standard tenure of one year) in order to delink the Gold Loans business from the prices of Gold and the volatility in the gold prices.

Our objective in our risk management processes is to ensure growth with profitability within the limits of risk absorption capacity. We do so through our risk management architecture. The major types of risk we face in our businesses are credit risk, operational risk, market risk and residual risks including risks relating to information technology, regulatory, compliance, competition and reputation.

#### *Credit Risk*

Credit risk is the possibility of loss due to the failure of any counterparty to abide by the terms and conditions of any financial contract with us. Credit risk in our Gold Loan business is relatively low because all our loans are adequately collateralised with pledged gold. We aim to reduce credit risk through a rigorous structured gold appraisal and loan sanction process, an effective system for monitoring the credit portfolio and recovery of dues. Credit risk is relatively low as the gold jewellery (pledged) as security for our loans are largely household used jewellery which carry the emotional attachment of the borrower due to which defaults are lesser in number. In any case they can be readily liquidated, and the possibility of any loss is relatively low.

We also manage credit risk by restricting loans in excess of specified limits to a single customer. For high value loans (loan amounts exceeding a certain limit), we undertake a credit check on the borrower before higher exposure is assumed. The methodology for fixation of loan to value or loan per gram is fixed in a manner so as to even out any large fluctuations.

Our internal control system ensures independent verification of gold at the branch level for all loans. The level of verification at the branch level increases with the quantity of gold pledged. In addition, the quality of gold is checked by the area head through random check conducted during branch visits. Post-disbursement of loan, analysis of daily disbursements is undertaken by skilled officials to identify risk prone accounts which are then subsequently verified by experienced internal auditors within the shortest possible time.

#### *Operational Risk*



Operational risk is broadly defined as the risk of direct or indirect loss due to the failure of systems, people or processes, or due to external events. We have instituted a series of checks and balances and internal audit reviews to address the various operational risks.

Loans are considered only after proper KYC procedures for which detailed instructions have been issued and its compliance monitored.

We also have detailed guidelines/procedures on the custody of cash or gold to address custodial risk, which is a risk associated with the safety and security of gold inventory. All pledged gold and cash holdings are suitably and adequately insured with reputed insurance companies to cover burglary risks.

Process definitions and internal controls also aid in controlling operational risk. For instance, the branch head and the assistant branch head are the joint custodians of the pledged gold and cash, indicating that the strong rooms or vaults can only be opened if both the keys held by two different officials are operated at the same time. We are in advanced stage of installing surveillance cameras across all our branches supplemented with security guards from internally approved agencies all through the day. We also have policies that require employee rotation in the assignments, and we undertake adequate employee profiling and background verification checks before hiring. Fidelity Insurance cover has also been taken to protect the Company from employee frauds.

### ***Market Risk***

Market risk arises from any decline in the value of the security due to adverse fluctuation in gold prices. This risk (to a great extent) is mitigated by the adequate margins we build into our loan to value/loan per gram used to calculate the loan amount, as well as by linking the LTV calculation to the 90 day average price of gold. No loan is granted against the embedded stones/gems. A prompt and effective recovery mechanism implemented has helped us to minimise this risk.

Market risk also arises on account of variations in interest rates on borrowings availed by the Company since interest is payable on the Gold Loans at a predetermined rate. This risk is mitigated by periodically reviewing the interest rates charged on the Gold Loans, extending only short term loans which correlate to the interest rate payable on borrowings availed by the Company.

The liquidity risk associated with the business is mitigated by suitably matching the tenure of assets and liabilities. Gold Loans, typically remain outstanding for an average tenor of two months. Funding of these Gold Loans is through a combination of equity, short term borrowings and liability products. We have also implemented a robust collection and recovery mechanism and cash management system, ensuring adequate undrawn borrowing limits to meet contingencies, investing surplus funds in liquid investments in approved institutions and schemes, reducing the level of non-performing loans.

### ***Risk Management Architecture***

In order to address the risks that are inherent to our business, we have developed a risk management architecture that includes a Risk Management Committee, Risk Management Department, Internal Audit Department and Vigilance Department.

- *Risk Management Committee:* Our Risk Management Committee, which is led by the chairman of the Audit Committee, oversees our risk management policies, which help us to identify, measure, monitor and mitigate the various risks that we face in our business.
- *Internal Audit Department:* Our Internal Audit Department assists in the management of operational risk using our centralized monitoring systems. Separate divisions of our internal audit department have been put in place to handle the audit of the departments of the head office and those of the branch offices. The audit of the head office is divided into two categories: (i) system and compliance audit; and (ii) accounts audit. Further, all our branches are subject to audit inspections by Internal Audit Department from time to time.
- *Vigilance Department:* We have also put in place a separate department for vigilance inspections. The vigilance team conducts surprise inspections of high/medium risk branches and other branches based on any report or detection of serious deviations or irregularities and undertakes the responsibility of visiting branches to oversee the implementation of risk mitigation initiatives and improvement of customer service.
- *Risk Management Department:* Our Risk Management Department identifies and analyzes risks issues across the Company and implements the risk management policy.

### ***Non-Performing Assets (NPAs)***

The Prudential Norms require that every non-deposit taking NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

- Standard assets;
- Sub-Standard assets;
- Doubtful assets; and
- Loss assets.

Further, the class of assets referred to above shall not be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for the upgradation. A non-deposit taking NBFC is required to make provisions against sub-standard assets, doubtful assets and loss assets in the manner provided for in the Prudential Norms.

Based on the Prudential Norms for asset classification, details of the classification of our gross NPAs for significant classes of our assets as of June 30, 2018, March 31, 2018, March 31, 2017 and March 31, 2016, are provided below:

(₹ in million)

Asset Type	As of March 31, 2018	As of March 31, 2017	As of March 31, 2016
<b>Secured Loans</b>			
<b>A) Gold Loan</b>			
Standard Asset	116,893.74	109,005.04	99,825.12
Sub Standard Asset	191.76	2,017.65	830.46
Doubtful Asset	198.89	122.08	24.90
Loss Asset	65.43	100.57	125.81
<b>Sub-Total (A)</b>	<b>117,349.82</b>	<b>111,245.34</b>	<b>100,806.29</b>
<b>B) Other Loans</b>			
Standard Asset	11,594.35	4,148.12	2,213.92
Sub Standard Asset	58.16	20.92	0.71
Doubtful Asset	100.04	73.85	14.53
Loss Asset	78.70	2.45	-
<b>Sub-Total (B)</b>	<b>11,831.26</b>	<b>4,245.34</b>	<b>2,229.16</b>
<b>Total (A+B)</b>	<b>129,181.08</b>	<b>115,490.68</b>	<b>103,035.45</b>
<b>Unsecured Loans</b>			
<b>A) Other Loans</b>			
Standard Asset	51.17	18.95	20.53
Sub Standard Asset	-	-	-
Doubtful Asset	-	-	-
Loss Asset	1.59	-	-
<b>Total</b>	<b>52.76</b>	<b>18.95</b>	<b>20.53</b>

(₹ in million)

Asset Type	As of June 30, 2018
<b>A) Gold Loan</b>	
Standard	124,161.96
Sub-standard	175.19
Doubtful	246.91
Loss	65.98
<b>Sub-Total (A)</b>	<b>124,650.04</b>
<b>B) Other Loans</b>	
Standard Asset	12,705.10
Sub Standard Asset	
Doubtful Asset	305.61*
Loss Asset	
<b>Sub-Total (B)</b>	<b>13,010.71</b>
<b>Total (A+B)</b>	<b>137,660.75</b>

\*As per Ind AS

Until March 31, 2018, loans were classified or provided for, as per management estimates, subject to the minimum provision required for Prudential Norms. Post March 31, 2018, loans are classified or provided for, based on expected credit loss method (ECL) as per IND AS. Hence, no bifurcation is made in case of other loans as of June 30, 2018, subject to the minimum provision required as per Prudential Norms as follows:

#### Classification of Gold and other loans

Asset Classification	Provisioning policy
Standard Assets	0.40%
Sub-standard assets	10.00%
Doubtful assets	100.00% of unsecured portion + 20.00% to 50.00% of secured portion.
Loss assets	100.00% provided if not written off in books.

We have written-off ₹ 10.30 million as of June 30, 2018. As of June 30, 2018, we have made a total provision of ₹ 339.56 million, which constituted 42.78% of our Gross NPAs. Details of Gold Loan provisions and amounts written off as of June 30, 2018, March 31, 2018, March 31, 2017 and March 31, 2016 are provided in the table below

(₹ in million)

Particulars	As of June 30, 2018	As of March 31, 2018	As of March 31, 2017	As of March 31, 2016
Gross NPAs*	793.69	694.58	2,337.52	996.41
Provisions**	339.56	267.27	365.28	218.50
Net NPAs***	454.13	427.31	1,972.24	777.91
Net loans****	136,734.85	128,450.78	114,690.50	102,479.54
Gross NPAs/Net loans (%)	0.58	0.54	2.04	0.97
Net NPAs/Net loans (%)	0.33	0.33	1.72	0.76
Bad debts advances written off	10.30	315.66	313.21	161.25

\*Gross NPA represents aggregate value of gross loans outstanding classified as Sub-standard assets, Doubtful assets and Loss assets.

\*\*Provisions represents provisions made towards gross NPA.

\*\*\* Net NPA- Gross NPA less provisions made towards gross NPA.

\*\*\*\*Net Loans represents loans outstanding less provision made towards gross NPA and provision made towards standard assets.

### NPA Recovery

For non-performing assets, our credit department assigns interest collection targets for each branch, reviews performance against targets, makes visits to the branches, and advises on timely corrective measures and repossession action. Once repossession is advised by our credit department, we conduct public auctions of the pledged jewellery in accordance with the terms of our auction policy, or otherwise dispose of the pledged jewellery, after serving requisite legal notices.

The following table provides information relating to bad debts recovered for the Fiscal Years 2018, 2017, 2016 and the three month period ended June 30, 2018:

(₹ in million)

	Three months ended June 30, 2018	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Bad debts recovered	2.50	5.27	9.02	13.69

### Capital Adequacy Ratio

We are required to maintain a minimum capital ratio consisting of Tier I and Tier II capital of not less than 15% of its aggregate risk weighted assets on balance sheet and of risk adjusted value off-balance sheet items is required to be maintained. Further, we being, a NBFC primarily engaged in lending against gold jewellery (such loans comprising 50.00% or more of their financial assets), are required to maintain a minimum Tier I capital of 12.00%. We are also required to transfer up to 20.00% of our annual profit to a reserve fund and make provision for NPAs. We had a Capital to Risk Assets Ratio of 24.00%, 26.12%, 26.98%, and 25.57% as of March 31, 2016, March 31, 2017, March 31, 2018 and June 30, 2018 respectively. Capital adequacy ratios for the three month period ended June 30, 2018 and each of the past three financial years is provided below:

Particulars	Three months ended June 30, 2018		Financial year ended March 31, 2018		Financial year ended March 31, 2017		Financial year ended March 31, 2016	
	Tier I	Tier II	Tier I	Tier II	Tier I	Tier II	Tier I	Tier II
Capital to Risk Assets Ratio	25.16	0.41	26.59	0.39	25.73	0.39	23.48	0.52

### Centralized Management and Technology

The IT support system of our Company aids the performance of various processes involved in a loan transaction. For example, at the pre-disbursement stage, KYC details as well as other details of customer appraisal are entered and stored in the system

for future reference. All the details contained in the documents that are relevant to a loan transaction are entered into the system. The system filters the transaction at each level to confirm whether a particular set of pledged jewellery meets the required specifications.

Once the inputs to arrive at the net weight are entered into the system, the system generates the net weight as well as the loan advance that can be made against it under the several schemes that we offer. Once the customer chooses the scheme, an entry to that effect is made and a pawn ticket is generated.

With respect to the post-disbursement phase, the interest due on each loan at any given point in time after disbursement is generated by the system. If the loan is settled by the customer prior to maturity, the system calculates the amount repayable and also records the repayment and recovery of the pledge. When a loan matures, the system indicates the same and we subsequently notify the customer.

The system generates a list of all loans that are overdue on a particular date. All details of the sale process of forfeited jewellery are also entered into the system.

Our business, though carried on across the country, is controlled centrally at the head office. All transactions of pledging and release that occur in all our branches are recorded and results are generated on a real time basis by our internal IT infrastructure. Access to this data is restricted to certain designated personnel and alerts are passed on to the concerned regional head upon the occurrence of specified events.

Up-to-date information on gold inventory and cash reserves in each branch helps us track our liquidity position and plan for shortfalls well in advance. We are able to avert liquidity shortfalls in any particular branch by transferring cash from one branch to another. In this manner, we ensure that each branch is centrally managed by the head office and off-site surveillance of each branch is an ongoing process.

Additionally, our Company has entered into an information management services agreement with third parties for the maintenance of physical records of certain documents.

### ***Treasury Operations***

Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and monitors cash and bank balances. We have in place various policies and procedures to allot and transfer cash to our branches. The objective is to ensure sufficient cash reserves at all our branches while at the same time avoid holding cash in excess of what may be required in the ordinary course. We maintain an average of ₹ 0.30 million per branch in cash across our branches. Each regional office has the primary responsibility for directing branches within the region to move surplus funds to deficit branches. If there is a surplus of funds in the region as a whole, such surpluses are deposited in cash credit/overdraft accounts at the corporate level. Deficits at a regional level are managed by cash transfers from our treasury department. We monitor cash and balances on daily basis using our management information systems, and have arrangements with various banks for the transfer of bank balances between locations. Cost of movement of cash also is taken into consideration while deciding optimum cash levels in each location. We use a real time gross settlement (“RTGS”) facility if the remitting and receiving banks are different, or through internal transfer if both the branches belong to the same bank. We also use cash van services for delivery and collection of cash to and from certain of our branches.

### ***Funding Sources***

Our lines of credit include borrowings from banks, financial institutions, private-equity financings and amounts raised through the issue of non-convertible debentures and commercial papers.

Borrowings from banks and financial institutions constitute a significant portion of the total borrowings from secured and unsecured loans availed of by us as at June 30, 2018. We have executed loan agreements with several banks with the object of availing funds from them on certain stipulated terms and conditions. As at June 30, 2018, we have outstanding amount of ₹ 20,115.34 million secured NCDs ranging between ₹ 1,000 and ₹ 1 million, each redeemable at par at the end of the term of each series of these debentures, which ranges from 12 months to 70 months. We pay interest ranging from 8.8%-10.5% per annum on these NCDs. For further details, please see the section titled “*Disclosures on Existing Financial Indebtedness*” on page 153 of this Shelf Prospectus.

We also attempt to balance our interest-bearing liabilities, some of which bear floating interest rates, against our interest-earning assets, which bear fixed interest rates. As of June 30, 2018, 55.15% of our consolidated borrowings had floating rates of interest, comprising primarily working capital loans from banks and other financial institutions.

### ***Branch Network***

As of June 30, 2018, our Company had 3,331 branches located in 28 states and 4 union territories in India.

## ***Insurance***

We maintain a range of insurance policies to cover our assets, risks and liabilities. Since we deal in gold financing, money in the form of cash and other assets form an integral part of our business. The most vital insurance policies that we purchase include policies on gold in storage and transit, cash in storage and transit, burglary, machinery break-down insurance for all our machinery and electronic equipment, fire and special perils policy. However, our cash in transit policies do not cover theft where an employee is involved, unless such involvement is identified within 48 hours. In addition, we also have fidelity insurance covering all our employees as well as directors' and officers' liability insurance covering our Directors. For all our branches, we maintain insurance cover under the name of our Company. We consider our insurance coverage to be adequate and as and when we expand our business, we endeavor to ensure that we have adequate insurance.

## ***Employees***

As of June 30, 2018, our Company has 20,145 employees.

We have not experienced any significant labor disputes and believe that relations with our employees are satisfactory. We have established training programs for our employees on a continuous basis and we intend to continue investing in recruiting, training and maintaining a rewarding work environment. In addition to ongoing on-the-job training, we provide employees courses in specific areas or specialized operations on an as-needed basis. We have skilled labourers and experienced personnel, particularly in the process of gold appraisal and determination of purity of the gold. In 2009, we adopted an employee stock option scheme which was further revised in the year 2016.

## ***Competition***

We face competition from pawnshops, other gold financing companies, banks, co-operative societies and local money lenders. Other lenders may lend money on an unsecured basis, at interest rates that may be lower than our service charges and on other terms that may be more favorable than ours. We believe that the primary elements of competition are the quality of customer service and relationship management, branch location and the ability to loan competitive amounts at competitive rates.

## ***Property***

Our Registered and Corporate Office is owned by us. Except for one of the branches located at our Registered and Corporate Office, none of our branches are located on property that is owned by the Company. Our Company and its Subsidiaries have entered into lease agreements with various third parties, which may be renewed from time to time.

## ***Intellectual Property***

The trademark in the Manappuram logo is held by one of our Promoters, V.P. Nandakumar and the trade name "Manappuram" is held by our Company. We have entered into the Trademark Licensing Agreement with V. P. Nandakumar for the use of the Manappuram logo for a period of 10 years on a non-exclusive and non-assignable basis. Further, we have received a no-objection letter dated September 1, 2018 from our Promoter, V.P. Nandakumar for continuous use of the logo by our Company and its Subsidiaries in terms of the Trademark Licensing Agreement.

## ***Corporate Social Responsibility***

We believe that emphasis should be placed on social and community service, which is essential for building sustainable businesses that create market value, as well as social value. Manappuram Foundation, a charitable trust, promoted by one of our Promoters, V.P. Nandakumar was registered on October 24, 2009 under the name, the Manappuram Foundation ("**Manappuram Foundation**") at Valapad. As required under the Companies Act, our Company has implemented a CSR Policy and constituted a CSR Committee. In furtherance to our commitment to corporate social responsibility, we have extended financial assistance to the Foundation, which has contributed to various social causes during the course of its operations.

Manappuram Foundation works with the vision of healthy, educated and happy communities. In the nine years of its existence, the Manappuram Foundation has initiated and/or sponsored several projects in various segments including healthcare, education, skill training, empowerment of women and care for the elderly. We believe that, it has been able to make a visible difference to the local community predominantly in the coastal belt of Thrissur district. Manappuram Foundation now plans to extend its reach and work with communities across all the states where our Company has its presence.

## ***Related Party Transactions***

For details of related party transactions, please see "*Annexure A – Financial Information - Annexure VI - Reformatted Standalone Financial Statements – Note 25 – Related party disclosures*" and "*Annexure A – Financial Information - Annexure VI - Reformatted Consolidated Financial Statements – Note 25 – Related party disclosures*" on pages A-38 and A-110.

## HISTORY AND MAIN OBJECTS

### Brief background of our Company

Our Company was incorporated as Manappuram General Finance and Leasing Limited on July 15, 1992, Kerala, under the Companies Act, 1956 with corporate identity number L65910KL1992PLC006623 as a public limited company and obtained a certificate for commencement of business dated July 31, 1992. The name of our Company was changed to Manappuram Finance Limited pursuant to a fresh certificate of incorporation dated June 22, 2011. Further, our Company had obtained a certificate of registration, dated May 25, 1998, issued by RBI to carry on the activities of a non-banking financial company accepting deposits. However, subsequently, our Company obtained a certificate of registration dated March 22, 2011 issued by RBI to carry on the activities of a non-banking financial company without accepting public deposits. Further, pursuant to change in name of our Company, a fresh certificate of registration dated July 4, 2011, bearing registration number B-16.00029, was issued by RBI to carry on the activities of a non-banking financial company without accepting public deposits under Section 45 IA of the RBI Act. Our Company has received letters dated June 12, 2014 and email dated September 4, 2015 from MSE and CSE, respectively, intimating our Company that such stock exchanges have opted for voluntary de-recognition as a stock exchange in compliance with SEBI circular dated May 30, 2012. Accordingly, the Equity Shares of our Company were delisted from MSE and CSE in compliance with SEBI (Delisting of Equity Shares) Regulations, 2009. As of the date of this Shelf Prospectus, the Equity Shares of our Company are listed on the BSE and NSE and the debentures of our Company are listed on BSE.

### Registered office and changes to registered office of our Company

The Registered and Corporate Office of our Company is situated at IV/470A(Old) W/638A (New), Manappuram House, Valapad P.O., Thrissur 680 567. Except as set forth, there has not been any change to the registered office of our Company since incorporation.

Effective date of change	Details of change in the address of the Registered Office	Reasons for change in the address of the Registered Office
July 29, 1992	Change in the address of the registered office of our Company from V/93, Valapad, Thrissur to XXIX/544/1, City restaurant Building, Shornur Road, Thrissur	Administrative convenience
February 8, 1993	Change in the address of the registered office of our Company from XXIX/544/1, City restaurant Building, Shornur Road, Thrissur to Door No, XXIX/267/6, Brother's Complex, Naikanal, Thrissur 680 001	Administrative convenience
September 13, 2002	Change in the address of the registered office of our Company from Door No, XXIX/267/6, Brother's Complex, Naikanal, Thrissur 680 001 to Door No. V/104, Manappuram House, Valapad P.O., Thrissur 680 567	Administrative convenience
February 7, 2014	Change in the address of the registered office of our Company from V/104, Manappuram House, Valapad P.O., Thrissur 680 567 to IV/470A(Old) W/638A (New), Manappuram House, Valapad P.O., Thrissur 680 567	Administrative convenience

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

There have been no amalgamations, acquisitions, re-organisations or re-constructions undertaken by our Company in the last one year, preceding the date of this Shelf Prospectus.

### Key events, milestones and achievements

The table below sets forth the key events in the history of our Company:

Year	Particulars
1992	Our Company was incorporated as Manappuram General Finance and Leasing Limited
2015	Our Company completed 20 years of listing at BSE
2015	Our Company launched Online Gold Loan Facility
2015	Our Company received special commendation at Golden Peacock Awards for CSR
2016	Our Company launched Makash e-wallet and co-branded pre-paid money card
2017	Won the award for the best NBFC for Gold Loan Business by the India Bullion and Jewellers Association

### Key terms of material agreements

*Share Purchase Agreement dated March 14, 2012 between the Company, the Promoters and Baring India Private Equity Fund II Limited, Baring India Private Equity Fund III Listed Investments Limited, BRIC II Mauritius Trading (collectively, the "Investors" and such agreement the (the "SPA")*

Pursuant to the SPA, the Investors have purchased 1,88,72,227 equity shares of the Company and in consideration thereof, the Company acknowledges that the Investors have been granted certain rights and entitlements, including (i) the appointment of a nominee director on the Board of the Company; (ii) appointment of the nominee director on certain committees of the Company; (iv) share transfer restrictions on the Promoters; and (v) certain financial rights, such as tag along rights, a right of first offer and a right of first sale in certain specified situations.

Further, the SPA may be terminated mutually by the parties to the SPA or upon the Investors along with their affiliates ceasing to hold less than 1% of the total equity shares of the Company.

*Securities Purchase Agreement dated July 2, 2018 between the Company, Indian School Finance Company Private Limited (the "ISFC"), and GGV School Finance Company Limited, Gray Matters Capital AIF, Caspian Impact Investment Advisor Private Limited and Blayfort Limited (together, the "Existing ISFC Shareholders" and such agreement the "ISFC SPA")*

Pursuant to ISFC SPA, our Company proposes to acquire 85.39% of the share capital (on a fully diluted basis) of ISFC from Existing ISFC Shareholders (the "**Proposed Acquisition**"). Further, our Company has also entered into a transfer restrictions agreement in relation to the Proposed Acquisition. The Proposed Acquisition was subject to approval of the RBI and other customary conditions precedent. However, RBI examined the changes in shareholding and change of management of ISFC, pursuant to the Proposed Acquisition and through its letter dated September 12, 2018 has intimated to ISFC that the Proposed Acquisition is not acceptable. Further, ISFC has provided responses dated September 14, 2018 to the RBI requesting for an opportunity to represent themselves again in order to provide any clarifications or requisite amendments to the Proposed Acquisition, if any required by RBI and requesting to pass final orders after consideration of such representation.

Other than the above-mentioned agreements and agreements, our Company has not entered into material agreements which are not in the ordinary course of business.

### **Main objects of our Company**

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

1. To carry on and undertake the business of all types, of financing activities including hiring of movables, granting assistance to trade, commerce, industry and agriculture.
2. To carry on and undertake the business of Merchant Bankers, Portfolio Investment Managers, Mutual Fund Managers, Underwriters, Registrars and Managers to public issues and Stock Brokers, and to undertake depository participant activities, functions and responsibilities and to provide custodial and depository services of assets and securities, to collect dividends, interests, rights, entitlements, bonuses and other benefits, incomes and entitlements accruing on such assets and securities.
3. To carry on the business of authorized money changers, forex dealers, money transfer agents and related services, issue of prepaid instruments, to act as payment gateways, payment channels, to operate white label ATMs, to act as business correspondents to banks and financial institutions, to act distributors of mutual funds, insurance products with or without risk participation and all other financial products and services and to deal with all kinds of business involving marketing of financial products, providing investment advice, business facilitation services, business enablement services, all other services relating to financial inclusion and other permissible activities as may be permitted by RBI or subject to approval by any other regulator as may be prescribed from time to time.
4. To facilitate all kinds of e-commerce business whether related to financial services or not and provision of all other kinds of related services.

### **Subsidiaries or associate companies**

As of the date of this Shelf Prospectus, our Company has three subsidiaries, namely i) Asirvad Microfinance Limited, (ii) Manappuram Home Finance Limited and (iii) Manappuram Insurance Brokers Limited.

As of the date of this Shelf Prospectus, our Company has no associate company.

## OUR MANAGEMENT

### *Board of Directors*

The general superintendence, direction and management of our affairs and business are vested in our Board of Directors.

As of the date of this Shelf Prospectus, we have nine Directors on the Board, of which five Directors are Independent Directors.

### **Details relating to Directors**

Name, Designation, DIN, Term, Date of appointment and Address	Age (years)	Other Directorships
<p><b><i>Jagdish Capoor</i></b> <i>Independent and Non-Executive Chairman</i> DIN: 00002516 Nationality: Indian Term: 5 years Date of appointment: May 18, 2012 Date of re-appointment: July 31, 2014. Address: 1601 Brooke Ville, 359 Mogul Lane, Mahim (West), Mumbai, Maharashtra 400016</p>	79	<ul style="list-style-type: none"> <li>(i) Nitesh Estates Limited</li> <li>(ii) LIC Housing Finance Limited</li> <li>(iii) Spandana Sphoorty Financial Limited</li> <li>(iv) Assets Care and Reconstruction Enterprise Limited</li> <li>(v) LIC Pension Fund Limited</li> <li>(vi) HDFC Securities Limited</li> <li>(vii) Quantum Trustee Company Private Limited</li> <li>(viii) LICHFL Trustee Company Private Limited</li> <li>(ix) AGS Transact Technologies Limited</li> <li>(x) India Transact Services Limited</li> <li>(xi) Banyan Tree Bank, Mauritius</li> </ul>
<p><b><i>V.P.Nandakumar</i></b> <i>Managing Director and Chief Executive Officer</i> DIN: 00044512 Nationality: Indian Term: 5 years Date of appointment: July 15, 1992 Date of re-appointment: August 18, 2017 Address: 3/564 Vazhappully, Valappad Grama Panchayat, Valappad, Kerala 680567</p>	64	<ul style="list-style-type: none"> <li>(i) Manappuram Agro Farms Limited</li> <li>(ii) Manappuram Health Care Limited</li> <li>(iii) Manappuram Jewellers Limited</li> <li>(iv) Manappuram Construction and Properties Limited</li> <li>(v) Manappuram Home Finance Limited</li> <li>(vi) Asirvad Micro Finance Limited</li> <li>(vii) Manappuram Chits (Karnataka) Private Limited</li> <li>(viii) Manappuram Chit Funds Company Private Limited</li> <li>(ix) Manappuram (Chits) India Limited</li> <li>(x) Manappuram Insurance Brokers Limited</li> </ul>



Name, Designation, DIN, Term, Date of appointment and Address	Age (years)	Other Directorships
		(xi) Manappuram Comptech and Consultants Limited (xii) Adlux Medicity and Convention Centre Private Limited (xiii) Finance Industry Development Council
<b><i>B. N. Raveendra Babu</i></b> <i>Executive Director</i> DIN: 00043622 Nationality: Indian Term: 5 years Date of appointment: August 17, 2009 Date of re-appointment: November 30, 2015 Address: 4/181, Blangattu, Thalikulam Grama Panchayat, Thalikulam, Kerala 680681	66	(i) Asirvad Micro Finance Limited (ii) Manappuram Insurance Brokers Limited
<b><i>E. A. Kshirsagar<sup>1</sup></i></b> <i>Nominee Director</i> DIN: 00121824 Nationality: Indian Term: 5 years Date of appointment: July 31, 2014 Address: 19, Tarangini, Twin Towers Road, Prabhadevi, Mumbai , 400 025	77	(i) Hawkins Cooker Limited (ii) Batliboi Limited (iii) JM Financial Limited (iv) Manipal Global Education Services Private Limited (v) JM Financial Products Limited
<b><i>P. Manomohan</i></b> <i>Independent Director</i> DIN: 00042836 Nationality: Indian Term: 5 years Date of appointment: August 18, 2003 Date of re-appointment: July 31, 2014 Address: 2068/4, Kuravankonam Thiruvananthapuram Kerala 695008	77	Nil
<b><i>V. R. Rajiven</i></b> <i>Independent Director</i>	67	Asirvad Micro Finance Limited

Name, Designation, DIN, Term, Date of appointment and Address	Age (years)	Other Directorships
DIN: 06503049 Nationality: Indian Term: 5 years Date of appointment: February 6, 2013 Date of re-appointment: July 31, 2014 Address: 8/897 F, Vayalil House, Thengode P.O, Edachira, Thrikkakara Ernakulam 682030		
<b><i>Dr. Amla Samanta</i></b> <i>Independent Director</i> DIN: 00758883 Nationality: Indian Term: 5 years Date of appointment: March 17, 2015 Date of re-appointment: August 6, 2015 Address: 13th Meera Baug, Santacruz West, Mumbai - 400054	63	(i) Ashish Rang Udyog Private Limited (ii) Samanta Organics Private Limited (iii) HDFC Securities Limited (iv) Samanta Movies Private Limited
<b><i>V.R. Ramachandran</i></b> <i>Independent Director</i> DIN: 00046848 Nationality: Indian Term: 5 years Date of appointment: September 13, 2002 Date of re-appointment: July 31, 2014 Address: 1/786A, Valiparambil Ayyantahole Grama Panchayat, Thrissur, Kerala 680567	65	Manappuram Insurance Brokers Limited
<b><i>Gautam Narayan</i></b> <i>Non-Executive Director</i> DIN: 02971674 Nationality: Indian Term: 5 years Date of appointment: February 8, 2018 Address: Tower – II, 3802, Planet Godrej, Keshav Rao Khadye Marg, Simplex Mills Compound, Near Mahalakshmi	38	Toolbox India Foundation

Name, Designation, DIN, Term, Date of appointment and Address	Age (years)	Other Directorships
Station, Mumbai 400011		

<sup>1</sup>Nominee on behalf of Baring India Equity Fund II Limited.

## Profile of Directors

**Jagdish Capoor**, aged 79 years, is the Independent and Non-Executive Chairman of our Company. He is a graduate in Commerce from Agra University and has also done a fellowship from the Indian Institute of Banking and Finance. He has over 40 years of work experience in banking and finance. He is the former Deputy Governor of RBI, former Chairman of HDFC Bank Limited, former Chairman of Deposit Insurance and Credit Guarantee Corporation of India, Unit Trust of India and BSE Limited and also a Director on the Boards of several commercial banks. Currently, he is on the Boards of Nitesh Estates Limited, LIC Housing Finance Limited, Spandana Sphoorty Financial Limited, Assets Care and Reconstruction Enterprise Limited, LIC Pension Fund Limited, HDFC Securities Limited, Quantum Trustee Company Private Limited, LICFL Trustee Company Private Limited, AGS Transact Technologies Limited, India Transact Services Limited and Banyan Tree Bank, Mauritius. He is the Chairman of Quantum Trustee Company Private Limited.

**V. P. Nandakumar**, aged 64 years, is the Managing Director and Chief Executive Officer of our Company. He holds a post-graduate in science with additional qualifications in Banking and Foreign Trade. Immediately after completing his education, he joined the erstwhile Nedungadi Bank Limited. In 1986, he resigned from the erstwhile Nedungadi Bank Limited to take over the family business. In 1992, he was promoted in Manappuram Finance Limited as a Director and has been a Director of the Company since then. Nandakumar is a Managing Committee member of leading trade and industry associations such as Associated Chambers of Commerce and Industry of India (ASSOCHAM) and Federation of Indian Chambers of Commerce and Industry (FICCI). He was also the Chairman of the Kerala state council of the Confederation of Indian Industry (CII). Recently, he was one of 16 finalists shortlisted for the EY Entrepreneur of the Year Awards 2017 that was held at Mumbai in February 2018.

**B.N. Raveendra Babu**, aged 66 years, is an Executive Director of our Company. He holds a master's degree in Commerce from the Calicut University and completed his internship from the Institute of Certified Management Accountants. Prior to joining the Manappuram Group, he 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.

**E.A. Kshirsagar**, aged 77 years, is a Nominee Director of our Company. He is the Fellow of the Institute of Chartered Accountants in England and Wales. He was associated with the Management Consultancy division of A. F. Ferguson for over three decades and retired in 2004 as the Senior Partner. He has wide experience in Corporate Strategy and Structure, Valuation, Feasibility Studies, Disinvestments and Mergers and Acquisitions. He serves on the Boards of other leading companies in India and abroad. He is a nominee of Baring India Equity Fund II Limited.

**P. Manomohanan**, aged 77 years, is an Independent Director of our Company. He holds a Bachelor's degree in Commerce from Kerala University and a Diploma in Industrial finance from Indian Institute of Bankers and is also a Certified associate of the Indian Institute of Bankers. He has over 42 years of work experience in the RBI and in the regulatory aspects of non-banking financial institutions. He retired as the General Manager of the RBI, Department of Banking Supervision, Trivandrum and served in the Board of the South Indian Bank Limited and the Federal Bank Limited.

**V.R. Rajiven**, aged 67 years, is an Independent Director of our Company. He holds a Bachelor's degree in science and has completed his degree in law from Government Law College, Kochi. He was an IPS officer, who retired in 2010 as Director General of Police and Commandant General, Fire and Rescue Services, Kerala. He was the Chief Executive Officer of M/s. KGS Nelsun Kraft Paper Manufacturing Mill (Cochin Kagaz Limited). He is the recipient of police medal for meritorious service and President's medal for distinguished service.

**Dr. Amla Samanta**, aged 63 years is an Independent Director. She holds a Bachelor's degree in Science from Mumbai University and a master's degree in Biochemistry from G S Medical College, Mumbai. She is a doctorate in medical biochemistry from G S Medical College, Mumbai. She was a lecturer in Saifee Hospital for MD students and also held various positions in the field of medicine. Presently, she is the Managing Director of Samanta Organics Private Limited and Ashish Rang Udyog Private Limited, and Director in HDFC Securities Limited.

**V. R. Ramachandran**, aged 65 years, is an Independent Director of our Company. He holds a Bachelor's degree in science from the Calicut University and a bachelor's degree in law from Kerala University. He has over 36 years of work experience and is a civil lawyer enrolled with the Thrissur Bar Association.

**Gautam Narayan**, aged 38 years, is a Non-Executive Director of our Company. He is a Chartered Accountant with a Post

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

### Relationship between the Directors

None of the Directors are related to each other.

### Remuneration and Terms of Employment of the Directors

#### 1. Executive Directors

The present remuneration structure of Executive Directors consists of fixed salary, commission and other perquisites. The following table sets forth all compensation paid to the Executive Directors:

V.P Nandakumar, Managing Director and Chief Executive Officer

The following table sets forth all compensation paid to V.P Nandakumar, Managing Director and Chief Executive Officer with effect from April 1, 2018:

Particulars	Remuneration
Basic salary	₹ 50,000,000 per annum and ₹ 15,000,000 per annum towards allowances with effect from April 1, 2018
Perquisites*	Contribution to Provident Fund at 12% of salary; leave encashment at the end of tenure; medical reimbursement expenses for self and family including premium payable for medical insurance in accordance with the rules of the Company; personal accident insurance as per the rules of the Company; leave travel concession for self and family once in a year as per the rules of the Company; fee for clubs subject to maximum of two clubs excluding admission and life membership fees
Commission	Not exceeding 1% of the net profits of the Company calculated as per the provisions of the Companies Act, 2013 the quantum whereof to be determined by the Board of Directors subject to norms framed by the Board
Others	Provision of chauffeur driven car for official purposes and telephone at residence such other allowances, perquisites, benefits and amenities as may be provided by the Company from time to time and accompanying spouse or any other person for the business trips both domestic and abroad

*\*However, contribution to pension fund, gratuity fund, superannuation fund, encashment of leave at the end of the tenure of the appointment is not included in the computation of remuneration or ceiling on perquisites.*

During the Fiscal 2018 and for the quarter ended June 30, 2018, an amount of ₹ 53.77 million and ₹ 14.46 million respectively was paid as remuneration to V.P Nandakumar, Managing Director and Chief Executive Officer.

B.N. Raveendra Babu, Whole-time Director

The following table sets forth all compensation paid to the B.N. Raveendra Babu, Whole-time Director with effect from April 1, 2015:

Particulars	Remuneration
Basic salary	₹ 700,000 per month and an annual increment of ₹ 50,000 per month towards allowances with effect from April 1, 2015.
Perquisites*	Contribution to Provident Fund at 12% of salary; leave encashment at the end of tenure; medical reimbursement expenses for self and family including premium payable for medical insurance in accordance with the rules of the Company; personal accident insurance as per the rules of the Company; leave travel concession for self and family once in a year as per the rules of the Company; fee for clubs subject to maximum of two clubs excluding admission and life membership fees
Commission	Not exceeding 1% of the net profits of the Company calculated as per the provisions of the Companies Act, 2013 the quantum whereof to be determined by the Board of Directors subject to norms framed by the Board
Others	Provision of chauffeur driven car for official purposes and telephone at residence and such other allowances, perquisites, benefits and amenities as may be provided by the Company from time to time

*\*However, contribution to pension fund, gratuity fund, superannuation fund, encashment of leave at the end of the tenure of the appointment is not included in the computation of remuneration or ceiling on perquisites.*

During the Fiscal 2018 and for the quarter ended June 30, 2018, an amount of ₹ 10.92 million and ₹ 2.90 million respectively

was paid as remuneration to B.N. Raveendra Babu, Whole-time Director.

## 2. Non-Executive Directors

The non-executive Directors are paid remuneration by way of sitting fees, commission and other expenses (travelling, boarding and lodging incurred for attending the Board/Committee meetings).

The Company pays sitting fees of ₹ 40,000 per meeting to the non-executive Directors for attending meetings of the Board, ₹ 40,000 per meeting of the Audit Committee and the Nomination, Compensation and Corporate Governance Committee and ₹ 40,000 per each meeting of the Risk Management Committee of the Board.

The following table sets forth all compensation recorded by the Company to the non-executive Directors for the last three fiscal years ended 2018, 2017 and 2016:

(Amount in ₹ million)

Name of Directors	Quarter ended June 30, 2018		Financial Year					
			2018		2017		2016	
	Commission	Sitting Fees	Commission	Sitting Fees	Commission	Sitting Fees	Commission	Sitting Fees
Jagdish Capoor	Nil	0.20	4.00	0.44	4.00	0.40	3.60	0.40
P. Manomohan	Nil	0.26	3.00	0.76	3.00	0.65	2.16	0.52
V.R. Rajiven	Nil	0.19	2.00	0.38	2.00	0.71	1.80	0.72
V.R. Ramachandran	Nil	0.19	2.00	0.36	1.80	0.35	1.44	0.35
Dr. Amla Samanta	Nil	0.14	2.00	0.49	1.50	0.57	Nil	0.34
E.A. Kshirsagar	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gautam Narayan	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

### Remuneration, if any, paid to the Directors by the Subsidiaries

During the Fiscal 2018 and for and for the quarter ended June 30, 2018, (i) B.N. Raveendra Babu has received remuneration, by way of sitting fees, of ₹ 0.32 million and ₹ 0.08 million respectively, from MAIBRO, (ii) V.R. Rajiven, has received ₹ 0.95 million and ₹ 0.05 million, respectively, as sitting fee from Asirvad Microfinance Limited, and (iii) V. R. Ramachandran has received ₹ 0.36 million and ₹ 0.12 million, respectively, as sitting fee from MAIBRO.

### Other understandings and confirmations

No Director of our Company is a director or is otherwise associated in any manner with, any company that appears in the list of the vanishing companies as maintained by the Ministry of Corporate Affairs, wilful defaulter list maintained by the RBI or Export Credit Guarantee Corporation of India Limited or any other regulatory or governmental authority.

### Borrowing powers of the Board

Pursuant to a resolution dated September 12, 2014 passed by the shareholders of the Company through postal ballot in accordance with provisions of the Act, the Board has been authorised to borrow up to ₹ 200,000 million, apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business, notwithstanding that such borrowings may exceed the aggregate of the paid-up share capital and free reserves of the Company.

The aggregate value of the NCDs offered under this Shelf Prospectus, together with the existing borrowings of the Company, is within the approved borrowing limits as abovementioned.

### Interest of our Directors

All the Directors, including independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses and commission payable to them. The Managing Director, Chief Executive Officer and the Executive Director are interested to the extent of remuneration and commission paid to them for services rendered as officers or employees of the Company.

The Company has recorded rental expense of ₹0.36 million in the financial year ended March 31, 2018, representing property leased by V.P. Nandakumar to our Company.

Our Directors may also be deemed to be interested to the extent of Equity Shares, if any, held by them, and also to the extent

of any dividend payable to them and other distributions in respect of the said Equity Shares. Our Directors, excluding independent directors, may also be regarded as interested in the Equity Shares, if any, held by the companies, firms and trusts, in which they are interested as directors, members, partners or trustees and promoters.

All of the Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by the Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective capacity.

In addition to disclosures in “*Our Business – Related Party Transactions*” on page 132 of this Shelf Prospectus, our Company has entered into certain contracts, agreements or arrangements during the two years immediately preceding the date of this Shelf Prospectus in which the Directors are interested directly or indirectly to the extent of any related party transactions between the entities in which they are directors. However, no payments have been made to them in respect of these contracts, agreements or arrangements and none of the Directors have taken any loans from the Company.

Some of our Directors may be deemed to be interested to the extent, including of consideration received/paid or any loans or advances provided to any body corporate, including companies, firms, and trusts, in which they are interested as directors, members, partners or trustees.

Except to the extent of shareholding held by Directors in our Company as disclosed in “*Our Management*” on page 135, our Directors do not have any economic interest in our Company. As of June 30, 2018, there were no outstanding transactions other than in the ordinary course of business undertaken by our Company in which the Directors were interested parties.

The Directors do not have an interest in any venture that is involved in any activities similar to those conducted by our Company.

Except to the extent of compensation and commission if any, and their shareholding in our Company, our Directors do not have any other interest in our business.

None of the Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm of company in which he is interested, by any person, in cash or shares or otherwise, either to induce them or to help them qualify as a director or for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company.

Our Directors have no interest in any immovable property acquired or proposed to be acquired by our Company in the preceding two years of filing this Shelf Prospectus with the Designated Stock Exchange nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to our Company. No benefit/interest will accrue to our Promoters/Directors out of the proceeds of the Issue. V.P. Nandakumar is also interested in the promotion of our Company.

The following table indicates the ESOPs granted and exercised by the Directors and the Key Management Personnel as on the date of this Shelf Prospectus:

S. No.	Name Director/Key Management Personnel	Number of ESOPs granted	Number of ESOPs exercised
1.	B.N. Raveendra Babu	400,000	Nil
2.	Ramesh Periasamy	100,000	Nil
	<b>TOTAL</b>	<b>500,000</b>	<b>Nil</b>

### Shareholding of Directors

As on September 30, 2018, our Directors held the following number of Equity Shares:

Name of Director	Number of Equity Shares held
Jagdish Capoor	2,000
P. Manomohan	943,582
V.R. Rajiven	10,600
V.R. Ramachandran	11,45,000
Dr. Amla Samanta	Nil
E.A. Kshirsagar	Nil
V.P Nandakumar	243,672,171
B.N. Raveendra Babu	1,817,236

The following table sets forth the shareholding of our Directors in our subsidiaries as on September 30, 2018:

S. No.	Name of Director	Name of Associate/Subsidiary		No. of Shares		Shareholding (%)	
				Equity shares	Preference shares	Equity Share Capital	Preference Share Capital
1.	V.P Nandakumar	Asirvad Limited	Microfinance	114,371	Nil	0.27%	Nil
2.	B.N. Raveendra Babu	Asirvad Limited	Microfinance	40,493	Nil	0.09%	Nil
3.	V.R. Rajiven	Asirvad Limited	Microfinance	6634	Nil	0.01%	Nil

Except as disclosed in this Shelf Prospectus, as on September 30, 2018, our Directors did not hold any outstanding options.

#### Debentures/Subordinated Debt holding of Directors

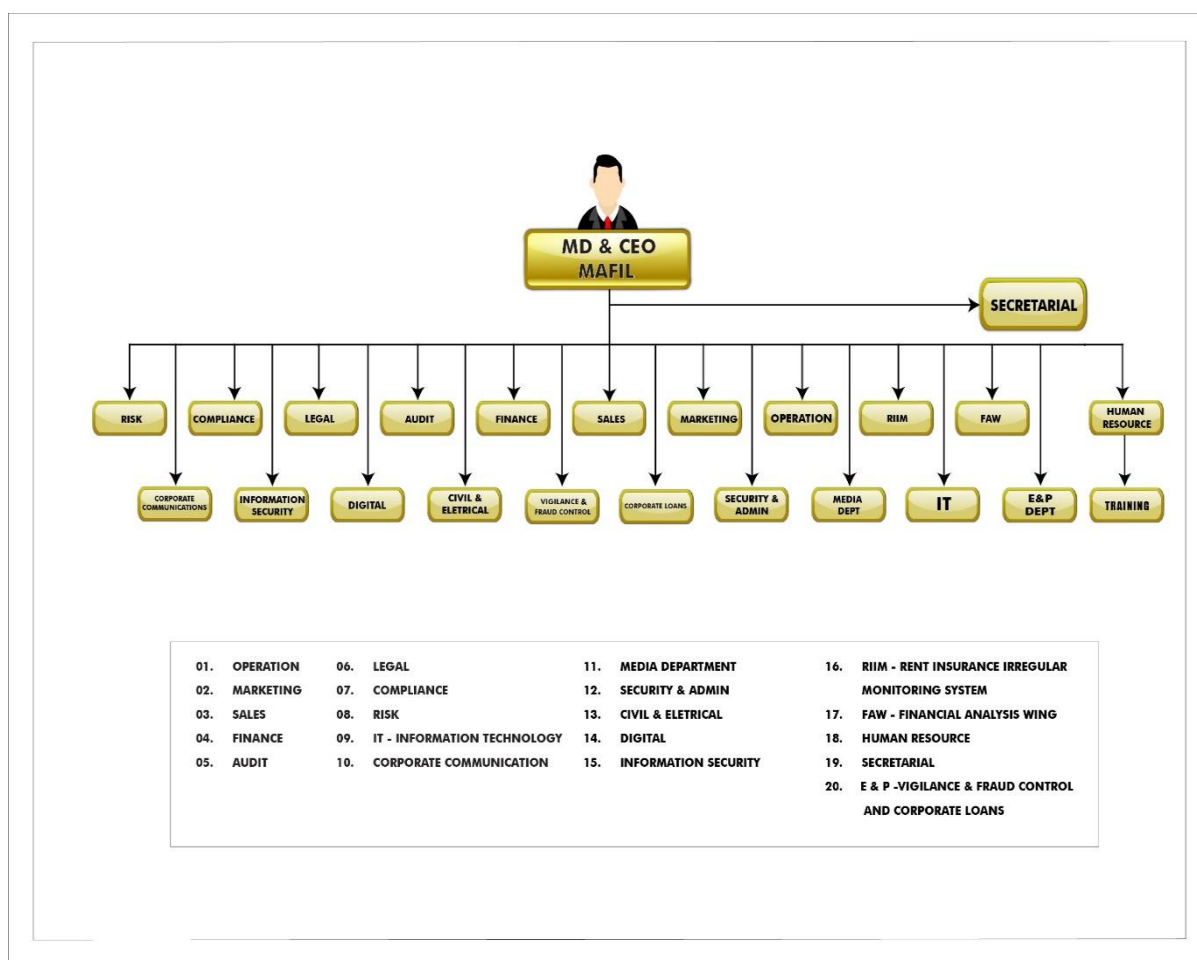
Our Directors do not hold any debentures/Subordinated Debt in our Company.

#### Changes in the Directors of our Company during the last three years

The changes in the Board of Directors of our Company in the three years preceding the date of this Shelf Prospectus are as follows:

Name	Designation	DIN	Date of appointment / resignation	Director of the Company since (in case of resignation)	Remarks
Shailesh Mehta	Independent Director	01633893	August 22, 2018	November 6, 2008	Nil
Dr. Amla Samanta	Independent Director	00758883	March 17, 2015	NA	Regularized from Additional Director to Independent Director
Gautam Narayan	Non-Executive Director	02971674	February 8, 2018	NA	Regularized from Additional Director to Non-Executive Director
Pradeep Saxena	Nominee Director	00288321	August 9, 2016	May 15, 2014	Nil
I. Unnikrishnan	Non-Executive Director	01773417	November 5, 2015	November 10, 2001	Nil

## Organisation chart of the Company\*



\*MAFIL means our Company.

### Relatives of directors

Other than Suhas Nandan, (Assistant Vice President) (son of V.P. Nandakumar) and Sooraj Nandan (Senior Vice President) (son of V.P. Nandakumar), no persons, who are relatives of directors hold office or place of profit in our Company as of the date of this Shelf Prospectus.

### Key managerial personnel of our Company

Following are the key managerial personnel of our Company:

**V.P. Nandakumar**, aged 64 years, is the Managing Director and Chief Executive Officer of our Company. He holds a post-graduate in science with additional qualifications in Banking and Foreign Trade. Immediately after completing his education, he joined the erstwhile Nedungadi Bank Limited. In 1986, he resigned from the erstwhile Nedungadi Bank Limited to take over the family business. In 1992, he promoted Manappuram Finance Limited and has been a director of the Company since then. V.P. Nandakumar is a Managing Committee member of leading trade and industry associations such as Associated Chambers of Commerce and Industry of India (ASSOCHAM) and Federation of Indian Chambers of Commerce and Industry. He is also a past Chairman of the Kerala state council of the Confederation of Indian Industry (CII). Recently, he was one of 16 finalists shortlisted for the EY Entrepreneur of the Year Awards 2017 that was held at Mumbai in February 2018.

**B. N. Raveendra Babu**, aged 66 years, is an Executive Director of our Company. He holds a masters degree in commerce from the Calicut University and completed his inter from the Institute of Certified Management Accountants. Prior to joining Manappuram Group, he 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.

**Ramesh Periasamy**, aged 35 years, is the Company Secretary and Compliance Officer of our Company. He holds a bachelor's degree in law from Bangalore University. He is a member of the Institute of Company Secretaries of India and enrolled with the Bar Council of Tamil Nadu as an advocate. He has over 12 years of work experience in legal, corporate compliance and secretarial function with various sectors. He has been working with our Company since May 2, 2015.



## Shareholding of Key Management Personnel

Except as provided below, our Key Management Personnel do not hold any Equity Shares in the Company:

S. No.	Name	Number of Equity Shares Held	% of shareholding
1	V.P. Nandakumar	243,672,171	28.912
2	B. N. Raveendra Babu	1,817,236	0.22

## Interests of Key Management Personnel

Except to the extent of remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business, the Key Management Personnel of the Company do not have any interest in the Company.

None of our Key Management Personnel have been paid any consideration of any nature from our Company, other than their remuneration and options granted under the ESOS 2016.

## Payment or Benefit to Officers of the Company

Except statutory benefits upon termination of their employment in the Company or on reaching superannuation, no officer of the Company is entitled to any benefit other than the stock option (being vested) upon termination of his employment in the Company.

## Corporate Governance

Our Company believes that good corporate governance is an important constituent in enhancing stakeholder value.

Our Company has in place processes and systems whereby it complies with the corporate governance requirements to the provided in the SEBI Listing Regulations.

We are in compliance with the requirements in relation to the composition of the Board of Directors and constitution of committees such as audit committee and nomination and remuneration committee as mandated in the Companies Act, 2013 and SEBI Listing Regulations.

Currently, our Board has nine Directors, and the Chairman of the Board is a Non-Executive Director. Our Board has constituted the following Committees:

- (i) Audit Committee;
- (ii) Nomination, Compensation and Corporate Governance Committee;
- (iii) Stakeholders Relationship Committee;\*
- (iv) Corporate Social Responsibility Committee;
- (v) Risk Management Committee;
- (vi) Asset Liability Management Committee;
- (vii) Financial Resource and Management Committee; and
- (viii) Debenture Committee

*\*The Security Transfer committee has been merged with the Stakeholders Relationship Committee vide board resolution dated May 25, 2017, and the resulting committee is called the Stakeholders Relationship and Security Transfer Committee.*

## Audit Committee

The Audit Committee was reconstituted *vide* board resolution dated May 14, 2015 and as on the date of this Shelf Prospectus, it comprises of:

Name of the Director*	Designation in the Committee	Nature of Directorship
P. Manomohanan	Chairman	Independent and Non-Executive
E.A. Kshirsagar	Member	Nominee (Non-Executive)

<b>Name of the Director*</b>	<b>Designation in the Committee</b>	<b>Nature of Directorship</b>
V.R. Rajiven.	Member	Independent and Non-Executive
Dr.Amla Samanta	Member	Independent and Non-Executive

The functions of the Audit Committee include:

- (i) 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;
- (ii) Recommending to the Board the appointment, reappointment, and if required, the replacement or removal of the statutory auditor and the fixation of audit fee;
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (iv) 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.
  - h. Reviewing with the management the quarterly financial statements before submission to the board for approval;
- (v) 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (vi) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (vii) Approval or any subsequent modification of transactions of the company with related parties;
- (viii) Scrutiny of inter-corporate loans and investments;
- (ix) Valuation of undertakings or assets of the company, wherever it is necessary;
- (x) Evaluation of internal financial controls and risk management systems;
- (xi) Reviewing with the management performance of the statutory and internal auditors and adequacy of the internal control system;
- (xii) 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;
- (xiii) Discussion with internal auditors regarding any significant findings and follow-up thereon;
- (xiv) 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;
- (xv) 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;

- (xvi) 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;
- (xvii) To review the function of whistle blower mechanism in case the same exists;
- (xviii) 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;
- (xix) Monitoring the end use of funds raised through public offers and related matters; and
- (xx) Carrying out any other function as mentioned in the terms of reference of audit committee.

#### ***Nomination, Compensation and Corporate Governance Committee***

The Nomination, Compensation and Corporate Governance Committee was reconstituted *vide* board resolution dated December 23, 2014 and as on the date of this Shelf Prospectus, it comprises of:

<b>Name of the Director*</b>	<b>Designation in the Committee</b>	<b>Nature of Directorship</b>
Jagdish Capoor	Member	Independent Director
V.R. Rajiven.	Member	Independent Director
E.A. Kshirsagar	Member	Nominee Director

*\*Shailesh Mehta has ceased to be Director of our Company from August 22, 2018. Our Company is yet to appoint a Chairman for the Nomination, Compensation and Corporate Governance Committee.*

The functions of the Nomination, Compensation and Corporate Governance Committee include:

#### (i) Role of Nomination

- a. The Committee shall put in place a broader policy describing the qualification, experience and other positive attributes for selection of executive/whole time directors including their age of retirement.
- b. The committee shall formulate and put in place 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 vacancies 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. The committee shall formulate and recommend to the Board for its approval a policy relating to the remuneration for the directors, key managerial personnel and other employees from time to time.
- b. The policy as aforesaid shall be formulated to ensure that-
- c. 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;
- d. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- e. 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;
- f. The committee shall 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.
- g. The committee shall 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.

- h. The committee shall along with the management review 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. The committee shall ensure that at all times, the board of the company has a fair combination of independent, nonexecutive and executive directors meeting the governance standards set by the board and in compliance with regulatory requirements, listing agreements .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. The committee may evaluate and put in place proper mechanism for refreshment trainings for directors on relevant subject.
- d. The committee shall evaluate and put in place a proper mechanism to ensure that the independence of independent directors are 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. The committee shall put in place 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. The committee shall ensure that at all times the sub committees of the Board is functioning and are constituted according to the regulatory requirement and governance policies of the company.
- g. The committee shall 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) Other Powers

In addition to what is stated above, the committee shall discharge 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.

***Stakeholders Relationship and Security Transfer Committee***

The Stakeholders Relationship and Security Transfer Committee was reconstituted *vide* board resolution dated May 25, 2017 and as on the date of this Shelf Prospectus, it comprises of:

<b>Name of the Director</b>	<b>Designation in the Committee</b>	<b>Nature of Directorship</b>
V.R. Ramachandran	Chairman	Independent Director
V.P. Nandakumar	Member	Managing Director and Chief Executive Officer
B.N. Raveendra Babu	Member	Executive Director
P. Manomohanan	Member	Independent Director
V.R. Rajiven	Member	Independent Director

Terms of reference of the Stakeholders Relationship and Security Transfer Committee include, *inter alia*, approval or authentication of 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 and also to monitor the investor complaints/grievances, ensure quick redressal of investor complaints associated with transfer/ transmission / dematerialisation of shares, non-receipt of balance sheet, dividend warrants.

***Corporate Social Responsibility Committee***

The Corporate Social Responsibility Committee was reconstituted *vide* board resolution dated May 14, 2015 and as on the date of this Shelf Prospectus, it comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
V.R. Rajiven.	Chairman	Independent Director
V.P. Nandakumar	Member	Managing Director and Chief Executive Officer
V.R. Ramachandran	Member	Independent Director
Dr. Amla Samanta	Member	Independent Director

The CSR Committee was constituted to develop the corporate social responsibility policy.

#### ***Asset Liability Management Committee***

The Asset Liability Management Committee was reconstituted *vide* board resolution dated November 5, 2015 and as on the date of this Shelf Prospectus, it comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
V P.Nandakumar	Chairman	Managing Director and Chief Executive Officer
B.N. Raveendra Babu	Member	Executive Director
Head of Risk & Internal Audit	Member	Head of Risk and Internal Audit
Bindu A.L	Invitee	EVP Finance and Accounts

Terms of reference of the Asset Liability Management Committee include:

- (i) The Asset Liability Management Committee shall transact the following businesses – (i) management of liquidity position, long term and short term;
- (ii) Review of ALM returns to be submitted to RBI;
- (iii) Decision on disposal of surplus funds of the Company for shorter durations;
- (iv) Pricing of products of the Company depending upon cost and benefit analysis both on the asset side and liability side of the balance sheet;
- (v) The Committee shall consider and discharge other functions as necessary for the day to day management of the Company.

#### ***Risk Management Committee***

The Risk Management Committee was reconstituted *vide* board resolution dated November 5, 2015 and as on the date of this Shelf Prospectus, it comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
P. Manomohan	Chairman	Independent Director
E.A. Kshirsagar	Member	Nominee Director
V.R. Rajiven.	Member	Independent Director
V.P.Nandakumar	Member	Managing Director and Chief Executive Officer
Dr. Amla Samanta	Member	Independent Director
B.N. Raveendra Babu	Member	Executive Director

The Risk Management Committee, among other functions, focuses on reviewing on an ongoing basis the measures adopted by the Company for the identification, measurement, monitoring and mitigation of the risks involved in the various business activities carried on by the Company.

#### ***Financial Resources and Management Committee***

The Financial Resources and Management Committee was reconstituted *vide* board resolution dated October 5, 2016 and as on the date of this Shelf Prospectus, it comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
V.P. Nandakumar	Chairman	Managing Director and Chief Executive Officer
B.N. Raveendra Babu	Member	Executive Director

Name of the Director	Designation in the Committee	Nature of Directorship
P. Manomohanan	Member	Independent Director

The committee's function is to oversee and deal with the following operational matters from time to time:

(i) Investments

To deliberate and make recommendation to the Board on all transactions and matters relating to the business of the company or its investments. 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 asset liability management 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.

(ii) Financial Arrangements

- a. Approve financial arrangements whether as working capital demand loans or against assignment of receivables of the company or buy out of port folios or by such other means with banks and other financial institutions including the signing of such documents for facilities within the borrowing powers of the Board.
- b. Approve the creation of any mortgage/charge or other encumbrance over the company's properties or assets for the above purposes.
- c. Approve the issuing or providing or permitting the company to issue or provide any form of guarantee or indemnity or other financial or non financial support in the ordinary course of business.
- d. To consider the issue of commercial papers and other short term or long term instruments for raising funds from the market.
- e. Authorize changes in signatories in respect of accounts maintained by the company with banks and other financial institutions.
- f. Authorising for opening, operation and closing of bank accounts in different centres for different branches.

(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

- g. Authorizing officers of the company for making necessary application for registration under different enactments as employee welfare, fiscal and other municipal or local or subordinate legislations.
- h. 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.
- i. 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 etc.

(v) Reporting to the Board

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.

(vi) Auctioneers

To deal with all matters relating to the appointment, renewal of terms of appointment or termination of appointment of auctioneers for conducting auctions in accordance with the auction policy of the company and the extant regulations or guidelines issued by RBI from time to time.

***Debenture Committee***

The Debenture Committee was reconstituted *vide* board resolution dated August 9, 2018 and as on the date of this Shelf Prospectus, it comprises of:

<b>Name of the Director</b>	<b>Designation in the Committee</b>	<b>Nature of Directorship</b>
V P.Nandakumar	Chairman	MD & CEO
B.N. Raveendra Babu	Member	Executive Director
Bindu A.L	Member	EVP - Finance & Accounts
Ramesh Periasamy	Member	Company Secretary

Terms of reference of Debenture Committee include:

The functions of the Debenture Committee include:

- (i) 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;
- (ii) giving or authorizing the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time;
- (iii) appointing the lead managers to the issue in accordance with the provisions of the Debt Regulations;
- (iv) seeking, if required, any approval, consent or waiver from the Company's lenders, and/or parties with whom the Company has entered into various commercial and other agreements, and/or any/all concerned government and regulatory authorities in India, and/or any other approvals, consents or waivers that may be required in connection with the issue, offer and allotment of the Bonds;
- (v) deciding, approving, modifying or altering the pricing and terms of the Bonds, and all other related matters, including the determination of the size of the Bond issue up to the maximum limit prescribed by the Board and the minimum subscription for the Issue;
- (vi) approval of the draft and final prospectus or disclosure document as the case may be (including amending, varying or modifying the same, as may be considered desirable or expedient) as 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 and arrangement for the submission of the draft prospectus to be submitted to the Stock Exchange(s) for receiving comments from the public and the prospectus to be filed with the Stock Exchange(s), and any corrigendum, amendments supplements thereto;
- (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 over-subscription;
- (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.

## OUR PROMOTERS

The following individuals are the Promoters of our Company:

1. V. P. Nandakumar



Voter ID: DBD1113711

2. Sushama Nandakumar



Voter ID: DBD1113729

Our Promoters collectively hold 34.61% of the equity share capital in our Company as on September 30, 2018.

Details of Equity Shares held by our Promoters as on September 30, 2018 is set forth below:

Sr No	Name of Promoter	No. of Equity Shares held	No. of Equity Shares held in dematerialised form	Percentage of issued Equity Share Capital	No. of Equity Shares pledged*	Percentage of Equity Shares pledged
1.	V. P. Nandakumar	243,672,171	243,672,171	28.912	13,500,000	5.54
2.	Sushama Nandakumar	48,001,078	48,001,078	5.695	Nil	Nil

\*Pledged as security in favour of Aditya Birla Money Limited in relation to personal borrowings availed by V.P Nandakumar.

For further details of the shareholding of the Promoters, please see the section titled “*Capital Structure*” on page 51 of this Shelf Prospectus.

Our Promoter, V.P. Nandakumar, holds 114,371 equity shares in our subsidiary Asirvad Micro Finance Limited. Our Promoters hold 1 (one) share each on behalf of the Company (with the Company being the beneficial owner of the shares) in the Subsidiaries being Manappuram Home Finance Limited and Manappuram Insurance Brokers Limited.

### Interest of Promoters in our Company

Except as shareholders of our Company and as stated under the sections titled “*Our Management*” and “*Financial Information*” on pages 135 and A-1, respectively, of this Shelf Prospectus, our Promoters, do not have any other interest in our Company. Further, our Promoters have given personal guarantees in relation to loan facilities availed by our Company. For further details see the section titled “*Disclosures on Existing Financial Indebtedness*” on page 153 of this Shelf Prospectus.

### Other understandings and confirmations

Our Promoters and relatives of the Promoters (as defined in terms of the Companies Act, 2013) have confirmed that they have not been identified as wilful defaulters by the RBI or any other governmental authority.



No violations of securities laws have been committed by our Promoters in the past or are currently pending against them.

None of our Promoters are debarred or prohibited from accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad.

The Promoters do not propose to subscribe to this Issue.

#### **Details of Shares allotted to our Promoters during the last three Financial Years**

The Company has confirmed that no Equity Shares have been allotted to the Promoters during the last three Financial Years.

#### **Details of shares pledged or encumbered by the Promoters as of the date of this Shelf Prospectus**

Except as set forth as above, none of the shares have been pledged or encumbered by the Promoters as of the date of this Shelf Prospectus.

#### **Payment of benefits to our Promoters during the last two years**

Other than as disclosed in “*Our Business – Related Party Transactions*” and “*Our Management*” on pages 132 and 135 of this Shelf Prospectus, our Company has not made payments of any benefits to our Promoters during the last two years preceding the date of this Shelf Prospectus.

#### **Interest of our Promoters in property, land and construction**

Other than as disclosed in “*Our Business – Related Party Transactions*” and “*Our Management*” on pages 132 and 135 of this Shelf Prospectus, our Promoters do not have any interest in any property acquired by our Company within two years preceding the date of filing of this Shelf Prospectus or any property proposed to be acquired by our Company or in any transaction with respect to the acquisition of land, construction of building or supply of machinery.

## DISCLOSURES ON EXISTING FINANCIAL INDEBTEDNESS

The outstanding borrowings of the Company as on September 30, 2018 are as follows:

Sr. No.	Nature of borrowings	Amount (in ₹) millions
1.	Secured borrowings	84,203.79
2.	Unsecured borrowings	29,305.12
<b>Total</b>		<b>113,508.91</b>

Set forth below, is a summary of the borrowings of our Company as at September 30, 2018 together with a brief description of certain significant terms of such financing arrangements. All amounts set out in this section (including outstanding amounts of our Company's secured and unsecured borrowings) have been prepared in accordance with Ind AS.

### 1) Details of Secured Borrowings

Our Company's secured term loans from banks as on September 30, 2018 amount to ₹ 5,050.15 million. The details of the borrowings are set out below. All our term loans have been secured by way of security as detailed below.

#### a) Term Loans availed by the Company:

Sr. No	Lender's Name	Date of Sanction	Amount Sanctioned (in ₹ millions)	Amount Outstanding as on September 30, 2018 (in ₹ millions)	Repayment Date/Repayment Schedule	Penalty	Prepayment	Security
1.	Bajaj Finance Limited	June 26, 2018	750.00	685.90	3 years from the date of first drawdown and repayment in 12 equal quarterly installments with the first repayment starting from the last business day of 3 <sup>rd</sup> month from the date of first disbursement	2% per annum over and above the interest rate	The Company may voluntary prepay the facility in part or in whole at any time, without any prepayment premium with a prior notice of 30 business days	First ranking <i>pari-passu</i> charge on the assets, receivables while maintaining a minimum cover of 1.10 times  V.P Nandakumar has given a personal guarantee
2.	Federal Bank Limited	December 22, 2017	1,450.00	1,450.00	The Company shall repay (i) ₹ 700 million at the end of 21 <sup>st</sup> month, (ii) ₹ 750 million at the end of 24 <sup>th</sup> month, or a bullet payment at the end of 24 <sup>th</sup> month	1% for breach of compliance of any of the sanction order conditions, exceeding, overdrawing, arrears in the account, non-submission of renewal papers in time, non-	Up to 12 months from date of availment it shall be 2% of the balance outstanding, beyond 12 months, it shall be nil	Hypothecation of (i) entire gold loan receivables on a first <i>pari-passu</i> basis with a margin of 20% and (ii) and other current assets of the Company both present and future on a <i>pari passu</i> basis with

Sr. No	Lender's Name	Date of Sanction	Amount Sanctioned (in ₹ millions)	Amount Outstanding as on September 30, 2018 (in ₹ millions)	Repayment Date/Repayment Schedule	Penalty	Prepayment	Security
						submission of financial statements within 7 months from the close of the financial year		other lenders in multiple banking arrangements  V.P Nandakumar has given a personal guarantee and it will be waived off subject to other banks providing such a waiver
3.	Karnataka Bank Limited	September 17, 2016	500.00	166.58	Repayable in 3 equal yearly installments	5% for delayed servicing of instalments, interest, excess drawings and ad hoc limits	Pre-closure/foreclosure charges 2% will be charged in case of takeover liabilities by other banks	First ranking <i>pari passu</i> charge on all present and future receivables and loans and advances of the Company with minimum security coverage ratio of 1.10 times  V.P Nandakumar has given a personal guarantee
4.	Karnataka Bank Limited	November 28, 2017	1,000.00	999.32	Repayable at the end of 2 <sup>nd</sup> year as a bullet repayment	5% for delayed servicing of instalments, interest, excess drawings and ad hoc limits	Nil	First ranking <i>pari passu</i> charge on all present and future receivables and loans and advances of the Company with a minimum security coverage ratio of 1.10 times
5.	Shinhan	September	250.00	145.83	Principal to be	2% over and	Nil	First ranking

Sr. No	Lender's Name	Date of Sanction	Amount Sanctioned (in ₹ millions)	Amount Outstanding as on September 30, 2018 (in ₹ millions)	Repayment Date/Repayment Schedule	Penalty	Prepayment	Security
	Bank	11, 2017			repaid in 24 equal monthly instalments from subsequent month of disbursement	above the sanction rate of interest		<i>pari passu</i> charge on the present and future current assets including receivables to the extent of minimum 1.1 times the loan amount
6.	RBL Bank Limited (foreign currency term loan)	May 9, 2016 and December 22, 2016	1,000.00 (in relation to the sanction letter dated May 9, 2016) and 500.00 (in relation to the sanction letter dated December 22, 2016)	1,072.05 (in relation to the sanction letter dated May 9, 2016) and 530.47 (in relation to the sanction letter dated December 22, 2016)	Bullet repayment at the end of 36 months from the date of disbursement	2% above the applicable rate for non-submission of stock statements, financial and other data, non-perfection of security within permitted timelines and other non-compliance, if any, irregularities, over drawings, if any	RBL may permit the prepayment in its sole discretion	First ranking <i>pari passu</i> charge on the current assets, book debts and receivables including gold loan receivables of the Company covering minimum 1.15 times the principal and interest at any point of time during the currency of the facility  V.P Nandakumar has given a personal guarantee and it will be waived off subject to other banks providing a waiver for the same

**b) \* Cash Credit/ Working Capital Loans availed by the Company ±**

Our Company's secured cash credit or working capital loans from banks as on September 30, 2018 amount to ₹ 60,095.93 million. The details of the borrowings are set out below.

Sr. No	Lender's Name	Date of sanction	Type of Facility	Amount Sanctioned (in ₹ million)	Amount Outstanding as on September 30, 2018 (in ₹ million)	Repayment Date/Repayment Schedule	Prepayment	Security
1.	Andhra Bank	January 30, 2018	Cash credit facility and working capital term loan	2,000.00 (for the cash credit facility) and 4,000.00 (for the working capital term loan)	1,981.57 (for the cash credit facility) and Nil (for the working capital term loan)	Payable on demand for the cash credit facility and bullet repayment for the working capital term loan after the tenor from the date of disbursement (the tenor can vary from 1 – 30 days or 30-90 days)	Nil	First ranking <i>Pari passu</i> first charge by way of hypothecation of gold loan and other loan receivables and the underlying assets of the company for the loans disbursed by them to individuals against pledge of gold ornaments with minimum asset cover of 1.2 times  <i>Pari-passu</i> first charge on other current asset including cash and bank balances and other current assets, loans and advances  V.P Nandakumar has given a personal guarantee
2.	Axis Bank Limited	August 17, 2017	Cash credit (Working capital demand loan – as a sublimit of the cash credit)	3,000 (including a sub limit of 2,500 for the working capital demand loan)	410.72 (in relation to the cash credit) and 2,500.00 (in relation to the working capital demand loan)	On demand for cash credit facility (on the due date for the working capital demand facility offered as a sublimit of the cash credit facility)	Prepayment charges will be as per bank's discretion	First ranking <i>pari-passu</i> charge on current assets of the Company while maintaining a minimum asset cover of 1 times the principal amount
3.	Canara Bank	March 17, 2018	Cash credit (working capital demand loan as a sublimit)	1,000 (50.00 for the cash credit facility and 950.00 for the working	33.81 in relation to the cash credit facility and 950.00 in relation to the working capital demand loan	March 16, 2019  Payable 1 year from date of sanction	Nil	<i>Pari passu</i> charge on the entire current assets of the Company covering standard assets to

Sr. No	Lender's Name	Date of sanction	Type of Facility	Amount Sanctioned (in ₹ million)	Amount Outstanding as on September 30, 2018 (in ₹ million)	Repayment Date/Repayment Schedule	Prepayment	Security
				capital demand loan)				the extent of 1.25 times of the loan amount at any point of time  V.P. Nandakumar has given a personal guarantee
4.	Catholic Syrian Bank	June 26, 2018	Cash credit	500.00	476.24	Payable demand on	Nil	First <i>pari-passu</i> charge on current assets and book debts including loan assets, gold loan, receivables of the Company with 1.10 times cover being maintained at all times
5.	Federal Bank Limited	December 5, 2017	Cash credit (including sublimit of working capital demand loan)	50.00	33.77	Payable demand on	Up to 12 months from date of availment it shall be 2% of the balance outstanding, beyond 12 months, it shall be nil	First <i>pari passu</i> charge over current assets, book debts, loans and advances and receivables including gold loan receivables at the rate of 20% margin.  V.P. Nandakumar has given a personal guarantee and it will be waived off subject to other banks providing such a waiver
6.	HDFC Bank Limited	January 22, 2018	Working capital facility	3,500.00	3,500.00	Payable demand on	In the event of a failed takeover, the bank reserves the right to charge the Company 1% over the total limits	First ranking <i>pari passu</i> charge by way of hypothecation on the entire receivables and current assets

Sr. No	Lender's Name	Date of sanction	Type of Facility	Amount Sanctioned (in ₹ million)	Amount Outstanding as on September 30, 2018 (in ₹ million)	Repayment Date/Repayment Schedule	Prepayment	Security
							sanctioned as foreclosure charges	
7.	ICICI Bank Limited	November 21, 2017	Working capital demand loan facility	7,500.00 (sub-limits including (i) one time demand loan up to 7,500.00, (ii) cash credit up to 500.00 and (iii) FCNR up to 7,500.00)	7,495.00 (7,450.00 in relation to the one time demand loan and 45.00 is in relation to the cash credit limit)	The maximum tenor for each tranche is 180 days, and the minimum tenor for each tranche is 7 days. The principal amount of each tranche is to be repaid as bullet payment on the maturity date or in instalments as agreed upon	The company may prepay any of the outstanding tranches without any charges for drawals up to 3 months for working capital demand loans	First ranking <i>pari passu</i> floating charge on all current assets and book debts including loan assets, gold loan, receivables of the Company with Working Capital Bankers and Debenture Trustees under multiple banking arrangements  Personal Guarantee of V.P. Nandakumar will continue and will be waived once the waiver from State Bank of India Limited is obtained
8.	IDBI Bank Limited	February 17, 2018	Cash credit (with sub-limits of working capital demand loan) and bank guarantee)	5,000.00 (sub limits include 4,000.00 for the working capital demand loan and 100.00 for the bank guarantee)	3,583.79 (for the cash credit facility) and Nil (for the working capital demand loan)	On demand	Nil	First ranking <i>pari passu</i> first charge by way of hypothecation of receivables / gold loans and other current assets of the Company both present and future with all the working capital lenders and debenture holders of the company.
9.	IndusInd Bank Limited	March 19, 2018	Cash credit (including sub limits of foreign	2,000.00	Nil	Payable on demand through cash flows, renewable after 1 year at the discretion of the	Nil	First ranking <i>pari passu</i> charge of receivables including gold loan receivables with banks under

Sr. No	Lender's Name	Date of sanction	Type of Facility	Amount Sanctioned (in ₹ million)	Amount Outstanding as on September 30, 2018 (in ₹ million)	Repayment Date/Repayment Schedule	Prepayment	Security
			currency short term loan up to 2000 and matching forward cover of 2000 and derivative limit up to ₹ 2000 million)			bank		multi-banking arrangement and debenture holders with an asset cover of at least 1.18 times  Personal Guarantee of V.P. Nandakumar
10.	Oriental Bank of Commerce	March 27, 2017	Cash credit (working capital demand loan as a sublimit of cash credit)	2,000.00	1,982.55	Payable on demand	Nil	First ranking <i>pari passu</i> charge over current assets, book debts, loans and advances and receivables including gold loan receivables at the rate of 20% of the margin  V.P. Nandakumar has extended a personal guarantee
11.	Qatar National Bank, SAQ	February 7, 2018	Cash credit /working capital demand loan	230.00	230.00	On demand repayment for cash credit facility and bullet repayment at the end of 3 months from the date of disbursement for working capital facility	Nil	First ranking <i>pari-passu</i> charge on common pool of assets of the Company with an asset coverage ratio of 1.2
12.	State Bank of India Limited	January 17, 2018	Cash credit (including sub limits for investments in non-convertible debenture	15,250.00	15,250.00 (in relation to the cash credit)	Repayable on demand	2% of the pre-paid amount	First ranking <i>pari passu</i> charge over receivables from lending against gold jewellery both present and future, along with other banks in the multiple banking



Sr. No	Lender's Name	Date of sanction	Type of Facility	Amount Sanctioned (in ₹ million)	Amount Outstanding as on September 30, 2018 (in ₹ million)	Repayment Date/Repayment Schedule	Prepayment	Security
			es/commercial papers up to ₹ 15,250 million)					<p>arrangement and debenture holders</p> <p>First ranking <i>pari passu</i> charge over entire current assets of the company (other than receivables which are separately shown) both present and future, along with other banks in the multiple banking arrangement and the debenture holders</p> <p>Lien on deposits aggregating to ₹ 800 million</p> <p>V.P. Nandakumar has extended a personal guarantee</p>
13.	Punjab National Bank	September 5, 2017	Cash Credit	6,000.00 (including sub limits of 5,800.00 for the working capital demand loan)	239.78 in relation to cash credit and Rs 5,500.00 in relation to the working capital demand loan	Payable on demand	Nil	<p>First ranking <i>pari-passu</i> first charge on the current assets (including book debts, receivables including gold loan receivables).</p> <p>Personal guarantee of Sushama Nandakumar which is subject to a waiver if other banks provide a waiver</p>

Sr. No	Lender's Name	Date of sanction	Type of Facility	Amount Sanctioned (in ₹ million)	Amount Outstanding as on September 30, 2018 (in ₹ million)	Repayment Date/Repayment Schedule	Prepayment	Security
14.	South Indian Bank	December 6, 2017	Working capital demand loan and cash credit	2,000.00 (including sub limits of 1,900.00 for the working capital demand loan and 100.00 for the cash credit)	1,900.00 for the working capital demand loan and 75.30 for the cash credit	Bullet payment for the working capital demand loan and on demand for the cash credit	Nil	First ranking <i>pari passu</i> charge on current assets, book debts and receivables with security cover of 15% margin  Personal guarantee of V.P Nandakumar which will be waived off subject to other banks providing a waiver
15.	Kotak Mahindra Bank Limited	February 13, 2018	Working capital demand loan and cash credit	4,000.00 (including sub limits of 4,000.00 for the working capital demand loan and 50.00 for the cash credit)	1,000.00	Bullet repayment for the working capital demand loan and repayable on demand for the cash credit	Nil	First ranking <i>pari passu</i> charge on the existing and future loan receivables and other current assets of the Company with a 15% margin  Personal guarantee of V.P Nandakumar which will be waived off subject to other banks providing a waiver
16.	Syndicate Bank Limited	September 15, 2017	Working capital demand loan and cash credit	5,000.00	5,000.00	Bullet repayment for the working capital demand loan and on demand for the cash credit	2% on amount prepaid	First ranking <i>pari passu</i> charge over the gold loan receivables and other current assets of the Company  Personal guarantee of V.P Nandakumar which shall be waived off subject to other banks providing a waiver for the

Sr. No	Lender's Name	Date of sanction	Type of Facility	Amount Sanctioned (in ₹ million)	Amount Outstanding as on September 30, 2018 (in ₹ million)	Repayment Date/Repayment Schedule	Prepayment	Security
								same
17.	Union Bank of India	December 5, 2017	Working capital demand loan and cash credit	5,000.00 (with sub limits including 4,000.00 for the working capital demand loan and 1,000.00 for the cash credit)	4,000.00 in relation to the working capital demand loan and 958.69 in relation to the cash credit	Repayable on demand	Nil	First ranking <i>pari passu</i> charge on the receivables of the Company including advances against security of gold both present and future and <i>pari passu</i> first charge on the current assets of the Company  Personal guarantee of V.P Nandakumar which shall be waived off subject to a waiver of the same provided by State Bank of India Limited
18.	Vijaya Bank	June 26, 2018	Working capital demand loan/cash credit	2,000.00	494.71 in relation to the cash credit and 1,500 in relation to the working capital demand loan	Repayable on demand	Nil	First ranking <i>pari passu</i> charge on the entire current assets of the Company including gold loan receivables along with multiple lenders, present and future
19.	Indian Bank	August 28, 2018	Open cash credit facility (including sub limit of a working capital demand loan up to ₹ 1,000.00	1,000.00 (with sub limit including 1,000.00 for the working capital demand loan	1,000.00	Bullet repayment for the working capital demand loan and repayable on demand for cash credit	Nil	First Pari Passu on the current assets of the Company including receivables along with other banks under the multi banking arrangement and non-convertible debenture holders with

Sr. No	Lender's Name	Date of sanction	Type of Facility	Amount Sanctioned (in ₹ million)	Amount Outstanding as on September 30, 2018 (in ₹ million)	Repayment Date/Repayment Schedule	Prepayment	Security
			million)					security margin of 15%  V.P. Nandakumar has extended a personal guarantee

**c) Details of Secured Non-Convertible Debentures**

Our Company has issued secured redeemable non-convertible debentures on the basis of which ₹ 18,918.93 million is cumulatively outstanding as on September 30, 2018 the details of which are set forth below.

**d) Public Issue of secured redeemable non-convertible debentures**

**A. IIInd public issue#**

Sr. No	Series	Date of Allotment	Principal amount (in ₹ million)	Date of Redemption	Tenor (in Years)	Coupon Rate	Principal Amount Outstanding (in ₹ million)	Credit Rating
1.	Series 8	January 28, 2014	4.92	January 28, 2019	5	11.50%	4.92	CRISIL A+/Stable
2.	Series 9		9.27	January 28, 2019	5	12.00%	9.27	
3.	Series 10		1.88	January 28, 2019	5	Zero Coupon	1.88	
4.	Series 11		175.3	November 28, 2019	5 years and 10 months	Zero Coupon	175.3	

#The secured redeemable non-convertible debentures have been secured by (i) mortgage over the immovable property of the Company measuring 2250.64 sq. ft. being the corporate office annex building of the Company, bearing door no. 501, 5th Floor, Aishwarya Business Plaza and two car parking areas, situated in Sy. No. 5589-E, Kolkalyan Village, Santacruz (East), Andheri Taluk, Mumbai Suburban District and a charge in favour of the debenture trustee; and (ii) on all current assets, book debts, receivables (both present and future), except those receivables specifically and exclusively charged, on a first ranking pari passu basis with all other lenders to our Company holding pari passu charge over the security such that an asset cover of 1.1 times of the outstanding amount of the non-convertible debentures is maintained until maturity date.

**B. IIIrd public issue\***

Sr. No	Series	Date of Allotment	Principal amount (in ₹ million)	Date of Redemption	Tenor (in Years)	Coupon Rate	Principal Amount Outstanding (in ₹ million)	Credit Rating
5.	Series 8	April 5, 2014	5.01	April 05, 2019	5	11.50%	5.01	ICRA A+
6.	Series 9		4.66	April 05, 2019	5	12.00%	4.66	
7.	Series 10		3.79	April 05, 2019	5	Zero Coupon	3.79	
8.	Series 11		187.77	February 5, 2020	5 years and 10 months	Zero Coupon	187.77	

\* The secured redeemable non-convertible debentures have been secured by (i) mortgage over the immovable property of the Company measuring 2250.64 sq. ft. being the corporate office annex building of the Company, bearing door no. 501, 5th Floor, Aishwarya Business Plaza and two car parking areas, situated in Sy. No. 5589-E, Kolkalyan Village, Santacruz (East), Andheri Taluk, Mumbai Suburban District; and (ii) a charge in favour of the debenture trustee, on all current assets, book debts,

receivables (both present and future), except those receivables specifically and exclusively charged, on a first ranking pari passu basis with all other lenders to our Company holding pari passu charge over the security such that an asset cover of 100% of the outstanding amount of the non-convertible debentures is maintained until maturity date.

**C. IVth public issue<sup>5</sup>**

Sr. No	Series	Date of Allotment	Principal amount (in ₹ million)	Reference of Debenture Trust Deed	Date of Redemption	Tenor (in Years)	Coupon Rate	Principal Amount Outstanding (in ₹ million)	Credit Rating
9.	Series 8	October 18, 2014	22.02	March 27, 2014	October 18, 2019	5	11.25%	22.02	CRISIL A+/Stable
10.	Series 9		11.45	March 27, 2014	October 18, 2019	5	11.50%	11.45	
11.	Series 10		1.52	March 27, 2014	October 18, 2019	5	Zero Coupon	1.52	
12.	Series 11		150.52	March 27, 2014	January 18, 2021	6 years 3 months	Zero Coupon	150.52	

<sup>5</sup>The secured redeemable non-convertible debentures have been secured by (i) mortgage over the immovable property of the Company measuring 2250.64 sq. ft. being the corporate office annex building of the Company, bearing door no. 501, 5th Floor, Aishwarya Business Plaza and two car parking areas, situated in Sy. No. 5589-E, Kolkalyan Village, Santacruz (East), Andheri Taluk, Mumbai Suburban District; and (ii) a charge in favour of the debenture trustee, on all current assets, book debts, receivables (both present and future), except those receivables specifically and exclusively charged, on a first ranking pari passu basis with all other lenders to our Company holding pari passu charge over the security such that an asset cover of 100% of the outstanding amount of the non-convertible debentures is maintained until maturity date.

**e) Private Placement of secured redeemable non-convertible debentures**

**Private Placement:**

Sr. No	Series	Date of Allotment	Principal amount (in ₹ million)	Reference of Debenture Trust Deed	Date of Redemption	Tenor (in Years)	Coupon Rate	Principal Amount Outstanding (in ₹ million)	Credit Rating	Security
1.	05A/13-14 Series	May 22, 2013	41.35	May 22, 2013	October 22, 2018	5.42	13.61%	41.33	Unrated	Secured by a floating charge on the book debts of the Company and on gold loans, hire purchase and other receivable and other encumbered assets in favour of the trustee
2.	05B/13-14 Series	June 7, 2013	39.88	June 7, 2013	November 7, 2018	5.42	13.61%	39.78	Unrated	
3.	06A/13-14 Series	June 22, 2013	42.20	June 22, 2013	November 22, 2018	5.42	13.61%	42.12	Unrated	
4.	06A/13-14 Series	July 7, 2013	35.14	July 8, 2013	December 7, 2018	5.42	13.61%	34.96	Unrated	
5.	07A/13-14 Series	July 10, 2013	15.68	July 10, 2013	December 10, 2018	5.42	13.61%	15.65	Unrated	
6.	NCD (L)/2012-13	March 20, 2013 May 24, 2016	30.00	March 30, 2013	March 20, 2023	10	13.25%	28.69	BWR AA-	Secured by <i>pari passu</i> charge over Standard Asset receivables of the Company

										with 1.1 times
7.	May 24, 2016; DEB/1-2016-17	May 24, 2016	1,500.00	May 23, 2016	Option I- April 4, 2019 Option II- April 8, 2019 Option III – May 2, 2019	3	10.5%	1,500.00	CARE AA-	Secured by a charge over property situated at Kanathur Reddy
8.	October 14, 2016; DEB/10-2016-17	October 14, 2016	2,500.00	November 8, 2016	October 14, 2019	3	10.5%	2,497.24	ICRA AA-	Kuppam Village Chengelpattu Taluk ,
9.	June 29, 2016; DEB/2-2016-17	June 29, 2016	400.00	August 23, 2016	June 28, 2019	3	10.5%	397.64	CARE AA-	Kancheepuram District and <i>pari passu</i> charge over
10.	August 5, 2016 DEB/4-2016-17	August 05, 2016	2,500.00	September 26, 2016	March 15, 2019	3	10.31%	2,499.59	CARE AA-	gold receivables of the Company
11.	August 23, 2016; DEB/5-2016-17	August 23, 2016	750.00	October 19, 2016	March 22, 2019	3	10.2%	749.66	CRISIL AA-	
12.	August 26, 2016; DEB/6-2016-17	August 26, 2016	500.00	October 18, 2016	August 26, 2019	3	10.25%	499.58	CRISIL AA-	
13.	August 31, 2016; DEB/7-2016-17	August 31, 2016	2,000.00	October 28, 2016	December 20, 2018	2 years 3 months	10.2%	1,999.61	CRISIL AA-	Secured by a charge over property situated at Kanathur Reddy Kuppam Village Chengelpattu Taluk, Kancheepuram District and hypothecation over certain receivables
14.	September 12, 2016; DEB/8-2016-17	September 12, 2016	2,000.00	November 8, 2016	September 12, 2019	3	10.15%	1,999.06	CRISIL AA-	Secured by a charge over charge over property
15.	September 27, 2016; DEB/9-2016-17	September 27, 2016	1,500.00	October 28, 2016	March 20, 2019	904 days	10.05%	1,499.37	CRISIL AA-	situated at Kanathur Reddy Kuppam Village Chengelpattu Taluk , Kancheepuram District and <i>pari passu</i> charge over

										gold receivables of the Company
16.	October 30, 2017; and :DEB/11-2016-17	October 30, 2017	2,000.00	January 25, 2018	October 29, 2020	3	8.80%	2,000.00	AA- from CRISIL	Secured by a charge over charge over property situated at Kanathur Reddy Kuppam Village Chengelpattu Taluk , Kancheepuram District and <i>pari passu</i> charge over gold receivables of the Company
17.	June 14, 2018: DEB/1-2018-19	June 29, 2018	1,995.00	June 29, 2018	June 29, 2021	3	IDFC Bank 3 month MCLR plus spread currently at 9.50%	1,992.74	AA- CRISIL	Secured by a charge over first <i>pari passu</i> charge of present and future book debts and receivables
18.	July 14, 2018: DEB/2-2018-19	July 31, 2018	505.00	July 31, 2018	July 31, 2021	3	IDFC Bank 3 month MCLR plus spread currently at 9.50%	503.81	AA- CRISIL	Secured by a charge over first <i>pari passu</i> charge of present and future book debts and receivables

**f) Financial Lease Obligations**

Our Company has financial lease obligation in relation to the supply of hardware including desktop hardware as part of an information technology support agreement with IBM India Private Limited. The finance lease obligations are secured by the hypothecation of the computers taken on lease and the interest rate implicit in the lease is 11% p.a. The finance lease obligations as on September 30, 2018 amount to ₹ 117.33 million.

**g) Vehicle loans**

Our Company has availed vehicle loans which are in the nature of secured borrowings from HDFC Bank Limited *inter alia* for the purchase of new vehicles along with all accessories and incidental expenses for an aggregate amount of ₹ 21.45 million. The vehicle loans are secured by the hypothecation of the vehicles purchased with the vehicle loan.

**h) Other Secured Borrowings**

Our Company has no other secured borrowing other than as set out above as on September 30, 2018.

**2) Details of unsecured borrowings**

Our Company has ₹ 29,305.12 million unsecured borrowings as on September 30, 2018 which include (i) retail bonds which are unsecured, subordinated bonds issued by the Company between 2008-2012 under the provisions of Companies Act, 1956; (ii) commercial papers issued by the Company (*as detailed below*); and (iii) unsecured loans availed from IBM India Private Limited under an invoice financing arrangement (the “**IBM Invoice Financing Arrangement**”).

a) **Cash Credit/Working Capital Loans**

Our Company does not have any unsecured cash credit or working capital facility outstanding as on September 30, 2018.

b) **Commercial papers**

Our Company has issued commercial papers of the face value ₹ 500,000.00 each aggregating to a total face value ₹ 29,500million as on September 30, 2018. The total outstanding amount in respect of the commercial papers is ₹ 29,010.53million. The details of the commercial papers are set forth below:

S No.	ISIN	Date of Maturity	Face Value of Amount Outstanding (₹ million)
1	INE522D14IS7	October 15, 2018	4,750.00
2	INE522D14IX7	October 29, 2018	2,250.00
3	INE522D14IR9	November 5, 2018	1,750.00
4	INE522D14JD7	November 9, 2018	500.00
5	INE522D14IU3	November 12, 2018	3,000.00
6	INE522D14JB1	November 15, 2018	3,750.00
7	INE522D14JE5	November 19, 2018	4,250.00
8	INE522D14IV1	November 22, 2018	2,750.00
9	INE522D14IW9	November 26, 2018	1,250.00
10	INE522D14IY5	November 29, 2018	250.00
11	INE522D14IZ2	December 3, 2018	1,900.00
12	INE522D14JA3	December 4, 2018	350.00
13	INE522D14JC9	December 11, 2018	2,750.00



### c) Unsecured, Subordinated Bonds

The Company has an outstanding amount of ₹ 59.13 million as unsecured, subordinated bonds. These bonds had been issued between 2008-2012 pursuant to the resolution passed by the Board on July 21, 2000 under the provisions of Companies Act, 1956.

### d) IBM Invoice Financing Arrangement

Sr. No	Lender's Name	Date of the financing agreement	Type of Facility	Amount Outstanding as on September 30, 2018 (in ₹ million)	Repayment Schedule	Interest Rate	Prepayment Conditions
1.	IBM India Private Limited	Master financing agreement dated November 26, 2012 between our Company and IBM India Private Limited	Invoice financing arrangement	235.46	The borrower shall pay instalments for each payment period as specified in the relevant supplement (each supplement shall constitute a single financing transaction for the list of specific items purchase)	7.60%	The borrower may terminate a financing transaction by prepaying its remaining instalments. The borrower shall provide the financier with at least 1 (one) month prior written notice of the intended payment date. The financier may, depending on the market conditions at the time, reduce the remaining instalments to reflect such prepayment and shall advise the borrower of the balance to be paid

#### 2) **The amount of corporate guarantee issued by the Issuer along with the name of the counterparty on behalf of whom it has been issued**

As on September 30, 2018, no corporate guarantees have been issued by the Issuer.

#### 3) **Details of rest of the borrowings (if any including hybrid debt like FCCB, Optionally Convertible Debenture/ Preference Shares) as on September 30, 2018**

As of September 30, 2018, our Company has no outstanding amounts in relation to hybrid debt like FCCB, Optionally Convertible Debenture/ Preference Shares.

#### 4) **Loans from Directors and Relatives of Directors**

Our Company does not have any borrowings from directors and relatives of directors as on September 30, 2018, which are in the nature of demand loans and are unsecured.

#### 5) **Details of any Inter-Corporate Loans, Deposits and other borrowings**

As of September 30, 2018, our Company has no outstanding amounts on inter-corporate loans or deposits.

We have entered into swap arrangements with RBL Bank Limited on (i) May 20, 2016 for a notional principal of USD 14,825,796.89 which is equivalent to ₹ 1,000.00 million; and (ii) December 22, 2016 for a notional principal of USD 73,63,770.25 which is equivalent to ₹ 500.00 million. As on September 30, 2018, there is an outstanding amount of ₹ 1,602.51 million in relation to the same.

**6) Servicing behaviour on existing debt securities, payment of due interest on due dates on financing facilities or securities including corporate guarantee issued by the Company, in the past 5 years**

In the past 5 years preceding the date of this Shelf Prospectus, there has been no delay and /or default in servicing of debt/interest or in payment of principal or interest on any existing financing facilities or term loan or debt security issued by the Issuer.

**7) Details of any outstanding borrowing taken/ debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option.**

- a) Our Company has no outstanding borrowings taken / debt securities issued where taken / issued (a) for consideration other than cash, whether in whole or in part, (b) at a premium or discount, or (c) in pursuance of an option as on September 30, 2018.
- b) As on the date of this Shelf Prospectus, there has been no rescheduling, default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by our Company, in the past 5 years.

**8) Events of Default**

The facility documents and the debenture trust deeds executed by the Company stipulate certain events as "*Events of Default*", pursuant to which the Company may be required to immediately repay the entire loan facility availed by it and be subject to additional penalties by the relevant lenders. Such events include, but are not limited to:

- a) Any insolvency or bankruptcy of the Company;
- b) Any event which is prejudicial or is likely to prejudice the interest of the lender or the security given to the lenders;
- c) Any default in payment of principal sum or interest;
- d) Any default in performance of covenants and conditions;
- e) Any cross-default pursuant to the terms of any other loan agreement;
- f) Any inclusion of the Company or its directors in the list of wilful defaulters of the RBI;
- g) Cessation of business;
- h) Attachment or distress proceedings against the assets of the Company;
- i) Any re-organisation, or change in the management and control of the Company without obtaining the consents of the lenders;
- j) Appointment of receiver;
- k) Any misleading information or representation made; and
- l) Any event or circumstance which is likely to have a material adverse effect.

**9) Restrictive covenants under our financing agreements have been set out as follows :**

Some of the corporate actions for which the Company requires prior consent of the lenders are:

- a) The Company cannot create or permit to subsist any security interest over any of the receivables / security hereunder, unless the security interest created pursuant to any security document or such other security as may be created is with the prior written approval of the lender;
- b) The Company cannot incur, any indebtedness in any manner without the prior written approval of the lender;
- c) The Company cannot effect any change in its capital structure or constitutional documents in any manner without the prior written approval of the lender;

- d) The Company is not permitted to do or undertake anything that may prejudice or jeopardize the security under any financing agreement, while remaining indebted to the lender in any manner;
- e) The Company is not permitted to declare any dividend, if any instalment towards principal or interest remain unpaid on its due date without the prior consent of the lender;
- f) The Company is not permitted to enter into scheme of merger, amalgamation, compromise or reconstruction without the prior written consent of the bank;
- g) The Company is not permitted to utilize the funds raised from the loans for any purpose other than for the purpose of its business;
- h) The Company shall not undertake any new project, diversification or substantial expansion of any project in case of event of default;
- i) The Company shall not create any subsidiary or permit any Company to become its subsidiary in case of event of default; and
- J) The Company shall not sell or dispose of the mortgaged premises.

**10) List of top 10 Debenture Holders:**

<b>Sr. No.</b>	<b>Name of the Holder</b>	<b>Amount (in ₹ million)</b>
1.	ICICI Prudential Mutual Fund	4,400.00
2.	Kotak Mahindra Trustee Co. Limited	4,000.00
3.	Reliance Capital Trustee Co. Ltd	2,750.00
4.	SBI Mutual Fund	2,500.00
5.	IDFC Bank Limited	2,500.00
6.	L&T Mutual Fund Trustee Limited	1,250.00
7.	Baroda Pioneer Mutual Fund	750.00
8.	Kotak Mahindra Life Insurance Company Limited	500.00
9.	Samco Ventures Private Limited	300.00
10.	Army Group Insurance Fund	250.00

## MATERIAL DEVELOPMENTS

Except as stated below, there have been no material developments since March 31, 2018 and there have arisen no circumstances that materially or adversely affect the operations, financial condition or profitability of our Company or the value of its assets or its ability to pay its liabilities within the next 12 months.

1. An interim dividend of ₹ 0.50 per equity share of ₹ 2 for the financial year 2018-19 was declared by the Board on May 18, 2018.
2. Our Company allotted 1,699 equity shares having face value of ₹2/- each under the ESOS 2016 on June 2, 2018.
3. Resignation of Kapil Krishan, Chief Financial Officer resigned from his position as the Chief Financial Officer of our Company with effect from June 30, 2018.
4. Our Company allotted 1,699 equity shares having face value of ₹2 each under the ESOS 2016 on July 31, 2018.
5. An interim dividend of ₹ 0.55 per equity share of ₹ 2 for the financial year 2018-19 was declared by the Board on August 9, 2018.
6. We have received a sanction from Corporation Bank for ₹ 5,000.00 million for a non-committal line of credit (with a sub-limit for short term loans up to one year for ₹ 5,000.00 million) by a sanction letter dated August 11, 2018. The amount sanctioned is to be secured by a *pari passu* charge on the receivables of the Company along with other lenders in the multiple banking arrangement.
7. The Nomination, Compensation and Corporate Governance Committee through resolution dated February 8, 2018 recommended the appointment of Gautam Narayan as a non-independent, non-executive director and the shareholders through resolution dated August 21, 2018 approved the appointment of Gautam Narayan as a non-independent, non-executive director eligible to retire by rotation.
8. The Board at its meeting held on August 9, 2018 accepted the Resignation of Shailesh J. Mehta, Independent Director with effect from August 22, 2018.
9. Pursuant to ISFC SPA, our Company proposes to acquire 85.39% of the share capital (on a fully diluted basis) of ISFC from Existing ISFC Shareholders (the “**Proposed Acquisition**”). Further, our Company has also entered into a transfer restrictions agreement in relation to the Proposed Acquisition. The Proposed Acquisition was subject to approval of the RBI and other customary conditions precedent. However, RBI examined the changes in shareholding and change of management of ISFC, pursuant to the Proposed Acquisition and through its letter dated September 12, 2018 has intimated to ISFC that the Proposed Acquisition is not acceptable. Further, ISFC has provided responses dated September 14, 2018 to the RBI requesting for an opportunity to represent themselves again in order to provide any clarifications or requisite amendments to the Proposed Acquisition, if any required by RBI and requesting to pass final orders after consideration of such representation.
10. Our Company allotted 270,697 equity shares having face value of ₹2 each under the ESOS 2016 on September 18, 2018.

## SECTION V: ISSUE RELATED INFORMATION

### GENERAL TERMS OF THE ISSUE

#### Authority for this Issue

At the meeting of the Board of Directors of our Company, held on August 9, 2018, the Directors approved the public issue of NCDs of face value ₹ 1000 each, aggregating up to ₹ 30,000 million.

The present issue through this Shelf Prospectus of NCDs for an amount aggregating up to the Shelf Limit, has been approved by the Debenture Committee in its meeting dated September 26, 2018. The NCDs will be issued in one or more tranches up to the Shelf Limit, on terms and conditions as set out in the relevant tranche prospectus for any Tranche Issue, which issue is being made as decided by the Board of Directors.

Further, the present borrowing is within the borrowing limits of ₹ 200,000 million under Section 180(1)(c) of the Companies Act, 2013 duly approved by the postal ballot dated September 12, 2014.

#### Principal terms and conditions of this Issue

The NCDs being offered as part of this Issue are subject to the provisions of the SEBI Debt Regulations, the relevant provisions of the Companies Act, 2013, as on the date of this Shelf Prospectus, our Memorandum and Articles of Association, the terms of the Draft Shelf Prospectus, this Shelf Prospectus, the relevant Tranche Prospectus, the terms and conditions of the Debenture Trustee Appointment Agreement and the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, the Government, the Stock Exchange, and any other statutory or regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

#### Ranking of the NCDs

The NCDs would constitute secured obligations of our Company and shall rank *pari passu, inter se*, present and future and subject to any obligations under applicable statutory and/or regulatory requirements, shall be secured by way of *pari passu* charge by way of mortgage over our Company's specific immovable property and *pari passu* floating charge over the movable properties of our Company, including book debts. The NCDs proposed to be issued under this Issue and all earlier issues of debentures outstanding in the books of our Company having corresponding assets as security, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption.

#### Debenture Redemption Reserve

Section 71 of the Companies Act, 2013, read with Rule 18 made under Chapter IV of the Companies Act, 2013, requires that any company that intends to issue debentures must create a DRR for the purpose of redemption of debentures, in accordance with the following conditions: (a) the DRR shall be created out of the profits of our Company available for payment of dividend, (b) the DRR shall be equivalent to at least 25% of the value of the outstanding debentures issued pursuant to the public issue in accordance with the SEBI Debt Regulations. Accordingly, our Company is required to create a DRR of 25% of the value of the outstanding NCDs issued through this Issue. In addition, as per Rule 18 (7) (e) under Chapter IV of the Companies Act, 2013, the amounts credited to DRR shall not be utilised by our Company except for the redemption of the NCDs. Every company required to create or maintain DRR shall on or before the 30<sup>th</sup> day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31<sup>st</sup> day of March, of the next year, following any one or more of the following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The amount deposited or invested, as the case may be, shall not be utilised for any purpose other than for the repayment of debentures maturing during the year referred to above, provided that the amount remaining deposited or invested, as the case may be, shall not at any time fall below 15% of the amount of debentures maturing during the year ending on 31<sup>st</sup> day of March of that year. This may have a bearing on the timely redemption of the NCDs by our Company.

#### Face Value

The face value of each of the NCDs shall be ₹ 1,000.

#### NCD Holder not a shareholder

The NCD Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company, except to the extent as may be prescribed under the Companies Act, 2013, and any other applicable law.

## **Rights of the NCD Holders**

Some of the significant rights available to the NCD Holders are as follows:

1. The NCDs shall not, except as provided in the Companies Act, 2013 to the extent applicable as on the date of this Shelf Prospectus, confer upon the NCD Holders thereof any rights or privileges available to our members including the right to receive notices, or to attend and/or vote, at our general meeting. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members, the said resolution will first be placed before the concerned registered NCD Holders for their consideration. In terms of Section 136 of the Companies Act, 2013 the NCD Holders shall be entitled to inspect a copy of the balance sheet and copy of trust deed at the Registered and Corporate office of our Company during business hours.
2. Subject to applicable statutory/ regulatory requirements, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.
3. In case of NCDs held in (i) dematerialised form, the person for the time being appearing in the register of beneficial owners of the Depository; and (ii) physical form on account of re-materialization, the registered NCD Holders or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD Holders and every such NCD Holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD Holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.
4. The NCDs are subject to the provisions of the SEBI Debt Regulations, provisions of the Companies Act, 2013, our Memorandum and Articles of Association, the terms of the Draft Shelf Prospectus, this Shelf Prospectus and the relevant Tranche Prospectus, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to this issue and listing, of securities and any other documents that may be executed in connection with the NCDs.
5. For NCDs in physical form on account of re-materialization, a register of debenture holders will be maintained in accordance with Section 88 of the Companies Act, 2013 and all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the register of debenture holders as on the Record Date. For NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository. In terms of Section 88(3) of the Companies Act, 2013, the register of beneficial owners maintained by a Depository for any NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a register of debenture holders for this purpose. The same shall be maintained at the registered office of our Company under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the NCD holders as given thereunder.
6. Subject to compliance with RBI, NCDs can be rolled over only with the consent of the NCD Holders of at least 75% of the outstanding amount of the NCDs after providing at least 21 days prior notice for such roll over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the NCD Holders are merely indicative. The final rights of the NCD Holders will be as per the terms of the Draft Shelf Prospectus, this Shelf Prospectus, relevant Tranche Prospectus and the Debenture Trust Deed.

## **Minimum Subscription**

In terms of the SEBI Debt Regulations for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If our Company does not receive the minimum subscription of 75% of the Base Issue, as specified in the respective Tranche Prospectus, prior to the Issue Closing Date for the respective tranche issue, within the prescribed timelines under Companies Act and any rules thereto, the entire subscription amount shall be unblocked in the ASBA accounts of the Applicants within six Working Days from the date of closure of the respective tranche Issue provided wherein the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Account(s) of the Applicants within 6 Working Days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15% per annum for the delayed period.

## **Market Lot and Trading Lot**

The NCDs shall be allotted in dematerialised form. As per the SEBI Debt Regulations, the trading of the NCDs shall be in dematerialised form only. Since trading of the NCDs is in dematerialised form, the tradable lot is one NCD.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable interest for such NCDs) prior to redemption of the NCDs.

Allotment in this Issue will be in electronic form multiples of one NCD. For details of Allotment, please see the section titled “*Issue Procedure*” on page 187 of this Shelf Prospectus.

## **Nomination facility to NCD Holders**

In accordance with Section 72 of the Companies Act, 2013 (read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, the sole NCD Holder or first NCD Holder, along with other joint NCD Holders (being individual(s) may nominate any one person (being an individual) who, in the event of death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the NCDs. A person, being a nominee, becoming entitled to the NCDs by reason of the death of the NCD Holder(s), shall be entitled to the same rights to which he would be entitled if he were the registered holder of the NCD. Where the nominee is a minor, the NCD Holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the NCDs, in the event of his death, during the minority. A nomination shall stand rescinded upon sale of the NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the NCDs are held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all such NCD Holders. Fresh nominations can be made only in the prescribed form available on request at our Registered/ Corporate Office, at such other addresses as may be notified by us, or at the office of the Registrar to the Issue or the transfer agent.

NCD Holders are advised to provide the specimen signature of the nominee to enable us to expedite the transmission of the NCDs to the nominee in the event of demise of the NCD Holders. The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with the Section 72 read with rules under Chapter IV of Companies Act, 2013, any person who becomes a nominee by virtue of the above said Section, shall upon the production of such evidence as may be required by our Board, elect either:

- (a) To register himself or herself as the holder of the NCDs; or
- (b) To make such transfer of the NCDs, as the deceased holder could have done.

NCD Holders who are holding NCDs in dematerialised form need not make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the NCD Holder will prevail. If the NCD Holders require to changing their nominations, they are requested to inform their respective Depository Participant.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all interests or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

## **Succession**

Where NCDs are held in joint names and one of the joint NCD Holder dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the NCDs. In the event of demise of the sole or first holder of the NCDs, our Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the NCDs only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The Directors, the Board, any committee of the Board or any other person authorised by the Board in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation. In case of death of NCD Holders who are holding NCDs in dematerialised form, third person is not required to approach our Company to register his name as successor of the deceased NCD holder. The NCD holder shall approach the respective Depository Participant for this purpose and submit necessary documents as required by the Depository Participant.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the legacy cell of the RBI to the effect that the NCDs were acquired by the

non-resident Indian as part of the legacy left by the deceased NCD Holder.

2. Proof that the non-resident Indian is an Indian national or is of Indian origin.

3. Such holding by a non-resident Indian will be on a non-repatriation basis.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts of jurisdiction in Mumbai, India.

### **Application in this Issue**

NCDs being issued through this Shelf Prospectus can be applied for, through a valid Application Form filled in by the applicant along with attachments, as applicable.

### **Period of subscription**

<b>ISSUE OPENS ON</b>	As specified in the relevant Tranche Prospectus
<b>ISSUE CLOSES ON</b>	As specified in the relevant Tranche Prospectus

This Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m., during the period indicated in the relevant Tranche Prospectus, except that this Issue may close on such earlier date or extended date as may be decided by the Board or the Debenture Committee of our Company. In the event of such an early closure or extension subscription list of this Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a national daily newspaper with wide circulation on or before such earlier date or extended date of closure.

Applications Forms for each Tranche Issue will be accepted only from 10:00 a.m. to 5:00 p.m. or such extended time as may be permitted by the Stock Exchange, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only from 10:00 a.m. till 3:00 p.m. and uploaded until 5:00 p.m. or such extended time as may be permitted by the Stock Exchange.

Due to limitation of time available for uploading the Applications on the electronic platform of the Stock Exchange on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Members of the Consortium are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that the Basis of Allotment will be as per the relevant Tranche Prospectus. In this regard as per the SEBI circular dated October 29, 2013, the allotment in this Issue should be made on the basis of date of upload of each application into the electronic book of the Stock Exchange. However, on the date of oversubscription, the allotments should be made to the applicants on proportionate basis.

### **Restriction on transfer of NCDs**

There are currently no restrictions on transfers and transmission of NCDs and on their consolidation/ splitting except as may be required under applicable statutory and/or regulatory requirements including any RBI requirements and/or as provided in our Articles of Association. For further details, please see the section titled "*Summary of the Key Provisions of Articles of Association*" on page 244 of this Shelf Prospectus.



## ISSUE STRUCTURE

The following are the key terms of the NCDs. This section should be read in conjunction with, and is qualified in its entirety by more detailed information in "*General Terms of the Issue*" on page 172 of this Shelf Prospectus.

The key common terms and conditions of the NCDs\* are as follows:

Particulars	Terms and Conditions
<b>Minimum Application Size</b>	As specified in the relevant Tranche Prospectus for each Tranche Issue.
<b>Mode of allotment</b>	Compulsorily in dematerialised form.
<b>Terms of Payment</b>	Full amount on application.
<b>Trading Lot</b>	One NCD.
<b>Who can apply</b>	<p><b>Category I</b></p> <ul style="list-style-type: none"> <li>• Public financial institutions, scheduled commercial banks, and Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;</li> <li>• Provident funds and pension funds with a minimum corpus of ₹ 250 million, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;</li> <li>• Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;</li> <li>• Resident Venture Capital Funds registered with SEBI;</li> <li>• Insurance companies registered with the IRDAI;</li> <li>• State industrial development corporations;</li> <li>• Insurance funds set up and managed by the army, navy, or air force of the Union of India;</li> <li>• Insurance funds set up and managed by the Department of Posts, the Union of India;</li> <li>• Systemically Important Non-Banking Financial Company registered with the RBI and having a net-worth of more than ₹ 5,000 million as per the last audited financial statements</li> <li>• National Investment Fund set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and</li> <li>• Mutual funds registered with SEBI.</li> </ul> <p><b>Category II</b></p> <ul style="list-style-type: none"> <li>• Companies within the meaning of Section 2(20) of the Companies Act, 2013; statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs;</li> <li>• Co-operative banks and regional rural banks;</li> <li>• Trusts including Public/private charitable/religious trusts which are authorised to invest in the NCDs;</li> <li>• Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;</li> <li>• Partnership firms in the name of the partners;</li> </ul>

Particulars	Terms and Conditions
	<ul style="list-style-type: none"> <li>Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);</li> <li>Association of Persons; and</li> <li>Any other incorporated and/ or unincorporated body of persons.</li> </ul> <p><b>Category III</b></p> <ul style="list-style-type: none"> <li>High Net-worth Individual Investors - Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹10,00,000 across all options of NCDs in this Issue.</li> </ul> <p><b>Category IV</b></p> <ul style="list-style-type: none"> <li>Retail Individual Investors - Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹10,00,000 across all options of NCDs in this Issue.</li> </ul>

**Participation by any of the above-mentioned investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to this Issue.**

For further details, please see the section titled "*Issue Procedure*" on page 187 of this Shelf Prospectus.

#### **TERMS AND CONDITIONS IN CONNECTION WITH THE NCDs\***

##### **Common Terms of NCDs**

Particulars	Details
Issuer	Manappuram Finance Limited.
Lead Managers	A. K. Capital Services Limited and Edelweiss Financial Services Limited.
Debenture Trustee	Catalyst Trusteeship Limited.
Registrar to the Issue	Link Intime India Private Limited.
Type and nature of instrument	Secured, redeemable, non-convertible debentures of face value of ₹ 1,000 each.
Base Issue	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Option to retain Oversubscription Amount	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Face Value (in ₹ / NCD)	1,000
Issue Price (in ₹ / NCD)	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Minimum application	As specified in the relevant Tranche Prospectus for each Tranche Issue.
In multiples of	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Mode of Issue	Public Issue

Particulars	Details						
Issue	Public issue by our Company of Secured, Redeemable, Non-Convertible Debentures of face value of ₹ 1,000 each for an amount aggregating up to ₹ 10,000 million.						
Listing	The NCDs are proposed to be listed on BSE. BSE shall be the Designated Stock Exchange for this Issue  The NCDs shall be listed within six Working Days from the respective Issue Closing Date.						
Lock-in	As specified in the relevant Tranche Prospectus for each Tranche Issue.						
Mode of Allotment and Trading	Compulsorily in dematerialised form.						
Mode of settlement	Please see the section titled, “ <i>Issue Structure</i> ” on page 176 of this Shelf Prospectus						
Market / Trading Lot	One NCD.						
Depositories	NSDL and CDSL.						
Security	The principal amount of the NCDs to be issued in terms of this Shelf Prospectus together with all interest due on the NCDs, subject to any obligations under applicable statutory and/or regulatory requirements shall be secured by a first ranking <i>pari passu</i> charge by way of a mortgage over the Company’s specific immovable property and a first ranking <i>pari passu</i> charge on all current assets, book debts, receivables (both present and future) of the Company, created in favour of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed, except those receivables specifically and exclusively charged in favour of certain existing charge holders, such that a security cover of 100% of the outstanding amounts of the NCDs and interest thereon is maintained at all time until the Maturity Date, more particularly as detailed in the section entitled “- <i>Security</i> ” on page 185 of this Shelf Prospectus.						
Who can apply/ Eligible Investors	Please see the section titled, “ <i>Issue Procedure</i> ” on page 187 of this Shelf Prospectus						
Credit Ratings	<b>Rating agency</b>	<b>Instrument</b>	<b>Rating symbol</b>	<b>Date of credit rating letter</b>	<b>Amount rated (in INR million)</b>	<b>Rating definition</b>	
	Brickwork Ratings India Private Limited	Secured, redeemable non-convertible debentures	‘BWR AA+’/Stable	August 29, 2018 and revalidated on October 11, 2018	₹10,000 million	Stable	
	CARE Ratings Limited	Secured, redeemable non-convertible debentures	‘CARE AA’/ Stable	August 20, 2018, revalidated on September 17, 2018 and further revalidated on October 8, 2018	₹10,000 million	Stable	
	Please see, Annexure B and Annexure C for rating letter and rationale for the above ratings. Please see the disclaimer clause of Brickwork Ratings India Private Limited and Care Ratings Limited forming part of “ <i>General Information</i> ” on page 39 of this Shelf Prospectus.						
Issue Size	As specified in the relevant Tranche Prospectus for each Tranche Issue.						
Application money	The entire application amount is payable on submitting the application.						
Record Date	The Record Date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. In case Record Date falls						

Particulars	Details
	on a day when Stock Exchange is having a trading holiday, the immediate subsequent trading day or a date notified by our Company to the Stock Exchange, will be deemed as the Record Date.
Issue Schedule*	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Objects of the Issue	Please see the section titled, " <i>Objects of the Issue</i> " on page 60 of this Shelf Prospectus.
Details of the utilisation of Issue proceeds	Please see the section titled, " <i>Objects of the Issue</i> " on page 60 of this Shelf Prospectus.
Coupon rate, coupon payment date and redemption premium/discount	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Step up/ Step down interest rates	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Interest type	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Interest reset process	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Tenor	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Coupon payment frequency	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Redemption date	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Redemption Amount	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Day count convention	Actual/Actual.
Working Days convention/Day count convention / Effect of holidays on payment	<p>Working Day(s) shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of Stock Exchange excluding Sundays and bank holidays in Mumbai.</p> <p>If the date of payment of interest specified does not fall on a Working Day, then the succeeding Working Day will be considered as the effective date for such payment of interest, as the case may be (the "<b>Effective Date</b>"), however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act, 1961 or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last interest payment date) falls on a holiday, the interest/redemption payments shall be made only on the preceding Working Day, along with interest accrued on the NCDs until such date, however, excluding the date of such payment.</p>
Issue Agreement	Agreement dated September 24, 2018 entered into by our Company and the Lead Managers.
Issue Opening Date	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Issue Closing Date	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Default interest rate	Our Company shall pay interest in connection with any delay in allotment, refunds, listing, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws.

Particulars	Details
Put/Call Option Date/Price/notification time	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Call Notification Time / Put Notification Time	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Deemed Date of Allotment	The date on which the Board or the Debenture Committee approves the Allotment of the NCDs for each Tranche Issue. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs (as specified for each Tranche Issue by way of the relevant Tranche Prospectus) shall be available to the Debenture holders from the Deemed Date of Allotment.
Transaction documents	Transaction documents shall mean the Draft Shelf Prospectus, this Shelf Prospectus, relevant Tranche Prospectus read with any notices, corrigenda, addenda thereto, Issue Agreement, Registrar Agreement, Debenture Trust Deed, Public Issue Account Agreement, Tripartite Agreements and the Consortium Agreement executed or to be executed by our Company, as the case may be. For further details please see the section titled, " <i>Material Contracts and Documents for Inspection</i> " on page 285 of this Shelf Prospectus.
Conditions precedent and subsequent to this Issue	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedent to disbursement.
Events of default	Please see the section titled, " <i>Issue Structure</i> " on page 176 of this Shelf Prospectus.
Cross Default	Please see the section titled, " <i>Issue Structure</i> " on page 176 of this Shelf Prospectus.
Roles and responsibilities of the Debenture Trustee	Please see the section titled, " <i>General Terms of the Issue</i> " on page 172 of this Shelf Prospectus.
Governing law and jurisdiction	This Issue shall be governed in accordance with the laws of India and shall be subject to the exclusive jurisdiction of the courts of Mumbai.

*\*This Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m., during the period indicated in the relevant Tranche Prospectus, except that this Issue may close on such earlier date or extended date as may be decided by the Board. In the event of such an early closure of or extension subscription list of this Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a national daily newspaper with wide circulation on or before such earlier date or extended date of closure. Applications Forms for this Issue will be accepted only from 10:00 a.m. till 5:00 p.m. or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. or such extended time as may be permitted by BSE.*

### **Terms of the NCDs**

As specified in the relevant Tranche Prospectus.

### **Interest and Payment of Interest**

As specified in the relevant Tranche Prospectus.

### **Taxation**

As per clause (ix) of Section 193 of the IT Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the SCRA and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialised form.

However in case of NCDs held in physical form, as per the current provisions of the IT Act, tax will not be deducted at source from interest payable on such NCDs held by the investor, if such interest does not exceed ₹ 5,000 in any financial year. If interest exceeds the prescribed limit of ₹ 5,000 on account of interest on the NCDs, then the tax will be deducted at applicable rate. However in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given

by individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all applicants (other than companies, and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13. The aforesaid documents, as may be applicable, should be submitted at the office of the Registrar to the Issue quoting the name of the sole/ first NCD Holder, NCD folio number and the distinctive number(s) of the NCD held, at least seven days prior to the Record Date to ensure non-deduction/lower deduction of tax at source from interest on the NCD. The investors need to submit Form 15H/ 15G/certificate in original with the Assessing Officer for each financial year during the currency of the NCD to ensure non-deduction or lower deduction of tax at source from interest on the NCD.

Tax exemption certificate/document, if any, must be lodged at the office of the Registrar to the Issue at least seven days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

### **Payment of Interest**

As specified in the relevant Tranche Prospectus. Amount of interest payable shall be rounded off to the nearest Rupee. If the date of interest payment falls on Sundays or holidays of commercial banks in Mumbai, then interest as due and payable on such day, would be paid on the preceding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest would be subject to the deduction as prescribed in the I.T. Act or any statutory modification or re-enactment thereof for the time being in force.

### **Mode of payment of Interest to NCD Holders**

Payment of interest will be made (i) in case of NCDs in dematerialised form the persons who for the time being appear in the register of beneficial owners of the NCDs as per the Depositories as on the Record Date and (ii) in case of NCDs in physical form on account of re-materialization, the persons whose names appear in the register of debenture holders maintained by us (or to first holder in case of joint-holders) as on the Record Date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the NCD Holders. In such cases, interest, on the interest payment date, would be directly credited to the account of those investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to effect payments to NCD Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. For further details please see the section titled "*Issue Structure - Manner of Payment of Interest / Refund / Redemption*" on page 182 of this Shelf Prospectus.

### **Maturity and Redemption**

As specified in the relevant Tranche Prospectus.

### **Deemed Date of Allotment**

The date on which the Board or the Debenture Committee approves the Allotment of the NCDs for each Tranche Issue. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs (as specified for each Tranche Issue by way of the relevant Tranche Prospectus) shall be available to the Debenture holders from the Deemed Date of Allotment.

### **Application Size**

As specified in the relevant Tranche Prospectus.

**Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.**

### **Terms of Payment**

The entire issue price per NCD, as specified in the relevant Tranche Prospectus for each Tranche Issue, is blocked in the ASBA Account on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall unblock the excess amount paid on application to the applicant in accordance with the terms of this Shelf Prospectus.

## Record Date

The date for payment of interest in connection with the NCDs or repayment of principal in connection therewith which shall be 15 days prior to the date of payment of interest, and/or the date of redemption under the relevant Tranche Prospectus. In case the Record Date falls on a day when the Stock Exchange is having a trading holiday, the immediate subsequent trading day or a date notified by our Company to the Stock Exchange, will be deemed as the Record Date.

## Manner of Payment of Interest / Refund / Redemption\*

The manner of payment of interest / refund / redemption in connection with the NCDs is set out below\*:

The bank details will be obtained from the Depositories for payment of Interest / refund / redemption as the case may be. Applicants who are holding the NCDs in electronic form, are advised to immediately update their bank account details as appearing on the records of the depository participant. Neither the Lead Managers our Company nor the Registrar to the Issue shall have any responsibility and undertake any liability arising from such details not being up to date.

The Registrar to the Issue will issue requisite instructions to the relevant SCSBs to un-block amounts in the ASBA Accounts of the Applicants representing the amounts to unblocked for the Applicants.

*\*In the event, the interest / payout of total coupon / redemption amount is a fraction and not an integer, such amount will be rounded off to the nearest integer. By way of illustration if the redemption amount is ₹ 1,837.50 then the amount shall be rounded off to ₹ 1,838.*

The mode of interest / refund / redemption payments shall be undertaken in the following order of preference:

### 1. Direct Credit

Investors having their bank account with the Refund Bank, shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to their bank account with the Refund Bank.

### 2. NACH

National Automated Clearing House which is a consolidated system of ECS. Payment would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (“MICR”) code wherever applicable from the depository. Payments through NACH are mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get payments through NEFT or Direct Credit or RTGS.

### 3. RTGS

Applicants having a bank account with a participating bank and whose interest payment/ refund/ redemption amounts exceed ₹ 2,00,000, or such amount as may be fixed by RBI from time to time, have the option to receive payments through RTGS. Such eligible Applicants who indicate their preference to receive interest payment/ refund/ redemption through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrar to the Issue at least seven days prior to the Record Date. Charges, if any, levied by the Applicant’s bank receiving the credit would be borne by the Applicant. In the event the same is not provided, interest payment/ refund/ redemption shall be made through NACH subject to availability of complete bank account details for the same as stated above.

### 4. NEFT

Payment of interest/ refunds/ redemption shall be undertaken through NEFT wherever the Applicants’ banks have been assigned the Indian Financial System Code (“IFSC”), which can be linked to a MICR, if any, available to that particular bank branch. The IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of interest/ refund/ redemption will be made to the applicants through this method.

### 5. Registered Post/Speed Post

For all other applicants, including those who have not updated their bank particulars with the MICR code, the interest payment / refund / redemption orders shall be dispatched through speed post/ registered post.

Please note that applicants are eligible to receive payments through the modes detailed in (1), (2) (3), and (4) herein above provided they provide necessary information for the above modes and where such payment facilities are allowed / available.

Please note that our Company shall not be responsible to the holder of NCDs, for any delay in receiving credit of interest / refund / redemption so long as our Company has initiated the process of such request in time.

### **Printing of Bank Particulars on Interest Warrants**

As a matter of precaution against possible fraudulent encashment of refund orders and interest/ redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. In relation to NCDs applied and held in dematerialized form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form, the NCD Holders are advised to submit their bank account details with our Company/ Registrar to the Issue at least 7 days prior to the Record Date failing which the orders/ warrants will be dispatched to the postal address of the NCD Holders as available in the records of our Company either through speed post or registered post.

Bank account particulars will be printed on the orders/ warrants which can then be deposited only in the account specified.

### **Buy Back of NCDs**

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buy-back the NCDs, upon such terms and conditions as may be decided by our Company.

### **Form and Denomination**

In case of NCDs held under different options, as specified in the relevant Tranche Prospectus, by a NCD Holder, separate certificates will be issued to the NCD Holder for the aggregate amount of the NCDs held under each series.

**It is however distinctly to be understood that the NCDs pursuant to this issue shall be traded only in demat form.** Further, no action is required on the part of NCD holder(s) at the time of redemption of NCDs.

### **Payment on Redemption**

The manner of payment of redemption is set out below\*.

#### ***NCDs held in physical form on account of rematerialization***

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificates, duly discharged by the sole holder/ all the joint-holders (signed on the reverse of the NCD certificates). Dispatch of cheques/ pay orders, etc. in respect of such payment will be made on the redemption date or (if so requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the redemption date to those NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of Redemption. Hence the transferees, if any, should ensure lodgment of the transfer documents with us at least seven days prior to the Record Date. In case the transfer documents are not lodged with us at least 7 days prior to the Record Date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against us or the Registrar to the Issue.

Our liability to NCD Holders towards their rights including for payment or otherwise shall stand extinguished from the redemption in all events and when we dispatch the redemption amounts to the NCD Holders.

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCDs.

#### ***NCDs held in electronic form***

On the redemption date, redemption proceeds would be paid by cheque/ pay order/ electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished



to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holders towards his/their rights including for payment/ redemption in all events shall end when we dispatch the redemption amounts to the NCD Holders.

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCDs.

*\*In the event, the interest / payout of total coupon / redemption amount is a fraction and not an integer, such amount will be rounded off to the nearest integer. By way of illustration if the redemption amount is ₹ 1,837.50 then the amount shall be rounded off to ₹ 1,838.*

### **Redemption Date**

As specified under the relevant Tranche Prospectus.

### **Right to reissue NCD(s)**

Subject to the provisions of the Companies Act, 2013, as applicable on the date of this Shelf Prospectus, where we have fully redeemed or repurchased any NCDs, we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or re-issue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or re-issuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

### **Transfer/Transmission of NCD(s)**

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013. The NCDs held in dematerialized form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date.

In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

Please see "Issue Structure" on page 176 of this Shelf Prospectus for the implications on the interest applicable to NCDs held by Individual Investors on the Record Date and NCDs held by Non Individual Investors on the Record Date.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018, the relevant provisions of which shall come into effect from December 4, 2018, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition. Any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialized form only.

### **Title**

In case of:

- NCDs held in the dematerialised form, the person for the time being appearing in the register of beneficial owners maintained by the Depository; and
- the NCDs held in physical form pursuant to rematerialization, the person for the time being appearing in the register of NCD Holders shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the consolidated NCD certificates issued in respect of the NCDs and no person will be liable for so treating the NCD holder.

No transfer of title of a NCD will be valid unless and until entered on the register of NCD holders or the register of beneficial owners maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or maturity amount, as the case may be, will be paid to the person, whose name appears first in the register of the NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the

Articles of Association of our Company and the relevant provisions of the Companies Act, 2013 applicable as on the date of this Shelf Prospectus shall apply, *mutatis mutandis* (to the extent applicable) to the NCD(s) as well.

### ***For NCDs held in electronic form***

The normal procedure followed for transfer of securities held in dematerialised form shall be followed for transfer of the NCDs held in electronic form. The seller should give delivery instructions containing details of the buyer's Depository Participant account to his depository participant.

In case the transferee does not have a Depository Participant account, the transferor can rematerialise the NCDs and thereby convert his dematerialised holding into physical holding. Thereafter these NCDs can be transferred in the manner as stated above for transfer of NCDs held in physical form.

### **Common form of transfer**

Our Company undertakes that there shall be a common form of transfer for the NCDs and the provisions of the Companies Act, 2013 and all applicable laws including the FEMA and the rules and regulations thereunder shall be duly complied with in respect of all transfer of debentures and registration thereof.

### **Joint-holders**

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

### **Sharing of information**

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

### **Notices**

All notices to the NCD Holders required to be given by us or the Debenture Trustee will be sent by speed post or registered post or through email or other electronic media to the registered NCD Holders from time to time.

### **Issue of duplicate NCD Certificate(s)**

If NCD certificate(s) is/ are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/ security and/or documents as we may deem adequate, duplicate NCD certificates shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

### **Security**

The principal amount of the NCDs to be issued in terms of this Shelf Prospectus together with all interest due on the NCDs, subject to any obligations under applicable statutory and/or regulatory requirements shall be secured by a first ranking *pari passu* charge by way of a mortgage over the Company's specific immovable property and a first ranking *pari passu* charge on all current assets, book debts, receivables (both present and future) of the Company, created in favour of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed, except those receivables specifically and exclusively charged in favour of certain existing charge holders, such that a security cover of 100% of the outstanding principal amounts of the NCDs and interest thereon is maintained at all time until the Maturity Date, more particularly as detailed in the Debenture Trust Deed.

Our Company intends to enter into an agreement with the Debenture Trustee, (**'Debenture Trust Deed'**), the terms of which will govern the appointment of the Debenture Trustee and the issue of the NCDs. Our Company proposes to complete the execution of the Debenture Trust Deed before finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange and utilize the funds only after the stipulated security has been created and upon receipt of listing and trading approval from the Designated Stock Exchange.

Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the NCD Holders the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on NCDs on the rate specified in this Shelf Prospectus and in the Debenture Trust Deed.

The Debenture Trust Deed will also provide that our Company may withdraw any portion of the security and replace with another asset of the same or a higher value.

### **Trustees for the NCD holders**

We have appointed Catalyst Trusteeship Limited (formerly known as GDA Trusteeship Limited) to act as the Debenture Trustees for the NCD Holders. The Debenture Trustee and we will execute a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The NCD Holders shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holders. Any payment made by us to the Debenture Trustee on behalf of the NCD Holders shall discharge us *pro tanto* to the NCD Holders. The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

### **Events of Default:**

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, give notice to our Company specifying that the NCDs and/or any particular series of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the events listed below occurs. The description below is indicative and a complete list of events of default and its consequences will be specified in the Debenture Trust Deed:

- (i) default is committed in payment of the principal amount of the NCDs on the due date(s); and
- (ii) default is committed in payment of any interest on the NCDs on the due date(s).

As per the RBI circular dated June 27, 2013, our Company is not permitted to extend loans against the security of its debentures issued by way of private placement or public issues.

### **Lien on pledge of NCDs**

Our Company may, at its discretion note a lien on pledge of NCDs if such pledge of NCD is accepted by any third party bank/institution or any other person for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding, subject to applicable law.

### **Future Borrowings**

We shall be entitled to make further issue of secured or unsecured debentures and/or raise term loans or raise further funds from time to time from any persons, banks, financial institutions or bodies corporate or any other agency without the consent of, or notification to or consultation with the holder of NCDs or the Debenture Trustee by creating a charge on any assets, provided the stipulated security cover is maintained.

### **Illustration for guidance in respect of the day count convention and effect of holidays on payments.**

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Circular No. CIR/IMD/DF/18/2013 October 29, 2013 and SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016 will be disclosed in the relevant Tranche Prospectus.

### **Payment of Interest**

If allotment is not made within the prescribed time period under applicable law, the entire subscription amount will be refunded/unblocked within the time prescribed under applicable law, failing which interest may be due to be paid to the Applicants, for the delayed period, as prescribed in applicable law. Our Company shall not be liable to pay any interest on monies liable to be refunded in case of (a) invalid applications or applications liable to be rejected, (b) applications which are withdrawn by the Applicant and/or (c) monies paid in excess of the amount of NCDs applied for in the Application Form. Please see, "*Issue procedure - Rejection of Applications*" on page 199.

## ISSUE PROCEDURE

*This section applies to all Applicants. Specific attention of all Applicants is invited to the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018, which provides, inter-alia, that for all public issues of debt securities opening on or after October 1, 2018, all Applicants shall mandatorily use the ASBA facility for participating in the Issue. ASBA Applicants and Applicants applying through the Direct Online Application Mechanism (as defined hereinafter) should note that the ASBA process and the Direct Online Application Mechanism involve application procedures that are different from the procedure applicable to all other Applicants. Please note that all Applicants are required to pay the full Application Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application. ASBA Applicants ensure that their respective ASBA accounts can be blocked by the SCSBs, in the relevant ASBA Accounts.*

*ASBA Applicants should note that they may submit their ASBA Applications to the Designated Intermediaries. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Shelf Prospectus.*

*Please note that this section has been prepared based on the circular no. CIR/IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI (“Debt Application Circular”). The procedure mentioned in this section is subject to the Stock Exchange putting in place the necessary systems and infrastructure for implementation of the provisions of the abovementioned circular, including the systems and infrastructure required in relation to Applications made through the Direct Online Application Mechanism and the online payment gateways to be offered by the Stock Exchange and accordingly is subject to any further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchange and/or SEBI. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.*

*Specific attention is drawn to the circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI, which amends the provisions of the Debt Application Circular to the extent that it provides for allotment in public issues of debt securities to be made on the basis of the date of upload of each application into the electronic book of the Stock Exchange, as opposed to the date and time of upload of each such application.*

**PLEASE NOTE THAT ALL DESIGNATED INTERMEDIARIES WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE WILL NEED TO APPROACH THE RESPECTIVE STOCK EXCHANGE AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE RELEVANT STOCK EXCHANGE. THE FOLLOWING SECTION MAY CONSEQUENTLY UNDERGO CHANGE BETWEEN THE DATES OF THIS SHELF PROSPECTUS, THE ISSUE OPENING DATE AND THE ISSUE CLOSING DATE.**

**THE MEMBERS OF THE CONSORTIUM AND OUR COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE DESIGNATED INTERMEDIARIES IN CONNECTION WITH THE RESPONSIBILITY OF SUCH DESIGNATED INTERMEDIARIES IN RELATION TO COLLECTION AND UPLOAD OF APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE. FURTHER, THE RELEVANT STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATIONS THROUGH DESIGNATED INTERMEDIARIES REGISTERED WITH SUCH STOCK EXCHANGE.**

**Please note that for the purposes of this section, the term “Working Day” shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of Stock Exchange excluding Sundays and bank holidays in Mumbai**

### **Who can apply?**

The following categories of persons are eligible to apply in this Issue.

#### **Category I**

- Public financial institutions, scheduled commercial banks, co-operative banks and Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;
- Provident funds and pension funds with a minimum corpus of ₹250 million, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;

- Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;
- Resident Venture Capital Funds registered with SEBI;
- Insurance companies registered with the IRDAI;
- State industrial development corporations;
- Insurance funds set up and managed by the army, navy, or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, the Union of India;
- Systemically Important Non-Banking Financial Company registered with the RBI and having a net-worth of more than ₹ 5,000 million as per the last audited financial statements
- National Investment Fund set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and
- Mutual funds registered with SEBI.

### **Category II**

- Companies within the meaning of Section 2(20) of the Companies Act, 2013; statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Co-operative banks and regional rural banks;
- Trusts including public/private charitable/religious trusts which are authorised to invest in the NCDs;
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms in the name of the partners; and
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009).
- Association of Persons; and
- Any other incorporated and/ or unincorporated body of persons

### **Category III**

- High Net-worth Individual Investors - Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹10,00,000 across all options of NCDs in this Issue

### **Category IV**

- Retail Individual Investors - Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹10,00,000 across all options of NCDs in this Issue.

Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities.

**Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to this Issue.**

The Lead Managers and their respective associates and affiliates are permitted to subscribe in this Issue.

The information below is given for the benefit of Applicants. Our Company and the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Shelf Prospectus.

## How to apply?

### Availability of this Shelf Prospectus, the relevant Tranche Prospectus, Abridged Prospectus and Application Forms.

#### Please note that there is a single Application Form for who are persons resident in India.

Copies of the Abridged Prospectus containing the salient features of the Shelf Prospectus, the relevant Tranche Prospectus together with Application Forms and copies of this Shelf Prospectus may be obtained from our Registered and Corporate Office, the Lead Managers, the Registrar to the Issue and the Designated Branches of the SCSBs. Additionally, the Shelf Prospectus, the relevant Tranche Prospectus and the Application Forms will be available

- (i) for download on the website of BSE at [www.bseindia.com](http://www.bseindia.com), and the website of the Lead Managers at [www.akgroup.co.in](http://www.akgroup.co.in) and [www.edelweissfin.com](http://www.edelweissfin.com).
- (ii) at the designated branches of the SCSBs and the Members of the Consortium at the Specified Locations.

Electronic Application Forms will also be available on the website of the Stock Exchange. A unique application number ("UAN") will be generated for every Application Form downloaded from the websites of the Stock Exchange. Further, Application Forms will also be provided to Designated Intermediaries at their request.

### Method of Application

In terms of the SEBI circular CIR/DDHS/P/121/2018 dated August 16, 2018, an eligible investor desirous of applying in this Issue can make Applications through the ASBA mechanism only.

Applicants are requested to note that in terms of the Debt Application Circular, SEBI has mandated issuers to provide, through a recognized stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility ("**Direct Online Application Mechanism**"). In this regard, SEBI has, through the Debt Application Circular, directed recognized Stock Exchange in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. Please note that the Applicants will not have the option to apply for NCDs under this Issue, through the direct online applications mechanism of the Stock Exchange. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange and the Stock Exchange have confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application form to any of the Designated Intermediaries.

Applicants should submit the Application Form only at the Bidding Centres, *i.e.* to the respective Members of the Consortium at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at <http://www.sebi.gov.in>.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from ASBA Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained.

An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to this Issue should be made by Applicants directly to the relevant Stock Exchange.

### Application Size

As specified in the relevant Tranche Prospectus.

## **APPLICATIONS BY VARIOUS APPLICANT CATEGORIES**

### **Applications by Mutual Funds**

Pursuant to the SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 (“**SEBI Circular 2016**”), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25.0% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector towards single issuer limit is 10.0% of net assets value (extendable to 12% of net assets value, after trustee approval).

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which the Application is being made. An Application Form by a mutual fund registered with SEBI for Allotment of the NCDs must be also accompanied by certified true copies of (i) its SEBI registration certificates (ii) the trust deed in respect of such mutual fund (ii) a resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories. Failing this, our Company reserves the right to accept or reject any Application from a Mutual Fund for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

### **Application by Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks**

Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks can apply in a relevant Tranche Issue based upon their own investment limits and approvals. Applications by them for Allotment of the NCDs must be accompanied by certified true copies of (i) memorandum and articles of association/charter of constitution; (ii) power of attorney ; (iii) a board resolution authorising investments; and (iv) a letter of authorisation. Failing this, our Company reserves the right to accept or reject any Application for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

### **Application by Insurance Companies**

Insurance companies registered with the IRDAI can apply in this Issue based on their own investment limits and approvals in accordance with the regulations, guidelines and circulars issued by the IRDAI. The Application Form must be accompanied by certified true copies of their (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) resolution authorising investments/containing operating instructions; and (iv) specimen signatures of authorised signatories.

**Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

### **Applications by Alternative Investments Funds**

Applications made by 'alternative investment funds' eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "**SEBI AIF Regulations**") for Allotment of the NCDs must be accompanied by certified true copies of (i) SEBI registration certificate; (ii) a resolution authorising investment and containing operating instructions; and (iii) specimen signatures of authorised persons. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI.

**Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

### **Applications by Trusts**

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for

creation of such trust, (ii) power of attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

**Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

#### **Applications by Public Financial Institutions or statutory corporations, which are authorized to invest in the NCDs**

The Application must be accompanied by certified true copies of: (i) any Act/ Rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorized person.

**Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

#### **Applications made by companies, bodies corporate and societies registered under the applicable laws in India**

The Application must be accompanied by certified true copies of: (i) any act/ rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person.

**Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

#### **Indian scientific and/ or industrial research organizations, which are authorized to invest in the NCDs**

Applications by scientific and/ or industrial research organisations which are authorised to invest in the NCDs must be accompanied by certified true copies of: (i) any act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant.

**Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.**

#### **Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008**

Applications made by partnership firms and limited liability partnerships formed and registered under the Limited Liability Partnership Act, 2008 must be accompanied by certified true copies of: (i) the partnership deed for such Applicants; (ii) any documents evidencing registration of such Applicant thereof under applicable statutory/regulatory requirements; (iii) a resolution authorizing the investment and containing operating instructions; and (iv) specimen signature of authorized persons of such Applicant.

**Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.**

#### **Applications under a power of attorney by limited companies, corporate bodies and registered societies**

In case of Applications made pursuant to a power of attorney by Applicants from Category I, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Application Form.

**Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

In case of Applications made pursuant to a power of attorney by Applicants from Category II and Category III, a certified copy of the power of attorney must be lodged along with the Application Form.

In case of physical ASBA Applications made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form.

**Failing this our Company, in consultation with the Lead Managers, reserves the right to reject such Applications.**



**Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Application Forms subject to such terms and conditions that our Company and the Lead Managers may deem fit.**

**Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorized to invest in the NCDs**

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorised to invest in the NCDs, for Allotment of the NCDs must be accompanied by certified true copies of: (i) any act/rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (ii) a board resolution authorising investments; (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (iv) specimen signature of authorized person; (v) a certified copy of the registered instrument for creation of such fund/trust; and (vi) any tax exemption certificate issued by Income Tax authorities.

**Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.**

**Applications by National Investment Funds**

Application made by a National Investment Fund for Allotment of the NCDs must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorized persons.

**Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.**

**Applications by Non-banking financial companies**

Applications made by non-banking financial companies registered with the RBI and under other applicable laws in India must be accompanied by certified true copies of: (i) board Resolution authorising investments; and (iii) specimen signature of authorized person.

**Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

The Members of Consortium and their respective associates and affiliates are permitted to subscribe in this Issue.

**Applications cannot be made by:**

- (a) Minors without a guardian name\* (A guardian may apply on behalf of a minor. However, the name of the guardian will also need to be mentioned on the Application Form);
- (b) Foreign nationals;
- (c) Persons resident outside India;
- (d) Foreign Institutional Investors;
- (e) Foreign Portfolio Investors;
- (f) Non Resident Indians;
- (g) Qualified Foreign Investors;
- (h) Overseas Corporate Bodies\*\*;
- (i) Foreign Venture Capital Funds; and
- (j) Persons ineligible to contract under applicable statutory/ regulatory requirements.

*\* Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

*The Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange by the Designated Intermediaries.*

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of such Applications, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

*\*\*The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in the Issue.*

## **Payment instructions**

### ***Payment mechanism for Applicants***

An Applicant shall specify details of the ASBA Account Number in the Application Form and the relevant SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the Application Form. Upon receipt of an intimation from the Registrar to the Issue, the SCSBs shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account in terms of the Public Issue Account Agreement. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue to the respective SCSB within 6 (six) Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the relevant Tranche Issue or until rejection of the Application, as the case may be.

### **Additional information for Applicants**

1. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected.
2. No separate receipts will be issued for the money blocked on the submission of Application Form. However, the collection centre of the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.
3. Applications should be submitted on the Application Form only. In the event that physical Application Forms do not bear the stamp of the Designated Intermediaries, or the relevant Designated Branch, as the case may be, they are liable to be rejected.
4. Application Forms submitted by Applicants shall be for allotment of NCDs only in dematerialized form.

**Applicants are advised not to submit Application Forms to Public Issue Account Banks and the same will be rejected in such cases and the Applicants will not be entitled to any compensation whatsoever.**

### **Filing of the Shelf Prospectus and Tranche Prospectus with ROC**

A copy of the Shelf Prospectus and relevant Tranche Prospectus shall be filed with the ROC in accordance with Section 26 and Section 31 of the Companies Act, 2013.

### **Pre-Issue Advertisement**

Our Company will issue a statutory advertisement on or before the relevant Issue Opening Date of each relevant Tranche Issue. This advertisement will contain the information as prescribed under the SEBI Debt Regulations and Section 30 of the Companies Act, 2013. Material updates, if any, between the date of filing of the Shelf Prospectus and the relevant Tranche Prospectus with the ROC and the date of release of the statutory advertisement will be included in the statutory advertisement.

### **Instructions for completing the Application Form**

- (a) Applications must be made in the prescribed Application Form.
- (b) Application Forms are to be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in this Shelf Prospectus, the Tranche Prospectus and the Application Form. Incomplete Application Forms are liable to be rejected. Applicants should note that the Designated Intermediaries will not be liable for errors in data entry due to incomplete or illegible Application Forms.
- (c) Applications are required to be for a minimum of such NCDs and in multiples of one NCD thereafter as specified in this Shelf Prospectus.

- (d) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
- (e) Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details and Applications should be made by Karta in case the Applicant is an HUF. Applicants are required to ensure that the PAN Details of the HUF are mentioned and not those of the Karta.
- (f) Applicants applying for Allotment must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of the Stock Exchange by the Designated Intermediaries, as the case may be, the Registrar to the Issue will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs.
- (g) Applicants must ensure that their Application Forms are made in a single name.
- (h) If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form.
- (i) Applicant should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form and ensure that the signature in the Application Form matches with the signature in the Applicant's bank records.
- (i) All Applicants are required to tick the relevant column in the "Category of Investor" box in the Application Form.
- (j) Applications for all the options of the NCDs may be made in a single Application Form only.

**The series, mode of allotment, PAN, demat account number, etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for allotment.**

**Applicants should note that neither the Members of the Consortium nor the other Designated Intermediaries, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms. Our Company would allot the NCDs, as specified in the relevant Tranche Prospectus to all valid Applications, wherein the Applicants have not indicated their choice of the relevant series of NCDs.**

#### **Applicants' PAN, Depository Account and Bank Account Details**

**ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE NCDs SHOULD MENTION THEIR DP ID, CLIENT ID AND PAN IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE DP ID, CLIENT ID AND PAN GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM SHOULD CONTAIN THE NAME AND PAN OF BOTH THE HOLDERS OF THE BENEFICIARY ACCOUNT AND SIGNATURES OF BOTH HOLDERS WOULD BE REQUIRED IN THE APPLICATION FORM.**

**On the basis of the DP ID, Client ID and PAN provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the Demographic Details of the Applicants including PAN and MICR code. These Demographic Details would be used for giving Allotment Advice and refunds, if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details (including bank account details) as appearing on the records of the Depository Participant and ensure that they are true and correct. Please note that failure to do so could result in delays in despatch/ credit of refunds, if any, to Applicants, delivery of Allotment Advice or unblocking of ASBA Accounts at the Applicants' sole risk, and neither the Members of the Consortium nor the Designated Intermediaries, nor the Registrar, nor the Banker(s) to the Issue, nor the SCSBs, nor our Company shall have any responsibility and undertake any liability for the same.**

**Applicants should note that in case the DP ID, Client ID and PAN mentioned in the Application Form, as the case may be and entered into the electronic Application system of the Stock Exchange by the Members of the Consortium or the Designated Intermediaries, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected and our Company, the Members of the Consortium and the other Designated Intermediaries shall not be liable for losses, if any.**

These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice and for refunds (if any) as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue.

By signing the Application Form, Applicants applying for the NCDs would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Allotment Advice would be mailed by speed post or registered post at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Banker(s) to the Issue, Registrar to the Issue nor the Lead Managers shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Shelf Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under powers of attorney, our Company in its absolute discretion, reserves the right to permit the holder of a power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on and mailing of the Allotment Advice through speed post or registered post, the Demographic Details obtained from the Depository of the Applicant shall be used.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to this Issue will be made into the accounts of the Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Applications are liable to be rejected.

### **Electronic registration of Applications**

- (a) The Designated Intermediaries will register the Applications using the on-line facilities of Stock Exchange. The Lead Managers, our Company, and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Applications accepted by the Designated Intermediaries, (ii) the Applications uploaded by the Designated Intermediaries, (iii) the Applications accepted but not uploaded by the Designated Intermediaries, (iv) Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts or (v) Applications accepted and uploaded by the Designated Intermediaries for which the Application Amounts are not blocked by the SCSBs.
- (b) The Stock Exchange will offer an electronic facility for registering Applications for this Issue. This facility will be available on the terminals of Members of the Consortium and the other Designated Intermediaries during the Issue Period. On the Issue Closing Date, the Members of the Consortium and the other Designated Intermediaries shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Members of the Consortium and the other Designated Intermediaries on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation.
- (c) Based on the aggregate demand for Applications registered on the electronic facilities of the Stock Exchange, a graphical representation of consolidated demand for the NCDs, as available on the websites of the Stock Exchange, would be made available at the Application centres as provided in the Application Form during the Issue Period.
- (d) At the time of registering each Application, the Designated Intermediaries, shall enter the details of the Applicant, such as the Application Form number, PAN, Applicant category, DP ID, Client ID, number and Option(s) of NCDs applied, Application Amounts and any other details that may be prescribed by the online uploading platform of the Stock Exchange.
- (e) A system generated Acknowledgement Slip will be given to the Applicant as a proof of the registration of his Application. It is the Applicant's responsibility to obtain the Acknowledgement Slip from the Members of the Consortium or the other Designated Intermediaries, as the case may be. The registration of the Applications by the Designated Intermediaries does not guarantee that the NCDs shall be allocated/ Allotted by our Company. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind.
- (f) The permission given by the Stock Exchange to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, and/or the Lead Managers are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Shelf Prospectus or the relevant Tranche Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange.

- (g) In case of apparent data entry error by the Designated Intermediaries, in entering the Application Form numbers in their respective schedules, other things remaining unchanged, the Application Form may be considered as valid or such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange.
- (h) Only Applications that are uploaded on the online system of the Stock Exchange shall be considered for Allotment. The Designated Intermediaries shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate, Designated Intermediaries will be given up to one Working Day after the Issue Closing Date to modify/verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar to the Issue for reconciliation with the data available with the NSDL and CDSL.

## General Instructions

### *Do's*

- **Check if you are eligible to apply as per the terms of this Shelf Prospectus, the relevant Tranche Prospectus and applicable law;**
- **Read all the instructions carefully and complete the Application Form;**
- Ensure that the details about Depository Participant and beneficiary account are correct and the beneficiary account is active;
- Applications are required to be in single or joint names (not more than three);
- In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta;
- Ensure that Applications are submitted to the Designated Intermediaries, before the closure of application hours on the Issue Closing Date;
- Information provided by the Applicants in the Application Form will be uploaded on to the online platform of the Stock Exchange by the Designated Intermediaries, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Applicants should ensure that the details are correct and legible;
- Ensure that the Applicant's names (given in the Application Form is exactly the same as the names in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form;
- Ensure that you have funds equal to or more than the Application Amount in your ASBA Account before submitting the Application Form;
- Ensure that you mention your PAN in the Application Form. In case of joint applicants, the PAN of all the Applicants should be provided, and for HUFs, PAN of the HUF should be provided. Any Application Form without the PAN is liable to be rejected. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground;

Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to the circular dated April 3, 2008 issued by SEBI) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same.

- Ensure that the Demographic Details as provided in the Application Form are updated, true and correct in all respects;
- Ensure that you request for and receive a Acknowledgement Slip for all your Applications and an acknowledgement as a proof of having been accepted;

- Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of the NCDs;
- Before submitting the physical Application Form with the Designated Intermediaries, ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that centre;
- For Applicants applying through Syndicate ASBA, ensure that your Application Form is submitted to the Designated Intermediaries and not to the Public Issue Account Banks or Refund Bank (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;
- For Applicants applying through the SCSBs, ensure that your Application Form is submitted at a Designated Branch of the SCSB where the ASBA Account is maintained, and not to the Public Issue Bank (assuming that such bank is not a SCSB), to our Company, the Registrar to the Issue or the Designated Intermediaries;
- Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant is not the account holder;
- Ensure that you have mentioned the correct ASBA Account number in the Application Form;
- Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the, or to the Members of the Consortium at the Specified Locations, or to the Designated Intermediaries, as the case may be;
- Ensure that you have correctly ticked, provided or checked the authorisation box in the Application Form, or have otherwise provided an authorisation to the SCSB *via* the electronic mode, for the Designated Branch to block funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form;
- Ensure that you receive an acknowledgement from the Designated Branch or the concerned member of the Consortium, or the Designated Intermediaries, as the case may be, for the submission of the Application Form;
- Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
- Ensure that your Application Form bears the stamp of the relevant Designated Intermediaries to whom the Application is submitted;
- All Applicants are requested to tick the relevant column "Category of Investor" in the Application Form; and
- Tick the Option of NCDs in the Application Form that you wish to apply for.

***Don'ts***

- Do not apply for lower than the minimum Application size;
- Do not pay the Application amount in cash, by money order, postal order or by stockinvest;
- Do not send the Application Forms by post; instead submit the same to the Designated Intermediaries (as the case may be) only;
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;
- Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar;
- Do not fill up the Application Form such that the NCDs applied for exceeds the size of this Issue and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit Applications on plain paper or on incomplete or illegible Application Forms;
- Do not submit an Application in case you are not eligible to acquire the NCDs under applicable law or your relevant constitutional documents or otherwise;

- Do not make payment of the Application Amounts in any mode other than through blocking of the Application Amounts in the ASBA Accounts;
- Do not submit more than five Application Forms per ASBA Account;
- Do not submit the Application Forms without the Application Amount; and
- Do not apply if you are not competent to contract under the Indian Contract Act, 1872.

### **Submission of Application Forms**

For details in relation to the manner of submission of Application Forms, please see the section titled “*Issue Procedure*” on page 187 of this Shelf Prospectus.

### **OTHER INSTRUCTIONS**

#### **Joint Applications**

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

#### **Additional/ Multiple Applications**

An Applicant is allowed to make one or more Applications for the NCDs for the same or other options of NCDs, as specified in the relevant Tranche Prospectus, subject to a minimum Application size as specified in the relevant Tranche Prospectus for each Application. Any Application for an amount below the aforesaid minimum Application size will be deemed as an invalid Application and shall be rejected. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of an HUF and/or as joint Applicant (second or third applicant), shall not be deemed to be multiple Applications.

#### **Depository Arrangements**

We have made depository arrangements with NSDL and CDSL for issue and holding of the NCDs in dematerialised form. In this context:

- Tripartite Agreements dated August 11, 2011 and August 4, 2011, between us, the Registrar to the Issue and CDSL and NSDL, respectively have been executed, for offering depository option to the Applicants.
- An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.
- NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.
- Non-transferable Allotment Advice/ refund orders will be directly sent to the Applicant by the Registrar to this Issue.
- It may be noted that NCDs in electronic form can be traded only on Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange have connectivity with NSDL and CDSL.
- Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those NCD holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.
- The trading of the NCDs on the floor of the Stock Exchange shall be in dematerialized form in multiples of One NCD only.

Allottees will have the option to rematerialise the NCDs Allotted under this Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

For further information relating to Applications for Allotment of the NCDs in dematerialised form, please see the section titled “*Issue Procedure*” on page 187 of this Shelf Prospectus.

## **Communications**

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting all relevant details as regards the Applicant and its Application.

Applicants can contact our Company Secretary and Compliance Officer or the Registrar to the Issue in case of any pre-Issue related problems and/or Post-Issue related problems such as non-receipt of Allotment Advice non-credit of NCDs in depository’s beneficiary account/ etc. Please note that Applicants who have applied for the NCDs through Designated Intermediaries should contact the Stock Exchange in case of any Post-Issue related problems, such as non-receipt of Allotment Advice / non-credit of NCDs in depository’s beneficiary account/ etc.

## **Interest in case of Delay**

Our Company undertakes to pay interest, in connection with any delay in allotment, demat credit and refunds, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

## **Rejection of Applications**

As set out below or if all required information is not provided or the Application Form is incomplete in any respect, the Board of Directors and/or any committee of our Company reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

***Application may be rejected on one or more technical grounds, including but not restricted to:***

- Applications not made through the ASBA facility
- Number of NCDs applied for being less than the minimum Application size;
- Applications not being signed by the sole/joint Applicants;
- Applications submitted without blocking of the entire Application Amount. However, our Company may allot NCDs up to the value of application monies paid, if such application monies exceed the minimum application size as prescribed hereunder;
- Application Amount blocked being higher than the value of NCDs Applied for. However, our Company may allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;
- Investor Category in the Application Form not being ticked;
- Date of Birth for first/sole Applicant for persons applying for Allotment not mentioned in the Application Form
- Applications where a registered address in India is not provided by the Applicant;
- ASBA Bank account details to block Application Amount not provided in the Application Form;
- Submission of more than 5 ASBA Forms per ASBA Account;
- Applications by persons not competent to contract under the Indian Contract Act, 1872 including a minor without the name of a guardian;
- Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
- DP ID and Client ID not mentioned in the Application Form;
- Applications by stockinvest or accompanied by cash/money order/postal order or any mode other than ASBA;
- If an authorization to the SCSB for blocking funds in the ASBA Account has not been provided;



- Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;
- In case of partnership firms, NCDs may be applied for in the names of the individual partner(s) and no firm as such shall be entitled to apply for in its own name. However a Limited Liability Partnership firm can apply in its own name;
- Applications made without mentioning the PAN of the Applicant, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants;
- GIR number mentioned in the Application Form instead of PAN;
- Application by OCBs;
- Applications for amounts greater than the maximum permissible amounts prescribed by applicable regulations;
- Applications by persons/entities who have been debarred from accessing the capital markets by SEBI;
- Applications by any persons outside India;
- For all Applications for Allotment the, DP ID, Client ID and PAN mentioned in the Application Form do not match with the DP ID, Client ID and PAN available in the records with the depositories;
- Applications by persons who are not eligible to acquire the NCDs in terms of applicable laws, rules, regulations, guidelines and approvals;
- Application Forms from Applicants not being signed by the ASBA Account holder, if the account holder is different from the Applicant or the signature of the ASBA Account holder on the Application Form does not match with the signature available on the Applicant's bank records;
- Applications for an amount below the minimum Application size;
- Inadequate funds or no credit balance in the ASBA Account to enable the SCSB to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;
- Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- Applications by Applicants seeking Allotment in dematerialised form whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- Applications not uploaded on the terminals of the Stock Exchange;
- Applications providing an inoperative demat account number;
- In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted along with the Application Form;
- Application Forms submitted to the Designated Intermediaries does not bear the stamp of the relevant Designated Intermediaries. Applications submitted directly to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Branch and/or the Members of the Consortium, or other Designated Intermediaries, as the case may be;
- Applications by other persons who are not eligible to apply for NCDs under this Issue under applicable Indian regulatory requirements;
- Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and this Shelf Prospectus and as per the instructions in the Application Form, this Shelf Prospectus and the relevant Tranche Prospectus;
- Applications tendered to the Designated Intermediaries at centers other than the centers mentioned in the Application Form;

- In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application; and

For further instructions regarding Application for the NCDs, Applicants are requested to read the Application Form.

### Mode of making refunds

The payment of refund, if any, may be done through various electronic modes mentioned below:

- Direct Credit** – Applicants having bank accounts with the Banker(s) to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by us.
- NACH** – Payment of refund would be done through NACH for Applicants having an account at any of the centres specified by RBI, where such facility has been made available. This mode of payment of refunds, if any, would be subject to availability of complete bank account details including the MICR code as available from the Depositories. The payment of refunds, if any, through this mode will be done for Applicants having a bank account at any centre where NACH facility has been made available (subject to availability of all information for crediting the refund through NACH).
- NEFT** – Payment of refund shall be undertaken through NEFT wherever the Applicant’s bank has been assigned the Indian Financial System Code (“**IFSC**”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. In case of online payment or wherever the Investors have registered their nine digit MICR number and their bank account number with the depository participant while opening and operating the demat account, the MICR number and their bank account number will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- RTGS** – If the refund amount exceeds ₹ 200,000, Applicants have the option to receive refund through RTGS. Charges, if any, levied by the Banker(s) to the Issue for the same would be borne by us. Charges, if any, levied by the Applicant’s bank receiving the credit would be borne by the Applicant.

The Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful Applications within 6 (six) Working Days of the Issue Closing Date.

Our Company and the Registrar to the Issue shall credit the allotted NCDs to the respective beneficiary accounts/ dispatch the Letters of Allotment or letters of regret by registered post/speed post at the Applicant’s sole risk, within six Working Days from the Issue Closing Date. We may enter into an arrangement with one or more banks in one or more cities for refund to the account of the applicants through Direct Credit/RTGS/NEFT/NACH.

Further,

- Allotment of NCDs in this Issue shall be made within the time period stipulated by SEBI;
- Credit to dematerialised accounts will be given within one Working Day from the Deemed Date of Allotment;
- Interest at a rate of 15% per annum will be paid if the Allotment has not been made and/or the refund orders have not been dispatched to the Applicants within 6 Working days from the Issue Closing Date, for the delay beyond 6 Working days in case of non-receipt of minimum subscription; and
- Our Company will provide adequate funds to the Registrar to the Issue / relevant banks for this purpose.

### Retention of oversubscription

As specified in the relevant Tranche Prospectus for each Tranche Issue.

Grouping of Applications and allocation ratio

For the purposes of the basis of allotment:

- Applications received from Category I Applicants: Applications received from Applicants belonging to Category I shall be grouped together, (“**Institutional Portion**”);
- Applications received from Category II Applicants: Applications received from Applicants belonging to Category II, shall be grouped together, (“**Non-Institutional Portion**”).

- C. Applications received from Category III Applicants: Applications received from Applicants belonging to Category III shall be grouped together, (“**High Net-worth Individual Category Portion**”).
- D. Applications received from Category IV Applicants: Applications received from Applicants belonging to Category IV shall be grouped together, (“**Retail Individual Category Portion**”).

For removal of doubt, the terms "**Institutional Portion**", "**Non-Institutional Portion**", "**High Net-worth Individual Category Portion**" and "**Retail Individual Category Portion**" are individually referred to as “**Portion**” and collectively referred to as “**Portions**”.

#### **Basis of Allotment**

As specified in the relevant Tranche Prospectus.

#### **Allocation Ratio**

As specified in the relevant Tranche Prospectus.

#### **Retention of oversubscription**

As specified in the relevant Tranche Prospectus.

#### **Investor Withdrawals and Pre-closure**

Investor Withdrawal: Applicants are allowed to withdraw their Applications at any time prior to the Issue Closing Date.

Withdrawal of Applications after the Issue Period: In case an Applicant wishes to withdraw the Application after the Issue Closing Date or early closure date, the same can be done by submitting a withdrawal request to the Registrar prior to the finalization of the Basis of Allotment but not later than 2 (two) Working days from the Issue Closing Date or early closure date, as applicable.

Pre-closure: Our Company, in consultation with the Lead Managers reserves the right to close the relevant Tranche Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription which is 75% of the Base Issue before the Issue Closing Date. Our Company shall allot NCDs with respect to the Applications received at the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements.

Further, the relevant Tranche Issue will also be withdrawn by our Company in the event that the aggregate Applications received for the NCDs is lesser than the minimum subscription which is 75% of the Base Issue before the Issue Closing Date.

In the event of such early closure of this Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the relevant Issue Closing Date of the relevant Tranche Issue, as applicable, through advertisement(s) in all those newspapers in which pre-Issue advertisement and advertisement for opening or closure of this issue have been given.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount has not been subscribed or received, as applicable, within the specified period, the application money received is to be unblocked/credited only to the bank account in/from which the subscription was blocked/remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or the Registrar will follow the guidelines prescribed by SEBI in this regard.

#### **Revision of Applications**

As per the notice no: 20120831-22 dated August 31, 2012 issued by BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. However, please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform

of the Stock Exchange as per the procedures and requirements prescribed by each relevant Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar to the Issue for reconciliation with the data available with the NSDL and CDSL.

### **Utilisation of Application Amounts**

The sum received in respect of a Tranche Issue will be kept in separate bank accounts and we will have access to such funds as per applicable provisions of law(s), regulations and approvals.

### **Utilisation of the proceeds of this Issue**

- All monies received out of this Issue shall be credited / transferred to a separate bank account maintained with a Scheduled Bank as referred to in Section 40 of the Companies Act, 2013.
- The allotment letter shall be issued or application money shall be refunded within 6 Working days from the closure of this the respective Tranche or such lesser time as may be specified by Securities and Exchange Board, or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.
- Details of all monies unutilised out of the previous issues made by way of public offer, as well as the monies to be raised through this Issue, if any, shall be disclosed and continued to be disclosed under an appropriate separate head in our balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the securities or other forms of financial assets in which such unutilized monies have been invested.
- Details of all monies utilised out of the previous issue made by way of public offer shall be disclosed and continued to be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilized.
- Details of all unutilised monies out of this Issue, if any, shall be disclosed and continued to be disclosed under an appropriate head in our balance sheet till the time any part of the proceeds of this Issue remains unutilized indicating the form in which such unutilised monies have been invested.
- We shall utilize proceeds of this Issue subsequent to (a) receipt of minimum subscription; (b) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (c) creation of security; and (d) obtaining Listing and Trading approval as stated in this Shelf Prospectus in “*Issue Structure*” on page 176 of this Shelf Prospectus.
- Proceeds of this Issue shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property or in the purchase of any business or in the purchase of an interest in any business.
- Proceeds of this Issue shall not be utilized for providing loan to or acquisition of shares of any person who is part of the same group or who is under the same management.

### **Impersonation**

Attention of the Applicants is specifically drawn to the provisions of sub-Section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

*“Any person who:*

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

## **Listing**

The NCDs proposed to be offered in pursuance of the Draft Shelf Prospectus, this Shelf Prospectus and the relevant Tranche Prospectus will be listed on the BSE. Our Company has received an 'in-principle' approval from BSE by way of its letter bearing reference number DCS/BM/PI-BOND/12/18-19 dated October 4, 2018. The application for listing of the NCDs will be made to the Stock Exchange at an appropriate stage.

If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchange, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Shelf Prospectus. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange are taken within six Working Days from the respective Tranche Issue Closing Date.

For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the Series, such NCDs with Series shall not be listed.

## **Guarantee/Letter of Comfort**

This Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

## **Undertaking by our Company**

We undertake that:

- a) the complaints received in respect of this Issue (except for complaints in relation to Applications submitted to Designated Intermediaries) shall be attended to by us expeditiously and satisfactorily;
- b) we shall take necessary steps for the purpose of getting the NCDs listed within the specified time i.e. six Working Days from the Issue Closing Date.;
- c) the funds required for dispatch of allotment advice/ certificates by registered post/ speed post shall be made available to the Registrar to the Issue by our Company;
- d) necessary cooperation to the credit rating agencies shall be extended in providing true and adequate information until the debt obligations in respect of the NCDs are outstanding;
- e) we shall forward the details of utilisation of the funds raised through the NCDs duly certified by our statutory auditors, to the Debenture Trustee at the end of each half year;
- f) we shall disclose the complete name and address of the Debenture Trustee in our annual report;
- g) we shall provide a compliance certificate to the Debenture Trustee (on an annual basis) in respect of compliance with the terms and conditions of issue of NCDs as contained in this Shelf Prospectus; and
- h) we shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time.

## SECTION VI: LEGAL AND OTHER INFORMATION

### PENDING PROCEEDINGS AND STATUTORY DEFAULTS

*Except as stated in this section there are no outstanding: (i) criminal proceedings; (ii) actions by statutory / regulatory authorities; (iii) claims for any indirect and direct tax liability; and (iv) other litigations which are identified as material in terms of the materiality policy, each involving our Company, Directors, Promoters and group companies.*

*The Debenture Committee of our Company in its meeting held on August 30 determined that any pending civil litigations against the Company, the Subsidiaries, group companies of the Company where the amount exceeds ₹ 380 million individually are considered as material pending civil litigations against the Company, the Subsidiaries, Group Companies or the Directors and Promoters of the Company for the purpose of disclosure in this Shelf Prospectus.*

*Except as disclosed below, there are no pending proceedings pertaining to:*

- i. matters likely to affect operations and finances of our Company, promoters, director, group companies, or any other person, whose outcome could have a material adverse effect on our Company, including disputed tax liabilities and contingent liabilities of any nature;*
- ii. any default and non-payment of statutory dues;*
- iii. criminal prosecution launched against our Company and the Directors for alleged offences under the enactments specified in Paragraph 1 of Part I of Schedule V to the Companies Act, 2013;*
- iv. litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against Promoters during the last five years immediately preceding the date of the issue of this Shelf Prospectus and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action;*
- v. any material regulatory proceedings against our Company or against Promoters of our Company resulting in material liabilities;*
- vi. pending proceedings initiated against our Company for economic offences and default; and*
- vii. inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013, or any previous companies law (including where there were any prosecutions filed) and fines imposed or compounding of offences by our Company in the last five years immediately preceding the year of issue of this Shelf Prospectus against our Company and our Subsidiaries fines imposed on or compounding of offences done by our Company and our Subsidiaries in the last five years immediately preceding the year of this Shelf Prospectus.*

*As on the date of this Shelf Prospectus, there are no defaults in meeting statutory dues, institutional dues, and towards holders of instrument like debentures and arrears on cumulative preference shares, etc., by our Company.*

*Unless stated to the contrary, the information provided below is as of the date of filing of this Shelf Prospectus.*

#### **Litigation against our Company**

##### **Criminal**

1. A criminal complaint has been filed before the City Crime Branch, Coimbatore in CC No. 76/2013 against our Company, V.P. Nandakumar, our Managing Director and Chief Executive Officer, Unnikrishnan, a former executive director and two other former employees of the Company for offences under sections 120B, 409 and 420 of the Indian Penal Code, 1860. The complainant alleges that the Company is refusing to release the pledge created by the complainant in favour of the Company despite her having offered to pay the principal back with the interest and there are allegations against the Company for the offence of dishonest misappropriation and disposal of pledged gold. The Company has obtained anticipatory bail for V. P. Nandakumar and the employees. The Company has also filed quashing petitions before the High Court of Madras and the High Court of Madras has dispensed with the personal appearance of the Managing Director and Chief Executive Officer, V. P. Nandakumar before the Judicial First Class Magistrate Court No. V at Coimbatore. A stay order has been granted in these petitions and the matter is still pending.
2. D. M. Sureshababu has instituted criminal proceedings against our V. P. Nandakumar, the Managing Director and Chief Executive Officer, B.N. Raveendra Babu, Joint Managing Director and the other directors of our Company and the manager and employees of the Company's branch at St. John's Church Road, Bangalore in Cr. No. 40/2012 of Bharathinagar Police Station, Bangalore. The above crime is registered for offences relating to charging exorbitant rate of interest under Section 420 of Indian Penal Code, 1860 read with sections 3 and 4 of the Karnataka Prohibition of Charging Exorbitant Interest Act, 2004. Anticipatory bail has been granted for all the accused staff members in a

petition CrI. Misc. No. 25306/2012 before the Court of the City Civil and Sessions Judge, Bangalore. The matter is still pending.

3. The Cooperative Society, Shimoga has instituted criminal proceedings against V. P. Nandakumar, our Managing Director and Chief Executive Officer and S. Srinivasa, manager of the Company's branch at Shimoga pursuant to criminal complaint bearing reference number Cr. No. 325/2011 at the Doddapete Police Station, Shimoga and criminal complaint bearing reference number CC No. 227/2013 before the Court of Judicial Magistrate First Class, Shimoga. The above crime is registered for offences registered under Sections 28, 38, 39 and 41 of the Karnataka Money Lenders Act, 1961 and Section 4 of the Karnataka Prohibition of Charging Exorbitant Interest Act, 2004 alleging that our Company has been charging exorbitant rates of interest and the conducting of an illegal auction of the complainant's pledged gold. The matter is still pending.
4. The Cooperative Development Officer, Channapatna Taluk, Karnataka has instituted criminal proceedings against the Company pursuant to a criminal complaint bearing reference number 1197/2011 before the Court of the Judicial Magistrate First Class at Channapatna in Karnataka. The above crime is registered for offences under Section 3 of the Karnataka Prohibition of Exorbitant Interest Act, 2004, alleging that the Company is charging exorbitant interest. The matter is still pending.
5. Ms. Irene Diana D'sa has filed a criminal revision petition bearing reference number 175/2012 against the Company before the Court of the Additional District and Sessions Judge pursuant to a criminal complaint bearing reference number Cr. No. 58/2011 before the court of the Judicial Magistrate First Class at Mangalore in Karnataka. The above crime is registered for offences under Section 406, 420 read with Section 34 of the Indian Penal Code, 1860 alleging that the Company has wrongfully retained the custody of the gold ornaments of the complainant which had been pledged with the Company for availing certain loans. The matter is still pending.
6. Gulfam Ahmad has instituted criminal proceedings against the Company pursuant to a criminal complaint bearing reference number 20/1/2012 before the Court of the Chief Metropolitan Magistrate at Saket in Delhi. The above crime is registered for offences under Section 406 and 420 of Indian Penal Code, 1860, alleging that the Company carried out an auction in relation to gold ornaments pledged by the complainant for availing a loan from the Company without notice. The matter is still pending.
7. Ms. Reshma has instituted criminal proceedings against the Company and Ms. Suman, manager of the Company's branch at Ludhiana pursuant to a criminal complaint bearing reference number COMI/442/2014 before the Court of the Judicial Magistrate First Class at Ludhiana in Punjab. The above crime is registered for offences under Section 406 of Indian Penal Code, 1860 alleging unauthorised disposal of gold pledged with the Company. The matter is still pending.
8. A criminal miscellaneous case was filed against the Company bearing reference number 2903/ 2017 before the High Court of Kerala. The above crime was registered for offences under Section 406 and Section 420 of the Indian Penal Code, 1860 alleging illegal auction of gold pledged with the Company. The police after conducting a detailed investigation into the matter found that there was no illegality in conducting the auction. Therefore, the police referred the case as false and a final report was filed before the High Court of Kerala. The complainant then filed a protest complaint bearing reference number 157/ 2017 before the Court of the Judicial Magistrate First Class at Angamali in Kerala. The Company has filed a petition before the High Court of Kerala for quashing the case against V.P Nandakumar, the Managing Director and Chief Executive Officer of the Company. An interim stay has been granted by the High Court of Kerala and the matter is still pending.
9. A criminal complaint have been instituted against the Company in relation to crime number Cr. No. 270/2012 at Yeshwanthpur Police Station and pursuant to a criminal complaint bearing reference number 20166/2012 before the Court of the Metropolitan Magistrate at Bangalore in Karnataka. The above crime is registered for offences under Section 3 and 4 of the Karnataka Prohibition of Charging Exorbitant Interest Act, 2004 alleging that the Company is charging exorbitant interest rates on gold loans. At present, pursuant to the writ petition bearing reference number 18597/2012 pending before th High Court of Karnataka, proceedings of the lower court have been stayed as per order bearing reference number CRLP 6713/13 by the High Court of Karnataka. The matter is still pending.
10. A criminal proceeding has been instituted against the Company in crime number Cr. No. 68/2008 pursuant to a criminal complaint bearing reference number CC 01/2009 before the Court of the Magistrate at Thiruvaiyaru in Tamil Nadu. The above crime is registered for offences under Section 406 of the Indian Penal Code, 1860 and under Section 16 and 18 of Tamil Nadu Pawn Brokers Act, 1943 alleging that the Company conducted an auction without giving information to the relevant pledgor. The matter is still pending.
11. A criminal proceeding has been instituted against the Company pursuant to complaint bearing reference CT 2204/2014 in crime number Cr. No. 153/2014 filed with the Nayappily Police Station, Orissa. The above crime is registered for offences under Section 406 of Indian Penal Code, 1860 alleging that the Company has auctioned gold pledged with the Company before the expiry of the notice period given to the relevant pledgor. The matter is still pending.

12. Shankarkumar has instituted criminal proceedings against V. P. Nandakumar, the Managing Director and Chief Executive Officer and certain employees of the Company pursuant to the first information report (“**FIR**”) bearing reference number 84/2014 of the Aara Police Station, Nawada and complaint bearing reference number 2352/2013. The above FIR and complaint are filed under Sections 406, 120B and 34 of the Indian Penal Code, 1860 by the staff of our Company alleging that the amounts to be deposited for employee welfare under the Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees’ State Insurance Act, 1948 were misappropriated by our Company. The matter is still pending.
13. Sundar Raju has instituted criminal proceedings against V. P. Nandakumar, the Managing Director and Chief Executive Officer pursuant to complaint bearing reference number Cr No. 116/2012 of the Seshadripuram Police Station. The above crime is registered for offences registered under Section 3 of the Karnataka Prohibition of Charging Exorbitant Interest Act, 2004 and Section 420 of the Indian Penal Code, 1860 alleging that our Company has been charging exorbitant rates of interest. The matter is still pending.
14. Apart from the above, our Company, our Directors and our employees are also party to certain other criminal cases pending before various courts across India. These cases have been filed on the grounds, *inter alia*, that the Company is not following proper procedures for the auction of gold pledged by our customers for availing loans from the Company. Some of our customers have also filed cases against us alleging that we have been charging very high interest rates. Such cases are still pending adjudication. Our Company has also been made party to certain cases where the complainant’s gold was fraudulently pledged with us including cases where stolen gold ornaments were pledged. Such cases against the employees of our Company are still pending.

### **Writ Petitions against the Company**

1. Thagadappa has filed a writ petition bearing reference number 49404/ 2012 before the High Court of Karnataka, Bangalore against the Company requesting the for the issuance of a writ of mandamus directing the Company to handover the gold pledged by the petitioner and by fixing the interest payable on the loan at 14 %. The petitioner has also requested the second respondent, the Registrar of Money Lending, Karnataka to expeditiously enquire into the complaint registered by the petitioner. The writ petition is currently pending adjudication.
2. Kantharaju has filed a writ petition bearing reference number 49405/ 2012 before the High Court of Karnataka, Bangalore against the Company to issue a writ of mandamus directing the Company to handover the gold pledged by the petitioner and by fixing the interest payable on the loan at 14%. The writ petition is currently pending adjudication.
3. Raghunath Das has filed a writ petition bearing reference number 19876/2012 before the High Court of Orissa, Cuttack against the Company to issue a notice to Company under a writ of mandamus or any other suitable writ directing the Company to pay the salary of the petitioner and treat the period of suspension with effect from May 30, 2011 to January 2, 2012 as unsuspended period after revocation of the petitioner’s suspension order with effect from January 3, 2012 against the sentence regarding suspension period adjustment against eligible leave. The petitioner has also requested that the Company be directed to pay him the salary for the period where the petitioner rendered his duty *i.e.* from May 1, 2011 to May 30, 2011 and from February 10, 2012 to February 13, 2012 and arrears in relation to the subsistence allowance during the period of suspension. The writ petition is currently pending adjudication.
4. Krishnappa has filed a writ petition bearing reference number 49211/2012 before the High Court of Karnataka, Bangalore against the Company for the issuance of an appropriate writ or a writ of mandamus to initiate necessary action in law against the Company under the provisions of the Karnataka Prohibition of Charging Exorbitant Interest Act, 2004 as instructed by the Registrar of Cooperative Societies, Karnataka. The petitioner has also requested a writ of mandamus directing the third respondent being the RBI to cancel the license accorded in favour of the Company for violations of law and extant directions. The writ petition is currently pending adjudication.
5. M. Palaniappan has filed a writ petition bearing reference number 8888/2013 before the High Court of Madras, Chennai against the Company for the issuance of a writ of mandamus directing the first and second respondents being the Chief General Manager and Assistant General Manager, RBI, respectively to conduct an enquiry against the Company on the basis of the complaint made by the petitioner dated May 7, 2013 after giving reasonable opportunity to the Company and pass an appropriate order in accordance with law and thereby cancel the license granted the Company and any such other order as the respondents may deemed fit. The writ petition was closed with an observation that the complaint filed by the petitioner had been considered by the RBI. Further, the petitioner has filed a writ appeal bearing reference number 348/18 before the High Court of Madras, Chennai alleging violation of the guidelines of the fair practices code for NBFCs issued by RBI which is to be followed by the Company. The writ appeal is currently pending adjudication.
6. Menniah has filed a writ petition bearing reference number 11921/2014 before the High Court of Andhra Pradesh, Hyderabad against the Company directing the respondent being the RBI to order the Company to comply with guidelines issued by RBI and not auction the gold pledged by the petitioner without notice. The writ petition is currently pending adjudication.



7. Sathyanarayana has filed a writ petition bearing reference number 20282/2014 before the High Court of Andhra Pradesh, Hyderabad against the Company seeking the High Court of Andhra Pradesh, Hyderabad to issue a writ of mandamus to set aside the auction proceedings initiated by the Company dated July 16, 2014 for the auction of gold ornaments pledged by the petitioner in favour of the Company. The writ petition is currently pending adjudication.
8. Ms. Madhusmitha has filed a writ petition bearing reference number 587/2013 before the High Court of Orissa, Cuttack against the Company alleging an illegal auction and sale of ornaments pledged. The writ petition is currently pending adjudication.
9. Panchanana Behera has filed a writ petition bearing reference number 16302/2014 before the High Court of Orissa, Cuttack against the Company for quashing the letter of termination dated June 27, 2014 terminating the petitioner's services as a branch manager. The petitioner alleged that the termination was on unjust grounds due to anti caste sentiments and seeks an order directing his reinstatement to his original designation i.e., branch manager with the Company. Further, the prayer also included directing the Company to treat the period of service as regular from the date of termination till the date of reinstatement with consequential service benefits. The writ petition is currently pending adjudication.
10. Sethu Krishnan has filed a writ petition bearing reference number 17035/2017 before the High Court of Madras, Chennai against the Company directing the first respondent being the RBI to issue a writ of mandamus directing the Company to regulate the interest payable on the loans given by the Company to be in accordance with RBI's guidelines and the fair practice code and as per the directions passed by the division bench of the High Court of Madras, Madurai bench in the writ petition bearing reference number 14627/2012. The writ petition is currently pending adjudication.
11. Shanmugham has filed a writ petition bearing reference number 17036/2017 before the High Court of Madras, Chennai against the Company directing one of the respondents being RBI to issue a writ of mandamus directing the Company to regulate the interest as per RBI guidelines to 12 % and as per the fair practices code and as per the directions passed by the division bench of the High Court of Madras, Madurai bench in the writ petition bearing reference number 14627/2012. The writ petition is currently pending adjudication.
12. Our Managing Director, V. P. Nandakumar and the branch manager of the Nuapatna, Cuttack, Odisha branch of our Company before the High Court of Orissa, along with the RBI have been made party to a writ petition bearing reference number 2340/2013 where the petitioner has prayed for cancellation of the license issued to us by the RBI on the basis that our operations violate the operating guidelines of the RBI, and has challenged the notice issued by us for release of his pledged gold which was reported by our internal auditors to be spurious gold. The High Court of Odisha had disposed of the writ petition by order dated April 8, 2013 upon the condition of the petitioner handing over the outstanding loan amount borrowed from our Company and our branch manager, Nuapatna, Odisha handing over the petitioner's pledged gold. However, the petitioner did not accept the gold and has appealed in this matter and the matter has been returned to the court and is pending.
13. Our Company has also been made party to certain writ petitions filed by our aggrieved customers or third parties. Most of these writ petitions have been filed by petitioners praying for directing the RBI to initiate proceedings against our Company for allegedly violating state laws prohibiting charging of exorbitant interest rates. Few writ petitions have been filed by customers seeking return of pledged gold, for setting aside the auctions conducted and for directing the Company to comply with the relevant RBI guidelines and applicable law.
14. Apart from the above, we have been made a party to writ petitions filed against certain pawn brokers by their customers where such pawnbrokers have pledged the goods pawned to them with the Company, seeking writs of mandamus to direct the Company to return the goods pledged to them upon receipt of the borrowed amounts. The Company has filed counters against these petitions and the cases are currently pending.

#### **Material Civil Litigation against the Company**

1. Our Company has been made party to numerous civil suits which are pending before various courts in different states. These cases have been filed by our customers on various grounds including the adoption of improper processes for conducting gold auctions, wrongful seizure of hypothecated goods and charging very high interest rates on loans. The petitioners have sought permanent injunctions, restraining us from auctioning the gold or seizing hypothecated vehicles. In cases where the auction has been conducted, petitioners have sought an order declaring the auction to be illegal and void and for return of the pledged gold. Cases have also been filed by employees alleging that their services have been wrongfully terminated. The Company has been made a party to insolvency proceedings as a creditor with respect to its consumers. Cases have been filed against the Company for compensation for illegal display of advertisements and for injunctions to remove advertisements installed.
2. Our Company has been made party to civil suits which are pending before the civil courts in different states, including cases before the District Legal Services Authority. These cases have been filed by owners of branch premises for

eviction on various grounds including non-payment of rent, enhancement of rent, expiry of lease period and trespass. The petitioners have also claimed damages and mesne profits.

3. A few of our employees have filed cases against the Company before various labour commissioners and inspectors which relate to non-payment of minimum wages or overtime wages, claims for arrears of salary, encashment of leave, refund of salary deducted or re-instatement. Our Company has been made a party to cases by agency appointed security guards before various labour commissioners, courts and officer which relate to non-payment of minimum wages.
4. We have been made a party to certain proceedings filed by persons against whom arbitration awards have been passed challenging the arbitration awards on the grounds of improper services of notice of the appointment of the arbitrator, the place of arbitration and the claims and documents relied on by the Company and for violation of the principles of natural justice without the opportunity to be heard.

As of June 30, 2018, the value of these pending civil cases filed against the Company, excluding the provisioning made, aggregates to approximately a sum of ₹38.95 million.

### ***Consumer Disputes***

The Company has been made party to several consumer cases which are now pending before various district and state consumer dispute redressal fora. These cases have been filed based on allegations of deficiency in service rendered by us. Such grounds include *inter alia* the adoption of improper processes for conducting the auction of jewelry, wrongful seizure of hypothecated goods and charging very high interest rates on loans.

### ***Litigations by our Company***

#### **Criminal**

1. Our Company has also filed police complaints and FIRs in police stations across India. Some of these cases have been filed for cheating against pledgors who had allegedly pledged stolen gold with our Company, which was subsequently seized from the custody of our Company by the police on account of cases filed against the pledgors. In certain cases, our Company has also filed applications under the Code of Criminal Procedure, 1973 for the custody of the stolen gold and cash which has been recovered by the police in the above cases. We have also filed certain civil suits for recovery of loans advanced to customers whose pledged gold has been seized by the police and for attachment of their property. We have also initiated criminal proceedings against several of our branch employees who have been found to commit fraud against the Company by misappropriation of pledged gold or cash, for pledge of lesser quantity of gold than required or pledging spurious gold either by colluding with customers or creating fake identity proofs or releasing the pledged gold without collecting the outstanding money due to the Company. Our Company has filed FIRs in police stations across India for robberies committed at our branches in which gold and cash were stolen.
2. Our Company has initiated numerous cases under section 138 of the Negotiable Instruments Act, 1881, against our gold loan customers and hypothecation based loan customers to recover money due under dishonoured cheques which were presented to the Company. These cases are pending across different courts in India.

#### **Material Civil Litigation by our Company**

1. Our Company has initiated several arbitration proceedings against defaulting gold loan and hire purchase customers. These proceedings are pending before various arbitrators across different States. In cases where the arbitral award was passed in our favour, we have filed execution petitions to execute the awards and have several execution petitions pending for attachment of certain property or for issuance of warrants before several courts in India. We have also filed petitions under Section 9 of the Arbitration and Conciliation Act, 1996 for restraining customers from disposing of certain property during the pendency of the arbitration proceedings.
2. Our Company has also initiated several arbitration proceedings against customers who have availed loans by pledging stolen goods. These proceedings have been initiated for return of the principal amount of the loan along with the unpaid accrued interest. We have also initiated arbitration proceedings against some of our employees who have committed fraud against the company *inter alia* by accepting spurious gold. In accordance with the terms of the contracts of such employees, they are liable to pay a part of the loss suffered by the Company and arbitration proceedings have been initiated by the Company for recovery of such amounts.
3. We have initiated several civil cases against the owners of the leased premises in which our branches are located. These cases have been filed for obtaining injunctions against owners of the branch premises to prevent forceful eviction and to ensure peaceful possession of the premises, for compensation and recovery of advance submitted.
4. Our Company has filed a special leave petition (Civil) bearing reference number 35045 of 2009 before the Supreme Court of India challenging the common final judgment and order dated November 18, 2009 passed by the division

bench of the High Court of Kerala. Our Company had filed a writ petition before the High Court of Kerala challenging the order of the Commissioner of Commercial Taxes, Kerala, which directs our Company to register under the provisions of Kerala Money Lenders Act, 1946, as amended from time to time (“**KMLA**”). The single judge of the High Court of Kerala held that the Company fell within the meaning of “money lenders” as defined under the KMLA. On appeal, the division bench of the High Court of Kerala upheld the order of the single judge dated February 14, 2007, and dismissed all appeals in connection with such writ petition. The Supreme Court of India has admitted the aforesaid special leave petition and pursuant to an order dated December 16, 2009 stayed the operation of the impugned order of the division bench of the High Court of Kerala. Further, the Supreme Court has by its order dated July 4, 2012 ordered that the stay granted earlier would continue until the pendency of the matter. The special leave petition is currently pending for final arguments.

5. Our Company has filed a writ petition before the Karnataka High Court against the order of the Deputy Registrar of Money Lenders dated May 8, 2012 and the order of the Registrar of Co-operative Society/Money Lenders dated May 11, 2012 which stipulate that the Company falls within the purview of the Karnataka Money Lenders Act, 1961 and the Karnataka Prohibition of Exorbitant Interest Act, 2004 and that criminal proceedings should be initiated against the Company for levying exorbitant interest rates. The Karnataka High Court has by its order dated June 13, 2012, directed the respondents not to take any coercive action pending disposal of the writ petition. The matter is currently pending.
6. Our Company has filed a writ petition challenging the notices issued by Kollam Municipal Corporation requiring the Company to obtain the required license under the Kerala Municipalities Act and seeking a writ of mandamus declaring that the business of advancing loans against pledge of gold ornaments as security does not fall within the scope of the relevant notification so as to render it liable for payment of license fees. The matter is currently pending.

As of June 30, 2018, the value of these pending civil cases filed by the Company, excluding the provisioning made, aggregates to approximately a sum of ₹ 2.99 million.

### ***RBI and SEBI Proceedings***

#### **RBI Proceedings**

1. The RBI had received a complaint against the Company, lodged by Ms. Sreekala Anil (the “**Petitioner**”). She had instituted criminal proceedings against the Company and V. P. Nandakumar, the Managing Director and Chief Executive Officer pursuant to Cr. No. 948/2011 of Kodungallur Police Station. The above crime was registered for offences registered under Sections 409, 464, 467, 468 of the Indian Penal Code, 1860. The Petitioner had deposited money with the Company, and had sought to renew the deposit. The Petitioner was given deposit slips for Manappuram Agro Farms which is a proprietary concern of V.P Nandakumar, the Managing Director and Chief Executive Officer (the then chairman of the Company). The Petitioner alleged that since the Company was no longer allowed to accept deposits from the public, the Company had illegally transferred the deposits to a non- existing company without the knowledge of the depositors. The Company had obtained anticipatory bail for V.P. Nandakumar, The Petitioner had also sought an RBI enquiry into the matter.

The RBI through its letter dated December 5, 2011, sought the Company’s response with regard to the allegations made by Ms. Sreekala Anil. Further, the RBI through its letter dated December 21, 2011 advised the Company to stop using the branches of the Company to cross sell the products of the group companies, related companies and firms of the then chairman of the Company, V.P. Nandakumar and ensure that the Company maintains an arm’s length relationship with its sister concerns and related firms.

The RBI conducted a snap scrutiny between December 27, 2011 and December 31, 2011 at the Company’s head office at Valapad. Pursuant to the snap scrutiny, the RBI issued directions under Section 45L of the RBI Act, directing the Company to immediately desist from allowing the use of the Company’s premises, branches or officials by Manappuram Agro Farms or any other entity for accepting deposits from the public or for any other financial activity and directed the Company to clarify in the public domain the names of its group entities which were regulated by RBI, through the letter dated February 1, 2012.

Further, the RBI, through its Press Release dated February 6, 2012 stated that acceptance of deposits either by the Company or by Manappuram Agro Farms is an offence punishable with imprisonment and also cautioned the members of the public against depositing money with the Company or Manappuram Agro Farms.

The Company clarified its position to the RBI pursuant to its letter dated February 10, 2012. The Company clarified that since July 4, 2011, when the registration of the Company changed to that of a non-deposit accepting NBFC, the Company has not solicited, renewed or accepted any deposits from the public. The Company further clarified that it does not have any outstanding deposits on its books with the exception of an amount of ₹0.9 million which has not yet been claimed by previous depositors and has been deposited in an escrow account maintained with the Punjab National Bank, until it is claimed. In accordance with RBI guidelines, the Company issued a press release dated February 13,

2012 clarifying that the Company will not be accepting any deposits from the public. Further through the letter dated February 29, 2012, the Company clarified that in pursuance of the RBI directions, the Company has completed all steps to disassociate the Company's name from that of Manappuram Agro Farms. In addition, the Company through its letter dated March 29, 2012 submitted a status update to the RBI in relation to the compliance by the Company with the directions provided by the RBI in its letter dated February 1, 2012. As on March 31, 2017 the balance of the unclaimed deposits maintained with Punjab National Bank was Rs.0.062 million and the same was transferred to the IEPF formulated in accordance with regulations formulated by the Ministry of Corporate Affairs under the provisions of the Companies Act, 2013 and the rules and regulations made thereof on September 21, 2017.

The RBI issued a show cause notice dated May 7, 2012 under Section 45 IA of the Reserve Bank of India Act, 1934, asking why the certificate of registration issued to the Company should not be cancelled. The show cause notice stated that the Company despite being a non-deposit taking NBFC has been accepting deposits from the public in the name of Manappuram Agro Farms. The show cause notice further states that the Company had been re-collecting on maturity, those deposits which it had originally accepted when it was a deposit taking company and issuing deposits in the name of Manappuram Agro Farms. The show cause notice also stated that certain branches of the Company has displayed interest rate on deposit schemes in their branches. It had been stated that the Company has been assisting Manappuram Agro Farms to contravene the provisions of Section 45S of the RBI Act and that an amount of ₹ 1.438 million has been accepted by the Company in the name of Manappuram Agro Farms and its branches spread over in Thrissur. The Company in its response dated May 21, 2012 to the show cause notice has denied these claims and clarified that the Company has never accepted deposits in the name of Manappuram Agro Farms. The Company further clarified that it has taken all steps to comply with the RBI directives. The Company informed the RBI that it has taken all steps to dissociate the Company's name, premises and employees from that of Manappuram Agro Farms. Further, in order to comply with the RBI directives and segregate the Company's employees from employees of Manappuram Agro Farms the Company issued fresh appointment letter and identification cards. Pursuant to the letter dated January 23, 2014 the Company informed the RBI that as on December 21, 2013 the Company had returned the outstanding deposits to the customers by issuing cheques. As of April 1, 2018, the total outstanding deposits laying in escrow account was ₹ 1.25 million. Further, Manappuram Agro Farms has issued demand drafts to the customers for ₹ 1.20 million since April 1, 2018 and consequently, as of September 24, 2018, the outstanding deposit laying in the escrow account maintained with Punjab National Bank, Thrissur Branch is ₹ 0.05 million.

The RBI pursuant to its letter dated January 01, 2015 confirmed its acknowledgement of the various quarterly status reports submitted by the Company with regard to the deposits collected by Manappuram Agro Farms and also stated that the reply to the show cause notice submitted by the Company is largely acceptable.

2. The RBI had through its letter dated August 11, 2017 issued a show cause notice under Section 58-G of the Reserve Bank of India Act, 1934, concerning observations made during the inspection held between August 16, 2016 and September 01, 2016. The show cause notice was served on the basis of observations made by RBI, regarding the (i) the non-declaration by the Company of the reserve price during the auction of gold ornaments pledged by the Customer; (ii) non-intimation to customers in the event of any change in the purity of gold as assessed by the company subsequent to a disbursement of the loan; (iii) splitting of high value loans greater than ₹0.1 million so that the loan disbursements made above ₹0.1 million are made in cash (including the issue of uncrossed cheques while disbursing loans above ₹0.1 million) against which cash was withdrawn across bank counters by customers; (iv) post auction intimation sent to customers which did not mention details such as the date of the auction, the venue, the breakup of claim towards principal, interest and other charges recovered during auction (including not conducting auctions at designated branches on specified dates despite advertising the same). The Company pursuant to its letter dated August 25, 2018, had submitted a detailed reply to RBI providing necessary clarifications on the points observed as well as detailed explanations on the steps taken by the Company to regularize the observations along with supporting documents in this regard. The Company in the above mentioned letter had also requested for an opportunity for a personal hearing to further clarify the explanations provided in the reply letter. The Company further to the above mentioned letter, also requested for a personal hearing to be able to make submissions to the points raised in the show cause notice through its letter dated September 7, 2018.

Accordingly, an opportunity for personal hearing was granted by RBI on December 21, 2017, and the Company in the said meeting had provided necessary clarification and explanations on the concerned points raised by RBI. Following the same, RBI pursuant to letter dated March 28, 2018, while noting that the Company has been in gross violation of the extant guidelines stipulated by the RBI and cautioning the Company that the RBI takes serious note of such violations has advised the Company to strictly follow the extant instructions of RBI pertaining to declaration of reserve price, certification of purity of gold, conduct of auction process, post auction intimation letter and disbursement of loan amount in cash, compliance of which will be continuously monitored by RBI.

1. **SEBI Proceedings and Queries** The SEBI has pursuant to its letter dated August 17, 2012, sought information from the Company with respect to the RBI's press release dated February 6, 2012 in respect of our Company stating that acceptance of deposits either by the Company or by Manappuram Agro Farms is an offence punishable with imprisonment. The Company had been asked to provide details of the correspondence between the RBI and to clarify whether the Company or any of its top management had any relationship with certain persons mentioned in the letter. The Company has responded to each query raised in the above mentioned letter, by its letter dated August 27, 2012.

2. The Company has received SEBI's letter dated September 2, 2013 seeking information in relation to the directions issued to the Company by RBI pursuant to its letter dated February 1, 2012. The SEBI sought information on whether the Company had formulated a "code of internal procedure and conduct" and a "code of corporate disclosure practices" in accordance with SEBI directives. The SEBI also sought information on the time of opening and closing of trading window for the period January 1, 2012 to February 29, 2012. Copies of circulars and guidelines issued in this regard were also sought. Further, copies of press notes issued with reference to the directions of the RBI were sought. The details of permissions obtained by the Company's directors, key personnel and employees for dealing in the securities of the Company in compliance with the "code of internal procedure and conduct" and "code of corporate disclosure practices" were also sought. The Company has responded to each of the queries pursuant to its letter dated September 6, 2013. The Company has also confirmed the formulation of the "code of internal procedure and conduct" and "code of corporate disclosure practices" in accordance with SEBI Regulations and provided SEBI with all the information sought.
3. The SEBI has pursuant to emails dated December 26, 2013 observed that in the board meeting held on March 13, 2013, the probability of the Company reporting a negative profit for the quarter ended March 31, 2013 was discussed. The SEBI sought information from the Company with respect to when the Company could ascertain that it would be reporting a loss of up to ₹ 500 million, the names and addresses of the persons who were aware of the expected loss before the official announcement was made to the market on March 20, 2013, the details of trading by the persons on the scrip of the Company and the details of the services availed by the Company from Ambit Capital Private Limited. The Company has responded to these queries by letter dated December 30, 2013, stating that the Company was aware of these expected losses during its review for the relevant quarter which was undertaken in the first week of March 2013 and disclosing the persons who were aware of the expected losses and the chronology of events leading to the official announcement on March 20, 2013. The Company has additionally informed SEBI that it was merely seeking consultancy from Ambit Capital Private Limited through its e-mail communication dated January 16, 2014, however no data had been shared by the Company with Ambit Private Capital Limited.
4. SEBI has pursuant to its emails dated March 5, 2014 and March 11, 2014 requested for certain information relating to Manappuram Agro Farms (including, its bank account statements from October 1, 2011 to February 29, 2012, its audited financial statements for Financial Year 2011-12) and clarifications as to whether (i) Senmon V. P., Muthu Bhaskar, K.S. Sudhish, Sarada Sankaranarayan (wife of independent director A. R. Sankaranarayan) were designated as employees or dependents for the purpose of the Company's insider trading policies; (ii) copy of the resignation of Ms. Athulya Suresh; (iii) information relating to the transfer of shares of the Company by M. Anandan and when the Company was informed of this. The Company has responded to SEBI's emails on March 12, 2014 and March 13, 2014 providing the bank account statements and audited financial statements for the relevant period and the resignation of Athulya Suresh dated November 1, 2011 and by clarifying that (i) Senmon V. P., Muthu Bhaskar, K.S. Sudhish are not designated employees for the purpose of the code of conduct while Ms. Sarada Sankaranarayan is a dependent; and (ii) that M. Anandan had informed the Company of the sale of the shares held by him in the Company on September 6, 2013.
5. SEBI has pursuant to its letter dated August 12, 2014, 2014 and February 24, 2015, sought clarifications on the Company's position on 'status of compliance with revised clause 49 of the equity listing agreement' and 'the appointment of a women director', respectively. The company through its letter dated September 1, 2014 has confirmed its compliance with the revised clause 49 of the equity listing agreement. Further, the Company through its reply dated February 26, 2015 had informed SEBI it has shortlisted profiles for the appointment of a woman director and through its reply dated March 19, 2015 confirmed the appointment of Dr. Amla Samanta, the women director on its Board.
6. SEBI has by its letter dated May 30, 2014 observed that there have been delays in processing of rematerialisation requests of investors of the Company on accounts of delays by the Company in issuing signed share certificates. The Company has in its response dated June 20, 2014 clarified that the delay was on account of non-availability of stationery since the relevant debenture issuance was only in dematerialised form and there were delays in collection of the original demat register from the office of the registrar and transfer agent. As corrective measures, the Company has proposed allotment of debentures in physical and dematerialised form, designating a senior manager to co-ordinate with the registrar and transfer agent and ensuring that sufficient copies of the share certificates are available with the registrar and transfer agent.
7. SEBI pursuant to its letter dated October 19, 2015 to V.P. Nandakumar, the Managing Director and Chief Executive Officer sought information pertaining to operations of Manappuram Agro Farms, its books of accounts, bank accounts including escrow account details among other particulars under the subject of allegation of fund raising in violation of the provisions of SEBI (Collective Investment Schemes) Regulations, 1999 ("**CIS Regulations**") and SEBI Act. As per the abovementioned SEBI letter, the information sought was based on the receipt of complaints by SEBI under the CIS regulations. V.P. Nandakumar had provided an interim reply on October 26, 2015 seeking more time to provide the documents sought by SEBI. V.P. Nandakumar provided the detailed reply along with relevant/supporting documents on November 25, 2015 and December 4, 2015 as sought by SEBI pursuant to its letter dated October 19, 2015. In continuation to the above reply, SEBI pursuant its letter dated May 2, 2016 sought further clarification and information based on the documents provided earlier. V.P. Nandakumar provided a reply on May 03, 2016 and May

26, 2016 along with the relevant supporting documents. SEBI has not yet reverted on the reply provided by V.P. Nandakumar.

### ***Enforcement Directorate Proceedings***

The Enforcement Directorate through its letter (No. T-3/52/KCZO/2014/1815) dated November 30, 2015 has pursuant to a requisition under Section 37(3) of the Foreign Exchange Management Act, 1999 read with Section 133(6) of Income Tax Act, 1961 requested V.P Nandakumar, the Managing Director and Chief Executive Officer of the Company to furnish certain information. The Company responded to the requisitions through its letter dated December 22, 2015. Further, the Enforcement Directorate, Kochi issued a summons (No.T/3/52/KCZO/2014/741) dated May 25, 2018 to V.P Nandakumar, the Managing Director and CEO of the Company, under section 37(1) and (3) of the Foreign Exchange Management Act 1999, read with Section 131(1) of Income Tax Act, 1961 and section 30 of the Code of Civil Procedure, 1908 with respect to certain information in relation to the Manappuram group under the provisions of the Foreign Exchange and Management Act, 1999. The Company through its letters dated June 6, 2018 and June 13, 2018 provided the information sought which included but was not limited to, the approval of foreign direct investment in the Company, sources of repayment of Mannapuram Agro Farm deposits, details of certain loans taken. V.P. Nandakumar appeared in person before the Enforcement Directorate on June 7, 2018 and June 13, 2018 provided the details. No subsequent communication has been received by the Company in this regard post July 02, 2018.

### ***Tax Related Proceedings***

#### **Service Tax Cases**

1. By its order dated February 27, 2013 (the “**Order**”), the Additional Commissioner of Central Excise, Customs and Service Tax, Calicut has held that the Company has failed to pay service tax on financial leasing services including equipment leasing and hire purchase provided by the Company during the period between July 2001 and April 2007. The Order confirms the demand of service tax amounting to ₹2,235,326 with interest. Further a penalty of ₹ 5,000 has been imposed for the non-filing of proper returns. A further penalty of ₹2,235,326 has been imposed for suppressing the facts with intent to evade payment of service tax. Our company has paid ₹1,481,916 against the demand of ₹2,235,326 and disputed the balance demand of ₹ 753,410. Our Company has filed an appeal which is pending before the Commissioner of Central Excise (Appeals) (the “**Appeal**”) against the Order on the grounds that the tax authorities cannot allege suppression of facts when the quantum of tax is disputed and our Company has opted to make the payment of tax based on the outcome of the Apex Court’s decision. Further, our Company has sought that the imposition of penalty under Section 78 be dropped. The Commissioner of Central Excise (Appeals) dismissed the Appeal through order dated July 14, 2016 (the “**Second Order**”) and confirmed the demand and upheld the levy of penalty of ₹753,410. The Company filed an appeal on October 19, 2016 before the CESTAT, Bangalore seeking that the Second Order be set aside. The matter is currently pending.
2. As per order dated February 7, 2011,(the “**Order**”) the Office of the Deputy Commissioner of Central Excise and Service Tax, has held that our Company has failed to discharge the service tax liability on the sale or purchase of foreign currency with an intent to evade payment of service tax and without filing of proper returns, thus contravening Section 68(1) of the Finance Act, 1994 read with Rule 6(1) of the Service Tax Rules, 1994 and Section 70(1) of the Finance Act, 1994 read with Rule 7 of the Service Tax Rules, 1994. The Order confirms the demand of ₹ 188,610 with interest. The Order further imposes a penalty of ₹ 200 for each day during which the Company fails to pay the service tax or 2% of such tax per month whichever is higher. The Order further imposes a penalty of ₹188,610 with an option to pay only 25% of the penalty if the total amount due is paid within 30 days of the communication of the order.

Our Company has filed an appeal which is pending before the Commissioner of Central Excise (Appeals) (the “**Appeal**”), Cochin against Order on the grounds that our Company has been collecting service charge at 0.25% on the value of foreign currency purchased including service tax and paying service tax on service charges to the credit of the Central Government, on the basis of which the demand raised is not applicable. The Commissioner of Central Excise (Appeals), dismissed the Appeal through order dated June 22, 2016 (the “**Second Order**”) and upheld the Order by confirming the demand of ₹188,610. However, the penalty imposed was set aside. Subsequently, our Company filed an appeal before the CESTAT Bangalore against the Second Order on September 30, 2016. The matter is currently pending.

3. The Office of the Commissioner of Central excise and Service tax, Calicut Commissionerate has issued a show cause notice dated June 25, 2009 (the “**Show Cause Notice**”) demanding an amount of ₹3,049,672 towards service tax along with interest for the period from 2004-05 to 2007-08. The demand raised in the Show Cause Notice was dropped by the Additional Commissioner of Central excise, Calicut through order dated March 19, 2010 (the “**First Order**”) holding that our Company is not providing any exempted or non-taxable service. The First Order was reviewed by the Commissioner of Central excise, Calicut and appeal was filed by the department against the First Order before the Commissioner (Appeals)- II, Cochin, however the same was rejected through the order of the Commissioner (Appeals)- II, Cochin dated October 29, 2015 (the “**Second Order**”). The Second Order upheld the validity of the First Order. The Second Order was reviewed by the Committee of Commissioners and such Committee of Commissioners through order dated February 23, 2016 directed the department to file an appeal against the Second

Order. The department has filed an appeal before the CESTAT Bangalore on March 2, 2016 (the “**Appeal**”) challenging the Second Order on the grounds that Company is engaged in the provision of taxable service and exempted service of money changing is entitled to utilize credit only to the extent of 20% of the total service tax payable along with the application for condonation of delay. The CESTAT Bangalore through order dated August 8, 2016 held that the Appeal has been filed in time by the department and accordingly, the application for condonation of delay has become infructuous. The matter is currently pending.

### **Value Added Tax Cases**

1. The Assistant Commissioner of State Tax, State GST Department, Thrissur has demanded a sum of ₹34,434,001 (the “**Demand**”) through an assessment order dated February 2, 2018 (the “**Order**”) for the assessment year 2014-15. Our Company filed an appeal before the Deputy Commissioner (Appeals), Thrissur against the Order on February 16, 2018 contesting that the assessing officer erred in levying VAT liability on inter-state purchases of capital goods that were goods not intended for sale and auction sales which became infructuous. Our Company has filed a petition for stay of demand dated July 16, 2018 before the High Court of Kerala, at Ernakulam (the “**Stay Petition**”) and the Stay Petition was allowed through an order dated August 8, 2018 (the “**Stay Order**”). The matter is currently pending.
2. The State Tax Officer, (Investigation Branch), State GST Department, Thrissur has made certain investigation by verifying the auction registers against the invoices of the Company and has levied a penalty of ₹7,600,288 (the “**Penalty Demand**”) through an order dated January 31, 2018 (the “**Order**”) for the year assessment year 2012-13 on grounds that our Company practiced the unfair tactics including non-maintenance of true and correct records, issue of incorrect sale bills and non-issuance of sale bills. Our Company filed an appeal before the Deputy Commissioner (Appeals), State GST Department, Thrissur against the Order along with an application for stay of demand. Thereafter, our Company filed a writ petition before the High Court of Kerala, at Ernakulam (the “**Writ Petition**”) for early hearing of the appeal and stay of demand. The Writ Petition was allowed through order dated July 16, 2018 directing the Deputy Commissioner (Appeals) to allow appeal subject to payment of 15% of the outstanding demand. Consequently, the Stay Application was allowed by Deputy Commissioner (Appeals), State GST Department, Thrissur through an order dated July 3, 2018 (the “**Stay Order**”), subject to the condition that our Company shall pay 15% of the outstanding demand. The matter is currently pending.
3. The Assistant Commissioner of State Tax, State GST Department, Thrissur has demanded a sum of ₹78,54,889 (the “**Demand**”) through an order dated March 5, 2018 (the “**Order**”) for the assessment year 2009-10. Our Company filed an appeal before the Deputy Commissioner (Appeals), Thrissur against the Order on March 17, 2018 contesting that the Order was not a speaking order and is liable to be set aside. Our Company has also filed a petition for stay of demand before the High Court of Kerala, at Ernakulam (the “**Stay Petition**”) and the Stay Petition was allowed through an order dated April 2, 2018 and May 21, 2018 (the “**Stay Order**”). The matter is currently pending.
4. As per the Andhra Pradesh VAT Assessment Order dated August 31, 2012 for assessment year 2011-12, the VAT ITC claimed by our Company was rejected on the grounds that the seller and purchaser of the gold had the same TIN number. Our Company had purchased the unredeemed gold of the borrowers through public auctions. This purchase of gold from public auctions was held to be ineligible to claim VAT ITC. The proposal of levy of VAT for the under declared output tax was confirmed by the order, and our Company was directed to pay ₹4,481,425. Further by the Notice of Penalty dated August 31, 2012 the Company was held liable to pay a penalty of ₹1,120,356 (at the rate of 25% on the under declared VAT output tax of ₹4,481,425 under Section 53(1)(iii) of the Andhra Pradesh VAT Act, 2005). The Appellate Authority, by order dated January 1, 2013 has confirmed the order dated August 31, 2012. Our Company has preferred an appeal against the order of the Appellate Authority before the Revisional Tribunal (Andhra Pradesh) on the grounds that the Appellate Authority has failed to note that our Company conducts the auction of the pledged ornaments of the borrowers who defaulted in the repayment of loans, in addition to this our Company also effects the sale or purchase of gold on our own account, thereby acting in a dual capacity in respect of the pledged ornaments. Therefore the purchasing of pledged ornaments by our Company itself would amount to purchase of gold from registered dealers. The matter is currently pending before the Revisional Tribunal. Until now, our Company has made payment of 55% of the Demand amounting to ₹30,80,980.

1. **Income Tax Cases** The Assistant Commissioner of Income Tax, Thrissur has demanded a sum of ₹456,505,700 (the “**Demand**”) through an assessment order dated December 12, 2017 (the “**Order**”) for the assessment year 2015-16. Our Company has filed an appeal before the Commissioner of Income Tax (Appeals) against the Order on January 17, 2018 (the “**Appeal**”) contesting that the assessing officer erred in disallowing an amount of ₹ 237,140,000 in respect of bad debts written off during the year and erred in adding a sum of ₹ 773,900,000 towards interest income. Further, our Company has filed an application for stay of demand through a letter dated February 3, 2018 before the Office of the Joint Commissioner of Income Tax (the “**Stay Application**”) and the Stay Application was allowed through an order dated February 19, 2018 (the “**Stay Order**”). In terms of the Stay Order, our Company has made payment of 20% of the Demand amounting to ₹ 91,400,000 and stay of balance Demand amounting to ₹365,105,700 has been granted until the Appeal is disposed of. The matter is currently pending.

2. The Deputy Commissioner of Income Tax, Thrissur has demanded a sum of ₹ 230,085,970 (the “**Demand**”) through an assessment order dated December 30, 2016 (the “**Order**”) for the assessment year 2014-15. Our Company filed an

appeal before the Commissioner of Income Tax (Appeals) against the Order on January 27, 2017 contesting that the assessing officer erred in disallowing certain claims in relation to bad debts written off during the year, advertisement expenses, interest income not recognised and erred in initiating penalty proceedings. Our Company has filed an application for stay of demand through a letter dated March 21, 2017 before the Office of the Assistant Commissioner of Income Tax (the “**Stay Application**”) and the Stay Application was allowed through an order dated March 31, 2017 (the “**Stay Order**”). In terms of the Stay Order, our Company has made payment amounting to ₹ 10,700,000 and stay of balance Demand amounting to ₹ 219,385,970 has been granted to our Company until the Appeal is disposed of. The matter is currently pending.

3. The Assistant Commissioner of Income Tax, Thrissur has demanded a sum of ₹ 87,360,750 (the “**Demand**”) through an assessment order dated December 30, 2016 (the “**Order**”) for the assessment year 2013-14. Our Company filed an appeal before the Commissioner of Income Tax (Appeals) against the Order on April 29, 2016 contesting that the assessing officer erred in treatment of recovered interest income, not taking into account the payment of dividend distribution tax and erred in initiating penalty proceedings. Our Company has filed an application for stay of demand through a letter dated January 20, 2017 before the Office of the Assistant Commissioner of Income Tax (the “**Stay Application**”) and the Stay Application was allowed through an order dated March 28, 2017 (the “**Stay Order**”). In terms of the Stay Order, our Company has made payment amounting to ₹ 13,200,000 and stay of balance Demand amounting to ₹ 74,160,750 has been granted to our Company until the Appeal is disposed of. The matter is currently pending.
4. The Assistant Commissioner of Income Tax, Thrissur has demanded a sum of ₹77,24,360 (the “**Demand**”) through an assessment order dated March 10, 2015 (the “**Order**”) for the assessment year 2012-13. Our Company has filed an appeal before the Commissioner of Income Tax (Appeals) against the Order on April 16, 2015 (the “**Appeal**”) contesting that the assessing officer erred in disallowing certain expenses including pre-paid expenses paid to brand ambassadors and expenditure on account of various employees contributions. Subsequently, our Company through letter dated March 21, 2016 withdrew claim for the prepaid advertisement expenses amounting to ₹ 20,006,000 as we have claimed such expense in the subsequent assessment year 2013-2014. However, the Office of the Commissioner of Income Tax through order dated March 21, 2016 took on record that the appeal has been withdrawn by the Company in its entirety. Consequently, our Company through its letter dated April 7, 2016 clarified that only one claim has been withdrawn and another claim amounting to ₹3,742,778 expenditure on account of various employees contributions is still contested in appeal. Accordingly, the Appeal proceedings are pending.

Separately, our Company has filed an application for stay of demand through a letter dated December 19, 2016 before the Office of the Assistant Commissioner of Income Tax (the “**Stay Application**”) and the Stay Application was allowed through an order dated March 28, 2017 (the “**Stay Order**”). In terms of the Stay Order, our Company has made payment of 78% of the Demand amounting to ₹ 6,000,000 and stay of balance Demand amounting to ₹ 1,724,360 has been granted until the Appeal is disposed of. Further, the Assistant Commissioner of Income Tax through order dated May 15, 2018 rectified the Demand to ₹1,224,360. The matter is still pending. Litigation against our subsidiaries and group companies.

#### **Litigation against our group companies and filed by our group companies**

Except as disclosed below, there are no other legal proceedings involving our group companies.

1. Mrs. Haseena Harris (the “**Accused**”) was a former employee of Manappuram Insurance and Brokers Private Limited. The Accused had approached deposit holders and misrepresented that MABEN Nidhi Limited is accepting deposits at a higher interest rate in comparison with other banks, and also offered false schemes in the name of the Company. A few customers were misled by this and deposited money and gold ornaments with the Accused and her husband Arif. It must be noted that some of the aggrieved customers filed a complaint before the Hon’ble High Court of Kerala against the Accused and the Hon’ble High Court directed to handover the investigation of the crime to Superintendent of Police, Economic Offences Wing-II, CBCID, Kottayam. Further, it must be noted that V,P Nandakumar’s name was mentioned as the thirteenth respondent along with RBI. The matter is currently under investigation. No cases have been registered against MABEN Nidhi Limited by the investigation team so far. Some of the aggrieved customers have simultaneously approached the state consumer forum at Thiruvananthapuram in the same matter with case bearing reference number CC 106/2016 and CC 107/2016 the matter is pending for adjudication.
2. Pursuant to an order dated December 30, 2017 under Section 143(3) of the Income Tax Act 1961, Asirvad Microfinance Limited has received an assessment order for the assessment year 2015-16 with a demand of ₹ 11,24,49,890/- by taxing the receipt of share premium received by the company as unexplained cash credits, disallowing expense claimed towards employee stock option scheme and disallowance of depreciation under section 32 of Income Tax Act, 1961. Asirvad Microfinance Limited has filed appeals against the above with Commissioner of Income Tax (Appeals). The same has also been disclosed as contingent liability in the financials for the year ended March 31, 2018. In addition, during the financial year 2017-18, the company has paid an amount of ₹2,24,89,978/-, being 20% of the total demand under protest. Currently, the appeal is pending with Commissioner of Income Tax (Appeals).” The customers of Manappuram Asset Finance Limited have filed a number of civil and consumer cases in relation to the wrongful hypothecation of assets, including the auction of gold pledged without due auction notice,



wrongful withholding of the registration certificate for vehicles hypothecated by Manappuram Asset Finance Limited. These cases are pending before various consumer courts and tribunals.

3. In addition to the above, Manappuram Jewellers Limited has filed a number of civil and criminal cases against its customers, employees, vendors and landlords in relation to various matters including *inter alia* misappropriation of gold, presenting of spurious gold case, stolen gold presented and exchanged by customers, branch/office premises matters and services availed from vendors. These cases are pending before various courts.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

At the meeting of the Board of Directors of our Company, held on August 9, 2018, the Directors approved the public issue of NCDs of face value ₹ 1,000 each, aggregating up to ₹ 30,000 million.

The present issue through this Shelf Prospectus of NCDs for an amount aggregating up to the Shelf Limit, has been approved by the Debenture Committee in their meeting dated September 26, 2018. The NCDs will be issued in one or more tranches up to the Shelf Limit, on terms and conditions as set out in the relevant tranche prospectus for any Tranche Issue, which issue is being made as decided by the Board of Directors.

Further, the present borrowing is within the borrowing limits of ₹ 2,00,000 million under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders by way of their resolution on September 12, 2014.

### Prohibition by SEBI

Our Company, persons in control of our Company and/or our Promoters and/or our Directors have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of our Promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

### Wilful Defaulter

Our Company, our Directors and/or our Promoters have not been categorised as a wilful defaulter by the RBI, ECGC, any government/regulatory authority and/or by any bank or financial institution nor are they in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six-months.

### Disclaimer Clause of SEBI

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKERS, A. K. CAPITAL SERVICES LIMITED AND EDELWEISS FINANCIAL SERVICES LIMITED AND, HAVE CERTIFIED THAT DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008, AS AMENDED AND IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUE IS PRIMARILY RESPONSIBLE FOR CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKERS, A. K. CAPITAL SERVICES LIMITED AND EDELWEISS FINANCIAL SERVICES LIMITED AND CONFIRM THAT COMMENTS RECEIVED ON THE DRAFT SHELF PROSPECTUS WILL BE SUITABLY ADDRESSED BEFORE FILING THE SHELF PROSPECTUS AND TO THIS EFFECT, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED OCTOBER 16, 2018 WHICH READS AS FOLLOWS:**

- 1. WE CONFIRM THAT NEITHER THE COMPANY NOR ITS PROMOTERS OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE SHELF PROSPECTUS AND THE TRANCHE I PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**
- 2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THE SHELF PROSPECTUS AND THE TRANCHE I PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE NCDS OFFERED THROUGH THE ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE WILL BE GIVEN.**

3. WE CONFIRM THAT THE SHELF PROSPECTUS AND THE TRANCHE I PROSPECTUS CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008, AS AMENDED.
4. WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, 2013, AS AMENDED AND TO THE EXTENT NOTIFIED, SECURITIES CONTRACTS (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.
5. WE CONFIRM THAT NO COMMENTS/COMPLAINTS WERE RECEIVED ON THE DRAFT SHELF PROSPECTUS HOSTED ON THE WEBSITE OF BSE (DESIGNATED STOCK EXCHANGE).

**Disclaimer Clause of BSE**

BSE LIMITED ("THE EXCHANGE") HAS GIVEN, VIDE ITS LETTER DATED OCTOBER 4, 2018, PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGE ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

- A. WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR
- B. WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR
- C. TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR, OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY ANY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

**Disclaimer clause of RBI**

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED MARCH 30, 2001 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45I-A OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, THE RESERVE BANK OF INDIA DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO FINANCIAL SOUNDNESS OF THE COMPANY OR CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS / DISCHARGE OF LIABILITIES BY THE COMPANY.

**Disclaimer in respect of jurisdiction**

The Issue is being made in India, to Investors from Category I, Category II, Category III and Category IV. This Shelf Prospectus will not, however constitute an offer to sell or an invitation to subscribe to the NCDs offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Shelf Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

**Track record of past public issues handled by the Lead Managers**

The track record of past issues handled by the Lead Managers, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following websites:

<b>Name of lead manager</b>	<b>Website</b>
A. K. Capital Services Limited	<a href="http://www.akgroup.co.in">www.akgroup.co.in</a>
Edelweiss Financial Services Limited	<a href="http://www.edelweissfin.com">www.edelweissfin.com</a>

## **Listing**

The NCDs are proposed to be listed on the BSE. If permission to deal in and for an official quotation of our NCDs is not granted by the Stock Exchange, our Company will forthwith repay, without interest, all such moneys received from the Applicants in pursuance of the Shelf Prospectus

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within six Working Days from the date of closure of the issue.

For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the options of NCDs as specified in the relevant Tranche Prospectus, such NCDs with option(s) shall not be listed.

## **Consents**

Consents in writing of: (i) the Directors, (ii) our Company Secretary and Compliance Officer, (iii) Lead Managers, (iv) the Registrar to the Issue, (v) Legal Advisor to the Issue, (vi) Credit Rating Agencies, (vii) bankers to our Company, (viii) CRISIL Research, a division of CRISIL Limited in relation to industry reports as obtained from them, (ix) the Debenture Trustee, (x) Banker(s) to the Issue in respective tranche, (xi) Consortium Members in the respective tranche, to act in their respective capacities, have been obtained and will be filed along with a copy of this Shelf Prospectus with the ROC in terms of Section 26 of the Companies Act, 2013 and such consents have not been withdrawn up to the time of delivery of this Shelf Prospectus.

The consent of the Statutory Auditors for (i) inclusion of their names as the Statutory Auditors; and (ii) reports on the Reformatted Summary Financial Statements in the form and context in which they appear in this Shelf Prospectus and the consent of Manikandan & Associates, Independent Chartered Accountants for (i) inclusion of their names as Independent Chartered Accountants; and (ii) the statement of tax benefits, have been obtained and the same will be filed along with a copy of this Shelf Prospectus with the ROC in terms of Section 26 of the Companies Act, 2013 and such consents have not been withdrawn up to the time of delivery of this Shelf Prospectus.

## **Expert Opinion**

Except for (i) the Statutory Auditors' reports dated September 26, 2018 on the Reformatted Summary Financial Statements; (ii) the Statutory Auditors' reports dated August 8, 2018 on the Limited Review Financial Information; and (ii) the statement of tax benefits dated September 25, 2018, issued by C.K. Manikandan, Independent Chartered Accountants, our Company has not obtained any opinions from any expert as defined under the Companies Act, 2013.

## **Common form of Transfer**

The Issuer undertakes that there shall be a common form of transfer for the NCDs and the provisions of the Companies Act, 2013 applicable as on the date of this Shelf Prospectus and all applicable laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

## **Minimum Subscription**

Under the SEBI Debt Regulations, our Company may stipulate a minimum subscription amount which it seeks to raise. The SEBI has by its circular, CIR/IMD/DF/12/2014 dated June 17, 2014 prescribed the minimum subscription for debt securities as 75% of the base issue. If our Company does not receive the minimum subscription of 75% of the Base Issue, prior to the Issue Closing Date, the entire subscription amount shall be refunded to the Applicants within six days from the date of closure of the Issue provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Account(s) of the Applicants within 6 working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15% per annum for the delayed period.

## **Filing of the Draft Shelf Prospectus**

In terms of Regulation 7 of the SEBI Debt Regulation, a copy of the Draft Shelf Prospectus has been filed with the Designated Stock Exchange and SEBI, for dissemination on its website and the website of SEBI.

## **Filing of this Shelf Prospectus and Tranche Prospectus with the RoC**

A copy of this Shelf Prospectus and the Tranche Prospectus is to be filed with the Registrar of Companies in accordance with Section 26 and Section 31 of the Companies Act, 2013.

## **Debenture Redemption Reserve**

Section 71 of the Companies Act, 2013, read with Rule 18 made under Chapter IV of the Companies Act, 2013, requires that any company that intends to issue debentures must create a DRR for the purpose of redemption of debentures, in accordance with the following conditions: (i) the DRR shall be created out of the profits of our Company available for payment of dividend, (ii) the DRR shall be equivalent to at least 25% of the value of the outstanding debentures issued through the public issue in

accordance with the SEBI Debt Regulations. Accordingly our Company is required to create a DRR of 25% of the value of the outstanding NCDs issued through the Issue. In addition, as per Rule 18 (7) (e) under Chapter IV of the Companies Act, 2013, the amounts credited to DRR shall not be utilised by our Company except for the redemption of the NCDs. Every company required to create or maintain DRR shall on or before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March, of the next year, following any one or more of the following methods: (i) in deposits with any scheduled bank, free from charge or lien; (ii) in unencumbered securities of the Central Government or of any State Government; (iii) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (e) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The amount deposited or invested, as the case may be, shall not be utilised for any purpose other than for the repayment of debentures maturing during the year referred to above, provided that the amount remaining deposited or invested, as the case may be, shall not at any time fall below 15% of the amount of debentures maturing during the year ending on the 31st day of March of that year. This may have a bearing on the timely redemption of the NCDs by our Company.

### **Issue Related Expenses**

The expenses for each Tranche Issue include, *inter alia*, selling commission to the Lead Managers, Consortium Members, fees payable to debenture trustees, underwriters, the Registrar to the Issue, SCSBs' commission/ fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The Issue expenses and listing fees will be paid by our Company.

The estimated breakdown of the total expenses for each Tranche Issue shall be as specified in the relevant Tranche Prospectus.

### **Utilisation of Proceeds**

Our Board of Directors certifies that:

- (i) all monies received out of the Issue of the NCDs to the public shall be transferred to a separate bank account maintained with a scheduled bank;
- (ii) details of all monies utilised out of the Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies were utilised;
- (iii) details of all unutilised monies out of the Issue referred to in sub-item (i), if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested;
- (iv) we shall utilize the Issue proceeds only upon creation of security as stated in this Shelf Prospectus in the section titled "*General Terms of the Issue*" on page 172 and after permissions or consents for creation of *pari passu* charge have been obtained from the creditors who have *pari passu* charge over the assets sought to be provided as Security and on receipt of the minimum subscription of 75% of the Base Issue amount;
- (v) the allotment letters shall be issued or application money shall be refunded within the time specified in section titled "*Issue Procedure*" or such lesser time as may be prescribed by SEBI, else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period;
- (vi) the Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any property; and
- (vii) the Issue proceeds shall be utilised in compliance with various guidelines, regulations and clarifications issued by RBI, SEBI or any other statutory authority from time to time.

The funds raised by us from previous bonds issues have been utilised for our business as stated in the respective offer documents.

### **Underwriting**

This Issue will not be underwritten.

### **Arranger**

There are no arrangers for the instrument.

### **Identification as wilful defaulter**

Our Company (as defined under the Companies Act, 2013) or any of its directors or promoters have not been identified as willful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on willful defaulters issued by the RBI or any other governmental authority.

### **Reservations of the Company to the Issue**

There are no reservations of the Company to the Issue.

### Previous Public or Rights Issues by our Company

Except as disclosed below, our Company has not undertaken any public or rights issue of securities:

Date of Allotment	Nature of Securities	Number of Securities Allotted	Price per instrument (in ₹)	Aggregate amount raised (in ₹)	Aggregate Principal Amount Outstanding as on September 30, 2018 (in ₹)	Utilisation Details
September 21, 1995	Equity Shares (Public Issue)	1,750,000	10	17,500,000	Not Applicable	Fully utilized in accordance with the objects of the issue.
September 13, 2003	Equity Shares (Rights Issue)	1,500,000	10	15,000,000	Not Applicable.	Fully utilized in accordance with the objects of the issue.
September 08, 2011	Secured non-convertible debentures	4,416,190	1,000	4,416,190,000	Repaid	Fully utilized in accordance with the objects of the issue as stated in the prospectus.
January 28, 2014	Secured non-convertible debentures	2,000,000	1,000	2,000,000,000	191.37 million	Fully utilized in accordance with the objects of the issue as stated in the prospectus.
April 5, 2014	Secured non-convertible debentures	2,000,000	1,000	2,000,000,000	201.23 million	Fully utilized in accordance with the objects of the issue as stated in the prospectus.
October 18, 2014	Secured non-convertible debentures	2,785,517	1,000	2,785,517,000	185.51 million	Fully utilized in accordance with the objects of the issue as stated in the prospectus.

### Rights Issues by our Subsidiaries

#### Manappuram Insurance Brokers Limited

Date of Allotment	Nature of Securities	Number of Securities Allotted	Price per instrument (in ₹)	Aggregate amount raised (in ₹)
October 31, 2017	Equity Shares (Rights Issue)	80,000	10	8,000,000

#### Asirvad Microfinance Limited

Date of Allotment	Nature of Securities	Number of Securities Allotted	Price per instrument (in ₹)	Aggregate amount raised (in ₹)
February 19, 2015	Equity Shares (Rights Issue)	7 561,126	83.32 (Including premium)	630,000,038
March 4, 2016	Equity Shares (Rights Issue)	10,351,966	96.60 (Including premium)	999,999,915
March 17, 2016	Equity Shares (Rights Issue)	158,689	96.60 (Including premium)	15,329,357
December 22, 2017	Equity Shares (Rights Issue)	5,798,224	95.34 (Including premium)	552,802,696

April 27, 2018	Equity Shares (Rights Issue)	10,488,777	95.34 (Including premium)	999,999,998
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### Utilisation details of previous issues by group companies

Other than as disclosed in this Shelf Prospectus, no group company of the Issuer has undertaken any public or rights issue of securities.

### Details regarding our Company and other listed companies under the same management / associate companies as described under the Companies Act, 2013, which made any capital issue during the last three years

There are no other listed companies under the same manager / associate companies as described under the Companies Act, 2013, which have made any public capital issuances during the previous three years from the date of this Shelf Prospectus.

### Previous Issue

Except as stated in "*Capital Structure*" and "*Disclosures on Existing Financial Indebtedness*" on pages 51 and 153 respectively, our Company has not made any other issue of non-convertible debentures.

Other than as specifically disclosed in this Shelf Prospectus, our Company has not issued any securities for consideration other than cash.

### Utilisation details of Previous Issues

Our Company has issued non-convertible debentures by way of various private placements, for which, our Company has utilised the proceeds from such issuances for general corporate purpose and for augmenting long term working capital, for further details of such non-convertible debentures, please see the section titled "*Disclosures on Existing Financial Indebtedness*" on page 153 of this Shelf Prospectus.

### Details regarding lending out of issue proceeds of Previous Issues

#### A. *Lending Policy*

Our lending policy is meant to be a guiding set of principles for the top management of the Company in conducting the business of the Company and in the Company's lending operations to ensure long term profitability and stability.

##### i) *Key Objectives of our lending policy*

- Ensuring a healthy balance between loan levels, profits and quality of assets.
- Complying with the regulatory requirements and directives such as capital adequacy, loan to value, interest rates.
- Laying down controls for the assumption and monitoring of large exposures.
- Laying down proper system and procedures, appraisal standards at various levels in the organization with sturdy internal controls.
- Adequately protecting the collaterals pledged from any possible loss.
- Detailing risk management practices and internal audit procedures into the lending policy.
- Enabling our Company to successfully and consistently cope with competition.

##### ii) *Nature, type and tenor of loans*

Our core business is in relation to gold loans, which are typically collateralized by household used jewellery as Our Company accepts new gold ornaments as collateral only on selective basis, subject to internal controls, provided there are no other adverse indications. The tenure of the loans is decided by market practices and regulatory directives. Loans against the pledge of gold ornaments is sanctioned immediately against the acceptance of gold ornaments as security. Accordingly, all loans are sanctioned and disbursed within a reasonable time, subject to the due diligence requirements, number and nature of items, quantum of the loan and customer satisfaction benchmarks.

High value loans to single customers or closely connected groups of individuals are controlled and monitored as such customers under 'high risk' categories including additional monitoring required by RBI provisions relating to anti money laundering, finance for terrorist activities. Any procedural changes in the disbursement or collections of loans which is in compliance with the regulatory requirements and made in connection with

the adoption of technology developments needs to be approved by the managing director and chief executive officer on the recommendation by and executive director and the deputy chief executive officer or executive director.

Loans to be granted to non-banking financial companies in the nature of term loans, other corporate loans and loans to micro, small and medium enterprises are to be given only pursuant to a board approved product program and manual and the same must be in compliance with relevant directions issued by RBI from time to time and other statutory directions in place.

**iii) Restriction, prohibition on lending to certain categories of customers and persons**

In accordance with our lending policy, loans to categories of customers perceived as having a risk higher than normal are to be restricted as far as possible. For example, loans to goldsmiths and jewellers are to be judiciously controlled and adequate credit risk assessments need to be undertaken for such loans. Loans to borrowers having a history of pledging spurious or low quality ornaments or stolen gold ornaments are restricted. Our Company does not undertake unsecured loans in the normal course of its business. Unsecured loans, if granted, need to be subject to proper and acceptable credit appraisal procedures.

**iv) Loan Disbursement and monitoring**

Loans are typically disbursed only against fully completed loan applications forms which are pre-printed in the relevant local language. A separate loan application is obtained for each disbursement. The disbursement of the loan is made by way of single or one time debit to each borrower account which is monitored for interest servicing and final closure along with other accounts, if any, of the same borrower. Immediately upon sanction of the relevant loan sanction letter, a pawn ticket which is issued in duplicate is given to the borrower for acceptance. The pawn ticket, also serves as a receipt for the gold ornaments delivered by the borrower, and simultaneously operates as a loan sanction letter incorporating the terms and conditions of the loan. The acknowledged copy of the pawn ticket needs to be retained by the borrower along with the loan application form for future verification and reference.

**B. Loans given by our Company**

Company has not provided any loans or advances to associates, entities or persons relating to the Board, senior management or Promoters out of the proceeds of the previous public issues of debt securities.

C. There has been no change in Promoters' holding in the Issuer in the last financial year beyond the threshold prescribed by the RBI, which as on the date of this Shelf Prospectus is 26%. For further details of the shareholding of the Promoters, please see the section titled "Capital Structure" on page 51 of this Shelf Prospectus.

**D. Types of loans**

Denomination of loans outstanding by ticket size as on March 31, 2018:

**Vehicle and Equipment Financing**

S. No	Ticket size*	Percentage of AUM
1	Up to ₹ 0.2 million	11%
2	₹ 0.2-.5 million	19%
3	₹ 0.5-1 million	34%
4	₹ 1-2.5 million	29%
5	₹ 2.5-5 million	5%
6	₹ 0.5 million-10 million	1%
7	₹ 10-50 million	1%
8	₹ 50-250 million	Nil
9	₹ 250-1000 million	Nil
10	> ₹ 1000 million	Nil
<b>Total</b>		<b>100%</b>

\*Ticket size at the time of origination

Denomination of loans outstanding by LTV\* as on March 31, 2018:

S. No	LTV	Percentage of AUM
1	Up to 40%	1%
2	40-50%	2%
3	50-60%	5%
4	60-70%	15%



5	70-80%	45%
6	80-90%	26%
7	>90%	7%
<b>Total</b>		

\*LTV at the time of origination

Geographical classification of borrowers as on March 31, 2018:

S. No.	Top 5 states / Region	Percentage of AUM
1	Maharashtra	16%
2	Karnataka	14%
3	Madhya Pradesh	12%
4	Telangana	11%
5	Andhra Pradesh	8%
<b>Total</b>		<b>61%</b>

#### Gold Loan

S. No	Ticket size*	Percentage of AUM
1	Up to ₹ 0.2 million	72.17%
2	₹0.2-.5 million	18.47%
3	₹0 .5-1 million	5.88%
4	₹ 1-2.5 million	2.96%
5	₹ 2.5-5 million	0.42%
6	₹ 5 million -10 million	0.08%
7	₹ 10-50 million	0.01%
8	₹ 50-250 million	Nil
9	₹ 250-1000 million	Nil
10	> ₹ 1000 million	Nil
<b>Total</b>		<b>100%</b>

Denomination of loans outstanding by LTV\* as on March 31, 2018:

S. No	LTV	Percentage of AUM
1	Up to 40%	2%
2	40-50%	3%
3	50-60%	4%
4	60-70%	13%
5	70-80%	78%
6	80-90%	Nil
7	>90%	Nil
<b>Total</b>		<b>100%</b>

\*LTV at the time of origination

Geographical classification of borrowers as on March 31, 2018:

S. No.	Top 5 states / Region	Percentage of AUM
1	Karnataka	21%
2	Tamil Nadu	12%
3	Telangana	11%
4	Maharashtra	9%
5	Andhra Pradesh	9%
<b>Total</b>		<b>62%</b>

Types of loans according to sectoral exposure as on March 31, 2018 is as follows:

S. No	Segment- wise breakup of AUM	Percentage of AUM
<b>1</b>	<b>Retail</b>	
a	-Mortgages (home loans and loans against property)	0.27%
b	-Gold loans	90.60%
c	- Vehicle finance	4.83%
d	-MFI	-
e	-M and SME	-

S. No	Segment- wise breakup of AUM	Percentage of AUM
f	-Capital market funding (loans against shares, margin funding)	-
h	-Others	0.05%
<b>2</b>	<b>Wholesale</b>	
a	-Infrastructure	-
b	-Real estate (including builder loans)	-
c	-Promoter funding	-
d	-Any other sector (as applicable)	-
e	-Others	4.26%
	<b>Total</b>	<b>100%</b>

**E. Aggregated exposure to top 20 borrowers with respect to concentration of advances as on March 31, 2018**

	Amount
Total Advances to twenty largest borrowers (in ₹ million)	4845
Percentage of Advances to twenty largest borrowers to Total Advances (in %)	0.77%

**F. Aggregated exposure to top 20 borrowers with respect to concentration of exposures as on March 31, 2018**

	Amount
Total exposure to twenty largest borrowers / customers (in ₹ million)	4282.66
Percentage of exposures to twenty largest borrowers / customers to total exposure on borrowers / customers (in %)	3.31%

**G. Details of loans overdue and classified as non – performing in accordance with the RBI’s guidelines**

Movement of gross NPAs*	Amount (in ₹ million)
(a) Opening balance	233.75
(b) Additions during the year	37.85
(c) Reductions during the year	202.14
(d) Closing balance	69.46

\* Please refer paragraph titled "Non-Performing Assets (NPAs)" under chapter "Our Business" on page 128 for details on Gross NPA recognition Policy.

Movement of provisions for NPAs	Amount (in ₹ million)
(a) Opening balance	197.22
(b) Provisions made during the year	8.6
(c) Write-off / write -back of excess provisions	163.09
(d) Closing balance	42.73

**H. Segment –wise gross NPA as on March 31, 2018**

S. No	Segment- wise breakup of AUM	Percentage of AUM
<b>1</b>	<b>Retail</b>	
a	-Mortgages (home loans and loans against property)	26.0%
b	-Gold loans	0.56%
c	- Vehicle finance	2.5%
d	-MFI	-
e	-MandSME	-
f	-Capital market funding (loans against shares, margin funding)	-
h	-Others	-
<b>2</b>	<b>Wholesale</b>	
a	-Infrastructure	-
b	-Real estate (including builder loans)	-
c	-Promoter funding	-
d	-Any other sector (as applicable)	-
e	-Others	-
	<b>Total</b>	<b>29.11%</b>

**I. Classification of consolidated borrowings as on March 31, 2018**

S. No	Type of Borrowings	Amount (₹ in million)	Percentage
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1	Secured	95,896.18	76%
2	Unsecured	30,066.38	24%
<b>Total</b>		<b>125,962.56</b>	<b>100%</b>

**J. Promoter Shareholding**

For details with respect to Promoter shareholding in our Company as on the date of this Shelf Prospectus, please see the section titled "Capital Structure" on page 51 of this Shelf Prospectus.

**K. Maturity pattern of certain items of assets and liabilities on as standalone basis as on March 31, 2018**

(₹ in million)

Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
<b>Assets</b>									
<b>Advances (net)</b>	33,504.54	31,661.20	46,211.20	6,131.60	2,576.80	6,968.50	2,168.40	11.60	1,29,233.84
<b>Investments</b>	50.00	-	-	-	-	-	-	3,699.78	3,749.78
<b>Liabilities</b>									
<b>Borrowing from Banks</b>	3,006.36	22,810.41	18,522.90	5,374.20	62.50	2,699.99	-	-	52,476.36
<b>Foreign Currency liabilities</b>	-	-	-	-	-	1,446.21	-	-	1,446.21
<b>Market borrowings #</b>	904.45	10,227.20	18,941.80	1,769.60	8,516.70	8,056.20	67.90	-	48,483.85

# Represents working capital demand loans from others, commercial papers under Note 7 and vehicle loans under Note 5 of our Reformatted Standalone Financial Statements.

**Material Agreements**

Other than as stated in the section titled "History and Main Objects – Key Terms of Material Agreements" on page 133 of this Shelf Prospectus. Our Company has not entered into any material agreements other than in the ordinary course of its business.

**Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the date of this Shelf Prospectus and of their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of the said reservations or qualifications or adverse remarks.**

Financial Year	Auditors Remark/Qualification	Impact on Financial Position	Corrective Steps Taken or Proposed
2017-18	During the year there have been certain instances of fraud on the company by employees where gold loan related misappropriations/cash have occurred.	Provision aggregating ₹ 53.07 million created in respect of these matters.	Recovery procedures undertaken for fraud cases.
2016-17	During the year there have been certain instances of fraud on the company by employees where gold loan related misappropriations/cash have occurred	Provision aggregating ₹ 17.46 million created in respect of these matters.	Recovery procedures undertaken for fraud cases.
2015-16	During the year there have been certain instances of fraud on the company by employees where gold loan related misappropriations/cash have occurred	Provision aggregating ₹ 36.36 million created in respect of these matters.	Recovery procedures undertaken for fraud cases.
2014-15	During the year there have been certain instances of fraud on the company by employees where gold loan related misappropriations/cash have occurred	Provision aggregating ₹ 42.98 million created in respect of these matters.	Recovery procedures undertaken for fraud cases.

Financial Year	Auditors Remark/Qualification	Impact on Financial Position	Corrective Steps Taken or Proposed
2013-14	Delay in remitting undisputed statutory dues to Maharashtra Tax on professions Traders, Callings and Employments Act, 1975 for more than six months from financial year 2004-2005 to financial year 2012-13 amounting to ₹ 5.05 million. This liability is paid.	1. No material impact on first observation. 2. ₹ 52.97 million is provided in accounts with respect to fraud cases.	1. The statutory dues outstanding liability is paid. 2. Recovery procedures undertaken for fraud cases.

#### Details of top 10 borrowers as on September 30, 2018

S. No.	Name	Address	Exposure (in ₹ million)
1.	Satin Creditcare Network Limited	5th Floor, Kundan Bhawan Azadpur Commercial Complex, Azadpur, New Delhi 110 033	562.50
2.	Spandana Sphoorty Financial Limited	Plot No: - 31 & 32, Ramky Selenium Towers, Tower A Ground Floor, Financial District, Nanakramguda, Hyderabad – 500 032	500.00
3.	Fusion Microfinance Private Limited	H-1, C Block, Community Centre, Naraina Vihar, New Delhi -110 028	440.91
4.	Sonata Finance Private Limited	II Floor, CP. 1, PG. Towerskursi Road, Vikas Nagar, Lucknow 226 026	416.54
5.	Pudhuaaru Financial Services Private Limited	10TH Floor, Phase 1, AI,IIT-Madras Research Park,Kanagam Village, Tharamani, Chennai-600113	344.67
6.	Thirumeni Finance Private Limited	Varasiddhi, 3rd Floor, No. 5BC-110 Service Road, 3rd Block HRBR Layout, Bangalore, Karnataka- 560043	319.16
7.	Asa International India Microfinance Limited	Premise No-2, Khanna Construction Building, S.A.S Nagar , Near Shanti Hospital, Jalandhar Punjab- 144003	295.83
8.	Aye Finance Private Limited	M-5 Mezz Floor, Magnum House-1,Karampura Commercial Complex, New Delhi- 110015	279.85
9.	Capfloat Financial Services Private Limited (Zen Lefin)	New No 3. (Old 211), Gokaldas Platinum, Upper Palace Orchards, Bellary Road, Sadashivnagar, Bangalore-560080, Karnataka	264.58
10.	Ess Kay Fincorp Limited	G1-2, New Market, Khasa Kothi,Jaipur-302001,Rajasthan	196.43

#### Details of top 10 loans, overdue and classified as non-performing in accordance with RBI Guidelines as on September 30, 2018

S. No.	Name	Address	Exposure (In ₹ million)	Classified As NPA (In ₹ million)
1.	Jayan A	Appukuttan Nair, Tc36/1323, Vallakkadavoo - 695008, Trivandrum, Kerala	14.57	14.57
2.	C J Anto	Joseph, 23/368 Chevookaran House, Thottakkattukara - 683108, Ernakulam, Kerala	13.91	13.91
3.	Basheer P M	Muhammed, Palakkadan, Varapetty Edso - 686691, Ernakulam, Kerala	13.20	13.20
4.	Narasimha Murthy Mr	No 711 24th Cross Kumarswamy Layout 1 <sup>st</sup> Stage Jp Nagar Bangalore Karnataka Pin Code - 560078 India	12.45	12.45
5.	Muniraju R	Ramakrishna M, #637/51 62nd Cross, 5th Block, Rajajinagar, Rajajinagar Bhashyam - 560010, Bangalore, Karnataka	9.34	9.34
6.	Bobby Jacob Markose	Markose, 583 B (16/229) J J Appartments B2, Devalokom Edso – 686 038, Kottayam, Kerala	9.32	9.32
7.	Cinil Sabadu	Sabadukutty, Samla Bhavan, Kayamkulam – 690 502, Alleppey, Kerala	6.89	6.89
8.	M Devaki	M Jayachandra, 231 4th Cross Naidu Layout Bsk 3 <sup>rd</sup> stage, Chikkalasandra - 560061, Bangalore, Karnataka	6.40	6.40

S. No.	Name	Address	Exposure (In ₹ million)	Classified As NPA (In ₹ million)
9.	Anilkumar Sai.S	Surendrasn P, Sivapadam, Kuzhiamvila, Pallichal Edso - 695020, Trivandrum, Kerala	5.08	5.08
10.	Aafaq Ahmed Zargar	Hno. 245 Pandach, Near Alkhuddam Travels, Bachpora S.O, 190020	4.90	4.90

**Aggregate number of securities of the Company and its Subsidiaries purchased or sold by the promoter group and by the Directors of the Company and their relatives within six months immediately preceding the date of filing this Shelf Prospectus**

Name of relevant Company	Name of Promoter/Director/Relative	Sale/Purchase	Date of Sale/Purchase	Aggregate Number of Securities Held post such Sale/Purchase	Face Value(In ₹)	
Manappuram Finance Limited	V.P. Nandakumar	905,347(Purchase)	July 10, 2018 and July 11, 2018	240,272,171	2	
		200,000 (Purchase)	August 30, 2018	240,472,171	2	
		300,000 (Purchase)	September 5, 2018 and September 6, 2018	240,772,171	2	
		1,500,000 (Purchase)	September 11, 2018 to September 21, 2018	242,272,171	2	
			1,400,000 (Purchase)	September 24, 2018	243,672,171	2
	Sushama Nandakumar	Nil	Nil	48,001,078	2	
	Jyothi	Nil	Nil	4,462,165	2	
	Suhas Nandan	Nil	Nil	17,051	2	
	Sooraj Nandan	Nil	Nil	3,674	2	
	B. N. Raveendra Babu	Nil	Nil	1,817,236	2	
	P. Manomohan	Nil	Nil	943,582	2	
	V. R. Ramachandran	Nil	Nil	1,145,000	2	
	V. R. Rajiven	Nil	Nil	10,600	2	
	Jagdish Capoor	Nil	Nil	2,000	2	
Subhadra Manomohan	36,490 (Purchase)	May 28, 2018 to June 14, 2018	496,790	2		
Leena N S	Nil	Nil	568,000	2		
Anju V R	Nil	Nil	164,000	2		

**Details of acts of material frauds committed against the Company in the last five years, if any, and if so, the action taken by the Company**

Our Gold Loan transactions involve handling significant volumes of cash and gold jewellery at our branch offices. Large cash and gold jewellery transactions expose us to the risk of fraud by employees, agents, customers or third parties, theft, burglary and misappropriation or unauthorized transactions by our employees. There have been certain instances of fraud on the Company by employees and others, where gold loan related misappropriations, cash embezzlements and burglaries have occurred and the total amount involved in such instances in the last five years is set forth below:

(In ₹ million)

Type of Fraud	Fiscal 2014		Fiscal 2015		Fiscal 2016		Fiscal 2017		Fiscal 2018	
	No. of cases	Value	No. of cases	Value	No. of cases	Value	No. of cases	Value	No. of cases	Value
		(in ₹ Million)		(in ₹ Million)		(in ₹ Million)		(in ₹ Million)		
Internal Fraud*	0	0	0	0	0	0	0	0	0	0
Spurious gold cases where employees of the Company are involved	32.00	18.40	19.00	10.39	12.00	4.31	14.00	21.08	13.00	20.53
Spurious gold cases where the customers of the Company are involved	1.00	0.20	6.00	24.09	3.00	19.21	3.00	27.22	6.00	42.76
Theft/ Burglary	3.00	109.06	1.00	34.75	1.00	36.53	1.00	23.87	0.00	0.00

**Note:** The above given figures are gross and out of that the Company has recovered to the extent of ₹ 10.22 million for Fiscal 2018, ₹ 54.71 million for Fiscal 2017, ₹ 23.69 million for Fiscal 2016, ₹ 8.87 million for Fiscal 2015 and ₹ 64.78 million for Fiscal 2014.

In light of the frauds committed against the Company, we have a series of checks and balances in place including, joint custody of safe keys, installation of CCTV cameras in strong room and at the office premises, centralized security monitoring systems, dedicated teams in the head office monitoring video images of branches, periodical audit of open inventory by experienced internal auditors, packet counting, checking of cash or loan documentation by part time auditors, having tamper proof bar coded improved security stickers for gold ornaments packing and system controlled pawn tickets and loan sanction letters to avoid manipulation and auto gold weight capturing machines for the weighing of gold.

## Dividend

The following table sets forth certain details regarding the dividend paid by our Company on the Equity Shares during Fiscal Years 2016, 2017 and 2018:

Particulars	Fiscal 2016	Fiscal 2017	Fiscal 2018	Six months period ended September 30, 2018
Face value of Equity Shares (₹ per share)	2	2	2	2
Interim dividend on Equity Shares (₹ per share)	2.25	1.5	2	1.05
Final dividend of Equity Shares (₹ per share)	Nil	Nil	Nil	Nil
Interim dividend on Equity Shares (in million)	1,892.74	1,262.56	1,683.94	884.68
Final dividend on Equity Shares (in million)	Nil	Nil	Nil	Nil
Tax on interim dividend (in million)	385.31	257.02	342.81	181.85
Tax on final dividend (in million)	Nil	Nil	Nil	Nil

## Revaluation of assets

Our Company has not revalued its assets in the last five years.

## Mechanism for redressal of investor grievances

Link Intime India Private Limited has been appointed as the Registrar to the Issue to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints. The Registrar Agreement between the Registrar to the Issue and our Company will provide for retention of records with the Registrar for a period of at least eight years from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the

Registrar for redressal of their grievances. All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of NCDs applied for, Series of NCDs applied for, amount paid on Application, Depository Participant and the collection centre of the Members of the Consortium where the Application was submitted. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the Applicant, or (b) the concerned Member of the Consortium and the relevant Designated Branch of the SCSB in the event of an Application submitted by an Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, Series applied for number of NCDs applied for, amount blocked on Application. All grievances arising out of Applications for the NCDs made through Designated Intermediaries may be addressed directly to the Stock Exchange. The contact details of Registrar to the Issue are as follows:

#### **Registrar to the Issue**

##### **Link Intime India Private Limited**

C-101, 1st Floor, 247 Park  
L.B.S. Marg, Vikhroli (West)  
Mumbai 400 083  
Tel: (91 22) 4918 6200  
Fax: (91 22) 4918 6195  
Email: manappuram.ncd2018@linkintime.co.in  
Investor Grievance Email: manappuram.ncd2018@linkintime.co.in  
Website: www.linkintime.co.in  
Contact Person: Shanti Gopalkrishnan  
SEBI Registration No.: INR000004058

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be 7 (seven) business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Ramesh Periasamy has been appointed as the Compliance Officer of our Company for this issue. The contact details of Compliance Officer of our Company are as follows:

##### **Ramesh Periasamy**

##### **Company Secretary and Compliance Officer**

Tel: (91 487) 305 0417,408  
Fax: (91 487) 239 9298  
Email: cs@manappuram.com

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

#### **Change in Auditors of our Company during the last three years**

Details of changes in the statutory auditors of our Company has been summarised below:

<b>Name</b>	<b>Address</b>	<b>Date of Appointment / Resignation</b>	<b>Auditor of the Company since (in case of resignation)</b>
Deloitte Haskins & Sells LLP	Prestige Trade Tower, Level 19, 46, Palace Road, High Grounds, Bengaluru – 560 001, Karnataka	Appointed with effect from August 18, 2017	-
S.R. Batliboi & Associates LLP	6 <sup>th</sup> & 7 <sup>th</sup> Floor,- A Block, Tidel Park (Module 601,701 and 702) No.4, Rajiv Gandhi Salai Taramani, Chennai – 600113	Resigned with effect from August 18, 2017	Appointed with effect from September 8, 2007

## REGULATIONS AND POLICIES

*The following is a summary of relevant regulations and policies prescribed by the Government and other regulatory bodies that are applicable to our Company's business. Taxation statutes such as the IT Act, the applicable goods and services tax statutes, labour regulations and statutes apply to us as they do to any other Indian company and therefore have not been detailed below. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bye-laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.*

*The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which is subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

*Investors shall carefully consider the information described below, together with the information set out in other sections of this Shelf Prospectus including the financial statements before making an investment decision relating to the NCDs, as any changes in the regulations and policies could have a material adverse effect on our Company's business.*

*Our Company is registered with the RBI as a systemically important non-deposit taking non-banking finance company. Please see below the significant regulations which affect our operations.*

### **Laws in relation to non-banking financial companies**

#### **Regulations governing NBFCs**

NBFCs are primarily governed by the RBI Act and the RBI Master Directions. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

The RBI is entrusted with the responsibility of regulating and supervising the activities of NBFCs by virtue of the powers vested on it pursuant to Chapter III B of the RBI Act. An NBFC under the RBI Act is defined as a financial institution which is a company or a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner or such other non-banking institution or class of such institutions as the RBI may, with the previous approval of the Central Government and by notification in the Official Gazette, specify. According to the RBI Act, a financial institution has been defined as a non-banking institution carrying on as its business or part of its business, amongst other activities, the financing, whether by way of making loans or advances or otherwise, of any activity, other than its own.

Any company which carries on the business of a non-banking financial institution as its principal business is to be treated as an NBFC. The RBI has clarified that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC if (a) its financial assets are more than 50% of its total assets (netted off by intangible assets); and (b) income from financial assets shall be more than 50% of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company.

The RBI Act mandates that no NBFC shall commence or carry on the business of a non-banking financial institution without obtaining a certificate of registration. Such an NBFC must also have a net owned fund of ₹ 20 million.

Under Section 45 – IC of the RBI Act, every NBFC must create a reserve fund and transfer thereto a sum not less than 20 per cent of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. Such a fund is to be created by every NBFC irrespective of whether it is a ND-NBFC or not. Further, no appropriation can be made from the fund for any purpose by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to the RBI within 21 days from the date of such appropriation.

Further, an NBFC may be registered as a deposit accepting NBFC (“NBFC-D”) or as a non-deposit accepting NBFC (“NBFC-ND”). Our Company has been classified as an NBFC-ND-SI.

#### *Systemically Important NBFC-NDs*

The RBI in its notification (RBI/2014-15/520 DNBR (PD) CC.No.024/03.10.001/2014-15) dated March 27, 2015 revised the threshold for defining systemic significance for NBFCs-ND in the light of the overall increase in the growth of the NBFC sector. NBFCs-ND-SI will henceforth be those NBFCs-ND which have asset size of ₹ 5,000 million and above as per the last audited balance sheet. Moreover, all NBFCs-ND with assets of ₹ 5,000 million and above, irrespective of whether they have accessed public funds or not, shall comply with prudential requirements as applicable to NBFCs-ND-SI, except certain provisions. All systemically important NBFCs are required to maintain a minimum CRAR of 15%.



### *Loan-to-value guidelines*

The RBI vide the RBI Master Directions, directed all NBFCs to: (i) maintain a loan-to-value ratio not exceeding 75% for loans granted against the collateral of gold jewellery and; (ii) disclose in their balance sheet the percentage of such loans to their total assets.

Further, NBFC's are also required to not grant any advance against bullion / primary gold and gold coins. NBFCs shall not grant any advance for purchase of gold in any form including primary gold, gold bullion, gold jewellery, gold coins, units of Exchange Traded Funds (ETF) and units of gold mutual fund.

### *Rating of NBFCs*

Pursuant to the RBI Master Directions, all applicable NBFCs as defined in the RBI Master Directions are required to, as per RBI instructions to, furnish information about downgrading or upgrading of the assigned rating of any financial product issued by them within 15 days of a change in rating.

### *Prudential Norms*

The RBI Master Directions amongst other requirements prescribe guidelines on NBFC-ND regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/investment and norms relating to infrastructure loans. Further the concentration of credit/ investment norms shall not apply to a systemically important non-banking financial company not accessing public funds in India, either directly or indirectly, and not issuing guarantees.

### *Provisioning Requirements*

An NBFC-ND, after taking into account the time lag between an account becoming non-performing, its recognition, the realisation of the security and erosion overtime in the value of the security charged, shall make provisions against sub-standard assets, doubtful assets and loss assets in the manner provided for in the RBI Master Directions.

### *Capital Adequacy Norms*

Every systemically important NBFC-ND is required to maintain a minimum capital ratio consisting of Tier I and Tier II capital of not less than 15% of its aggregate risk weighted assets on balance sheet and of risk adjusted value off-balance sheet items is required to be maintained. Further, NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) are required to maintain a minimum Tier I capital of 12.00%.

### *Exposure Norms*

In order to ensure better risk management and avoidance of concentration of credit risks, the RBI has, in terms of the Prudential Norms, prescribed credit exposure limits for financial institutions in respect of their lending to single/ group borrowers. Credit exposure to a single borrower shall not exceed 15% of the owned funds of the systemically important ND-NBFC, while the credit exposure to a single group of borrowers shall not exceed 25% of the owned funds of the systemically important ND-NBFC. Further, the systemically important ND-NBFC may not invest in the shares of another company exceeding 15% of its owned funds, and in the shares of a single group of companies exceeding 25% of its owned funds. Further, the systemically important NBFC-ND-SI may not have credit and investment in the shares of another company exceeding 15% of its owned funds, and in case of a single group of companies exceeding 25% of its owned funds. However, this prescribed ceiling shall not be applicable on a NBFC-ND-SI for investments in the equity capital of an insurance company to the extent specifically permitted by the RBI. The above norms shall apply to any NBFC-ND-SI not accessing public funds, either directly or indirectly and not issuing guarantees. Further, NBFC-ND-SI may exceed the concentration of credit / investment norms, by 5% for any single party and by 10% for a single group of parties, if the additional exposure is on account of infrastructure loan and / or investment.

### *Asset Classification*

The RBI Master Directions require that every NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

- Standard assets;
- Sub-standard Assets;
- Doubtful Assets; and
- Loss assets

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation. At present, every NBFCs-ND-SI is required to make a provision for standard assets at 0.40% of the outstanding.

### ***Master Circular - Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 - Corporate Governance Directions 2015***

All NBFC-ND-SI are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an asset liability management committee and risk management committee. RBI vide its recent Master Circular dated July 1, 2015, introduced the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 which requires all systematically important ND NBFCs having an asset size above ₹ 5,000 million are required to consider adopting best practices and transparency in their systems as specified below. RBI pursuant to its Master Circular No. DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 1, 2015 mandated that all NBFC having assets of ₹ 5,000 million and above as per its last audited balance sheet are required to constitute an audit committee, consisting of not less than three members of its Board of Directors. NBFCs are required to furnish to the RBI a quarterly statement on change of directors, and a certificate from the managing director of the NBFC that fit and proper criteria in selection of the directors has been followed. Further, all applicable NBFCs shall have to frame their internal guidelines on corporate governance with the approval of its board of directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines and it shall be published on the company's web-site, if any, for the information of various stakeholders constitution of a nomination committee, a risk management committee and certain other norms in connection with disclosure, transparency and connected lending has also been prescribed in the RBI Master Circular. Further, the Audit Committee are required to ensure that an Information Systems Audit of the internal systems and processes is conducted at least once in two years to assess operational risks.

### ***Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016 dated February 25, 2016 (“RBI KYC Directions”)***

The RBI KYC Directions are applicable to NBFCs and RBI has advised all NBFCs to adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The KYC policies are required to have certain key elements, including, customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, diligence of client accounts opened by professional intermediaries, customer due diligence and diligence of accounts of politically exposed persons, adherence to RBI KYC Directions and the exercise of due diligence by persons authorised by the NBFC, including its brokers and agents.

### ***Accounting Standards & Accounting policies***

Subject to the changes in Indian Accounting Standards and regulatory environment applicable to a NBFC we may change our accounting policies in the future and it might not always be possible to determine the effect on the Statement of profit and loss of these changes in each of the accounting years preceding the change. In such cases our profit/loss for the preceding years might not be strictly comparable with the profit/loss for the period for which such accounting policy changes are being made.

### ***Master Direction dated September 29, 2016 on Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016.***

All NBFC-ND-SIs shall put in place a reporting system for frauds and fix staff accountability in respect of delays in reporting of fraud cases to the RBI. An NBFC-ND-SI is required to report all cases of fraud of ₹0.1 million and above, and if the fraud is of ₹ 10 million or above, the report should be sent in the prescribed format within three weeks from the date of detection thereof. The NBFC-ND-SI shall also report cases of fraud by unscrupulous borrowers and cases of attempted fraud.

### ***Master Circular dated July 1, 2015 – Frauds – Future approach towards monitoring of frauds in NBFCs***

In order to prevent the incidence of frauds in NBFCs, the RBI established a reporting requirement to be followed by NBFCs, both NBFCs-Deposit taking and NBFCs-ND-SI. In terms of the circular, all NBFCs-ND-SI shall disclose the amount related to fraud, reported in the company for the year in their balance sheets. NBFCs failing to report fraud cases to the RBI would be liable for penal action prescribed under the provisions of Chapter V of the RBI Act. Additionally, the circular provides for categorisation of frauds and the reporting formats in order to ensure uniformity in reporting.

Master Circular dated July 1, 2015 on returns to be submitted by NBFCs The circular lists down detailed instructions in relation to submission of returns, including their periodicity, reporting time, due date, purpose and the requirement of filing such returns by various categories of NBFCs, including an NBFC-ND-SI. RBI, vide notification dated November 26, 2015 titled “Online Returns to be submitted by NBFCs-Revised” changed the periodicity of NDSI returns from monthly to quarterly.

### ***Reporting by Statutory Auditor***

The statutory auditor of the NBFC-ND is required to submit to the Board of Directors of the company along with the statutory audit report, a special report certifying that the Directors have passed the requisite resolution mentioned above, not accepted any public deposits during the year and has complied with the Prudential Norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI.

### ***Master Direction – Non-Banking Financial Companies Auditor’s Report (Reserve Bank) Directions, 2016***

In addition to the report made by the auditor under Section 143 of the Companies Act, 2013 on the accounts of an NBFC-NDSI, the auditor shall make a separate report to the Board of Directors of the company on *inter alia* examination of validity of certificate of registration obtained from the RBI, whether the NBFC is entitled to continue to hold such certificate of registration in terms of its Principal Business Criteria (financial asset / income pattern) as on March 31 of the applicable year, whether the NBFC is meeting the required net owned fund requirement, whether the board of directors has passed a resolution for non-acceptance of public deposits, whether the company has accepted any public deposits during the applicable year, whether the company has complied with the Prudential Norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it, whether the capital adequacy ratio as disclosed in the return submitted to the Bank in form NBS- 7, has been correctly arrived at and whether such ratio is in compliance with the minimum CRAR prescribed by the Bank, whether the company has furnished to the Bank the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) within the stipulated period, and whether the nonbanking financial company has been correctly classified as NBFC Micro Finance Institutions (MFI).

### ***Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016***

All NBFCs are required to put in place a reporting system for filing various returns with the RBI. An NBFC-NDSI is required to file on a quarterly basis a return on important financial parameters, including components of assets and liabilities, profit and loss account, exposure to sensitive sectors etc., NBS-7 on prudential norms on a quarterly basis, multiple returns on asset-liability management to address concerns regarding *inter alia* asset liability mismatches and interest rate risk, quarterly report on branch information, and CRILC on a quarterly basis as well as all SMA-2 accounts to facilitate early recognition of financial distress, prompt steps for resolution and fair recovery for lenders.

### ***Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017***

With a view to put in place necessary safeguards applicable to outsourcing of activities by NBFCs, the RBI has issued directions on managing risks and code of conduct in outsourcing of financial services by NBFCs (“Risk Management Directions”). The Risk Management Directions specify that core management functions like internal auditing, compliance functions, decision making functions such as compliance with KYC norms shall not be outsourced by NBFCs. Further, the Risk Management Directions specify that outsourcing of functions shall not limit its obligations to its customers.

### ***Financing of NBFCs by bank***

The RBI has issued guidelines vide a circular dated bearing number DBOD No. FSD. BC.46/24.01.028/2006-07 dated December 12, 2006 relating to the financial regulation of systemically important NBFC-NDSIs and the relationship of banks with such institutions. In particular, these guidelines prohibit banks from lending to NBFCs for the financing of certain activities, such as (i) bill discounting or rediscounting, except where such discounting arises from the sale of commercial vehicles and two wheelers or three wheelers, subject to certain conditions; (ii) unsecured loans or corporate deposits by NBFCs to any company; (iii) investments by NBFCs both of current and long term nature, in any company; (iv) further lending to individuals for the purpose of subscribing to an initial public offer.

In addition to the above the RBI has issued guidelines vide a circular dated bearing number DBR.BP.BC.No.5/21.04.172/2015-16 dated July 1, 2015 relating to bank financing of NBFCs predominantly engaged in lending against Gold has directed banks to (i) reduce their regulatory exposure ceiling on a single NBFC, having gold loans to the extent of 50% or more of its total financial assets 10% of banks’ capital funds. However, the exposure ceiling may go up by 5%, i.e., up to 15% of banks’ capital funds if the additional exposure is on account of funds on-lent by NBFCs to the infrastructure sector and (ii) to have an internal sub-limit on their aggregate exposures to all such NBFCs, having gold loans to the extent of 50% or more of their total financial assets, taken together. The sub-limits should be within the internal limit fixed by the banks for their aggregate exposure to all NBFCs put together.

### ***Norms for excessive interest rates***

In addition, the RBI has introduced vide a circular bearing reference number RBI/ 2006-07/ 414 dated May 24, 2007 whereby RBI has requested all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction, the RBI has issued a Master Circular on Fair Practices Code dated July 1, 2015 read with the RBI Master Directions for regulating the rates of interest charged by the NBFCs. These circulars stipulate that the board of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. Further, this is also required to be made available on the NBFCs website or published in newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be an annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

## ***Supervisory Framework***

In order to ensure adherence to the regulatory framework by systemically important ND-NBFCs, the RBI has directed such NBFCs to put in place a system for submission of an annual statement of capital funds, and risk asset ratio etc. as at the end of March every year, in a prescribed format. This return is to be submitted electronically within a period of three months from the close of every financial year. Further, a NBFC is required to submit a certificate from its statutory auditor that it is engaged in the business of non-banking financial institution with requirement to hold a certificate of registration under the RBI Act. This certificate is required to be submitted within one month of the date of finalisation of the balance sheet and in any other case not later than December 30 of that particular year. Further, in addition to the auditor's report under Section 143 of the Companies Act, 2013 the auditors are also required to make a separate report to the Board of Directors on certain matters, including correctness of the capital adequacy ratio as disclosed in the return NBS-7 to be filed with the RBI and its compliance with the minimum CRAR, as may be prescribed by the RBI. Where the statement regarding any of the items referred relating to the above, is unfavorable or qualified, or in the opinion of the auditor the company has not complied with the regulations issued by RBI, it shall be the obligation of the auditor to make a report containing the details of such unfavourable or qualified statements and/or about the non-compliance, as the case may be, in respect of the company to the concerned Regional Office of the Department of Non-Banking Supervision of the Bank under whose jurisdiction the registered office of the company is located.

## ***Asset Liability Management***

The RBI has prescribed the Guidelines for Asset Liability Management (“**ALM**”) System in relation to NBFCs (“**ALM Guidelines**”) that are applicable to all NBFCs through a Master Circular on Miscellaneous Instructions to All Non-Banking Financial Companies dated July 1, 2015. As per this Master Circular, the NBFCs (engaged in and classified as equipment leasing, hire purchase finance, loan, investment and residuary non-banking companies) meeting certain criteria, including, an asset base of ₹ 1,000 million, irrespective of whether they are accepting / holding public deposits or not, or holding public deposits of ₹ 200 million or more (irrespective of the asset size) as per their audited balance sheet as of March 31, 2011, are required to put in place an ALM system. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30/31 days' time-bucket should not exceed the prudential limit of 15% of cash outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

## ***Anti-Money Laundering***

The RBI has issued a Master Circular dated July 1, 2015 to ensure that a proper policy frame work for the Prevention of Money Laundering Act, 2002 (“**PMLA**”) is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from, or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than ₹ 1 million; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹ 1 million where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹ 1 million.

Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

RBI Notification dated December 3, 2015 titled “Anti-Money Laundering (AML)/ Combating of Financing of Terrorism (CFT) – Standards” states that all regulated entities (including NBFCs) are to comply with the updated FATF Public Statement and document ‘Improving Global AML/CFT Compliance: on-going process’ as on October 23, 2015.

## ***Lending against security of Gold Jewellery***

The RBI pursuant to the RBI Master Directions has prescribed that all NBFCs shall maintain a loan to value ratio not exceeding 75% for loans granted against the collateral of gold jewellery. The RBI Master Directions has issued guidelines with regard to the following:

- (i) Appropriate infrastructure for storage of gold ornaments: A minimum level of physical infrastructure and facilities is available in each of the branches engaged in financing against gold jewellery including a safe deposit vault and appropriate security measures for operating the vault to ensure safety of the gold and borrower convenience. Existing NBFCs should review the arrangements in place at their branches and ensure that necessary infrastructure is put in place at the earliest. No new branches should be opened without suitable storage arrangements having been made thereat. No business of grant of loans against the security of gold can be transacted at places where there are no proper facilities for storage/security.

- (ii) Prior approval of RBI for opening branches in excess of 1,000: It is henceforth mandatory for NBFC to obtain prior approval of the Reserve Bank to open branches exceeding 1,000. However NBFCs which already have more than 1,000 branches may approach the Bank for prior approval for any further branch expansion. Besides, no new branches will be allowed to be opened without the facilities for storage of gold jewellery and minimum security facilities for the pledged gold jewellery.
- (iii) Standardization of value of gold in arriving at the loan to value ratio: For arriving at the value of gold jewellery accepted as collateral, it will have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by BBA or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission.
- (iv) Verification of the Ownership of Gold: NBFCs should have Board approved policies in place to satisfy ownership of the gold jewellery and adequate steps be taken to ensure that the KYC guidelines stipulated by the Reserve Bank are followed and due diligence of the customer undertaken. Where the gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams, NBFCs must keep record of the verification of the ownership of the jewellery. The method of establishing ownership should be laid down as a Board approved policy.
- (v) Auction Process and Procedures: The following additional stipulations are made with respect to auctioning of pledged gold jewellery:
  - a. The auction should be conducted in the same town or taluka in which the branch that has extended the loan is located.
  - b. While auctioning the gold the NBFC should declare a reserve price for the pledged ornaments. The reserve price for the pledged ornaments should not be less than 85% of the previous 30 day average closing price of 22 carat gold as declared by The Bombay Bullion Association Limited and value of the jewellery of lower purity in terms of carats should be proportionately reduced.
  - c. It will be mandatory on the part of the NBFCs to provide full details of the value fetched in the auction and the outstanding dues adjusted and any amount over and above the loan outstanding should be payable to the borrower.
  - d. NBFCs must disclose in their annual reports the details of the auctions conducted during the financial year including the number of loan accounts, outstanding amounts, value fetched and whether any of its sister concerns participated in the auction.
- (vi) Other Instructions:
  - a. NBFCs financing against the collateral of gold must insist on a copy of the PAN Card of the borrower for all transaction above ₹ 500,000.
  - b. High value loans of ₹ 20,000 and above must only be disbursed by cheque.
  - c. Documentation across all branches must be standardized.
  - d. NBFCs shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.

### ***Foreign Investment***

Under the consolidated FDI Policy (effective from August 28, 2017) issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India and the provisions of the Foreign Exchange Management Act, 1999 along with the rules, regulations and notifications made by the RBI thereunder, 100% foreign investment through the automatic route, i.e., without requiring prior governmental approval, is permitted for NBFCs in specified NBFC activities, subject to compliance with minimum capitalization norms for fund based NBFCs, certain prescribed pricing guidelines and reporting requirements.

### ***Shops and establishments regulations***

Our Company is governed by the shops and establishments laws as applicable in the various states where it has branches.

These laws regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work, among other things.

### ***Labour laws***

Our Company is required to comply with various labour laws, including the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936, the Payment of Gratuity Act, 1972, Contract Labour (Regulation & Abolition) Act, 1970, Employees State Insurance Act, 1948, Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the Maternity Benefit Act, 1961.

### ***Intellectual property regulations***

#### **Trade Marks Act**

The Trade Marks Act provides for the application, registration and protection of trade marks in India. The Trade Marks Act provides exclusive rights to the use of trade marks such as, brands, labels and headings that have been registered and to provide relief in case of infringement of such marks. Application for the registration of trade marks has to be made to the Controller-General of Patents, Designs and Trade Marks who is the Registrar of Trademarks for the purposes of the Trade Marks Act. The Trade Marks Act provides for penalties for infringement and for falsifying and falsely applying trade marks and using them to cause confusion among the public.

## SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND AS

### Certificate on summary of significant differences between Indian GAAP and Ind AS

To,

**The Board of Directors**  
**Manappuram Finance Limited**  
IV/470A(old) W638A(new)  
Manappuram House  
Valapad, Thrissur  
Kerala - 680567

**A. K. Capital Services Limited**  
30-39, Free Press House  
Free Press Journal Marg  
215, Nariman Point  
Mumbai – 400 021

**Edelweiss Financial Services Limited**  
Edelweiss House  
Off C.S.T. Road, Kalina  
Mumbai – 400 098

(Of the above, A. K. Capital Services Limited and Edelweiss Financial Services Limited are collectively referred to as the “Lead Managers” or “LMs”)

Dear Sir(s),

**Proposed public issue by Manappuram Finance Limited (the “Company”) of secured, redeemable, non-convertible debentures of face value of ₹. 1,000 each (“NCDs”) aggregating up to ₹. 10,000 million through one or more tranches (the “Issue”)**

We, **Manikandan & Associates**, Independent Chartered Accountants have been requested by the Company to confirm the significant qualitative differences between the Generally Accepted Accounting Principles in India (“**Indian GAAP**”) and the Indian Accounting Standards (“**Ind AS**”). For the purpose of this certificate “Indian GAAP” means the accounting standards prescribed *vide* the Companies (Accounting Standards) Rules, 2006 as amended, and “Ind AS” means the accounting standards prescribed *vide* the Companies (Indian Accounting Standards) Rules, 2015 as amended. In this regard, we certify that other than those stated in **Annexure “I”**, there are no significant qualitative differences between Indian GAAP and Ind AS. The **Annexure “I”** is only intended to provide general information to the investors and is neither designed nor intended to be exhaustive list of differences between Indian GAAP and Ind AS.

We conducted our examination in accordance with the “**Guidance Note on Reports or Certificates for Special Purposes**” and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. 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.

This certificate has been issued at the request of the Company for use in connection with the Issue and the contents of this certificate, in full or in part, can be disclosed in the draft shelf prospectus, shelf prospectus and the relevant tranche prospectus (“**Offer Documents**”) and other documents or materials in relation to the Issue and may accordingly be relied upon by the Lead Managers, intermediaries and legal counsels appointed for the Issue and may be furnished as required to the BSE Limited (“**BSE**”) or any other regulatory authorities as required and shared with and relied on as necessary by the advisors and intermediaries duly appointed in this regard. We further consent to the aforementioned details being included for the records to be maintained by the Lead Managers in connection with the Issue and in accordance with applicable laws.

We undertake to promptly update Lead Managers and Legal Advisor, in writing, about any changes or any material developments in respect to the matters covered above upon receipt of knowledge of the same from the Company. In the absence of any such communication from us, the information stated above should be considered as accurate and updated and there is no change in respect of the matters covered above in this certificate.

We authorize you to deliver a copy of this letter to Securities and Exchange Board of India, the Registrar of Companies, Kerala and Lakhsadweep at Ernakulam, BSE Limited or any other government or regulatory authority if requested by such authority or as may be required by law, including the Companies Act, 2013.

We undertake to immediately inform the Lead Managers and legal counsel in case of any changes or any material developments in respect of the matters covered above upon receive of the knowledge of the same from the Company. In absence of any such

communication, it may be assumed that the above information is accurate and updated and there is no change in respect of the matters covered in this certificate.

Yours sincerely,

**For, MANIKANDAN & ASSOCIATES**

**Valappad**  
**Dated 25<sup>th</sup> September, 2018**

**MANIKANDAN.C.K**  
**(PARTNER)**  
**CHARTERED ACCOUNTANTS**  
**MEMBERSHIP No.208654**  
**FIRM.No.008520S**

**CC to:**

**Cyril Amarchand Mangaldas**  
5th Floor, Peninsula Chambers  
Peninsula Corporate Park  
Ganpatrao Kadam Marg  
Lower Parel,  
Mumbai 400 013



## ANNEXURE I

### SUMMARY OF CERTAIN SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND-AS

The Reformatted Summary Financial Statements included in this Shelf Prospectus have been prepared by the Company from the financial statements prepared in accordance with Indian GAAP, which differs from Indian Accounting Standards (“Ind AS”) in certain respects.

The Ministry of Corporate Affairs (“MCA”) in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS converged with IFRS for non-banking financial companies, scheduled 50 commercial banks, insurers, and insurance companies, which was subsequently confirmed by RBI through its circular dated February 11, 2016. The notification further explains that NBFCs having a net worth of ₹ 50,000 lakh or more as of March 31, 2016 shall comply with Ind AS for accounting periods beginning on or after April 1, 2018, with comparatives for the periods ending on March 31, 2018. Therefore, the Issuer would be subject to this notification.

“Summary of Significant Differences among Indian GAAP and Ind AS”, does not present all differences between Indian GAAP AND Ind AS which are relevant to the Issuer.

Consequently, there can be no assurance that those are the only differences in the accounting principles that could have a significant impact on the financial information included in this Shelf Prospectus.

Furthermore, the Issuer has made no attempt to identify or quantify the impact of these differences or any future differences between Indian GAAP and Ind AS which may result from prospective changes in accounting standards. The Issuer has not considered matters of Indian GAAP presentation and disclosures, which also differ from Ind AS. In making any investment decision, investors must rely upon their own examination of the Issuer’s business, the terms of the offerings and the financial information included in this Shelf Prospectus.

**POTENTIAL INVESTORS SHOULD CONSULT WITH THEIR OWN PROFESSIONAL ADVISORS FOR A MORE THOROUGH UNDERSTANDING OF THE DIFFERENCES BETWEEN INDIAN GAAP AND IND AS AND HOW THOSE DIFFERENCES MIGHT AFFECT THE FINANCIAL INFORMATION INCLUDED IN THIS SHELF PROSPECTUS.**

**THE ISSUER CANNOT ASSURE THAT IT HAS COMPLETED A COMPREHENSIVE ANALYSIS OF THE EFFECT OF IND AS ON FUTURE FINANCIAL INFORMATION OR THAT THE APPLICATION OF IND AS WILL NOT RESULT IN A MATERIALLY ADVERSE EFFECT ON THE ISSUER’S FUTURE FINANCIAL INFORMATION.**

TOPIC	Indian GAAP	Ind AS
PRESENTATION OF FINANCIAL STATEMENTS	<p><b><u>Other Comprehensive Income</u></b></p> <p>There is no concept of ‘Other Comprehensive Income’ under Indian GAAP</p>	<p><b><u>Other Comprehensive Income</u></b></p> <p>Under Ind AS 1 there is a concept of Other Comprehensive Income (“OCI”). Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by other Ind AS. Such recognition of income and expenses in OCI is primarily governed by the income recognition norms and classification of financial instruments and assets as “Fair Value through OCI</p>
	<p><b><u>Extraordinary items:</u></b></p> <p>Under Indian GAAP, extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period.</p> <p>Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity.</p>	<p><b><u>Extraordinary items:</u></b></p> <p>Under Ind AS, presentation of any items of income or expense as extraordinary is prohibited</p>

TOPIC	Indian GAAP	Ind AS
	<p><b><u>Change In Accounting Policies</u></b></p> <p>Indian GAAP requires changes in accounting policies to be presented in the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material.</p> <p>If a change in the accounting policy has no material effect on the financial statements for the current period, but is expected to have a material effect in the later periods, the same</p> <p>should be appropriately disclosed</p>	<p><b><u>Change In Accounting Policies</u></b></p> <p>Ind AS requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.</p>
Deferred Taxes	Under Indian GAAP, the Company determines deferred tax to be recognised in the financial statements with reference to the income statement approach i.e. with reference to the timing differences between profit offered for income taxes and profit as per the financial statements.	<p>As per IndAS12 Income Taxes, deferred tax is determined with reference to the balance sheet approach i.e. based on the differences between carrying value of the assets/ liabilities and their respective tax base.</p> <p>Using the balance sheet approach, there could be additional deferred tax charge/income on account of all Ind AS opening balance sheet adjustments.</p>
Property, plant and equipment – reviewing depreciation and residual value	Under Indian GAAP, the Company currently provides depreciation over the useful lives of the assets estimated by the Management.	<p>IndAS 16 mandates reviewing the method of depreciation estimated useful life and estimated residual value of an asset at least once in a year. The effect of any change in the estimated useful and residual value shall be taken prospectively.</p> <p>Ind AS 101 allows current carrying value under Indian GAAP for items of property, plant and equipment to be carried forward as the cost under Ind AS.</p>
Accounting for Employee benefits	Currently, under Indian GAAP the Company recognises all short term and long term employee benefits in the profit and loss account as the services are received. For long term employee benefit, the Company uses actuarial valuation to determine the liability.	<p>Under Ind AS 19, the change in liability is split into changes arising out of service, interest cost and re-measurements and the change in asset is split between interest income and remeasurements.</p> <p>Changes due to service cost and net interest cost/ income need to be recognised in the income statement and the changes arising out of re-measurements comprising of actuarial gains and losses representing changes in the present value of the defined benefit obligation resulting from experience adjustment and effects of changes in actuarial assumptions are to be recognised directly in OCI and not reclassified to profit and loss in the subsequent period.</p>
Separate Financial Statements	Accounting for investments in subsidiaries is governed by Accounting Standard 13 depending on the classification of the investment as current or long term	Accounting for investments in subsidiaries is governed by Ind AS 27 which gives an option to account the same at cost or in accordance with Ind AS 109
Provisions, contingent liabilities and contingent assets	Under Indian GAAP, provisions are recognised only under a legal obligation. Also, discounting of provisions to present value is not permitted	Under Ind AS, provisions are recognised for legal as well as constructive obligations. Ind AS requires discounting the provisions to present value, if the effect of time value of money is material.

TOPIC	Indian GAAP	Ind AS
Share based payments	Under Indian GAAP, company has an option to account for share based payments on the basis of intrinsic value or fair value. The company followed the intrinsic value method and gave a proforma disclosure for the fair valuation. The intrinsic value for the company was nil.	Under Ind AS, the share based payments have to be mandatorily accounted basis the fair value and the same has to be recorded in the Statement of Profit and Loss over the vesting period. The fair valuation of the unvested options as on the transition date have to be adjusted against retained earnings.
Presentation and classification of Financial Instruments and subsequent measurement	<p>Currently, under Indian GAAP, the financial assets and financial liabilities are recognised at the transaction value. The Company classifies all its financial assets and liabilities as short term or long term. Long term investments are carried at cost less any diminution other than temporary in the value of such investments determined on a specific identification basis. Current investments are carried at lower of cost and fair value.</p> <p>Financial liabilities are carried at their transaction values. Disclosures under Indian GAAP are limited.</p> <p>Currently under Indian GAAP, loan processing fees and/or fees of similar nature are recognised upfront in the Statement of Profit and Loss.</p>	<p>Ind AS 109 requires all financial assets and financial liabilities to be recognised on initial recognition at fair value. Financial assets have to be either classified as measured at amortised cost or measured at fair value. Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss, (FVTPL), or recognised in other comprehensive income (FVOCI). Financial assets include equity and debts investments, interest free deposits, loans, trade receivables etc. Assets classified at amortised cost and FVOCI and the related revenue (including processing fees and fees of similar nature) net of related costs have to be measured using the Effective Interest Rate (EIR) method.</p>
		<p>Loan processing fees and/or fees of similar nature would be measured and recognised using the Effective Interest Rate (EIR) method over the period of loan.</p> <p>There are two measurement categories for financial liabilities – FVTPL and amortised cost.</p> <p>Fair value adjustment on transition shall be adjusted against opening retained earnings on the date of transition.</p> <p>Disclosures under Ind AS are extensive.</p>
Financial Instruments Impairment	Under Indian GAAP, the Company assesses the provision for doubtful debts at each reporting period, which in practice, is based on relevant information like past experience, financial position of the debtor, cash flows of the debtor, guidelines issued by the regulator etc.	The impairment model in Ind AS is based on expected credit losses and it applies equally to debt instruments measured at amortised cost or FVOCI, financing receivables, lease receivables, trade receivables and certain written loan commitments and financial guarantee contracts.
Financial Instruments Disclosure	<p>Currently there are no detailed disclosure requirements for financial instruments. However, the ICAI has issued an Announcement in December 2005 requiring the following disclosures to be made in respect of derivative instruments in the financial statements:</p> <ul style="list-style-type: none"> <li>• Category-wise quantitative data about derivative instruments that are outstanding at the balance sheet date;</li> <li>• The purpose, viz. ,hedging or speculation, for which such derivative instruments have been aquired;and</li> </ul> <p>The foreign currency exposures that are not hedged by a derivative instrument or otherwise.</p>	<p>Requires disclosure of information about the nature and extent of risks arising from financial instruments:</p> <ul style="list-style-type: none"> <li>• qualitative disclosures about exposures to each type of risk and how those risks are managed; and</li> <li>• quantitative disclosures about exposures to each type of risk, separately for credit risk, liquidity risk and market risk(including sensitivity analysis).</li> </ul>

TOPIC	Indian GAAP	Ind AS
Segment Reporting	Under Indian GAAP there is a requirement to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.	Operating segments are identified based on the financial information that is regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance.
Consolidated Financial Statements	<p>Under Indian GAAP the consolidation is driven by the reporting entity's control over its investees namely subsidiaries, associates and joint ventures.</p> <p>Control is:</p> <p>(a) the ownership, directly or indirectly through subsidiary(ies), of more than one-half of the voting power of an entity;</p> <p>or</p> <p>(b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other entity so as to obtain economic benefits from its activities.</p>	<p>Control is based on whether an investor has:</p> <p>(a) power over the investee;</p> <p>(b) exposure, or rights, to variable return from its involvement with the investee; and</p> <p>(c) the ability to use its power over the investee to affect the amounts of the returns.</p>
	<p>Therefore, a mere ownership of more than 50% of equity shares is sufficient to constitute control under Indian GAAP, whereas this is not necessarily so under Ind AS.</p>	
Consolidation-Exclusion of subsidiaries, associates and joint ventures	Excluded from consolidation accounting or proportionate consolidation if the subsidiary/investments/interest was acquired with intent to dispose of in the near future (which, ordinarily means not more than 12 months, unless a longer period can be justified based on facts and circumstances of the case) or if it operates under severe long-term restrictions which significantly impair its ability to transfer funds to the parent/investor/venture.	Consolidated financial statements include all subsidiaries and equity accounted associates and joint ventures. No exemption for 'temporary control', "different lines of business" or "subsidiary/associate/joint venture that operates under severe long-term funds transfer restrictions"
Consolidation – Joint Ventures	Under Indian GAAP, Proportionate consolidation method is applied when the entity prepares consolidated financial statements.	The equity method, as described in Ind AS 28 is applied when the entity prepares consolidated financial statements.

## SUMMARY OF KEY PROVISIONS OF ARTICLES OF ASSOCIATION

*The main provisions of the Articles of Association (“AOA”) relating to issue of securities and matters incidental hereto have been set out below. Please note that each provision herein below is numbered as per the corresponding AOA. All defined terms used in this section have the meaning given to them in the AOA. Any reference to the term “Article” hereunder means the corresponding article contended in the AOA.*

### PART I

#### Preliminary

1. The Regulations contained in Table “F” of the First Schedule to the Companies Act, 2013 or any statutory modifications thereof, shall apply to this Company as far as applicable to a Public Company except to the extent the said regulations have been expressly altered, varied and omitted in these Articles. These articles and wherever required the said regulations contained in Table “F” shall be the regulations for the management of the Company.

#### Definitions

2. I. In these presents, unless excluded by the subject or context, words or expressions defined hereunder shall bear the meaning assigned to them as given below and words or expressions not defined hereunder but which have been defined in the Companies Act, 2013 or any statutory modifications thereof shall bear the meaning assigned to such words or expressions in the said Act or any statutory modifications thereof.
  - (i) “Act” or “The Act” means the Companies Act, 2013 and the Rules, Regulations, Notifications made there under.
  - (ii) “Beneficial Owner” shall mean beneficial owner as defined in clause (a) of Sub-section (1) of Section 2 of the Depositories Act, 1996.
  - (iii) “Board” or “Board of Directors” means, as the case may be, the collective body of Directors of the Company or the directors, assembled at a board meeting or the requisite number of Directors entitled to pass a circular Resolution in accordance with these articles.
  - (iv) “The Company” means ‘MANAPPURAM FINANCE LIMITED’.
  - (v) “Debt Securities” means debt securities as defined under regulation 2(1)(e) of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
  - (vi) “Depository” shall mean a Depository as defined in clause (e) of sub section (1) of section 2 of the Depositories Act, 1996.
  - (vii) “Director” means a director appointed to the Board of the Company.
  - (viii) “Dividend” includes interim dividend
  - (ix) “Member” in relation to the Company means-
    - (a) The subscriber to the memorandum of the Company, who shall be deemed to have agreed to become the member of the Company, and on its registration, be entered in the register of members.
    - (b) Every other person who agrees in writing to become a member of the Company and whose name is entered in the register of members of the Company.
    - (c) Every person holding shares of the Company and whose name is entered as a beneficial owner in the records of a depository.
  - (x) “The Office” means the Registered Office for the time being of the Company.
  - (xi) “Person” shall include any association, firm, body corporate or company as well as individuals as the context permits.
  - (xii) “Register” means the Register of Members of the Company required to be maintained under Section 88 of the Act.
  - (xiii) “SEBI” means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992.
  - (xiv) “Security” or “Securities” means such securities as defined under Section 2(h) of the Securities Contracts (Regulation) Act, 1956.

(xv) "Share" means a share in the capital of the Company including a preference share.

- II. Unless the context otherwise requires, words or expressions contained in these articles, shall bear the same meaning as the Companies Act, or any statutory modifications thereof.

### **Share Capital**

3. The authorized share capital of the Company shall be such amount and of such description as is stated for the time being in Clause V of the Memorandum of Association with power to divide the capital into several classes and to attach thereto, respectively, such preferential, deferred, qualified, differential or special rights, privileges or conditions with voting rights or with differential rights as to dividend, voting or otherwise as permissible under law and as may be determined by the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 2013 and / or the Regulations made by SEBI from time to time and as the Company deems fit and necessary.
4. The **Company** shall have the power to increase, consolidate, sub-divide or reduce the capital for the time being of the Company and to divide the shares in the capital into several classes with rights, privileges or conditions as may be determined.
5. The Company shall have power to issue preference shares carrying a right to redemption out of profit or out of the proceeds of fresh issue of shares or by any other means as it may deem fit.

### **Shares at the Disposal of the Directors**

6. Subject to the provisions of Sections 42, 43, 48, 54, 55, 62, 63, 71 and other provisions of the Act and these Articles, the shares in the capital of the Company for time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call off shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

### **Further issue of shares**

7. I. Where at any time it is proposed to increase the subscribed capital of the Company by way of "Rights Issue", by allotment of further shares whether out of the unissued capital or out of the increased share capital then;
  - (i) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
  - (ii) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than fifteen days and not more than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
  - (iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain statement of this right, PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
  - (iv) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declined to accept the shares offered, the Board of Directors may dispose-off them in such manner and to such person(s) as they may think, in their sole discretion, fit.
- II. Nothing in sub-clause (c) of (1) hereof shall be deemed;
  - (i) To extend the time within which the offer should be deemed;
  - (ii) To authorise any person to exercise the right to renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- III. Nothing in this article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:
  - (i) To convert such debentures or loans into shares in the Company; or

- (ii) To subscribe for shares in the Company (whether such option is conferred in the Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (i) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any made by that Government in this behalf, and
- (ii) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

IV. Issue of shares to employees:

The Board may from time to time issue and allot shares as Sweat Equity Shares or under Employee Stock Option Scheme/Employee Stock Performance Plan subject to such limits and upon such terms and conditions and subject to such approvals, consents as are required under the applicable provisions of the Act and other rules, guidelines and regulations in this behalf and any amendment and modifications thereto as may be in force. The board of directors of the company is authorized absolutely at their sole discretion to determine the terms and conditions of issue of such shares and modify the same from time to time

**Commission and Brokerage**

- 8. (i) The Company may pay commissions, provided that the rate percent, or the amount of the commission paid or agreed to be paid shall be as decided by the Board.
- (ii) The rate of the commission shall not exceed the rate of five percent of the price at which the shares in respect where of the same is paid are issued or an amount equal to five percent of such price, as the case may be, and in case of debentures two and half percent of the price at which debentures are issued.
- (iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or debentures or partly in one way and partly in the other.
- (iv) The Company may also pay such brokerage as may be lawful on any issue of Securities.

**Buy Back of Shares**

- 9. The Company shall have power subject to approval of the Board or by the Company, as the case may be, to buy back shares from the members of the company in accordance with Section 68 of the Act.

**Trusts not recognized**

- 10. "Save as herein otherwise provided, the company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share and whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognize any benami trust or equity or equitable, contingent or other claim to or interest in such shares on the part of any other person whether or not it shall have expressed or implied notice thereof".

**Modification of rights**

- 11. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 48 and whether or not the company is being wound up with the consent in writing of the holders of three fourths of the issued shares or that class, or with the sanction of a special resolution passed at the separate meeting of the holders of the shares of that class.
  - (ii) To every such separate meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one third of the issued shares of the class in question.
- 12. The rights conferred upon the holder of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari-passu therewith.

## Share Certificates

13. (i) “Every member shall be entitled, without payment, to one or more Certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be, provided the shares are not held in an electronic and fungible form under the provisions of the Depositories Act, 1996”.
- (ii) “Every certificate of shares shall be signed by two Directors and the Secretary or some other persons authorised by the Board and shall specify the numbers and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the Directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder”.
- (iii) “Notwithstanding anything obtained in the Articles of Association, the company shall be entitled to dematerialize its shares, debentures and other securities pursuant to the Depositories Act, 1996, and to offer its shares, debentures and other Securities for subscription in a dematerialized form. The company shall further be entitled to maintain a Register of Members with the details of Members holding shares both in material and dematerialized form in any media as permitted by law including any form of electronic media”.
- (iv) “The Company shall be entitled to dematerialize its existing shares, debentures and other securities, rematerialize its shares, debentures and other securities held in the Depositories and or offer its fresh shares, debentures and other securities in a dematerialized form pursuant to the Depositors Act, 1996, and the Securities and Exchange Board of India (Depositories and Participants) Regulations 1996”.
- (v) “Every person subscribing to securities offered by the company shall have the option to receive Securities Certificates or to hold the Securities with a depository. Such a person who is the beneficial owner of the Securities with a depository, if permitted by the law in respect of any Security in the manner provided by the Depositories Act, and the company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities”.
- “If a person opts to hold the security with a depository, the company shall intimate such depository the details of allotment of security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security”.
- (vi) All securities held by a depository shall be dematerialized and be in fungible form.
- (vii) Notwithstanding anything to the contrary contained in the Act or the Articles, a depository shall be deemed to be registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- Save as otherwise provided above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the Securities held by it.
- The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by depository.
- (viii) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository in the company by means of electronic mode or by delivery of floppies or discs.

14. Issue of new certificate in place of one defaced, lost or destroyed.

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such identity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Article shall be issued without payment of fees if the Directors so decide. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, decrepit or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules, or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts



(Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis apply to debentures of the Company.

#### **Call on Shares**

15. (i) The Board may from time to time, make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed time.
- Provided that no call shall exceed one fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last proceeding call.
- (ii) Each member shall subject to receiving at least THIRTY days' notice specifying the time or times and place of payment, pay to the Company at the time or times and place so specified the amount called on his shares.
- (iii) A call may be revoked or postponed at the discretion of the Board.
16. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by installments.
17. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
18. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof the person from whom the sum is due, shall pay interest thereon from the day appointed for the payment thereof to the time of actual payment at five percent or at such lower rate, if any, as the Board may determine.
- (ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.
19. (i) any sum which by the terms of issue of a share becomes payable on allotment or in part at any fixed date whether on account of the nominal value of the share or by way of premium, shall, for the purpose of these Articles be deemed to be a call duly made and payable on the date on which, by the terms of issue, such sum becomes payable.
- (ii) In case of non-payment of such sums all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply, as if such sum had become payable by virtue of a call duly made and notified.

#### **Payment in Anticipation of call may carry interest**

20. The Board may, if they deem fit, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so such thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Board may at any time decide to repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

#### **Forfeiture**

21. If a member fails to pay the whole or any part of any call or installment or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same the Directors may at any time thereafter during such time as the call or installment or other money remains unpaid serve a notice on such member or on the persons (if any) entitled to the share by transmission, requiring him to pay the same together with any interest that may have been accrued by reason of such nonpayment.
22. The notice aforesaid shall-
- (i) name a further day (not being earlier than the expiry of 14 days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
- (ii) state that in the event of non-payment on or before the day so named, the share in respect of which the call was made will be liable to be forfeited.

23. If the requirements of any such notice as aforesaid are not complied with, any shares in respect of which such notice has been given may at any time thereafter, before payments of call or installment, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect and the forfeiture shall be recorded in the Directors Minute Book. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
24. When any share shall have been so forfeited notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture with date thereof shall forth be made in the Register of the members.
25. Any shares so forfeited shall be deemed to be the property of the Company and the Directors may sell reallot or otherwise dispose of the same in such manner as they think fit, Board, may, at any time before any shares so forfeited shall have been sold re allotted or otherwise disposed of annual the forfeiture thereof upon such conditions as it thinks fit.
26. Any member whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares, but shall notwithstanding the forfeiture remain liable to pay to the Company all calls, installments, interests, and expenses owing upon or in respect of such shares at the date of the forfeiture, together with interest thereon from time of forfeiture, until payment at the rate of ten percent per annum and the Directors may enforce the payment thereof, if they think fit.
27. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share, and all other rights incidental to the share, except only such of those rights as by the Articles are expressly saved.
28. (i) A duly verified declaration in writing that the declarant is a Director of the Company and that a share in the company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.
- (ii) The Company may receive the consideration, if any, given for the share on any sale, or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.
- (iii) The transferee shall thereupon be registered as the holder of the share.
- (iv) The transferee shall not be bound to see to the application of the purchase money, if any or shall his title to the share be effected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale and disposal of the share.

#### **Company's Lien on Share / Debentures**

29. The Company shall have a first paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect, and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.
30. No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him, have not been paid or in regard to which the Company has exercised any right of lien.
31. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:  
Provided that no sale shall be made
  - (i) Unless a sum in respect of which the lien exists is presently payable' or
  - (ii) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
32. The net proceeds of any such sale be applied in or towards satisfaction of the debts, liabilities, or engagements of such member, his executors, administrators or representatives and the residue, if any, shall subject to a like lien for sums not presently payable as existed upon the shares before the sale be paid to the persons entitled to the shares at the date of sale.
33. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers given, the Directors may cause the purchaser's name to be entered, in the register of members in respect of the shares sold, and the purchaser

shall not be bound to see the regularity of the proceedings, or to the applications of the purchase money, and after his name had been entered in the register in respect of such shares the validity of the sale shall not be impeached by any person, and the remedy of any persons aggrieved by the sale shall be in damages only.

### **Transfer**

34. Save as provided in Section 56 of the Act no transfer of shares or debentures of the Company shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with certificate or if no such certificate is in existence, the Letter of Allotment of the shares. The instrument of transfer of the shares in or debentures of the Company, shall be in such form as prescribed under the Act. The transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the Register of members. Each signature to such transfer shall be duly attested by the signature of one witness who shall add his address.
35. Application for the registration of the transfer of a share may be made either by the transferor or the transferee where such application is made by the transferor and relates to a partly paid share, no registration shall be effected unless the Company gives notice of the application to the transferee, in the manner prescribed by Section 56 of the Act. Subject to the provision of Articles thereof, if the transferee makes no objection within two weeks from that date of receipt of the notice, the Company shall enter in the register of members the name of the transferee in the same manner and subject to the same conditions as if the application for registration as made by the transferee.
36. Before registering any transfer for registration the Company may, if it thinks fit, give notice by letter posted in the ordinary course to the registered holder, that such transfer deed has been lodged and that unless objection is made the transfer will be registered and if such registered holder fails to lodge an objection in writing at the office of the Company within ten days from the posting of such notice to him he shall be deemed to have admitted the validity of the said transfer. Where no notice is received by the registered holder the Company shall be deemed to have decided not given notice and in any event the non-receipt by the registered holder of any notice shall not entitle him to make any claim of any kind against the Company or the Board in respect of such non-receipt.
37. Neither the Company nor its Board shall incur any liability for registering or effecting a transfer of shares apparently made by competent parties, although the same may, by reason of any fraud or other abuse not known to the Company or its Board, be legally inoperative or insufficient to pass the property in the shares or debentures proposed to be transferred, and although the transfer may as between transferor and transferee, be liable to be set aside and notwithstanding that the Company may have notice that such instruments of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. In every such cases the person registered as transferee, his executors, administrators or assigns alone shall be entitled to be recognised as the holder of such share or debentures and the previous holder of such share or debentures shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.
38. No transfer shall be made to a minor or person of unsound mind.
  - (i) The instrument of transfer shall be in the form as prescribed under Companies Act and/or by the rules made there under.
39. Every instrument of transfer shall be left at the office for registration, accompanied by the certificate of the shares or if no such certificate is in existence, by the Letter of Allotment of the shares to be transferred and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the shares, and upon payment of the proper fee to the Company, the transferee shall (subject to the right of the Board to decline to register as hereinafter mentioned) be registered as a member in respect of such shares. The Board may waive the production of any certificate upon evidence satisfactory to it of its loss or destruction.
  - (i) No fee shall be charged for the registration of any transfer probate and/or letters of administration. Certificate of death and/or marriage, power of attorney and/or other similar instruments.
  - (ii) The Board of Directors shall effect transfer, transmission, split or sub-division or consolidation within one month from the date of lodgment of documents.
40. All instruments of transfer which shall be registered, shall be retained by the Company, but any instruments of transfer which the Board may decline to register shall be returned to the person depositing the same.
41. Directors may refuse to Register Transfer:

Subject to the provisions of Section 58 of the Act, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instruments of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal to register such transfer provided that

registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

The registration of transfers may be suspended after giving due notice at such times and for such periods as the Board may from time to time determine.

Provided that such registration shall not be suspended for more than forty-five days in any year, and not exceeding thirty days at any one time.

42. (i) Shares in the Company shall be transferred in the form for the time being prescribed under the rules framed under the Act.
- (ii) Notwithstanding anything contained in the Articles of Association, in the case of transfer of shares or other marketable securities, where the company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996, shall apply.

#### **Transmission**

43. The executors or administrators or the holder of a succession certificate in respect of shares of a deceased member (not being one of several joint holders) shall be the only person whom the Company shall recognise as having any title to the shares registered in the name of such member and, in case of the death of any one or more of the joint holder of any registered shares, the survivors shall be the only persons recognised by the Company as having any title interest in such shares, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person. Before recognising any executor or administrator or legal heir the Board may require him to obtain a grant of probate or letter of administration or succession certificate or other legal representation as the case may be, from a competent court.

Provided nevertheless that in any case where the Board in its absolute discretion thinks fit it may dispense with production of probate or letter of administration or a succession certificate or such other legal representation upon such terms as to indemnify the company or otherwise as the Board may consider desirable.

Provided also that the holder of a succession certificate shall not be entitled to receive any dividends already declared but not paid to the deceased member unless the succession certificate declares that the holder thereof is entitled to receive such dividends.

44. Any person becoming entitled to a share in consequence of the death, lunacy or insolvency of a member may, upon producing such evidence of his title as the Board thinks sufficient, be registered as a member in respect of such shares, or may subject to the regulations as to transfer herein before contained, transfer such shares.
45. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.
46. Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may there after withhold payment of all dividends, bonuses or other money payable in respect of the share, until the requirements of the notice have been complied with.
  - (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
  - (ii) If the person aforesaid shall elect to transfer the shares to some other person he shall execute an instrument of transfer in accordance with the provisions of these Article relating to the transfer of shares.
  - (iii) All the limitations, restrictions and provisions of these Articles relating to the right of transfer and the registration of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy or insolvency of the member had not occurred and the notice of transfer where a transfer signed by that member.
47. The Articles providing for transfer and transmission of shares, shall mutatis mutandis apply to the transfer and transmissions of Debentures of the Company.

## **Alteration of Capital**

48. The Company in General Meeting may
- (i) Increase its authorised share capital by such amount as it thinks expedient by creating new shares.
  - (ii) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
  - (iii) Sub-divide its existing shares, or any of them into shares of smaller amount than is fixed by the Memorandum of Association subject to the provisions of clause (d) of subsection (i) of Section 94 of the Act.
  - (iv) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
  - (v) Reduce its capital in any manner authorised by Section 66 of the Act.

The powers conferred by this Article may be exercised by an ordinary resolution, except in the case of reduction of capital when the exercise of the power in that behalf shall be by a special resolution. The Company shall give due notice to the Register of any such alteration in capital.

## **Nomination**

49. 1. (i) Any person whose name is entered in the relevant register as a member of the Company or as a debenture holder may, if he so desires, nominate another person to whom the shares or debentures held by him shall vest on his death.
- (ii) Such nomination may be revoked at any time and the member may make fresh nomination if he so desires.
  - (iii) The nomination must be made in accordance with the provisions of the Act.
  - (iv) If the shares or debentures are held in joint names, all the joint holders, shall jointly, nominate a person to whom the shares or debentures shall vest on the death of all the joint holders. Otherwise the nomination shall be liable to be rejected.
  - (v) Any person who becomes entitled to shares or debentures due to any nomination in his favour may, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either
    - (a) to be registered himself as holder of the share or debenture, as the case may be; or
    - (b) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder could have made.

## **General Meetings**

50. All general meetings other than annual general meeting shall be called extra ordinary general meetings.
51. (i) The Board may, whenever it thinks fit, call an extra-ordinary general meeting.
- (ii) If at any time there are not within India directors capable of acting who are sufficient in number to form a quorum, any director of the Company may call an extra-ordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

## **Proceeding at General Meetings**

52. (i) No business shall be transacted at any general meeting unless a quorum of member is present at the time when the meeting proceeds to business.
- (iii) Save as herein otherwise provided, such number of persons as stipulated under Section 103 of the Act present in person shall be a quorum.
53. The Chairman, if any, of the Board shall preside as Chairman at every general meeting of the Company.
54. If there is no such Chairman, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as Chairman of the meeting, the directors present shall elect one of their member to be Chairman of the meeting.
55. If at any meeting no director is willing to act as Chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their member to be Chairman of the meeting.

56. (i) The Chairman may, with the consent of any meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (iii) When a meeting is adjourned for thirty days more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (iv) Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
57. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place, or at which the poll is demanded shall be entitled a second or casting vote.
58. Any business other than that upon which a poll has been demanded may be proceed with, pending taking of the poll.

#### **Votes of members**

59. Subject to any rights of restriction for the time being attached to any class or classes of shares.
- (i) on a show of hands, every member present in person shall have one vote; and
- (ii) on a poll, the voting rights of members shall be as laid down in Section 47.
60. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority, shall be determined by the order in which the names stand in the register of members.
61. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may on a poll vote by proxy.
62. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
63. (i) No objection shall be raised to the qualification of any vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
- (ii) Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.
64. The instruments appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as a valid.
65. An instrument appointing a proxy shall be in a form as prescribed under the Act.
66. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the transfer of the shares in respect of which the proxy is given.
- Provided that no intimation in writing of such death, insanity revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.
- (i) Notwithstanding anything contained in the Articles of Association of the company, the company do adopt the mode of passing a resolution by the Members of the company by means of a postal ballot and/or other ways as may be prescribed by the Central Government in this behalf in respect of prescribed matters instead of transacting such business in a general meeting of the company.

#### **Directors**

67. The directors of the company for the time being shall be those persons who are appointed on the Board and whose names are entered and shown as those occupying the office of director for the time being, in the Register of Directors maintained by the company.

68. Unless otherwise determined by the Company in General Meeting number of directors shall not be less than three and shall not be more than fifteen.
69. The Company may, from time to time by special resolution increase or reduce the number of Directors.
70. (i) Remuneration of the Directors for attending the meeting of the Board of Directors or a Committee there of shall be fixed by the Board from time to time within the overall ceiling presented under the Act.
- (ii) Any Director performing extra services or making any special exertion for any of the purpose of the Company or who is a managing or whole time Director, may be paid such fixed sum of remuneration either by way of monthly payment or at a specified percentage of profit or in any other manner as the Company may determine, subject to the provisions of the Act.
- (iii) The remuneration of the Directors shall be in so far as it consists of a monthly payment, be deemed to occur from day to day.
- (iv) The Directors may allow and pay to any Director who, for the time being is resident out of the place at which any meeting or committee meeting of the Directors may be held and who shall come to that place for the purpose of attending such meeting such sum as the Directors may consider fair and reasonable for his expenses, in connection with his attending at the meetings in addition to his remuneration as specified herein before. The Directors may also be paid or reimbursed all travelling, hotel and other expenses properly incurred by them in connection with the business of the Company.
71. All cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instruments, and for all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be by the Managing Director or by such person and in such manner as the Company in General Meeting or the Board shall from time to time by resolution determine.
72. Every Director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purposes.
73. (i) The Board shall have power at any time, and from time to time to appoint a person as an additional director provided the number of the director and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles.
- (ii) Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appoint ent by the Company as a director at the meeting subject to the provisions of the Act.
74. (i) The Board of Directors shall also have power to fill a casual vacancy in the Board. Any Director so appointed shall hold office only so long as the vacating Director would have held the same if no vacancy has occurred.
- (ii) The Board may appoint any person to act as an alternate Director for a Director during the later's absence for a period of not less than three months from the country in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee whilst he holds office as an alternate Director, shall be entitled to notice of meeting and to attend and vote there at accordingly, but he shall "ipso facto" vacate office, if and when the absent Director vacates office as a Director.
75. In the event of the Company borrowing any money from any Financial Corporation or Institution or Government or Government Body or any collaborator, Bank, person or persons or any other loan giving agency or source while any money remains due to them or any of them, the said Corporation, Institution or the Government body or the financier or collaborator or Bank or anybody as the case may be, shall have and may exercise the rights and powers to appoint from time to time any person or persons to be a director or directors of the Company, that such directors shall not be liable to retire by rotation subject to the limits prescribed under the Companies Act, nor be required to holding qualification shares. Any person so appointed may at any time be removed from office by the appointing authority who may, from the time of such removal or in case of death or resignation of the person appoint any other or others in his place. Any such appointment or removal shall be in writing signed by the appointed and served on the Company.
76. The Company may, by ordinary resolution of which special notice has been given in accordance with Section 115 of the Act remove any Director including the Managing Director, if any, before the expiration of his period of office notwithstanding anything in these regulations or in an agreement between the Company and such Director. Such removal shall be without prejudice to any contract of service between him and the Company.

#### **Fees, Expenses and Remuneration of Directors**

77. The Directors shall be paid a sitting fee as may be determined by the Board from time to time for every meeting of the Board or of any committee of the Board attended by them and all travelling, hotel and other expenses properly incurred by them in attending and returning from such meetings of the Board or of any committee of the Board.

78. Subject to the provisions of the Act, the Remuneration Policy for the Directors shall be formulated by the Company and on the advice of the professionals engaged by the Company. Any change in the remuneration policy shall be decided by the Company.

#### **Contracts with Directors**

79. No Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor any such contract, or arrangement entered in to by or on behalf of the Company in which any Director shall, in any way be interested, be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the nature of his interest must be disclosed by him as required by the Act.
- (i) Every director of the Company who is in any way whether directly or indirectly concerned or interested in a contract or proposed contract or agreement, entered into or to be entered into by or on behalf of the company shall disclose the nature of his concern or interest at a meeting of the Board of Directors.
  - (ii) In case of a proposed contract or agreement, the disclosure required to be made by a Director under sub-clause (a) shall be made at the meeting of the board at which the question of entering into the contract or arrangement is first taken up for consideration, or if the Director was not, at the date of that meeting concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he becomes so concerned or interested.
  - (iii) In the case of any other contract or arrangement the required disclosure shall be made at the first meeting of the Board held after the Director became concerned or interested in the contract or arrangement.
  - (iv) For the purpose of such disclosure as aforesaid, a general notice given to the Board of Directors to the effect that he is a Director or member of a specified body corporate or Director of a specified Company or partner and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of such general notice, be entered into with that body corporate or firm or Company shall be deemed to be a sufficient disclosure of such concern or interest in relation to any contract or arrangement so made.

#### **Proceedings of Board**

80. At each Annual General Meeting of the Company, one third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three then the number nearest to one-third shall retire from office.
81. The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day those to retire shall in default of and subject to any agreement among themselves, be determined by lot.
82. Save as permitted by Section 162 of the Act, every resolution of a general meeting for the appointment of a Director shall relate to one named individual only.
83. The Company at the Annual General Meeting at which a Director retires by rotation in a manner aforesaid may fill up the vacated office by appointing the retiring Director or some other person thereto.

If the place of the retiring Director is not filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week at the same time and place, or if that day is a public holiday, till the next succeeding day which is not public holiday, at the same time and place. If, at the adjourned meeting also the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting unless:

- (i) at the meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the vote and lost; or
  - (ii) the retiring Director has by notice in writing addressed to the Company or the Board expressed his unwillingness to be reappointed; or
  - (iii) he is not qualified or is disqualified for appointment or re-appointment by virtue of any provisions of the Act; or
  - (iv) Section 162 of the Act is applicable to the case.
84. (i) The Board may elect a Chairman of its meeting and determine the period for which he is to hold office.



- (ii) If no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their member to the Chairman of the meeting.
85. (i) The Board may, subject to the provisions of the act delegate any of its powers to a committee consisting of such member or members of its body as it thinks fit.
- (ii) Any Committee so formed shall, in the exercise of power so delegated, conform to any regulations that may be imposed on it by the Board.
86. (i) A Committee may elect a Chairman of its meetings.
- (ii) If no such Chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their member to be Chairman of the meeting.
87. (i) A committee may meet and adjourn as it thinks proper.
- (ii) Questions arising at any meeting of a committee shall be determined by majority of votes of the members present, and in case of an equality of votes, the Chairman shall have a second or casting vote.
88. All acts done by any meeting of the Board or of a committee thereof or by any person acting as a director, shall notwithstanding that it may be afterwards discovered that there was some defect in the appointment of anyone or more of such directors or of any person acting as aforesaid or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
89. Save as otherwise expressly provided in the Act, a resolution in writing signed by the members of the Board or of a committee thereof, in accordance with the provisions of section 175, shall be as valid and effectual as if it had been passed at a meeting of the Board or committee, duly convened and held.

#### **Minutes**

90. (i) The Board shall in accordance with the Section 118 of the Act, cause minutes to be kept by making within thirty days of the conclusion of every meeting of the members of the Company and of every meeting of the Board or of every Committee of the Board, entries thereof in books provided for the purpose with their pages consecutively numbered, each page of every such book being initialed or signed and the last page of the record of proceedings of each meeting in such books being dated and signed in the case of minutes of proceedings of a meeting of the Board or a committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting and in the case of minutes of proceedings of a General Meeting by the Chairman of the same meeting within the aforesaid period of thirty days or, in the event of the death or inability of that chairman within that period by a Director duly authorised by the Board for the purpose provided that in no case shall the minutes of proceedings of a meeting be attached to any such books as aforesaid by pasting or otherwise.

The minutes shall be in compliance of Secretarial Standards notified under the said Section.

The minutes of each meeting shall contain a fair and correct summary of the proceedings thereof.

PROVIDED THAT no matter need be included in any such minutes which, the Chairman of the meeting, in his absolute discretion, is of opinion that it-

- (a) is, or could reasonably be regarded as defamatory of any person;
  - (b) is irrelevant or immaterial to the proceedings; or
  - (c) is detrimental to the interests of the Company.
- (ii) any such minutes of any meeting of the Board or of any committee of the Board or of the Company in general meeting, if kept in accordance with the provision of Section 118 of the Act, shall be evidence of the matter stated in such minutes. The minute books of general meetings of the company shall be kept at the office and shall be open to inspection by members during the business hours on such business days as the Act requires them to be open for inspection.

#### **Powers of Directors**

91. Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do any act or things which is required whether by the Act or any other statute or by the Memorandum of the Company or by these

Articles or otherwise to be exercised or done by the Company in General Meeting, provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other Statute or in the Memorandum of the Company or in these Articles or in any regulations not inconsistent therewith and duly made there under including regulation made by the Company in General Meeting and no such regulations shall invalidate any prior act of the Board which would have been valid if that regulation has not been made.

92. Subject to and in accordance with the provisions of the Act, the Board shall retain and employ such staff as may be necessary for carrying on the business of the Company. The salary or other remuneration of such staff shall be defrayed by the Company, and all or any such staff be engaged exclusively for the Company or jointly with other concerns.
93. (i) The Board may from time to time at their discretion, subject to the provisions of the Act, raise or borrow either from the Directors or from elsewhere and secure the payment of any sums of money for the purpose of the Company.
- (ii) The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds perpetual or redeemable debentures or any mortgage, charge, or other security on the undertaking or the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.
94. If any uncalled capital of the Company is included in or charged by any mortgage or other security, the Board may by instrument under the Company's seal authorise the person in whose favour such mortgage or security is executed or any other person in trust for him to collect money in respect of calls made by the Board or members in respect of such uncalled capital and the provisions there in before contained in regard to call shall mutatis mutandis apply to calls made with such authority and such authority may be made exercisable either conditionally or personally or contingently and shall be assignable if expressed so to be.
95. Debentures, bonds and other security may be made assignable free from any equities between the company and the persons to whom the same may be issued.
96. Power of Company to exercise right to consolidate, re-purchase and/or re-issue the debt securities:
- (i) The Company will have the power, exercisable at its sole and absolute discretion from time to time, to re-purchase a part or all of its debt securities from the secondary markets or otherwise, at any time prior to the maturity date, subject to applicable law and in accordance with the prevailing guidelines/regulations issued by the RBI, the SEBI and other authorities. In the event of a part or all of its debt securities being repurchased as aforesaid or redeemed under any circumstances whatsoever, the Company shall have, and shall be deemed always to have had, the power to reissue the debt securities either by reissuing the same debt securities or by issuing other debt securities in their place.
- (ii) Debt securities issued by the Company on a private placement basis can be consolidated and / or re-issued subject to such terms and conditions as the Company and the holders of such debt securities may agree, further subject to such conditions as may be applicable under the law for the time being in force. Further, in respect of such re-purchased/re-deemed debt securities, the Company shall have the power, exercisable either for a part or all of those debt securities, to cancel, keep alive, appoint nominee(s) to hold or reissue at such price and on such terms and conditions as it may deem fit and as permitted by law.

#### **Term of issue of Debenture**

97. Any debentures or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, with a right to appointment of directors or otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.
98. (i) Subject to the provisions of the Act and approval of Central Government and these Articles, the Board shall have power to appoint from time to time any of its members as Managing Director or Managing Directors, Executive Directors and or whole time Directors and or Special Director, like Technical Director, Financial Director of the Company for a fixed term and not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and the Board may by resolution vest in such Managing Director or Managing Directors, Executive Director(s) , whole time Director(s), Technical Director(s), Financial Director(s), Special Director(s) such of the power hereby vested in the Board generally as it thinks fit, and such of the power hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such period or, periods and upon such conditions subject to such restriction as it may determine. The remuneration of such Directors may be by way of monthly remuneration and or fee for each meeting and/or participation in profits, or by any or all of those modes, or any other mode not expressly prohibited by the Act.

- (ii) The Directors may whenever they appoint more than one Managing Director, designate one or more of them as “Joint Managing Directors” or “Deputy Managing Director” as the case may be.
- (iii) The appointment and payment of remuneration to the above Director shall be subject to approval of General Meeting and of the Central Government if the provisions of the Act, so requires.

99. Subject to the provisions of Section 152 of the Act, a Managing Director shall not, while he continues to hold that office be subject to retirement by rotation, and he shall not be reckoned as a Director for the purpose of determining the rotation in retirement of Directors or in fixing the number of directors to retire, but (subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation and removal as, the other Directors of the Company and he shall ipsofacto and immediately, cease to be a Managing Director if he vacates the office of Director for any cause.
100. Subject to the provisions of the Act a Manager or Secretary may be appointed by the Board for such terms at such remuneration and upon conditions as it may think fit and any Manager or Secretary so appointed may be removed by the Board.

#### **Inspection of Registers and Records**

101. Subject to provisions of Sections 85, 119 and other applicable provisions, the Board of Directors can impose reasonable restrictions as regards time, place and also the fee / expenses payable for inspection of registers, minutes of general meetings, agreements and such other documents of the company as required under the Act or on the basis of notice to shareholders, as the case may be.

#### **Dividends and Reserves**

102. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
103. The Board may from time to time pay to the members such interim dividends as appears to it to be justified by the profits of the company.
104. (i) Subject to the provisions of the Act, the Board may before recommending any dividend set aside out of the profits of the Company such sums as at the discretion of the Board, be applicable, for any purpose to which the profits of the Company may be properly applied, including provisions for meeting contingencies or for equalizing dividends; and pending such application, may at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.
- (ii) The Board may also carry forward any profits which it may think prudent not to divide, without setting them aside as a reserve.
105. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amount paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the nominal amounts of the shares.
- (ii) No amount paid or credited as paid on shares in advance of calls shall be treated for the purpose of this Articles as paid on the shares.
- (iii) Unless otherwise decided by the Board all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
106. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

#### **Unpaid or unclaimed dividend**

107. Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 5 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called “Unpaid Dividend of Manappuram General Finance and Leasing Limited” and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a

period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund Account of the Central Government. A claim to any money so transferred to the Investor Education and Protection Fund Account may be preferred to the Central Government by the shareholders to whom the money is due. No unclaimed or unpaid dividend shall be forfeited by the Board.

108. (i) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holders may in writing direct.
- (ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
109. Any one of two or more joint holders of a share may give effectual receipts for any dividends, bonuses or other moneys payable in respect of such share.
110. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

#### **Accounts**

111. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them shall be open to the inspection of members not being directors.
- (ii) No member (not being a director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.

#### **Audit**

112. Once in every year the accounts of the Company shall be examined and the correctness of the Profit and Loss Account and Balance Sheet ascertained by auditors.
113. Provisions of the Act shall apply in respect of appointment of Auditors of the Company.

#### **Capitalization of profits**

114. (i) The Company in General Meeting may, upon the recommendation of the Board, resolve,
- (a) That it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the Profit and Loss Account, or otherwise available for distribution; and
- (b) That such sum be accordingly set free for distributors in the manner specified in clause (II) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (III) either in or towards-
- (a) Paying up any amounts for the time being unpaid on any shares held by such members in respectively;
- (b) Paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up to and amongst such members in the proportions aforesaid; or
- (c) Partly in the way specified in sub-clause (a) and partly in the way specified in sub-clause (b)
- (iii) A share premium account and a capital redemption reserve fund may, for the purposes of these Articles be applied only in the paying up to unissued shares to be issued to members of the Company as fully paid bonus shares.
- (iv) The Board shall give effect to the resolution passed by the Company in pursuance of these Articles.
115. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall: -
- (a) Make all appropriation and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid shares if any; and
- (b) Generally, do all acts and things required to give effect thereto.

- (ii) The Board shall have full power-
  - (a) to make such provisions, by the issue of fractional certificates or by cash or otherwise as it thinks fit, for the case of shares, debentures becoming distributable in fractions and also;
  - (b) to authorise any person to enter, on behalf of all the members entitled thereto; into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalization or (as the case may require) for the payment by the Company on their behalf by the application thereto of their respective proportions of the profits resolved to be capitalized, or the amounts or any part of the amounts remaining unpaid on their existing shares.
- (iii) Any agreement made under such authority shall be effective and binding on all such members.

#### **Winding up**

- 116. (i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company whether they shall consist of property of the same kind or not.
- (ii) For the aforesaid purpose, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members of different classes.
- (iii) The liquidator may, with like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of contributories as the liquidators, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

#### **Members**

- 117. Every person who is a member and / or who intends to be or becomes a member of the Company shall, subject to the provisions of any law enforce, be bound by the provisions of the Memorandum and Articles of the Company and any matter of dispute arising between the Company and any such persons as regards mutual rights, obligations or otherwise shall be subject to the jurisdiction of the court having jurisdiction over the registered office of the Company in respect to the disputed matter.

#### **Indemnity**

- 118. Every officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted any or in connection with any application under Section 463 or and statutory modifications thereof.

#### **Secrecy**

- 119. Every Director, Manager, Treasurer, Trustee, Memebr of Committee, Officer, Servant, Agent, Accountant or other persons employed in the business of the Company shall if so required by the Directors, before entering upon his duties sign a declaration pledge himself to observe a strict secrecy respecting all transaction and affairs of the company, with the customers and the state of accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Board or by law or the person to whom such matters relate, except so far as may be necessary in order to comply with any of the provisions of these presents contained.

#### **Social Objective**

- 120. The Company shall have among its objectives the promotion and growth of the national economy through increased productivity effective utilization of material and man power resources and continued application of modern scientific and managerial techniques in keeping with the national aspirations, and the Company shall be mindful of its social and moral responsibilities to the customers, employees, shareholders, society and the local community and in this regard the Board is authorized to make grants or deposits or donations in accordance with the law in force.

#### **General Power**

- 121. Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its Articles, then and in that case this regulation hereby authorizes and empowers the Company to have such right, privilege or authority and to carry such transactions as have been permitted by the Act without there being any specific regulations.

## PART II

### Definitions

129. In the event of any conflict between the provisions of Part I and Part II of the Articles, the provisions of Part II shall apply. Unless the context otherwise requires, or unless otherwise defined or provided for herein, words or expressions contained in Part II shall have the meanings as provided below. Other terms may be defined elsewhere in the text of Part II of these Articles and, unless otherwise indicated, shall have such meaning throughout Part II of these Articles.

“**AAIA**” shall mean AA Development Capital India Fund I LLC, a company established in the Republic of Mauritius as a public limited company under the Mauritius Companies Act, 2001 and having its registered office at 10, Frere Felix De Valois Street, Port Louis, Mauritius, and shall include its successors and permitted assigns;

“**AAIA Additional Shares Offer Terms**” shall have the meaning as set out in Article 164;

“**AAIA Director**” shall have the meaning as set out in Article 139(iv);

“**AAIA Offer Shares**” shall have the meaning as set out in Article 164;

“**AAIA Subscription Shares**” shall mean an aggregate of 2,240,000 (Two Million Two Hundred Forty Thousand only) CCPS issued by way of preferential allotment to AAIA;

“**Acceptance Notice**” shall have the meaning as set out in Article 161(i);

“**Act**” shall mean the Companies Act, 1956;

“**Additional Shares**” shall have the meaning as set out in Article 164;

“**Additional Shares Offer Period**” shall have the meaning as set out in Article 165;

“**Affiliate**” shall mean with respect to any Person, (i) any Person, which, directly or indirectly, Controls, is Controlled by or is under common Control with, such Person, and (ii) where such Person is an individual, shall include Relatives of such Person;

“**Alternate Director**” shall have the meaning as set out in Article 147;

“**Annual General Meeting**” or “**AGM**” shall mean the annual general meeting of the Company convened and held in accordance with the Act;

“**Articles of Association**” or “**Articles**” shall mean the Articles of Association of the Company as amended from time to time;

“**BRIC II Mauritius Trading**” shall mean BRIC II Mauritius Trading, a company incorporated and validly existing under the laws of Mauritius with its principal place of business at c/o Citco (Mauritius) Limited, 4<sup>th</sup> Floor, Tower A, 1 Cybercity, Ebene, Mauritius, and registered as sub-account with the Securities and Exchange Board of India bearing registration number 20110205 (and unless repugnant to the context or meaning thereof, shall be deemed to mean and include its successors, legal representatives and permitted assigns);

“**Baring India Private Equity Fund II Limited**” shall mean Baring India Private Equity Fund II Limited, a company incorporated and validly existing under the laws of Mauritius with its principal place of business at C/o Multiconsult Limited, Rogers House, 5, President John Kennedy Street, Port Louis, Mauritius, and registered as a sub-account with the Securities and Exchange Board of India bearing registration number 20110969 (and unless repugnant to the context or meaning thereof, shall be deemed to mean and include its successors, legal representatives and permitted assigns);

“**Baring India Private Equity Fund III Listed Investments Limited**” shall mean Baring India Private Equity Fund III Listed Investments Limited, a company incorporated and validly existing under the laws of Mauritius with its principal place of business at C/o Multiconsult Limited, Rogers House, 5, President John Kennedy Street, Port Louis, Mauritius, and registered as an FII with the Securities and Exchange Board of India bearing registration number IN-MU-FD-2055-08 (and unless repugnant to the context or meaning thereof, shall be deemed to mean and include its successors, legal representatives and permitted assigns);

“**Baring Investors**” shall mean Baring India Private Equity Fund II Limited, Baring India Private Equity Fund III Listed Investments Limited and BRIC II Mauritius Trading, collectively.

“**Beaver Investment Holdings**” shall mean Beaver Holdings Limited, a company incorporated and validly existing under the laws of Mauritius with its principal place of business at IFS Court, TwentyEight, Cybercity, Ebene, Mauritius, and registered as a sub-account with the Securities and Exchange Board of India bearing registration number 20090030 (and unless repugnant to the context or meaning thereof, shall be deemed to mean and include its successors,

legal representatives and permitted assigns);

“**Board of Directors**” or “**Board**” shall mean the board of directors of the Company in office at applicable times and as nominated and appointed in accordance with the terms of these Articles;

“**Business Day**” shall mean a day on which the scheduled commercial banks are open for business in Mumbai and Kochi, India;

“**CCPS**” shall mean the 0.05% compulsorily convertible preference shares of ₹ 100 (Rupees One Hundred only) each in the Share Capital issued to the Investors issued to the Investors as fully paid up preference shares, and having the rights and privileges attached to them as agreed in writing between the Company, the promoters and each Investor and these Articles of Association;

“**Closing Date**” shall November 5, 2008;

“**Contract**” shall mean, with respect to a Person, any agreement, contract, subcontract, lease, understanding, instrument, note, warranty, insurance policy, benefit plan or legally binding commitment or undertaking of any nature, whether written or oral, entered into by such Person;

“**Control**” (including with correlative meaning, the terms “**Controlled by**” and “**under common Control with**”) shall mean the power and ability to direct the management and policies of the controlled enterprise through ownership of voting shares of the controlled enterprise or the power to appoint a majority of the members on the board of directors of such controlled enterprise or by Contract or otherwise. Without prejudice to the generality of the above, in the context of the Subsequent Investors, the direct or indirect ownership of or the power to direct the vote of 50% or more of the voting share capital of a Person shall also be deemed to constitute Control of that Person;

“**Deed of Adherence**” shall mean the deed of adherence in the form agreed to between the Company, the Promoters and each of AAIA, Hudson and GHIOF separately;

“**Defaulting Party**” shall mean a person who commits an Event of Default;

“**Direct Competitor**” shall mean any Person who is directly engaged as its principal activity in the business of providing gold loans (such that these gold loans and income arising therefrom is not less than 50% of its total assets and total income respectively) and has a minimum asset size of INR 2,500,00,00,000 (Indian Rupees Two Thousand Five Hundred Crores only);

“**Director**” shall mean a director of the Company;

“**ESOP(s)**” shall mean any employee stock option plans or employee stock purchase plans existing or which may be approved or adopted in future by the Company;

“**Employee(s)**” shall mean Persons in the employment of the Company and/or its Affiliates, as the case may be;

“**Encumbrance**” shall mean any mortgage, pledge, equitable interest, assignment by way of security, conditional sales contract, hypothecation, claim, encumbrance, title defect, title retention agreement, voting trust agreement, interest, option, lien, charge, commitment, restriction or limitation of any nature whatsoever, including restriction on use, voting rights, transfer, receipt of income or exercise of any other attribute of ownership, right of set-off, any arrangement (for the purpose of, or which has the effect of, granting security), or any agreement, whether conditional or otherwise, to create any of the same;

“**Equity Shares**” shall mean the equity shares of the Company;

“**Event of Default**” shall mean an event of default as agreed between the Company, the Promoter Group and each of AAIA, Hudson and GHIOF;

“**Execution Date**” shall mean 14<sup>th</sup> March, 2012.

“**Extra Ordinary General Meeting**” or “**EGM**” shall mean the extra ordinary meeting of the Company convened and held in accordance with the Act;

“**Financial Year**” shall mean the period commencing from April 1 each year and ending on March 31 the next year, or such other period as may be determined by the Board of Directors of the Company to be the financial year for the Company;

“**Fully Diluted Basis**” shall mean on the basis of the deemed conversion of all outstanding convertible Preference Shares of the Company including the CCPS in accordance with these Articles of Association, the exercise of all convertible notes, options, warrants, and any other convertible instruments;

**“Further Securities”** shall have the meaning as set out in Article 172(iv)172(iv);

**“General Meetings”** shall mean either an EGM or an AGM of the Shareholders of the Company;

**“GHIOF”** shall mean GHIOF Mauritius, a company established in the Republic of Mauritius as a private limited company under the Mauritius Companies Act, 2001 and having its registered office at C/o DTOS Limited, 4th Floor, IBL House, Caudan, Port Louis, Mauritius, and shall include its successors and permitted assigns;

**“GHIOF Director”** shall have the meaning set out in Article 139(iv);

**“GHIOF Subscription Shares”** shall mean an aggregate of 420,000 (Four Hundred Twenty Thousand only) CCPS issued by way of preferential allotment to GHIOF;

**“Governmental Authority”** shall mean the Government of India or of any state or Union Territory in India, or any central, state or local governmental, semi-governmental, judicial, quasi-judicial, regulatory or administrative authority, branch, agency, any statutory body or commission or any court, tribunal, arbitral or judicial body, or any department thereof, or any Person (whether autonomous or not) who is charged with the administration of Law;

**“Hudson”** shall mean Hudson Equity Holdings Limited, a private limited company established in the Republic of Mauritius, registered under the Mauritius Companies Act, 2001, and having its registered office at 7<sup>th</sup> Floor, Happy World House, Sir William Newton St, Port Louis, Mauritius, and shall include its successors and permitted assigns;

**“Hudson Additional Shares Offer Terms”** shall have the meaning as set out in Article 164;

**“Hudson Director”** shall have the meaning set out in Article 139(iv);

**“Hudson Offer Shares”** shall have the meaning as set out in Article 164;

**“Hudson Subscription Shares”** shall mean an aggregate of 1,146,250 (One Million One Hundred Forty Six Thousand Two Hundred Fifty only) CCPS issued by way of preferential allotment to Hudson;

**“INR”** or **“Rupees”** or **“Rs.”** shall mean Indian rupees, being the lawful currency of India;

**“Investors”** shall mean collectively AAIA, Hudson and GHIOF and the respective Investor Affiliates that may acquire Shares from time to time and who may execute a Deed of Adherence, and **“Investor”** shall mean any of them individually;

**“Investor Acceptance Notice”** shall have the meaning as set out in Article 164 (i);

**“Investor Affiliate(s)”** in relation to AAIA shall include, (a) any Affiliates of AAIA; (b) funds and/or foreign institutional investor entities advised by AAIA or its Affiliates; (c) entities which are wholly owned, controlled or managed, either directly or indirectly, by the funds advised by AAIA, or any of its Affiliates, excluding companies that are in direct competition with the Company in India; and (d) any fund or entity in which AAIA is a general or limited partner or any Affiliate or associate of such fund or other entity;

**“Investor Affiliate(s)”** in relation to Hudson shall include, (a) any Affiliates of Hudson; (b) funds and/or foreign institutional investor entities advised by Hudson or its Affiliates; (c) entities which are wholly owned, controlled or managed, either directly or indirectly, by the funds advised by Hudson, or any of its Affiliates, excluding companies that are in direct competition with the Company in India; and (d) any fund or entity in which Hudson is a general or limited partner or any Affiliate or associate of such fund or other entity;

**“Investor Affiliate(s)”** in relation to GHIOF shall include, (a) any Affiliates of GHIOF; (b) funds and/or foreign institutional investor entities advised by GHIOF or its Affiliates; (c) entities which are wholly owned, controlled or managed, either directly or indirectly, by the funds advised by GHIOF, or any of its Affiliates, excluding companies that are in direct competition with the Company in India; and (d) any fund or entity in which GHIOF is a general or limited partner or any Affiliate or associate of such fund or other entity;

**“Investor Director”** shall mean collectively the AAIA Director, the Hudson Director and the GHIOF Director;

**“Investor Observer”** shall mean collectively the observer appointed by each of Hudson on the Board of Directors of the Company

**“Investor Offered Shares”** shall have the meaning as set out in Article 164(i);

**“Investor Rejection Notice”** shall have the meaning as set out in Article 164(v);

**“Investor Trigger Notice”** shall have the meaning as set out in Article 164(i);

**“Key Management Personnel”** shall mean and include persons that head the finance, compliance, risk and human



resources departments of the Company at the relevant time (by whatever name called) or above, the heads of department of any new line of business that the Company may commence and the managing director of the Company;

“**Law**” shall mean any statute, law, regulation, ordinance, rule, judgment, notification, rule of common law, order, decree, bye-law, government approval, directive, guideline, requirement or other governmental restriction, or any similar form of decision of, or determination by, or any interpretation, policy or administration, having the force of law of any of the foregoing, by any Governmental Authority or Stock Exchange having jurisdiction over the matter in question;

“**Lien**” shall mean any mortgage, pledge, security interest, charge, lien, option, pre-emptive right, adverse claim, title retention agreement or other encumbrance of any kind, or a Contract to give or refrain from giving any of the foregoing, including any restriction imposed under applicable Law or Contract on the Transferability of the Shares;

“**MAFIT**” shall mean Manappuram Finance (Tamil Nadu) Limited, a Manappuram Group Company having its registered office at 1st Floor, Vijay Centre, 65 Oppanakkara Street, Coimbatore 641 012, Tamil Nadu, India;

“**MIBPL**” shall mean Manappuram Insurance Brokers Private Limited, a Manappuram Group company, having its registered office at “Manappuram House”, Valapad P.O., Thrissur 680 567, Kerala, India;

“**Manappuram Group**” shall mean and include the Company and its Affiliates, including the entities listed below and any other entity as may become a Subsidiary or Affiliate of the Company after November

1. Manappuram General Finance and Leasing Limited
2. Manappuram Insurance Brokers Private Limited
3. Manappuram Benefit Fund Limited
4. Manappuram Finance (Tamil Nadu) Limited
5. Manappuram Chits (India) Limited
6. Manappuram Comptech and Consultants Private Limited
7. Manappuram Health Care Limited
8. Manappuram Asset Finance Limited

“**Memorandum of Association**” or “**Memorandum**” shall mean the Memorandum of Association of the Company as amended from time to time;

“**Nambe Investment Holdings**” shall mean Nambe Investment Holdings, a company incorporated and validly existing under the laws of Mauritius with its principal place of business at is 608, St.James Court, St.Denis Street, Port Louis, Mauritius, and registered as a sub-account with the Securities and Exchange Board of India bearing registration number 20081302 (and unless repugnant to the context or meaning thereof, shall be deemed to mean and include its successors, legal representatives and permitted assigns);

“**Offered Shares**” shall have the meaning as set out in Article 161(i);

“**Original Director**” shall have the meaning as set out in Article 147;

“**Person**” shall mean any natural person, limited or unlimited liability company, corporation, partnership (whether limited or unlimited), proprietorship, Hindu undivided family, trust, union, association, government or any agency or political subdivision thereof or any other entity that may be treated as a person under applicable Law;

“**Persons Acting in Concert**” or “**PACs**” shall mean V.P. Nandakumar, Mrs. Sushama Nandakumar, Sheely Ekalavian, Geetha Ravy, Jyothy Prasannan, Geetha Vazhappully Padmanabhan, Dr. Prasannan P.D, Jyothi, Jyothi Prasannan, B. N. Raveendra Babu acting in concert with the Promoters and also includes Persons who may commence acting in concert with the Promoters after November 5, 2008 within the meaning of “persons acting in concert” as defined in the Takeover Code, provided that any such Person who ceases to be acting in concert with the Promoters at any date subsequent to November 5, 2008 shall not cease to be a PAC and shall continue to be so until such PAC ceases to be a shareholder in the Company in accordance with these Articles;

“**Preference Shares**” shall mean the preference shares in the Company, and shall include the CCPS;

“**Prohibited Promoter Transfer**” shall have the meaning as set out in Article 162(vii);

“**Promoters**” shall mean V.P. Nandakumar, Mrs. Sushama Nandakumar, Sheely Ekalavian, Geetha Ravy, Jyothy Prasannan, Geetha Vazhappully Padmanabhan, Dr. Prasannan P.D, Nandakumar V.P., Jyothi, Jyothi Prasannan, B. N.

Raveendra Babu, Ekalavyan P.K., Rajalakshmi, Ravi K.G., Sugathan P.K. and Prasanna B.N., the Persons Acting in Concert, the Relatives and Affiliates of each such Person and also includes such other Persons Acting in Concert who may execute a Deed of Adherence. Notwithstanding the preceding sentence, in the context of Subsequent Investors under these Articles, the term “**Promoters**” shall mean V.P. Nandakumar and Ms. Sushama Nandakumar collectively, and the term “**Promoter**” shall mean either one of them.

“**Promoters’ Affiliate**” shall mean any Affiliate of any of the Promoters, or any Person in which at least 10% (ten percent) of the shareholding, voting rights, economic interest or the Control, in each case directly or indirectly, is held by any of the Promoters individually or collectively, and shall include the Promoters Group Companies;

“**Promoters Group Companies**” shall mean MIBPL, Manappuram Benefit Fund Limited, Manappuram Finance (Tamil Nadu) Limited, Manappuram Comptech and Consultants Private Limited, Manappuram Chits India Limited, Manappuram Health Care Limited and Manappuram Asset Finance Limited;

“**Promoters Offer Notice**” shall have the meaning as set out in Article 164(i);

“**Promoters Offer Price**” shall have the meaning as set out in Article 164(i);

“**Promoters Right of First Offer**” shall have the meaning as set out in Article 164(i);

“**Promoter Sale Shares**” shall have the meaning as set out in Article 160(ii);

“**Promoter Transfer Notice**” shall have the meaning as set out in Article 162(i);

“**Promoter Transfer Shares**” shall have the meaning as set out in Article 162(i);

“**Promoter Transferor**” shall have the meaning as set out in Article 160(ii);

“**Rejection Notice**” shall have the meaning as set out in Article 161(iv);

“**Related Party Transactions**” shall mean any Contract, arrangement or transaction between or amongst the Company and any of the following: (i) its Subsidiaries and/or its Affiliates, (ii) any other entity forming part of Manappuram Group or any of the respective Affiliates of such entities, (iii) any Promoters’ Affiliates, (iv) any of the Promoters, (v) any Director, (vi) any Employee (other than in respect of employment contracts with the employees and arrangements and transactions contemplated thereby), (vii) any other shareholder of the Company or its Subsidiaries or Affiliates who is an Affiliate of the Promoters, or where (a) such shares are held as nominees of any of the Promoters, or the beneficial ownership of such Shares is a Promoter, or (b) a Promoter can direct the voting or exercise of other rights in respect of such Shares;

“**Related Party**” shall have the meaning ascribed to such term in Accounting Standard -18 issued by the Institute of Chartered Accountants of India;

“**Relatives**” shall have the meaning as set out in the Act, and shall also include (i) any sibling of such Relative and such sibling’s children; and (ii) such Persons as included under Accounting Standard 18 issued by the Institute of Chartered Accountants of India;

“**Right of First Sale**” shall have the meaning as set out in Article 160(iii);

“**Sale Shares Notice**” shall have the meaning as set out in Article 160(ii);

“**Secondary Offering**” shall have the meaning as set out in Article 170;

“**Sequoia Investors**” shall mean Nambe Investment Holdings and Beaver Investment Holdings.

“**Shares**” shall mean Equity Shares and Preference Shares;

“**Share Capital**” shall mean the total issued and paid up share capital of the Company on a Fully Diluted Basis;

“**Share Sale Notice**” shall have the meaning as set out in Article 170;

“**Shareholders**” shall mean and refer collectively to the Promoters and the Investor and “**Shareholder**” shall refer to any one of them, as the context may require;

“**Stock Exchange(s)**” shall mean any recognized stock exchange in India or overseas;

“**Subsequent Investors**” shall mean the Baring Investors and the Sequoia Investors along with their respective Subsequent Investors Affiliates.

“**Subsequent Investors Affiliate(s)**” in relation to Baring Investors shall include, (a) any Affiliates of any of the Baring

Investors; (b) funds and/or foreign institutional investor entities advised by any of the Baring Investors or their Affiliates; (c) entities which are advisors of any of the Baring Investors, excluding companies that are Direct Competitors of the Company in India; and (d) any fund or entity in which any of the Baring Investors is a general or limited partner or any Affiliate or associate of such fund or other entity. Without prejudice to the generality of the foregoing, it is clarified that Baring India Private Equity Fund II Limited, Baring India Private Equity Fund III Listed Investments Limited and BRIC II Mauritius Trading shall be considered as Subsequent Investor Affiliates in relation to Baring Investors.

**“Subsequent Investors Affiliate(s)”** in relation to Sequoia Investors shall include, (a) any Affiliates of any of the Sequoia Investors; (b) funds and/or foreign institutional investor entities advised by any of the Sequoia Investors or their Affiliates; (c) entities which are advisors of any of the Sequoia Investors, excluding companies that are Direct Competitors of the Company in India; and (d) any fund or entity in which any of the Sequoia Investors is a general or limited partner or any Affiliate or associate of such fund or other entity. Without prejudice to the generality of the foregoing, it is clarified that Nambe Investment Holdings and Beaver Investment Holdings shall be considered as Subsequent Investors Affiliates in relation to Sequoia Investors.

**“Subsidiaries”** shall mean the direct and indirect subsidiaries of the Company, and shall include companies that may become direct or indirect subsidiaries of the Company after November 5, 2008;

**“Tag Along Notice”** shall have the meaning as set out in Article 162(ii);

**“Tag Along Period”** shall have the meaning as set out in Article 162(ii);

**“Tag Along Rights”** shall have the meaning as set out in Article 162(ii);

**“Tag Along Shares”** shall have the meaning as set out in Article 162(ii);

**“Takeover Code”** shall mean the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;

**“Third Party Transferee”** shall have the meaning as set out in Article 16(ii);

**“Transfer”** (including with correlative meaning, the terms **“Transferred By”** and **“Transferability”**) shall mean to transfer, sell, assign, mortgage, pledge, charge, hypothecate, create a security interest in or Lien on, place in trust (voting or otherwise), exchange, gift or transfer by operation of Law or in any other way subject to any encumbrance or dispose of, whether or not voluntarily, whether directly or indirectly (pursuant to the transfer of an economic or other interest, the creation of a derivative security or otherwise); and

**“Trigger Notice”** shall have the meaning as set out in Article 161(i).

#### **Terms of the CCPS**

130. Articles 130 to Article 174 shall be subject at all times to the relevant provisions of the Indian Companies Act, 1956 and rules there under, the Securities and Exchange Board of India (Disclosure And Investor Protection) Guidelines, 2000 and other applicable Laws and regulations.
131. Nature of Instrument  
The CCPS shall be compulsorily convertible preference shares in the Share Capital of the Company.
132. Face Value  
The CCPS shall have a face value of ₹ 100 (Rupees One Hundred only) each.
133. Dividend
- (i) The CCPS shall be entitled to receive a dividend per CCPS in preference to any dividend on the Equity Shares or any other class of Shares of the Company, present or future;
  - (ii) The rate of dividend payable on each CCPS shall be 0.05% on the face value of the CCPS;
  - (iii) The dividend payable on the CCPS shall be cumulative and any dividend which has accumulated but not paid shall be paid on or before conversion of the CCPS into equity shares.
134. Conversion for AAIA
- (i) The AAIA Subscription Shares will convert into 1,344,337 (One Million Three Hundred Forty Four Thousand Three Hundred Thirty Seven) Equity Shares on September 30, 2009 or at the option of AAIA, at any time before September 30, 2009, without any further payment being required to be made by AAIA for such

conversion.

- (ii) The Hudson Subscription Shares will convert into 687,923 (Six Hundred and Eighty Seven Thousand Nine Hundred Twenty Three only) Equity Shares on September 30, 2009 or at the option of Hudson, at any time before September 30, 2009, without any further payment being required to be made by Hudson for such conversion.
- (iii) The GHIOF Subscription Shares will convert into 252,063 (Two Hundred Fifty Two Thousand Sixty Three only) Equity Shares on September 30, 2009 or at the option of GHIOF, at any time before September 30, 2009, without any further payment being required to be made by GHIOF for such conversion.
- (iv) Subject to Article 135, the issue price per Equity Share shall be ₹ 166.62 (Rupees One Hundred Sixty Six and Paise Sixty Two only).

Provided that the issue price per share shall be subject to applicable Law, including the pricing requirements under the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

### 135. Antidilution Rights

135.1 Adjustments for Diluting Issues: Subject to applicable Law, till the CCPS held by the Investors are converted into equity shares in full, the Investors shall be entitled to antidilution rights as set forth below:

- (i) For the purposes of this Article 135, “**Additional Equity Shares**” means all Equity Shares issued (or, pursuant to Article 135.2, deemed to be issued) by the Company, other than issuances or deemed issuances of:
  - (a) Equity Shares and convertible securities issued pursuant to the ESOP of the Company; and
  - (b) Equity Shares issued or issuable upon conversion of the CCPS;

### 135.2 Deemed Issue of Additional Equity Shares

In the event the Company at any time shall issue any convertible securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any convertible securities, then the maximum number of equity shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) issuable upon the conversion or exchange of such convertible securities or, in the case of options for convertible securities, the exercise of such options and the conversion or exchange of the underlying securities, shall be deemed to have been issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that in any such case in which shares are deemed to be issued:

- (i) no further adjustment shall be made upon the subsequent issue of convertible securities or equity shares in connection with the exercise of such options or conversion or exchange of such convertible securities;
- (ii) if the terms of such options or convertible securities provide, with the passage of time or otherwise, for any change in the consideration payable to the Company or in the number of equity shares issuable upon the exercise, conversion or exchange thereof (other than a change pursuant to the anti-dilution provisions of such options or convertible securities such as this Article 135 or pursuant to recapitalization provisions of such options or Convertible Securities), the adjustment and any subsequent adjustments based thereon shall be recomputed to reflect such change as if such change had been in effect as of the original issue thereof (or upon the occurrence of the record date with respect thereto);
- (iii) upon the expiration of any such options or any rights of conversion or exchange under such convertible securities which shall not have been exercised, the adjustment computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto) and any subsequent adjustments based thereon shall, upon such expiration, be recomputed as if:
  - (a) in the case of convertible securities or options for equity shares, the only Additional Equity Shares issued were the equity shares, if any, actually issued upon the exercise of such options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issue of such exercised options plus the consideration actually received by the Company upon such exercise or for the issue of all such convertible securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and
  - (b) in the case of options for convertible securities, only the convertible securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such options, and the consideration received by the Company for the Additional Equity Shares deemed to have been then issued was the

consideration actually received by the Company for the issue of such exercised options, plus the consideration deemed to have been received by the Company (determined pursuant to this Clause 4 upon the issue of the convertible securities with respect to which such options were actually exercised); and

- (c) if such record date shall have been fixed and such options or convertible securities are not issued on the date fixed therefor, the adjustment previously made which became effective on such record date shall be cancelled as of the close of business on such record date, and thereafter shall be adjusted pursuant to this Article 135 as of the actual date of their issuance.

### 135.3 Adjustment Upon Issuance of Additional Equity Shares

If the Company shall issue, on and after the date hereof, any Additional Equity Shares without consideration or for a consideration per share less than the issue price per share in Article 134(iv), shall forthwith (except as otherwise provided in this sub Article 135.3 be adjusted to a price which shall be the lowest price per share for any of the Additional Equity Shares, subject to applicable Law.

- (i) *Determination of Consideration.* For purposes of this Article 135.4, the consideration received by the Company for the issue (or deemed issue) of any Additional Equity Shares shall be computed as follows:
- (ii) Cash and Property. Such consideration shall:
  - (a) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company before deducting any reasonable discounts, commissions or other expenses allowed, paid or incurred by the Company for any underwriting or otherwise in connection with such issuance;
  - (b) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board; and
  - (c) in the event Additional Equity Shares are issued together with other shares or securities or other Assets of the Company for consideration which covers both, be the proportion of such consideration so received, computed as provided in Article 135, as reasonably determined in good faith by the Board.
  - (d) Convertible Securities. The consideration per share received by the Company for Additional Equity Shares deemed to have been issued shall be determined by dividing
    - (A)A the total amount, if any, received or receivable by the Company as consideration for the issue of such options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such options or the conversion or exchange of such convertible securities, or in the case of options for convertible securities, the exercise of such options for convertible securities and the conversion or exchange of such convertible securities by
    - (A)B the maximum number of equity shares (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such options or the conversion or exchange of such convertible securities.

### 135.4 Adjustments for Reclassification, Exchange and Substitution

- (i) If the equity shares shall be changed into the same or a different number of shares of any other class or classes of shares, whether by capital reorganization, reclassification or otherwise, or if there is a bonus issue, split, or consolidation of shares, then, in any such event, the Investors shall be entitled to such number and class of shares that would place the Investor in the same position relative to all other shareholders as the Investors were immediately before such reorganization or reclassification.
- (ii) The Company shall not, through any amendment of its Articles or Memorandum or any reorganization, transfer of Assets, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company but will at all times in good faith assist in the carrying out of all the provisions of this Article 135, and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Investors against impairment.
- (iii) Upon the occurrence of each adjustment or readjustment pursuant to this Article 135.4, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and

furnish to the Investors a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based along with stock certificates evidencing such adjustment. The Company shall, upon the written request at any time of the Investors, furnish or cause to be furnished to such Investors a like certificate setting forth such adjustments and readjustments and the number of equity shares and the amount, if any, of other property which at the time would be received upon the adjustment.

- (iv) The Company and all shareholders shall take all reasonable actions to at all times reserve and keep available out of its authorized but unissued equity shares solely for the purpose of effecting an adjustment pursuant to this Article 135.4, such number of its equity shares as shall from time to time be sufficient to effect an adjustment; and if at any time the number of authorized but unissued Equity Shares shall not be sufficient to effect an adjustment, the Company and all shareholders shall take such corporate action as may be necessary to increase its authorized but unissued equity shares to such number of equity shares as shall be sufficient for such purpose.

136. Preference on the occurrence of a Liquidation Event prior to conversion of CCPS

- (i) Subject to applicable Law, upon the occurrence of a Liquidation Event, the Company shall distribute the proceeds of such Liquidation Event to its Shareholders, provided that the Investors shall be entitled to receive, together with and at the same time as the other holders of the CCPS, a preferential payment in accordance with this Article 136 from the Assets of the Company or cash or other property, for the CCPS held by it.
- (ii) In the event of a Liquidation Event occurring at any time after the Closing Date, to the extent of funds legally available therefore and subject to applicable Law, the Investors shall receive an amount in accordance with this Section, which is the **higher** of:
  - (a) The amount which would be distributed to the Investors, as if the CCPS held by the Investors have been converted into Equity Shares in accordance with these Articles, if all amounts available to the Company were distributed among all the Shareholders of the Company (including, the Investor) in proportion to their shareholding in the Company on a fully diluted basis.

Or

- (b) The Investor Subscription Consideration paid by each of the Investors, together with any accrued but unpaid dividend.
- (iii) The Promoter Group hereby covenants that each of them shall hold all amounts received by them (pursuant to a Liquidation Event) in their capacity as Shareholders, in trust for and on behalf of each of the Investors and shall immediately, but in any case not later than 15 (fifteen) days from the receipt of such amount, transfer all proceeds received by them (such that each of the Investors receives the amount equivalent to the amount provided in Article 136(ii) from the Company in the event of a Liquidation Event to each of the Investors so as to give effect to the provisions of this Clause.

137. Voting Rights

Subject to provisions of these Articles, the holders of the CCPS shall be entitled to such voting rights as holders of preference shares under the Companies Act.

138. Other Rights

The holders of the CCPS and the subsequent investors shall have other rights that are set out in these articles and under law.

### Management

139. Board Composition of the Company

- (i) The property, business and affairs of the Company shall be managed under the direction of the Board. The Board may exercise all such powers of the Company and do all such lawful acts and things as are permitted under applicable Law and the Memorandum of Association and Articles of Association.
- (ii) Till such time that either of the Subsequent Investors, collectively with their respective Subsequent Investors Affiliates, hold at least 1% (One percent) Shares, the following matters shall specifically require the prior approval of the Board:
  - a. transactions, agreements or arrangements between the Company and any of its Related Parties (which for the sake of clarity shall include the Promoters and their respective Affiliates and directors), singly or cumulatively in a financial year exceeding a value of ₹ 1,00,00,000/- (Rupees

One Crore only);

- b. change in statutory auditor or internal auditors of the Company;
  - c. change in compliance officer or a designated officer of the Company, designated as the “officer who is in default” for the purpose of the applicable Laws;
  - d. termination, or modification of the terms, of existing employment / services of the key personnel of the Company, including I Unnikrishnan and B. N. Raveendra Babu;
- (iii) With effect from the Closing Date, the Board of Directors of the Company will consist of not more than 12 (twelve) Directors or such other number as may be mutually agreed to in writing between the Parties, including the Investor Director.
- (iv) From and with effect from the Closing Date, as long as each of AAIA and Hudson hold at least 1% (one per cent) (six percent) of the Share Capital, each of AAIA and Hudson shall have the right to appoint 1 (one) non executive Director (the “AAIA Director” and “Hudson Director” respectively) on the Board of the Company.
- (v) From and with effect from the Closing Date, as long as GHIOF holds any Shares, GHIOF shall have the right to appoint 1 (one) non executive Director (“GHIOF Director”) on the Board of the Company.
- (vi) Each of the Subsequent Investors shall, till such time as they collectively with their respective Subsequent Investors Affiliates, hold at least 1 % (One percent) of the Share Capital, have the right to nominate their one representative on the Board (“**Subsequent Investors Nominee Director**”). Upon exercise of their respective right to nominate the Subsequent Investors Nominee Director on the Board, the Company shall cause the appointment of the respective Subsequent Investors Nominee Director on the Board. The Subsequent Investors Nominee Director shall not be a person who is also a director or observer on the board of directors of Muthoot Finance Limited or any other Direct Competitor.
- (vii) The Investor Director, Subsequent Investors Nominee Directors shall be non-executive Directors, and shall not be responsible for the day to day affairs of the Company, or in control of the management. In the event of the resignation, retirement or vacation of office of any of the Investor Director or the Subsequent Investors Nominee Directors, each of the Investors and the Subsequent Investors Nominee Directors (as the case may be) shall be entitled to appoint another Director in such place.
- (viii) The Investor Director shall in no event be categorized as an ‘officer in default’ under any Law, and subject to applicable Law, shall not be liable for acts of the Company committed without his knowledge, or in respect of which he exercised due diligence. The Subsequent Investors Nominee Directors shall not be liable for any failure by the Company to comply with applicable Laws, and shall not be named as an “officer in default” (under any Law), or an “occupier” (of the Company’s premises) or “a person in charge of and responsible to the Company for the conduct of business of the Company” under applicable Law.
- (ix) The Company shall, at all times (a) nominate a director(s) or any Person (other than the Subsequent Investors Nominee Directors) as a person in charge who shall be responsible for ensuring compliance with Law; and (b) appoint a compliance officer(s) or a designated officer(s) of the Company who shall be the “officer in default” or “occupier” or “person in charge” for the purposes of applicable Laws.
- (x) In the event that any notice or proceedings have been filed against the Subsequent Investors Nominee Directors in their capacity as a director or officer of the Company, the Company shall, and the Promoters shall procure that the Company shall, take all necessary steps to, (a) ensure that the name of the Subsequent Investors Nominee Directors, are excluded; and the charges / proceedings against such Subsequent Investors Nominee Directors are withdrawn; (b) defend the Subsequent Investors Nominee Directors, against such proceedings; and (c) pay all reasonable costs, damages, fines that may be incurred/levied against the Subsequent Investors Nominee Directors.
- (xi) The Chairman of the Board shall not have a casting vote.
- (xii) The Company shall indemnify its Directors to the maximum extent permitted by applicable Law and shall obtain Directors and Officers liability insurance to the satisfaction of each of the Investors and the Subsequent Investors.
- (xiii) In the event the Company incorporates any Subsidiary in the future, each of the Investors would have the right to appoint a Director on each such subsidiary and the provisions of Part II of the Articles in relation to management of the Company, would apply to the board of directors of each such Subsidiary.

#### 140. Committees

- (i) Subject to applicable Law and as long as each of AAIA and Hudson holds at least 1% (one percent) of the

Share Capital, each of AAIA and Hudson has the right to appoint a member on all the committees established by the Board of Directors of the Company.

- (ii) As long as each of the Subsequent Investors along with their respective Subsequent Investors Affiliates hold at least 1% (One percent) Shares, each of the Subsequent Investors Nominee Directors shall be appointed as a member of the audit committee, the corporate governance committee, the Interim Management Supervisory and Review Committee, and the remuneration committee of the Board (collectively referred to as the “Committees”).
- (iii) Each of the Committees shall act under the supervision of, and in accordance with the powers and authority delegated to it by the Board, and in accordance with applicable Law.
- (iv) As long as each of the Subsequent Investors along with their respective Subsequent Investors Affiliate hold at least 1% (One percent) Shares, the Company shall, constitute and maintain such committees at all times, by whatever name called.

141. All provisions of Part II of the Articles in relation to Board of Directors shall apply *mutatis mutandis* to committees of the Board of Directors.

142. ESOP

- (i) The Promoters and the Company hereby undertake that the ESOP shall be amended appropriately, so as to enlarge its size and enhance its scope in order to use the same as an incentive to reward and retain key personnel within the Company subject however to compliance with applicable Law.
- (ii) The details of the proposed changes to the ESOP shall be determined by the Board of Directors after Closing.

143. Exercise of Rights

The Promoters and the Investors undertake to take such actions as may be necessary (including exercising their votes at General Meetings, meeting of the Board of Directors or any committees thereof), to give effect to the provisions of, and to comply with their obligations under these Articles.

144. Removal/Resignation of Directors

The Promoters, the Investors and the Subsequent Investors may require the removal of any Director nominated by them to the Company and nominate another individual as a Director in his/her place, and the other Shareholders shall exercise their rights to ensure the appointment of the individual nominated as aforesaid, provided, that the Investors, the Subsequent Investors and the Promoters have each nominated Directors qualified under the requirements of applicable Law, and each such Director has submitted to the Board any certificate or consent required under the Act to be submitted by him/her in connection with his/her appointment as a member of the relevant Board of Directors. In the event of the resignation, retirement or vacation of office of any Director, the Shareholder who has appointed such Director shall be entitled to appoint another Director in such place and the other Shareholders shall exercise their rights to ensure the appointment of the individual nominated as aforesaid.

145. Meetings of the Board

- (i) The Board of Directors of the Company shall meet at least once every 3 (three) months, with each such meeting to be held in Valapad, Kerala (unless otherwise agreed to by the Company, Promoters and each Investor).
- (ii) Any meeting of the Board of Directors shall be called, held and convened only upon giving a prior written notice of not less than 14 (fourteen) Business Days to all the Directors. Each notice of a meeting of the Board of Directors shall contain, inter alia, an agenda specifying, in reasonable detail, the matters to be discussed at the relevant meeting and shall be accompanied by all necessary written information.

GHIOF or the GHIOF Director shall intimate the Company at least 2 (two) days prior to the scheduled date of the Board meeting whether or not the GHIOF Director shall be attending the meeting of the Board.

- (iii) Subject to the provisions of these Article including Article 149, a decision shall be said to have been made and/or a resolution shall be said to have been passed at a meeting of the Board of Directors only if at a validly constituted meeting, such decisions are approved by and/or the resolution is approved by a majority of the Directors, which unless otherwise mandated by Law in India, shall mean approval by a majority of the Directors present and voting at such Board meeting.
- (iv) Subject to applicable Law, the Directors or members of any committee of the Board of Directors may participate in meetings of the Board of Directors or committee of the Board of Directors through video-conference or telephonic conference.



146. Quorum of the Board

- (i) The quorum for a meeting of the Board of Directors of the Company shall be as required under the Act, subject to the presence of each of the AAIA Director and the Hudson Director being required to constitute such quorum at a meeting where any business relating to the matters referred to in Article 149 is proposed to be transacted, it being agreed and understood that AAIA and Hudson do not acquire Control of the Company and there is no change in Control of the Company.

Provided that if such a quorum is not present within 1 (one) hour from the time appointed for the meeting, the meeting shall adjourn to the same place and time 10 (ten) days later, at which meeting the Directors present shall, subject to their constituting a valid quorum under the Act, constitute a valid quorum even though the Investor Director is not present, provided that notice of such adjourned meeting shall have been delivered to all Directors at least 5 (five) days prior to the date of such adjourned meeting.

- (ii) If either of the AAIA Director or Hudson Director notifies the Company that he/she shall be unable to attend such adjourned meeting, then any matter referred to in Article 149 shall not be taken up at such adjourned meeting, without obtaining the prior written consent of each of the AAIA Director or the Hudson Director but shall instead be passed as a resolution by circulation in accordance with Article 148. Provided that if any matter referred to in Article 149 cannot be passed as a resolution by circulation, and either of AAIA or Hudson has not consented to such resolution, then such matter shall not be taken up at the adjourned meeting.

Provided further that AAIA or Hudson may, in writing, waive the requirements of quorum specified in this Article for any meeting.

147. Alternate Director

Each of the Investors shall be entitled to nominate an alternate Director (an “**Alternate Director**”) in place of their respective Investor Director originally nominated by it (an “**Original Director**”) from time to time and the Board shall appoint such Alternate Director. Upon the appointment of the Alternate Director, the Company shall ensure compliance with the provisions of the Act, including by filing necessary forms with the jurisdictional Registrar of Companies. The Alternate Director shall be entitled to receive notice of all meetings and to attend and vote at such meetings in place of the Original Director and generally to perform all functions of the Original Director in his or her absence.

148. Resolution by Circulation

A written resolution circulated to all the Directors or members of committees of the Board of Directors, whether in India or overseas and signed by a majority of them as approved, shall (subject to compliance with the relevant requirements of the Act) be as valid and effective as a resolution duly passed at a meeting of the Board of Directors or committee of the Board of Directors, called and held in accordance with these Articles (provided that it has been circulated in draft form, together with the relevant papers, if any, to all the Directors); provided however that if the resolution proposed to be passed by circulation pertains to a matter referred to in Article 149, such circular resolution shall be valid and effective only if it has received the written consent of each of the AAIA Director and Hudson Director .

149. Affirmative Rights in the Company

- (i) Notwithstanding anything to the contrary contained in these Articles, so long as each of AAIA and Hudson holds at least 1% (one percent) of the total Share Capital, decisions on the following matters shall not be taken and/or implemented, and no action in connection with those matters shall be taken by the Company, whether at meetings of its shareholders and/or its Board of Directors and/or committees of its Boards of Directors or otherwise, in each case without the affirmative votes or prior written consent of, each of AAIA and Hudson or each of the AAIA Director and the Hudson Director nominated by AAIA and Hudson respectively, as the case may be:
- (a) Acquisition of shares, assets, business, business organization or division of any other Person, creation of legal entities, joint ventures or partnerships, mergers, de-mergers, spin-offs and consolidations, creation of any new Subsidiaries (other than acquisition of shares in the normal course of business and acquisition of assets in the normal course of business up to an amount of ₹ 30,000,000 (Rupees Thirty Million only), except the proposed merger of MAFIT with and into the Company.
  - (b) Any changes in class rights for Shares (directly or indirectly).
  - (c) Entry into or amendments to any exclusive marketing agreements or arrangements (other than short marketing agreements or arrangements having a validity period not exceeding 1 year).

- (d) Commencement of any new line of business, which is unrelated to the business carried on by the Company as an NBFC including the business of lending against gold pledged, hire purchase, personal loans, and money transfer services to consumers,.
- (e) Any change in the capital structure of the Company including issued, subscribed or paid up equity or preference share capital of the Company, or re-organization of the Share Capital, including new issuance of shares or other securities or any other convertible instrument of the Company or redemption, retirement or repurchase of any shares or other securities, issuance of convertible debentures or warrants, or grant of any options over its shares by the Company, and the granting of any rights to the holder of such shares or other securities, convertible debentures or warrants, or options, at terms more favourable than those given to AAIA or Hudson, or which in any way affect the rights and remedies of AAIA or Hudson. Provided that an Investor will not be entitled to exercise this veto right in the event (a) the Company proposes to issue any equity, preference, equity-related or convertible securities to any Person(s) other than AAIA or Hudson at a pre-money valuation of the Company which is higher than the post money valuation on the basis of which AAIA or Hudson had subscribed for the AAIA Subscription Shares and Hudson Subscription Shares respectively, at no better terms than the terms on which AAIA or Hudson were issued the AAIA Subscription Shares and Hudson Subscription Shares respectively, and which do not affect the rights of AAIA or Hudson (b) the Company issues non convertible debentures up to the limits set out in the annual budget/business plan.
- (f) Creation of Subsidiaries.
- (g) Sale, transfer or other disposition of the Company, any of its Subsidiaries, its joint ventures and its subsidiaries.
- (h) De-listing of Shares of the Company or any of its Subsidiaries on any stock-exchanges.
- (i) Taking of steps towards or appointment of any advisers, including but not limited to, investment bankers, merchant bankers, underwriters to the issue, in connection with a potential sale or floatation of Shares of the Company or any of its Subsidiaries including through a Public Offering.
- (j) Declaration or payment of dividends or other distributions on any class of Shares of the Company.
- (k) Approval and adoption of the annual budget/ business plan of the Company or any of its Subsidiaries.
- (l) Any amendment or modification or the taking of any action that would be inconsistent with the budget/ business plan as approved by the Board and then in effect by more than 5% (five percent). Provided that such permissible limit of 5% (five percent) would however not apply if, in the opinion of any of AAIA or Hudson, the proposed action is not likely to have an adverse impact on the profitability and need to raise additional debt or equity capital.
- (m) The appointment or removal and determination of the terms of employment including compensation of Key Management Personnel and any significant changes in the terms of their employment agreements.
- (n) Creation or adoption of any new or additional ESOP, or any change or modification or amendment to any ESOPs of the Company or its Subsidiaries.
- (o) The prosecution or settlement of legal actions or claims by or against the Company and/or its Subsidiaries where the aggregate amount of all claims so prosecuted or settled would exceed ₹ 10,000,000 (Rupees Ten Million only) within any Financial Year.
- (p) Dissolution, winding-up or liquidation of the Company or any of its Subsidiaries, whether or not voluntary, or any restructuring or reorganization that has a similar effect;
- (q) Entering into or any amendments to the terms of any Related Party Transactions other than as disclosed to AAIA and Hudson.
- (r) Any amendment, supplement, modification or restatement of the Memorandum or Articles of Association of the Company or any of its Subsidiaries.
- (s) Any changes to accounting or tax policies, procedures or practices or reappointment or change of internal or statutory auditors of the Company or any of its Subsidiaries.
- (t) Change of registered office of the Company or any of its Subsidiaries;

- (u) Taking any decision or action, entering into or amending any Contract with any Person in relation to MIBPL;
- (v) Delegation of authority or any of the powers relating to any matter contained in this Article 149 by the Board of the Company and/or its Subsidiaries to any individual or committee and any commitment or agreement to do any of the foregoing.
- (w) Any proposal by the Company to take any decisions or action on matters listed in this Article 149 with respect to its Subsidiaries.
- (x) Any decision to convene a General Meeting to consider any of the foregoing matters.

It is clarified that all financial limits in this Article 149 are indicated on an aggregate basis.

- (ii) In the event that the Company proposes to convene a General Meeting to consider any of the matters listed in Article 149, and if the AAIA Director or the Hudson Director vote against the inclusion of such resolution in the General Meeting, then such matter or resolution shall not be considered in the General Meeting, and if considered or put to vote, such matter forming part of the resolution shall be null and void, and deemed to have not been passed and shall not be given effect to. The Company and the Promoters shall do all acts necessary or required under Law to give effect to this Article 149.

#### 150. Statutory Auditor

Any change in the auditor appointed by the Company shall be made only with the prior written consent of each of AAIA and Hudson.

### **Information and Access Rights**

- 151. The Company shall furnish to the Investors, all such information as is provided to all other Directors and to any other shareholders of the Company.
- 152. Subject to applicable Law, including but not limited to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Company shall, upon reasonable notice, provide full access to each of the Investors and their authorized representatives (including lawyers, accountants, auditors and other professional advisors) to visit and inspect all properties, assets, corporate, financial and other records, reports, books, Contracts and commitments of the Company, its Affiliates and joint ventures, and to discuss and consult its business, actions plans, budgets and finances with the Directors and executive officers of the Company, its Affiliates and joint ventures.

### **General Meetings**

- 153. An AGM shall be held each calendar year within 6 (six) months following the end of the previous Financial Year.
- 154. Prior written notice of a minimum of 21 (twenty one) Business Days for a General Meeting shall be given to all shareholders of the Company; provided however that any General Meeting may be held upon shorter notice in accordance with the provisions of the Act. All notices shall be accompanied by an agenda setting out the particular business proposed to be transacted at such meeting.
- 155. The Board of Directors shall provide the Company's previous Financial Year's audited financial statements to all Shareholders at least 1 (one) month before the AGM is held to approve and adopt the audited financial statements. All other General Meetings, other than the AGM, shall be EGMs.
- 156. The quorum for General Meetings shall be a minimum of 5 (five) members being present, subject to at least 1 (one) authorized representative representing the Promoters and each of AAIA and Hudson being present at such meeting; provided, however, that no decision or determination will be made and no action will be taken by or with respect to the Company in respect of any of the reserved matters referred to in Article 149 unless approved in accordance with Article 149.
- 157. Related Party Transactions

All related party transactions of the company or its affiliates or subsidiaries shall be duly approved by the board and shareholders of the company or the subsidiaries, as the case may be and shall be made on an arm's length, market terms basis.

#### 158. RIGHT TO INVEST

- (i) The Investors and/or any of its Affiliates shall be entitled to invest in any entity engaged in the same or allied field as that of the Company, its Subsidiaries/ Affiliates, and the Promoters confirm that they will have no objection to any of the Investors and/or any of the Investor Affiliate making such investments. The

Company shall provide each of the Investors with a No Objection Certificate to this effect at or before the Closing Date in the form as required by the Investors.

- (ii) If any of the Investors invest in Muthoot Finance Private Limited, Muthoot Fincorp Limited and Muthoot Capital Services Limited, such Investors shall not nominate a common director on the board of directors of such investee company and any such company of the Muthoot group.

159. Transfer of Shares by the Promoters

- (i) Subject to Article (ii), none of the Promoters shall Transfer any or all of its Shares in the Company and/ or its Subsidiaries/ Affiliates, and the Company shall not Transfer any of its Shares in any of its Subsidiaries/ Affiliates, except with the prior written consent of each of AAIA and Hudson.
- (ii) Notwithstanding anything contained in Article (i), but subject to this Article, the Promoters shall, upon expiry of 12 (twelve) months from March 14, 2012, have the right to sell up to 3% (three percent) (collectively) of the total shareholding of the Promoters in the Company in a Financial Year, without the prior written consent of each of AAIA and Hudson, provided that the shareholding of the Promoters post such Transfer shall not be less than 26% (twenty six percent) of the total Share Capital, provided however that subject to Article 161(iii), a Transfer of Shares by the Promoters under this Article (ii) shall be subject to the Right of First Offer of AAIA and Hudson under Article 161. It is hereby clarified that the Tag Along Rights of each of AAIA and Hudson shall not apply to a Transfer of up to 3% (three percent) (collectively) of the shareholding of the Promoters in the Company in a Financial Year by the Promoters in compliance with this Article (ii).
- (iii) Transfer of Shares by the Promoters within 12 months of the Execution Date
  - (a) Save and except as provided in this Article 159(iii), the Promoters shall not Transfer any or all of their Shares in the Company within the first 12 months from the Execution Date, except with the prior written consent of the Subsequent Investors.
  - (b) The aggregate Shares transferred or proposed to be transferred by the Promoters during the financial year ending March 31, 2012, after reckoning the sale of Shares on the Execution Date or within 15 days of the Execution Date, shall not exceed 4.75% of the Share Capital. Any such transfer of Shares held by the Promoters in the Company in excess of 4.75% of the Share Capital shall be subject to prior approval of the Subsequent Investors.
- (iv) Transfer of Shares by the Promoters after 12 months of the Execution Date
  - (a) After 12 months from the Execution Date, the Promoters can Transfer any or all of their Shares in the Company, without the prior written consent of the Subsequent Investors, subject to the restrictions as set out in Articles 159(iii), 159(iv) and 159(v) and provided that the collective shareholding of the Promoters after such Transfer shall not be less than 26% of the total Share Capital.
  - (b) After 12 months from the Execution Date, the Promoters shall have the right to sell up to 3% (collectively) of the total shareholding of the Promoters on an aggregate basis in a Financial Year (“**Yearly Divestment Limit**”), without the prior written consent of the Subsequent Investors, provided that the shareholding of the Promoters post such Transfer shall not be less than 26% of the Share Capital, provided however that a Transfer of Shares by the Promoters under this Article 159(iv)(b) shall be subject to the Right of First Offer of the Subsequent Investors under Article 161A.
- (v) The restrictions set out in Article 159(iii) and Article 159(iv) shall not apply in respect of any Transfer of Shares by the Promoters to its Affiliates. Any Affiliate of the Promoters to which Shares have been Transferred, shall execute a deed of adherence in an agreed form; provided that if the Affiliate of any of the Promoters ceases to be an Affiliate of such Promoter, the Promoters shall ensure that the Shares held by such Person are transferred to the Promoters, who shall be bound by the terms of these Articles.

160. Right of First Sale of AAIA and Hudson

- (i) After 3 (three) years from the Closing Date, the Promoters shall have the right to sell more than 3% (three percent) of the shareholding of the Promoters in the Company in a Financial Year, subject to the Right of First Sale as described in Article 196(ii).
- (ii) In the event any Promoter (the “**Promoter Transferor**”) proposes to Transfer any of its Shares in the Company in excess of the limit of 3% (three percent) of the Shares held by the Promoters (“**Promoter Sale Shares**”) to any Person (the “**Third Party Transferee**”) on terms that satisfy the conditions set out in Article(i), the Promoter Transferor shall, within 3 (three) Business Days of receipt of such offer, provide each of AAIA and Hudson a written notice (“**Sale Shares Notice**”) of its intention to sell the Promoter Sale Shares, setting out the identity of the Third Party Transferee, the price and payment terms of such offer received from the

Third Party Transferee.

- (iii) Upon receipt of the Sale Shares Notice, each of AAIA and Hudson shall have the right to sell to the Third Party Transferee up to such number of Shares held by each of them which equals the number of Promoter Sale Shares (the “**Sale Shares**”) at the price and payment terms offered by the Third Party Transferee to the Promoter Transferor (the “**Right of First Sale**”), by providing, within 15 (fifteen) Business Days of the receipt of the Sale Shares Notice by each of AAIA and Hudson, a written notice to the Promoter Transferor of its intention to sell the First Sale Shares to the Third Party Transferee (the “**Sale Shares Notice**”).
- (iv) Upon receipt of the Sale Shares Notice, the Promoter Transferor shall ensure that within 7 (seven) Business Days of receipt of the Sale Shares Notice, the Third Party Transferee informs each of AAIA and Hudson and the Promoter Transferor in writing (“**Sale Shares Acceptance Notice**”) of its intention to purchase all the Sale Shares at the price and payment terms stated in the Sale Shares Notice. In such an event, the Third Party Transferee shall purchase the Sale Shares within 30 (thirty) Business Days from the issue of the Sale Shares Acceptance Notice, after obtaining any consents/ approvals or making any regulatory filings as may be required under applicable Laws, which shall be the responsibility of the Promoters. The Promoter Transferor shall be entitled to sell any of the Promoter Sale Shares to the Third Party only after the Third Party Transferee has purchased all the Sale Shares in accordance with these Articles.
- (v) In the event that the Third Party Transferee does not agree to purchase the Sale Shares at the price and payment terms stated in the Sale Shares Notice, the Promoter Transferor shall not be entitled to sell the Promoter Sale Shares to the Third Party Transferee, unless otherwise agreed to in writing by each of AAIA and Hudson.
- (vi) In the event either of AAIA or Hudson does not exercise the Right of First Sale under this Article 160 or having received the Sale Shares Acceptance Notice, fails to consummate the Transfer of the Sale Shares within the period of 30 (thirty) Business Days as stated in Article (iv) other than for reasons not attributable to each of AAIA and Hudson, the Promoter Transferor shall be entitled to Transfer the Promoter Sale Shares to the Third Party Transferee at the price and on the payment terms mentioned in the Sale Shares Notice.
- (vii) The exercise of the Right of First Sale under Article 160 shall be without prejudice to the Right of First Offer of AAIA and Hudson under Article 161. Any failure to exercise the Right of First Sale under this Article 160 with respect to the Transfer of Shares by the Promoters in one instance shall be without prejudice to the right of each of AAIA and Hudson to exercise the Right of First Sale with respect to any subsequent offers for purchase of Shares of the Promoters as contained in Article (i).
- (viii) In case any of the other shareholders of the Company having a similar right of first sale under the Articles, decide to exercise such right of first sale, then the Promoter shall forthwith inform AAIA and Hudson of such decision taken by the relevant shareholder, along with the details thereof.
- (ix) Any transferee of the Shares of the Promoters under this Article 159 (other than AAIA and Hudson and subject to compliance with Article 159(ii), Persons to whom the Promoters sell up to 3% (three percent) of the total shareholding of the Promoters in the Company in a Financial Year) shall execute a Deed of Adherence agreeing to be subject to all the obligations of the Promoters, provided that each of AAIA and Hudson may, on a request made in this regard by the Promoters, waive the requirement of the transferee of the Shares of the Promoters under this Article 159 executing a Deed of Adherence.

#### 160A. Right of First Sale of the Subsequent Investors

- 160A.1 Save and except as provided in Articles 159(iii) and 159(iv), in the event any of the Promoters (the “**Transferring Promoter**”) propose to Transfer any of its Shares in the Company in excess of 3% (collectively) of the total shareholding of the Promoters on an aggregate basis in a Financial Year (“**Yearly Divestment Limit**”) (“**Promoter Transfer Shares**”) to any Person (the “**Third Person Transferee**”) on terms that satisfy the conditions set out in Articles 159(iii) and Article 159(iv), the Transferring Promoter shall, within 3 Business Days of receipt of such offer, provide each of the Subsequent Investors a written notice (“**Transfer Shares Notice**”) of its intention to sell the Promoter Transfer Shares, setting out the identity of the Third Person Transferee, the price and the payment terms of such offer received from the Third Person Transferee.
- 160A.2 Upon receipt of the Transfer Shares Notice, each of the Subsequent Investors shall have the right (along with the other exiting Investors in accordance with their respective shareholding in the Company at the relevant time) to sell to the Third Person Transferee up to such number of Shares held by them which equals the number of Promoter Transfer Shares (the “**Subsequent Investor Sale Shares**”) at the price and payment terms offered by the Third Person Transferee to the Transferring Promoter (the “**Subsequent Investors’ Right of First Sale**”), by providing, within 15 Business Days of the receipt of the Transfer Shares Notice by the respective Subsequent Investors, a written notice to the Transferring Promoter of its intention to sell the Subsequent Investor Sale Shares to the Third Person Transferee (the “**Subsequent Investor Sale Shares Notice**”).

- 160A.3 Upon receipt of the Subsequent Investor Sale Shares Notice, the Transferring Promoter shall ensure that within 7 Business Days of receipt of the Subsequent Investor Sale Shares Notice, the Third Person Transferee informs each of the Subsequent Investors and the Transferring Promoter in writing (“**Transfer Shares Acceptance Notice**”) of its intention to purchase all the Subsequent Investor Sale Shares at the price and payment terms stated in the Transfer Shares Notice. In such an event, the Third Person Transferee shall purchase the Subsequent Investor Sale Shares within 30 Business Days from the issue of the Transfer Shares Acceptance Notice, after obtaining any consents/ approvals or making any regulatory filings as may be required under applicable Laws, which shall be the responsibility of the Promoters. The Transferring Promoter shall be entitled to sell any of the Promoter Transfer Shares to the Third Person Transferee only after the Third Person Transferee has purchased all the Subsequent Investor Sale Shares in accordance with these Articles.
- 160A.4 In the event that the Third Party Transferee does not agree to purchase the Subsequent Investor Sale Shares at the price and payment terms stated in the Transfer Shares Notice, the Transferring Promoter shall not be entitled to sell the Promoter Transfer Shares to the Third Person Transferee, unless otherwise agreed to in writing by the relevant Subsequent Investors.
- 160A.5 In the event the Subsequent Investors do not exercise their Subsequent Investors Right of First Sale under this Article 160A or having received the Transfer Shares Acceptance Notice, fails to consummate the Transfer of the Subsequent Investor Sale Shares within the period of 30 Business Days as stated in Article 160A.3 above, for reasons attributable to such Subsequent Investors, as the case may be, the Transferring Promoter shall be entitled to Transfer the Promoter Transfer Shares to the Third Person Transferee at the price and on the payment terms mentioned in the Transfer Shares Notice.
- 160A.6 The exercise of the Subsequent Investors’ Right of First Sale under Article 160A.3 shall be without prejudice to the Subsequent Investors’ Right of First Offer of the Subsequent Investors under Article 161A. Any failure to exercise the Subsequent Investors’ Right of First Sale under this Article 160A with respect to the Transfer of Shares by the Promoters in one instance shall be without prejudice to the right of such Subsequent Investors, to exercise their Subsequent Investors’ Right of First Sale with respect to any subsequent offers for purchase of Shares of the Promoters as contained in Article 160A.1.
- 160A.7 Notwithstanding anything contained in these Articles, the Subsequent Investors’ Right of First Sale of the Subsequent Investors shall at all times be *pari passu inter se* each other as well with the Investors and not in any manner secondary to the right of first sale of the Investors, as provided under Article 160. In case any of the Investors or the Subsequent Investors decides to exercise their right of first sale under Articles 160 or 160A (as the case may be), then the Promoters shall forthwith inform the other Subsequent Investors of such decision taken by the relevant Investor or the Subsequent Investor, along with the details thereof.
- 160A.8 Each Subsequent Investor shall cease to have its respective Subsequent Investors’ Right of First Sale under this Article 160A as soon as such Subsequent Investor collectively with its Subsequent Investor Affiliates ceases to hold at least 1.5% of the Share Capital.
161. Right of First Offer of AAIA and Hudson
- (i) If any Promoter Transferor proposes to Transfer any or all of its Shares (the “**Offered Shares**”) to any Person, each of AAIA and Hudson shall have the right of first offer to purchase such proportion of the Offered Shares (the “**Right of First Offer**”) as its shareholding in the Company bears to the shareholding of other Persons who have a similar right to purchase the Offered Shares. The Promoter Transferor shall provide each of AAIA and Hudson, a written notice of its intention to sell the Offered Shares (the “**Trigger Notice**”). The Trigger Notice shall set out the number of the Offered Shares, identity of the transferee, the price at which the Promoter Transferor is willing to Transfer such Offered Shares (“**ROFO Price**”) on a cash, non contingent basis. Each of AAIA and Hudson shall have the option to, within 15 (fifteen) Business Days of receipt of the respective Trigger Notice from the Promoter Transferor, inform the Promoter Transferor in writing (the “**Offer Notice**”) of its intention to purchase the Offered Shares and state the price for such purchase (the “**Offer Price**”) along with the payment terms. Upon receipt of the respective Offer Notice by the Promoter Transferor, if the Offer Price by each of AAIA and Hudson is equal to or greater than their respective ROFO Price and payment terms stated in the respective Offer Notice are acceptable to the Promoter Transferor, it shall, by written notice (the “**Acceptance Notice**”), intimate its acceptance of the Offer Price and payment terms to each of AAIA and Hudson within a period of 5 (five) Business Days from the date of receipt of each of the Offer Notice.
  - (ii) Upon the Promoter Transferor sending an Acceptance Notice, the Promoter Transferor and each of AAIA and Hudson shall consummate the Transfer of the Offered Shares within a period of 30 (thirty) Business Days from the date of receipt of the Acceptance Notice. Each of AAIA and Hudson shall also pay a deposit of 5% (five percent) of the respective Offer Price to the Promoter Transferor upon receipt of the respective Acceptance Notice after obtaining any consents/ approvals or making any regulatory filings as may be required under applicable Laws which shall be the responsibility of the Promoters.

- (iii) In the event that the Promoter Transferor does not receive the Acceptance Notice within 15 (fifteen) Business Days from receipt of the Trigger Notice or after having exercised the Right of First Offer within 15 (fifteen) Business Days from receipt of the Trigger Notice, each of AAIA and Hudson fails to purchase the Offered Shares offered by the Promoter Transferor within a period of 30 (thirty) Business Days from the date of their respective Acceptance Notice other than for reasons not attributable to it, the Right of First Offer of each of AAIA and Hudson shall be deemed to have lapsed and the Promoter Transferor shall be entitled to sell the Offered Shares offered to each of AAIA and Hudson to any Third Party Transferee at a price higher than the respective ROFO Price, within 90 (ninety) days from the expiry of the 15 (fifteen) day or 30 (thirty) day period referred to in this Article (iii), as the case may be.
- (iv) In the event that the Right of First Offer under this Article is exercised and each of AAIA and Hudson under Article 161 issues their respective Offer Notice in accordance with Article (i) to the Promoter Transferor, the Promoter Transferor shall have the right to reject the offer made by each of AAIA and Hudson in their respective Offer Notice only in the event that their respective Offer Price is less than their respective ROFO Price, and the Promoter Transferor shall intimate each of AAIA and Hudson, within 7 (seven) Business Days from receipt of the respective Offer Notice, by written notice (the “**Rejection Notice**”), that the terms of each of the Offer Notice are not acceptable to it. The Promoter Transferor shall be entitled to sell the Offered Shares in respect of which the Right of First Offer has not been exercised to any Third Party Transferee at any price higher than the ROFO Price and on payment terms which are no more favourable to the Third Party Transferee than the payment terms specified in the Offer Notice, and the Promoter Transferor and the Third Party Transferee shall consummate the Transfer of the Offered Shares within a period of 90 (ninety) days from the date of the Rejection Notice.
- (v) In the event that the Transfer of Offered Shares by the Promoter Transferor to a Third Party Transferee is not consummated within a period of 90 (ninety) days from the date of the Rejection Notice as provided in Article (iv), any subsequent proposal to Transfer any Shares including the Offered Shares shall again be subject to the Right of First Offer under this Article 161.
- (vi) Each of AAIA and Hudson shall cease to have the Right of First Offer under this Article 161 as soon as it ceases to hold 1.5 (one point five per cent) of the Share Capital.
- (vii) The Right of First Offer under this Article 161 shall not apply in respect of any Transfer of Shares by the Promoter Transferor to its Affiliate. Any Affiliate of the Promoters to which Shares have been Transferred in accordance with these Articles shall execute a Deed of Adherence, provided that if the Affiliate of any of the Promoters ceases to be an Affiliate of such Promoter, the Promoters shall ensure that the Shares held by such Person are transferred to the Promoters, who shall be bound by the terms of these Articles.
- (viii) The Right of First Offer under this Article 161 shall apply to all such Shares (such shares the “**Additional Offered Shares**”) in respect of which other Persons who have a right of first offer have not exercised such right. Each of AAIA and Hudson shall have the right of first offer to purchase such proportion of the Additional Offered Shares as its shareholding in the Company bears to the shareholding of other Persons who have a similar right to purchase the Additional Offered Shares, and the provisions of this Article 161 shall apply *mutatis mutandis* to the Additional Offered Shares.
- (ix) In case any of the other shareholders of the Company having a similar right of first offer under this Article, decide to exercise such right of first offer, then the Promoter shall forthwith inform the AAIA and Hudson of such decision taken by the relevant shareholder, along with the details thereof.

#### 161A. Right of First Offer of the Subsequent Investors

161A.1 Save and except as provided in Articles 159(iii) and 159(iv), if any Transferring Promoter proposes to Transfer any or all of its Shares (the “**Promoter Offered Shares**”) to any Person, the Subsequent Investors shall have the right of first offer to purchase by itself or through its Subsequent Investor Affiliates or through a person designated by the Subsequent Investors, provided that such transferee Subsequent Investors Affiliate or the person designated by the Subsequent Investors shall be subject to all the terms and conditions of these Articles by executing a deed of adherence in the agreed format, such proportion of the Promoter Offered Shares (the “**Subsequent Investors’ Right of First Offer**”) as its shareholding in the Company bears to the shareholding of the Investors, who have a similar right under these Articles to purchase the Promoter Offered Shares. The Transferring Promoter shall provide the Subsequent Investors, a written notice of its intention to sell the Offered Shares (the “**Subsequent Investor Trigger Notice**”). The Subsequent Investor Trigger Notice shall set out the number of the Promoter Offered Shares, identity of the transferee, the price at which the Transferring Promoter is willing to Transfer such Promoter Offered Shares (“**Subsequent Investor ROFO Price**”) on a cash, non contingent basis. Each of the Subsequent Investors shall have the option to, within 15 Business Days of receipt of the Subsequent Investor Trigger Notice from the Transferring Promoter, inform the Transferring Promoter in writing (the “**Subsequent Investor Offer Notice**”) of its intention to purchase the Promoter Offered Shares and state the price for such purchase (the “**Subsequent Investor Offer Price**”) along with the payment terms. Upon receipt of the Subsequent Investor Offer Notice by the Transferring Promoter, if the Subsequent Investor Offer Price by such Subsequent Investors, is equal to or greater than the Subsequent Investor

ROFO Price, and payment terms stated in the Subsequent Investor Offer Notice are acceptable to the Transferring Promoter, it shall, by written notice (the “**Promoter Acceptance Notice**”), intimate its acceptance of the Subsequent Investor Offer Price and payment terms to such Subsequent Investor within a period of 5 Business Days from the date of receipt of each of the Subsequent Investor Offer Notice.

- 161A.2 Upon the Transferring Promoter sending a Promoter Acceptance Notice, the Transferring Promoter and the Subsequent Investors or the respective Subsequent Investor Affiliates or their designees, as the case may be, shall consummate the Transfer of the Promoter Offered Shares within a period of 30 Business Days from the date of receipt of the Promoter Acceptance Notice. In such a case, the Subsequent Investors shall also pay a deposit of 5% (five percent) of the Subsequent Investor Offer Price to the Transferring Promoter upon receipt of the Promoter Acceptance Notice after obtaining any consents/ approvals or making any regulatory filings as may be required under applicable Law, which shall be the responsibility of Promoters.
- 161A.3 In the event that the Transferring Promoter does not receive the Subsequent Investor Offer Notice within 15 Business Days from receipt of the Subsequent Investor Trigger Notice or after having exercised the Subsequent Investor Right of First Offer within 15 Business Days from receipt of the Subsequent Investor Trigger Notice, the Subsequent Investors fail to purchase the Promoter Offered Shares offered by the Transferring Promoter within a period of 30 Business Days from the date of the Acceptance Notice for reasons attributable to such Subsequent Investor, the Right of First Offer of such Subsequent Investor shall be deemed to have lapsed and the Transferring Promoter shall be entitled to sell the Offered Shares offered to the such Subsequent Investor to any Third Party Transferee at a price higher than the ROFO Price, within 90 days from the expiry of the 15 day or 30 day period referred to in this Article 161A.3.
- 161A.4 In the event that the Right of First Offer under this Article 161A is exercised and the Subsequent Investors issue the Offer Notice in accordance with Article 161A.1 to the Transferring Promoter, the Transferring Promoter shall have the right to reject the offer made by the Subsequent Investors in the Subsequent Investor Offer Notice only in the event that the Subsequent Investor Offer Price is less than the Subsequent Investor ROFO Price, and the Transferring Promoter shall intimate such Subsequent Investor, within 7 Business Days from receipt of the Subsequent Investor Offer Notice, by written notice (the “**Promoter Rejection Notice**”), that the terms of the Subsequent Investor Offer Notice are not acceptable to it. The Transferring Promoter shall be entitled to sell the Promoter Offered Shares in respect of which the Subsequent Investors’ Right of First Offer has not been exercised, to any Third Person Transferee at any price higher than the Subsequent Investor ROFO Price and on payment terms which are no more favourable to the Third Person Transferee than the payment terms specified in the Subsequent Investor Offer Notice, and the Transferring Promoter and the Third Person Transferee shall consummate the Transfer of the Promoter Offered Shares within a period of 90 days from the date of the Promoter Rejection Notice.
- 161A.5 In the event that the Transfer of Promoter Offered Shares by the Transferring Promoter to a Third Person Transferee is not consummated within a period of 90 days from the date of the Promoter Rejection Notice as provided in Article 161A.4, any subsequent proposal to Transfer any Shares including the Promoter Offered Shares shall again be subject to the Subsequent Investors’ Right of First Offer under this Article 161A.
- 161A.6 Each Subsequent Investor shall cease to have its respective Subsequent Investors’ Right of First Offer under this Article 161A as soon as such Subsequent Investor collectively with its Subsequent Investor Affiliates ceases to hold at least 1.5% of the Share Capital.
- 161A.7 The Subsequent Investors’ Right of First Offer under this Article 161A shall apply to all such Shares (such shares the “**Further Offered Shares**”) in respect of which other Persons who have a right of first offer have not exercised such right. The Subsequent Investors shall have the Subsequent Investors’ Right of First Offer to purchase such proportion of the Further Offered Shares as its shareholding in the Company bears to the shareholding of other Persons who have a similar right to purchase the Further Offered Shares under these Articles, and the provisions of this Article 161A shall apply *mutatis mutandis* to the Further Offered Shares.
- 161A.8 Notwithstanding anything contained in these Articles, the Parties agree that the Subsequent Investors’ Right of First Offer of the Subsequent Investors shall at all times be *pari passu inter se* each other as well with the Investors and not in any manner secondary to the right of first offer of the other existing Investors in the Company, as provided under Article 161 of these Articles. In case any of the Investors or the Subsequent Investor decides to exercise their right of first offer under Articles 161 or 161A (as the case may be), then the Promoters shall forthwith inform the other Subsequent Investors of such decision taken by the relevant Investor or the Subsequent Investor, along with the details thereof.
162. Tag Along Rights of AAIA and Hudson
- (i) In the event that a Promoter Transferor proposes to Transfer any of its Shares in excess of the limit of 3% (three percent) of the Shares held by the Promoters to any Third Party Transferee (which transfer shall be subject to Article 159(ii) in respect of which the Right of First Sale or the Right of First Offer has not been exercised, then the Promoter Transferor shall give a notice in writing (the “**Promoter Transfer Notice**”) to each of AAIA and Hudson specifying the number of Shares proposed to be Transferred (the “**Promoter**



**Transfer Shares**”), the price at which the Promoter Transferor intends to Transfer such Promoter Transfer Shares, the identity of the Third Party Transferee and any other material or relevant terms and conditions of the proposed Transfer.

- (ii) Upon each of AAIA and Hudson , receiving the Promoter Transfer Notice, each of AAIA and Hudson may, within 15 (fifteen) Business Days of receipt of the Promoter Transfer Notice (the “**Tag Along Period**”), send a written notice to the Promoter Transferor (the “**Tag Along Notice**”) requiring the Promoter Transferor to ensure that the Third Party Transferee also purchases such number of Shares then held by each of AAIA and Hudson in the Company which shall not exceed the pro rata number of Shares of each of AAIA and Hudson in the issued Share Capital at the relevant time (the “**Tag Along Shares**”) at the same price and on the same terms as mentioned in the Promoter Transfer Notice (the “**Tag Along Right**”). The Tag Along Right under this Article 162 shall be available in respect of the proportionate shareholding of each of AAIA and Hudson at the relevant time.
- (iii) In the event that each of AAIA and Hudson delivers a Tag Along Notice to the Promoter Transferor, the Promoter Transferor shall ensure that along with the Promoter Transfer Shares mentioned in the Promoter Transfer Notice, the Third Party Transferee also acquires the respective Tag Along Shares of each of AAIA. Hudson as specified in the respective Tag Along Notice for the same consideration and upon the same terms and conditions as mentioned in the respective Promoter Transfer Notice, provided that each of AAIA and Hudson shall, at its option, be entitled to, and the Promoter Transferor shall procure that each of AAIA and Hudson will, receive the cash equivalent of any non-cash component of the consideration to be paid by the Third Party Transferee. The value of such non cash component of the consideration shall be determined by an independent valuation to be caused by each of AAIA and Hudson by an internationally renowned accounting firm if each of AAIA and Hudson and Promoter Transferor fail to mutually agree on such value.
- (iv) In the event that the Third Party Transferee is unwilling or unable to acquire all of the Promoter Transfer Shares mentioned in the Promoter Transferor Notice and all the Tag Along Shares upon such terms, then the Promoter Transferor may elect either to cancel the proposed Transfer to the Third Party Transferee or, to allocate the maximum number of Shares of the Company which the Third Party Transferee is willing to purchase among the Promoter Transfer Shares and the Tag Along Shares pro-rata as calculated above and to complete such Transfer in accordance with the revised terms. In the event the Promoter Transferor elects to cancel the proposed Transfer to the Third Party Transferee, each of AAIA and Hudson may, at its option, also cancel the proposed Transfer of its respective Tag Along Shares.
- (v) Notwithstanding anything to the contrary in this Article 162, the Promoter Transferor shall not be entitled to Transfer any Shares to any Third Party Transferee unless the Third Party Transferee simultaneously purchases and pays for all the Tag Along Shares or a proportionate number of the Tag Along Shares determined in accordance with Article (iv) .
- (vi) If either of AAIA or Hudson do not deliver their respective Tag Along Notice to the Promoter Transferor prior to the expiry of their respective Tag Along Period, the Promoter Transferor shall be entitled to Transfer the respective Promoter Transfer Shares to the Third Party Transferee.
- (vii) In the event of the Promoter Transferor Transferring any Shares held by it in violation of the provisions of this Article 162 (the “**Prohibited Promoter Transfer**”), then each of AAIA and Hudson upon exercise of its respective Tag Along Right, shall have the right to sell to the Promoter Transferor and the Promoter Transferor shall purchase from each of AAIA and Hudson , their respective Tag Along Shares at a price higher by at least 33% (thirty three percent) to the price at which the Promoter Transferor Transferred the Promoter Transfer Shares to the Third Party Transferee, without prejudice to any other rights and remedies that the Promoter Transferor may have in order to restrict the Prohibited Promoter Transfer or take any other action or exercise any other rights that it may be entitled to under Law. The Promoter Transferor shall also reimburse each of AAIA and Hudson for any and all fees and expenses, including legal fees and expenses, incurred pursuant to the exercise of each of AAIA and Hudson ’s rights under this Article 162. The Promoter Transferor shall purchase the Tag Along Shares within 90 (ninety) days from the date of notice provided by each of AAIA and Hudson , exercising its right under this Article (vii).
- (viii) In case any of the other shareholders of the Company having a similar tag along right under the Articles, decide to exercise such tag along right, then the Promoter shall forthwith inform AAIA and Hudson of such decision taken by the relevant shareholder, along with the details thereof.

#### 162A. Tag Along Rights of the Subsequent Investors

- 162A.1 Save and except as provided in Articles 159(iii) and 159(iv), in the event that a Transferring Promoter proposes to Transfer any of its Shares in excess of the Yearly Divestment Limit to any Third Person Transferee in respect of which the Subsequent Investors’ Right of First Sale or the Subsequent Investors’ Right of First Offer has not been exercised, then the Transferring Promoter shall give a notice in writing (the “**Selling Promoter Transfer Notice**”) to the Subsequent Investors, specifying the number of Shares proposed to be Transferred (the “**Selling Promoter Transfer**

**Shares**”), the price at which the Transferring Promoter intends to Transfer such Selling Promoter Transfer Shares, the identity of the Third Person Transferee and any other material or relevant terms and conditions of the proposed Transfer.

- 162A.2 Upon the Subsequent Investors receiving the Selling Promoter Transfer Notice, the Subsequent Investors, within 15 Business Days of receipt of the Selling Promoter Transfer Notice (the “**Subsequent Investor Tag Along Period**”), send a written notice to the Transferring Promoter (the “**Subsequent Investor Tag Along Notice**”) requiring the Transferring Promoter to ensure that the Third Person Transferee also purchases such number of Shares then held by the Subsequent Investors in the Share Capital at the relevant time, which shall not exceed the pro rata number of Shares of each of the Investors and the Subsequent Investors in the Share Capital at that time (the “**Subsequent Investor Tag Along Shares**”) at the same price and on the same terms as mentioned in the Selling Promoter Transfer Notice (the “**Subsequent Investors’ Tag Along Right**”). The Subsequent Investors’ Tag Along Right under this Article 162A shall be available in respect of the proportionate shareholding of the Subsequent Investors at the relevant time.
- 162A.3 In the event that the Subsequent Investors deliver their respective Subsequent Investor Tag Along Notice to the Transferring Promoter, the Transferring Promoter shall ensure that along with the Selling Promoter Transfer Shares mentioned in the Selling Promoter Transfer Notice, the Third Person Transferee also acquires the Subsequent Investor Tag Along Shares of the Subsequent Investors, as specified in the Subsequent Investor Tag Along Notice for the same consideration and upon the same terms and conditions as mentioned in the Selling Promoter Transfer Notice, provided that the Subsequent Investors shall, at their option, be entitled to, and the Transferring Promoter shall procure that the Subsequent Investors shall, receive the cash equivalent of any non-cash component of the consideration to be paid by the Third Person Transferee. The value of such non cash component of the consideration shall be determined by an independent valuation to be caused by the Subsequent Investors by an internationally renowned accounting firm if the Subsequent Investors and the Transferring Promoter fail to mutually agree on such value.
- 162A.4 In the event that the Third Person Transferee is unwilling or unable to acquire all of the Selling Promoter Transfer Shares mentioned in the Promoter Transfer Notice and all the Subsequent Investor Tag Along Shares upon such terms, then the Transferring Promoter may elect either to cancel the proposed Transfer to the Third Person Transferee or, to allocate the maximum number of Shares of the Company which the Third Person Transferee is willing to purchase among the Selling Promoter Transfer Shares and the Subsequent Investor Tag Along Shares pro-rata as calculated above and to complete such Transfer in accordance with the revised terms. In the event the Transferring Promoter elects to cancel the proposed Transfer to the Third Person Transferee, each of the Subsequent Investors may, at their respective option, also cancel the proposed Transfer of its respective Subsequent Investor Tag Along Shares.
- 162A.5 Notwithstanding anything to the contrary in this Article 162A, the Transferring Promoter shall not be entitled to Transfer any Shares to any Third Person Transferee unless the Third Person Transferee simultaneously purchases and pays for all the Subsequent Investor Tag Along Shares or a proportionate number of the Subsequent Investor Tag Along Shares determined in accordance with Article 162A.4.
- 162A.6 If the Subsequent Investors do not deliver the Subsequent Investor Tag Along Notice to the Transferring Promoter prior to the expiry of the Subsequent Investor Tag Along Period, the Transferring Promoter shall be entitled to Transfer the respective Selling Promoter Transfer Shares to the Third Person Transferee.
- 162A.7 In the event of the Transferring Promoter Transferring any Shares in violation of the provisions of this Article 162A (the “**Prohibited Selling Promoter Transfer**”), then the Subsequent Investors, upon exercise of their Subsequent Investors’ Tag Along Right, shall have the right to sell to the Transferring Promoter and the Transferring Promoter shall purchase from the Subsequent Investors , subject to Law, the Subsequent Investor Tag Along Shares at a price higher by at least 33% to the price at which the Transferring Promoter Transferred the Selling Promoter Transfer Shares to the Third Person Transferee, without prejudice to any other rights and remedies that the Transferring Promoter may have in order to restrict the Prohibited Selling Promoter Transfer or take any other action or exercise any other rights that it may be entitled to under Law. The Transferring Promoter shall also reimburse the Subsequent Investors for any and all fees and expenses, including legal fees and expenses, incurred pursuant to the exercise of the Subsequent Investors’ rights under this Article 162A. The Transferring Promoter shall purchase the Subsequent Investor Tag Along Shares within 90 days from the date of notice provided by the Subsequent Investors exercising its right under this Article 162A.7.
- 162A.8 Notwithstanding anything contained in these Articles, the Subsequent Investors’ Tag Along Right of the Subsequent Investors shall at all times be *pari passu inter se* each other and also with the Investors and not in any manner secondary to the tag along right of the other Investors, as provided under Article 162, as amended from time to time. In case any of the Investors or the Subsequent Investor decides to exercise their tag along right under Articles 162 or 162A (as the case may be), then the Promoters shall forthwith inform the other Subsequent Investors of such decision taken by the relevant Investor or the Subsequent Investor, along with the details thereof.
- 162A.9 Each Subsequent Investor shall cease to have its respective Tag Along Right under this Article 162 A as soon as such Subsequent Investor collectively with its Subsequent Investor Affiliates ceases to hold at least 1.5% of the Share Capital.

163. Transfer of Shares by the Investors

- (i) The Investors shall be entitled to Transfer all or part of its Shares, along with the right attached to such Shares, at any time to a Third Party Transferee, without the prior consent of the Promoters or any other shareholder of the Company.
- (ii) Notwithstanding the provisions of Article 164, the Investors shall be entitled to Transfer all or any part of its Shares in the Company, along with the right attached to such Shares, at any time to their respective Investor Affiliate without the prior consent of the Promoters or any other shareholder of the Company.

163 A. Collective Action

- (i) Collective Action by Baring Investors

Notwithstanding anything in these Articles, each of the Baring Investors hereby irrevocably authorize Baring India Private Equity Fund III Listed Investments Limited to take any and all decisions on their behalf with regard to any matter relating to or contemplated by these Articles, including the exercise of any right or remedy or performance of any obligations or grant of any waiver or consent hereunder. Exercise of any right or performance of any obligations or grant of any waiver or consent by Baring India Private Equity Fund III Listed Investments Limited as aforesaid shall be construed to be a joint exercise, performance or grant by all the Baring Investors, and any such consent, waiver or exercise of rights or obligations by Baring India Private Equity Fund III Listed Investments Limited can be relied upon by the Company and the Promoters. The Baring Investors shall collectively exercise all rights and perform all obligations under these Articles. It is clarified that any limits applicable to the Baring Investors under these Articles shall apply to them as if Baring Investors were one single entity, and not separately.

- (ii) Collective Action by Sequoia Investors

Notwithstanding anything in these Articles, each of the Sequoia Investors hereby irrevocably authorize Beaver Holdings Limited to take any and all decisions on their behalf with regard to any matter relating to or contemplated by these Articles, including the exercise of any right or remedy or performance of any obligations or grant of any waiver or consent hereunder. Exercise of any right or performance of any obligations or grant of any waiver or consent by Beaver Holdings Limited as aforesaid shall be construed to be a joint exercise, performance or grant by all the Sequoia Investors, and any such consent, waiver or exercise of rights or obligations by Beaver Holdings Limited can be relied upon by the Company and the Promoters. The Sequoia Investors shall collectively exercise all rights and perform all obligations under these Articles. It is clarified that any limits applicable to the Sequoia Investors under these Articles shall apply to them as if Sequoia Investors were one single entity, and not separately.

- (iii) It is clarified that wherever any limits are made applicable on Subsequent Investors under these Articles, such limits shall apply separately to the Sequoia Investors and the Baring Investors, and not collectively.

**Additional Capital**

164. In the event the Company decides to issue any additional Shares (in excess of the Share Capital as on the Effective Date) or other securities (the “**Additional Shares**”), to any Third Party, then within 2 (two) Business Days of such matter being approved by the Board, the Company shall first offer to issue such number of the Additional Shares to AAIA such that the shareholding of AAIA after issue of the Additional Shares does not fall below 6% (six percent) of the Share Capital (the “**AAIA Offer Shares**”) upon the terms and conditions set out in the offer notice with respect to such further issue (the terms of such offer to AAIA shall be referred to as the “**AAIA Additional Shares Offer Terms**”).

In the event the Company decides to issue any additional Shares (in excess of the Share Capital as on the Effective Date) or other securities (the “**Additional Shares**”), to any Third Party, then within 2 (two) Business Days of such matter being approved by the Board, the Company shall first offer to issue such proportion of the Additional Shares equivalent to Hudson’s then shareholding in the Share Capital to Hudson (the “**Hudson Offer Shares**”) upon the terms and conditions set out in the offer notice with respect to such further issue (the terms of such offer to Hudson shall be referred to as the “**Hudson Additional Shares Offer Terms**”).

In the event the Company decides to issue any additional Shares (in excess of the Share Capital as on the Effective Date) or other securities (the “**Additional Shares**”), to any Third Party, then within 2 (two) Business Days of such matter being approved by the Board, the Company shall first offer to issue such proportion of the Additional Shares equivalent to Sequoia’s then shareholding in the Share Capital to Sequoia (the “**Sequoia Offer Shares**”) upon the terms and conditions set out in the offer notice with respect to such further issue (the terms of such offer to Sequoia shall be referred to as the “**Sequoia Additional Shares Offer Terms**”).

165. Upon such offer being made, each of AAIA and Hudson shall have the first right to agree to subscribe for all or part of the AAIA Offer Shares, Hudson Offer Shares respectively, in accordance with the AAIA Additional Shares Offer

Terms, Hudson Additional Shares Offer Terms Additional Shares Offer Terms respectively, within a period of 21 (twenty one) Business Days (the “**Additional Shares Offer Period**”). If each of AAIA and Hudson agrees to subscribe for the AAIA Offer Shares, Hudson Offer Shares Offer Shares respectively, in whole or in part within the Additional Shares Offer Period the Company shall, after receipt of such intimation to subscribe for the AAIA Offer Shares, Hudson Offer Shares Offer Shares, in whole or in part, by each of AAIA and Hudson respectively, convene a General Meeting to approve the preferential allotment of the AAIA Offer Shares, Hudson Offer Shares Offer Shares and thereafter complete the issue and allotment of the AAIA Offer Shares, Hudson Offer Shares, within the time period prescribed under Law. In the event that either of AAIA or Hudson does not respond to the notice from the Company within the prescribed time period or declines to subscribe for the AAIA Offer Shares, Hudson Offer Shares respectively, then the Company shall be entitled to issue the remainder of the Additional Shares to any Person and the shareholding of each of AAIA and Hudson, shall be treated as diluted to such extent from the date of issuance of the Additional Shares.

166. In the event that any future round of financing of the Company involves a secondary purchase of Shares from the Promoters, each of AAIA and Hudson shall have their respective Right of First Offer and respective Tag Along Rights set out in Article 161 and Article 162 respectively in respect of the shares of the Promoters that are proposed to be Transferred in such round of financing. To enable each of AAIA and Hudson to effectively exercise its right under this Article, the Company and/or the Promoters shall notify each of AAIA and Hudson in writing of such an opportunity. Such written notice shall be provided to each of AAIA and Hudson within 2 (two) Business Days of the Company, or any of the Promoters executing a term sheet, letter of intent, memorandum of understanding, or entering into any arrangement, whether written or otherwise, and whether binding or non-binding. The written notice shall set out in reasonable detail all facts necessary for each of AAIA and Hudson to effectively exercise their right under Article 164 to Article 169.
167. If any future or present investor (other than Hudson under paragraphs 2 and 3 of Article 164 respectively) is granted more favourable rights than the rights granted to each of AAIA and Hudson under any agreement, each of AAIA and Hudson shall be entitled to be issued a single share in such round of additional funding upon which each of AAIA and Hudson shall be entitled to all such additional favourable rights granted in such placement and shall also be entitled to such additional favourable rights in respect of its then existing Shares in the Company. Each of AAIA and Hudson shall cease to have the right to be issued a single share in future rounds of funding as set out in this Article as soon as it ceases to hold 1% (one per cent) of the Share Capital.
168. In addition, each of AAIA and Hudson shall have the rights agreed to in writing under Article 135, relating to the further issue of Shares.
169. Nothing in Article 164 to Article 169 shall apply to any Shares that may be issued pursuant to any ESOP or a rights issue by the Company or bonus issue of Shares to all the shareholders of the Company on a pro-rata basis.

#### **Exit By Aaia And Hudson**

170. At any time after March 31, 2010, each of AAIA and Hudson shall have the right, subject to providing a notice of 30 (thirty) days (the “**Share Sale Notice**”), to cause the Company and the Promoters to procure the sale of part or all of the Shares held by each of AAIA and Hudson in one or more private placements of Shares, or by way of a secondary offering of Shares held by each of AAIA and Hudson to the public (subject to applicable Law) (the “**Secondary Offering**”), or a combination thereof and may require the Company and the Promoters to, within a period of 30 (thirty) days from the date of such request, initiate the process to facilitate such sale of part or all of each of AAIA, Hudson’s Shares, with the primary purpose of enabling each of AAIA and Hudson to sell its Shares through such private placement or Secondary Offering on any Stock Exchange, subject to compliance with applicable Law.
171. In the event that each of AAIA and Hudson serves the Share Sale Notice, the Promoters shall exercise their voting rights (at the Board and shareholder levels), and cause the Board of Directors of the Company to take all steps necessary for the Company to undertake such private placement or Secondary Offering, to enable each of AAIA and Hudson to Transfer its Shares (or any part thereof) through such offering or sale, including but not limited to, preparing and signing the relevant offer documents, conducting road shows, entering into such documents, providing all necessary information and documents necessary for preparing the offer document, obtaining such regulatory or other approvals and doing such further reasonable acts or deeds as may be necessary to effect such a sale by each of AAIA and Hudson. The Company shall comply with all the procedures and execute documents in each case as are customary in transactions of such nature, or do all acts necessary to facilitate the private placement or Secondary Offering as aforesaid. The Promoters and the Company shall assist each of AAIA and Hudson to the fullest extent possible to enable the sale of the Shares (or any part thereof) held by each of AAIA and Hudson through the private placement or Secondary Offering as aforesaid.
172. Rights of AAIA and Hudson in relation to Secondary Sales/Private Placement of Shares of the Company
- (i) Each of AAIA and Hudson shall be entitled to make one or more requests for sale of its Shares as detailed in Article 170, either in whole or in part, and the Company and the Promoters shall comply with the requirements of this Article 172 in respect of each such request. Each of AAIA and Hudson shall be entitled to determine

the price and number of Shares held by it to be offered in the Secondary Offering and each of AAIA and Hudson will have the right to sell up to 100% (one hundred percent) of its Shares as a part of the Secondary Offering. Each of AAIA and Hudson will consider the recommendations, if any, of the appointed investment banking firm in this regard in accordance with Article (ii) and Article (iii).

- (ii) The Stock Exchange(s) on which the Shares offered by each of AAIA and Hudson shall be listed and the appointment of an investment bank as book runner for the offering shall be mutually agreed to between each of AAIA and Hudson, the Promoters and the Company. Such offering shall be managed and underwritten by a reputable investment banking firm of recognized high standing in the market in which the Shares of each of AAIA and Hudson are to be offered, who is acceptable to each of AAIA and Hudson.
  - (iii) In the event that the Company, the Promoters and each of AAIA and Hudson do not reach an agreement with regard to the choice of Stock Exchange(s) on which the Shares are to be listed and/or the choice of investment banker to be appointed as book runner for the offering, each of AAIA and Hudson shall have the option, at its sole discretion, to (A) require the listing of the Shares on any Stock Exchange as it determines fit, and (B) appoint any one or more investment banks as book runner(s) for the offering.
  - (iv) In the event that the Company issues American Depository Receipts, Global Depository Receipts or such other similar instruments (the "Further Securities") that are listed or are to be listed on any Stock Exchange, then subject to applicable Law, upon written request by each of AAIA and Hudson the Company shall reclassify, as may be required, and list the Shares (or other securities arising from such reclassification) held by each of AAIA and Hudson on the same date (or at a future date, if requested in writing by each of AAIA and Hudson) and on the same Stock Exchange(s) on which listing of the Further Securities occurs. The Company's obligations to list the Shares held by each of AAIA and Hudson shall exist irrespective of whether each of AAIA and Hudson sell their Shares pursuant to such listing or not.
173. The right of each of AAIA and Hudson under this Article 170 to Article 174 cause the Company and the Promoters to procure the sale of part or all of the Shares held by each of AAIA and Hudson in one or more Secondary Offering of the Shares, and any Transfer of Shares held by each of AAIA and Hudson in any Secondary Offering of the Shares shall not be subject to the Promoters Right of First Offer set out in Article 164.
174. Upon the occurrence of an Event of Default, each Investor, the Company and the Promoters, except the Defaulting Party, shall have the option to continue to exercise its rights under Part II of the Articles, but without being liable to comply with any of its obligations hereunder.

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office of our Company from 10:00 a.m. to 5:00 p.m. on any Working Day during which the Issue is open for public subscription under the respective Tranche Prospectus.

### A. *Material Contracts*

1. Issue Agreement dated September 24, 2018 between our Company and the Lead Managers.
2. Registrar Agreement dated September 24, 2018 between our Company and the Registrar to the Issue.
3. Debenture Trustee Agreement dated September 18, 2018 executed between our Company and the Debenture Trustee.
4. The agreed form of the Debenture Trust Deed to be executed between the Company and the Debenture Trustee.
5. Tripartite agreement between our Company, Registrar to the Issue and CDSL dated August 11, 2011.
6. Tripartite agreement between our Company, Registrar to the issue and NSDL dated August 4, 2011.
7. Public Issue Account Agreement to be entered into by our Company, the Registrar to the Issue, the Lead Managers and the Banker(s) to the Issue, for the respective tranche issues.
8. Consortium Agreement dated October 16, 2018, between our Company, the Lead Managers and the Consortium Members.

### B. *Material Documents*

1. Certificate of incorporation of our Company dated July 15, 1992 and certificate for commencement of business dated July 31, 1992.
2. Fresh certificate of incorporation dated June 22, 2011 pursuant to change of name of Company from Manappuram General Finance and Leasing Limited to Manappuram Finance Limited.
3. Certified copies of the Memorandum of Association and Articles of Association of our Company as amended from time to time.
4. The certificate of registration dated March 22, 2011, bearing registration number B-16.00029 was issued by RBI to carry on the activities of a non-banking financial company without accepting public deposits under Section 45 IA of the RBI Act.
5. Credit rating letter and rationale dated August 29, 2018 from Brickworks assigning a rating of BWR AA+/Stable to the NCDs and revalidation letter dated October 11, 2018.
6. Credit rating letter and rationale dated August 20, 2018 and revalidation letter dated September 17, 2018 from CARE assigning a rating of CARE AA/Stable to the NCDs and revalidation letter dated October 8, 2018.
7. Copy of the resolution dated August 9, 2018, passed by the Board of Directors of our Company, approving the public issue of secured non-convertible debentures of face value ₹ 1,000 each aggregating up to ₹ 30,000 million.
8. Copy of resolution passed by the Debenture Committee dated September 26, 2018 approving this Draft Shelf Prospectus and the Shelf Limit of ₹ 10,000 million and resolution dated October 16, 2018 approving this Shelf Prospectus.
9. Resolution passed by the shareholders of our Company, pursuant to section 180 (1)(c) of the Companies Act, 2013, duly approved by the postal ballot dated September 12, 2014, approving the overall borrowing limit of Company.
10. Report entitled “NBFC Report 2018” prepared by CRISIL Research, a division of CRISIL Limited.

11. Consents of the Directors, Lead Managers to the Issue, Company Secretary and Compliance Officer,, Debenture Trustee, Credit Rating Agencies for the Issue, Lenders to our Company, Legal Advisor to the Issue, CRISIL for CRISIL Report and the Registrar to the Issue, to include their names in this Shelf Prospectus in their respective capacity
12. The consent of the Statutory Auditors of our Company, namely Deloitte Haskins & Sells LLP, Chartered Accountants for inclusion of: (a) their names as the Statutory Auditors, and (b) reports on the Reformatted Summary Financial Statements.
13. The reports of the Statutory Auditors dated September 26, 2018 in relation to the Reformatted Summary Financial Statements included herein.
14. The consent of the Independent Chartered Accountants, namely Manikandan & Associates for inclusion of: (a) their names as the Independent Chartered Accountants, and (b) the Statement of tax benefits.
15. Statement of tax benefits dated September 25, 2018 issued by the Independent Chartered Accountants.
16. Limited Review Financial information for quarter ended June 30, 2018.
17. Annual Reports of our Company for the last five Financial Years.
18. Share Purchase Agreement dated March 14, 2012 between the Company, the Promoters and Baring India Private Equity Fund II Limited, Baring India Private Equity Fund III Listed Investments Limited, BRIC II Mauritius Trading.
19. Securities Purchase Agreement dated July 2, 2018 between the Company, the ISFC, and GGV School Finance Company Limited, Gray Matters Capital AIF, Caspian Impact Investment Advisor Private Limited and Blayfort Limited.
20. Due Diligence certificate dated October 16, 2018 filed by the Lead Managers with SEBI.
21. In-principle approval dated October 4, 2018 for the Issue issued by BSE by way of its letter bearing reference number DCS/BM/PI-BOND/12/18-19.

## DECLARATION

We, the Directors of our Company, hereby certify and declare that all applicable legal requirements in connection with the Issue including relevant provisions of the Companies Act, the SCRA, the rules, regulations, guidelines and circulars issued by the Government of India, the rules, regulations, guidelines and circulars issued by RBI, and the rules, regulations, guidelines and circulars issued by SEBI including, the SEBI Debt Regulations, to the extent applicable, as the case may be, have been complied with and no statement made in this Shelf Prospectus is contrary to the relevant provisions of applicable law.

Furthermore, we certify that all disclosures and statements in this Shelf Prospectus are in compliance with all applicable legal requirements and are true, accurate and correct in all material respects and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, false or misleading and that this Shelf Prospectus does not contain any misstatements.

### Signed by the Board of Directors:

Jagdish Capoor

*Independent and Non-Executive Chairman*

V.P. Nandakumar

*Managing Director and Chief Executive Officer*

B. N. Raveendra Babu

*Executive Director*

E.A. Kshirsagar

*Nominee Director*

P. Manomohan

*Independent Director*

V.R. Rajiven

*Independent Director*

Dr. Amla Samanta

*Independent Director*

V.R. Ramachandran

*Independent Director*

Gautam Narayan

*Non-Executive Director*

**Date:** October 16, 2018

**Place:** Kerala



**ANNEXURE A**

**FINANCIAL INFORMATION**

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REPORT OF THE INDEPENDENT AUDITOR'S ON THE REFORMATTED SUMMARY  
STANDALONE FINANCIAL STATEMENTS

To the Board of Directors of  
Manappuram Finance Limited

Report on the Reformatted Summary Standalone Financial Statements

- 1) The accompanying Reformatted Summary Standalone Financial Statements of Manappuram Finance Limited **(the "Company")**, which comprise the Reformatted Summary Standalone Statements of Assets and Liabilities as at March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014, and also the Reformatted Summary Standalone Statements of Profit and Loss and the Reformatted Summary Standalone Cash Flow Statements for the years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014, and a summary of the significant accounting policies and other explanatory **information (together comprising the "Reformatted Summary Standalone Financial Statements")** are derived from the audited standalone financial statements of the Company for the respective years audited by us/previous auditor as detailed in paragraph 3(a) to 3(b) below **(referred to as the "Audited Standalone Financial Statements)**.
- 2) The Reformatted Summary Standalone Financial Statements have been prepared by the Management of the Company on the basis of Note 2 to the Reformatted Summary Standalone Financial Statements and have been approved by the Board of Directors.
- 3) (a) We expressed our opinion on the Audited Standalone Financial Statements of the Company for the year ended March 31, 2018 vide our report dated May 18, 2018;  
(b) The Standalone Financial Statements of the Company for the financial years ended March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 were audited by the previous auditors, on which they have expressed their opinion vide their reports dated May 25, 2017, May 12, 2016, May 14, 2015 and May 15, 2014 respectively. In relation to the aforesaid standalone financial statements audited by the previous auditors, we have not carried out any audit tests or review procedures, and, accordingly reliance has been placed on the standalone financial statements audited by the previous auditor for the said years and the audit reports thereon.
- 4) The previous auditor has issued a report on reformatted standalone financial statements dated September 26, 2018 for the years ended March 31, 2017, 2016, 2015 and 2014. Our reporting on these years, i.e. March 31, 2017, 2016, 2015 and 2014 are solely based on the report submitted by previous auditor on which we have placed reliance.

5) The Reformatted Summary Standalone Financial Statements as at and for the years ended March 31, 2017, March 31, 2016, March 31, 2015, and March 31, 2014 reported upon by previous auditor on which reliance has been placed by us, have been regrouped/ reclassified wherever necessary to correspond with the presentation/disclosure requirements of the financial year ended March 31, 2018. The figures included in the Reformatted Summary Standalone Financial Statements, do not reflect the effect of events that occurred subsequent to the date of our reports on the respective periods referred to in paragraph 3(a) and 3(b) above.

6) **Management's** Responsibility for the Reformatted Summary Standalone Financial Statements

Management is responsible for the preparation of the Reformatted Summary Standalone Financial Statements, as mentioned in paragraph 1 above, on the basis of Note 2 to the Reformatted Summary Standalone Financial Statements. **Management's responsibility includes designing, implementing and maintaining** internal control relevant to the preparation and fair presentation of the Reformatted Summary Standalone Financial Statements that are free from material misstatement, whether due to fraud and error. The Management and the Board of Directors are also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities, including compliance with the provisions of the laws and regulations that determine the reported amounts and disclosures in the Reformatted Summary Standalone Financial Statements.

7) **Auditor's** Responsibility

Our responsibility is to express an opinion on the Reformatted Summary Standalone Financial Statements based on our procedures, which were conducted in accordance with **Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements"** issued by the Institute of Chartered Accountants of India.

8) Opinion

In our opinion and as per the reliance placed on the report submitted by previous auditor, the Reformatted Summary Standalone Financial Statements derived from the Audited Standalone Financial Statements of the Company for the respective years are a fair summary of the Audited Standalone Financial Statements of the respective years on the basis described in Note 2 to the Reformatted Summary Standalone Financial Statements.

9) Other matters

a) This report should not in any way be construed as a re-audit and consequently, re-issuance or re-dating of any of the previous audit reports issued by us and/or other firms of Chartered Accountants on the Reformatted Summary Standalone Financial Statements.

b) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

10) Restrictions on Use

This report is addressed to and is provided to enable the Company to include this report in the Draft Shelf Prospectus in connection with the issue, to be filed by the Company with BSE Limited and with the Securities and Exchange Board of India. The Reformatted Summary Standalone Financial Statements may, therefore, not be suitable for another purpose or distributed to any other person, without our prior written consent.

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

S. Sundaresan  
Partner  
(Membership Number: 25776)

BENGALURU, 26 September, 2018

**Manappuram Finance Limited**  
**Annexure -I Reformatted Summary Standalone Statement of Asset and Liabilities**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

	Note No.	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Equity and Liabilities</b>						
<b>Shareholders' funds</b>						
Share capital	3	1,685.07	1,683.80	1,682.41	1,682.41	1,682.41
Reserves and surplus	4	36,459.76	31,423.73	25,685.67	24,591.29	23,235.32
		<b>38,144.83</b>	<b>33,107.53</b>	<b>27,368.08</b>	<b>26,273.70</b>	<b>24,917.73</b>
<b>Non-current liabilities</b>						
Long-term borrowings	5	13,785.91	19,529.31	11,151.34	15,502.90	14,546.36
Other long term liabilities	6	683.93	1,134.50	1,237.80	1,093.89	2,725.63
		<b>14,469.84</b>	<b>20,663.81</b>	<b>12,389.14</b>	<b>16,596.79</b>	<b>17,271.99</b>
<b>Current liabilities</b>						
Short-term borrowings	7	77,975.10	62,559.51	67,672.41	52,997.65	52,127.93
Trade Payables	8	-	-	-	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		415.97	641.55	232.51	242.14	363.40
Other current liabilities	9	14,546.00	13,478.82	10,778.74	16,734.58	12,707.74
Short-term provisions	10	1,207.12	1,012.42	667.90	476.94	995.03
		<b>94,144.19</b>	<b>77,692.30</b>	<b>79,351.56</b>	<b>70,451.31</b>	<b>66,194.10</b>
<b>TOTAL</b>		<b>146,758.86</b>	<b>131,463.64</b>	<b>119,108.78</b>	<b>113,321.80</b>	<b>108,383.82</b>
<b>Assets</b>						
<b>Non-current assets</b>						
<b>Fixed assets</b>						
Property, Plant and Equipment	11A	2,609.31	1,760.51	1,868.10	1,671.14	1,911.21
Intangible assets	11B	41.52	29.92	30.18	43.23	62.14
Capital work-in-progress		0.07	1.36	-	8.81	45.22
Non-current investments	12A	3,749.78	3,241.92	3,241.92	1,676.42	213.59
Deferred tax assets (net)	13	640.10	555.34	390.84	296.17	288.97
Long-term loans and advances	14	8,704.57	3,323.87	2,905.29	1,892.05	1,628.25
Other non current assets	15	317.72	184.00	174.64	278.46	284.73
		<b>16,063.07</b>	<b>9,096.92</b>	<b>8,610.97</b>	<b>5,866.28</b>	<b>4,434.11</b>
<b>Current assets</b>						
Current investments	12B	-	-	-	2,118.20	7,906.04
Cash and Cash Equivalents	16	4,431.88	4,116.50	4,919.33	6,820.83	8,332.57
Short-term loans and advances	14	123,018.98	114,962.91	101,790.71	92,553.66	81,870.88
Other current assets	15	3,244.93	3,287.31	3,787.77	5,962.83	5,840.22
		<b>130,695.79</b>	<b>122,366.72</b>	<b>110,497.81</b>	<b>107,455.52</b>	<b>103,949.71</b>
<b>Total</b>		<b>146,758.86</b>	<b>131,463.64</b>	<b>119,108.78</b>	<b>113,321.80</b>	<b>108,383.82</b>

See accompanying notes forming part of the reformatted summary standalone financial statements.

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**For and on behalf of the Board of Directors**

**S.Sundaresan**  
Partner

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

**B. N. Raveendra Babu**  
Executive Director  
DIN: 00043622

**Bindhu AL**  
Executive Vice President

**Ramesh Periasamy**  
Company Secretary

Place:  
Date :

Place:  
Date :

**Manappuram Finance Limited**  
**Annexure -II Reformatted Summary Standalone Statement of Profit and Loss**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>Income</b>						
Revenue from operations	17	29,281.98	30,070.14	22,130.78	19,757.33	21,004.28
Other income	18	216.61	14.19	18.11	14.53	14.05
<b>Total revenue</b>		<b>29,498.59</b>	<b>30,084.33</b>	<b>22,148.89</b>	<b>19,771.86</b>	<b>21,018.33</b>
<b>Expenses</b>						
Finance costs	19	7,909.50	10,025.55	8,838.65	8,724.89	10,266.01
Employee benefits expense	20	5,041.28	4,205.01	3,962.16	3,071.60	3,135.87
Other expenses	21	5,272.56	4,122.39	3,628.07	3,312.28	3,547.00
Depreciation and amortization expense	22	609.70	582.61	530.89	538.81	638.95
<b>Total Expenses</b>		<b>18,833.04</b>	<b>18,935.56</b>	<b>16,959.77</b>	<b>15,647.58</b>	<b>17,587.83</b>
<b>Profit before tax</b>		<b>10,665.55</b>	<b>11,148.77</b>	<b>5,189.12</b>	<b>4,124.28</b>	<b>3,430.50</b>
<b>Tax expenses</b>						
Current tax		3,763.08	4,052.93	1,911.36	1,424.16	991.05
Excess Provision for Tax relating to Prior years		(14.46)	-	-	-	-
Deferred tax Charge / (Credit)		(84.76)	(164.50)	(94.67)	(7.20)	179.34
<b>Total tax expense</b>		<b>3,663.86</b>	<b>3,888.43</b>	<b>1,816.69</b>	<b>1,416.96</b>	<b>1,170.39</b>
<b>Profit for the year</b>		<b>7,001.69</b>	<b>7,260.34</b>	<b>3,372.43</b>	<b>2,707.32</b>	<b>2,260.11</b>
Earnings per share [Face value of Rs.2/- each]	23					
Basic earnings per share (Rs.)		8.32	8.63	4.01	3.22	2.69
Diluted earnings per share (Rs.)		8.30	8.63	4.01	3.22	2.69

See accompanying notes forming part of the reformatted summary standalone financial statements.

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**For and on behalf of the Board of Directors**

**S.Sundaresan**  
Partner

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

**B. N. Raveendra Babu**  
Executive Director  
DIN: 00043622

**Bindhu AL**  
Executive Vice President

**Ramesh Periasamy**  
Company Secretary

Place:  
Date :

Place:  
Date :

**Manappuram Finance Limited**
**Annexure -III Reformatted Summary Standalone of Cash flow Statement**
*(All amounts are in millions of Indian rupees unless otherwise stated)*

	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>A. Cash flow from operating activities</b>					
<b>Net profit before tax</b>	10,665.55	11,148.77	5,189.12	4,124.28	3,430.50
Depreciation and amortization	609.70	582.61	530.89	538.81	638.95
Profit on sale of fixed assets	(3.41)	(5.17)	(6.70)	(6.50)	(4.82)
Net gain on sale of Investment	-	-	(23.30)	(77.20)	(169.49)
Interest income on DLB Bond	(5.95)	(5.98)			
Provision for standard assets	61.93	95.90	128.76	27.41	(44.43)
Bad debts/advances written off / provision for other assets and Provision for non performing assets	414.24	459.99	195.96	247.17	513.10
	27.68	89.77	-	-	-
Amortisation of Forward Exchange Contracts premium					
Provision for Litigation claim	0.23	6.56	4.07	4.64	9.69
<b>Operating profit before working capital changes</b>	<b>11,769.97</b>	<b>12,372.45</b>	<b>6,018.80</b>	<b>4,858.61</b>	<b>4,373.50</b>
Movements in working capital :					
Increase/ (decrease) in trade payable	(225.58)	452.71	(9.63)	(119.79)	(48.96)
Increase/ (decrease) in other current liabilities and provisions	401.95	1,985.14	340.55	(661.34)	(1,162.76)
Decrease / (increase) in long-term loans and advances	(5,336.06)	(636.90)	(1,210.15)	(309.49)	(120.60)
Decrease / (increase) in short-term loans and advances	(8,371.73)	(13,485.41)	(9,433.01)	(11,072.99)	17,606.52
Decrease / (increase) in other current assets	414.50	513.03	2,221.54	49.85	761.13
Increase / (decrease) in Other long term liabilities	(433.22)	(187.27)	143.91	368.26	(20.17)
<b>Cash generated from / (used in) operations</b>	<b>(1,780.17)</b>	<b>1,013.75</b>	<b>(1,927.99)</b>	<b>(6,886.89)</b>	<b>21,388.66</b>
Direct taxes paid (net of refunds)	(4,122.66)	(3,847.09)	(1,682.35)	(1,378.47)	(1,257.99)
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>(5,902.83)</b>	<b>(2,833.34)</b>	<b>(3,610.34)</b>	<b>(8,265.36)</b>	<b>20,130.67</b>
<b>B. Cash flows from investing activities</b>					
Purchase of fixed assets, including Capital work in progress	(1,515.89)	(464.04)	(742.25)	(246.83)	(258.66)
Proceeds from sale of fixed assets	5.86	5.57	10.87	8.44	9.48
Purchase of current investments	-	-	(450.00)	(1,625.46)	(7,473.65)
Purchase of non current investments	(507.86)	-	(1,565.50)	(1,456.83)	(163.56)
Interest income on DLB Bond	5.95	5.98	-	-	-
Sale of current investments	-	-	2,591.50	7,484.50	6,662.80
Redemption/ maturity of bank deposits (having original maturity of more than three months)	656.46	1,113.85	867.13	3,896.73	1,554.09
Investments in bank deposits (having original maturity of more than three months)	(849.98)	(1,019.65)	(1,052.34)	(925.76)	(2,548.78)
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>(2,205.46)</b>	<b>(358.29)</b>	<b>(340.59)</b>	<b>7,134.79</b>	<b>(2,218.28)</b>
<b>C. Cash flows from financing activities</b>					
Proceeds from issue of equity shares	52.23	21.65	-	-	-
Proceeds from Institutional debentures (long term)	2,000.00	15,050.00	-	-	100.00
Repayment of Institutional debentures (long term)	(767.00)	(436.40)	(890.50)	(1,227.04)	(3,042.14)
Proceeds from issuance of public debentures	-	-	-	4,785.52	2,000.00
Repayment of Public debentures	(2,706.74)	(1,539.72)	(1,505.35)	(455.61)	(2,987.32)
Repayment of Institutional debentures (short term)	-	-	-	-	(999.79)
Proceeds from Retail Debenture	-	-	-	50.00	2,730.40

**Manappuram Finance Limited****Annexure -III Reformatted Summary Standalone of Cash flow Statement***(All amounts are in millions of Indian rupees unless otherwise stated)*

	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
Repayment of Retail Debenture	(320.72)	(94.66)	(451.82)	(2,565.61)	(3,354.16)
Proceeds from inter corporate deposits	-	-	-	-	112.50
Repayment of inter corporate deposits	-	-	-	(32.50)	(80.00)
Application money received for issue of redeemable non-convertible debenture	-	-	-	(2,000.00)	2,008.15
Proceeds from commercial paper	140,976.39	87,246.61	70,266.49	74,654.58	19,755.65
Repayment of commercial paper	(135,119.36)	(73,489.32)	(61,834.06)	(73,748.44)	(20,462.19)
Proceed from Vehicle Loan	-	31.00	-	-	2.13
Repayment of Vehicle Loan	(5.30)	(1.73)	(2.00)	(3.38)	(4.43)
Proceed from Finance Lease	110.35	27.01	81.03	-	-
Repayment of Finance Lease	(39.64)	(27.55)	(19.65)	-	-
Repayment of Subordinate Debt	(857.58)	(1,807.31)	(575.18)	(531.85)	(387.11)
Proceed from Term loan/WCDL from Bank	220,150.00	103,820.00	117,400.00	110,840.00	57,110.00
Repayment of Term Loan/WCDL from Banks	(206,889.24)	(124,470.30)	(122,362.75)	(83,364.17)	(66,270.21)
Proceeds from Foreign currency term loan - Bank	-	1,500.00	-	-	-
Proceeds from Foreign currency WCDL - Bank	-	5,500.00	-	-	-
Repayment of Foreign currency WCDL - Bank	(5,617.44)	-	-	-	-
Proceeds from Borrowings from others	213.08	122.26	262.80	58.76	750.00
Repayment of Borrowings from others	(91.27)	(248.53)	(175.17)	(1,895.20)	(2,767.72)
Proceeds / (Repayment) in Cash credit facilities (net)	(671.38)	(7,206.18)	3,891.09	(20,600.76)	(2,400.37)
Dividends paid	(1,683.94)	(1,262.56)	(1,892.74)	(1,135.64)	(1,135.65)
Tax on dividend	(342.81)	(257.02)	(385.31)	(215.71)	(193.00)
<b>Net cash flow from/ (used in) in financing activities (C)</b>	<b>8,389.63</b>	<b>2,477.25</b>	<b>1,806.88</b>	<b>2,612.95</b>	<b>(19,515.26)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>281.34</b>	<b>(714.38)</b>	<b>(2,144.05)</b>	<b>1,482.38</b>	<b>(1,602.87)</b>
Cash and cash equivalents at the beginning of the year	2,621.42	3,335.80	5,479.85	3,997.47	5,600.34
<b>Cash and cash equivalents at the end of the year (Note 16)</b>	<b>2,902.76</b>	<b>2,621.42</b>	<b>3,335.80</b>	<b>5,479.85</b>	<b>3,997.47</b>

See accompanying notes forming part of the reformatted summary standalone financial statements.

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**For and on behalf of the Board of Directors**

**S.Sundaresan**  
Partner

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

**Bindhu AL**  
Executive Vice President

Place:  
Date :

Place:  
Date :



**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 3**

**SHARE CAPITAL**

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Authorised</b>					
Equity Shares	1,960.00 980 Million shares of Rs.2 each	1,960.00 980 Million shares of Rs.2 each	1,960.00 980 Million shares of Rs.2 each	1,960.00 980 Million shares of Rs.2 each	1,960.00 980 Million shares of Rs.2 each
Redeemable preference shares	40.00 0.4 Million Shares of Rs 100	40.00 0.4 Million Shares of Rs 100	40.00 0.4 Million Shares of Rs 100 each	40.00 0.4 Million Shares of Rs 100	40.00 0.4 Million Shares of Rs 100
	<b>2,000.00</b>	<b>2,000.00</b>	<b>2,000.00</b>	<b>2,000.00</b>	<b>2,000.00</b>
<b>Issued, subscribed and fully paid-up</b>					
Equity Shares	1,685.07 842.54 Million shares of Rs.2 each	1,683.80 841.90 Million shares of Rs.2 each	1,682.41 841.21 Million shares of Rs.2 each	1,682.41 841.21 Million shares of Rs.2 each	1,682.41 841.21 Million shares of Rs.2 each
<b>Total issued, subscribed and fully paid-up</b>	<b>1,685.07</b>	<b>1,683.80</b>	<b>1,682.41</b>	<b>1,682.41</b>	<b>1,682.41</b>

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

	March 31, 2018		March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014	
	No. Million	Rs. (in Million)	No. Million	Rs. (in Million)	No. Million	Rs. (in Million)	No. Million	Rs. (in Million)	No. Million	Rs. (in Million)
At the beginning of the year	841.89	1,683.80	841.20	1,682.41	841.20	1,682.41	841.20	1,682.41	841.20	1,682.41
Issued during the year - ESOP (Refer note 24)	0.64	1.27	0.69	1.39	-	-	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>842.53</b>	<b>1,685.07</b>	<b>841.89</b>	<b>1,683.80</b>	<b>841.20</b>	<b>1,682.41</b>	<b>841.20</b>	<b>1,682.41</b>	<b>841.20</b>	<b>1,682.41</b>

**b. Terms/rights attached to equity shares**

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

During the year ended March 31, 2018, the amount of per share dividend recognized as distributions to equity shareholders was Rs.2/- per share (March 31, 2017: Rs 1.50 per share, March 31, 2016: Rs 2.25 per share, March 31, 2015: Rs 1.35 per share, March 31, 2014: Rs 1.80 per share).

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

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

	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
	No. Millions	No. Millions	No. millions	No. millions	No. millions
Equity shares allotted as fully paid bonus shares by capitalization of securities premium, general reserve and capital redemption reserve.	-	614.56	614.56	614.56	614.56

**Manappuram Finance Limited****Annexure -IV Notes to Reformatted Summary Standalone Financial Statements***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

In addition, the Company has issued 1,328,626 equity shares (March 31, 2017: 746,500, March 31, 2016: 11,213,880, March 31, 2015: 11,213,880, March 31, 2014: 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 the form of employee services.

**d. Details of shareholders holding more than 5% shares in the Company (Equity shares of Rs.2/- each fully paid)**

	<b>March 31, 2018</b>		<b>March 31, 2017</b>		<b>March 31, 2016</b>		<b>March 31, 2015</b>		<b>March 31, 2014</b>	
	<b>No. Millions</b>	<b>% of holding</b>	<b>No. Millions</b>	<b>% of holding</b>	<b>No. Millions</b>	<b>% of holding</b>	<b>No. Millions</b>	<b>% of holding</b>	<b>No. Millions</b>	<b>% of holding</b>
Mr.Nandakumar V P	239.37	28.41	237.57	28.22	230.94	27.45	222.54	26.45	217.41	25.85
Ms Sushama Nandakumar	48.00	5.70	48.00	5.70	48.00	5.71	48.00	5.71	48.00	5.71
Baring India Private Equity Fund III	47.62	5.66	47.62	5.66	79.36	9.43	79.36	9.43	79.36	9.43
Quinag Acquisition (FPI) Ltd	57.79	6.86								
Smallcap World Fund Inc	-	-	-	-	-	-	54.93	6.53	54.93	6.53
Hudson Equity Holdings Ltd	-	-	-	-	-	-	44.55	5.30	44.55	5.30

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.

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

**NOTE: 4**  
**RESERVES AND SURPLUS**

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Securities premium account</b>					
Opening Balance	13,719.43	13,699.17	13,699.17	13,699.17	13,699.17
Add: Premium on shares issued during the year	50.96	20.26	-	-	-
<b>Closing Balance</b>	<b>13,770.39</b>	<b>13,719.43</b>	<b>13,699.17</b>	<b>13,699.17</b>	<b>13,699.17</b>
<b>Statutory Reserve pursuant to Section 45-IC of The RBI Act, 1934</b>					
Opening Balance	5,735.90	4,283.83	3,609.34	3,067.88	2,615.86
Add: Transfer from surplus balance in the Reformatted summary standalone Statement of Profit and Loss	1,400.34	1,452.07	674.49	541.46	452.02
<b>Closing Balance</b>	<b>7,136.24</b>	<b>5,735.90</b>	<b>4,283.83</b>	<b>3,609.34</b>	<b>3,067.88</b>
<b>Debenture Redemption Reserve</b>					
Opening Balance	821.21	718.95	549.04	113.90	1,493.66
Add: Amount transferred from surplus in the Reformatted summary standalone Statement of Profit and Loss (refer note 4 (a))	-	102.26	169.91	435.14	113.90
Less: Amount transferred to surplus in the Reformatted summary standalone Statement of Profit and Loss	(676.68)	-	-	-	(1,493.66)
<b>Closing Balance</b>	<b>144.53</b>	<b>821.21</b>	<b>718.95</b>	<b>549.04</b>	<b>113.90</b>
<b>General Reserve</b>					
Opening Balance	3,885.08	3,885.08	3,885.08	3,885.08	2,165.41
Add: amount transferred from surplus balance in the Reformatted summary standalone Statement of Profit and Loss	-	-	-	-	226.01
Add: amount transferred from debenture redemption reserve.	-	-	-	-	1,493.66
<b>Closing Balance</b>	<b>3,885.08</b>	<b>3,885.08</b>	<b>3,885.08</b>	<b>3,885.08</b>	<b>3,885.08</b>
<b>Hedging Reserve</b>					
Opening Balance	(22.96)	-	-	-	-
Add/(Less): Effect of foreign exchange rate variations in Hedging instruments	10.13	(22.96)	-	-	-
<b>Closing Balance</b>	<b>(12.83)</b>	<b>(22.96)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus in Reformatted summary standalone Statement of Profit &amp; Loss</b>					
Opening Balance	7,285.07	3,098.64	2,848.66	2,469.29	2,772.63
Add: Profit for the year	7,001.69	7,260.34	3,372.43	2,707.32	2,260.11
<b>Less: Appropriations</b>					
Transfer to/(from) debenture redemption reserve	(676.68)	102.26	169.91	435.14	113.90
Proposed final equity dividend (amount per share Rs. NIL/- (31 March 2016: Nil/-, 31 March 2015: Nil/-, 31 March 2014: Rs.0.45/-))	-	-	-	-	378.54
Interim dividend on equity shares	1,683.94	1,262.56	1,892.74	1,135.64	1,135.65
Tax on proposed equity dividend	-	-	-	-	64.33
Tax on interim dividend on equity shares	342.81	257.02	385.31	215.71	193.00
Transfer to Statutory reserve	1,400.34	1,452.07	674.49	541.46	452.02
Transfer to general reserve	-	-	-	-	226.01
Total appropriations	2,750.41	3,073.91	3,122.45	2,327.95	2,563.45
<b>Surplus in the Reformatted summary standalone Statement of Profit and Loss</b>	<b>11,536.35</b>	<b>7,285.07</b>	<b>3,098.64</b>	<b>2,848.66</b>	<b>2,469.29</b>
<b>Total Reserves and Surplus</b>	<b>36,459.76</b>	<b>31,423.73</b>	<b>25,685.67</b>	<b>24,591.29</b>	<b>23,235.32</b>

**Notes:**

a) Pursuant to Section 71 of the Companies Act, 2013 ( as well as Section 117C of the Companies Act, 1956) and circular 04/2013, read with notification issued date June 19, 2016 issued by Ministry of Corporate Affairs, the Company is required to transfer 25% of the value of the outstanding debentures issued through public issue as per the present SEBI (Issue and Listing of Debt Securities) Regulation, 2008 to Debenture Redemption Reserve (DRR) and no DRR is required in case of privately placed debenture. Also the Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the balance sheet date.

b) In respect of the debentures issued through public issue, the Company has created DRR of Rs 144.53 as at March 31, 2018 (March 31, 2017 Rs.821.21, March 31, 2016 Rs.718.95, March 31, 2015 Rs.549.04, March 31, 2014 Rs.113.90). The Company subsequent to the year end has deposited a sum of Rs. 2.62 (March 31, 2017 Rs.291.20, March 31, 2016 Rs.189.08, March 31, 2015 Rs.255.13, March 31, 2014 Rs.68.34) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date net of redemption before April 30, 2018.

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 5**

**Long-term borrowings**

	Non-current portion					Current portion				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
<b>Sub-ordinated debt (Unsecured)</b>										
Subordinate debt from banks	-	-	500.00	1,500.00	1,500.00	-	500.00	1,000.00	-	-
Subordinate bonds from others	55.43	63.99	417.98000	1,225.30	1,800.45	4.97	353.99	807.31	575.17	531.87
<b>Debentures (Secured)</b>										
Non-convertible Debentures - Private placement	8,930.00	16,612.06	2,669.81	3,289.87	4,855.51	9,653.39	1,059.05	482.36	1,204.61	3,381.62
Non-convertible Debentures - Public issue	562.04	578.10	3,284.84	4,824.56	1,544.39	16.06	2,706.74	1,539.72	1,505.35	455.61
<b>Term loans</b>										
Indian rupee loan from banks (secured)	2,700.00	795.83	4,248.85	4,662.18	4,832.39	754.16	4,841.67	5,160.77	12,120.19	5,762.23
Indian rupee loan from others (secured)	-	-	-	-	-	-	-	-	-	1,125.00
Foreign Currency Term Loan from banks (secured)	1,446.21	1,438.99	-	-	-	-	-	-	-	-
Indian rupee loan from others (Unsecured)	-	-	-	-	11.14	153.08	31.27	157.53	11.14	20.20
Vehicle loans (Secured)	18.66	24.44	-	0.99	2.48	5.78	5.30	0.47	1.48	3.37
Finance lease obligation (secured)	73.57	15.90	29.86	-	-	57.97	44.93	31.51	-	-
	<b>13,785.91</b>	<b>19,529.31</b>	<b>11,151.34</b>	<b>15,502.90</b>	<b>14,546.36</b>	<b>10,645.41</b>	<b>9,542.95</b>	<b>9,179.67</b>	<b>15,417.94</b>	<b>11,279.90</b>
<b>The above amount includes</b>										
Secured borrowings	13,730.48	19,465.32	10,233.36	12,777.60	11,234.77	10,487.36	8,657.69	7,214.83	14,831.63	10,727.83
Unsecured borrowings	55.43	63.99	917.98	2,725.30	3,311.59	158.05	885.26	1,964.84	586.31	552.07
Amount disclosed under the head "other current liabilities" (note 9)	-	-	-	-	-	(10,645.41)	(9,542.95)	(9,179.67)	(15,417.94)	(11,279.90)
<b>Net amount</b>	<b>13,785.91</b>	<b>19,529.31</b>	<b>11,151.34</b>	<b>15,502.90</b>	<b>14,546.36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 5**

**Long-term borrowings**

**A) Indian rupee loan from banks (secured)**

**As at March 31, 2018**

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within 2-5 years	10.00%	-	-
Due within 1-2 years	8.20 -10.00%	2,700.00	-
Due within 1 year	8.20 -10.00%	-	754.16
<b>Total</b>		<b>2,700.00</b>	<b>754.16</b>

These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold and margin/cash collateral as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of Rs. 4,770.05 (March 31, 2017 Rs. 4,671.71)

**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
<b>Total</b>		<b>795.83</b>	<b>4,841.67</b>

These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold and margin/cash collateral as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of Rs. 4,671.71

**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
<b>Total</b>		<b>4,248.85</b>	<b>5,160.77</b>

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.

**As at March 31, 2015**

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within 4-5 years	10.50 -12.25%	25.64	11,039.73
Due within 1-2 years	12.25 -12.75%	4,636.54	863.46
Due within 1 year	13.00 -13.25%	-	217.00
<b>Total</b>		<b>4,662.18</b>	<b>12,120.19</b>

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.

**As at March 31, 2014**

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within 4-5 years	12.00%	84.62	30.77
Due within 1-2 years	12.75 -13.30%	4,747.77	529.17
Due within 1 year	12.30 -13.50%	-	5,202.29
<b>Total</b>		<b>4,832.39</b>	<b>5,762.23</b>

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 the personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO.

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 5 (contd.)**

**Long-term borrowings**

**B) Indian rupee loan from others (secured)**

**As at March 31, 2014**

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within 1 year	13.50%	-	1,125.00
<b>Total</b>			<b>1,125.00</b>

These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold with a margin of 15%. Further, the loan has been guaranteed by the personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO.

**C) Indian rupee loan from others (Unsecured)**

**As at March 31, 2018**

Terms of repayment

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

**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
<b>Total</b>		-	<b>31.27</b>

**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
<b>Total</b>		-	<b>157.53</b>

**As at March 31, 2015**

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within 1-2 years	12.30 -13.75 %	-	11.14
<b>Total</b>		-	<b>11.14</b>

**As at March 31, 2014**

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within 1-2 years	12.30 -13.75 %	11.14	20.20
<b>Total</b>		<b>11.14</b>	<b>20.20</b>

**D) Vehicle loans (Secured loans)**

**As at March 31, 2018**

Terms of repayment

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

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

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 5 (contd.)**

**Long-term borrowings**

**As at March 31, 2017**

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest		
	< 10%	>= 10% < =12%	Total
	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
<b>Grand Total</b>	<b>29.74</b>	<b>-</b>	<b>29.74</b>

**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.

**As at March 31, 2016**

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest		
	< 10%	>= 10% < =12%	Total
	Amount	Amount	Amount
Due within 3-4 years	-	-	-
Due within 2-3 years	-	-	-
Due within 1-2 years	-	-	-
Due within 1 year	0.47	-	0.47
<b>Grand Total</b>	<b>0.47</b>	<b>-</b>	<b>0.47</b>

**Non current portion**

**-**

**Current Maturities**

**0.47**

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

**As at March 31, 2015**

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest		
	< 10%	>= 10% < =12%	Total
	Amount	Amount	Amount
Due within 3-4 years	-	-	-
Due within 2-3 years	-	-	-
Due within 1-2 years	0.47	0.52	0.99
Due within 1 year	0.76	0.72	1.48
<b>Grand Total</b>	<b>1.23</b>	<b>1.24</b>	<b>2.47</b>

**Non current portion**

**0.99**

**Current Maturities**

**1.48**

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

**As at March 31, 2014**

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest		
	< 10%	>= 10% < =12%	Total
	Amount	Amount	Amount
Due within 3-4 years	-	0.21	0.21
Due within 2-3 years	0.47	0.32	0.79
Due within 1-2 years	0.75	0.73	1.48
Due within 1 year	0.69	2.68	3.37
<b>Grand Total</b>	<b>1.91</b>	<b>3.94</b>	<b>5.85</b>

**Non current portion**

**2.48**

**Current Maturities**

**3.37**

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

**E)** Subordinate debt from banks as at March 31, 2018 aggregating Nil (March 31, 2017 Rs. NIL, March 31, 2016 Rs.500, March 31, 2015 Rs.1500, March 31, 2014 Rs.1500) 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.

**Manappuram Finance Limited**

**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**F)** 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. Rs. 83.52 (March 31, 2017 - Rs. 9.88, March 31, 2016 - Rs. 7.41, March 31, 2015 - Nil, March 31, 2014 - Nil ) each.

**G)** Foreign currency loan:

1) Rs. 1,000 as at March 31, 2018 (March 31, 2017- Rs. 1000/-, March 31, 2016 - Nil, March 31, 2015 - Nil, March 31, 2014 - Nil) which carries interest @ LIBOR plus 265bps. The loan is repayable after 3 years from the date of its origination, viz., May 9,2016.

2) Rs. 500 as at March 31, 2018 (March 31, 2017 Rs. 500/- March 31, 2016 - Nil, March 31, 2015 - Nil, March 31, 2014 - Nil) which carries interest @ LIBOR plus 215bps. The loan is repayable after 3 years from the date of its origination, viz., December 22, 2016.

The loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans & advances of the Company. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of Rs. 4,770.05 (March 31, 2017 - Rs. 4,671.71)



**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Note 5 (contd.)**

**Long-term borrowings**

**Subordinate bonds from others:**

Subordinate bonds have a face value of Rs 1,000/- each. Details of rate of interest and maturity pattern from the date of the balance sheet is as under:

**As at March 31, 2018**

Redeemable at par within	Rate of interest							
	< 12%		≥ 12% < 14%		≥ 14% ≤ 15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	-	-	-	-	-	-	-	-
Due within 4-5 years	-	-	1,472	1.47	3,542	3.54	5,014	5.01
Due within 3-4 years	-	-	14,852	14.85	12,463	12.46	27,315	27.31
Due within 2-3 years	6,857	6.86	10,589	10.59	-	-	17,446	17.45
Due within 1-2 years	413	0.41	2,937	2.94	2,309	2.31	5,659	5.66
Due within 1 year	-	-	-	-	4,965	4.97	4,965	4.97
<b>Grand Total</b>	<b>7,270</b>	<b>7.27</b>	<b>29,850</b>	<b>29.85</b>	<b>23,279</b>	<b>23.28</b>	<b>60,399</b>	<b>60.40</b>

Non-current portion	55.43
Current maturities	4.97
<b>Total</b>	<b>60.40</b>

**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	353.98
<b>Grand Total</b>	<b>7,270</b>	<b>7.27</b>	<b>173,245</b>	<b>173.25</b>	<b>237,468</b>	<b>237.47</b>	<b>417,983</b>	<b>417.98</b>

Non-current portion	63.99
Current maturities	353.99
<b>Total</b>	<b>417.98</b>

**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
<b>Grand Total</b>	<b>7,270</b>	<b>7.27</b>	<b>705,088</b>	<b>705.08</b>	<b>512,934</b>	<b>512.95</b>	<b>1,225,292</b>	<b>1,225.29</b>

Non-current portion	417.98
Current maturities	807.31
<b>Total</b>	<b>1,225.29</b>

**As at March 31, 2015**

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	6,857	6.86	30,513	30.51	16,005	16.01	53,375	53.38
Due within 4-5 years	413	0.41	2,937	2.94	2,309	2.31	5,659	5.66
Due within 3-4 years	-	-	-	-	4,965	4.97	4,965	4.97
Due within 2-3 years	-	-	139,795	139.79	214,189	214.19	353,984	353.98
Due within 1-2 years	-	-	531,843	531.84	275,466	275.47	807,309	807.31
Due within 1 year	116,533	116.53	435,254	435.25	23,391	23.39	575,178	575.17
<b>Grand Total</b>	<b>123,803</b>	<b>123.80</b>	<b>1,140,342</b>	<b>1,140.33</b>	<b>536,325</b>	<b>536.34</b>	<b>1,800,470</b>	<b>1,800.47</b>

Non-current portion	1,225.30
Current maturities	575.17
<b>Total</b>	<b>1,800.47</b>

**As at March 31, 2014**

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	7,270	7.27	33,450	33.45	18,314	18.31	59,034	59.03
Due within 4-5 years	-	-	-	-	4,965	4.97	4,965	4.97
Due within 3-4 years	-	-	139,795	139.79	214,184	214.18	353,979	353.97
Due within 2-3 years	-	-	531,843	531.84	275,466	275.47	807,309	807.31
Due within 1-2 years	116,533	116.53	435,254	435.25	23,391	23.39	575,178	575.17
Due within 1 year	37,104	37.10	274,847	274.85	219,915	219.92	531,866	531.87
<b>Grand Total</b>	<b>160,907</b>	<b>160.90</b>	<b>1,415,189</b>	<b>1,415.18</b>	<b>756,235</b>	<b>756.24</b>	<b>2,332,331</b>	<b>2,332.32</b>

Non-current portion	1,800.45
Current maturities	531.87
<b>Total</b>	<b>2,332.32</b>

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Note 5 (contd.)**  
**Long-term borrowings**  
**Debentures (Secured)**

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

**As at March 31, 2018**

Terms of repayment

Redeemable at par within	Rate of interest									
	< 10%		≥ 10% < 12%		≥ 12% < 14%		≥ 14% < 16%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 1 year	-	-	-	-	1,080,075	1,080.08	423,310	423.31	1,503,385	1,503.39
<b>Grand Total</b>	-	-	-	-	<b>1,080,075</b>	<b>1,080.08</b>	<b>423,310</b>	<b>423.31</b>	<b>1,503,385</b>	<b>1,503.39</b>

Non-current portion

Current maturities

**Total**

-

1,503.39

1,503.39

**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.

**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
<b>Grand Total</b>	-	-	<b>20,000</b>	<b>20.00</b>	<b>1,210,029</b>	<b>1,210.03</b>	<b>594,087</b>	<b>594.09</b>	<b>1,824,116</b>	<b>1,824.11</b>

Non-current portion

Current maturities

**Total**

1,532.06

292.05

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
<b>Grand Total</b>	-	-	<b>27,500</b>	<b>27.50</b>	<b>1,289,616</b>	<b>1,289.62</b>	<b>601,641</b>	<b>601.65</b>	<b>1,918,757</b>	<b>1,918.77</b>

Non-current portion

Current maturities

**Total**

1,872.81

45.96

1,918.77

**As at March 31, 2015**

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 3-4 years	-	-	-	-	1,258,723	1,258.72	452,938	452.94	1,711,661	1,711.66
Due within 2-3 years	-	-	20,000	20.00	108,866	108.87	169,913	169.91	298,779	298.78
Due within 1-2 years	-	-	7,500	7.50	38,195	38.19	336	0.34	46,031	46.03
Due within 1 year	-	-	6,176	6.18	279,288	279.29	28,644	28.64	314,108	314.11
<b>Grand Total</b>	-	-	<b>33,676</b>	<b>33.68</b>	<b>1,685,072</b>	<b>1,685.07</b>	<b>651,831</b>	<b>651.83</b>	<b>2,370,579</b>	<b>2,370.58</b>

Non-current portion

Current maturities

**Total**

2,056.47

314.11

2,370.58

As at March 31, 2014

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
Above 5 years	-	-	-	-	-	-	-	-	-	-
Due within 4-5 years	-	-	-	-	-	1,591.68	-	512.48	-	2,104.16
Due within 3-4 years	-	-	-	-	-	101.92	174,658	174.66	174,658	276.58
Due within 2-3 years	-	-	-	-	-	29.31	336	0.33	336	29.64
Due within 1-2 years	-	-	-	0.18	-	291.28	-	29.73	-	321.19
Due within 1 year	-	0.05	-	43.71	1,941,902	1,941.90	168,961	168.96	2,110,863	2,154.62
<b>Grand Total</b>	-	<b>0.05</b>	-	<b>43.89</b>	<b>1,941,902</b>	<b>3,956.09</b>	<b>343,955</b>	<b>886.16</b>	<b>2,285,857</b>	<b>4,886.19</b>
Non-current portion										2,731.57
Current maturities										2,154.62
<b>Total</b>										<b>4,886.19</b>

Non-Convertible debentures

Private Placement

Particulars	Non-Current					Current				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
i) Retail	-	1,532.06	1,872.81	2,056.47	2,731.57	1,503.39	292.05	45.96	314.11	2,154.62
ii) Institutional	8,930.00	15,080.00	797.00	1,233.40	2,123.94	8,150.00	767.00	436.40	890.50	1,227.00
<b>Total</b>	<b>8,930.00</b>	<b>16,612.06</b>	<b>2,669.81</b>	<b>3,289.87</b>	<b>4,855.51</b>	<b>9,653.39</b>	<b>1,059.05</b>	<b>482.36</b>	<b>1,204.61</b>	<b>3,381.62</b>

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

**Note 5 (contd.)**

**Long-term borrowings**

**ii) Private Placement Institutional- Issue of Redeemable Non-convertible Debentures of Rs. 100,000/- each**

**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	
<b>Total</b>	<b>7,637</b>	<b>436.40</b>			

Non-current portion	-
Current maturities	436.40
<b>Total</b>	<b>436.40</b>

**As at March 31 2015**

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	
31-Mar-11	1,312	131.20	12.25%	31-Mar-16	
28-Mar-11	2,640	264.00	12.25%	28-Mar-16	
17-Jun-11	300	30.00	12.50%	17-Jun-15	
27-May-11	63	6.30	12.25%	27-May-15	
27-May-11	2,910	291.00	12.50%	27-May-15	
<b>Total</b>	<b>11,589</b>	<b>1,158.90</b>			

Non-current portion	436.40
Current maturities	722.50
<b>Total</b>	<b>1,158.90</b>

**As at March 31, 2014**

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	8.44	12.25%	27-May-16	
27-May-11	3,880	388.00	12.50%	27-May-16	
31-Mar-11	1,312	131.20	12.25%	31-Mar-16	
28-Mar-11	2,640	264.00	12.25%	28-Mar-16	
17-Jun-11	300	30.00	12.50%	17-Jun-15	
27-May-11	63	6.30	12.25%	27-May-15	
27-May-11	2,910	291.00	12.50%	27-May-15	
31-Mar-11	984	98.40	12.25%	31-Mar-15	
28-Mar-11	1,980	198.00	12.25%	28-Mar-15	
17-Jun-11	500	50.00	12.25%	17-Jun-14	
17-Jun-11	300	30.00	12.50%	17-Jun-14	
27-May-11	10	1.00	12.00%	27-May-14	
27-May-11	63	6.30	12.25%	27-May-14	
27-May-11	2,910	291.00	12.50%	27-May-14	
<b>Total</b>	<b>18,336</b>	<b>1,833.64</b>			

Non-current portion	1,158.94
Current maturities	674.70
<b>Total</b>	<b>1,833.64</b>

\*Immovable property shall mean the commercial premises of the Company at Kole Kalyan, Santacruz (East) Mumbai.

**Manappuram Finance Limited**

**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

**iii) Private Placement -Institutional issue of Redeemable Non-convertible Debentures of Rs. 1,000,000/- each**

**As at March 31, 2018**

Terms of repayment

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

Non-current portion	8,930.00
Current maturities	8,150.00
<b>Total</b>	<b>17,080.00</b>

**As at March 31, 2017**

Terms of repayment

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

Non-current portion	15,080.00
Current maturities	767.00
<b>Total</b>	<b>15,847.00</b>

**Nature of Security**

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

**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
<b>Total</b>	<b>797</b>	<b>797.00</b>			

Non-current portion	797.00
Current maturities	-
<b>Total</b>	<b>797.00</b>

**Manappuram Finance Limited**

**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

**Note 5 (contd.)**

**Long-term borrowings**

**As at March 31, 2015**

Terms of repayment

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Put and Call option
18-Feb-14	100	100.00	11.71% (Zero Coupon)	04-May-15	None
20-Mar-13	16	16.00	12.25%	20-Mar-16	None
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
09-Jan-13	52	52.00	12.25%	09-Jan-16	None
<b>Total</b>	<b>965</b>	<b>965.00</b>			

Non-current portion	797.00
Current maturities	168.00
<b>Total</b>	<b>965.00</b>

**As at March 31, 2014**

Terms of repayment

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Put and Call option
12-Mar-13	446	389.42	Zero coupon IRR 13.19%	21-Apr-14	None
12-Mar-13	127	105.88	Zero coupon IRR 13.19%	03-Sep-14	None
09-Jan-13	32	32.00	12.03%	09-Jan-15	None
20-Mar-13	25	25.00	12.02%	20-Mar-15	None
18-Feb-14	100	100.00	11.80%	04-May-15	None
20-Mar-13	16	16.00	12.02%	20-Mar-16	None
31-Dec-12	400	400.00	12.55%	31-Dec-17	None
09-Jan-13	116	116.00	12.55%	09-Jan-18	None
01-Feb-13	250	250.00	12.55%	01-Feb-18	None
20-Mar-13	1	1.00	12.02%	20-Mar-18	None
20-Mar-13	30	30.00	12.02%	20-Mar-23	None
09-Jan-13	52	52.00	12.02%	09-Jan-16	None
<b>Total</b>	<b>1,595</b>	<b>1,517.30</b>			

Non-current portion	965.00
Current maturities	552.30
<b>Total</b>	<b>1,517.30</b>

**iv) Public issue of Redeemable Non-convertible Debentures of Rs. 1,000/- each**

**As at March 31, 2018**

Terms of repayment

Date of allotment	Number	Amount	Interest Rate	Redeemable at par on
05-Apr-14	-	-	11.00%	10-May-15
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
<b>Total</b>	<b>578,104</b>	<b>578.10</b>		

Non-current portion	562.04
Current maturities	16.06
<b>Total</b>	<b>578.10</b>

**Manappuram Finance Limited**

**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Note 5 (contd.)**

**Long-term borrowings**

**As at March 31, 2017**

Terms of repayment

<b>Date of allotment</b>	<b>Number</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Redeemable at par on</b>
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
<b>Total</b>	<b>3,284,842</b>	<b>3,284.84</b>		

Non-current portion	578.10
Current maturities	<u>2,706.74</u>
<b>Total</b>	<b><u>3,284.84</u></b>

**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.

**As at March 31, 2016**

Terms of repayment

<b>Date of allotment</b>	<b>Number</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Redeemable at par on</b>
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
<b>Total</b>	<b>4,824,558</b>	<b>4,824.56</b>		

Non-current portion	3,284.84
Current maturities	<u>1,539.72</u>
<b>Total</b>	<b><u>4,824.56</u></b>

**Manappuram Finance Limited**

**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**As at March 31, 2015**

Terms of repayment

<b>Date of allotment</b>	<b>Number</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Redeemable at par on</b>
05-Apr-14	506,742	506.74	11.00%	10-May-15
18-Oct-14	492,340	492.34	10.50%	22-Nov-15
28-Jan-14	142,857	142.86	11.50%	28-Jan-16
28-Jan-14	363,414	363.41	12.00%	28-Jan-16
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
<b>Total</b>	<b>6,329,911</b>	<b>6,329.91</b>		

Non-current portion	4,824.56
Current maturities	1,505.35
<b>Total</b>	<b>6,329.91</b>

**As at March 31, 2014**

Terms of repayment

<b>Date of allotment</b>	<b>Number</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Redeemable at par on</b>
28-Jan-14	455,606	455.61	11.00%	04-Mar-15
28-Jan-14	142,857	142.85	11.50%	28-Jan-16
28-Jan-14	74,075	74.07	12.00%	28-Jan-16
28-Jan-14	289,339	289.34	12.00%	28-Jan-16
28-Jan-14	539,297	539.30	12.25%	28-Jan-17
28-Jan-14	95,713	95.71	12.50%	28-Jan-17
28-Jan-14	211,756	211.76	12.50%	28-Jan-17
28-Jan-14	4,919	4.92	11.50%	28-Jan-19
28-Jan-14	9,265	9.26	12.00%	28-Jan-19
28-Jan-14	1,875	1.88	12.00%	28-Jan-19
28-Jan-14	175,298	175.30	12.61%	28-Nov-19
<b>Total</b>	<b>2,000,000</b>	<b>2,000.00</b>		

Non-current portion	1,544.39
Current maturities	455.61
<b>Total</b>	<b>2,000.00</b>



**Manappuram Finance Limited**

**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

**NOTE: 6**

**Other long term liabilities**

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Interest accrued but not due on long term borrowings	319.41	855.89	1,038.15	886.07	541.55
Application money on redeemable non convertible debenture	-	-	-	-	2,000.00
Security deposits from employees	297.90	194.64	199.65	207.82	184.08
Derivative Liability( Refer Note 34)	66.62	83.97	-	-	-
<b>Total</b>	<b>683.93</b>	<b>1,134.50</b>	<b>1,237.80</b>	<b>1,093.89</b>	<b>2,725.63</b>

**NOTE: 7**

**Short-term borrowings**

Cash credit / Overdraft facilities from banks (secured)	4,976.28	5,647.66	12,853.84	8,962.75	29,563.51
Working Capital demand loan from banks (secured)	44,045.92	33,815.99	45,480.00	43,070.00	21,781.92
Working Capital demand loan from others (secured)	-	-	-	-	750.00
<b>Sub total (Secured)</b>	<b>49,022.20</b>	<b>39,463.65</b>	<b>58,333.84</b>	<b>52,032.75</b>	<b>52,095.43</b>
Commercial Papers (unsecured)	28,952.90	23,095.86	9,338.57	906.14	-
Working Capital demand loan from others (unsecured)	-	-	-	58.76	-
Inter Corporate Deposit (unsecured)	-	-	-	-	32.50
<b>Total</b>	<b>77,975.10</b>	<b>62,559.51</b>	<b>67,672.41</b>	<b>52,997.65</b>	<b>52,127.93</b>

**The above amount includes**

Secured borrowings	49,022.20	39,463.65	58,333.84	52,032.75	52,095.43
Unsecured borrowings	28,952.90	23,095.86	9,338.57	964.90	32.50
<b>Total</b>	<b>77,975.10</b>	<b>62,559.51</b>	<b>67,672.41</b>	<b>52,997.65</b>	<b>52,127.93</b>

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

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Secured by hypothecation of specific/paripassu assets covered and Margin/cash collateral under hypothecation agreements. The loans have been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director & CEO to the extent of Rs. 4,770.05 (March 31, 2017 Rs. 4,671.71)	49,022.20	39,463.65	58,333.84	52,032.75	51,345.43
<b>Total</b>	<b>49,022.20</b>	<b>39,463.65</b>	<b>58,333.84</b>	<b>52,032.75</b>	<b>51,345.43</b>

The cash credit is repayable on demand and carries interest@ 8.15% to 10.00% p.a. (March 31, 2017 9.85%-11.75% p.a. March 31, 2016 9.85%-12.05% p.a., March 31, 2015 13.5%, March 31, 2014 NA)

The working capital demand loan from banks carries interest @ 7.85% to 8.10% p.a (March 31, 2017 8.81%-9.90% p.a. March 31, 2016 NA, March 31, 2015 13.75%, March 31, 2014 NA)

Commercial papers carry interest rates of 7.85% to 8.30% (March 31, 2017 - 7.25% to 10.05% p.a., March 31, 2016 9.23% - 10.25% p.a., March 31, 2015 10.7% - 12.00% p.a., March 31, 2014 NA) and their tenor ranges from 60 days to 364 days.

Intercompany Deposit (Unsecured) carry interest rate at 10.05% p.a. and the tenure is 3 months.

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

**NOTE: 8**

**Trade Payables**

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	
Total outstanding dues of creditors other than micro enterprises and small enterprises	415.97	641.55	232.51	242.14	363.40
<b>Total</b>	<b>415.97</b>	<b>641.55</b>	<b>232.51</b>	<b>242.14</b>	<b>363.40</b>

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

**Particulars**

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-	-	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-	-	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	-	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-	-	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-	-	-	-

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

**NOTE: 9**

**Other Current Liabilities**

Current maturities of long-term borrowings (note 5) (Includes current maturity of finance lease obligation Rs. 57.97, (As at March 31, 2017 - Rs. 44.93, March 31, 2016 Rs. 31.51, March 31, 2015 Nil, March 31, 2014 Nil))	10,645.41	9,542.95	9,179.67	15,417.94	11,279.90
Interest accrued but not due on borrowings	2,001.31	2,075.15	554.33	479.62	556.18
Statutory dues payable	106.65	167.62	95.62	97.50	99.32
Employee related payables	478.33	388.41	342.35	241.85	243.53
Auction surplus	601.20	579.13	462.74	380.60	436.15
Forward cover contract payable	-	403.27	-	-	-
Unclaimed matured Non convertible debenture	12.69	11.67	13.83	8.62	13.03
Unclaimed dividend	33.75	30.90	38.52	24.34	20.51
Unclaimed matured deposits	-	0.06	0.07	0.07	0.07
Unclaimed matured subordinate bonds	12.20	153.87	21.19	20.61	21.09
Application money oversubscribed on redeemable non-convertible debenture due for refund and interest accrued thereon	-	-	-	-	8.15
Unpaid Interest - NCD/Bond	-	1.91	3.99	4.79	-
Others	654.46	123.88	66.43	58.64	29.81
<b>Total</b>	<b>14,546.00</b>	<b>13,478.82</b>	<b>10,778.74</b>	<b>16,734.58</b>	<b>12,707.74</b>

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 10**

**Short term provisions**

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Provision for employee benefits</b>					
Provision for gratuity	87.56	71.52	62.54	39.12	9.11
Provision for leave encashment	104.21	86.29	-	-	147.31
	<b>191.77</b>	<b>157.81</b>	<b>62.54</b>	<b>39.12</b>	<b>156.42</b>
<b>Other provisions</b>					
Provision for non performing assets	267.27	331.28	218.50	183.79	173.76
Proposed equity dividend	-	-	-	-	378.54
Provision for tax on proposed equity dividend	-	-	-	-	64.33
Provision for Other Assets	196.59	34.00			
Provision for standard assets	515.78	453.85	357.94	229.18	201.77
Provision for litigation	35.71	35.48	28.92	24.85	20.21
	<b>1,015.35</b>	<b>854.61</b>	<b>605.36</b>	<b>437.82</b>	<b>838.61</b>
	<b>1,207.12</b>	<b>1,012.42</b>	<b>667.90</b>	<b>476.94</b>	<b>995.03</b>

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

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
At the beginning of the year	35.48	28.92	24.85	20.21	12.19
Arising during the year	0.23	6.56	4.07	4.64	8.02
<b>At the end of the year</b>	<b>35.71</b>	<b>35.48</b>	<b>28.92</b>	<b>24.85</b>	<b>20.21</b>
Current portion	35.71	35.48	28.92	24.85	20.21
Non-current portion	-	-	-	-	-

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 11A**

**Property, Plant and Equipment**

	Freehold Land	Building	Office equipment	Electrical Installation	Computer equipment **	Furniture and Fittings	Vehicle *	Plant & Machinery	Total
<b>Cost</b>									
<b>At 1 April 2013</b>	81.88	121.02	155.97	222.27	806.87	1,913.87	34.01	44.27	3,380.16
Additions	-	145.73	57.03	40.80	140.32	123.47	2.82	3.05	513.22
Deletions/adjustment	0.70	-	4.99	1.51	60.98	8.58	0.98	4.97	82.71
<b>At 31 March 2014</b>	<b>81.18</b>	<b>266.75</b>	<b>208.01</b>	<b>261.56</b>	<b>886.21</b>	<b>2,028.76</b>	<b>35.85</b>	<b>42.35</b>	<b>3,810.67</b>
<b>Cost</b>									
<b>At 1 April 2014</b>	<b>81.18</b>	<b>266.75</b>	<b>208.01</b>	<b>261.56</b>	<b>886.21</b>	<b>2,028.76</b>	<b>35.85</b>	<b>42.35</b>	<b>3,810.67</b>
Additions	-	38.96	59.06	9.30	119.14	53.51	-	0.59	280.56
Deletions/adjustment	-	-	6.04	6.52	68.90	24.88	1.97	-	108.31
<b>At 31 March 2015</b>	<b>81.18</b>	<b>305.71</b>	<b>261.03</b>	<b>264.34</b>	<b>936.45</b>	<b>2,057.39</b>	<b>33.88</b>	<b>42.94</b>	<b>3,982.92</b>
<b>Cost</b>									
<b>At 1 April 2015</b>	81.18	305.71	261.03	264.34	936.45	2,057.39	33.88	42.94	3,982.92
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
<b>At 31 March 2016</b>	<b>98.19</b>	<b>306.81</b>	<b>366.28</b>	<b>307.58</b>	<b>1,222.40</b>	<b>2,226.05</b>	<b>36.91</b>	<b>44.98</b>	<b>4,609.20</b>
<b>Cost</b>									
<b>As at April 1, 2016</b>	98.19	306.81	366.28	307.58	1,222.40	2,226.05	36.91	44.98	4,609.20
Additions	35.47	1.63	46.67	18.95	132.56	187.53	33.05	2.34	458.20
Disposals	-	-	33.94	18.71	113.04	127.84	-	-	293.53
<b>As at March 31, 2017</b>	<b>133.66</b>	<b>308.44</b>	<b>379.01</b>	<b>307.82</b>	<b>1,241.92</b>	<b>2,285.74</b>	<b>69.96</b>	<b>47.32</b>	<b>4,773.87</b>
<b>Cost</b>									
<b>As at April 1, 2017</b>	<b>133.66</b>	<b>308.44</b>	<b>379.01</b>	<b>307.82</b>	<b>1,241.92</b>	<b>2,285.74</b>	<b>69.96</b>	<b>47.32</b>	<b>4,773.87</b>
Additions	14.92	945.58	40.72	15.48	257.42	168.95	2.63	-	1,445.70
Disposals	-	0.68	0.01	0.48	42.57	9.46	0.91	-	54.11
<b>As at March 31, 2018</b>	<b>148.58</b>	<b>1,253.34</b>	<b>419.72</b>	<b>322.82</b>	<b>1,456.77</b>	<b>2,445.23</b>	<b>71.68</b>	<b>47.32</b>	<b>6,165.46</b>
<b>Accumulated Depreciation</b>									
<b>At 1 April 2013</b>	-	3.94	113.87	124.44	501.94	597.61	8.17	3.14	1,353.11
Charge for the year	-	3.43	42.50	83.28	218.81	263.82	3.31	2.02	617.17
Deletions	-	-	4.70	0.96	57.85	5.94	0.96	0.41	70.82
<b>As at March 31, 2014</b>	<b>-</b>	<b>7.37</b>	<b>151.67</b>	<b>206.76</b>	<b>662.90</b>	<b>855.49</b>	<b>10.52</b>	<b>4.75</b>	<b>1,899.46</b>
<b>Accumulated Depreciation</b>									
<b>At 1 April 2014</b>	-	7.37	151.67	206.76	662.90	855.49	10.52	4.75	1,899.46
Charge for the year (refer note 2.1(c))	-	10.34	34.44	36.32	153.02	274.87	5.24	2.99	517.22
Disposals/adjustment	-	-	5.40	6.50	67.01	24.50	1.49	-	104.90
<b>As at March 31, 2015</b>	<b>-</b>	<b>17.71</b>	<b>180.71</b>	<b>236.58</b>	<b>748.91</b>	<b>1,105.86</b>	<b>14.27</b>	<b>7.74</b>	<b>2,311.78</b>
<b>Accumulated Depreciation</b>									
<b>At 1 April 2015</b>	-	17.71	180.71	236.58	748.91	1,105.86	14.27	7.74	2,311.78
Charge for the year (refer note 2.1(c))	-	10.54	55.69	25.47	158.78	254.99	5.37	3.09	513.93
Disposals/adjustment	-	-	2.60	1.12	62.44	16.90	1.55	-	84.61
<b>As at March 31, 2016</b>	<b>-</b>	<b>28.25</b>	<b>233.80</b>	<b>260.93</b>	<b>845.25</b>	<b>1,343.95</b>	<b>18.09</b>	<b>10.83</b>	<b>2,741.10</b>
<b>Accumulated Depreciation</b>									
<b>As at April 1, 2016</b>	-	28.25	233.80	260.93	845.25	1,343.95	18.09	10.83	2,741.10
Charge for the year	-	10.56	69.81	25.73	199.53	250.19	6.33	3.26	565.41
Disposals/adjustment	-	-	33.93	18.70	112.88	127.64	-	-	293.15
<b>As at March 31, 2017</b>	<b>-</b>	<b>38.81</b>	<b>269.68</b>	<b>267.96</b>	<b>931.90</b>	<b>1,466.50</b>	<b>24.42</b>	<b>14.09</b>	<b>3,013.36</b>
<b>Accumulated Depreciation</b>									
<b>As at April 1, 2017</b>	-	38.81	269.68	267.96	931.90	1,466.50	24.42	14.09	3,013.36
Charge for the year	-	16.26	69.08	24.69	215.19	258.26	9.03	3.31	595.82
Eliminated on disposal of Assets	-	0.03	0.01	0.48	42.45	9.18	0.88	-	53.03
<b>As at March 31, 2018</b>	<b>-</b>	<b>55.04</b>	<b>338.75</b>	<b>292.17</b>	<b>1,104.64</b>	<b>1,715.58</b>	<b>32.57</b>	<b>17.40</b>	<b>3,556.15</b>
<b>Net Block as at March 31, 2014</b>	<b>81.18</b>	<b>259.38</b>	<b>56.34</b>	<b>54.80</b>	<b>223.31</b>	<b>1,173.27</b>	<b>25.33</b>	<b>37.60</b>	<b>1,911.21</b>
<b>Net Block as at March 31, 2015</b>	<b>81.18</b>	<b>288.00</b>	<b>80.32</b>	<b>27.76</b>	<b>187.54</b>	<b>951.53</b>	<b>19.61</b>	<b>35.20</b>	<b>1,671.14</b>
<b>Net Block as at March 31, 2016</b>	<b>98.19</b>	<b>278.56</b>	<b>132.48</b>	<b>46.65</b>	<b>377.15</b>	<b>882.10</b>	<b>18.82</b>	<b>34.15</b>	<b>1,868.10</b>
<b>Net Block as at March 31, 2017</b>	<b>133.66</b>	<b>269.63</b>	<b>109.33</b>	<b>39.86</b>	<b>310.02</b>	<b>819.24</b>	<b>45.54</b>	<b>33.23</b>	<b>1,760.51</b>
<b>Net Block as at March 31, 2018</b>	<b>148.58</b>	<b>1,198.30</b>	<b>80.97</b>	<b>30.65</b>	<b>352.13</b>	<b>729.65</b>	<b>39.11</b>	<b>29.92</b>	<b>2,609.31</b>

\* Includes vehicles taken on finance lease/hire purchase- Gross block Rs. 33.05 as at March 31, 2017 (March 31, 2016 Rs. 2.82, March 31, 2015 Rs. 13.77, March 31, 2014 Rs. 20.52). Depreciation for the year Rs. 1.30 (March 31, 2016 Rs. 0.36, March 31, 2015 Rs. 1.96, March 31, 2014 Rs. 1.78) and Net block Rs 31.75 as at March 31, 2017 (March 31, 2016 Rs. 2.00, March 31, 2015 Rs. 8.36, March 31, 2014 Rs. 15.46)

\*\* Includes Computers taken on finance lease - Gross block Rs. 218.23 as at March 31, 2018, (March 31, 2017 Rs. 108.07, March 31, 2016 Rs 81.06, March 31, 2015 Nil, March 31, 2014 Nil). Depreciation for the year Rs.43.18 (March 31, 2017Rs.30.44, March 31, 2016 Rs.16.87, March 31, 2015 Nil, March 31,2014 Nil) and Net block Rs 127.74 as at March 31, 2018, (March 31, 2017 Rs 60.76, March 31, 2016 Rs.59.47, March 31, 2015 Rs. Nil, March 31, 2014 Nil)

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 11B**

**Intangible assets**

	<b>Computer Software</b>
<b>Cost</b>	
<b>At 1 April 2013</b>	135.49
Purchase	7.35
Deletions	4.50
<b>At 31 March 2014</b>	<b>138.34</b>
<b>Cost</b>	
<b>At 1 April 2014</b>	<b>138.34</b>
Purchase	2.68
Deletions	-
<b>At 31 March 2015</b>	<b>141.02</b>
<b>Cost</b>	
<b>At 1 April 2015</b>	141.02
Purchase	3.90
Deletions	-
<b>At 31 March 2016</b>	<b>144.92</b>
<b>Cost</b>	
<b>As at April 1, 2016</b>	144.92
Additions	16.96
Disposals	15.66
<b>As at March 31, 2017</b>	<b>146.22</b>
<b>Cost</b>	
<b>As at April 1, 2017</b>	<b>146.22</b>
Additions	26.85
Disposals	2.20
<b>As at March 31, 2018</b>	<b>170.87</b>
<b>Amortization</b>	
<b>At 1 April 2013</b>	<b>57.61</b>
Charge for the year	21.78
Deletions	3.19
<b>At 31 March 2014</b>	<b>76.20</b>
<b>Amortization</b>	
<b>At 1 April 2014</b>	<b>76.20</b>
Charge for the year	<b>21.59</b>
Deletions	-
<b>At 31 March 2015</b>	<b>97.79</b>
<b>Amortization</b>	
<b>At 1 April 2015</b>	<b>97.79</b>
Charge for the year	<b>16.95</b>
Deletions	-
<b>At 31 March 2016</b>	<b>114.74</b>
<b>Amortization</b>	
<b>As at April 1, 2016</b>	<b>114.74</b>
Charge for the year	17.20
Deletions	15.64
<b>As at March 31, 2017</b>	<b>116.30</b>
<b>Amortization</b>	
<b>As at April 1, 2017</b>	<b>116.30</b>
Charge for the year	13.88
Eliminated on disposal of Assets	0.83
<b>As at March 31, 2018</b>	<b>129.35</b>
<b>Net block</b>	
<b>As at March 31, 2014</b>	<b>62.14</b>
<b>As at March 31, 2015</b>	<b>43.23</b>
<b>As at March 31, 2016</b>	<b>30.18</b>
<b>As at March 31, 2017</b>	<b>29.92</b>
<b>As at March 31, 2018</b>	<b>41.52</b>

**Manappuram Finance Limited**

**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

**NOTE: 12A**

**Non-current investments**

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Non trade - (Unquoted, valued at cost )</b>					
50 Non Convertible Subordinate bonds of Rs 1,000,000/- each fully paid in Dhanalaxmi Bank Limited	50.00	50.00	50.00	50.00	50.00
<b>Trade - Investment in wholly owned subsidiary (Unquoted, valued at cost )</b>					
100,000,000 equity share of Rs. 10/- each fully paid in Manappuram Home Finance Limited (Formerly, Manappuram Home Finance Private Limited) (March 31, 2017 - 100,000,000/- Shares, March 31, 2016 - 100,000,000/- Shares, March 31, 2015 - 45,000,000/- Shares, March 31, 2014 - 11,100,000/- Shares)	1,052.56	1,052.56	1,052.56	502.56	163.56
1,570,000 equity share of Rs. 10/- each fully paid in Manappuram Insurance Brokers Limited. (Formerly, Manappuram Insurance Brokers Private Limited) (March 31, 2017 - 7,70,000/- Shares, March 31, 2016 - 7,70,000/- Shares, March 31, 2015 - NIL, March 31, 2014 - NIL)	23.50	15.50	15.50	-	-
<b>Trade - Investment in other subsidiary (Unquoted, valued at cost )</b>					
28,992,800 equity share of Rs. 10/- each fully paid in Asirwad Microfinance Limited (Formerly, Asirwad Microfinance Private Limited) (March 31, 2017 - 23,749,979/- Shares, March 31, 2016 -23,749,979/- Shares, March 31, 2015 - 13,398,013/- Shares, March 31, 2014 - NIL)	2,623.69	2,123.83	2,123.83	1,123.83	-
<b>Non trade - Investment in other companies (Unquoted, valued at cost )</b>					
1,000 equity share of Rs. 10/- each fully paid in The Catholic Syrian Bank Limited.	0.03	0.03	0.03	0.03	0.03
	<b>3,749.78</b>	<b>3,241.92</b>	<b>3,241.92</b>	<b>1,676.42</b>	<b>213.59</b>

**Note :**

1. Aggregate amount of unquoted investments	3,749.78	3,241.92	3,241.92	1,676.42	213.59
2. Aggregate provision for diminution in value of investments	-	-	-	-	-

**NOTE: 12B**

**CURRENT INVESTMENTS**

**Mutual Fund (Unquoted, valued at net asset value)**

14,455,619.441 units of Rs. 33.5295/- each in SBI Mutual Fund - SBI Magnum Income Fund - Regular plan-Growth	-	-	-	492.64	-
14,455,619.441 units of Rs. 29.8996/- each in SBI Mutual Fund - SBI Magnum Income Fund - Regular plan-Growth	-	-	-	-	432.22
31,167.266 units of Rs. 1,604.2472/- each in Baroda Pioneer Mutual Fund - Plan B Growth	-	-	-	50.03	-
31,037.947 units of Rs.1,610.9313 each in Boi Axa Liquid Fund - Direct Plan - Growth	-	-	-	50.03	-
17,621.3429 units of Rs.2,837.4682 each in Kotak Liquid Scheme Plan A-Direct Plan -Growth	-	-	-	50.04	-
68,064.674 units of Rs. 1,471.7663/- each in Baroda Pioneer Mutual Fund - Plan B Growth	-	-	-	-	100.17
<b>Certificate of Deposit (Unquoted, value at cost)</b>					
7,500 units of Rs 100,000/- each in Dena Bank	-	-	-	1,475.46	-
5,000 units of Rs 100,000/- each in Allahabad Bank	-	-	-	-	491.70
15,000 units of Rs 100,000/- each in Andhra Bank	-	-	-	-	1,473.65
10,000 units of Rs 100,000/- each in IDBI Bank Ltd	-	-	-	-	982.29
10,000 units of Rs 100,000/- each in Indian Bank	-	-	-	-	981.16
20,000 units of Rs 100,000/- each in Oriental Bank of Commerce	-	-	-	-	1,968.42
15,000 units of Rs 100,000/- each in Union Bank of India	-	-	-	-	1,476.43
	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,118.20</b>	<b>7,906.04</b>

**Note :**

1. Aggregate amount of unquoted investments (Cost)	-	-	-	2,118.20	7,906.04
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**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 13**  
**Deferred tax assets (net)**

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Deferred tax liability</b>					
On unamortised debenture issue	(1.68)	(4.90)	(16.10)	(34.81)	(34.00)
<b>Gross deferred tax liability</b>	<b>(1.68)</b>	<b>(4.90)</b>	<b>(16.10)</b>	<b>(34.81)</b>	<b>(34.00)</b>
<b>Deferred tax asset</b>					
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting.		216.27	175.79	152.38	99.81
	265.62				
Impact of expenditure charged to the Reformatted Summary statement of profit and loss in the current year but allowed for tax purposes on payment basis		99.02	21.64	29.78	53.17
	74.78				
Provision for advances	254.12	232.67	199.49	140.37	163.12
Others	47.26	12.28	10.02	8.45	6.87
<b>Gross deferred tax asset</b>	<b>641.78</b>	<b>560.24</b>	<b>406.94</b>	<b>330.98</b>	<b>322.97</b>
<b>Net deferred tax asset</b>	<b>640.10</b>	<b>555.34</b>	<b>390.84</b>	<b>296.17</b>	<b>288.97</b>

**NOTE: 14**  
**Loans and advances**

	Non-current					Current				
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Portfolio Loan</b>										
Secured, considered good										
- Gold Loan	-	-	-	-	-	117,085.50	111,022.69	100,591.49	91,962.00	81,378.61
- Commercial Vehicle Loan	3,416.72	1,450.81	894.31	110.02	-	2,435.07	1,579.29	403.38	43.72	-
- Mortgage/Property Loan	219.27	257.56	377.65	232.90	-	34.81	65.72	60.41	39.26	-
- Onlending*	3,478.94	426.21	276.04	-	-	2,033.83	373.04	195.83	-	-
- Other Loans	-	-	-	-	21.43	8.08	16.41	17.84	22.83	46.83
<b>Total (A)</b>	<b>7,114.93</b>	<b>2,134.58</b>	<b>1,548.00</b>	<b>342.92</b>	<b>21.43</b>	<b>121,597.29</b>	<b>113,057.15</b>	<b>101,268.95</b>	<b>92,067.81</b>	<b>81,425.44</b>
Secured, considered doubtful										
- Gold Loan	-	-	-	-	-	264.32	222.65	214.80	183.79	173.76
- Commercial Vehicle Loan	43.70	14.13	-	-	-	63.30	14.11	0.07	-	-
- Mortgage/Property Loan	28.04	25.89	-	-	-	69.50	22.17	3.63	-	-
<b>Total (B)</b>	<b>71.74</b>	<b>40.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>397.12</b>	<b>258.93</b>	<b>218.50</b>	<b>183.79</b>	<b>173.76</b>
<b>Portfolio Loan</b>										
Unsecured, considered good										
- Business loan	6.33	7.33	13.17	-	-	44.84	11.62	7.34	-	-
- Personal loan	-	-	-	-	-	-	-	0.02	0.05	10.07
Unsecured, considered doubtful	-	-	-	-	-	1.59	-	-	-	-
<b>Total (C)</b>	<b>6.33</b>	<b>7.33</b>	<b>13.17</b>	<b>-</b>	<b>-</b>	<b>46.43</b>	<b>11.62</b>	<b>7.36</b>	<b>0.05</b>	<b>10.07</b>
<b>Total Loans (A+B+C)</b>	<b>7,193.00</b>	<b>2,181.93</b>	<b>1,561.17</b>	<b>342.92</b>	<b>21.43</b>	<b>122,040.84</b>	<b>113,327.70</b>	<b>101,494.81</b>	<b>92,251.65</b>	<b>81,609.27</b>

	Non-current					Current				
	As at	As at	As at	As at	As at	As at	As at	As at	As at	
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
<b>Advances recoverable in cash or kind</b>										
Unsecured, considered good	-	-	-	-	-	823.45	1,499.50	160.86	185.16	180.17
	-	-	-	-	-	<b>823.45</b>	<b>1,499.50</b>	<b>160.86</b>	<b>185.16</b>	<b>180.17</b>
<b>Deposits (Unsecured, considered good)</b>										
Rental deposits	433.12	478.17	462.42	468.43	495.94	150.11	85.11	95.02	74.68	27.59
Other security deposits	41.20	45.20	44.81	46.90	31.39	3.49	8.40	7.43	13.96	11.64
	<b>474.32</b>	<b>523.37</b>	<b>507.23</b>	<b>515.33</b>	<b>527.33</b>	<b>153.60</b>	<b>93.51</b>	<b>102.45</b>	<b>88.64</b>	<b>39.23</b>
Service tax and other taxes recoverable, from Government (Unsecured, considered good)		-				1.09	42.20	32.59	28.21	42.21
Capital advances (Unsecured, considered good)	64.26	19.62	32.10	-	-	-	-	-	-	-
Advance tax (net of Provisions for taxation and tax deducted at source)	972.99	598.95	804.79	1,033.80	1,079.49	-	-	-	-	-
<b>Total</b>	<b>8,704.57</b>	<b>3,323.87</b>	<b>2,905.29</b>	<b>1,892.05</b>	<b>1,628.25</b>	<b>123,018.98</b>	<b>114,962.91</b>	<b>101,790.71</b>	<b>92,553.66</b>	<b>81,870.88</b>
* Portfolio Loan - Onlending Corporate loan includes dues from relative of directors and related parties		0.38	-	-	-		0.75	-	0.42	-

# Provision for the same has been disclosed separately under note 9. Also refer note 31(a).



**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 15**

**Other assets**

	Non-current					Current				
	As at	As at	As at	As at	As at	As at	As at	As at	As at	
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Non-current bank deposits (note 16)	304.77	145.29	151.04	208.38	185.23	-	-	-	-	-
<b>(A)</b>	<b>304.77</b>	<b>145.29</b>	<b>151.04</b>	<b>208.38</b>	<b>185.23</b>	-	-	-	-	-
<b>Interest accrued:</b>										
Loan Portfolio (Secured, considered good)	-	-	-	-		2,994.19	2,984.50	3,470.69	5,681.65	5,611.46
Fixed deposits and investment	1.56	0.90	0.19	-	0.20	14.63	13.23	23.80	24.48	96.17
Unamortized premium on forward exchange contracts	-	-					27.68			
Ancillary cost of arranging the borrowings	11.39	37.81	23.41	70.08	99.30	32.25	44.47	63.39	111.78	130.38
Others	-	-				203.86	217.43	229.89	144.92	2.21
<b>(B)</b>	<b>12.95</b>	<b>38.71</b>	<b>23.60</b>	<b>70.08</b>	<b>99.50</b>	<b>3,244.93</b>	<b>3,287.31</b>	<b>3,787.77</b>	<b>5,962.83</b>	<b>5,840.22</b>
<b>Total (A + B)</b>	<b>317.72</b>	<b>184.00</b>	<b>174.64</b>	<b>278.46</b>	<b>284.73</b>	<b>3,244.93</b>	<b>3,287.31</b>	<b>3,787.77</b>	<b>5,962.83</b>	<b>5,840.22</b>

**Manappuram Finance Limited**

**Annexure -IV Notes to Reformatted Summary Standalone Financial Statements**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 16**

**Cash and cash equivalents**

	Non-current					Current				
	As at	As at	As at	As at	As at	As at	As at	As at	As at	
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
<b>Cash and cash equivalents (as per AS 3 Cash Flow Statements)</b>										
<b>Balances with banks:</b>										
On current accounts	-	-	-	-	-	2,000.42	1,595.86	2,066.19	3,857.83	2,635.80
Deposits with original maturity of less than three months	-	-	-	-	-	-	-	-	105.00	140.00
<b>Cash on hand</b>	-	-	-	-	-	902.34	1,025.56	1,269.61	1,517.02	1,221.67
<b>Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements)</b>	-	-	-	-	-	<b>2,902.76</b>	<b>2,621.42</b>	<b>3,335.80</b>	<b>5,479.85</b>	<b>3,997.47</b>
<b>Other bank balances</b>										
<b>On Escrow accounts</b>										
Application money towards redeemable non-convertible debenture pending allotment	-	-	-	-	-	-	-	-	-	2,008.15
Unpaid matured deposit	-	-	-	-	-	0.07	0.07	0.07	0.07	0.22
Unpaid NCD trustee account	-	-	-	-	-	19.15	24.39	-	-	-
Unpaid auction surplus deposit	-	-	-	-	-	620.31	510.40	446.71	390.21	443.60
Unpaid dividend account	-	-	-	-	-	33.79	30.91	38.53	24.36	20.52
<b>Other balance</b>										
Deposits with original maturity for more than 3 months but less than 12 months*	-	-	-	-	-	849.81	917.07	1,020.28	761.40	1,578.94
Deposits with original maturity for more than 12 months*	304.77	145.29	151.04	208.38	185.23	5.99	12.24	77.94	164.94	283.67
	<b>304.77</b>	<b>145.29</b>	<b>151.04</b>	<b>208.38</b>	<b>185.23</b>	<b>1,529.12</b>	<b>1,495.08</b>	<b>1,583.53</b>	<b>1,340.98</b>	<b>4,335.10</b>
Amount disclosed under non-current assets (note 15)	304.77	145.29	151.04	208.38	185.23	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,431.88</b>	<b>4,116.50</b>	<b>4,919.33</b>	<b>6,820.83</b>	<b>8,332.57</b>

\* Includes:

- Cash collateral deposits aggregating to Rs. 820, (March 31, 2017 Rs.840, March 31, 2016 Rs. 1,020, March 31, 2015 Rs.940, March 31, 2014 Rs.1,790) towards approved bank facilities;
- Employee security deposits aggregating to Rs. 297.72 (March 31, 2017 Rs.187.60, March 31, 2016 Rs. 159.79, March 31, 2015 Rs.207.70, March 31, 2014 Rs.183.93) placed as fixed deposits with banks;
- Deposits aggregating to Rs. 42.85, (March 31, 2017 Rs.40.57, March 31, 2016 Rs. 69.47, March 31, 2015 Rs.37.13, March 31, 2014 Rs.21.36) towards security deposit to various authorities.

**Manappuram Finance Limited**  
**Annexure -V Notes to Reformatted Summary Standalone Statement of Profit and Loss**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>NOTE: 17</b>					
<b>Revenue from operations</b>					
<b>Interest Income</b>					
- Gold loans	27,776.51	29,153.01	21,553.85	19,321.30	20,472.36
- Bank and other deposits	61.52	61.99	95.91	117.70	229.53
- Property loans	57.28	74.26	72.76	23.82	0.14
- Personal loans	1.31	-	-	-	-
- Commercial Vehicles	778.05	402.37	122.55	4.60	-
- Corporate Loan	310.93	116.03	49.86	-	-
- Other loans	-	-	3.09	9.97	2.07
Processing Fees	182.98	172.70	128.66	102.27	55.13
<b>Total Operating income (A)</b>	<b>29,168.58</b>	<b>29,980.36</b>	<b>22,026.68</b>	<b>19,579.66</b>	<b>20,759.23</b>
<b>Other operating revenue</b>					
- Money transfer	39.32	46.80	50.87	48.66	38.67
- Interest income on DLB Bond/ Net Gain in Investment	5.95	5.98	23.30	77.20	169.49
- Provisions no longer required written back	29.40	-	-	25.15	9.74
- Bad debts recovered	5.27	9.02	13.69	25.82	26.64
- Insurance claim received	-	6.95	11.33	-	-
- Others	33.46	21.03	4.91	0.84	0.51
<b>Total Other operating revenue (B)</b>	<b>113.40</b>	<b>89.78</b>	<b>104.10</b>	<b>177.67</b>	<b>245.05</b>
<b>Revenue from operations (A+B)</b>	<b>29,281.98</b>	<b>30,070.14</b>	<b>22,130.78</b>	<b>19,757.33</b>	<b>21,004.28</b>
<b>NOTE: 18</b>					
<b>Other Income</b>					
Profit on sale of fixed assets (net)	3.41	5.17	6.70	6.50	4.82
Other non-operating income	213.20	9.02	11.41	8.03	9.23
	<b>216.61</b>	<b>14.19</b>	<b>18.11</b>	<b>14.53</b>	<b>14.05</b>
<b>NOTE: 19</b>					
<b>Finance Cost</b>					
<b>Interest</b>					
- on Debentures	2,240.47	1,898.67	1,234.76	1,443.37	1,772.20
- on Bank and other borrowings	3,348.81	5,854.57	5,996.26	5,917.10	7,474.56
- on Subordinate bonds and loans	29.34	277.38	461.60	523.88	596.70
- on Commercial papers	2,051.70	1,642.30	869.94	532.08	177.29
- Others	25.09	33.32	41.67	0.91	2.27
Amortisation of Forward contracts premium	27.68	89.77	-	-	-
Other borrowing cost	186.41	229.54	234.42	307.55	242.99
	<b>7,909.50</b>	<b>10,025.55</b>	<b>8,838.65</b>	<b>8,724.89</b>	<b>10,266.01</b>

**Manappuram Finance Limited**

**Annexure -V Notes to Reformatted Summary Standalone Statement of Profit and Loss**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>NOTE: 20</b>					
<b>Employee benefit expense</b>					
Salaries, wages and bonus	4,432.16	3,682.77	3,472.28	2,702.22	2,848.67
Contribution to provident and other funds	477.38	415.36	387.04	303.79	240.52
Gratuity expense (note 26)	122.26	91.19	91.62	60.96	39.64
Staff welfare expenses	9.48	15.69	11.22	4.63	7.04
	<b>5,041.28</b>	<b>4,205.01</b>	<b>3,962.16</b>	<b>3,071.60</b>	<b>3,135.87</b>

**NOTE: 21**

**Other expenses**

Electricity	203.66	186.79	177.72	160.10	151.26
Rent	1,119.41	1,023.60	979.98	909.95	857.21
Rates and taxes	33.62	30.26	27.22	25.46	34.10
Insurance	129.06	50.54	38.57	30.93	31.78
Repairs and maintenance					
-Vehicles	5.19	5.28	4.58	3.55	4.47
-Others	156.83	145.50	125.88	78.80	53.46
Advertising and sales promotion	271.89	436.77	567.10	446.39	428.79
Commission Paid	126.67	119.64	78.24	5.66	-
Travelling and conveyance	174.07	133.47	133.94	91.00	76.79
Communication costs	311.59	232.84	150.35	141.53	168.63
Printing and stationery	105.11	105.11	99.15	82.98	59.76
IT Support costs	257.50	265.79	246.70	282.37	283.59
Legal and professional fees	87.51	81.47	89.20	114.06	136.05
Security charges	1,659.19	590.79	435.05	575.93	714.83
Bad debts/advances written off	315.66	313.21	161.25	237.14	472.58
Provision for Other Assets	162.59	-	-	-	-
Provision for non performing assets	(64.01)	414.24	146.78	34.71	10.03
Provision for standard assets	61.93	95.90	128.76	27.41	(44.43)
Corporate social responsibility expenditure (refer note 49)	103.07	112.40	94.22	43.38	-
Miscellaneous expenses	52.02	46.25	55.45	45.61	77.61
	<b>5,272.56</b>	<b>4,122.39</b>	<b>3,628.07</b>	<b>3,312.28</b>	<b>3,547.00</b>

**Legal and professional charges include Payment to auditors:**

**As auditor:**

Audit fee	3.50	3.73	3.73	3.00	2.90
Limited reviews	1.60	3.10	3.10	1.80	1.80
Certification fees	-	0.84	0.84	0.95	0.95
Reimbursement of expenses	0.24	0.80	0.30	0.30	0.30
	<b>5.34</b>	<b>8.47</b>	<b>7.97</b>	<b>6.05</b>	<b>5.95</b>

**NOTE: 22**

**Depreciation and amortization expense**

Depreciation	595.82	565.41	513.94	517.22	617.17
Amortization of intangible assets	13.88	17.20	16.95	21.59	21.78
	<b>609.70</b>	<b>582.61</b>	<b>530.89</b>	<b>538.81</b>	<b>638.95</b>

**Manappuram Finance Limited**  
**Annexure - VI Notes to Reformatted Summary Standalone Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Note: 23**

**Earnings per share (EPS)**

The following reflects the profit and share data used in the basic and diluted EPS computations:

	<b>For the Year ended March 31, 2018</b>	<b>For the Year ended March 31, 2017</b>	<b>For the Year ended March 31, 2016</b>	<b>For the Year ended March 31, 2015</b>	<b>For the Year ended March 31, 2014</b>
Net profit for calculation of basic EPS	<b>7,001.69</b>	<b>7,260.34</b>	<b>3,372.43</b>	<b>2,707.32</b>	<b>2,260.11</b>
Weighted average number of equity shares in calculating basic EPS (Nos.)	841,979,381	841,539,979	841,207,136	841,207,136	841,207,136
<b>Effect of dilution:</b>					
Stock options granted under ESOP (Nos.)	1,909,241	31,870	65,557	65,557	-
Weighted average number of equity shares in calculating diluted EPS (Nos.)	<b>843,888,622</b>	<b>841,571,849</b>	<b>841,272,693</b>	<b>841,272,693</b>	<b>841,207,136</b>
Basic EPS (Rs)	8.32	8.63	4.01	3.22	2.69
Diluted EPS (Rs)	8.30	8.63	4.01	3.22	2.69

**Manappuram Finance Limited****Annexure -VI Notes to Reformatted Summary Standalone Financial Statements**

(All amounts are in millions of Indian rupees unless otherwise stated)

**Note 25 Related party disclosures****Names of related parties****Relationship**

Subsidiary company

**Name of the party**Manappuram Home Finance Limited ( Formerly, Manappuram Home Finance  
Asirvad Microfinance Limited (Formerly, Asirvad Microfinance Private Limited)Associates / Enterprises owned  
or significantly influenced by key  
management  
personnel or their relatives

Manappuram Insurance Brokers Limited (Formerly, Manappuram Insurance

Manappuram Jewellers Limited  
Manappuram Agro Farms Limited  
Manappuram Foundation  
Manappuram Comptech and Consultant Limited  
Manappuram Health Care Limited \*  
Manappuram Construction and Properties Limited\*  
Manappuram Chit Funds Company Private Limited \*  
MABEN Nidhi Limited\*  
Manappuram Asset Finance Limited \*  
Manappuram Chits (Karnataka) Private Limited \*  
Manappuram Chits India Limited \*  
Adlux Medicity and Convention Centre Private Limited\*  
MAFIN Enterprise \*  
Manappuram travels \*  
Manappuram Chits \*

Key Management Personnel

Mr. V P Nandakumar- Managing Director & CEO  
Mr. B.N Raveendra Babu- Executive Director  
Mr. Kapil Krishan -Chief Financial Officer  
Mr.Ramesh Periasamy -Company Secretary  
Mr I Unnikrishnan - (Resigned w.e.f November 5, 2015)

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)  
Mrs. Jyothi Prasannan (sister 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.

**Note 25 Related Party transactions during the year (contd.)**

Particulars	Subsidiary Company				
	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
<b>Equity contribution</b>	<b>507.86</b>	-	<b>1,550.00</b>	<b>969.00</b>	<b>40.00</b>
Manappuram Home Finance Company Limited	-	-	550.00	339.00	40.00
Asirvad Microfinance Limited	499.86	-	1,000.00	630.00	-
Manappuram Insurance Brokers Limited	8.00	-	-	-	-
<b>Rent Received</b>	<b>0.35</b>	<b>1.09</b>	-	-	-
Manappuram Insurance Brokers Limited	0.35	1.09	-	-	-
<b>Electricity Charge Received</b>	-	<b>0.12</b>	-	-	-
Manappuram Insurance Brokers Limited	-	0.12	-	-	-
<b>Purchase of assets</b>		<b>0.92</b>	-	-	-
Manappuram Home Finance Company Limited	-	0.92	-	-	-
<b>Sale of assets</b>		-	-	<b>0.07</b>	-
Manappuram Home Finance Company Limited		-	-	0.07	-
<b>Expenses reimbursed to the Company</b>		-	<b>0.77</b>	<b>0.56</b>	-
Manappuram Home Finance Company Limited		-	-	0.56	-
Asirvad Microfinance limited		-	0.77	-	-
<b>Expenses reimbursed by the Company</b>		-	<b>0.03</b>	<b>0.04</b>	-
Manappuram Home Finance Company Limited			0.03	0.04	-
<b>Rent, Electricity, telephone and printing charges Received</b>		<b>1.53</b>	<b>5.23</b>	<b>1.22</b>	-
Manappuram Home Finance Company Limited	0.85	1.53	5.23	1.22	-
<b>Rent Advance Received</b>		<b>0.01</b>	-	-	-
Manappuram Insurance Brokers Limited	-	0.01			
<b>Interest Income</b>	<b>0.15</b>	<b>19.99</b>	<b>30.19</b>	<b>4.87</b>	-
Manappuram Home Finance Company Limited	0.07	0.17	14.14	-	-
Asirvad Microfinance limited	-	19.73	16.05	4.87	-
Manappuram Insurance Brokers Limited	0.08	0.09			
<b>Processing Fee Received</b>	-	<b>0.80</b>	<b>5.00</b>	-	-
Asirvad Microfinance limited	-	0.78	5.00	-	-
Manappuram Insurance Brokers Limited	-	0.02		-	-
<b>Processing Fee Refunded</b>					
Asirvad Microfinance limited	-	-	4.37	-	-
<b>Corporate loan given to</b>	<b>245.00</b>	<b>891.50</b>	<b>1,275.00</b>	-	-
Asirvad Microfinance limited	-	750.00	500.00	-	-
Manappuram Home Finance Company Limited	245.00	140.00	775.00	-	-
Manappuram Insurance Brokers Limited	-	1.50			

**Note 25 Related Party transactions during the year (contd.)**

Particulars	Subsidiary Company				
	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
<b>Repayment of Corporate loan from</b>	<b>246.13</b>	<b>890.38</b>	<b>1,275.00</b>	<b>300.00</b>	-
Asirvad Microfinance limited	-	750.00	500.00	300.00	-
Manappuram Home Finance Company Limited	245.00	140.00	775.00	-	-
Manappuram Insurance Brokers Limited	1.13	0.38	-	-	-
<b>Security and Bank Gurrantee deposit received</b>					
Manappuram Home Finance Company Limited	-	-	0.44	0.04	-
<b>Security and Bank Gurrantee deposit refunded</b>					
Manappuram Home Finance Company Limited	-	-	0.44	0.04	-
<b>Balance outstanding as at the year end:</b>					
<b>Investment in Subsidiary company</b>	<b>3,699.75</b>	<b>3,191.89</b>	<b>3,191.89</b>	<b>1,626.39</b>	<b>163.56</b>
Manappuram Home Finance Company Limited	1,052.56	1,052.56	1,052.56	502.56	163.56
Asirvad Microfinance limited	2,623.69	2,123.83	2,123.83	1,123.83	-
Manappuram Insurance Brokers Limited	23.50	15.50	15.50	-	-
<b>Corporate loan Outstanding</b>					
Manappuram Insurance Brokers Limited	-	1.13	-	-	-
<b>Amounts receivable from related parties</b>					
Manappuram Home Finance Company Limited	-	-	-	0.42	-
<b>Amounts payable (net) to related parties</b>	<b>3.59</b>	<b>3.59</b>	<b>4.37</b>	-	-
Asirvad Microfinance limited	3.59	3.59	4.37	-	-



**Manappuram Finance Limited**
**Annexure -VI Notes to Reformatted Summary Standalone Financial Statements**
*(All amounts are in millions of Indian rupees unless otherwise stated)*
**Note 25 Related Party transactions during the year (contd.)**

Particulars	Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives				
	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
<b>Donation made</b>					
Manappuram Foundation	101.10	104.80	92.00	40.11	33.44
<b>Rent Paid</b>	<b>1.24</b>	<b>0.75</b>	<b>0.65</b>	<b>0.65</b>	<b>1.03</b>
Manappuram Agro Farms Limited	1.24	0.75	0.65	0.65	1.03
<b>Reimbursement of Rent &amp; Expenses</b>					
Manappuram Foundation	1.90	0.35	-	-	-
<b>Other Income</b>	<b>0.10</b>	<b>0.13</b>	-	-	-
Manappuram Foundation	0.10	0.13	-	-	-
<b>Rent Received</b>	<b>1.30</b>	<b>1.20</b>	<b>1.10</b>	<b>0.42</b>	<b>0.07</b>
Manappuram Jewellers Limited	0.48	0.50	0.47	0.37	0.07
Manappuram Agro Farms Limited	0.14	0.19	0.16	0.04	-
Manappuram Insurance Brokers Limited	-	-	0.07	0.01	-
Manappuram Foundation	0.68	0.51	0.40	-	-
<b>Electricity Charge Received</b>	<b>0.85</b>	<b>1.07</b>	<b>0.32</b>	<b>0.26</b>	
Manappuram Jewellers Limited	0.73	0.95	0.32	0.26	
Manappuram Insurance Brokers Limited	-	-	-	-	
Manappuram Foundation	0.12	0.12			
<b>Purchase of assets</b>	<b>2.50</b>	-	-	-	-
Manappuram Comptech and Consultants Ltd	2.50	-	-	-	-
Manappuram Home Finance Company Limited	-	-	-	-	-
<b>Rent, Electricity, telephone and printing charges Received</b>	<b>2.66</b>	<b>0.16</b>	-	-	-
Manappuram Home Finance Company Limited	-	-	-	-	-
Manappuram Foundation	2.66	0.16	-	-	-
<b>Consultation Charge Paid</b>	-	<b>0.87</b>	-	-	-
Manappuram Construction and Properties Limited	-	0.87	-	-	-
<b>Monthly usage charges paid</b>					
Manappuram Comptech and Consultants Ltd	0.78	-	-	-	-
<b>Rent Advance Received</b>	-	-	<b>0.12</b>	<b>0.06</b>	<b>0.16</b>
Manappuram Jewellers Limited	-	-	0.03	-	0.16
Manappuram Insurance Brokers Limited	-	-	-	0.02	
Manappuram Agro Farms Limited	-	-	-	0.04	
Manappuram Foundation	-	-	0.09	-	

**Manappuram Finance Limited**
**Annexure -VI Notes to Reformatted Summary Standalone Financial Statement**
*(All amounts are in millions of Indian rupees unless otherwise stated)*
**Note 25 Related Party transactions during the year (contd.)**

Particulars	Key Management Personnel				
	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
<b>Commission to Directors</b>	<b>42.50</b>	<b>30.00</b>	<b>43.35</b>	<b>50.13</b>	<b>16.90</b>
Mr. V.P.Nandakumar	37.50	25.00	33.86	33.94	10.50
Mr. Raveendra Babu	5.00	5.00	9.49	8.83	2.90
Mr. I Unnikrishnan	-	-	-	7.36	3.50
<b>Remuneration to Directors</b>	<b>64.69</b>	<b>67.03</b>	<b>43.35</b>	<b>50.13</b>	<b>51.75</b>
Mr. V.P.Nandakumar	53.77	56.71	33.86	33.94	33.60
Mr. Raveendra Babu	10.92	10.32	9.49	8.83	8.07
Mr. I Unnikrishnan	-	-	-	7.36	10.08
<b>Remuneration to other KMPs</b>	<b>12.68</b>	<b>10.69</b>	<b>9.43</b>	<b>6.48</b>	
<b>Reimbursement of Travelling expense</b>	<b>1.98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mr. V.P.Nandakumar	1.83	-	-	-	-
Mr. Raveendra Babu	0.15	-	-	-	-
<b>Rent Paid</b>	<b>0.36</b>	<b>0.33</b>	<b>0.32</b>	<b>0.37</b>	<b>0.43</b>
Mr. V.P.Nandakumar	0.36	0.33	0.32	0.37	0.43
<b>Amounts payable (net) to related parties</b>	<b>27.84</b>	<b>20.23</b>	<b>24.00</b>	<b>21.20</b>	<b>16.90</b>
Mr. V.P.Nandakumar	24.56	17.18	20.00	15.00	10.50
Mr. I Unnikrishnan	-	-	-	3.00	3.50
Mr. Raveendra Babu	3.28	3.05	4.00	3.20	2.90

Particulars	Relatives of Key Management Personnel				
	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
<b>Debentures and Subordinate Bond issued during the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.67</b>
Mrs. Shelly Ekalavyan	-	-	-	-	0.67
<b>Debentures and Subordinate Bond redeemed during the year</b>	<b>0.80</b>	<b>0.80</b>	<b>0.28</b>	<b>0.55</b>	<b>0.69</b>
Mrs. Rajalakshmi Raveendra Babu	0.80	0.40	-	0.05	0.10
Ms. Biji Babu	-	0.40	0.28	0.50	0.40
Mrs. Shelly Ekalavyan	-	-	-	-	0.19
<b>Interest expense</b>	<b>0.15</b>	<b>0.51</b>	<b>0.52</b>	<b>0.62</b>	<b>0.58</b>
Mrs. Sathyalekshmi	-	-	-	<b>0.13</b>	<b>0.14</b>
Mrs. Rajalakshmi Raveendra Babu	0.00	0.29	0.31	0.31	0.29
Ms. Biji Babu	-	0.09	0.09	0.08	0.06
Mrs. Shelly Ekalavyan	0.15	0.13	0.12	0.10	0.09
<b>Remuneration paid to Relative of KMP</b>	<b>13.84</b>	<b>12.23</b>	<b>5.50</b>	<b>2.17</b>	<b>-</b>
Mr Sooraj Nandan	5.28	4.06	2.10	1.71	-
Mrs Sumita Jayshankar	7.32	6.95	2.91	0.47	-
Mr. Suhas Nandan	1.25	1.22	0.49	-	-
<b>Rent Paid</b>	<b>0.34</b>	<b>0.39</b>	<b>0.26</b>	<b>0.24</b>	<b>0.22</b>
Mr. V.P.Nandakumar	-	-	-	-	-
Mr. Suhas Nandan	0.14	0.20	0.09	0.09	0.11
Mrs Sumitha Jayshankar	0.12	0.12	0.11	0.11	0.11
Mr. Sooraj Nandan	0.08	0.07	0.06	0.04	-
Manappuram Agro Farms Limited	-	-	-	-	-
<b>Amounts payable (net) to related parties</b>	<b>1.18</b>	<b>2.65</b>	<b>3.75</b>	<b>2.55</b>	<b>4.15</b>
Mrs. Rajalakshmi Raveendra Babu	-	1.60	2.10	1.48	1.98
Ms. Biji Babu	-	-	0.71	0.40	0.40
Mrs. Sathyalekshmy	-	-	-	-	1.10
Mrs. Shelly Ekalavyan	1.18	1.05	0.94	0.67	0.67
Asirvad Microfinance limited	-	-	-	-	-

**Note:**

- Related parties have been identified on the basis of the declaration received by the management and other records available.
- Loans given to related parties are repayable on demand. These loans carry interest @ of 12% to 13% p.a.
- The loans have been utilised by the Manappuram Home Finance Company Limited for lending Home Loan and meeting the working capital requirements.
- Asirvad Microfinance Limited has used the loan for meeting the working capital requirements.
- The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

**Manappuram Finance Limited**  
**Annexure -VI Notes to Reformatted Summary Standalone Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Note 24: Employee Stock Option Scheme (ESOS)**

**Employee Stock Option Scheme (ESOS), 2009**

The details of the Employee Stock Option Scheme 2009 are as under:

Date of share holders' approval	August 17, 2009
Number of options approved	1,000,000
Date of grant	August 17, 2009
Number of options granted	829,500
Method of settlement	Equity
Graded Vesting	50% after one year from the date of grant i.e. August 16, 2010 and balance 50% after two years from the date of grant i.e August 16, 2011
Exercisable period	4 years from vesting date
Vesting conditions	On achievement of pre-determined performance parameters.

Subsequent to the share split and bonus issue in year 2010, the number of options has been adjusted to 8,295,000 options and the exercise price has been adjusted to Rs 33.12 per share in accordance with the terms of the scheme. Further, subsequent to bonus issue in the year 2011, the exercise price has been adjusted to Rs 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

The Company has re-issued the lapsed options, pursuant to the approval of the Nomination Compensation and Corporate Governance Committee. The Company has granted 1,191,000 options at an exercise price of Rs. 31.25 on November 03, 2014 which will vest over a period of two years from the grant date (50% of the eligible share on November 03, 2015 and balance 50% of the eligible share on November 03, 2016). The exercise period commences from the date of vesting and will expire not later than four years from the date of vesting.

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

The summary of the movements in options is given below:

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
<b>Options outstanding, beginning of year</b>	50,000	875,000	1,061,000	-	66,000
Lapsed Options restored during the year	-	-	-	1,191,000	-
Options exercised during the year	(50,000)	(692,500)	-	-	-
Options lapsed during the year	-	(132,500)	(186,000)	(130,000)	(66,000)
<b>Options outstanding, end of year</b>	-	<b>50,000</b>	<b>875,000</b>	<b>1,061,000</b>	-
<b>Options outstanding at the yearend comprise of :</b>					
- Options eligible for exercise at year end	-	50,000	-	-	-
- Options not eligible for exercise at year end	-	-	875,000	1,061,000	-

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 Rs 10/- per share)	Rs 142.43	Rs 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 Rs 10/-)	Rs. 331.15	Rs. 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.

**Manappuram Finance Limited**  
**Annexure -VI Notes to Reformatted Summary Standalone Financial Statements**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Note 24: Employee Stock Option Scheme (ESOS)**

**Employee Stock Option Scheme (ESOS),  
2016**

The details of the Employee Stock Option Scheme 2016 are as under:

Date of share holders' approval	July 05, 2016
Number of options approved	25,236,214
Date of grant	August 08, 2016
Date of In principle Approval	In principle approval of the BSE was obtained on December 20, 2016 and NSE on December 28, 2016.
Number of options granted	13,750,466
Method of settlement	Equity
Graded Vesting	Graded vesting shall happen in a graded basis in three tranches over a period of three years. a) The first tranche of 30% shall be vested when a period of 12 months would expire from the Date of grant; b) The second tranche of 30% shall be vested when a period of 24 months would expire from the Date of grant; c) The third tranche of 40% shall be vested when a period of 36 months would expire from the Date of grant.
Exercisable period	The vested options shall be allowed for exercise on and from the date of vesting. The vested options need to be exercised with in a period of one year and 30 days from the date of vesting of the respective tranche through the Exercise Window to apply for ESOS Shares against Options vested with the Eligible Employee in pursuance of the Scheme. However, the Eligible Employee has a right to exercise the Options vested in the first tranche and second tranche on or before the expiry of the Exercise Period of the third tranche, utilising the exercise window which shall be a period of 30 days from the close of each half of the year counted from the date of vesting during the Exercise Period.
Vesting conditions	Options shall vest essentially based on continuation of employment and apart from that the Board or Committee may prescribe achievement of any performance condition(s) for vesting.
Source of shares	Primary
Variation in terms of options	No Variations made to the term of Scheme

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 Rs. 86.45 on August 08, 2016 which will vest over a period of three years from the grant date (08.08.2016) and the vesting of options shall be at 30% each in the first and second year and the balance 40% in the third year from the date of grant.

The summary of the movements in options is given below:

Particulars	March 31, 2018	March 31, 2017
<b>Options outstanding, beginning of year</b>	11,817,829	-
Options granted during the year	-	13,750,466
Increase on account of Bonus issue	-	-
Lapsed Options restored during the year	1,089,589	-
Options lapsed during the year	(2,260,349)	(1,932,637)
Options Allotted during the year	(586,126)	-
<b>Options unvested and Outstanding at the End of the Year</b>	<b>10,060,943</b>	<b>11,817,829</b>

**Manappuram Finance Limited**  
**Annexure -VI Notes to Reformatted Summary Standalone Financial Statements**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

**Note 24: Employee Stock Option Scheme (ESOS)**

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	Vesting I	Vesting II
	8-Aug-2017 30%	8-Aug-2018 30%	8-Aug-2019 40%	16-Aug-2010 50%	16-Aug-2011 50%
Fair Value per vest (Rs.)	26.11	30.61	34.29	Rs 142.43/-	Rs 157.92/-
Risk-free interest rate (%)	7.03	7.15	7.25	6.51%	6.53%
Expected life	3 years	4 years	5 Years	3 years	4 Years
Expected volatility (%)	49.68	52.66	55.38	67.11%	66.62%
Expected dividend yield (%)	2.95	2.95	2.95	2.76%	2.76%
Share price on the date of grant (face value of Rs.)	Rs. 86.45	Rs. 86.45	Rs. 86.45	Rs. 331.15/-	Rs. 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.

Pro-forma Disclosures for ESOS

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for ESOS 2016 been recognized based on the fair value at the date of grant in accordance with Black-Scholes method, the amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	Profit after tax	Basic EPS (Rs.)	Diluted EPS (Rs.)
<b>Year ended March 31, 2018</b>			
- Amounts as reported	7,001.69	8.32	8.32
- Amounts as per pro-forma	6,830.79	8.11	8.11

Particulars	Profit after tax	Basic EPS (Rs.)	Diluted EPS (Rs.)
<b>Year ended March 31, 2017</b>			
- 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 (Rs.)	Diluted EPS (Rs.)
<b>Year ended March 31, 2016</b>			
- Amounts as reported	3,372.43	4.01	4.01
- Amounts as per pro-forma	3,367.47	4.00	4.00

Particulars	Profit after tax	Basic EPS (Rs.)	Diluted EPS (Rs.)
<b>Year ended March 31, 2015</b>			
- Amounts as reported	2,707.32	3.22	3.22
- Amounts as per pro-forma	2,703.99	3.21	3.21

Particulars	Profit after tax	Basic EPS (Rs.)	Diluted EPS (Rs.)
<b>Year ended March 31, 2014</b>			
- Amounts as reported	2,260.11	2.69	2.69
- Amounts as per pro-forma	2,260.11	2.69	2.69

**Manappuram Finance Limited**  
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(All amounts are in millions of Indian Rupees, unless otherwise stated)

**Note 26: Employment benefits disclosures:**

The Company makes Provident Fund and Employee State Insurance Scheme contributions which is defined contribution plan, for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized Rs 379.27, (March 31, 2017 Rs 329.39, March 31, 2016 Rs. 307.05, March 31, 2015 Rs. 223.13, March 31, 2014 Rs. 160.80) for Provident Fund contributions and Rs. 135.12 ( March 31, 2017 Rs. 86.02, March 31, 2016 Rs. 79.99, March 31, 2015 Rs. 80.66, March 31, 2014 Rs. 79.72) for Employee State Insurance Scheme in the Reformatted Summary Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India and Kotak Life Insurance.

The following tables summaries the components of net benefit expense recognized in the Reformatted Summary statement of profit and loss and the funded status and amounts recognized in the Reformatted Summary Statement of Assets and Liabilities for the gratuity plan.

**Reformatted Standalone Summary Statement of Profit and Loss**

Net employee benefit expense recognised in the employee cost

	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Current service cost	98.86	85.42	74.74	57.57	47.55
Interest cost on benefit obligation	26.53	23.05	16.87	13.45	8.53
Expected return on plan assets	(24.38)	(21.38)	(16.75)	(13.13)	(9.62)
Past Service Cost	5.36	-	-	-	-
Net actuarial (gain)/loss recognized in the year	14.57	4.10	11.02	(6.09)	(9.33)
Net (benefit) / expense	120.94	91.19	85.88	51.80	37.13
Actual return on plan assets	19.94	23.97	16.68	17.45	8.60

**Reformatted Standalone Summary Statement of Assets and Liabilities**

Reconciliation of present value of the obligation and the fair value of plan assets: 2017-18

	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Defined benefit obligation	(465.61)	(384.45)	(307.37)	(216.33)	(151.07)
Fair value of plan assets	378.05	312.93	244.83	177.21	141.96
Asset/(liability) recognized in the Reformatted Standalone Summary Statement of Assets and Liabilities	(87.56)	(71.52)	(62.54)	(39.12)	(9.11)
Experience adjustments on plan liabilities (Gain) / Loss	21.88	(7.61)	5.20	(16.58)	0.45
Experience adjustments on plan assets Gain / (Loss)	(6.57)	(1.74)	(1.57)	4.32	(1.02)

Reconciliation of present value of the obligation and the fair value of plan assets: 2016-17

	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Defined benefit obligation	(384.45)	(307.37)	(216.33)	(151.07)	(107.98)
Fair value of plan assets	312.93	244.83	177.21	141.96	110.34
Asset/(liability) recognized in the Reformatted Standalone Summary Statement of Assets and Liabilities	(71.52)	(62.54)	(39.12)	(9.11)	2.36
Experience adjustments on plan liabilities (Gain) / Loss	(7.61)	5.20	(16.58)	0.45	(8.57)
Experience adjustments on plan assets Gain / (Loss)	(1.74)	(1.57)	4.32	(1.02)	1.07

Reconciliation of present value of the obligation and the fair value of plan assets: 2015-16

	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation	(307.37)	(216.33)	(151.07)	(107.98)	(75.65)
Fair value of plan assets	244.83	177.21	141.96	110.34	81.72
Asset/(liability) recognized in the Reformatted Standalone Summary Statement of Assets and Liabilities	(62.54)	(39.12)	(9.11)	2.36	6.07
Experience adjustments on plan liabilities (Gain) / Loss	5.20	(16.58)	0.45	(8.57)	(26.07)
Experience adjustments on plan assets Gain / (Loss)	(1.57)	4.32	(1.02)	1.07	0.42

Reconciliation of present value of the obligation and the fair value of plan assets: 2014-15

	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Defined benefit obligation	(216.33)	(151.07)	(107.98)	(75.65)	(51.91)
Fair value of plan assets	177.21	141.96	110.34	81.72	37.10
Asset/(liability) recognized in the Reformatted Standalone Summary Statement of Assets and Liabilities	(39.12)	(9.11)	2.36	6.07	(14.81)
Experience adjustments on plan liabilities (Gain) / Loss	(16.58)	0.45	(8.57)	(26.07)	14.90
Experience adjustments on plan assets Gain / (Loss)	4.32	(1.02)	1.07	0.42	0.15

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(All amounts are in millions of Indian Rupees, unless otherwise stated)

**Reconciliation of present value of the obligation and the fair value of plan assets: 2013-14**

	<b>March 31, 2014</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>	<b>March 31, 2011</b>	<b>March 31, 2010</b>
Defined benefit obligation	(151.07)	(107.98)	(75.65)	(51.91)	There are no
Fair value of plan assets	141.96	110.34	81.72	37.10	experience
Asset/(liability) recognized in the Reformatted Standalone Summary Statement of Assets and Liabilities	(9.11)	2.36	6.07	(14.81)	adjustments for the year ended March 31, 2010
Experience adjustments on plan liabilities (Gain) / Loss	0.45	(8.57)	(26.07)	14.90	
Experience adjustments on plan assets Gain / (Loss)	(1.02)	1.07	0.42	0.15	

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

	<b>March 31, 2018</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>
Opening defined benefit obligation	384.45	307.37	216.33	151.07	107.98
Transfer in/Out	(1.76)	-			
Interest cost	26.53	23.05	16.87	13.45	8.53
Current service cost	98.86	85.42	74.74	57.57	47.55
Benefits paid	(57.95)	(38.09)	(11.52)	(3.99)	(2.64)
Past Service Cost	5.36				
Actuarial loss / (gain) on obligation	10.12	6.69	10.95	(1.77)	(10.35)
Closing defined benefit obligation	465.61	384.45	307.37	216.33	151.07

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

	<b>March 31, 2018</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>
Opening fair value of plan assets	312.93	244.83	177.21	141.96	110.34
Transfer in/Out	(1.76)	-			
Expected return	24.38	21.38	16.75	13.13	9.62
Contributions by employer	104.88	82.22	62.46	21.79	25.66
Benefits paid	(57.95)	(38.09)	(11.52)	(3.99)	(2.64)
Actuarial gains / (losses)	(4.43)	2.59	(0.07)	4.32	(1.02)
Closing fair value of plan assets	378.05	312.93	244.83	177.21	141.96

Expected contribution to fund to be made in the next year 100.00 70.00 60.00 40.00 30.00

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

	<b>March 31, 2018</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>
Discount rate	7.3%	6.9%	7.5%	7.8%	8.9%
Attrition rate	15%	15%	15%	15%	15%
Expected rate of return on assets	6.9%	7.5%	7.8%	8.5%	8.5%

The fund is administered by Life Insurance Corporation of India ("LIC") and Kotak Life Insurance. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

	<b>March 31, 2018</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>
Discount rate	7.3%	6.9%	7.5%	7.8%	8.9%
Attrition rate	15%	15.0%	15.0%	15.0%	15.0%
Salary escalation	8.0%	8.0%	8.0%	8.0%	8.0%

The discount rate is based on the prevailing market yields of Government of India securities as at the Reformatted Standalone Summary Statement of Assets and Liabilities date for the estimated term of the obligations.

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

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(All amounts are in millions of Indian Rupees, unless otherwise stated)

**Note 27: Commitments**

(i) Estimated amount of contracts remaining to be executed on capital account, net of advances is Rs. 188.00 as at March 31, 2018 (March 31, 2017 - Rs. 82.99, March 31, 2016 - Rs. 20.08, March 31, 2015 - Rs.4.70, March 31, 2014 - Rs. 4.32).

(ii) 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 Rs. 270.

**Note 28: Contingent liabilities**

**(a) Applicability of Kerala Money Lenders' Act**

The Company has challenged in the Hon'ble Supreme Court the order of Hon'ble Kerala High Court upholding the applicability of Kerala Money Lenders Act to NBFCs. The Hon'ble Supreme Court has directed that a status quo on the matter shall be maintained and the matter is currently pending with the Hon'ble Supreme Court. The Company has taken legal opinion on the matter and based on such opinion the management is confident of a favourable outcome. Pending the resolution of the same, no adjustments have been made in the financial statements for the required license fee and Security deposits.

**(b) Litigations**

**(i) 2017-18**

Particulars	Rs. In Million
<b>i) Income Tax Demands under appeal before The Commissioner of Income Tax (Appeals) for the Assessment Years 2012-13 to 2015-16</b>	781.67
<b>ii) Kerala Value Added Tax demands under appeal pending before The Deputy Commissioner for the Assessment Years 2009-10, 2012-13 and 2014-15 (Excluding Penalty and Interest, if any)</b>	49.86
<b>iii) Andhra Pradesh Value Added Tax demand under appeal pending before The Deputy Commissioner for the Assessment Year 2011-12</b>	1.68
<b>iv) Service Tax demands under appeal pending before The Central Excise, Service Tax Appellate Tribunal for the Assessment Years 2006-07 and 2008-09</b>	0.93
<b>Total</b>	<b>834.14</b>

**(i) March 31, 2017**

Income tax demand Rs.325.17 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 their favour and hence no provision has been considered in the standalone financial statements.

**(ii) March 31, 2016**

i) Matters of litigation, if any, the outcome of which in the opinion of Management is considered probable thereby requiring provision, have been provided for under the requirement of Indian GAAP.

ii) Income tax demand related to Financial year 2012-13 on account of disallowances of certain expenditure amounting to Rs 7.72 including interest. The Company has preferred an appeal against the order with Commissioner of Income Tax (Appeals)

**(iii) March 31, 2015**

i) Matters of litigation, if any, the outcome of which in the opinion of Management is considered probable thereby requiring provision, have been provided for under the requirement of Indian GAAP.

ii) Income tax demand related to Financial year 2012-13 on account of disallowances of certain expenditure amounting to Rs 7.72 including interest. The Company has preferred an appeal against the order with Commissioner of Income Tax (Appeals)

**(iv) March 31, 2014**

**Show cause notice from Reserve Bank of India**

The Company has received a show cause notice from the Reserve Bank of India on May 7, 2012 with certain observations made pursuant to their inspection of books and records of the Company. The Company has submitted a detailed reply on May 21, 2012 to the Reserve Bank of India .

**Note: 29) Balance sheet disclosures as required by Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016.**

**a) Capital to Risk Assets Ratio**

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
CRAR (%)	26.98	26.12	24.00	25.64	27.68
CRAR - Tier I Capital (%)	26.59	25.73	23.48	25.07	26.69
CRAR - Tier II Capital (%)	0.39	0.39	0.52	0.57	0.99
Amount of subordinated debt raised as Tier-II Capital	285.10	434.71	-	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-	-	-	-



**Manappuram Finance Limited**  
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*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**b) Asset liability management**

**Maturity pattern of certain items of assets and liabilities as at March 31, 2018**

Liabilities	1 day to 30/31 days (one month)	Over one month upto 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Borrowings from banks	3,006.36	22,810.41	18,522.90	5,374.20	62.50	2,699.99	-	-	52,476.36
Foreign Currency liabilities	-	-	-	-	-	1,446.21	-	-	1,446.21
Market borrowings #	904.45	10,227.20	18,941.80	1,769.60	8,516.70	8,056.20	67.90	-	48,483.85

Assets @	1 day to 30/31 days (one month)	Over one month upto 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Advances (net)	33,504.54	31,661.20	46,211.20	6,131.60	2,576.80	6,968.50	2,168.40	11.60	129,233.84
Investments	50.00	-	-	-	-	-	-	3,699.78	3,749.78

# Represents working capital demand loans from others, commercial papers under Note 7 and vehicle loans under Note 5

**Maturity pattern of certain items of assets and liabilities as at March 31, 2017**

Liabilities	1 day to 30/31 days (one month)	Over one month upto 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Borrowings from banks	7,459.21	3,375.00	15,630.10	4,704.17	7,922.66	795.83	-	-	39,886.97
Foreign Currency liabilities	4,258.75	-	955.43	-	-	1,438.99	-	-	6,653.17
Market borrowings #	6,960.83	16,749.48	1,141.87	73.48	2,871.48	17,048.23	211.25	35.01	45,091.63

Assets @	1 day to 30/31 days (one month)	Over one month upto 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Advances (net)	43,009.30	30,841.33	37,751.89	398.26	779.82	2,301.27	377.12	50.64	115,509.63
Investments	-	-	-	-	-	50.00	-	3,191.92	3,241.92

# Represents working capital demand loans from others and commercial papers under Note 7 and vehicle loans under Note 5

Investments

@ The asset maturity pattern are based on expected collections pattern of the Company based on past experience.

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*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Maturity pattern of certain items of assets and liabilities as at March 31, 2016**

<b>Liabilities</b>	<b>1 day to 30/31 days (one month)</b>	<b>Over one month to 2 months</b>	<b>Over 2 month upto 3 months</b>	<b>Over 3 months to 6 months</b>	<b>Over 6 months to 1 year</b>	<b>Over 1 year to 3 years</b>	<b>Over 3 years to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
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 #	46.22	9,354.86	0.07	47.86	47.56	-	-	-	9,496.57

<b>Assets @</b>	<b>1 day to 30/31 days (one month)</b>	<b>Over one month to 2 months</b>	<b>Over 2 month upto 3 months</b>	<b>Over 3 months to 6 months</b>	<b>Over 6 months to 1 year</b>	<b>Over 1 year to 3 years</b>	<b>Over 3 years to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
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	-	-	-	-	-	-	-	209.50	209.50

*# 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, 2015**

<b>Liabilities</b>	<b>1 day to 30/31 days (one month)</b>	<b>Over one month to 2 months</b>	<b>Over 2 month upto 3 months</b>	<b>Over 3 months to 6 months</b>	<b>Over 6 months to 1 year</b>	<b>Over 1 year to 3 years</b>	<b>Over 3 years to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Borrowings from banks	13,963.10	7,785.90	8,420.80	17,757.70	16,225.44	4,639.08	23.10	-	68,815.12
Market borrowings #	906.41	13.80	5.70	20.80	30.80	1.00	-	-	978.51

<b>Assets @</b>	<b>1 day to 30/31 days (one month)</b>	<b>Over one month to 2 months</b>	<b>Over 2 month upto 3 months</b>	<b>Over 3 months to 6 months</b>	<b>Over 6 months to 1 year</b>	<b>Over 1 year to 3 years</b>	<b>Over 3 years to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Advances (net)	30,935.28	7,079.20	18,015.60	25,573.90	10,656.20	92.70	258.10	82.52	92,693.50
Investments	1,625.56	-	-	-	492.64	-	50.00	1,626.42	3,794.62

*# Represents working capital demand loans from others and commercial papers under Note 7 and vehicle loans under Note 5*

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**Maturity pattern of certain items of assets and liabilities as at March 31, 2014**

<b>Liabilities</b>	<b>1 day to 30/31 days (one month)</b>	<b>Over one month to 2 months</b>	<b>Over 2 month upto 3 months</b>	<b>Over 3 months to 6 months</b>	<b>Over 6 months to 1 year</b>	<b>Over 1 year to 3 years</b>	<b>Over 3 years to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Borrowings from banks	3,450.82	6,585.35	4,118.40	7,550.69	35,402.40	4,778.53	53.86	-	61,940.05
Market borrowings #	375.39	0.37	37.69	1,130.80	386.82	13.42	0.20	-	1,944.69

<b>Assets @</b>	<b>1 day to 30/31 days (one month)</b>	<b>Over one month to 2 months</b>	<b>Over 2 month upto 3 months</b>	<b>Over 3 months to 6 months</b>	<b>Over 6 months to 1 year</b>	<b>Over 1 year to 3 years</b>	<b>Over 3 years to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Advances (net)	16,285.67	7,434.55	5,971.69	14,156.70	37,760.66	21.43	-	-	81,630.70
Investments	-	-	-	-	-	-	-	-	-

*# Represents working capital demand loans from others, Inter Corporate Deposits and commercial papers under Note 7 and vehicle loans under Note 5*

@ The asset maturity pattern are based on expected collections pattern of the Company based on past experience.

These disclosures are given only for certain items of assets and liabilities from the Balance sheet as required by the above circular and is not a complete depiction of the asset liability maturity position of the Company as at March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014.

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*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Note 30:**  
**Lease Disclosures**

**Operating Lease :**

Office premises are obtained on operating lease which are cancellable in nature. Operating lease payments are recognized as an expense in the Reformatted Summary Standalone

**Finance Leases:**

The Company has finance leases for Computers. These leases are non-cancellable and has no escalation clause. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	<b>March 31, 2018</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>
Total minimum lease payments at the year end	145.77	68.08	69.64	2.70	6.45
Less: amount representing finance charges	14.23	7.25	7.80	0.23	0.60
Present value of minimum lease payments	131.54	60.83	61.84	2.47	5.85
Lease payments for the year	37.54	33.50	26.14	3.75	5.04
<b>Minimum lease Payments:</b>					
Not less than one year [Present value Rs. 75.32 as on March 31, 2018 (Rs. 44.93 as on March 31, 2017, Rs. 31.98 as on March 31, 2016, Rs. 1.48 as on March 31,2015, Rs.2.48 as on March 31,2014)]	85.27	50.79	37.54	1.64	3.75
Later than one year but not later than five years[Present value Rs. 56.21 as on March 31 ,2018 (Rs. 15.90 as on March 31, 2017, Rs. 29.86 as on March 31, 2016, Rs. 0.99 as on March 31,2015, Rs.3.37 as on March 31,2014)]	60.50	17.29	32.10	1.06	2.70

**Manappuram Finance Limited**  
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(All amounts are in millions of Indian Rupees, unless otherwise stated)

**Note 31:**

**Cash collateral deposits**

Deposit with Banks includes Cash collaterals deposits aggregating Rs 820.00 (March 31, 2017 Rs. 840.00, March 31, 2016 Rs. 1020.00, March 31, 2015 Rs. 940.00, March 31, 2014 Rs. 1790.00) towards approved facilities. Bank /institution wise breakup of the same is as under :

<b>Bank/Financial institution</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>
Andhra Bank	-	-	-	100.00	250.00
The Federal Bank Ltd	-	40.00	40.00	40.00	40.00
Jammu and Kashmir Bank Ltd	-	-	-	100.00	200.00
Punjab National Bank	20.00	-	180.00	180.00	-
State Bank of India	800.00	800.00	800.00	420.00	420.00
United Bank of India	-	-	-	-	125.00
Vijaya Bank	-	-	-	100.00	100.00
Central Bank	-	-	-	-	175.00
Indian Overseas Bank	-	-	-	-	275.00
Karur Vysya Bank Ltd	-	-	-	-	25.00
South Indian Bank Ltd	-	-	-	-	180.00
<b>Total</b>	<b>820.00</b>	<b>840.00</b>	<b>1,020.00</b>	<b>940.00</b>	<b>1,790.00</b>

**Manappuram Finance Limited**

**Annexure -VI Notes to Reformatted Summary Standalone Financial Statements**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

**Note 32(a): Gold and other loan portfolio classification and provision for non performing assets (As per RBI Prudential Norms)**

Particulars	Gross Loan Outstanding					Provision For Assets					Net Loan Outstanding				
	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
<b>Secured Loans</b>															
<b>A) Gold Loan</b>															
Standard Asset	116,893.74	109,005.04	99,825.12	91,062.46	80,556.12	467.93	437.18	350.12	228.06	201.57	116,425.81	108,567.86	99,475.00	90,834.40	80,354.55
Sub Standard Asse	191.76	2,017.65	830.46	953.66	887.22	19.18	201.77	83.05	95.37	88.72	172.58	1,815.88	747.41	858.29	798.50
Doubtful Asset	198.89	122.08	24.90	51.95	31.31	49.64	27.63	5.94	10.66	7.32	149.25	94.45	18.96	41.29	23.99
Loss Asset	65.43	100.57	125.81	77.72	77.72	65.43	100.57	125.81	77.72	77.72	-	-	-	-	-
<b>Total - A</b>	<b>117,349.82</b>	<b>111,245.34</b>	<b>100,806.29</b>	<b>92,145.79</b>	<b>81,552.37</b>	<b>602.18</b>	<b>767.15</b>	<b>564.92</b>	<b>411.81</b>	<b>375.33</b>	<b>116,747.64</b>	<b>110,478.19</b>	<b>100,241.37</b>	<b>91,733.98</b>	<b>81,177.04</b>
<b>B) Other Loans</b>															
Standard Asset	11,594.35	4,148.12	2,213.92	448.37	68.24	47.65	16.59	7.75	1.12	0.17	11,546.70	4,131.53	2,206.17	447.25	68.07
Sub Standard Asse	58.16	20.92	0.71	0.36	0.02	7.45	2.67	0.07	0.04	-	50.71	18.25	0.64	0.32	0.02
Doubtful Asset	100.04	73.85	14.53	-	-	45.28	30.19	3.63	-	-	54.77	43.66	10.90	-	-
Loss Asset	78.70	2.45	-	-	-	78.70	2.45	-	-	-	-	-	-	-	-
<b>Total - B</b>	<b>11,831.25</b>	<b>4,245.34</b>	<b>2,229.16</b>	<b>448.73</b>	<b>68.26</b>	<b>179.08</b>	<b>51.90</b>	<b>11.45</b>	<b>1.16</b>	<b>0.17</b>	<b>11,652.18</b>	<b>4,193.44</b>	<b>2,217.71</b>	<b>447.57</b>	<b>68.09</b>
<b>Total (A+B)</b>	<b>129,181.07</b>	<b>115,490.68</b>	<b>103,035.45</b>	<b>92,594.52</b>	<b>81,620.63</b>	<b>781.26</b>	<b>819.05</b>	<b>576.37</b>	<b>412.97</b>	<b>375.50</b>	<b>128,399.82</b>	<b>114,671.63</b>	<b>102,459.08</b>	<b>92,181.55</b>	<b>81,245.13</b>
<b>Unsecured Loans</b>															
<b>A) Other Loans</b>															
Standard Asset	51.17	18.95	20.53	0.05	10.07	0.20	0.08	0.07	-	0.03	50.97	18.87	20.46	0.05	10.04
Loss Asset	1.59	-	-	-	-	1.59	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>52.76</b>	<b>18.95</b>	<b>20.53</b>	<b>0.05</b>	<b>10.07</b>	<b>1.79</b>	<b>0.08</b>	<b>0.07</b>	<b>-</b>	<b>0.03</b>	<b>50.97</b>	<b>18.87</b>	<b>20.46</b>	<b>0.05</b>	<b>10.04</b>

Particulars	31-Mar-18			31-Mar-17			31-Mar-16			31-Mar-15			31-Mar-14		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
<b>Secured Loans</b>															
<b>Gold Loan</b>															
Secured, considered good	-	117,085.50	117,085.50	-	111,022.69	111,022.69	-	100,591.49	100,591.49	-	91,962.00	91,962.00	-	81,378.61	81,378.61
Secured, considered doubtful	-	264.32	264.32	-	222.65	222.65	-	214.80	214.80	-	183.79	183.79	-	173.76	173.76
<b>Total</b>	<b>-</b>	<b>117,349.82</b>	<b>117,349.82</b>	<b>-</b>	<b>111,245.34</b>	<b>111,245.34</b>	<b>-</b>	<b>100,806.29</b>	<b>100,806.29</b>	<b>-</b>	<b>92,145.79</b>	<b>92,145.79</b>	<b>-</b>	<b>81,552.37</b>	<b>81,552.37</b>
<b>Other Loans</b>															
Secured, considered good															
- Commercial Vehicle Loan	3,416.72	2,435.07	5,851.79	1,450.81	1,579.29	3,030.10	894.31	403.38	1,297.69	110.02	43.72	153.74	0.00	0.00	0.00
- Mortgage/Property Loan	219.27	34.81	254.08	257.56	65.72	323.28	377.65	60.41	438.06	232.90	39.26	272.16	0.00	0.00	0.00
- Onlending*	3,478.94	2,033.83	5,512.77	426.21	373.04	799.25	276.04	195.83	471.87	0.00	0.00	0.00	0.00	0.00	0.00
- Other Loans	0.00	8.08	8.08	0.00	16.41	16.41	0.00	17.84	17.84	0.00	22.83	22.83	21.43	46.83	68.26
<b>Total[A]</b>	<b>7,114.93</b>	<b>4,511.79</b>	<b>11,626.72</b>	<b>2,134.58</b>	<b>2,034.46</b>	<b>4,169.04</b>	<b>1,548.00</b>	<b>677.46</b>	<b>2,225.46</b>	<b>342.92</b>	<b>105.81</b>	<b>448.73</b>	<b>21.43</b>	<b>46.83</b>	<b>68.26</b>
Secured, considered doubtful															
- Commercial Vehicle Loan	43.70	63.30	107.00	14.13	14.11	28.24	0.00	0.07	0.07	0.00	0.00	0.00	0.00	0.00	0.00
- Mortgage/Property Loan	28.04	69.50	97.54	25.89	22.17	48.06	0.00	3.63	3.63	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total[B]</b>	<b>71.74</b>	<b>132.80</b>	<b>204.54</b>	<b>40.02</b>	<b>36.28</b>	<b>76.30</b>	<b>0.00</b>	<b>3.70</b>	<b>3.70</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total[A+B]</b>	<b>7,186.67</b>	<b>4,644.59</b>	<b>11,831.26</b>	<b>2,174.60</b>	<b>2,070.74</b>	<b>4,245.34</b>	<b>1,548.00</b>	<b>681.16</b>	<b>2,229.16</b>	<b>342.92</b>	<b>105.81</b>	<b>448.73</b>	<b>21.43</b>	<b>46.83</b>	<b>68.26</b>
<b>Unsecured Loans</b>															
Unsecured, considered good															
- Business loan	6.33	44.84	51.17	7.33	11.62	18.95	13.17	7.34	20.51	0.00	0.00	0.00	0.00	0.00	0.00
- Personal loan	0.00	0.00	-	0.00	0.00	-	0.00	0.02	0.02	0.00	0.05	0.05	0.00	10.07	10.07
<b>Total[A]</b>	<b>6.33</b>	<b>44.84</b>	<b>51.17</b>	<b>7.33</b>	<b>11.62</b>	<b>18.95</b>	<b>13.17</b>	<b>7.36</b>	<b>20.53</b>	<b>0.00</b>	<b>0.05</b>	<b>0.05</b>	<b>0.00</b>	<b>10.07</b>	<b>10.07</b>
Unsecured, considered doubtful															
- Business loan	0.00	1.59	1.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
- Personal loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total[B]</b>	<b>-</b>	<b>1.59</b>	<b>1.59</b>	<b>-</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>	<b>0.00</b>	<b>0.00</b>
<b>Total[A+B]</b>	<b>6.33</b>	<b>46.43</b>	<b>52.76</b>	<b>7.33</b>	<b>11.62</b>	<b>18.95</b>	<b>13.17</b>	<b>7.36</b>	<b>20.53</b>	<b>0.00</b>	<b>0.05</b>	<b>0.05</b>	<b>0.00</b>	<b>10.07</b>	<b>10.07</b>

**Note 32 (b) Provision for diminution in value of investments**

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Provision for diminution in value of investments - Refer Note 12A	-	-	-	-	-

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**Note 33: Investments**

<b>Particulars</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>
<b>1) Value of Investments</b>					
i) Gross Value of Investments					
(a) In India	3,749.78	3,241.92	3,241.92	3,794.62	8,119.63
(b) Outside India	-	-	-	-	-
ii) Provisions for Depreciation					
(a) In India	-	-	-	-	-
(b) Outside India	-	-	-	-	-
ii) Net Value of Investments					
(a) In India	3,749.78	3,241.92	3,241.92	3,794.62	8,119.63
(b) Outside India	-	-	-	-	-
<b>2) Movement of provisions held towards depreciation on investments</b>					
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	-	-	-	-	-

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(All amounts are in millions of Indian Rupees, unless otherwise stated)

**Note 34: Derivatives**

Pursuant to the Guidance note issued by Institute of Chartered Accountants of India (ICAI) in respect of "Accounting for Derivative Contracts", the Company has adopted to follow hedge accounting principles relating to accounting for derivatives.

Consequently, as at March 31, 2018, the Company has recognised a net Market to Market (MTM) loss of Rs. 66.62 (March 31, 2017 Rs.83.97) relating to derivative contracts entered to hedge the foreign currency risk of future interest payment and repayment of loans designated as cash flow hedges, in Hedging Reserve Account as part of the Shareholders' funds. There are no derivatives during the years March 31, 2016, 2015 and 2014.

Particulars	March 31, 2018	March 31, 2017
At the Beginning of the year	(22.96)	-
Net Movement	10.13	(22.96)
	<b>(12.83)</b>	<b>(22.96)</b>

Details of outstanding derivative contracts as at the year end.

Type of Derivatives	March 31, 2018		March 31, 2017	
	No of contracts	Value (USD)	No of contracts	Value (USD)
Forward Contracts entered into hedge the currency risk of future interest payments	-	-	6	304,725
Currency Swaps	2	22,189,567	2	102,593,177

Type of Derivatives	March 31, 2018		March 31, 2017	
	No of contracts	Value Rs. In million	No of contracts	Value Rs. In million
Forward Contracts entered into hedge the currency risk of future interest payments	-	-	6	19.76
Currency Swaps	2	1,446.21	2	6,653.17

**Disclosure required as per RBI****Forward rate agreement / Interest rate swap**

Particulars	March 31, 2018	March 31, 2017
i) The notional principal of swap agreements	1,446.21	6,653.17
ii) Losses which would be incurred if counterparties failed to fulfil their obligations	-	-
iii) Collateral required by the NBFC upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swap	-	-
v) The fair value of the swap book	1,446.21	6,653.17

**Exchange Traded interest rate (IR) derivatives : NIL****Disclosures on risk exposure of derivatives****Qualitative disclosures**

The Company has a Board approved policy in dealing with derivative transactions. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Company undertakes forward contracts for hedging on-balance sheet assets and liabilities. Such outstanding derivative transactions are accounted on accrual basis over the life of the underlying instrument. The Finance Resource Committee and Risk Management Committee closely monitors such transactions and reviews the risks involved.

Particulars	March 31, 2018	March 31, 2017
i) Derivatives (Notional principal amount)		
For Hedging	1,446.21	6,653.17
ii) Marked to Market Positions		
a) Asset (+)		
b) Liability (-)	(66.62)	(83.97)
iii) Credit Exposure	-	-
iv) Unhedged Exposure	-	-



**Manappuram Finance Limited**  
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**(All amounts are in millions of Indian Rupees, unless otherwise stated)**

**Note 35 (i): Disclosures relating to Securitisation**

The Company has no securitisation transaction for the year ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014.

**Note 35 (ii) : Details of Assignment transactions**

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
(i) Number of Accounts	1,466	-	-	-	-
(ii) Aggregate value (net of provisions) of accounts sold	552	-	-	-	-
(iii) Aggregate consideration	502	-	-	-	-
(iv) Aggregate consideration realized in respect of accounts transferred in earlier years	-	-	-	-	-
(v) Aggregate gain / loss over net book value	-	-	-	-	-

**Note 36: Exposure**

**i) Exposure to real estate sector**

Category	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
<b>Direct Exposure</b>					
<b>a) Residential Mortgages</b>					
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	295.38	287.80	397.06	240.62	-
<b>b) Commercial Real Estate</b>					
Lending secured by mortgages on commercial real estates (office buildings, retail space, multiple purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would not include non-fund based (NFB) limits.	50.94	39.32	40.06	24.49	-
<b>c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:</b>	-	-	₹	-	-
i) Residential	-	-	-	-	-
ii) Commercial Real Estate	-	-	-	-	-
<b>Total Exposure to Real Estate Sector</b>	<b>346.32</b>	<b>327.12</b>	<b>437.12</b>	<b>265.11</b>	<b>-</b>

**ii) Exposure to Capital Market**

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	3,699.78	3,191.92	3,191.92	1,626.42	1,626.42
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)	-	-	-	-	-
<b>Total Exposure to Capital Market</b>	<b>3,699.78</b>	<b>3,191.92</b>	<b>3,191.92</b>	<b>1,626.42</b>	<b>1,626.42</b>

**Manappuram Finance Limited**
**Annexure -VI Notes to Reformatted Summary Standalone Financial Statements**
**(All amounts are in millions of Indian Rupees, unless otherwise stated)**
**Note 37: Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC**

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

**Note 38: Provisions and Contingencies**

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
<u>Break-up of Provision and contingencies in Reformatted Summary standalone statement of profit and loss</u>					
Provision towards NPA	(64.01)	146.78	34.71	10.03	21.95
Provisions for depreciation on Investment	-	-	-	-	-
Provision made towards current tax	3,763.08	4,052.93	1,911.36	1,424.16	991.05
Provision for litigation	0.23	6.56	4.07	4.64	9.69
Provision for Standard Assets	61.93	95.90	128.76	27.41	(44.43)

**Note 39: Draw down from Reserves**

There has been no draw from reserve during the year March 31, 2018 (March 31, 2017 - NIL, March 31, 2016 - NIL, March 31, 2015 - NIL, March 31, 2014 - NIL)

**Notes 40: Concentration of Advances, Exposures and NPAs**

## i) Concentration of Advances

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Total advances to twenty largest borrowers	4,845.00	1,640.33	2,419.41	983.67	983.67
Percentage of advances to twenty largest borrowers to total advances of the Company	0.77%	0.31%	0.67%	0.40%	1.06%

## ii) Concentration of Exposures

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Total exposure to twenty largest borrowers/customers	4282.66	877.98	492.79	151.35	110.34
Percentage of exposures to twenty largest borrowers/customers to total exposure of the Company on borrowers/customers	3.65%	0.76%	0.48%	0.16%	0.14%

## iii) Concentration of NPA's

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Total exposure to top four NPA accounts	44.73	35.56	22.01	7.25	7.50

## iv) Sector-wise NPAs

Sector	Percentage of NPAs to Total Advances in that Sector				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Agriculture & allied activities <sup>2</sup>	-	-	-	-	-
MSME	2.75%	8.68%	-	-	-
Corporate borrowers	-	-	-	-	-
Services	-	-	-	-	-
Unsecured personal loans	-	-	-	-	-
Auto loans	2.54%	1.51%	-	-	-
Other personal loans	0.47%	2.05%	0.98%	1.17%	1.22%

## v) Movement of NPAs

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
I) Net NPAs to Net Advances (%)	0.33%	1.77%	0.77%	0.98%	0.98%
II) Movement of NPAs (Gross)					
a) Opening balance	2,337.52	996.41	1,083.69	996.27	996.27
b) Addition during the year	378.51	2,217.24	896.60	935.26	87.42
c) Reduction during the year	2,021.45	876.13	983.88	847.84	-
d) Closing balance	694.57	2,337.52	996.41	1,083.69	1,083.69
III) Movement of NPAs (Net)					
a) Opening balance	1,972.24	777.91	899.90	822.51	822.51
b) Addition during the year	86.02	1,965.50	761.13	830.31	77.39
c) Reduction during the year	1,630.95	771.17	883.12	752.92	-
d) Closing balance	427.31	1,972.24	777.91	899.90	899.90
IV) Movement of provisions for NPAs (excluding provisions on standard assets)					
a) Opening balance	331.28	184.50	183.79	173.76	173.76
b) Provision made during the year	251.94	251.74	135.47	104.96	10.03
c) Write-off/write-back of excess provisions	315.94	104.96	100.76	94.93	-
d) Closing balance	267.28	331.28	218.50	183.79	183.79

**Manappuram Finance Limited**  
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**(All amounts are in millions of Indian Rupees, unless otherwise stated)**

**Notes 41: Customer Complaints**

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
No. of complaints pending at the beginning of the year	197	76	143	91	150
No. of complaints received during the year	17,672	10,570	3,626	3,392	7,064
No. of complaints redressed during the year	17,287	10,449	3,693	3,340	7,123
No. of complaints pending at the end of the year	582	197	76	143	91

**Note 42: Miscellaneous**

i) Registration obtained from other financial sector regulators

The Company is registered with the following Financial Sector Regulators (Financial Sector Regulators as described by Ministry of Finance) :

- a) Ministry of Corporate Affairs  
b) Ministry of Finance (Financial Intelligence Unit)

ii) Disclosure of Penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and other Regulators during the year ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014.

iii) Ratings assigned by credit rating agencies and migration of ratings during the year 2017-18

Credit rating Agency	Type of Facility	Rs. In Million	Rating
Brickwork	Non-Convertible debentures	547	BWR AA
CRISIL	Bank Loan Facility	2,500	CRISIL AA-/ Stable
	Non-Convertible Debenture Commercial Paper	25,075 35,000	CRISIL AA-/ Stable CRISIL A1+
ICRA	Non-Convertible Debentures	2,701	[ICRA]AA-(Stable)
CARE	Bank Loan Facility Long Term	56,800	CARE AA Stable
	Bank Loan Facility Short Term	33,200	CARE A1+
	Non-Convertible Debentures	5,800	CARE AA Stable
	Commercial Paper	35,000	CARE A1+

Ratings assigned by credit rating agencies and migration of ratings during the year 2016-17

Credit rating Agency	Type of Facility	Rs. 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

Ratings assigned by credit rating agencies and migration of ratings during the year 2015-16

Credit rating Agency	Type of Facility	Rs. In Million	Rating
Brickwork	Non-Convertible debentures	2,500	BWRA+ to BWR AA-
CRISIL	Bank Loan Facility	2,500	CRISIL A+/ Stable
	Non-Convertible Debenture	16,325	CRISIL A+/ Stable
	Short Term Debt	15,000	CRISIL A1+Stable
ICRA	Non-Convertible Debentures	4,230	[ICRA]A+(Stable)
	Bank Loan Short Term	15,240	[ICRA]A1+
	Short term fund based bank facilities	5,000	[ICRA]A1+
CARE	Bank Loan Facility Long Term	36,770	CARE AA-Stable
	Bank Loan Facility Short Term	23,230	CARE A1+Stable
	Non-Convertible Debentures	3,000	CARE AA-Stable

**Manappuram Finance Limited****Annexure -VI Notes to Reformatted Summary Standalone Financial Statements****(All amounts are in millions of Indian Rupees, unless otherwise stated)**

Ratings assigned by credit rating agencies and migration of ratings during the year 2014-15

<b>Credit rating Agency</b>	<b>Type of Facility</b>	<b>Rs. In Million</b>	<b>Rating</b>
Brickwork	Non-Convertible debentures	2,500	BWRA+ to BWR AA-
CRISIL	Bank Loan Facility	14,000	A+ / Stable
	Non-Convertible Debenture	24,470	A+ / Stable
	Short Term Debt	15,000	CRISIL A1+
ICRA	Non-Convertible Debentures	4,230	[ICRA]A+(Stable)
	Bank Loan Facility.	17,860	[ICRA]A+(Stable)
	Short term fund based bank facilities	14,990	[ICRA]A1+
CARE	Non-Convertible Debentures	2,000	CARE A+

No ratings available during the year 2013-14

**Manappuram Finance Limited**  
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**Note 50: 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 50.2)	37.73	(37.73)	-
(+) Permitted receipts (Refer Note 50.4)	-	17,859.28	17,859.28
(+) Non Permitted receipts (Refer Note 50.3)	4.80	-	4.80
(-) Non Permitted payments (Refer Note 50.3)	(4.64)	-	(4.64)
(-) Permitted payments		(14,476.16)	(14,476.16)
(-) Amount deposited in Banks (Refer Note 50.4)	(1,311.81)	(2,910.85)	(4,222.66)
<b>Closing cash in hand as on December 30, 2016</b>	<b>-</b>	<b>634.15</b>	<b>634.15</b>

Note:

- 50.1 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.
- 50.2 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.
- 50.3 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.
- 50.4 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 Rs. 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.

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(All amounts are in millions of Indian Rupees, unless otherwise stated)

**Note: 43) Additional disclosures as required by the Reserve Bank of India:**

	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Total Gold loan portfolio	117,349.82	111,245.34	100,806.29	92,145.79	81,552.37
Total Assets	146,758.86	131,463.64	119,108.78	113,321.80	108,383.82
Gold loan portfolio as a percentage of total assets (%)	80	85	85	81	75

**Note: 44) Additional disclosures as required by the Reserve Bank of India:**

Year	Number of Loan Accounts	Principal Amount outstanding at the dates of auctions (A)	Interest Amount outstanding at the dates of auctions (B)	Total (A+B)	Value fetched *
31-Mar-14	566,116	22,872.71	8,469.80	31,342.51	26,100.19
31-Mar-15	347,845	11,887.34	4,117.00	16,004.34	13,544.98
31-Mar-16	702,038	19,319.03	4,890.18	24,209.21	22,094.92
31-Mar-17	305,439	9,289.54	1,466.29	10,755.83	10,704.05
31-Mar-18	332,767	9,045.30	1,126.70	10,172.00	10,585.50

Note:

No sister concerns participated in the auctions during the year ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014.

\* Net of GST / Sales Tax Collected from the buyer.

**Note: 45) Expenditure in foreign currency**

	<u>For the year ended</u> <u>March 31, 2018</u>	<u>For the year ended</u> <u>March 31, 2017</u>	<u>For the year ended</u> <u>March 31, 2016</u>	<u>For the year ended</u> <u>March 31, 2015</u>	<u>For the year ended</u> <u>March 31, 2014</u>
Travel	0.10	0.13	0.09	0.27	1.90
Software Expenses	1.60	-	-	-	0.47
	<b>1.70</b>	<b>0.13</b>	<b>0.09</b>	<b>0.27</b>	<b>2.37</b>

**Note: 46):Under Recovery of Interest Income**

The Company disbursed some gold loans on which the total amount receivable including principal and accumulated interest have exceeded the value of the underlying security. As of March 31, 2018, the Company has not recognized interest income aggregating to Rs. 24.30 (March 31, 2017 - Rs.143.00, March 31, 2016 - Rs.0.71, March 31, 2015 - Rs.773.90, March 31, 2014 - Rs.881.71)

**Note: 47)** During the year there have been certain instances of fraud on the Company by officers and employees where gold loan related misappropriations / cash embezzlements /burglaries have occurred for amounts aggregating an amount of Rs.63.29 (March 31, 2017 Rs. 72.17, March 31, 2016 Rs. 60.05, March 31, 2015 Rs. 51.85, March 31, 2014 Rs. 117.75) of which the Company has recovered Rs. 10.22(March 31, 2017 Rs. 54.71, March 31, 2016 Rs. 23.69, March 31, 2015 Rs. 8.87, March 31, 2014 Rs. 64.78). The Company has taken insurance cover for such losses and has filed insurance claims in this regard. Further, the Company is in the process of recovering these amounts from the employees and taking legal actions, where applicable. The Company has created provision aggregating to Rs. 53.07 (March 31, 2017 - Rs 17.46, March 31, 2016 - Rs.36.36, March 31, 2015 Rs. 42.98, March 31, 2014 Rs. 52.97) towards these losses based on its estimate.

**Note: 48) Loans and advances in the nature of loans given to subsidiaries and associates and firms/ companies in which directors are interested**

Loan given to wholly owned subsidiary:

a) Manappuram Home Finance Limited (Formerly, Manappuram Home Finance Pvt. Ltd.)

Balance as at March 31, 2018 NIL, (March 31, 2017 NIL March 31, 2016: NIL, March 31, 2015: NIL, March 31, 2014: NIL)

Maximum amount outstanding during the year Rs. 245.00, (March 31, 2017 Rs. 90.00, March 31, 2016 - Rs.405.00, March 31, 2015: NIL, March 31, 2014: NIL)

**Manappuram Finance Limited**  
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(All amounts are in millions of Indian Rupees, unless otherwise stated)

b) Manappuram Insurance brokers limited (Formerly, Manappuram Insurance brokers Pvt. Ltd.)

Balance as at March 31, 2018 NIL, ( March 31, 2017 Rs.1.13, March 31, 2016 - NIL, March 31, 2015 - NIL, March 31, 2014 - NIL, March 31, 2015 - NIL, March 31, 2014 - NIL)

Maximum amount outstanding during the year Rs. 1.13 (March 31, 2017 - Rs.1.50, March 31, 2016: NIL)

Loan given to other subsidiary:

a) Asirvad Microfinance Limited (Formerly, Asirwad Microfinance Pvt. Ltd.)

Balance as at March 31, 2018 NIL (March 31, 2017: NIL, March 31, 2016: NIL, March 2015: NIL)

Maximum amount outstanding during the year NIL (March 31, 2017 - Rs.750.00, March 2016 - Rs.500.00, March 31, 2015: NIL)

**Note: 49) Expenditure on Corporate Social Responsibility (CSR)**

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
a)Gross Amount required to be spent by the Company during the year	138.08	85.88	71.10	101.78	NIL

b)Amount spent during the year ending on March 31, 2018	In Cash	Yet to be paid in Cash	Total
i) Construction/Acquisition of Assets	-	-	-
ii) On purpose other than (i) above	103.07	-	103.07

b)Amount spent during the year ending on March 31, 2017	In Cash	Yet to be paid in Cash	Total
i) Construction/Acquisition of Assets	-	-	-
ii) On purpose other than (i) above	112.40	-	112.40

c)Amount spent during the year ending on March 31, 2016	In Cash	Yet to be paid in Cash	Total
i) Construction/Acquisition of Assets	-	-	-
ii) On purpose other than (i) above	94.22	-	94.22

d)Amount spent during the year ending on March 31, 2015	In Cash	Yet to be paid in Cash	Total
i) Construction/Acquisition of Assets	-	-	-
ii) On purpose other than (i) above	43.38	-	43.38

**Note: 51) Utilisation of proceeds of public issue.**

During the current year, the Company has raised Nil (March 31, 2017 Rs. Nil, March 31, 2016 Rs Nil, March 31, 2015 Rs 2,785.52, March 31, 2014 Rs.4,000 (including Rs.2,000 representing application money towards redeemable non-convertible debenture pending allotment)) by way of public issue of Secured Non Convertible Debentures (public issue) to be utilised to meet its various financing activities including lending and investment and towards business operations including Capital expenditure and working capital requirements. As at March 31, 2015, the Company has utilised the entire proceeds of the public issue, net of issue expenses in accordance with the objects stated in the offer document.

**Manappuram Finance Limited**  
**Annexure -VI Notes to Reformatted Summary Standalone Financial Statements**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

**Note: 52)** During the year ended March 31, 2014, the Company has decided to consider average market price of gold that existed during the 90 days period ending on the reporting date instead of average market price of gold that prevailed subsequent to the balance sheet date till the date of approval of the financial statements and also decided to include loans which have completed six months tenure as against loans which have completed twelve months tenure for the estimation of expected recoverability of interest income. Had the Company followed the previous practice, the profit before tax for the year ended March 31, 2014 would have been higher by Rs. 39.43.

**Note: 53) Modification in Companies (Auditor's Report) Order, 2003 (as amended), Companies (Auditor's Report) Order, 2015 (as amended) and Companies (Auditor's Report) Order, 2016 (as amended)**

**a) For year ended March 31, 2017**

Auditors report dated May 25, 2017 on the standalone financial statements for the year ended March 31, 2017 included a statement on certain matters specified in Companies (Auditor's Report) Order, 2016, which was modified to indicate that there were slight delays in few cases of certain statutory dues remittances and certain instances of fraud on the Company by its employees and others.

**b) For year ended March 31, 2016**

Auditors report dated May 12, 2016 on the standalone financial statements for the year ended March 31, 2016 included a statement on certain matters specified in Companies (Auditor's Report) Order, 2016, which was modified to indicate that there were certain instances of fraud on the Company by its employees and others.

**c) For year ended March 31, 2015**

Auditors report dated May 14, 2015 on the financial statements for the year ended March 31, 2015 included a statement on certain matters specified in Companies (Auditor's Report) Order, 2015, which was modified to indicate that there certain instances of fraud on the Company by its employees and others.

**d) For year ended March 31, 2014**

Auditors report dated May 15, 2014 on the financial statements for the year ended March 31, 2014 included a statement on certain matters specified in Companies (Auditor's Report) Order, 2003, which was modified to indicate that there significant delay in remittances of professional tax relating to few branchesof and certain instances of fraud on the Company by its employees and others.

**Note: 54)** The comparative financial information of the Company for the year ended March 31, 2017, March 31, 2016, March 31 ,2015, and March 31, 2014 have been audited by the previous Auditor.

**Note: 55) Previous year figures**

Previous year figures have been regrouped/reclassified, where necessary, to conform current year's classification.

**For and on behalf of the Board of Directors**

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

**B. N. Raveendra Babu**  
Executive Director  
DIN: 00043622

**Bindhu AL**  
Executive Vice President

**Ramesh Periasamy**  
Company Secretary

Place:  
Date :



REPORT OF THE INDEPENDENT AUDITOR'S ON THE REFORMATTED SUMMARY  
CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of  
Manappuram Finance Limited

Report on the Reformatted Summary Consolidated Financial Statements

- 1) The accompanying Reformatted Summary Consolidated Financial Statements of Manappuram Finance Limited (**the "Company"**) and its subsidiaries (**the "Group"**), which comprise the Reformatted Summary Consolidated Statements of Assets and Liabilities as at March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014, and also the Reformatted Summary Consolidated Statements of Profit and Loss and the Reformatted Summary Consolidated Cash Flow Statements for the years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014, and a summary of the significant accounting policies and **other explanatory information (together comprising the "Reformatted Consolidated Financial Statements")** are derived from the audited consolidated financial statements (**the "Audited Consolidated Financial Statements"**) of the Group for the year audited by us as detailed in paragraph 3(a) and 3(b) below.
- 2) The Reformatted Summary Consolidated Financial Statements have been prepared by the Management of the Group on the basis of Note 2 to the Reformatted Summary Consolidated Financial Statements and have been approved by the Board of Directors.
- 3) (a) We expressed our opinion on the Audited Consolidated Financial Statements of the Group for the year ended March 31, 2018 vide our report dated May 18, 2018.  
  
(b) The Consolidated Financial Statements of the Group for the financial years ended March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 were audited by the previous auditors, on which they have expressed their opinion vide their reports dated May 25, 2017, May 12, 2016, May 14, 2015 and May 15, 2014 respectively. In relation to the aforesaid consolidated financial statements audited by the previous auditors, we have not carried out any audit tests or review procedures, and, accordingly reliance has been placed on the financial statements audited by the previous auditor for the said years and the audit reports thereon.
- 4) The previous auditor has issued a report on reformatted consolidated financial statements dated September 26, 2018 for the years ended March 31, 2017, 2016, 2015 and 2014. Our reporting on these years, i.e. March 31, 2017, 2016, 2015 and 2014 are solely based on the report submitted by previous auditor on which we have placed reliance.

5) The Reformatted Summary Consolidated Financial Statements as at and for the years ended March 31, 2017, March 31, 2016, March 31, 2015, and March 31, 2014 reported upon by previous auditor on which reliance has been placed by us, have been regrouped / reclassified wherever necessary to correspond with the presentation/disclosure requirements of the financial year ended March 31, 2018. The figures included in the Reformatted Summary Consolidated Financial Statements, do not reflect the effect of events that occurred subsequent to the date of our report referred to in paragraph 3(a) and 3(b) above.

6) **Management's** Responsibility for the Reformatted Summary Consolidated Financial Statements

Management is responsible for the preparation of the Reformatted Summary Consolidated Financial Statements, as mentioned in paragraph 1 above, on the basis of Note 2 to the Reformatted Summary Consolidated Financial Statements. **Management's responsibility includes designing, implementing and maintaining** internal control relevant to the preparation and fair presentation of the Reformatted Summary Consolidated Financial Statements that are free from material misstatement, whether due to fraud and error. The Management and the Board of Directors are also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities, including compliance with the provisions of the laws and regulations that determine the reported amounts and disclosures in the Reformatted Summary Consolidated Financial Statements.

7) **Auditor's** Responsibility

Our responsibility is to express an opinion on the Reformatted Summary Consolidated Financial Statements based on our procedures, which were conducted **in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements"** issued by the Institute of Chartered Accountants of India.

8) Opinion

In our opinion and as per the reliance placed on the report submitted by previous auditor, the Reformatted Summary Consolidated Financial Statements derived from the Audited Consolidated Financial Statements of the Group for the respective years are a fair summary of the Audited Consolidated Financial Statements of the respective years on the basis described in Note 2 to the Reformatted Summary Consolidated Financial Statements.

9) Other matters

- a. This report should not in any way be construed as a re-audit and consequently, re-issuance or re-dating of any of the previous audit reports issued by us and/or other firms of Chartered Accountants on the Reformatted Summary Consolidated Financial Statements.
- b. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

## 10) Restrictions on Use

This report is addressed to and is provided to enable the Company to include this report in the Draft Shelf Prospectus in connection with the issue, to be filed by the Company with National Stock Exchange Limited, BSE Limited and with the Securities and Exchange Board of India. The Reformatted Summary Consolidated Financial Statements may, therefore, not be suitable for another purpose or distributed to any other person, without our prior written consent.

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

S. Sundaresan  
Partner  
Membership Number 25776

BENGALURU, 26 September, 2018

**Manappuram Finance Limited**  
**Annexure -I Reformatted Summary Consolidated Statement of Assets and Liabilities**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	Note No.	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Equity and liabilities</b>						
<b>Shareholders' funds</b>						
Share capital	3	1,685.07	1,683.80	1,682.41	1,682.41	1,682.41
Reserves and surplus	4	36,676.97	31,934.15	25,897.95	24,645.58	23,235.02
		<b>38,362.04</b>	<b>33,617.95</b>	<b>27,580.36</b>	<b>26,327.99</b>	<b>24,917.43</b>
<b>Minority Interest</b>		<b>266.75</b>	<b>238.43</b>	<b>212.01</b>	<b>153.87</b>	
<b>Preference shares in subsidiary held by minority shareholders</b>					<b>50.00</b>	
<b>Non-current liabilities</b>						
Long-term borrowings	5	26,962.54	31,224.10	16,000.07	16,419.14	14,546.36
Other long term liabilities	6	684.25	1,134.82	1,237.80	1,093.93	2,725.63
Long-term provisions	10	71.77	105.48	31.91	7.22	-
		<b>27,718.56</b>	<b>32,464.40</b>	<b>17,269.78</b>	<b>17,520.29</b>	<b>17,271.99</b>
<b>Current liabilities</b>						
Short-term borrowings	7	78,274.66	62,809.43	67,674.23	52,997.65	52,127.93
Trade Payables	8					
Total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		534.57	733.59	250.71	259.22	363.43
Other current liabilities	9	25,280.38	20,111.66	14,653.32	18,349.15	12,707.74
Short-term provisions	10	1,887.66	1,548.06	751.13	504.62	996.10
		<b>105,977.27</b>	<b>85,202.74</b>	<b>83,329.39</b>	<b>72,110.64</b>	<b>66,195.20</b>
<b>TOTAL</b>		<b>172,324.62</b>	<b>151,523.52</b>	<b>128,391.54</b>	<b>116,162.79</b>	<b>108,384.62</b>
<b>Assets</b>						
<b>Non-current assets</b>						
<b>Fixed assets</b>						
Property, Plant and Equipment	11A	2,691.48	1,832.10	1,915.46	1,682.28	1,911.21
Intangible assets	11B	52.88	31.10	32.21	43.23	62.14
Capital work-in-progress		1.46	6.28	-	11.01	45.22
Goodwill on consolidation		355.65	355.65	355.65	329.85	47.97
Non-current investments	12A	50.53	50.53	50.53	50.53	50.03
Deferred tax assets (net)	13	1,039.64	777.16	433.86	309.78	288.97
Long-term loans and advances	14	13,615.08	8,748.07	6,188.46	2,619.69	1,628.25
Other Non current assets	15	659.32	623.84	484.88	431.80	284.73
		<b>18,466.04</b>	<b>12,424.73</b>	<b>9,461.05</b>	<b>5,478.17</b>	<b>4,318.52</b>
<b>Current assets</b>						
Current investments	12B	-	-	440.08	2,118.20	7,906.04
Cash and cash equivalents	16	6,986.45	5,554.26	6,044.75	7,921.11	8,444.68
Short-term loans and advances	14	143,019.25	129,872.40	108,475.73	94,507.95	81,870.98
Other current assets	15	3,852.88	3,672.13	3,969.93	6,137.36	5,844.40
		<b>153,858.58</b>	<b>139,098.79</b>	<b>118,930.49</b>	<b>110,684.62</b>	<b>104,066.10</b>
<b>Total</b>		<b>172,324.62</b>	<b>151,523.52</b>	<b>128,391.54</b>	<b>116,162.79</b>	<b>108,384.62</b>

See accompanying notes forming part of the reformatted summary consolidated financial statements.

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**For and on behalf of the board of directors**

**S.Sundaresan**  
Partner

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

**B. N. Raveendra Babu**  
Executive Director  
DIN: 00043622

**Bindhu AL**  
Executive Vice President

**Ramesh Periasamy**  
Company Secretary

Place:  
Date :

Place:  
Date :

**Manappuram Finance Limited**  
**Annexure -II Reformatted Summary Consolidated Statement of Profit and Loss**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	Note No.	For the Year ended March 31, 2018	For the Year ended March 31, 2017	For the Year ended March 31, 2016	For the Year ended March 31, 2015	For the Year ended March 31, 2014
<b>Income</b>						
Revenue from operations	17	34,233.57	33,854.00	23,602.31	19,864.22	21,004.62
Other income	18	531.99	235.16	135.95	70.05	113.65
<b>Total revenue</b>		<b>34,765.56</b>	<b>34,089.16</b>	<b>23,738.26</b>	<b>19,934.27</b>	<b>21,118.27</b>
<b>Expenses</b>						
Finance costs	19	10,276.64	11,687.05	9,473.90	8,772.33	10,266.01
Employee benefits expense	20	6,167.12	5,025.82	4,326.81	3,145.37	3,235.47
Other expenses	21	7,469.12	5,087.55	3,870.59	3,339.61	3,547.59
Depreciation and amortization expense	22	682.59	631.54	557.81	540.23	638.95
<b>Total Expenses</b>		<b>24,595.47</b>	<b>22,431.96</b>	<b>18,229.11</b>	<b>15,797.54</b>	<b>17,688.02</b>
Profit before exceptional items		10,170.09	11,657.20	5,509.15	4,136.73	3,430.25
Exceptional items ( Refer Note 39)		-	-	25.32	-	-
<b>Total Profit before tax</b>		<b>10,170.09</b>	<b>11,657.20</b>	<b>5,483.83</b>	<b>4,136.73</b>	<b>3,430.25</b>
<b>Tax expenses</b>						
Current tax		3,748.49	4,415.60	2,056.02	1,432.86	991.10
Deferred tax Charge / (Credit)		(262.48)	(343.30)	(123.77)	(10.90)	179.34
<b>Total tax expense</b>		<b>3,486.01</b>	<b>4,072.30</b>	<b>1,932.25</b>	<b>1,421.96</b>	<b>1,170.44</b>
<b>Profit for the year before minority interest</b>		<b>6,684.08</b>	<b>7,584.90</b>	<b>3,551.58</b>	<b>2,714.77</b>	<b>2,259.81</b>
Less : Minority interest - Share of profit / (Loss)		(24.86)	26.42	17.90	1.60	-
<b>Profit for the year</b>		<b>6,708.94</b>	<b>7,558.48</b>	<b>3,533.68</b>	<b>2,713.17</b>	<b>2,259.81</b>
Earnings per share [Face value of Rs.2/-]	23					
Basic earnings per share (Rs/-)		7.97	8.98	4.20	3.23	2.69
Diluted earnings per share (Rs/-)		7.95	8.98	4.20	3.23	2.69

See accompanying notes forming part of the reformatted summary consolidated financial statements.

In terms of our report of even date

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

**For and on behalf of the board of directors**

**S.Sundaresan**  
Partner

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

**B. N. Raveendra Babu**  
Executive Director  
DIN: 00043622

**Bindhu AL**  
Executive Vice President

**Ramesh Periasamy**  
Company Secretary

Place:  
Date :

Place:  
Date :

**Manappuram Finance Limited**  
**Annexure -III Reformatted Summary Consolidated Cash flow Statement**  
*(All amounts are in millions of Indian rupees unless otherwise stated)*

	For the Year ended March 31, 2018	For the Year ended March 31, 2017	For the Year ended March 31, 2016	For the Year ended March 31, 2015	For the Year ended March 31, 2014
<b>A. Cash flow from operating activities</b>					
<b>Net profit before tax</b>	10,170.09	11,657.20	5,483.83	4,136.73	3,430.25
Depreciation and amortization	682.59	631.54	557.81	540.23	638.95
Profit on sale of fixed assets	(3.07)	(5.17)	(6.92)	(7.10)	(4.82)
Net gain on sale of current investments / Interest income on DLB Bond	(5.95)	(5.98)	(33.87)	(80.53)	(169.49)
Dividend Income	(19.59)	-	-	-	-
Interest Income	(59.34)	-	-	-	-
Income from Securitisation of Receivables	(221.57)	(158.76)	-	(2.06)	-
Interest Expense	0.09	-	-	-	-
Provision for standard assets	212.11	625.14	190.66	32.66	(44.43)
Bad debts/advances written off, provision for other assets and provision for non performing assets	1,875.53	454.93	232.69	249.30	513.10
Provision for gratuity	0.91	0.13	-	-	-
Provision for Compensated absences	-	-	-	0.60	-
Amortisation of Forward exchange contract premium	27.68	89.77	-	-	-
Provision for Litigation claim	0.23	6.56	4.17	4.64	9.69
<b>Operating profit before working capital changes</b>	<b>12,659.71</b>	<b>13,295.36</b>	<b>6,428.37</b>	<b>4,874.47</b>	<b>4,373.25</b>
Movements in working capital :					
Increase/ (decrease) in trade payable	(199.01)	503.45	(8.90)	(117.05)	(48.93)
Increase/ (decrease) in trade Receivable	(7.63)	3.52	-	-	-
Increase/ (decrease) in other current liabilities and provisions	(502.56)	2,337.01	580.17	(604.08)	(1,532.65)
Increase / (decrease) in short term borrowings	149.56	-	-	-	-
Increase/ (decrease) in long term provisions	5.29	9.77	24.69	0.11	-
Decrease / (increase) in long-term loans and advances	(9,919.06)	(11,113.51)	(3,769.39)	(1,682.14)	(120.60)
Decrease / (increase) in short-term loans and advances	(8,375.66)	(13,498.50)	(14,200.47)	(11,077.14)	17,606.52
Decrease / (increase) in other current assets	99.79	211.34	2,115.69	(20.25)	760.82
Decrease / (increase) in other non-current assets	53.95	(86.15)	-	31.09	-
Increase / (decrease) in Other long term liabilities	(433.22)	(187.27)	143.87	368.26	(20.17)
<b>Cash generated from / (used in) operations</b>	<b>(6,468.84)</b>	<b>(8,524.98)</b>	<b>(8,685.97)</b>	<b>(8,226.73)</b>	<b>21,018.24</b>
Direct taxes paid (net of refunds)	(4,251.48)	(4,170.02)	(1,821.31)	(1,437.41)	(1,256.97)
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>(10,720.32)</b>	<b>(12,695.00)</b>	<b>(10,507.28)</b>	<b>(9,664.14)</b>	<b>19,761.27</b>
<b>B. Cash flows from investing activities</b>					
Capital expenditure on Fixed Assets	(1,615.72)	(542.05)	(798.57)	(261.75)	(258.66)
Proceeds from sale of fixed assets	17.53	6.53	11.10	9.46	9.48
Purchase of current investments	-	-	(5,955.00)	(3,666.47)	(7,310.09)
Purchase of non current investments	-	-	-	-	(163.56)
Sale of current investments	-	440.08	7,666.99	9,531.58	6,662.80
Interest income on DLB Bond	5.95	5.98	-	-	-
Dividend Received	19.59	-	-	-	-
Interest received	0.22	-	-	-	-
Acquisition / Investment of subsidiaries	-	-	9.73	(383.07)	(123.56)
Redemption/ maturity of bank deposits (having original maturity of more than three months)	639.86	1,148.11	817.19	3,909.03	1,890.38
Investments in bank deposits (having original maturity of more than three months)	(1,587.38)	(1,319.68)	(1,052.34)	(925.76)	(2,588.78)
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>(2,519.95)</b>	<b>(261.04)</b>	<b>699.10</b>	<b>8,213.02</b>	<b>(1,881.99)</b>
<b>C. Cash flows from financing activities</b>					
Proceeds from issue of equity shares	105.17	21.65	-	-	-
Proceeds from Institutional debentures (long term)	3,668.47	18,860.12	1,500.00	530.00	100.00
Repayment of Institutional debentures (long term)	(767.00)	(436.40)	(1,250.51)	(1,357.46)	(3,042.14)
Proceeds from issuance of public debentures	-	-	-	4,785.52	2,000.00
Repayment of Public debentures	(2,706.74)	(1,539.72)	(1,505.35)	(455.61)	(2,987.32)
Repayment of Institutional debentures (short term)	-	-	-	-	(999.79)
Preceeds from Retail Debenture	-	-	-	50.00	2,730.40

**Manappuram Finance Limited**  
**Annexure -III Reformatted Summary Consolidated Cash flow Statement**  
*(All amounts are in millions of Indian rupees unless otherwise stated)*

	For the Year ended March 31, 2018	For the Year ended March 31, 2017	For the Year ended March 31, 2016	For the Year ended March 31, 2015	For the Year ended March 31, 2014
Repayment of Retail Debenture	(320.72)	(94.66)	(451.82)	(2,565.61)	(3,354.16)
Proceeds from Inter corporate deposits	-	-	-	-	112.50
Repayment of inter corporate deposits	-	-	-	(32.50)	(80.00)
Application money received for issue of redeemable non-convertible debenture	-	-	-	(2,000.00)	2,008.15
Proceeds from Commercial paper	140,876.48	87,246.61	70,266.49	74,654.58	19,755.65
Repayment of Commercial paper	(135,119.36)	(73,489.32)	(61,834.06)	(73,748.44)	(20,462.19)
Proceed from Vechile Loan	-	31.00	-	-	2.13
Repayment of Vechile Loan	(5.30)	(1.73)	(3.36)	(3.38)	(4.43)
Repayment of Deposits	-	-	-	-	-
Proceed from Finance Lease	110.63	35.30	81.03	2.78	-
Repayment of Finance Lease	(39.64)	(27.55)	(19.65)	(0.43)	-
Proceeds from subordinate Debt	-	-	-	-	57,110.00
Repayment of Subordinate Debt	(857.58)	(1,807.31)	(575.18)	(531.85)	(387.11)
Proceed from Term loan from Bank	224,526.59	109,529.96	120,890.00	113,713.38	(66,270.21)
Repayment of Term Loan from Banks	(207,657.45)	(124,610.68)	(122,836.29)	(86,039.69)	-
Proceeds from Foreign currency term loan - Bank	-	1,500.00	-	-	-
Proceeds / (Repayment) from Foreign currency WCDL - Bank	(5,617.44)	5,500.00	-	-	-
Proceeds from Borrowings from others	213.08	122.27	3,412.80	58.76	750.00
Repayment of Borrowings from others	(92.40)	(248.53)	(1,507.42)	(1,895.20)	(2,767.72)
Proceeds / (Repayments) of borrowings from others	-	(7,206.18)	-	-	-
Proceeds / (Repayment) in working capital bank borrowings (net)	(671.38)	248.12	3,891.12	(20,600.76)	(2,400.37)
Repayment of Preference share capital in subsidiary	-	-	(50.00)	50.00	-
Preference dividend payment	-	-	(5.56)	-	-
Interest Expense	(0.09)	-	-	-	-
Dividends paid	(1,683.94)	(1,262.56)	(1,892.74)	(1,135.64)	(1,135.65)
Tax on dividend	(342.81)	(257.02)	(385.31)	(215.71)	(193.00)
<b>Net cash flow from/ (used in) in financing activities (C)</b>	<b>13,618.57</b>	<b>12,113.37</b>	<b>7,724.19</b>	<b>3,262.74</b>	<b>(19,515.26)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>378.30</b>	<b>(842.68)</b>	<b>(2,083.99)</b>	<b>1,811.62</b>	<b>(1,635.98)</b>
Cash and cash equivalents at the beginning of the year	3,427.61	4,270.29	6,352.61	4,036.98	5,600.34
Add: Cash and cash equivalent acquired as part of subsidiary acquisition	-	-	1.67	504.01	72.62
Cash and cash equivalents at the end of the year (Refer Note: 16)	3,805.91	3,427.61	4,270.29	6,352.61	4,036.98

See accompanying notes forming part of the reformatted summary consolidated financial statements.

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

**For and on behalf of the board of directors**

**S.Sundaresan**  
Partner

**V.P Nandakumar**  
Managing Director & CEO  
DIN: 00044512

**B. N. Raveendra Babu**  
Executive Director  
DIN: 00043622

**Bindhu AL**  
Chief Financial Officer

**Ramesh Periasamy**  
Company Secretary

Place : Valapad, Thrissur  
Date :

Place:  
Date :

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 3**  
**SHARE CAPITAL**

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Authorised</b>					
Equity shares	1,960.00 980 Million Shares of Rs 2 each	1,960.00 980 Million Shares of Rs 2 each	1,960.00 980 Million Shares of Rs 2 each	1,960.00 980 Million Shares of Rs 2 each	1,960.00 980 Million Shares of Rs 2 each
Redeemable preference shares	40.00 0.4 Million Shares of Rs 100 each	40.00 0.4 Million Shares of Rs 100 each	40.00 0.4 Million Shares of Rs 100 each	40.00 0.4 Million Shares of Rs 100 each	40.00 0.4 Million Shares of Rs 100 each
	<b>2,000.00</b>	<b>2,000.00</b>	<b>2,000.00</b>	<b>2,000.00</b>	<b>2,000.00</b>
<b>Issued, subscribed and fully paid-up shares</b>					
Equity shares	1,685.07 842.53 Million Shares of Rs 2 each	1,683.80 841.89 Million Shares of Rs 2 each	1,682.41 841.21 Million Shares of Rs 2 each	1,682.41 841.21 Million Shares of Rs 2 each	1,682.41 841.21 Million Shares of Rs 2 each
Redeemable preference shares	-	-	-	-	-
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>1,685.07</b>	<b>1,683.80</b>	<b>1,682.41</b>	<b>1,682.41</b>	<b>1,682.41</b>

**a. Reconciliation of the equity shares outstanding and the amount of equity share capital as at beginning and at the end of reporting period**

	March 31, 2018		March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014	
	No. of shares millions	Amount (in millions)	No. of shares millions	Amount (in millions)	No. of shares millions	Amount (in millions)	No. of shares millions	Amount (in millions)	No. of shares millions	No. of shares millions
At the beginning of the period/year	841.89	1,683.80	841.21	1,682.41	841.21	1,682.41	841.21	1,682.41	841.21	1,682.41
Issued during the period - ESOP (refer note 24)	0.64	1.27	0.69	1.39	-	-	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>842.53</b>	<b>1,685.07</b>	<b>841.90</b>	<b>1,683.80</b>	<b>841.21</b>	<b>1,682.41</b>	<b>841.21</b>	<b>1,682.41</b>	<b>841.21</b>	<b>1,682.41</b>

**b. Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.2/- per share (Equity share of Rs 10/- each have been subdivided into five equity shares of Rs 2/- each on April 22, 2010). 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.



**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 3**  
**SHARE CAPITAL**

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
The amount of per equity share dividend recognized as distributions to equity shareholders Rs.	2.00	1.50	2.25	1.35	1.80
Amount of interim dividend paid per equity share Rs.	-	1.50	2.25	1.35	1.35
Amount of final dividend proposed / paid per equity share Rs.	2.00	-	-	-	0.45

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

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

March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
No. millions	No. millions	No. millions	No. millions	No. millions
-	614.56	614.56	614.56	614.56

Equity shares allotted as fully paid bonus shares by capitalization of securities premium, general reserve and capital redemption reserve.

In addition, the Company has issued 1,328,626 equity shares in March 31, 2018, 7,46,500 in March 31, 2017 and 11,213,880 in March 31, 2016, 11,213,880 equity shares in March 31, 2015, 11,213,880 in March 31, 2014, 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 equity shareholders holding more than 5% shares in the Company.**

	March 31, 2018		March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014	
	No. millions	% holding	No. millions	% holding	No. millions	% holding	No. millions	% holding	No. millions	% holding
Nandakumar V P	239.37	28.41	237.57	28.22	230.94	27.45	222.54	26.45	217.41	25.85
Sushama Nandakumar	48.00	5.70	48.00	5.70	48.00	5.71	48.00	5.71	48.00	5.71
Baring India Private Equity Fund III	47.62	5.66	47.62	5.66	79.36	9.43	79.36	9.43	79.36	9.43
Smallcap World Fund Inc	-	-	-	-	-	-	54.93	6.53	54.93	6.53
Hudson Equity Holdings Ltd	-	-	-	-	-	-	44.55	5.30	44.55	5.30
Quinag Acquisition (FPI) Ltd	57.79	6.86	-	-	-	-	-	-	-	-

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

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 4**

**RESERVES AND SURPLUS**

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Securities premium account</b>					
Opening Balance	13,719.42	13,699.16	13,699.05	13,699.17	13,699.17
Add: Premium on issue of shares during the reporting year	50.96	20.26	-	-	-
<b>Closing Balance</b>	<b>13,770.38</b>	<b>13,719.42</b>	<b>13,699.05</b>	<b>13,699.17</b>	<b>13,699.17</b>
<b>Statutory Reserve pursuant to Section 45-IC of The RBI Act, 1934</b>					
Opening Balance	5,906.61	4,385.49	3,660.75	3,067.88	2,615.86
Add: On acquisition	-	-	2.33	48.74	-
Add: Transfer from surplus in the Reformatted summary consolidated statement of profit and loss	1,400.34	1,521.12	722.41	544.13	452.02
<b>Closing Balance</b>	<b>7,306.95</b>	<b>5,906.61</b>	<b>4,385.49</b>	<b>3,660.75</b>	<b>3,067.88</b>
<b>Debenture Redemption reserve</b>					
Opening Balance	<b>821.21</b>	<b>718.95</b>	549.04	113.90	1,493.66
Add: Amount transferred from surplus in the Reformatted summary consolidated statement of profit and loss (refer note 4 (a), (b))	-	102.26	169.91	435.14	113.90
Less: Amount transferred to surplus in the Reformatted summary consolidated statement of profit and loss	(676.68)	-	-	-	-
Less: Reversal of debenture redemption reserve	-	-	-	-	(1,493.66)
<b>Closing Balance</b>	<b>144.53</b>	<b>821.21</b>	<b>718.95</b>	<b>549.04</b>	<b>113.90</b>
<b>Capital Redemption Reserve</b>					
Opening Balance as per Reformatted summary consolidated financial statement	<b>50.00</b>	<b>50.00</b>	-	-	-
Add: Amount transferred from surplus in the Reformatted summary consolidated statement of profit and loss	-	-	50.00	-	-
<b>Closing Balance</b>	<b>50.00</b>	<b>50.00</b>	<b>50.00</b>	-	-
<b>General reserve</b>					
Opening Balance	3,885.08	3,885.08	3,885.08	3,885.08	2,165.41
Add: Amount transferred from surplus in the Reformatted summary consolidated statement of profit and loss	-	-	-	-	226.01
Add: Amount transferred from debenture redemption reserve.	-	-	-	-	1,493.66
<b>Closing Balance</b>	<b>3,885.08</b>	<b>3,885.08</b>	<b>3,885.08</b>	<b>3,885.08</b>	<b>3,885.08</b>
<b>Hedging Reserve</b>					
Opening Balance	(22.96)	-	-	-	-
Gains/(losses) during the year	10.13	(22.96)	-	-	-
<b>Closing Balance</b>	<b>(12.83)</b>	<b>(22.96)</b>	-	-	-

**Manappuram Finance Limited**

**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 4**

**RESERVES AND SURPLUS**

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Surplus in Reformatted summary consolidated statement of profit and loss</b>					
Opening Balance	7,574.79	3,159.29	2,851.54	2,468.99	2,772.63
Profit for the year	6,708.94	7,558.48	3,533.68	2,713.17	2,259.81
<b>Less: Appropriations</b>					
Transfer to/(from) debenture redemption reserve	(676.68)	102.26	169.91	435.14	113.90
Proposed final equity dividend	-				378.54
Interim dividend on equity shares	1,683.94	1,262.56	1,892.65	1,135.64	1,135.65
Tax on proposed equity dividend	-				64.33
Tax on interim dividend on equity shares	343.27	257.04	385.31	215.71	193.00
Dividend distributed to Preference shares holders by subsidiary	-	-	5.56	-	-
Transfer to Capital Redemption Reserve	-	-	50.00	-	-
Transfer to Statutory reserve	1,400.34	1,521.12	722.41	544.13	452.02
Transfer to general reserve	-	-	-	-	226.01
Total appropriations	2,750.87	3,142.98	3,225.84	2,330.62	2,563.45
<b>Net surplus in the Reformatted summary consolidated statement of profit and loss</b>	<b>11,532.86</b>	<b>7,574.79</b>	<b>3,159.38</b>	<b>2,851.54</b>	<b>2,468.99</b>
<b>Total reserves and surplus</b>	<b>36,676.97</b>	<b>31,934.15</b>	<b>25,897.95</b>	<b>24,645.58</b>	<b>23,235.02</b>

**Notes:**

a) Pursuant to Section 71 of the Companies Act, 2013 ( as well as Section 117C of the Companies Act, 1956) and circular 04/2013, read with notification issued date June 19, 2016 issued by Ministry of Corporate Affairs, the Company is required to transfer 25% of the value of the outstanding debentures issued through public issue as per the present SEBI (Issue and Listing of Debt Securities) Regulation, 2008 to Debenture Redemption Reserve (DRR) and no DRR is required in case of privately placed debenture. Also the Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the balance sheet date.

b) In respect of the debentures issued through public issue, the Company has created DRR of Rs.144.53 as at March 31, 2018, ( March 31, 2017 - Rs. 821.21, March 31, 2016 - Rs.718.95, March 31, 2015 - Rs.549.04, March 31, 2014 - Rs.113.90). The Company subsequent to the year end has deposited a sum of Rs. 2.62 as at March 31, 2018 (March 31, 2017 - Rs. 291.20, March 31, 2016 - Rs.189.08, March 31, 2015 - Rs.255.13, March 31, 2014 - Rs.68.34) 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.

**Manappuram Finance Limited**  
**Annexure - IV Notes to Reformatted Summary Consolidated Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 5**

**Long-term borrowings**

	Non-current					Current maturities				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
<b>Sub-ordinated debt (Unsecured)</b>										
Subordinate debt from banks	-	-	500.00	1,500.00	1,500.00	-	500.00	1,000.00	-	-
Subordinate bonds from others	55.43	63.99	417.99	1,225.30	1,800.45	4.97	353.99	807.31	575.17	531.87
<b>Debentures (Secured)</b>										
Non-convertible Debentures - Private placement	13,842.44	21,561.05	3,803.13	3,470.28	4,855.51	11,819.12	1,519.76	948.60	1,483.78	3,381.62
Non-convertible Debentures - Public issue	562.04	578.10	3,284.84	4,824.56	1,544.39	16.06	2,706.74	1,539.72	1,505.35	455.61
<b>Term loans</b>										
Indian rupee loan from banks (secured)	9,178.82	5,461.25	6,615.90	5,077.46	4,832.39	6,592.75	8,738.41	6,891.19	12,785.91	5,762.23
Foreign Currency Term Loan from banks (secured)	1,446.21	1,438.99	-	-	-	-	-	-	-	-
Indian rupee loan from others (secured)	1,280.75	2,074.36	1,348.35	319.19	-	1,820.83	1,924.10	1,327.65	539.06	1,125.00
Indian rupee loan from others (Unsecured)	500.00	-	-	-	11.14	403.08	31.27	157.53	11.14	20.20
Vehicle loans (Secured loans)	18.66	30.46	-	2.35	2.48	5.78	8.55	1.45	2.46	3.37
Finance lease obligation (secured)	78.19	15.90	29.86	-	-	62.77	44.93	31.52	-	-
<b>The above amount includes</b>										
Secured borrowings	26,407.11	31,160.11	15,082.08	13,693.84	11,234.77	20,317.31	14,942.49	10,740.13	16,316.56	10,727.83
Unsecured borrowings	555.43	63.99	917.99	2,725.30	3,311.59	408.05	885.26	1,964.84	586.31	552.07
Amount disclosed under the head "other current liabilities" (note 9)						(20,725.36)	(15,827.75)	(12,704.97)	(16,902.87)	(11,279.90)
<b>Net amount</b>	<b>26,962.54</b>	<b>31,224.10</b>	<b>16,000.07</b>	<b>16,419.14</b>	<b>14,546.36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**A) Indian rupee loan from banks (secured)-Terms of repayment**

As at March 31, 2018

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

These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold and margin/cash collateral as per the agreement. Further, the loan (including Long term and short term) has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of Rs. 4,770.05 (March 31, 2017 - Rs. 4,671.71)

Particulars	Non current	Current
Base Rate	-	-
Base Rate+Spread	4,289.25	5,303.88
Fixed	-	-
<b>Total (B)</b>	<b>4,289.25</b>	<b>5,303.88</b>

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans.

Particulars	Non current	Current
Fixed	2,189.57	534.71
<b>Total (C)</b>	<b>2,189.57</b>	<b>534.71</b>
	<b>Non current</b>	<b>Current</b>
<b>TOTAL (A+B+C)</b>	<b>9,178.82</b>	<b>6,592.75</b>

These are secured by an exclusive charge by way of pari passu first charge on housing loans receivables of the Manappuram Home Finance Limited which are regular as per NHB Guidelines.

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 5**

**Long-term borrowings**

**As at March 31, 2017**

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

These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold and margin/cash collateral as per the agreement. Further, the loan (including Long term and short term) has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of Rs. 4,671.71 has been guaranteed by the personal guarantee of Mr. V.P Nandakumar, Managing Director.

<b>Particulars</b>	<b>Non current portion</b>	<b>Current Maturities</b>
Base Rate+Spread	2,606.37	3,653.29
<b>Total (B)</b>	<b>2,606.37</b>	<b>3,653.29</b>

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans.

<b>Particulars</b>	<b>Non current portion</b>	<b>Current Maturities</b>
Fixed	2,059.05	243.45
<b>Total (C)</b>	<b>2,059.05</b>	<b>243.45</b>

	<b>Non current portion</b>	<b>Current Maturities</b>
<b>TOTAL (A+B+C)</b>	<b>5,461.25</b>	<b>8,738.41</b>

These are secured by an exclusive charge by way of pari passu first charge on housing loans receivables of the Manappuram Home Finance Limited which are regular as per NHB Guidelines.

**As at March 31, 2016**

Terms of repayment

<b>Tenure (from the date of Balance Sheet)</b>	<b>Rate of Interest</b>	<b>Non current portion</b>	<b>Current Maturities</b>
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
<b>Total</b>		<b>4,248.85</b>	<b>5,160.77</b>

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 5**

**Long-term borrowings**

**As at March 31, 2015**

Terms of repayment

<b>Tenure (from the date of Balance Sheet)</b>	<b>Rate of Interest</b>	<b>Non current portion</b>	<b>Current Maturities</b>
Due within 4-5 years	10.50 -12.25%	25.64	11,039.73
Due within 1-2 years	12.25 -12.75%	4,636.54	863.46
Due within 1 year	13.00 -13.25%	-	217.00
<b>Total</b>		<b>4,662.18</b>	<b>12,120.19</b>

**As at March 31, 2014**

Terms of repayment

<b>Tenure (from the date of Balance Sheet)</b>	<b>Rate of Interest</b>	<b>Non current portion</b>	<b>Current Maturities</b>
Due within 4-5 years	12.00%	84.62	30.77
Due within 1-2 years	12.75 -13.30%	4,747.77	529.17
Due within 1 year	12.30 -13.50%	-	5,202.29
<b>Total</b>		<b>4,832.39</b>	<b>5,762.23</b>

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, 2018**

Terms of repayment

<b>Tenure (from the date of Balance Sheet)</b>	<b>Rate of Interest</b>	<b>Non current portion</b>	<b>Current Maturities</b>
Due within One year	7.60 -10 %	500.00	403.08
<b>Total</b>		<b>500.00</b>	<b>403.08</b>

**As at March 31, 2017**

Terms of repayment

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

**As at March 31, 2016**

Terms of repayment

<b>Tenure (from the date of Balance Sheet)</b>	<b>Rate of Interest</b>	<b>Non current portion</b>	<b>Current Maturities</b>
Due within One year	12.30 -13.75 %	-	157.53
<b>Total</b>		<b>-</b>	<b>157.53</b>

**Manappuram Finance Limited**  
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*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 5**

**Long-term borrowings**

**As at March 31, 2015**

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within 1-2 years	12.30 -13.75 %		11.14
<b>Total</b>		-	<b>11.14</b>

**As at March 31, 2014**

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within 1-2 years	12.30 -13.75 %	11.14	20.20
<b>Total</b>		<b>11.14</b>	<b>20.20</b>

**C) Vehicle loans (Secured loans)**

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest		
	< 10%	>= 10% < =12%	Total
	Amount	Amount	Amount
Later than one year and not later than five years	18.66	-	18.66
Due within 1 year	5.78	-	5.78
<b>Grand Total</b>	<b>24.44</b>	-	<b>24.44</b>

**Non current portion** 18.66

**Current Maturities** 5.78

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

**As at March 31, 2017**

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest		
	< 10%	>= 10% < =12%	Total
	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
<b>Grand Total</b>	<b>39.01</b>	-	<b>39.01</b>

**Non current portion** 30.46

**Current Maturities** 8.55

**Manappuram Finance Limited**  
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**NOTE: 5**

**Long-term borrowings**

**As at March 31, 2016**

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest		
	< 10%	>= 10% < =12%	Total
	Amount	Amount	Amount
Due within 2-3 years	-	-	-
Due within 1-2 years	-	-	-
Due within 1 year	0.47	-	0.47
<b>Grand Total</b>	<b>0.47</b>	<b>-</b>	<b>0.47</b>

**Non current portion** -  
**Current Maturities** 0.47

**As at March 31, 2015**

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest		
	< 10%	>= 10% < =12%	Total
	Amount	Amount	Amount
Due within 2-3 years	-	-	-
Due within 1-2 years	0.47	1.88	2.35
Due within 1 year	0.76	1.70	2.46
<b>Grand Total</b>	<b>1.23</b>	<b>3.58</b>	<b>4.81</b>

**Non current portion** 2.35  
**Current Maturities** 2.46

**As at March 31, 2014**

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest		
	< 10%	>= 10% < =12%	Total
	Amount	Amount	Amount
Due within 3-4 years	-	0.21	0.21
Due within 2-3 years	0.47	0.32	0.79
Due within 1-2 years	0.75	0.73	1.48
Due within 1 year	0.69	2.68	3.37
<b>Grand Total</b>	<b>1.91</b>	<b>3.94</b>	<b>5.85</b>

**Non current portion** 2.48  
**Current Maturities** 3.37

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

**D)** Subordinate debt from banks as at March 31, 2018 aggregating to Rs. Nil (March 31, 2017 aggregating Rs. 500, March 31, 2016 Rs.1500, March 31, 2015 Rs.1500, March 31, 2014 Rs.1500) 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, and Subordinate debt from banks as at March 31, 2018 aggregating to Rs. Nil (March 31, 2017 Rs. Nil, March 31, 2016 Rs.1,000, March 31, 2015 Rs.1,000, March 31, 2014 Rs.1,000) which carries interest rate of 14.00% (floating - BR + 3.75%) is repayable at the end of five years and six months from the date of loan viz. December 10, 2010.

**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. Rs. 145.77 Million. ( March 31, 2017 - Rs. 9.88, March 31, 2016 - Rs. 7.41, March 31, 2015 - Nil, March 31, 2014 - Nil ) each.

**F)** Foreign currency loan:

1) Rs. 1,000 as at March 31, 2018 (March 31, 2017- Rs. 1000/-, March 31, 2016 - Nil, March 31, 2015 - Nil, March 31, 2014 - Nil) which carries interest @ LIBOR plus 265bps. The loan is repayable after 3 years from the date of its origination, viz., May 9, 2016.

2) Rs. 500 as at March 31, 2018 (March 31, 2017 Rs. 500/- March 31, 2016 - Nil, March 31, 2015 - Nil, March 31, 2014 - Nil) which carries interest @ LIBOR plus 215bps. The loan is repayable after 3 years from the date of its origination, viz., December 22, 2016.

The loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans & advances of the Company. Further, the loan (including long-term and short-term) has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of Rs. 4,770.05 (March 31, 2017 - Rs. 4,671.71)



**NOTE: 5**  
**Long-term borrowings**

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Note 5 (contd.)**

**G) Indian rupee loan from others (secured)**

**As at March 31, 2018**

Particulars	Non current portion	Current Maturities
Base Rate+Spread	-	-
Fixed	1,280.75	1,820.83
<b>Total</b>	<b>1,280.75</b>	<b>1,820.83</b>

**As at March 31, 2017**

Particulars	Non current portion	Current Maturities
Base Rate+Spread	-	-
Fixed	2,074.36	1,924.10
<b>Total</b>	<b>2,074.36</b>	<b>1,924.10</b>

All loans are secured by hypothecation of the Book Debts receivable under Microfinance Loans.

**As at March 31, 2016**

Particulars	Non current portion	Current Maturities
Base Rate+Spread	378.71	164.44
Fixed	970.03	1,163.21
<b>Total</b>	<b>1,348.74</b>	<b>1,327.65</b>

**As at March 31, 2015**

Particulars	Non current portion	Current Maturities
Fixed	319.19	539.06
<b>Total</b>	<b>319.19</b>	<b>539.06</b>

**As at March 31, 2014**

Particulars	Non current portion	Current Maturities
Fixed	-	1,125.00
<b>Total</b>	<b>-</b>	<b>1,125.00</b>

**Subordinate bonds from others:**

Subordinate bonds have a face value of Rs 1,000/- each. Details of rate of interest and maturity pattern from the date of the balance sheet is as under:

**As at March 31, 2018**

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14% < 15%		Total	
	Number of bonds	Amount	Number of bonds	Amount	Number of bonds	Amount	Number of bonds	Amount
Due above 5 years	-	-	-	-	-	-	-	-
Due within 4-5 years	-	-	1,472	1.47	3,542	3.54	5,014	5.01
Due within 3-4 years	-	-	14,852	14.85	12,463	12.46	27,315	27.31
Due within 2-3 years	6,857	6.86	10,589	10.59	-	-	17,446	17.45
Due within 1-2 years	413	0.41	2,937	2.94	2,309	2.31	5,659	5.66
Due within 1 year	-	-	-	-	4,965	4.97	4,965	4.97
<b>Grand Total</b>	<b>7,270</b>	<b>7.27</b>	<b>29,850</b>	<b>29.85</b>	<b>23,279</b>	<b>23.28</b>	<b>60,399</b>	<b>60.40</b>

Non-current portion

Current maturities

**Total**

55.43

4.97

**60.40**

As at March 31, 2017

Redeemable at par within	Rate of interest							
	< 12%		≥ 12% < 14%		> =14%<15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	-	-	1,472	1.47	3,542	3.54	5,014	5.01
Due within 4-5 years	-	-	18,452	18.45	12,463	12.46	30,915	30.91
Due within 3-4 years	6,857	6.86	10,589	10.59	-	-	17,446	17.44
Due within 2-3 years	413	0.41	2,937	2.94	2,309	2.31	5,659	5.66
Due within 1-2 years	-	-	-	-	4,965	4.97	4,965	4.97
Due within 1 year	-	-	139,795	139.80	214,189	214.19	353,984	353.99
<b>Grand Total</b>	<b>7,270</b>	<b>7.27</b>	<b>173,245</b>	<b>173.25</b>	<b>237,468</b>	<b>237.47</b>	<b>417,983</b>	<b>417.98</b>

Non-current portion	63.99
Current maturities	353.99
<b>Total</b>	<b>417.98</b>

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	17.45
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
<b>Grand Total</b>	<b>7,270</b>	<b>7.27</b>	<b>705,088</b>	<b>705.08</b>	<b>512,934</b>	<b>512.95</b>	<b>1,225,292</b>	<b>1,225.30</b>

Non-current portion	417.99
Current maturities	807.31
<b>Total</b>	<b>1,225.30</b>

As at March 31, 2015

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	6,857	6.86	30,513	30.51	16,005	16.01	53,375	53.38
Due within 4-5 years	413	0.41	2,937	2.94	2,309	2.31	5,659	5.66
Due within 3-4 years	-	-	-	-	4,965	4.97	4,965	4.97
Due within 2-3 years	-	-	139,795	139.79	214,189	214.19	353,984	353.98
Due within 1-2 years	-	-	531,843	531.84	275,466	275.47	807,309	807.31
Due within 1 year	116,533	116.53	435,254	435.25	23,391	23.39	575,178	575.17
<b>Grand Total</b>	<b>123,803</b>	<b>123.80</b>	<b>1,140,342</b>	<b>1,140.33</b>	<b>536,325</b>	<b>536.34</b>	<b>1,800,470</b>	<b>1,800.47</b>

Non-current portion	1,225.30
Current maturities	575.17
<b>Total</b>	<b>1,800.47</b>

As at March 31, 2014

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	7,270	7.27	33,450	33.45	18,314	18.31	59,034	59.03
Due within 4-5 years	-	-	-	-	4,965	4.97	4,965	4.97
Due within 3-4 years	-	-	139,795	139.79	214,184	214.18	353,979	353.97
Due within 2-3 years	-	-	531,843	531.84	275,466	275.47	807,309	807.31
Due within 1-2 years	116,533	116.53	435,254	435.25	23,391	23.39	575,178	575.17
Due within 1 year	37,104	37.10	274,847	274.85	219,915	219.92	531,866	531.87
<b>Grand Total</b>	<b>160,907</b>	<b>160.90</b>	<b>1,415,189</b>	<b>1,415.18</b>	<b>756,235</b>	<b>756.24</b>	<b>2,332,331</b>	<b>2,332.32</b>

Non-current portion

1,800.45

Current maturities

531.87

**Total**

**2,332.32**

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Note 5 (contd.)**

**Debentures (Secured)**

**i) Private placement retail - Redeemable Non Convertible Debentures (NCD) of Rs. 1,000/- each - Terms of repayment**

**As at March 31, 2018**

Redeemable at par within	Rate of interest									
	< 10%		≥ 10% < 12%		≥ 12% < 14%		≥ 14% < 16%		Total	
	Number of NCD	Amount	Number of NCD	Amount	Number of NCD	Amount	Number of NCD	Amount	Number of NCD	Amount
Due within 2-3 years	-	-	-	-	-	-	-	-	-	-
Due within 1-2 years	-	-	-	-	-	-	-	-	-	-
Due within 1 year	-	-	-	-	1,080,075	1,080.08	423,310	423.31	1,503,385	1,503.39
<b>Grand Total</b>	-	-	-	-	<b>1,080,075</b>	<b>1,080.08</b>	<b>423,310</b>	<b>423.31</b>	<b>1,503,385</b>	<b>1,503.39</b>

Non-current portion

Current maturities

**Total**

-

1,503.39

1,503.39

**As at March 31, 2017**

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
<b>Grand Total</b>	-	-	<b>20,000</b>	<b>20.00</b>	<b>1,210,029</b>	<b>1,210.03</b>	<b>594,087</b>	<b>594.09</b>	<b>1,824,116</b>	<b>1,824.12</b>

Non-current portion

Current maturities

**Total**

1,532.06

292.06

1,824.12

**Nature of Security**

Secured by a floating charge on the book debts of the Company on gold and other unencumbered assets. The Company shall maintain 100% security cover on the Debentures are offered for a period of 366 days to 65 months.

**As at March 31, 2016**

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
<b>Grand Total</b>	-	-	<b>27,500</b>	<b>27.50</b>	<b>1,289,616</b>	<b>1,289.62</b>	<b>601,641</b>	<b>601.65</b>	<b>1,918,757</b>	<b>1,918.77</b>

Non-current portion

Current maturities

**Total**

1,872.81

45.96

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

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Note 5 (contd.)**

**Debentures (Secured)**

**i) Private placement retail - Redeemable Non Convertible Debentures (NCD) of Rs. 1,000/- each - Terms of repayment**

**As at March 31, 2015**

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	-	-	-	-	1,258,723	1,258.72	452,938	452.94	1,711,661	1,711.66
Due within 2-3 years	-	-	20,000	20.00	108,866	108.87	169,913	169.91	298,779	298.78
Due within 1-2 years	-	-	7,500	7.50	38,195	38.19	336	0.34	46,031	46.03
Due within 1 year	-	-	6,176	6.18	279,288	279.29	28,644	28.64	314,108	314.11
<b>Grand Total</b>	-	-	<b>33,676</b>	<b>33.68</b>	<b>1,685,072</b>	<b>1,685.07</b>	<b>651,831</b>	<b>651.83</b>	<b>2,370,579</b>	<b>2,370.58</b>

Non-current portion	2,056.47
Current maturities	314.11
<b>Total</b>	<b>2,370.58</b>

**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.

**As at March 31, 2014**

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	-	-	-	-	1,591,679	1,591.68	512,476	512.48	2,104,155	2,104.16
Due within 3-4 years	-	-	-	-	101,925	101.92	174,658	174.66	276,583	276.58
Due within 2-3 years	-	-	-	-	29,306	29.31	336	0.33	29,642	29.64
Due within 1-2 years	-	-	176	0.18	291,283	291.28	29,729	29.73	321,188	321.19
Due within 1 year	53	0.05	43,707	43.71	1,941,902	1,941.90	168,961	168.96	2,154,623	2,154.62
<b>Grand Total</b>	<b>53</b>	<b>0.05</b>	<b>43,883</b>	<b>43.89</b>	<b>3,956,095</b>	<b>3,956.09</b>	<b>886,160</b>	<b>886.16</b>	<b>4,886,191</b>	<b>4,886.19</b>

Non-current portion	2,731.57
Current maturities	2,154.62
<b>Total</b>	<b>4,886.19</b>

**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.

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

**Non-Convertible debentures**

**Private Placement**

Particulars	Non-Current					Current				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
i) Retail	4,912.44	6,481.05	3,006.13	2,236.88	2,731.57	3,669.12	752.76	512.20	593.28	2,154.62
ii) Institutional	8,930.00	15,080.00	797.00	1,233.40	2,123.94	8,150.00	767.00	436.40	890.50	1,227.00
<b>Total</b>	<b>13,842.44</b>	<b>21,561.05</b>	<b>3,803.13</b>	<b>3,470.28</b>	<b>4,855.51</b>	<b>11,819.12</b>	<b>1,519.76</b>	<b>948.60</b>	<b>1,483.78</b>	<b>3,381.62</b>

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Note 5 (contd.)**

**ii) Private Placement Institutional- Issue of Redeemable Non-convertible Debentures (NCD) of Rs. 1,00,000/- each**

**As at March 31 2018**

Terms of repayment

Date of allotment	Number of NCD	Amount outstanding	Interest Rate	Redeemable at par on	Put and Call option
20-Mar-13	30	30.00	13.25%	20-Mar-23	None
24-May-16	750	750.00	10.50%	04-Apr-19	None
24-May-16	750	750.00	10.50%	08-Apr-19	None
28-Jun-16	400	400.00	9.80%	28-Jun-19	None
28-Jul-16	1,400	1,400.00	10.30%	28-Jul-18	None
05-Aug-16	1,000	1,000.00	10.31%	28-Dec-18	None
05-Aug-16	1,500	1,500.00	10.31%	15-Mar-19	None
23-Aug-16	750	750.00	10.20%	22-Mar-19	None
26-Aug-16	500	500.00	10.25%	26-Aug-19	None
31-Aug-16	2,000	2,000.00	10.20%	20-Dec-18	None
15-Sep-16	2,000	2,000.00	10.15%	15-Sep-19	None
27-Sep-16	1,500	1,500.00	10.05%	20-Mar-19	None
14-Oct-16	2,500	2,500.00	9.99%	14-Oct-19	None
30-Oct-17	2,000	2,000.00	8.80%	20-Dec-20	None
<b>Total</b>	<b>17,080</b>	<b>17,080.00</b>			

Non-current portion	8,930.00
Current maturities	8,150.00
<b>Total</b>	<b>17,080.00</b>

**As at March 31 2017**

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
<b>Total</b>	<b>15,847</b>	<b>15,847.00</b>			

Non-current portion	15,080.00
Current maturities	767.00
<b>Total</b>	<b>15,847.00</b>

**Nature of Security**

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

**As at March 31 2016**

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
27-May-11	84	8.40	12.25%	27-May-16	
27-May-11	3,880	388.00	12.50%	27-May-16	
<b>Total</b>	<b>4,364.00</b>	<b>436.40</b>			

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Note 5 (contd.)**

Non-current portion	-
Current maturities	436.40
<b>Total</b>	<b>436.40</b>

**As at March 31 2015**

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	
31-Mar-11	1,312	131.20	12.25%	31-Mar-16	
28-Mar-11	2,640	264.00	12.25%	28-Mar-16	
17-Jun-11	300	30.00	12.50%	17-Jun-15	
27-May-11	63	6.30	12.25%	27-May-15	
27-May-11	2,910	291.00	12.50%	27-May-15	
<b>Total</b>	<b>11,589</b>	<b>1,158.90</b>			

Non-current portion	436.40
Current maturities	722.50
<b>Total</b>	<b>1,158.90</b>

**As at March 31 2014**

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	8.44	12.25%	27-May-16	
27-May-11	3,880	388.00	12.50%	27-May-16	
31-Mar-11	1,312	131.20	12.25%	31-Mar-16	
28-Mar-11	2,640	264.00	12.25%	28-Mar-16	
17-Jun-11	300	30.00	12.50%	17-Jun-15	
27-May-11	63	6.30	12.25%	27-May-15	
27-May-11	2,910	291.00	12.50%	27-May-15	
31-Mar-11	984	98.40	12.25%	31-Mar-15	
28-Mar-11	1,980	198.00	12.25%	28-Mar-15	
17-Jun-11	500	50.00	12.25%	17-Jun-14	
17-Jun-11	300	30.00	12.50%	17-Jun-14	
27-May-11	10	1.00	12.00%	27-May-14	
27-May-11	63	6.30	12.25%	27-May-14	
27-May-11	2,910	291.00	12.50%	27-May-14	
<b>Total</b>	<b>18,336</b>	<b>1,833.64</b>			

Non-current portion	1,158.94
Current maturities	674.70
<b>Total</b>	<b>1,833.64</b>

\*Immovable property shall mean the commercial premises of the Company at Kole Kalyan, Santacruz (East) Mumbai.

**iii) Institutional issue of Redeemable Non-convertible Debentures (NCD) of Rs. 1,000,000/- each - Terms of repayment**

**As at March 31, 2016**

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Put and Call option
31-Dec-12	400.00	400.00	12.80%	31-Dec-17	None
09-Jan-13	116.00	116.00	12.40%	09-Jan-18	None
01-Feb-13	250.00	250.00	12.80%	01-Feb-18	None
20-Mar-13	1.00	1.00	12.40%	20-Mar-18	None
20-Mar-13	30.00	30.00	13.25%	20-Mar-23	None
<b>Total</b>	<b>797.00</b>	<b>797.00</b>			

Non-current portion	797.00
Current maturities	-
<b>Total</b>	<b>797.00</b>



**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Note 5 (contd.)**

**As at March 31, 2015**

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Put and Call option
18-Feb-14	100.00	100.00	11.71% (Zero Coupon)	04-May-15	None
20-Mar-13	16.00	16.00	12.25%	20-Mar-16	None
31-Dec-12	400.00	400.00	12.80%	31-Dec-17	None
09-Jan-13	116.00	116.00	12.40%	09-Jan-18	None
01-Feb-13	250.00	250.00	12.80%	01-Feb-18	None
20-Mar-13	1.00	1.00	12.40%	20-Mar-18	None
20-Mar-13	30.00	30.00	13.25%	20-Mar-23	None
09-Jan-13	52.00	52.00	12.25%	09-Jan-16	None
<b>Total</b>	<b>965.00</b>	<b>965.00</b>			

Non-current portion	797.00
Current maturities	168.00
<b>Total</b>	<b>965.00</b>

**As at March 31, 2014**

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Put and Call option
12-Mar-13	446	389.42	Zero coupon IRR 13.19%	21-Apr-14	None
12-Mar-13	127	105.88	Zero coupon IRR 13.19%	03-Sep-14	None
09-Jan-13	32	32.00	12.10%	09-Jan-15	None
20-Mar-13	25	25.00	12.10%	20-Mar-15	None
18-Feb-14	100	100.00	11.71% (Zero Coupon)	04-May-15	None
20-Mar-13	16	16.00	12.25%	20-Mar-16	None
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
09-Jan-13	52	52.00	12.25%	09-Jan-16	None
<b>Total</b>	<b>1,595.00</b>	<b>1,517.30</b>			

Non-current portion	965.00
Current maturities	552.30
<b>Total</b>	<b>1,517.30</b>

**iv) Public issue of Redeemable Non-convertible Debentures of Rs. 1,000/- each**

**As at March 31, 2018**

Terms of repayment

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

Non-current portion	562.04
Current maturities	16.06
<b>Total</b>	<b>578.10</b>

**Manappuram Finance Limited**

**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Note 5 (contd.)**

**As at March 31, 2017**

Terms of repayment

<b>Date of allotment</b>	<b>Number</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Redeemable at par on</b>
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
<b>Total</b>	<b>3,284,842</b>	<b>3,284.84</b>		

Non-current portion 578.10

Current maturities 2,706.74

**Total** 3,284.84

**As at March 31, 2016**

Terms of repayment

<b>Date of allotment</b>	<b>Number</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Redeemable at par on</b>
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
<b>Total</b>	<b>4,824,558</b>	<b>4,824.56</b>		

Non-current portion 3,284.84

Current maturities 1,539.72

**Total** 4,824.56

**Manappuram Finance Limited**

**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

**Note 5 (contd.)**

**As at March 31, 2015**

Terms of repayment

Date of allotment	Number	Amount	Interest Rate	Redeemable at par on
05-Apr-14	506,742	506.74	11.00%	10-May-15
18-Oct-14	492,340	492.34	10.50%	22-Nov-15
28-Jan-14	142,857	142.86	11.50%	28-Jan-16
28-Jan-14	363,414	363.41	12.00%	28-Jan-16
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
<b>Total</b>	<b>6,329,911</b>	<b>6,329.91</b>		

Non-current portion	4,824.56
Current maturities	1,505.35
<b>Total</b>	<b>6,329.91</b>

**As at March 31, 2014**

Terms of repayment

Date of allotment	Number	Amount	Interest Rate	Redeemable at par on
28-Jan-14	455,606	455.61	11.00%	04-Mar-15
28-Jan-14	142,857	142.85	11.50%	28-Jan-16
28-Jan-14	74,075	74.07	12.00%	28-Jan-16
28-Jan-14	289,339	289.34	12.00%	28-Jan-16
28-Jan-14	539,297	539.30	12.25%	28-Jan-17
28-Jan-14	95,713	95.71	12.50%	28-Jan-17
28-Jan-14	211,756	211.76	12.50%	28-Jan-17
28-Jan-14	4,919	4.92	11.50%	28-Jan-19
28-Jan-14	9,265	9.26	12.00%	28-Jan-19
28-Jan-14	1,875	1.88	12.00%	28-Jan-19
28-Jan-14	175,298	175.30	12.61%	28-Nov-19
<b>Total</b>	<b>2,000,000</b>	<b>2,000.00</b>		

Non-current portion	1,544.39
Current maturities	455.61
<b>Total</b>	<b>2,000.00</b>

**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**

Nature of Security

The NCDs are secured by charge on specific loans and receivables of the Company.

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Note 5 (contd.)**

**vi) Secured, Redeemable Non-convertible Debentures - Private placement Retail**

**As at March 31, 2018**

Date of Allotment	No.of. Debentures	Face Value	Balance as at March 31, 2018	Int Rate	Due date of redemption
09-Aug-16	750	1,000,000	375.00	11.35%	01-Jul-22
09-Aug-16	2,500	100,000	150.00	11.45%	19-Mar-19
09-Aug-16	1,500	100,000	150.00	11.45%	19-Apr-19
15-Mar-16	700	1,000,000	700.00	13.25%	29-Mar-21
26-Apr-16	330	1,000,000	330.00	13.25%	01-May-21
15-Jun-15	100	1,000,000	100.00	14.50%	01-Dec-20
07-Jul-16	15	10,000,000	150.00	13.50%	12-Jul-19
07-Jul-16	25	10,000,000	250.00	13.50%	12-Jul-22
29-Dec-16	500	1,000,000	500.00	13.00%	01-Dec-22
15-Mar-17	350	1,000,000	350.00	13.00%	01-Jul-22
15-Mar-17	150	1,000,000	150.00	13.00%	01-Jul-22
28-Dec-16	150	1,000,000	150.00	13.00%	01-Jun-23
30-Jun-16	333	1,200,000	166.50	12.80%	01-Jul-19
09-Aug-16	400	1,000,000	260.00	12.25%	09-Aug-19
09-Aug-16	500	1,000,000	500.00	12.84%	19-Aug-19
09-Aug-16	380	1,000,000	380.00	12.00%	01-Nov-19
09-Aug-17	1,000	1,000,000	1,000.00	12.30%	09-Aug-23
27-Nov-17	1,000	1,000,000	916.67	11.55%	27-Nov-20
19-Mar-18	1,000	1,000,000	500.00	12.00%	31-Mar-21
<b>Total</b>	<b>11,683</b>		<b>7,078.17</b>		

Non-current portion	4,912.44
Current maturities	<u>2,165.73</u>
<b>Total</b>	<b><u>7,078.17</u></b>

**As at March 31, 2017**

Date of Allotment	No.of. Debentures	Face Value	Balance as at March 31, 2017	Int Rate	Due date of redemption
28-Sep-16	750	1,000,000	750.00	11.35%	01-Jul-22
28-Sep-16	2,500	100,000	250.00	11.45%	19-Mar-19
17-Oct-16	1,500	100,000	150.00	11.45%	19-Apr-19
28-Mar-16	700	1,000,000	700.00	13.25%	01-Sep-20
19-May-16	330	1,000,000	330.00	13.25%	01-May-21
13-May-15	100	1,000,000	100.00	14.50%	01-Dec-20
13-Jul-16	150	1,000,000	150.00	13.50%	01-Jul-19
13-Jul-16	250	1,000,000	250.00	13.50%	01-Jul-22
29-Dec-16	500	1,000,000	500.00	13.00%	01-Dec-22
15-Mar-17	350	1,000,000	350.00	13.00%	01-Jul-22
15-Mar-17	150	1,000,000	150.00	13.00%	01-Jul-22
28-Dec-16	150	1,000,000	150.00	13.00%	01-Jun-23
01-Jul-16	333	100,000	299.70	12.80%	01-Jul-19
11-Aug-16	400	100,000	400.00	12.25%	01-Aug-19
19-Aug-16	500	1,000,000	500.00	12.20%	01-Aug-19
04-Nov-16	380	1,000,000	380.00	12.00%	01-Nov-19
	<b>9,043</b>		<b>5,409.70</b>		

Non-current portion	4,949.00
Current maturities	<u>460.70</u>
<b>Total</b>	<b><u>5,409.70</u></b>

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Note 5 (contd.)**  
**As at March 31, 2016**

Date of Allotment	No.of. Debentures	Face Value	Balance as at 31 Mar 2016	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
<b>Total</b>	<b>41,950</b>		<b>1,599.58</b>		

Non-current portion	1,133.33
Current maturities	466.25
<b>Total</b>	<b><u>1,599.58</u></b>

**As at March 31, 2015**

Date of Allotment	No.of. Debentures	Face Value	Balance as at 31 March, 2015	Int Rate	Due date of redemption
07-Apr-14	120.00	500,000	32.50	14.00%	01-Apr-16
30-Jul-14	65.00	1,000,000	43.33	13.75%	16-Jul-16
16-Sep-14	75.00	1,000,000	56.25	13.25%	16-Sep-16
31-Jul-14	100.00	1,000,000	73.33	12.55%	17-Jan-17
02-Dec-14	140.00	1,000,000	116.67	13.50%	16-Dec-16
23-Jan-15	150.00	1,000,000	137.50	13.25%	17-Jan-17
<b>Total</b>	<b>650</b>		<b>459.58</b>		

Non-current portion	180.41
Current maturities	279.17
<b>Total</b>	<b><u>459.58</u></b>

**Nature of Security**

The NCDs are secured by charge on specific loans and receivables of the Company.

**Manappuram Finance Limited**

**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

**NOTE: 6**

**Other long term liabilities**

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Interest accrued but not due on long term borrowings	319.41	855.89	1,038.15	886.07	541.55
Security deposits from employees	297.90	194.64	199.65	207.82	184.08
Derivative Liability	66.62	83.97	-	-	-
Provision for Rent Straight-Lining	0.32	0.32	-	-	-
Application money on redeemable non convertible debenture	-	-	-	-	2,000.00
Others	-	-	-	0.04	-
	<b>684.25</b>	<b>1,134.82</b>	<b>1,237.80</b>	<b>1,093.93</b>	<b>2,725.63</b>

**NOTE: 7**

**Short-term borrowings**

Cash credit / Overdraft facilities from banks (secured)	5,125.84	5,897.58	12,853.87	8,962.75	29,563.51
Working Capital demand loan from banks (secured)	44,045.92	33,815.99	45,479.99	43,070.00	21,781.92
Working Capital demand loan from others (secured)	-	-	-	-	750.00
Working Capital demand loan from others (unsecured)	-	-	-	58.76	-
Loan from Related party (unsecured)	-	-	1.80	-	-
Inter-corporate deposit (unsecured)	-	-	-	-	32.50
Commercial Papers (unsecured)	29,102.90	23,095.86	9,338.57	906.14	-
	<b>78,274.66</b>	<b>62,809.43</b>	<b>67,674.23</b>	<b>52,997.65</b>	<b>52,127.93</b>
<b>The above amount includes</b>					
Secured borrowings	49,171.76	39,713.57	58,333.86	52,032.75	52,095.43
Unsecured borrowings	29,102.90	23,095.86	9,340.37	964.90	32.50
Total	<b>78,274.66</b>	<b>62,809.43</b>	<b>67,674.23</b>	<b>52,997.65</b>	<b>52,127.93</b>

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

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
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 for the year 2015-16, 2014-15, 2013-14	49,171.76	39,713.57	58,333.86	52,032.75	51,345.43
<b>Total</b>	<b>49,171.76</b>	<b>39,713.57</b>	<b>58,333.86</b>	<b>52,032.75</b>	<b>51,345.43</b>

**Working Capital demand loan from others (secured)**

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
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	-	-	-	-	750.00
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>750.00</b>

The cash credit is repayable on demand and carries interest@ 8.15% to 10.00% p.a. (March 31, 2017 9.85%-11.75% p.a. March 31, 2016 9.85%-12.05% p.a., March 31, 2015 13.5 %, March 31, 2014 NA)

The working capital demand loan from banks carries interest @ 7.85% to 8.10% p.a (March 31, 2017 8.81%-9.90% p.a. March 31, 2016 NA, March 31, 2015 13.75%)

Commercial papers carry interest rates of 7.85% to 8.30% (March 31, 2017 - 7.25% to 10.05% p.a., March 31, 2016 9.23% - 10.25% p.a., March 31, 2015 10.7% - 12.00% p.a.) and their tenor ranges from 60 days to 364 days.

Inter Corporate Deposit (unsecured) carry interest rate at 10.50% and the tenure is 3 months.

**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements***(All amounts are in millions of Indian Rupees, unless otherwise stated)***NOTE: 8****Trade Payable**

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Total outstanding dues of micro enterprises and small enterprises					
Total outstanding dues of creditors other than micro enterprises and small enterprises	534.57	733.59	250.71	259.22	363.43
<b>Total</b>	<b>534.57</b>	<b>733.59</b>	<b>250.71</b>	<b>259.22</b>	<b>363.43</b>

Note:

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding as at March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014. 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.

**NOTE: 9****Other current liabilities**

Current maturities of long-term borrowings (note 5)	20,725.36	15,827.75	12,704.97	16,902.87	11,279.90
Interest accrued but not due on borrowings	2,330.54	2,243.64	661.83	494.48	556.18
Interest accrued and due on borrowings	-	-	-	3.19	-
Statutory dues payable	145.19	194.99	87.34	99.94	99.32
Employee related payables	478.33	396.38	366.18	241.85	243.53
Auction surplus	601.20	579.13	462.74	380.60	436.15
Forward cover contract payable	-	403.27	-	-	-
Income received in advance (unearned revenue)	215.73	113.48	89.53	56.42	-
Unclaimed matured Non convertible debenture including interest accrued	12.69	11.67	13.83	8.62	13.03
Unclaimed dividend	33.75	30.90	38.52	24.34	20.51
Unclaimed matured deposits	-	0.06	0.07	0.07	0.07
Unclaimed matured subordinate bonds including interest accrued	12.20	153.87	21.19	20.61	21.09
Unpaid Interest - NCD/Bond	-	1.91	3.99	4.79	-
Application money oversubscribed on redeemable non-convertible debenture due for refund and interest accrued thereon	-	-	-	-	8.15
Advance from MAS Financial Services Limited (Refer Note 41)	-	-	23.83	38.86	-
Others	725.39	154.61	179.30	72.51	29.81
	<b>25,280.38</b>	<b>20,111.66</b>	<b>14,653.32</b>	<b>18,349.15</b>	<b>12,707.74</b>

**Manappuram Finance Limited**

**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

**NOTE: 10**

**Provisions**

	Non-current portion					Current maturities				
	As at	As at	As at	As at	As at	As at	As at	As at	As at	
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
<b>Provision for employee benefits</b>										
Provision for gratuity	1.54	2.56	-	-	-	87.58	71.53	65.27	39.23	9.11
Provision for leave encashment	14.02	12.05	4.24	-	-	109.81	88.30	0.74	1.59	147.31
	<b>15.56</b>	<b>14.61</b>	<b>4.24</b>	-	-	<b>197.39</b>	<b>159.83</b>	<b>66.01</b>	<b>40.82</b>	<b>156.42</b>
<b>Other provisions</b>										
Provision for non performing assets	2.66	6.70	2.47	-	-	776.27	365.49	218.51	184.04	173.76
Provision for Other Assets	-	71.85	-	-	-	196.59	489.38	-	-	-
Provisions for taxation (net of advance tax and tax deducted at source)	-	0.47	-	-	-	0.09	42.06	-	-	1.07
Proposed Equity dividend payable	-	-	-	-	-	-	-	-	-	378.54
Provision for tax on proposed equity dividend	-	-	-	-	-	-	-	-	-	64.33
Provision for tax on preference shares	-	-	-	-	-	-	-	-	0.70	-
Provision for standard assets	53.55	11.85	25.20	6.96	-	681.61	455.13	423.81	248.70	201.77
Provision for credit enhancement on asset derecognised	-	-	-	0.26	-	-	0.69	13.78	5.51	-
Provision for litigation claim	-	-	-	-	-	35.71	35.48	29.02	24.85	20.21
	<b>56.21</b>	<b>90.87</b>	<b>27.67</b>	<b>7.22</b>	-	<b>1,690.27</b>	<b>1,388.23</b>	<b>685.12</b>	<b>463.80</b>	<b>839.68</b>
	<b>71.77</b>	<b>105.48</b>	<b>31.91</b>	<b>7.22</b>	-	<b>1,887.66</b>	<b>1,548.06</b>	<b>751.13</b>	<b>504.62</b>	<b>996.10</b>

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

	As at	As at	As at	As at	As at
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
At the beginning of the year	35.48	29.02	24.85	20.21	12.19
Arising during the year	0.23	6.46	4.17	4.64	8.02
<b>At the end of the year</b>	<b>35.71</b>	<b>35.48</b>	<b>29.02</b>	<b>24.85</b>	<b>20.21</b>
Current portion	35.71	35.48	29.02	24.85	20.21
Non-current portion	-	-	-	-	-



**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 11A**

**Property, Plant and Equipment**

	Freehold Land	Building	Office equipment	Electrical Installation	Computer equipment*	Furniture and Fittings	Vehicle**	Plant & Machinery	Total
<b>Cost</b>									
<b>At 1 April 2013</b>	81.88	121.02	155.97	222.27	806.87	1,913.87	34.01	44.26	3,380.15
Additions	-	145.73	57.03	40.81	140.32	123.47	2.82	3.05	513.23
Disposals	0.70	-	4.99	1.51	60.98	8.58	0.98	4.97	82.71
<b>At 31 March 2014</b>	<b>81.18</b>	<b>266.75</b>	<b>208.01</b>	<b>261.57</b>	<b>886.21</b>	<b>2,028.76</b>	<b>35.85</b>	<b>42.34</b>	<b>3,810.67</b>
<b>Cost</b>									
<b>At 1 April 2014</b>	<b>81.18</b>	<b>266.75</b>	<b>208.01</b>	<b>261.57</b>	<b>886.21</b>	<b>2,028.76</b>	<b>35.85</b>	<b>42.34</b>	<b>3,810.67</b>
Additions	-	38.96	59.23	9.39	120.33	54.50	3.70	0.59	286.70
<b>Addition on acquisition of subsidiary</b>	-	-	4.67	1.00	4.40	4.61	5.60	-	20.28
Disposals	-	-	6.05	6.52	68.90	24.88	1.97	-	108.32
<b>At 31 March 2015</b>	<b>81.18</b>	<b>305.71</b>	<b>265.86</b>	<b>265.44</b>	<b>942.04</b>	<b>2,062.99</b>	<b>43.18</b>	<b>42.93</b>	<b>4,009.33</b>
<b>Cost</b>									
<b>At 1 April 2015</b>	81.18	305.71	265.86	265.44	942.04	2,062.99	43.18	42.93	4,009.33
<b>Addition on acquisition of subsidiary</b>	-	-	-	-	2.37	6.57	-	-	8.94
Additions	17.00	1.10	114.06	45.08	369.84	198.53	24.07	2.04	771.72
Disposals	-	-	2.63	1.12	63.93	17.56	4.36	-	89.60
<b>At 31 March 2016</b>	<b>98.18</b>	<b>306.81</b>	<b>377.29</b>	<b>309.40</b>	<b>1,250.32</b>	<b>2,250.53</b>	<b>62.89</b>	<b>44.97</b>	<b>4,700.39</b>
<b>Cost</b>									
<b>At 1 April 2016</b>	98.18	306.81	377.29	309.40	1,250.32	2,250.53	62.89	44.97	4,700.39
Additions	36.33	1.63	61.06	18.95	159.69	202.65	47.85	2.34	530.50
Disposal	-	-	34.59	18.72	113.04	128.73	-	-	295.08
<b>At 31 March 2017</b>	<b>134.51</b>	<b>308.44</b>	<b>403.76</b>	<b>309.63</b>	<b>1,296.97</b>	<b>2,324.45</b>	<b>110.74</b>	<b>47.31</b>	<b>4,935.81</b>
<b>Cost</b>									
<b>At 1 April 2017</b>	<b>134.51</b>	<b>308.44</b>	<b>403.76</b>	<b>309.63</b>	<b>1,296.97</b>	<b>2,324.45</b>	<b>110.74</b>	<b>47.31</b>	<b>4,935.81</b>
Additions	14.92	945.59	46.14	15.48	324.05	175.83	15.80	-	1,537.81
Disposals	-	0.68	0.92	0.48	49.39	10.64	17.82	-	79.93
<b>At 31 March 2018</b>	<b>149.43</b>	<b>1,253.35</b>	<b>448.98</b>	<b>324.63</b>	<b>1,571.62</b>	<b>2,489.64</b>	<b>108.72</b>	<b>47.31</b>	<b>6,393.69</b>
<b>Accumulated Depreciation</b>									
<b>At 1 April 2013</b>	-	3.94	113.88	124.44	501.94	597.61	8.17	3.15	1,353.13
Charge for the year	-	3.43	42.50	83.28	218.81	263.82	3.31	2.02	617.17
Eliminated on disposal of Assets	-	-	4.70	0.96	57.85	5.95	0.97	0.41	70.84
<b>At 31 March 2014</b>	-	<b>7.37</b>	<b>151.68</b>	<b>206.76</b>	<b>662.90</b>	<b>855.48</b>	<b>10.51</b>	<b>4.76</b>	<b>1,899.46</b>
<b>Accumulated Depreciation</b>									
<b>At 1 April 2014</b>	-	<b>7.37</b>	<b>151.68</b>	<b>206.76</b>	<b>662.90</b>	<b>855.48</b>	<b>10.51</b>	<b>4.76</b>	<b>1,899.46</b>
Charge for the year	-	10.34	34.70	36.38	153.18	275.08	5.90	2.99	518.57
<b>Addition on acquisition of subsidiary</b>	-	-	3.69	0.67	3.98	3.46	2.09	-	13.89
Eliminated on disposal of Assets	-	-	5.41	6.50	66.97	24.50	1.49	-	104.87
<b>At 31 March 2015</b>	-	<b>17.71</b>	<b>184.66</b>	<b>237.31</b>	<b>753.09</b>	<b>1,109.52</b>	<b>17.01</b>	<b>7.75</b>	<b>2,327.05</b>
<b>Accumulated Depreciation</b>									
<b>At 1 April 2015</b>	-	<b>17.71</b>	<b>184.66</b>	<b>237.31</b>	<b>753.09</b>	<b>1,109.52</b>	<b>17.01</b>	<b>7.75</b>	<b>2,327.05</b>
<b>Addition on acquisition of subsidiary</b>	-	-	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
Eliminated on disposal of Assets	-	-	2.63	1.12	62.34	16.89	2.45	-	85.43
<b>At 31 March 2016</b>	-	<b>28.25</b>	<b>240.74</b>	<b>262.00</b>	<b>861.07</b>	<b>1,355.83</b>	<b>26.20</b>	<b>10.84</b>	<b>2,784.93</b>
<b>Accumulated Depreciation</b>									
<b>At 1 April 2016</b>	-	<b>28.25</b>	<b>240.74</b>	<b>262.00</b>	<b>861.07</b>	<b>1,355.83</b>	<b>26.20</b>	<b>10.84</b>	<b>2,784.93</b>
Charge for the year	-	10.56	79.21	25.73	221.26	258.69	13.82	3.26	612.53
Eliminated on disposal of Assets	-	-	34.43	18.71	112.88	127.73	-	-	293.75
<b>At 31 March 2017</b>	-	<b>38.81</b>	<b>285.52</b>	<b>269.02</b>	<b>969.45</b>	<b>1,486.79</b>	<b>40.02</b>	<b>14.10</b>	<b>3,103.71</b>

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 11A**  
**Property, Plant and Equipment**

	Freehold Land	Building	Office equipment	Electrical Installation	Computer equipment*	Furniture and Fittings	Vehicle**	Plant & Machinery	Total
<b>Accumulated Depreciation</b>									
<b>At 1 April 2017</b>	-	38.81	285.52	269.02	969.45	1,486.79	40.02	14.10	3,103.71
Charge for the period		16.26	78.41	24.69	254.01	268.96	19.44	3.31	665.08
Eliminated on disposal of Assets		0.03	0.67	0.48	44.55	10.38	10.47	-	66.58
<b>At 31 March 2018</b>	-	55.04	363.26	293.23	1,178.91	1,745.37	48.99	17.41	3,702.21
<b>Net Block at 31 March 2014</b>	81.18	259.38	56.33	54.81	223.31	1,173.28	25.34	37.58	1,911.21
<b>Net Block at 31 March 2015</b>	81.18	288.00	81.20	28.13	188.95	953.47	26.17	35.18	1,682.28
<b>Net Block at 31 March 2016</b>	98.18	278.56	136.55	47.40	389.25	894.70	36.69	34.13	1,915.46
<b>Net Block at 31 March 2017</b>	134.51	269.63	118.25	40.61	327.52	837.66	70.72	33.21	1,832.10
<b>Net Block at 31 March 2018</b>	149.43	1,198.31	85.72	31.40	392.72	744.27	59.73	29.90	2,691.48

\*Includes Computers taken on finance lease - Gross block Rs. 218.23 as at March 31, 2018 . (March 31, 2017 Rs. 108.07, March 31, 2016 Rs 81.06, March 31, 2015 Nil, March 31, 2014 Nil). Depreciation for the year Rs. 43.18 (March 31, 2017 Rs.30.44, March 31, 2016 Rs.16.87, March 31, 2015 Nil, March 31,2014 Nil) and Net block Rs. 127.74 (March 31, 2017 Rs 60.76, March 31, 2016 Rs.59.47, March 31, 2015 Rs. Nil, March 31, 2104 Nil)

\*\* Includes vehicles taken on finance lease/hire purchase- Gross block Rs. 33.05 as at March 31, 2017 (March 31, 2016 Rs. 2.82, March 31, 2015 Rs. 13.77, March 31, 2014 Rs. 20.52). Depreciation for the year Rs. 1.30 (March 31, 2016 Rs. 0.36, March 31, 2015 Rs. 1.96, March 31, 2014 Rs. 1.78) and Net block Rs 31.75 as at March 31, 2017 (March 31, 2016 Rs. 2.00, March 31, 2015 Rs. 8.36, March 31, 2014 Rs. 15.46)

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 11B**  
**Intangible assets**

	<b>Computer Software</b>
<b>Cost</b>	
<b>At 1 April 2013</b>	135.49
Addition	7.35
Disposals	4.50
<b>At 31 March 2014</b>	<b>138.34</b>
<b>Cost</b>	
<b>At 1 April 2014</b>	138.34
<b>Addition on acquisition of subsidiary</b>	3.93
Addition	2.68
Disposals	-
<b>At 31 March 2015</b>	<b>144.95</b>
<b>Cost</b>	
<b>At 1 April 2015</b>	144.95
<b>Addition on acquisition of subsidiary</b>	0.98
Addition	6.10
Disposals	-
<b>At 31 March 2016</b>	<b>152.03</b>
<b>Cost</b>	
<b>At 1 April 2016</b>	152.03
Addition	17.92
Disposals	15.66
<b>At 31 March 2017</b>	<b>154.29</b>
<b>Cost</b>	
<b>At 1 April 2017</b>	<b>154.29</b>
Addition	40.66
Disposals	4.40
<b>At 31 March 2018</b>	<b>190.55</b>
<b>Amortization</b>	
<b>At 1 April 2013</b>	<b>57.61</b>
Charge for the year	21.78
Disposals	3.19
<b>At 31 March 2014</b>	<b>76.20</b>
<b>Amortization</b>	
<b>At 1 April 2014</b>	<b>76.20</b>
<b>Addition on acquisition of subsidiary</b>	<b>3.86</b>
Charge for the year	21.66
Eliminated on disposal of Assets	-
<b>At 31 March 2015</b>	<b>101.72</b>
<b>Amortization</b>	
<b>At 1 April 2015</b>	<b>101.72</b>
<b>Addition on acquisition of subsidiary</b>	<b>0.72</b>
Charge for the year	17.38
Eliminated on disposal of Assets	-
<b>At 31 March 2016</b>	<b>119.82</b>
<b>Amortization</b>	
<b>At 1 April 2016</b>	<b>119.82</b>
Charge for the year	19.01
Eliminated on disposal of Assets	15.64
<b>At 31 March 2017</b>	<b>123.19</b>

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 11B**  
**Intangible assets**

	<b>Computer Software</b>
<b>Amortization</b>	
<b>At 1 April 2017</b>	<b>123.19</b>
Charge for the year	17.51
Eliminated on disposal of Assets	3.03
<b>At 31 March 2018</b>	<b>137.67</b>
<b>Net block</b>	
<b>At 31 March 2014</b>	<b>62.14</b>
<b>At 31 March 2015</b>	<b>43.23</b>
<b>At 31 March 2016</b>	<b>32.21</b>
<b>At 31 March 2017</b>	<b>31.10</b>
<b>At 31 March 2018</b>	<b>52.88</b>

**Manappuram Finance Limited**

**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

**NOTE: 12A**

**Non-current investments**

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Non trade - (Unquoted, valued at cost )</b>					
50 Non Convertible Subordinate bonds of Rs 1,000,000/- each fully paid in Dhanlaxmi Bank Limited	50.00	50.00	50.00	50.00	50.00
50,000 Equity Shares of Alpha Micro Finance Consultants Private Limited of Rs 10/- each	0.50	0.50	0.50	0.50	-
	-	-			
<b>Non-Trade Investment in other companies (Unquoted, valued at cost )</b>					
1,000 equity share of Rs. 10/- each fully paid in The Catholic Syrian Bank Limited.	0.03	0.03	0.03	0.03	0.03
	<b>50.53</b>	<b>50.53</b>	<b>50.53</b>	<b>50.53</b>	<b>50.03</b>

**Note :**

1. Aggregate amount of unquoted investments	50.53	50.53	50.53	50.53	50.03
2. Aggregate provision for diminution in value of investments	-	-	-	-	-

**NOTE: 12B**

**CURRENT INVESTMENTS (Unquoted, at net asset value)**

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
14,455,619.44 units of Rs. 33.53/- each in SBI Mutual Fund - SBI Magnum Income Fund - Regular plan-Growth	-	-	-	492.64	432.22
31,167.27 units of Rs. 1,604.25 each in Baroda Pioneer Mutual Fund - Plan B Growth	-	-	-	50.03	100.17
31,037.95 units of Rs.1,610.93 each in Boi Axa Liquid Fund - Direct Plan - Growth	-	-	-	50.03	-
17,621.34 units of Rs.2,837.47 each in Kotak Liquid Scheme Plan A-Direct Plan -Growth	-	-	-	50.04	-
9,940,852 units of Rs. 10.06/- each in Franklin Templeton Ultra Short Daily Dividend Plan	-	-	100.00	-	-
49,996 units of Rs. 1,000.51/- each in Reliance Liquidity Fund Daily Dividend Plan	-	-	50.03	-	-
9,903,874 units of Rs. 10.25/- each in Sundaram Money Fund	-	-	100.05	-	-
16,379.30 units of Rs.2,442.11/- each in Reliance Liquid Fund-Cash-Plan-Direct Growth Plan.	-	-	40.00	-	-
5,892.26 units of Rs.1,697.14/- each in UTI Money Market Fund-Institutional Plan-Direct Plan-Growth.	-	-	10.00	-	-
16,282.57 units of Rs.3,070.77/- each in Kotak Liquid Plan A-Direct plan-Growth	-	-	50.00	-	-
164,555.55 units of Rs.243.08/- each in Birla Sunlife Cash Plus-Growth-Direct	-	-	40.00	-	-
170,173.60 units of Rs.293.82/- each in Birla Sunlife Savings Fund-Growth-Direct	-	-	50.00	-	-

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Certificate of Deposit (Unquoted, value at cost)**

7,500 units of Rs 100,000/- each in Dena Bank	-	-	-	1,475.46	-
5,000 units of Rs 100,000/- each in Allahabad Bank	-	-	-	-	491.70
15,000 units of Rs 100,000/- each in Andhra Bank	-	-	-	-	1,473.65
10,000 units of Rs 100,000/- each in IDBI Bank Ltd	-	-	-	-	982.29
10,000 units of Rs 100,000/- each in Indian Bank	-	-	-	-	981.16
20,000 units of Rs 100,000/- each in Oriental Bank of Commerce	-	-	-	-	1,968.42
15,000 units of Rs 100,000/- each in Union Bank of India	-	-	-	-	1,476.43
	-	-	<b>440.08</b>	<b>2,118.20</b>	<b>7,906.04</b>

**Note :**

1. Aggregate amount of unquoted investments (Cost)	-	-	440.08	2,025.46	7,873.65
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**NOTE: 13**

**Deferred tax assets (net)**

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Deferred tax liability</b>					
On unamortised debenture issue expense	(1.89)	(4.90)	(16.10)	(34.81)	(34.00)
<b>Gross deferred tax liability</b>	<b>(1.89)</b>	<b>(4.90)</b>	<b>(16.10)</b>	<b>(34.81)</b>	<b>(34.00)</b>
<b>Deferred tax asset</b>					
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting.	273.80	227.53	181.28	154.43	99.81
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	73.74	116.94	22.09	30.32	53.17
Provision for advances	686.51	425.30	234.85	149.42	163.12
Others	7.48	12.29	11.74	10.42	6.87
<b>Gross deferred tax asset</b>	<b>1,041.53</b>	<b>782.06</b>	<b>449.96</b>	<b>344.59</b>	<b>322.97</b>
<b>Net deferred tax asset</b>	<b>1,039.64</b>	<b>777.16</b>	<b>433.86</b>	<b>309.78</b>	<b>288.97</b>

**Manappuram Finance Limited**

**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

**NOTE: 14**

**Loans and advances**

	Non-current					Current				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
<b>Portfolio Loan</b>										
Secured, considered good										
- Gold Loan	-	-	-	-	-	117,078.79	111,022.69	100,591.51	91,962.00	81,378.61
- Commercial Vehicle Loan	3,416.72	1,450.81	894.31	110.02	-	2,435.07	1,579.29	403.39	43.72	-
- Mortgage/Property Loan	218.96	257.56	377.65	232.90	-	34.51	65.72	60.42	39.26	-
- Home Loan	2,430.31	2,181.09	1,177.64	21.27	-	-	-	24.33	0.44	-
- Onlending	3,496.64	426.21	276.04	-	-	2,049.14	373.04	195.84	-	-
- Other Loans	1,019.57	781.05	82.50	0.26	21.43	8.08	16.41	19.01	22.85	46.83
<b>Total (A)</b>	<b>10,582.20</b>	<b>5,096.72</b>	<b>2,808.14</b>	<b>364.45</b>	<b>21.43</b>	<b>121,605.59</b>	<b>113,057.15</b>	<b>101,294.50</b>	<b>92,068.27</b>	<b>81,425.44</b>
Secured, considered doubtful										
- Gold Loan	-	-	-	-	-	271.03	222.65	214.80	183.79	173.76
- Commercial Vehicle Loan	43.70	14.13	-	-	-	63.30	14.11	0.07	-	-
- Mortgage/Property Loan	27.86	25.89	-	-	-	66.64	22.17	3.63	-	-
- Home Loan	128.33	43.47	-	-	-	-	1.41	-	-	-
- Other Loans	19.58	1.18	-	-	-	-	0.01	-	-	-
<b>Total (B)</b>	<b>219.47</b>	<b>84.67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400.97</b>	<b>260.35</b>	<b>218.50</b>	<b>183.79</b>	<b>173.76</b>
<b>Portfolio Loan</b>										
Unsecured, considered good										
- Demand loan	6.64	7.33	22.12	-	-	49.77	11.62	10.10	-	10.07
- Personal loan	-	-	-	-	-	-	-	0.02	0.05	-
- Micro finance loan	1,192.42	2,397.40	2,007.51	695.83	-	19,930.01	14,866.47	6,587.69	1,946.70	-
Unsecured, considered doubtful										
- Micro finance loan	-	-	-	-	-	-	-	2.74	0.25	-
<b>Total (C)</b>	<b>1,199.06</b>	<b>2,404.73</b>	<b>2,029.63</b>	<b>695.83</b>	<b>-</b>	<b>19,979.78</b>	<b>14,878.09</b>	<b>6,600.55</b>	<b>1,947.00</b>	<b>10.07</b>
<b>Total Loans (A+B+C)</b>	<b>12,000.73</b>	<b>7,586.12</b>	<b>4,837.77</b>	<b>1,060.28</b>	<b>21.43</b>	<b>141,986.34</b>	<b>128,195.59</b>	<b>108,113.55</b>	<b>94,199.06</b>	<b>81,609.27</b>
<b>Advances recoverable in cash or kind*</b>										
Unsecured, considered good										
- Demand loan	0.24	0.11	-	-	-	846.90	1,504.30	200.20	184.69	180.17
Unsecured, considered doubtful										
- Demand loan	-	-	-	-	-	-	-	-	-	104.37
- Micro finance loan	0.24	0.11	-	-	-	846.90	1,504.30	200.20	184.69	284.54
Less: Provision for doubtful advances	-	-	-	-	-	-	-	-	-	(104.37)
	<b>0.24</b>	<b>0.11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>846.90</b>	<b>1,504.30</b>	<b>200.20</b>	<b>184.69</b>	<b>180.17</b>

**Manappuram Finance Limited**

**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 14**

**Loans and advances**

	<b>Non-current</b>					<b>Current</b>				
	<b>March 31, 2018</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>
<b>Deposits (Unsecured, considered good)</b>										
Rental deposits	448.03	484.41	462.42	468.43	495.94	180.33	89.78	119.72	81.45	27.59
Other security deposits	41.60	50.44	44.81	46.90	31.39	4.02	39.36	8.01	13.96	11.64
	<b>489.63</b>	<b>534.85</b>	<b>507.23</b>	<b>515.33</b>	<b>527.33</b>	<b>184.35</b>	<b>129.14</b>	<b>127.73</b>	<b>95.41</b>	<b>39.23</b>
Service tax and other taxes recoverable, from Government (Unsecured, considered good)	-	4.96	-	-	-	1.66	43.37	34.25	28.79	42.31
Capital advances (Unsecured, considered good)	65.17	23.09	32.25	-	-	-	-	-	-	-
Advance tax (net of Provisions for taxation and tax deducted at source)	1,059.31	598.94	811.21	1,044.08	1,079.49	-	-	-	-	-
<b>Total</b>	<b>13,615.08</b>	<b>8,748.07</b>	<b>6,188.46</b>	<b>2,619.69</b>	<b>1,628.25</b>	<b>143,019.25</b>	<b>129,872.40</b>	<b>108,475.73</b>	<b>94,507.95</b>	<b>81,870.98</b>

\*Advances recoverable in cash or kind includes dues from relative of directors and related parties



**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 15**

**Other assets**

	Non-current					Current				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
<b>Loan &amp; other credit facilities</b>										
<b>Secured, considered good</b>										
Housing loans	-	-	-	-	-	72.81	61.77	-	-	-
Other loans	-	-	-	-	-	45.10	30.16	-	-	-
Deposits with other NBFCs as collateral towards loans and assets derecognised	-	-	4.58	31.25	-	-	-	14.04	47.58	-
Deposits as collateral with business partner towards loans sourced on their behalf	-	-	-	17.56	-	-	-	10.67	20.65	-
Non-current bank deposits (note 16)	566.09	497.81	424.81	307.85	185.23	-	-	-	-	-
<b>(A)</b>	<b>566.09</b>	<b>497.81</b>	<b>429.39</b>	<b>356.66</b>	<b>185.23</b>	<b>117.91</b>	<b>91.93</b>	<b>24.71</b>	<b>68.23</b>	<b>-</b>
<b>Interest accrued:</b>										
Loan Portfolio (Secured, considered good)										
Microfinance Loan (Unsecured, considered good)	-	-	-	-	-	3,288.13	3,017.71	3,489.78	5,681.69	5,611.46
Fixed deposits and investment	16.00	22.45	11.41	1.06	0.20	0.19	41.78	30.16	54.97	100.35
Deposit under Pradhan Mantri Garib Kalyan Yojna (PMGKY)	-	1.50	-	-	-	1.50	-	-	-	-
Advance tax (net of Provisions for tax)	5.38	-	-	-	-	-	-	-	-	-
Unamortized premium on forward exchange contract	-	-	-	-	-	-	27.68	-	-	-
Ancillary cost of arranging the borrowings	68.91	37.81	44.08	74.08	99.30	96.95	44.47	101.19	140.81	130.38
Comission receivable	-	-	-	-	-	-	-	-	11.54	-
Gratuity	2.64	-	-	-	-	-	-	229.38	150.09	-
Others	0.30	64.27	-	-	-	348.20	313.77	-	-	2.21
<b>(B)</b>	<b>93.23</b>	<b>126.03</b>	<b>55.49</b>	<b>75.14</b>	<b>99.50</b>	<b>3,734.97</b>	<b>3,580.20</b>	<b>3,945.22</b>	<b>6,069.13</b>	<b>5,844.40</b>
<b>Total (A + B )</b>	<b>659.32</b>	<b>623.84</b>	<b>484.88</b>	<b>431.80</b>	<b>284.73</b>	<b>3,852.88</b>	<b>3,672.13</b>	<b>3,969.93</b>	<b>6,137.36</b>	<b>5,844.40</b>

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Consolidated Financial Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**NOTE: 16**

**Cash and cash equivalents**

	Non-current					Current				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
<b>Cash and cash equivalents (as per AS 3 Cash Flow Statements)</b>										
<b>Balances with banks:</b>										
On current accounts	-	-	-	-	-	2,899.02	2,344.99	3,000.64	4,730.36	2,675.31
Deposits with original maturity of less than three months	-	-	-	-	-	-	-	-	105.00	140.00
<b>Cash on hand</b>	-	-	-	-	-	906.89	1,082.62	1,269.65	1,517.25	1,221.67
<b>Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements)</b>	-	-	-	-	-	<b>3,805.91</b>	<b>3,427.61</b>	<b>4,270.29</b>	<b>6,352.61</b>	<b>4,036.98</b>
<b>Other bank balances</b>										
<b>On Escrow accounts</b>										
Application money towards redeemable non-convertible debenture pending allotment	-	-	-	-	-	-	-	-	-	2,008.15
Unpaid matured deposit	-	-	-	-	-	0.07	0.07	0.07	0.07	0.22
Unpaid NCD trustee account	-	-	-	-	-	19.15	24.39	34.26	-	-
Unpaid auction surplus deposit	-	-	-	-	-	620.31	510.40	446.71	390.21	443.60
Unpaid dividend	-	-	-	-	-	33.79	30.91	38.53	24.36	20.52
<b>Other balances</b>										
Deposits with original maturity for more than 3 months but less than 12 months*	-	-	-	-	-	2,501.23	1,548.64	1,176.95	988.92	1,651.54
Deposits with original maturity for more than 12 months*	566.09	497.81	424.81	424.89	185.23	5.99	12.24	77.94	164.94	283.67
	<b>566.09</b>	<b>497.81</b>	<b>424.81</b>	<b>424.89</b>	<b>185.23</b>	<b>3,180.54</b>	<b>2,126.65</b>	<b>1,774.46</b>	<b>1,568.50</b>	<b>4,407.70</b>
Amount disclosed under non-current assets (note 15)	566.09	497.81	424.81	424.89	185.23	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,986.45</b>	<b>5,554.26</b>	<b>6,044.75</b>	<b>7,921.11</b>	<b>8,444.68</b>

\* Includes:

- Cash collateral deposits aggregating to Rs.820 (March 31, 2017 Rs.840, March 31, 2016 Rs. 1,020, March 31, 2015 Rs.1130, March 31, 2014 Rs.1,790) towards approved bank facilities;
- Employee security deposits aggregating to Rs.297.72, (March 31, 2017 Rs.187.60, March 31, 2016 Rs. 159.79, March 31, 2015 Rs.207.70, March 31, 2014 Rs.183.93) placed as fixed deposits with banks;
- Deposits aggregating to Rs.42.85 (March 31, 2017 - Rs. 40.57, March 31, 2016 - Rs. 69.47, March 31, 2015 - Rs. 37.13, March 31, 2014 - Rs. 21.36) towards security deposit to various authorities.

**Manappuram Finance Limited**
**Annexure -V Notes to Reformatted Consolidated Summary Statement of Profit and Loss**
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	For the Year ended March 31, 2018	For the Year ended March 31, 2017	For the Year ended March 31, 2016	For the Year ended March 31, 2015	For the Year ended March 31, 2014
<b>NOTE: 17</b>					
<b>Revenue from operations</b>					
<b>Interest Income</b>					
- Gold loans	27,776.51	29,153.01	21,553.86	19,321.30	20,472.36
- Bank and other deposits	119.98	111.24	135.54	130.68	229.87
- Property Loans	57.28	76.09	72.88	18.95	0.14
- Personal loans	1.31	-	-	-	-
- Micro Finance	3,876.58	3,059.23	1,202.01	80.18	-
- Commercial Vehicles	778.05	402.37	122.55	4.60	-
- Home Loan	493.37	317.60	69.83	0.14	-
- Corporate Loan	310.78	95.32	19.04	-	-
- Other loans	-	-	3.09	9.97	2.07
Insurance Commission	48.72	19.85	11.97	-	-
Processing and application fees	407.96	368.98	212.03	108.37	55.13
Gain on Securitisation	221.57	158.76	86.83	8.28	-
<b>Total Interest income (A)</b>	<b>34,092.11</b>	<b>33,762.45</b>	<b>23,489.63</b>	<b>19,682.47</b>	<b>20,759.57</b>
<b>Other operating revenue</b>					
- Money transfer	39.32	46.80	50.87	48.66	38.67
- Interest income on DLB Bond	5.95	5.98	-	-	-
- Net gain on sale of current Investment	-	-	33.87	80.53	169.49
- Provisions no longer required written back	29.40	-	-	25.90	9.74
- Bad debts recovered	33.33	10.79	13.69	25.82	26.64
- Insurance claim received	-	6.95	11.33	-	-
- Others	33.46	21.03	2.92	0.84	0.51
<b>Total other operating revenue (B)</b>	<b>141.46</b>	<b>91.55</b>	<b>112.68</b>	<b>181.75</b>	<b>245.05</b>
<b>Revenue from operations (A)+(B)</b>	<b>34,233.57</b>	<b>33,854.00</b>	<b>23,602.31</b>	<b>19,864.22</b>	<b>21,004.62</b>
<b>NOTE: 18</b>					
<b>Other Income</b>					
Profit on sale of fixed assets (net)	3.57	5.17	6.92	7.10	4.82
Dividend on Mutual Funds	-	22.93	-	-	-
Commission	-	178.41	82.76	16.26	-
Notice pay recovery	-	-	25.91	37.54	99.60
Other non-operating income	528.42	15.56	20.36	9.15	9.23
Reversal of Provision for Credit Enhancement on Assets De-recognised	-	13.09	-	-	-
	<b>531.99</b>	<b>235.16</b>	<b>135.95</b>	<b>70.05</b>	<b>113.65</b>
<b>NOTE: 19</b>					
<b>Finance Cost</b>					
<b>Interest</b>					
- on Debentures	3,001.05	2,360.34	1,345.75	1,450.62	1,772.20
- on Deposits	-	-	2.26	-	-
- on Bank and other borrowings	4,823.00	6,949.50	6,219.17	5,947.84	7,474.56
- on Subordinate bonds and loans	29.34	277.38	461.60	523.88	596.70
- on Commercial papers	2,067.52	1,661.32	869.94	532.08	177.29
- Others	26.59	34.16	273.87	0.28	2.27
Other borrowing cost	329.14	404.35	301.31	317.63	242.99
	<b>10,276.64</b>	<b>11,687.05</b>	<b>9,473.90</b>	<b>8,772.33</b>	<b>10,266.01</b>

**Manappuram Finance Limited**

**Annexure -V Notes to Reformatted Consolidated Summary Statement of Profit and Loss**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

	For the Year ended March 31, 2018	For the Year ended March 31, 2017	For the Year ended March 31, 2016	For the Year ended March 31, 2015	For the Year ended March 31, 2014
<b>NOTE: 20</b>					
<b>Employee benefit expense</b>					
Salaries, wages and bonus	5,444.60	4,426.30	3,809.16	2,772.49	2,948.27
Contribution to provident and other funds	566.32	470.26	502.54	367.61	280.16
Gratuity expense (note 26)	135.38	100.85	-	-	-
Staff welfare expenses	20.82	28.41	15.11	5.27	7.04
	<b>6,167.12</b>	<b>5,025.82</b>	<b>4,326.81</b>	<b>3,145.37</b>	<b>3,235.47</b>
<b>NOTE: 21</b>					
<b>Other expenses</b>					
Electricity	212.92	191.35	179.67	160.28	151.26
Rent	1,234.32	1,106.69	1,005.88	911.46	857.21
Rates and taxes	45.25	40.61	32.40	29.09	34.10
Insurance	135.51	65.95	42.15	31.71	31.78
Repairs and maintenance					
-Vehicles	11.52	10.23	4.59	3.55	4.47
-Others	163.93	153.14	131.07	79.43	53.46
Advertising and sales promotion	272.80	437.33	570.22	446.42	428.79
Commission paid	128.36	119.64	78.24	6.02	-
Travelling and conveyance	351.19	250.68	178.65	94.80	76.79
Communication costs	337.84	249.45	157.20	141.91	168.63
Printing and stationery	137.07	138.35	117.29	84.93	59.76
IT Support costs	322.53	301.62	259.25	282.37	283.59
Legal and professional fees	144.56	126.15	107.52	117.03	136.57
Security charges	1,660.11	591.47	435.47	575.93	714.83
Bad debts/advances written off	1,791.14	355.65	198.22	239.02	472.58
Provision for Other Assets	(364.64)	-	-	-	-
Provision for non performing assets	406.74	719.51	34.47	10.28	21.95
					18.57
Provision for doubtful advances and receivables	-	-	-	-	-
Provision for standard assets	268.24	16.97	190.66	32.66	(44.43)
Corporate social responsibility expenditure	103.07	112.40	94.22	43.38	-
Miscellaneous expenses	106.66	100.36	78.74	49.34	77.68
	<b>7,469.12</b>	<b>5,087.55</b>	<b>3,895.91</b>	<b>3,339.61</b>	<b>3,547.59</b>
<b>Payment to auditors included in Legal and Professional Charges:</b>					
<b>As auditor:</b>					
Audit fee	6.78	7.01	3.50	3.50	2.90
Limited reviews	1.60	3.10	1.80	1.80	1.80
Tax Audit	0.28	0.28	-	-	-
Certification fees	0.65	1.84	0.95	0.95	0.95
Other Services	0.97	0.76	-	-	-
Reimbursement of expenses	0.54	0.99	0.30	0.30	0.30
	<b>10.82</b>	<b>13.98</b>	<b>6.55</b>	<b>6.55</b>	<b>5.95</b>
<b>NOTE: 22</b>					
<b>Depreciation and amortization expense</b>					
Depreciation	665.08	612.53	540.43	518.57	617.17
Amortization of intangible assets	17.51	19.01	17.38	21.66	21.78
	<b>682.59</b>	<b>631.54</b>	<b>557.81</b>	<b>540.23</b>	<b>638.95</b>

**Manappuram Finance Limited**  
**Annexure -IV Notes forming part of Reformatted Summary Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Note:23**

**Earnings per share (EPS)**

The following reflects the profit and share data used in the basic and diluted EPS computations:

	6,708,940,000.00	7,558,480,000.00	3,533,680,000.00	2,713,170,000.00	2,259,810,000.00
	<b>For the Year ended March 31, 2018</b>	<b>For the Year ended March 31, 2017</b>	<b>For the Year ended March 31, 2016</b>	<b>For the Year ended March 31, 2015</b>	<b>For the Year ended March 31, 2014</b>
Net profit for calculation of basic EPS	<b>6,708.94</b>	<b>7,558.48</b>	<b>3,533.68</b>	<b>2,713.17</b>	<b>2,259.81</b>
Weighted average number of equity shares in calculating basic EPS (Nos.)	841,979,381	841,539,979	841,207,136	841,207,136	841,207,136
<b>Effect of dilution:</b>					
Stock options granted under ESOP (Nos.)	1,909,241	31,870	65,557	65,557	-
Weighted average number of equity shares in calculating diluted EPS (Nos.)	<u><b>843,888,621</b></u>	<u><b>841,571,849</b></u>	<u><b>841,272,693</b></u>	<u><b>841,272,693</b></u>	<u><b>841,207,136</b></u>
Basic EPS (Rs)	7.97	8.98	4.20	3.23	2.69
Diluted EPS (Rs)	7.95	8.98	4.20	3.23	2.69

**Manappuram Finance Limited**

**Annexure -IV Notes to Reformatted Summary Statement of Assets and Liabilities**

*(All amounts are in millions of Indian rupees unless otherwise stated)*

**Note 25 Related party disclosures**

**Names of related parties**

**Relationship**

Associates / Enterprises owned  
or significantly influenced by key management  
personnel or their relatives

**Name of the party**

Manappuram Jewellers Limited  
Manappuram Agro Farms Limited  
Manappuram Foundation  
Manappuram Comptech and Consultant Limited  
Manappuram Health Care Limited \*  
Manappuram Construction and Properties Limited\*  
Manappuram Chit Funds Company Private Limited \*  
Manappuram Chits (Karnataka) Private Limited \*  
Manappuram Chits India Limited \*  
Adlux Medicity and Convention Centre Private Limited\*  
MAFIN Enterprise \*  
Manappuram travels \*  
Manappuram Chits \*  
MABEN Nidhi Limited\*  
Manappuram Asset Finance Limited \*

Key Management Personnel

Mr. V P Nandakumar- Managing Director & CEO  
Mr. B.N Raveendra Babu- Executive Director  
Mr. Kapil Krishan -Chief Financial Officer  
Mr.Ramesh Periasamy -Company Secretary  
Mr I Unnikrishnan - (Resigned w.e.f November 5, 2015)

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

\* No transactions with these related parties.

Note 25 Related party transactions during the year (contd.)

Particulars	Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
<b>Donation made</b>					
Manappuram Foundation	101.10	104.80	92.00	40.11	33.44
<b>Rent Paid</b>	<b>1.24</b>	<b>0.75</b>	<b>0.65</b>	<b>0.65</b>	<b>1.03</b>
Manappuram Agro Farms Limited	1.24	0.75	0.65	0.65	1.03
<b>Reimbursement of Rent &amp; Expenses</b>	<b>1.90</b>	<b>0.35</b>	-	-	-
Manappuram Foundation	1.90	0.35	-	-	-
<b>Other Income</b>	<b>0.10</b>	<b>0.13</b>	-	-	-
Manappuram Foundation	0.10	0.13	-	-	-
<b>Rent Received</b>	<b>1.30</b>	<b>1.20</b>	<b>1.12</b>	<b>0.40</b>	<b>0.07</b>
Manappuram Jewellers Limited	0.48	0.50	0.47	0.37	0.07
Manappuram Agro Farms Limited	0.14	0.19	0.16	0.04	-
Manappuram Foundation	0.68	0.51	0.49	-	-
<b>Electricity Charge Received</b>	<b>0.85</b>	<b>1.07</b>	<b>0.31</b>	<b>0.25</b>	-
Manappuram Jewellers Limited	0.73	0.95	0.32	0.26	-
Manappuram Foundation	0.12	0.12	-	-	-
<b>Purchase of assets</b>	<b>2.50</b>	-	-	-	-
Manappuram Comptech and Consultants Ltd	2.50	-	-	-	-
<b>Rent, Electricity, telephone and printing charges</b>	<b>2.66</b>	<b>0.16</b>	-	-	-
Manappuram Foundation	2.66	0.16	-	-	-
<b>Consultation Charge Paid</b>	-	<b>0.87</b>	-	-	-
Manappuram Construction and Properties Limited	-	0.87	-	-	-
<b>Monthly usage charges paid</b>	<b>0.78</b>	-	-	-	-
Manappuram Comptech and Consultants Ltd	0.78	-	-	-	-
<b>Rent Advance Received</b>	-	-	<b>0.12</b>	<b>0.04</b>	<b>0.16</b>
Manappuram Jewellers Limited	-	-	0.03	-	0.16
Manappuram Agro Farms Limited	-	-	-	0.04	-
Manappuram Foundation	-	-	0.09	-	-

**Manappuram Finance Limited**

**Annexure -IV Notes to Reformatted Summary Statement of Assets and Liabilities**

*(All amounts are in millions of Indian rupees unless otherwise stated)*

**Note 25 Related party transactions during the year (contd.)**

**Related Party transactions during the year:**

Particulars	Key Management Personnel				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
<b>Commission to Directors</b>	<b>42.50</b>	<b>30.00</b>	<b>24.00</b>	<b>21.20</b>	<b>16.900</b>
Mr. V.P.Nandakumar	37.50	25.00	20.00	15.00	10.50
Mr. Raveendra Babu	5.00	5.00	4.00	3.20	2.90
Mr. I Unnikrishnan	-	-	-	3.00	3.50
<b>Remuneration to Directors</b>	<b>64.69</b>	<b>67.03</b>	<b>43.35</b>	<b>50.13</b>	<b>51.75</b>
Mr. V.P.Nandakumar	53.77	56.71	33.86	33.94	33.60
Mr. Raveendra Babu	10.92	10.32	9.49	8.83	8.07
Mr. I Unnikrishnan	-	-	-	7.36	10.08
<b>Remuneration to other KMPs</b>	<b>12.68</b>	<b>10.69</b>	<b>9.43</b>	<b>6.48</b>	<b>-</b>
<b>Rent Paid</b>	<b>0.36</b>	<b>0.33</b>	<b>0.32</b>	<b>0.37</b>	<b>0.43</b>
Mr. V.P.Nandakumar	0.36	0.33	0.32	0.37	0.43
<b>Repayment of loan from Directors</b>	<b>-</b>	<b>1.80</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mr. V.P.Nandakumar	-	1.80	-	-	-
<b>Amounts payable (net) to related parties</b>	<b>27.84</b>	<b>20.23</b>	<b>24.00</b>	<b>21.20</b>	<b>16.90</b>
Mr. V.P.Nandakumar	24.56	17.18	20.00	15.00	10.50
Mr. I Unnikrishnan	-	-	-	3.00	3.50
Mr. Raveendra Babu	3.28	3.05	4.00	3.20	2.90
Mrs. Rajalakshmi Raveendra Babu	-	-	-	-	-
Ms. Biji Babu	-	-	-	-	-
Mrs. Sathyalekshmy	-	-	-	-	-
Mrs. Shelly Ekalavyan	-	-	-	-	-



**Manappuram Finance Limited**

**Annexure -IV Notes to Reformatted Summary Statement**

(All amounts are in millions of Indian rupees unless otherwise stated)

**Note 25 Related party transactions during the year (contd.)**

**Related Party transactions during the year:**

Particulars	Relatives of Key Management Personnel				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
<b>Debentures and Subordinate Bond issued during the year</b>	-	-	-	-	<b>0.67</b>
Mrs. Shelly Ekalavyan	-	-	-	-	0.67
<b>Debentures and Subordinate Bond redeemed during the year</b>	<b>0.80</b>	<b>0.80</b>	<b>0.28</b>	<b>0.55</b>	<b>0.69</b>
Mrs. Rajalakshmi Raveendra Babu	0.80	0.40	0.28	0.50	0.10
Mrs. Sathyalekshmi	-	-	-	0.05	-
Ms. Biji Babu	-	0.40	-	-	0.40
Mrs. Shelly Ekalavyan	-	-	-	-	0.19
<b>Interest expense</b>	<b>0.15</b>	<b>0.51</b>	<b>0.52</b>	<b>0.62</b>	<b>0.58</b>
Mrs. Sathyalekshmi	-	-	-	0.13	0.14
Mrs. Rajalakshmi Raveendra Babu	0.00	0.29	0.31	0.31	0.29
Ms. Biji Babu	-	0.09	0.09	0.08	0.06
Mrs. Shelly Ekalavyan	0.15	0.13	0.12	0.10	0.09
<b>Remuneration paid to Relative of KMP</b>	<b>13.84</b>	<b>12.23</b>	<b>5.50</b>	<b>2.17</b>	<b>2.17</b>
Mr Sooraj Nandan	5.28	4.06	2.10	1.71	-
Mrs Sumita Jayshankar	7.32	6.95	2.91	0.47	-
Mr. Suhas Nandan	1.25	1.22	0.49	-	-
<b>Rent Paid</b>	<b>0.34</b>	<b>0.39</b>	<b>0.26</b>	<b>0.24</b>	<b>0.22</b>
Mr. V.P.Nandakumar	-	-	-	-	-
Mr. Suhas Nandan	0.14	0.20	0.09	0.09	0.11
Mrs Sumitha Jayshankar	0.12	0.12	0.11	0.11	0.11
Mr. Sooraj Nandan	0.08	0.07	0.06	0.04	-
Manappuram Agro Farms Limited	-	-	-	-	-
<b>Amounts payable (net) to related parties</b>	<b>1.18</b>	<b>2.65</b>	<b>3.75</b>	<b>2.55</b>	<b>4.15</b>
Mr. V.P.Nandakumar	-	-	-	-	-
Mr. I Unnikrishnan	-	-	-	-	-
Mr. Raveendra Babu	-	-	-	-	-
Mrs. Rajalakshmi Raveendra Babu	-	1.60	2.10	1.48	1.98
Ms. Biji Babu	-	-	0.71	0.40	0.40
Mrs. Sathyalekshmy	-	-	-	-	1.10
Mrs. Shelly Ekalavyan	1.18	1.05	0.94	0.67	0.67

**Note:**

- Related parties have been identified on the basis of the declaration received by the management and other records available.
- Loans given to related parties are repayable on demand. These loans carry interest @ of 12% to 13% p.a.
- The loans have been utilised by the Manappuram Home Finance Company Limited for lending Home Loan and meeting the working capital requirements.
- Asirvad Microfinance Limited has used the loan for meeting the working capital requirements.
- The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

**Manappuram Finance Limited**  
**Annexure -IV Notes forming part of Reformatted Summary Statements**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

**Note24: 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 Rs 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 Rs 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 Rs. 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, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
<b>Options outstanding, beginning of year</b>	50,000	875,000	1,061,000	-	66,000
Lapsed Options restored during the year	-	-	-	1,191,000	-
Options exercised during the year	(50,000)	(692,500)	-	-	-
Options lapsed during the year	-	(132,500)	(186,000)	(130,000)	(66,000)
<b>Options outstanding, end of year</b>	-	<b>50,000</b>	<b>875,000</b>	<b>1,061,000</b>	-
<b>Options outstanding at the yearend comprise of :</b>					
- Options eligible for exercise at year end	-	50,000	-	-	-
- Options not eligible for exercise at year end	-	-	875,000	1,061,000	-

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Weighted average remaining contract life of options	-	-	-	-	-
Weighted average market price of share exercised	-	-	-	-	-

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 Rs 10/- per share)	Rs 142.43/-	Rs 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 Rs 10/-)	Rs. 331.15/-	Rs. 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.

**Manappuram Finance Limited**  
**Annexure -IV Notes forming part of Reformatted Summary Statements**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Note24: Employee Stock Option Scheme (ESOS)**  
**Employee Stock Option Scheme (ESOS), 2016**

The details of the Employee Stock Option Scheme 2016 are as under:

Date of share holders' approval	July 05, 2016
Number of options approved	25,236,214
Date of grant	August 08, 2016
Date of In principle Approval	In principle approval of the BSE was obtained on December 20, 2016 and NSE on December 28, 2016.
Number of options granted	13,750,466
Method of settlement	Equity
Graded Vesting	Graded vesting shall happen in a graded basis in three tranches over a period of three years. a) The first tranche of 30% shall be vested when a period of 12 months would expire from the Date of grant; b) The second tranche of 30% shall be vested when a period of 24 months would expire from the Date of grant; c) The third tranche of 40% shall be vested when a period of 36 months would expire from the Date of grant.
Exercisable period	The vested options shall be allowed for exercise on and from the date of vesting. The vested options need to be exercised with in a period of one year and 30 days from the date of vesting of the respective tranche through the Exercise Window to apply for ESOS Shares against Options vested with the Eligible Employee in pursuance of the Scheme. However, the Eligible Employee has a right to exercise the Options vested in the first tranche and second tranche on or before the expiry of the Exercise Period of the third tranche, utilising the exercise window which shall be a period of 30 days from the close of each half of the year counted from the date of vesting during the Exercise Period.
Vesting conditions	Options shall vest essentially based on continuation of employment and apart from that the Board or Committee may prescribe achievement of any performance condition(s) for vesting.
Source of shares	Primary
Variation in terms of options	No Variations made to the term of Scheme

**Manappuram Finance Limited**  
**Annexure -IV Notes forming part of Reformatted Summary Statements**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

**Note24: Employee Stock Option Scheme (ESOS)**

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 Rs. 86.45 on August 08, 2016 which will vest over a period of three years from the grant date (08.08.2016) and the vesting of options shall be at 30% each in the first and second year and the balance 40% in the third year from the date of grant.

The summary of the movements in options is given below:

Particulars	March 31, 2018	March 31, 2017
<b>Options outstanding, beginning of year</b>	11,817,829	-
Options granted during the year	-	13,750,466
Increase on account of Bonus issue	-	-
Lapsed Options restored during the year	1,089,589	-
Options lapsed during the year	(2,260,349)	(1,932,637)
Options Allotted during the year	(586,126)	-
<b>Options unvested and Outstanding at the End of the Year</b>	<b>10,060,943</b>	<b>11,817,829</b>

Particulars	March 31, 2018	March 31, 2017
Weighted average remaining contract life of options	-	-
weighted average market price at the exercise date	-	-

The fair value of options estimated at the date of grant using the Black-Scholes method and the assumptions used are as

Particulars	Vesting I	Vesting II	Vesting III
	8-Aug-2017 30%	8-Aug-2018 30%	8-Aug-2019 40%
Fair Value per vest (Rs.)	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 Rs 10/-)	Rs. 86.45	Rs. 86.45	Rs. 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 (Rs.)	Diluted EPS (Rs.)
<b>Year ended March 31, 2018</b>			
- Amounts as reported	6,708.94	7.97	7.95
- Amounts as per pro-forma	7,429.24	8.83	8.83

Particulars	Profit after tax	Basic EPS (Rs.)	Diluted EPS (Rs.)
<b>Year ended March 31, 2017</b>			
- Amounts as reported	7,558.48	8.98	8.98
- Amounts as per pro-forma	7,429.24	8.83	8.83

Particulars	Profit after tax	Basic EPS (Rs.)	Diluted EPS (Rs.)
<b>Year ended March 31, 2016</b>			
- 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 (Rs.)	Diluted EPS (Rs.)
<b>Year ended March 31, 2015</b>			
- Amounts as reported	2,713.17	3.23	3.23
- Amounts as per pro-forma	2,709.34	3.22	3.22

Particulars	Profit after tax	Basic EPS (Rs.)	Diluted EPS (Rs.)
<b>Year ended March 31, 2014</b>			
- Amounts as reported	2,259.81	2.69	2.69
- Amounts as per pro-forma	2,259.81	2.69	2.69

**Manappuram Finance Limited**  
**Annexure -IV Notes forming part of Reformatted Summary Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Note 26: Employment benefits disclosures:**

The Group makes Provident Fund contributions which are defined contribution plans, for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized Rs 441.79, (March 31, 2017 Rs.368.45, March 31, 2016 - Rs. 329.35, March 31, 2015 Rs.223.13, March 31, 2014 Rs.160.80) for Provident Fund contributions and for Employee state Insurance Rs. 161.51 (March 31, 2017 Rs. 101.87, March 31, 2016 Rs. 85.41, March 31, 2015 Rs. 80.66, March 31, 2014 Rs. 79.72 ) in the Statement of Profit and Loss. The contributions payable to this plan by the Company are at rates specified in the rules of the Scheme.

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 reformattd summary consolidated Statement of profit and loss and the funded status and amounts recognized in the reformattd summary consolidated balance sheet for the gratuity plan.

**Reformatted summary consolidated Statement of Profit and Loss**

Net employee benefit expense recognised in the employee cost

	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Current service cost	120.43	96.35	82.15	58.68	47.55
Interest cost on benefit obligation	28.21	23.83	17.82	13.58	8.53
Expected return on plan assets	(26.29)	(22.31)	(16.94)	(13.34)	(9.62)
Past Service cost	6.40	-	-	-	-
Net actuarial (gain)/loss recognized in the year	5.29	2.98	9.62	(6.54)	(9.33)
Net (benefit) / expense	134.04	100.85	92.65	52.38	37.13
Actual return on plan assets	19.94	23.97	16.68	17.45	8.60

**Balance sheet**

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

	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Defined benefit obligation	(499.30)	(406.87)	(319.37)	(221.20)	(151.07)
Fair value of plan assets	412.82	323.02	254.10	181.97	141.96
Asset/(liability) recognized in the balance sheet	(86.48)	(83.85)	(65.27)	(39.23)	(9.11)
Experience adjustments on plan liabilities (Gain) / Loss	21.69	(7.85)	5.24	(16.58)	0.45
Experience adjustments on plan assets Gain / (Loss)	(6.59)	(1.74)	(1.57)	4.32	(1.02)

**Manappuram Finance Limited**  
**Annexure -IV Notes forming part of Reformatted Summary Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

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

	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Opening defined benefit obligation	405.37	319.37	221.20	151.07	107.98
On Acquisition of Subsidiary	-	-	1.06	1.73	-
Interest cost	28.21	23.83	17.82	13.58	8.53
Current service cost	120.43	96.35	82.15	58.68	47.55
Benefits paid	(59.20)	(38.20)	(12.24)	(3.99)	(2.64)
Past service cost	6.40	-	-	-	-
Actuarial loss / (gain) on obligation	(1.91)	4.02	9.38	0.13	(10.35)
Closing defined benefit obligation	499.30	405.37	319.37	221.20	151.07

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

	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Opening fair value of plan assets	324.14	254.10	181.97	141.96	110.34
On Acquisition of Subsidiary	-	-	1.48	2.31	-
Expected return	26.29	22.31	16.94	13.34	9.62
Contributions by employer	128.79	82.26	66.19	21.73	25.66
Benefits paid	(59.20)	(38.20)	(12.24)	(3.99)	(2.64)
Actuarial gains / (losses)	(7.20)	3.67	(0.24)	6.62	(1.02)
Closing fair value of plan assets	412.82	324.14	254.10	181.97	141.96

Expected contribution to fund to be made in the next year	100	70	60	40	30
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The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
	%	%	%	%	%
Discount Rate	7.3%	6.9%	7.5%	7.8%	8.9%
Attrition rate	15.0%	15.0%	15.0%	15.0%	15.0%
Expected rate of return on assets	6.9%	7.5%	7.8%	8.5%	8.5%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

**A) Holding Company**

**Manappuram Finance Limited**

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
	%	%	%	%	%
Discount rate	7.3%	6.9%	NA	NA	NA
Attrition rate	15%	15%	NA	NA	NA
Expected rate of return on assets	6.9%	7.5%	NA	NA	NA

**B) Subsidiary Companies**

**(i) Asirvad Microfinance Limited**

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
	%	%	%	%	%
Discount rate	7.7%	7.3%	NA	NA	NA
Attrition rate	16%	16%	NA	NA	NA

**(ii) Manappuram Home Finance Limited**

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
	%	%	%	%	%
Discount rate	6.9%	6.3%	NA	NA	NA
Attrition rate					
- Above Managerial grade	15%	15%	NA	NA	NA
- Below Managerial grade	50%	50%	NA	NA	NA
Expected rate of return on assets	6.3%	6.3%	NA	NA	NA

**(iii) Manappuram Insurance Brokers Limited**

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
	%	%	%	%	%
Discount rate	7.1%	6.6%	NA	NA	NA
Attrition rate	20%	20%	NA	NA	NA

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The principal assumptions used in determining leave encashment obligations for the Group's plans are shown below:

**Manappuram Finance Limited**  
**Annexure -IV Notes forming part of Reformatted Summary Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**A) Holding Company**

**Manappuram Finance Limited**

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
	%	%	%	%	%
Discount rate	7.3%	6.9%	NA	NA	NA
Attrition rate	15%	15%	NA	NA	NA
Salary escalation	8.0%	8.0%	NA	NA	NA

**B) Subsidiary Company**

**Asirvad Microfinance Limited**

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
	%	%	%	%	%
Discount rate	7.6%	7.8%	NA	NA	NA
Attrition rate	16%	16%	NA	NA	NA
Salary escalation	10.0%	10.0%	NA	NA	NA

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

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

**Manappuram Finance Limited**  
**Annexure -IV Notes forming part of Reformatted Summary Statements**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**Note 27: Commitments**

	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
(i) Estimated amount of contracts remaining to be executed on capital account, net of advances.	190.04	83.87	20.34	4.70	4.32
(ii) 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 Rs. 270.					

**Note 28: Contingent liabilities**

**(a) Applicability of Kerala Money Lenders' Act**

The Company has challenged in the Hon'ble Supreme Court the order of Hon'ble Kerala High Court upholding the applicability of Kerala Money Lenders Act to NBFCs. The Hon'ble Supreme Court has directed that a status quo on the matter shall be maintained and the matter is currently pending with the Hon'ble Supreme Court. The Company has taken legal opinion on the matter and based on such opinion the management is confident of a favourable outcome. Pending the resolution of the same, no adjustments have been made in the financial statements for the required license fee and Security deposits.

**(b) Litigations**

Particulars	Rs. In Million
<b>i) Income Tax Demands under appeal before The Commissioner of Income Tax (Appeals) for the Assessment Years 2011-12, 2012-13, 2014-15 &amp; 2015-16.</b>	894.35
<b>ii) Kerala Value Added Tax demands under appeal pending before The Deputy Commissioner for the Assessment Years 2009-10, 2012-13 and 2014-15 (Excluding Penalty and Interest, if any)</b>	49.86
<b>iii) Andhra Pradesh Value Added Tax demand under appeal pending before The Deputy Commissioner for the Assessment Year 2011-12.</b>	1.68
<b>iv) Service Tax demands under appeal pending before The Central Excise, Service Tax Appellate Tribunal for the Assessment Years 2006-07 and 2008-09</b>	0.93
<b>Total</b>	<b>946.82</b>

**(i) March 31, 2017**

Income tax demand Rs.367.17 (March 31, 2016 Rs 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.

**(ii) March 31, 2016**

i) Matters of litigation, if any, the outcome of which in the opinion of Management is considered probable thereby requiring provision, have been provided for under the requirement of Indian GAAP.

ii) Income tax demand related to Financial year 2012-13 on account of disallowances of certain expenditure amounting to Rs 7.72 Mill including interest. The Company has preferred an appeal against the order with Commissioner of Income Tax (Appeals)

iii) The company has disputed Income Tax Demand, vide assessment order of ACIT, Circle 1(1), Thrissur dated 23.03.2015 respecting Assessment Year 2012-13, amounting to Rs. 0.23 Million. The company preferred an appeal with Commissioner of Income Tax (Appeal), Thrissur against the order and the matter is pending before the appellate authority. Since the company is not foresees no liability, provision is not made for the same.

**(iii) March 31, 2015**

i) Matters of litigation, if any, the outcome of which in the opinion of Management is considered probable thereby requiring provision, have been provided for under the requirement of Indian GAAP.

ii) Income tax demand related to Financial year 2012-13 on account of disallowances of certain expenditure amounting to Rs 7.72 including interest. The Company has preferred an appeal against the order with Commissioner of Income Tax (Appeals)

**(iv) March 31, 2014**

**Show cause notice from Reserve Bank of India**

The Company has received a show cause notice from the Reserve Bank of India on May 7, 2012 with certain observations made pursuant to their inspection of books and records of the Company. The Company has submitted a detailed reply on May 21, 2012 to the Reserve Bank of India .

**(c) On account of Corporate Guarantees provided by the Group**

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
On account of managed portfolio	-	-	23.58	160.45	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>23.58</b>	<b>160.45</b>	<b>-</b>



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**Note 29:**

**Lease Disclosures**

**Operating Lease :**

The Company has operating lease agreements primarily for office spaces, the lease terms of which are different for each Company in the Group.

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Less than One Year	5.37	14.37	-	-	-
One Year to Five Years	3.26	16.46	-	-	-
Later than Five Years	-	-	-	-	-

**Finance Leases:**

The Group has finance lease for Vehicles and Computers. These leases are non-cancellable and has no escalation clause. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

**a) Computer**

	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Total minimum lease payments at the year end	145.77	68.08	70.67	5.26	6.45
Less: amount representing finance charges	14.23	7.25	7.84	0.45	0.60
Present value of minimum lease payments	131.54	60.83	62.83	4.81	5.85
Lease payments for the year	37.54	33.50	26.14	3.75	5.04
<b>Minimum lease Payments:</b>					
Not less than one year	85.27	50.79	38.56	3.18	3.75
Later than one year but not later than five years	60.50	17.29	32.11	2.08	2.70

**b) Vehicles**

	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Total minimum lease payments at the year end	10.55	10.62	-	-	-
Less: amount representing finance charges	0.99	1.35	-	-	-
Present value of minimum lease payments	9.56	9.27	-	-	-
<b>Minimum lease Payments:</b>					
Not less than one year	5.69	4.05	-	-	-
Later than one year but not later than five years	4.86	6.57	-	-	-

**Note: 30): Under Recovery of Interest Income**

The Company disbursed some gold loans on which the total amount receivable including principal and accumulated interest have exceeded the value of the underlying security. As of March 31, 2018, the Company has not recognized interest income aggregating to Rs. 24.30 (March 31, 2017 Rs. 143.00, March 31, 2016-Rs. 0.71, March 31,2015 Rs. 773.90 ,March 31, 2014 Rs 881.71)

**Manappuram Finance Limited**  
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**(All amounts are in millions of Indian Rupees, unless otherwise stated)**  
*(All amounts are in millions of Indian rupees unless otherwise stated)*

**Note: 31.a)** 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 Rs.154.06 ,March 31, 2017 - Rs.103.30, March 31, 2016-Rs. 60.05, March 31, 2015- Rs. 69.23, march 31, 2014- Rs. 127.66 of which the Company has recovered Rs. 14.96 ,March 31, 2017 - Rs. 64.88, March 31, 2016- Rs 23.69, March 31, 2015- Rs 8.87 , March 31, 2014- Rs. 64.78. The Company has taken insurance cover for such losses and has filed insurance claims in this regard. Further, the Company is in the process of recovering these amounts from the employees and taking legal actions, where applicable. The Company has created provision aggregating to Rs. 139.10,March 31, 2017 - Rs 31.99, March 31, 2016- Rs. 36.36, March 31, 2015- Rs. 49.28, March 31, 2014 Rs. 52.97 towards these losses based on its estimate.

**Note: 31.b)** During the year there have been certain instances of cash embezzlements in the subsidiary company for amounts aggregating to Nil (March 31, 2016 Rs.1.64, March 31, 2015 NIL, March 31, 2014 Nil) by employee's in three of the branches of the Subsidiary company and the same has been detected and appropriately dealt with by the subsidiary management.

**Note: 32) Goodwill on Consolidation**

Goodwill on consolidation represents the excess purchase consideration paid over value of net assets of acquired subsidiaries on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are indicators for impairment. The Management does not foresee any risk of impairment on the carrying value of goodwill as at March 31, 2018.

Manappuram Insurance Brokers Limited. (Formerly, Manappuram Insurance Brokers Private Limited) an insurance broking company registered with ROC under the provision of Companies Act, 1956, is a subsidiary of the Company with effect from January 1, 2016. The total consideration for the acquisition including incidental cost of acquisition was Rs.15.5. The excess purchase consideration paid over the net asset taken over to the extent of Rs 6.86 has been recognised as goodwill. The subsidiary has accumulated profits of Rs. 6.93 as at March 31, 2016 and the statement of profit and loss for the year includes revenue of Rs 13.27 and net profit after tax of Rs 1.37.

Asirvad Microfinance Limited (Formerly known as Asirvad Microfinance Private Limited) a microfinance company registered with RBI under the provision of RBI Act, 1934, is a subsidiary of the Company with effect from February 12, 2015. The total consideration for the acquisition including incidental cost of acquisition was Rs 1,123.33 . The excess purchase consideration paid over the net asset taken over to the extent of Rs 281.88 has been recognised as goodwill. The subsidiary has accumulated profits of Rs.160.40 as at March 31, 2015 and the statement of profit and loss for the year includes revenue of Rs 98.30 million and net profit after tax of Rs 13.36.

Manappuram Home Finance Limited (Formerly, Manappuram Home Finance Private Limited) a company registered with National Housing Bank under the provision of National Housing Bank Act, 1987, is a wholly owned subsidiary of the Company with effect from March 12, 2014. The total consideration for the acquisition including incidental cost of acquisition was Rs 123.56 . The excess purchase consideration paid over the net asset taken over to the extent of Rs 75.59 has been recognised as goodwill. The subsidiary has accumulated profits of Rs.4.29 as at March 31, 2014 and the statement of profit and loss for the year includes revenue of Rs 5.57 million and net profit after tax of Rs 3.07.

**Note 33) Additional disclosure as per Schedule III of Companies Act 2013**

**For the year March 31, 2018**

Name of the Entity	Net Assets, i.e Total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit and Loss	Amount
Manappuram Finance Limited	99.43%	38,144.83	104.36%	7,001.69
Manappuram Home Finance Limited	-0.21%	(78.75)	-0.12%	(8.05)
Manappuram Insurance Brokers Limited	0.03%	11.97	0.20%	13.47
Asirvad Microfinance Limited	0.74%	284.00	-4.81%	(323.01)
Minority Interest in subsidiary			0.37%	24.86

**Manappuram Finance Limited**

**Annexure -IV Notes forming part of Reformatted Summary Statements**

**(All amounts are in millions of Indian Rupees, unless otherwise stated)**

*(All amounts are in millions of Indian rupees unless otherwise stated)*

**For the year March 31, 2017**

Name of the Entity	Net Assets, i.e Total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit and Loss	Amount
Manappuram Finance Limited	98.31%	33,050.18	95.41%	7,236.67
Manappuram Home Finance Limited	-0.16%	(53.29)	-0.12%	(9.00)
Manappuram Insurance Brokers Limited	-	0.95	-0.09%	(6.78)
Asirvad Microfinance Limited	1.84%	620.11	4.45%	337.59
Minority Interest in subsidiary			0.35%	26.42

**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 Limited	-0.16%	(44.29)	-1.11%	(39.39)
Manappuram Insurance Brokers 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

**For the year March 31, 2015**

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	99.78%	26,269.71	99.73%	2,707.32
Manappuram Home Finance Limited	-0.02%	(4.90)	-0.21%	(5.80)
Asirvad Microfinance Limited	0.24%	63.18	0.43%	11.65
Minority Interest in subsidiary			0.06%	1.60

**For the year March 31, 2014**

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	99.54%	24,797.32	100.02%	2,255.53
Manappuram Home Finance Limited	0.46%	115.29	-0.02%	(0.54)

**Manappuram Finance Limited**

**Annexure -IV Notes forming part of Reformatted Summary Statements**

**(All amounts are in millions of Indian Rupees, unless otherwise stated)**

*(All amounts are in millions of Indian rupees unless otherwise stated)*

**Note 35(i) Details of Financial Assets sold to Securitisation Company**

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Total number of loan assets securitized during the year	370,839	125,860	145,330	24,491	-
Book value of loan assets securitized during the year (Rs. In Millon)	5,489.56	1,717.78	1,786.40	254.63	-
Sale consideration received during the year	4,973.16	1,673.30	-	271.59	-
MFL Loans subordinated as Credit Enhancement on Assets Derecognised	516.40	44.48	500.39	-	-
Gain / (loss) on the securitization transaction recognised in P&L	-	1.07	30.28	2.29	-
Quantum of Credit Enhancement provided on the transactions in the form of deposits	324.05	83.11	51.27	14.66	-
Quantum of Credit Enhancement as at year end	324.05	63.10	81.56	14.66	-
Interest spread Recognised in the Statement of Profit and Loss during the Year (including amortization of Unamortised Income)	221.57	158.76	90.22	53.44	-

**Note 35(ii) Details of Assignment transactions**

Particulars	March 31, 2018	March 31, 2017
(i) Number of Accounts	1,466	-
(ii) Aggregate value (net of provisions) of accounts sold	552	-
(iii) Aggregate consideration	502	-
(iv) Aggregate consideration realized in respect of accounts transferred	-	-
(v) Aggregate gain / loss over net book value	-	-

**Note 36) Marketing Commission**

The Company has entered into agreements with Inthree Financial Services, Uniq Synergy, Maryland and RAL Consumer Products for marketing their solar lamps, mobile phones and cookware to its members. The Company receives commission for the lamps, mobile phones and cookware sold at the volume based on slab rates specified according to the terms of the agreements. The Company has received an amount of Rs. 283.65 (March 31, 2017 - Rs. 178.41, March 31, 2016- Rs. 87.27, March 31, 2015- Rs. 37.62, March 31, 2014 NIL) towards commission for the marketing of solar lamps, mobile phones and cookware.)

**Note: 37) Expenditure on Corporate Social Responsibility (CSR)**

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
a)Gross Amount required to be spent by the Company during the year	145.03	89.81	71.10	101.78	-

<b>b)Amount spent during the year ending on March 31, 2018</b>	In Cash / Cheque	Yet to be paid in Cash	Total
i) Construction/Acquisition of Assets	-	-	-
ii) On purpose other than (i) above	110.02	-	110.02

<b>c)Amount spent during the year ending on March 31, 2017</b>	In Cash / Cheque	Yet to be paid in Cash	Total
i) Construction/Acquisition of Assets	-	-	-
ii) On purpose other than (i) above	112.40	4.00	116.40

<b>d)Amount spent during the year ending on March 31, 2016</b>	In Cash / Cheque	Yet to be paid in Cash	Total
i) Construction/Acquisition of Assets	-	-	-
ii) On purpose other than (i) above	94.22	-	94.22

<b>e)Amount spent during the year ending on March 31, 2015</b>	In Cash / Cheque	Yet to be paid in Cash	Total
i) Construction/Acquisition of Assets	-	-	-
ii) On purpose other than (i) above	43.38	-	43.38

**Manappuram Finance Limited****Annexure -IV Notes to Reformatted Summary Statement of Assets and Liabilities**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

**Note: 34) Derivatives**

Pursuant to the Guidance note issued by Institute of Chartered Accountants of India (ICAI) in respect of "Accounting for Derivative Contracts", the Group has adopted to follow hedge accounting principles relating to accounting for derivatives.

Consequently, as at March 31, 2018, the Group has recognised a net Market to Market (MTM) loss of Rs. 66.62 (March 31, 2017 Rs.83.97) relating to derivative contracts entered to hedge the foreign currency risk of future interest payment and repayment of loans designated as cash flow hedges, in Hedging Reserve Account as part of the Shareholders' funds

Particulars	March 31, 2018	March 31, 2017
At the Beginning of the year	(22.96)	-
Net Movement	10.13	(22.96)
	<b>(12.83)</b>	<b>(22.96)</b>

Details of outstanding derivative contracts as at the year end.

Type of Derivatives	March 31, 2018		March 31, 2017	
	No of contracts	Value (USD)	No of contracts	Value (USD)
Forward Contracts entered into hedge the currency risk of future interest payments	-	-	6	304,725
Currency Swaps	2	22,189,567	2	102,593,177

Type of Derivatives	March 31, 2018		March 31, 2017	
	No of contracts	Value Rs. In million	No of contracts	Value Rs. In million
Forward Contracts entered into hedge the currency risk of future interest payments	-	-	6	19.76
Currency Swaps	2	1,446.21	2	6,653.17

**Disclosure required as per RBI****Forward rate agreement / Interest rate swap**

Particulars	March 31, 2018	March 31, 2017
i) The notional principal of swap agreements	1,446.21	6,653.17
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements.	-	-
iii) Collateral required by the NBFC upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swap	-	-
v) The fair value of the swap book	1,446.21	6,653.17

**Exchange Traded interest rate (IR) derivatives : NIL****Disclosures on risk exposure of derivatives****Qualitative disclosures**

The Company has a Board approved policy in dealing with derivative transactions. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Company undertakes forward contracts for hedging on-balance sheet assets and liabilities. Such outstanding derivative transactions are accounted on accrual basis over the life of the underlying instrument. The Finance Resource Committee and Risk Management Committee closely monitors such transactions and reviews the risks involved.

Particulars	March 31, 2018	March 31, 2017
i) Derivatives (Notional principal amount)		
For Hedging	1,446.21	6,653.17
ii) Marked to Market Positions		
a) Asset (+)		
b) Liability (-)	(66.62)	(83.97)
iii) Credit Exposure	-	-
iv) Unhedged Exposure	-	-

**Manappuram Finance Limited****Annexure -IV Notes to Reformatted Summary Statement of Assets and Liabilities**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

**Note: 38) Utilisation of proceeds of public issue.**

During the Financial year 2014-15, the Company has raised Rs 2,785.52 (March 31, 2014 Rs 4,000 including Rs 2,000 representing application money towards redeemable non-convertible debenture pending allotment) by way of public issue of Secured Non Convertible Debentures (public issue) to be utilised to meet its various financing activities including lending and investment and towards business operations including Capital expenditure and working capital requirements. As at March 31, 2015, the Company has utilised the entire proceeds of the public issue, net of issue expenses in accordance with the objects stated in the offer document.

**Note: 39) 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: 40) Acquisition of subsidiary****For March 31, 2014**

The Company has pursuant to share purchase agreement dated March 12, 2014 acquired 100% of the Equity share capital of Manappuram Home Finance Company Private Limited ('Milestone') and also obtained majority control over the board of directors of Manappuram Home Finance. The effect of acquisition of this subsidiary on the consolidated financial position as at March 31, 2014 is as follows.

<b>Particulars</b>	<b>March 31, 2014</b>
<b>Equity and liabilities</b>	
<b>Shareholders' funds</b>	
Share capital	-
Reserves and surplus	(0.40)
<b>Current liabilities</b>	
Trade Payables	0.03
Short-term provisions	1.07
<b>TOTAL</b>	<b>0.70</b>
<b>Assets</b>	
<b>Non-current assets</b>	
Goodwill on consolidation	47.97
Non-current investments	(163.56)
<b>Current assets</b>	
Cash and bank balances	112.11
Other current assets	4.18
<b>Total</b>	<b>0.70</b>
Total revenue from operations and other income considered in the consolidated financial statements	0.35
Loss considered in the consolidated financial statements	0.40

**For March 31, 2015**

The Company has pursuant to share purchase agreement dated February 12, 2015 acquired 75% of the Equity share capital of Asirvad Microfinance Private Limited ('Asirvad') and also obtained majority control over the board of directors of Asirvad to 85% by additional investment. The effect of acquisition of this subsidiary on the consolidated financial position as at March 31, 2015 is as follows.

Particulars	March 31, 2015
<b>Equity and liabilities</b>	
<b>Shareholders' funds</b>	
Share capital	-
Reserves and surplus	60.50
Preference Share Capital	50.00
Minority Interest	153.87
<b>Non-current liabilities</b>	
Long-term borrowings	915.86
Other long-term liabilities	0.04
Long-term provisions	7.22
<b>Current liabilities</b>	
Trade Payables	16.59
Other current liabilities	1,611.19
Short-term provisions	30.86
<b>TOTAL</b>	<b>2,846.13</b>
<b>Assets</b>	
<b>Non-current assets</b>	
Goodwill on consolidation	281.88
Fixed assets	9.59
Non-current investments	(1,123.33)
Deferred tax assets (net)	13.60
Receivables under financing activity	695.83
Long-term loans and advances	8.73
Other Non-Current assets	153.34
<b>Current assets</b>	
Receivables under financing activity	1,946.95
Cash and cash equivalents	682.51
Short-term loans and advances	8.49
Other current assets	168.54
<b>Total</b>	<b>2,846.13</b>
Total revenue from operations and other income considered in the consolidated financial statements	98.30
Profit considered in the consolidated financial	13.37

**For March 31, 2016**

The Company has executed the share transfer deed on 21st December 2015 with Manappuram Insurance Brokers Private Limited (MAIBRO) for acquiring the 100% stake. The Board of MAIBRO has approved the allotment of share on January 01, 2016. The effect of acquisition of this subsidiary on the consolidated financial position as at March 31, 2016 is as follows.

<b>Particulars</b>	<b>March 31, 2016</b>
<b>Equity and liabilities</b>	
<b>Shareholders' funds</b>	
Share capital	-
Reserves and surplus	6.59
<b>Non-current liabilities</b>	
Long-term borrowings	-
Other long-term liabilities	-
Long-term provisions	-
<b>Current liabilities</b>	
Short-term borrowings	1.80
Trade Payables	0.06
Other current liabilities	1.68
Short-term provisions	-
<b>TOTAL</b>	<b>10.13</b>
<b>Assets</b>	
<b>Non-current assets</b>	
Goodwill on consolidation	6.86
Fixed assets	1.60
Non-current investments	(15.50)
Deferred tax assets (net)	0.45
Long-term loans and advances	-
Other Non-Current assets	-
<b>Current assets</b>	
Trade Receivables	-
Cash and cash equivalents	3.29
Short-term loans and advances	5.68
Other current assets	7.75
<b>Total</b>	<b>10.13</b>
Total revenue from operations and other income considered in the consolidated financial statements	13.27
Profit considered in the consolidated financial	6.59



**For March 31,2017**

No acquisition in the current year

**Note: 41) Agreement with MAS Financial Services Limited**

Asirvad has entered into agreements with MAS Financial Services Limited ('MAS') whereby Asirvad will undertake to disburse and manage loans on behalf of MAS. Asirvad will pay an interest of 15.25% to MAS and shall be entitled to retain the interest over and above the specified percentage for the services rendered. The Asirvad has received and disbursed advances amounting to Rs Nil (March 31, 2016 Nil, March 31, 2015 Rs.230, March 31, 2014 Nil ) from MAS during FY 2015-16 towards this activity. The interest payable on such portfolio and instalments collected and held in trust for MAS work out to Nil (March 31, 2016 Rs 23.87, March 31, 2015 Rs.38.86, March 31, 2014 Nil) which is disclosed under Note No.9 Other Current Liabilities. Asirvad is liable for the collection of the loans and any losses arising on default of the loans is to be borne by Asirvad. Asirvad has also given a cash collateral of Rs Nil (March 31, 2016 Rs.10.67, March 31, 2015 Rs.38.21, March 31, 2014 Nil) in the form of fixed deposits and a guarantee defined as a percentage of loan outstanding at any point of time.

**Note: 42) Agreement with Adhikar Microfinance Private Limited**

Asirvad has entered into an agreement dated 15 December 2013 with Adhikar Microfinance Private Limited ('Adhikar') whereby Adhikar will undertake to source the prospective borrowers, disburse the loans and manage the loans on behalf Asirvad. The loans will be recorded in the books of Asirvad and the interest income and fee on such loans shall be receivable by Asirvad. Asirvad shall pay a fee compensation equal to interest of 6% on the loans to Adhikar for the services rendered. The asirvad has disbursed such loans amounting to Nil with and portfolio outstanding of Nil as on March 31, 2017 (March 31, 2016 Nil, March 31, 2015 Rs. 17.89, March 31, 2014 Nil) , which is included in Microfinance Loan in Note 14 Loans and Advances. The fee paid to Adhikar during this period amounted to Nil(March 31, 2016 Rs. 0.34, March 31, 2015 Rs. 0.36, March 31, 2014 Nil ) which has been included under Commission in Note 21 Other expenses.

**Manappuram Finance Limited**  
**Annexure -IV Notes to Reformatted Summary Statement of Assets and Liabilities**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

**Note: 43) Specified Bank Note Disclosure**

**For March 31,2017**

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 denominatio n notes	Subsidi ary Note 43.5	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 43.2)	37.73	(37.73)	-	-
(+) Permitted receipts (Refer Note 43.4)	-	20,464.90	3.56	20,468.46
(+) Non Permitted receipts (Refer Note 43.3)	40.23	-	-	40.23
(-) Non Permitted payments (Refer Note 43.3)	(4.64)	-	-	(4.64)
(-) Permitted payments	(0.13)	(15,591.27)	(0.06)	(15,591.46)
(-) Amount deposited in Banks (Refer Note 43.4)	(1,369.20)	(4,370.55)	(3.95)	(5,743.70)
<b>Closing cash in hand as on December 30, 2016</b>	<b>-</b>	<b>670.03</b>	<b>0.03</b>	<b>670.06</b>

Note:

- 43.1 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.
- 43.2 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.
- 43.3 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.
- 43.4 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 Rs. 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.
- 43.5 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.
- 43.6 During the year ended 31 March 2017, the One of the subsidiary has remitted an amount of Rs. 3.00 (Tax - Rs. 2.40 and Penalty - Rs. 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 Rs. 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: 44)** During the year ended March 31, 2014, the Company has decided to consider average market price of gold that existed during the 90 days period ending on the reporting date instead of average market price of gold that prevailed subsequent to the balance sheet date till the date of approval of the financial statements and also decided to include loans which have completed six months tenure as against loans which have completed twelve months tenure for the estimation of expected recoverability of interest income. Had the Company followed the previous practice, the profit before tax for the year ended March 31, 2014 would have been higher by Rs. 39.43.

**Note: 45) Previous year figures**

Previous year figures have been regrouped/reclassified, where necessary, to conform current year's classification.

**For and on behalf of the Board of Directors**

**V.P. Nandakumar**

Managing Director & CEO  
DIN: 00044512

**B.N. Raveendra Babu**

Executive Director  
DIN: 00043622

**Bindhu AL**

Executive Vice President

**Ramesh Periasamy**

Company Secretary

Place:

Date :

**LIMITED REVIEW FINANCIAL INFORMATION**

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## INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

### TO THE BOARD OF DIRECTORS OF MANAPPURAM FINANCE LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **MANAPPURAM FINANCE LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the Quarter ended June 30, 2018 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement, which is the responsibility of the Parent's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Parent's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. The Statement includes the results of the following entities:
  - I. Manappuram Home Finance Limited
  - II. Asirvad Microfinance Limited
  - III. Manappuram Insurance Brokers Limited



4. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. The previously issued financial information of the Group for the quarter ended June 30, 2017 was prepared in accordance with the Companies (Accounting Standards) Rules, 2006 and were reviewed by the predecessor auditor (whose report dated August 10, 2017 was unmodified). These previously issued financial information have been restated to comply with Ind AS and included in this Statement as comparative financial information. The adjustments made to the previously issued financial information to comply with Ind AS have been reviewed by us.

Our report is not modified in respect of this matter.

**For DELOITTE HASKINS & SELLS LLP**

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

*S. Sundaresan*

S. Sundaresan  
Partner  
(Membership No.25776)



**BENGALURU, 9<sup>th</sup>** August, 2018

**STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS  
 FOR THE QUARTER ENDED JUNE 30, 2018**

(Rs. In Lakhs)

Sl No.	Particulars	Quarter Ended	
		June 30, 2018	June 30, 2017
		Unaudited	Unaudited
1	Revenue from Operations	93,581.85	83,138.17
2	Other income	1,136.23	2,492.78
3	<b>Total Revenue (1+2)</b>	<b>94,718.08</b>	<b>85,630.95</b>
4	<b>Expenses</b>		
	(a) Finance costs	29,431.77	25,798.94
	(b) Employee benefits expenses	16,981.03	14,470.32
	(c) Provision and write offs	1,546.14	5,497.97
	(d) Other expenses	13,970.29	12,787.05
	(d) Depreciation and amortisation expense	1,850.51	1,586.77
	<b>Total expenses</b>	<b>63,779.74</b>	<b>60,141.05</b>
5	<b>Profit before tax (3-4)</b>	<b>30,938.34</b>	<b>25,489.90</b>
6	Tax expense	10,939.34	8,950.99
7	<b>Profit for the Period (5-6)</b>	<b>19,999.00</b>	<b>16,538.91</b>
8	<b>Other Comprehensive Income</b>		
	(i) Items that will not be reclassified to profit or loss		
	Actuarial gain / (losses) on post retirement benefit plans	86.05	69.00
	(ii) Income tax on above	(30.07)	(23.45)
	<b>Total Other Comprehensive Income</b>	<b>55.98</b>	<b>45.55</b>
9	<b>Total Comprehensive Income for the period (7+8)</b>	<b>20,054.98</b>	<b>16,584.46</b>
10	<b>Net Profit attributable to:</b>		
	Owners of Parent	19,822.96	16,696.98
	Non -Controlling interests	176.04	(158.07)
11	<b>Other Comprehensive Income attributable to:</b>		
	Owners of Parent	54.94	45.91
	Non -Controlling interests	1.04	(0.36)
12	<b>Total Comprehensive Income attributable to:</b>		
	Owners of Parent	19,877.90	16,742.90
	Non -Controlling interests	177.08	(158.44)
13	Paid-up Equity share capital (Face Value of Rs.2/- per share)	16,850.70	16,839.00
14	Earnings per share *		
	(of Rs.2/- each)		
	(a) Basic (Rs.)	2.36	1.99
	(b) Diluted (Rs.)	2.35	1.99

\* Not annualised



**NOTES :**

1 The Group has adopted Indian Accounting Standard ("Ind AS") w.e.f April 1, 2018 and the effective date of transition is April 1, 2017. Accordingly, the above Consolidated unaudited financial results have been prepared in accordance with the recognition and measurement principle laid down in Ind AS 34 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with the relevant rules issued thereunder, the other accounting principles generally accepted in India and the Guidelines issued by the Reserve Bank of India ("RBI").

2 As required by paragraph 32 of Ind AS 101, the profit reconciliation between the figures previously reported under Previous GAAP and restated as per Ind AS is as under:

Particulars	(Rs. In Lakhs)
	Quarter Ended June 30, 2017 Unaudited
Net profit after tax as reported under previous GAAP	15,252.44
<b>Adjustments resulting in increase/(decrease) in net profit after tax reported under previous GAAP :</b>	
(i) Recognition of financial assets and financial liabilities at amortised cost by application of Effective Interest Rate Method	(145.12)
(ii) Expected Credit Loss method (ECL) and related adjustments for Loan & Advances as per Ind AS 109	2,619.60
(iii) Fair valuation of stock options as per Ind AS 102	(349.51)
(iv) ECL on Investments	2.13
(v) Fair Valuation of Security Deposits	15.34
(vi) Fair Valuation of derivatives	18.70
(vii) Reclassification of net Actuarial loss on employee defined benefit obligation to Other Comprehensive Income (OCI)	(35.02)
(viii) Tax impact on above adjustments	(839.65)
<b>Profit after tax as reported under Ind AS</b>	<b>16,538.91</b>
Other Comprehensive Income (net of tax)	45.55
<b>Total Comprehensive Income (after tax) as reported under Ind AS</b>	<b>16,584.46</b>

3 In compliance with Regulation 33 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, a limited review of unaudited consolidated financial results for the quarter ended June 30, 2018 has been carried out by the Statutory Auditors.

As permitted under circular no. CIR/CFD/FAC/62/2016 dated July 5, 2016 issued by SEBI, the Group has availed exemption for submission of Ind AS compliant consolidated unaudited financial results for the quarter ended March 31, 2018 and previous year ended March 31, 2018.

4 The above consolidated unaudited financial results were reviewed by the audit committee and recommended for approval and approved by the Board of Directors at their meeting held on August 9 2018.

5 During the quarter ended June 30,2018, the company allotted 1699 shares, pursuant to exercise of stock option by certain eligible employees.



*[Handwritten signature]*



**Manappuram Finance Limited**  
**Regd. & Corp. Office: IV/470A (Old) W/638(New), Manappuram House, Valapad, Thrissur - 680567**  
**CIN - L65910KL1992PLC006623**

- 6 The Group has reported segment information as per Indian Accounting Standard 108 (Ind AS 108) on 'Operating Segments'. As per Ind AS 108, segments are identified based on management's evaluation of financial information for locating resources and assessing performance. Accordingly, the Group has identified two reportable segments. 1. Gold loan and others 2. Microfinance.
- 7 The Board of Directors declared an Interim dividend of Rs.0.55 per equity share having face value of Rs. 2/-each.
- 8 The Company has maintained requisite full asset cover by way of floating charge on book debts and other unencumbered assets of the Company on its Secured Listed Non Convertible Debentures as at June 30, 2018.
- 9 Key standalone financial information is given below: (Rs. In Lakhs)

Sl No.	Particulars	Quarter Ended	
		June 30, 2018	June 30, 2017
		Unaudited	Unaudited
1	Total Income	78,279.70	73,839.80
2	Profit / (Loss) before tax	26,565.17	28,156.03
3	Profit / (Loss) after tax	17,115.87	18,295.13
4	Total Comprehensive Income	17,161.10	18,337.55

- 10 The comparative financial information of the Group for the Quarter ended June 30, 2017 included in these Ind AS unaudited consolidated financial results are based on the consolidated unaudited financial results prepared in accordance with the Companies (Accounting Standards) Rules, 2006 reviewed by the predecessor auditor whose report for the quarter ended June 30, 2017 expressed an unmodified opinion vide their review report dated August 10, 2017, on those financial results and have been restated to comply with Ind AS.



**Place : Valapad, Thrissur**  
**Date : August 9, 2018**

**By order of the Board of Directors**

  
**V.P.Nandakumar**  
 Managing Director & CEO  
 DIN: 00044512

**SEGMENTWISE DETAILS ON CONSOLIDATED BASIS FOR THE QUARTER ENDED JUNE 30, 2018**

(Rs. In Lakhs)

S.No	Particulars	Quarter Ended	
		June 30, 2018	June 30, 2017
		Unaudited	Unaudited
1	<b>Segment Revenue</b>		
	Gold Loan & Others	79,903.15	75,272.79
	Microfinance	14,814.94	10,358.16
	<b>Total Revenue</b>	<b>94,718.09</b>	<b>85,630.95</b>
2	<b>Segment Results (Profit before Tax)</b>		
	Gold Loan & Others	26,609.74	28,041.37
	Microfinance	4,328.60	-2,551.47
	<b>Total Results</b>	<b>30,938.34</b>	<b>25,489.90</b>
3	<b>Segment Assets</b>		
	Gold Loan & Others	15,61,046.35	12,99,827.70
	Microfinance	2,56,227.56	2,02,401.88
	<b>Total Segment Assets</b>	<b>18,17,273.91</b>	<b>15,02,229.57</b>
4	<b>Segment Liabilities</b>		
	Gold Loan & Others	12,02,143.04	9,46,513.37
	Microfinance	2,15,467.27	1,79,500.46
	<b>Total Segment Liabilities</b>	<b>14,17,610.31</b>	<b>11,26,013.83</b>



*[Handwritten Signature]*

## INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

### TO THE BOARD OF DIRECTORS OF MANAPPURAM FINANCE LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **MANAPPURAM FINANCE LIMITED** ("the Company"), for the Quarter ended June 30, 2018 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.



4. The previously issued financial information of the Company for the quarter ended June 30, 2017 was prepared in accordance with the Companies (Accounting Standards) Rules, 2006 and were reviewed by the predecessor auditor (whose report dated August 10, 2017 was unmodified). These previously issued financial information have been restated to comply with Ind AS and included in this Statement as comparative financial information. The adjustments made to the previously issued financial information to comply with Ind AS have been reviewed by us.

Our report is not modified in respect of this matter.

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



*S. Sundaresan*

S. Sundaresan  
Partner  
(Membership No.25776)

**BENGALURU, 9<sup>th</sup>** August, 2018

**STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS**  
**FOR THE QUARTER ENDED JUNE 30, 2018**

(Rs. In Lakhs)

Sl No.	Particulars	Quarter Ended-	
		June 30, 2018	June 30, 2017
		Unaudited	Unaudited
1	Revenue from Operations	78,104.60	71,870.60
2	Other income	175.10	1,969.20
3	<b>Total Revenue (1+2)</b>	<b>78,279.70</b>	<b>73,839.80</b>
4	<b>Expenses</b>		
	(a) Finance costs	22,771.60	20,306.26
	(b) Employee benefits expenses	13,733.63	11,747.40
	(c) Provision and write offs	1,135.11	705.21
	(d) Other expenses	12,376.69	11,450.70
	(d) Depreciation and amortisation expense	1,697.50	1,474.20
	<b>Total expenses</b>	<b>51,714.53</b>	<b>45,683.77</b>
5	<b>Profit before tax (3-4)</b>	<b>26,565.17</b>	<b>28,156.03</b>
6	Tax expense	9,449.30	9,860.90
7	<b>Profit for the Period (5-6)</b>	<b>17,115.87</b>	<b>18,295.13</b>
8	<b>Other Comprehensive Income</b>		
	(i) Items that will not be reclassified to profit or loss		
	Actuarial gain / (losses) on post retirement benefit plans	69.53	64.27
	(ii) Income tax on above	(24.30)	(21.85)
	<b>Total Other Comprehensive Income</b>	<b>45.23</b>	<b>42.42</b>
9	<b>Total Comprehensive Income for the period (7+8)</b>	<b>17,161.10</b>	<b>18,337.55</b>
10	Paid-up Equity share capital (Face Value of Rs.2/- per share)	16,850.70	16,839.00
11	Earnings per share * (of Rs.2/- each)		
	(a) Basic (Rs.)	2.04	2.18
	(b) Diluted (Rs.)	2.03	2.18

\* Not annualised



*[Handwritten Signature]*

**NOTES :**

- 1 The Company has adopted Indian Accounting Standard ("Ind AS") w.e.f April 1, 2018 and the effective date of transition is April 1, 2017. Accordingly, the above Standalone unaudited financial results have been prepared in accordance with the recognition and measurement principle laid down in Ind AS 34 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with the relevant rules issued thereunder, the other accounting principles generally accepted in India and the Guidelines issued by the Reserve Bank of India ("RBI").
- 2 As required by paragraph 32 of Ind AS 101, the profit reconciliation between the figures previously reported under Previous GAAP and restated as per Ind AS is as under:

Particulars	(Rs. In Lakhs)
	Quarter Ended 30-Jun-17 Unaudited
Net profit after tax as reported under Previous GAAP	18,776.70
<b>Adjustments resulting in increase/(decrease) in net profit after tax as reported under Previous GAAP :</b>	
(i) Recognition of financial assets and financial liabilities at amortised cost by application of Effective Interest Rate Method	(309.98)
(ii) Expected Credit Loss method (ECL) and related adjustments for Loan & Advances as per Ind AS 109	49.85
(iii) Fair valuation of stock options as per Ind AS 102	(315.03)
(iv) ECL on Investments	2.13
(v) Fair Valuation of Security Deposits	14.92
(vi) Fair Valuation of derivatives	18.70
(vii) Reclassification of net actuarial loss on employee defined benefit obligation to Other Comprehensive Income (OCI)	(42.42)
(viii) Tax impact on above adjustments	100.26
<b>Profit after tax as reported under Ind AS</b>	<b>18,295.13</b>
Other Comprehensive Income (net of tax)	42.42
<b>Total Comprehensive Income (after tax) as reported under Ind AS</b>	<b>18,337.55</b>

- 3 In compliance with Regulation 33 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, a limited review of standalone unaudited financial results for the quarter ended June 30, 2018 has been carried out by the Statutory Auditors.  
 As permitted under Circular no. CIR/CFD/FAC/62/2016 dated July 5, 2016 issued by SEBI, the Company has availed exemption for submission of Ind AS compliant standalone unaudited financial results for the quarter ended March 31, 2018 and previous year ended March 31, 2018.
- 4 The above Standalone unaudited financial results were reviewed by the audit committee and recommended for approval and approved by the Board of Directors at their meeting held on August 9, 2018.
- 5 During the quarter ended June 30, 2018, the company allotted 1699 shares, pursuant to exercise of stock option by certain eligible employees.
- 6 There is no separate reportable segment as per Ind AS 108 on Operating Segments in respect of the Company.
- 7 The Board of Directors declared an Interim dividend of Rs.0.55 per equity share having face value of Rs. 2/-each.
- 8 The Company has maintained requisite full asset cover by way of floating charge on book debts and other unencumbered assets of the Company on its Secured Listed Non Convertible Debentures as at June 30, 2018.
- 9 The comparative financial information of the Company for the Quarter ended June 30, 2017 included in these Ind AS unaudited financial results, are based on the unaudited financial results prepared in accordance with the Companies (Accounting Standards) Rules, 2006 reviewed by the predecessor auditor whose report for the quarter ended June 30, 2017 expressed an unmodified opinion vide their report dated August 10, 2017 on those unaudited financial results, and have been restated to comply with Ind AS.



By order of the Board of Directors

**V.P.Nandakumar**  
 Managing Director & CEO  
 DIN: 00044512

Place : Valapad, Thrissur  
 Date : August 9, 2018

**ANNEXURE B**  
**CARE RATING LETTER**  
APPENDED OVERLEAF

CARE/CRO/RL/2018-19/1239

Ms. Bindu A L

Chief General Manager

**Manappuram Finance Limited**

Manappuram House,

P.O Valapad – 680 567

Thrissur District (Kerala)

August 20, 2018

**Confidential**

Dear Madam,

**Credit rating for proposed Non-Convertible Debenture issue**

Please refer to your request for rating of proposed long-term non-convertible debenture (NCD) issue aggregating to Rs.1000 crore of your company. The proposed NCD would have tenure up to 10 years.

2. The following ratings have been assigned by our Rating Committee:

Instrument	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Proposed Non-Convertible Debenture issue	1000 (Rs. One thousand crore only)	<b>CARE AA; Stable (Double A; Outlook Stable)</b>	Assigned

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of **six months** from the date of our initial communication of rating to you (that is August 17, 2018).
4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.
5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

**CARE Ratings Limited**

(Formerly known as Credit Analysis & Research Limited)



Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors
-----------------	------	--------------------	-------------	----------------------	---------------------	-----------------	---	-----------------------------

6. Kindly arrange to submit to us a copy of each of the documents pertaining to the NCD issue, including the offer document and the trust deed.
7. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by August 21, 2018 we will proceed on the basis that you have no any comments to offer.
8. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
9. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
10. Users of this rating may kindly refer our website [www.careratings.com](http://www.careratings.com) for latest update on the outstanding rating.

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11. CARE ratings are **not** recommendations to buy, sell or hold any securities.

If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

Thanking you,

Yours faithfully,

*Tej Kiran*

[Tej Kiran G]

Analyst

[tej.kiran@careratings.com](mailto:tej.kiran@careratings.com)

*R. Ravisankar*

[Ravi Shankar R]

Manager

[ravi.s@careratings.com](mailto:ravi.s@careratings.com)

Encl.: As above

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

**Annexure  
Press Release  
Manappuram Finance Limited**

**Ratings**

Instruments	Amount (Rs. crore)	Ratings <sup>2</sup>	Rating Action
Non-Convertible Debenture issue (Proposed)	1000 (Rupees One thousand Crore only)	<b>CARE AA; Stable (Double A; Outlook: Stable)</b>	<b>Assigned</b>

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

The ratings assigned to the proposed Non-Convertible Debenture issue of Manappuram Finance Limited (MAFIL) factors in long track record and the established market position of MAFIL as one of the leading players in the gold loan industry in India, experienced promoters & management team, good profitability indicators, comfortable capitalisation level and liquidity position and adequate risk management & management information systems in place.

The ratings are, however, constrained by product concentration on a single asset class, exposure to price of gold and geographical concentration of the loan portfolio.

Going forward, ability of MAFIL to maintain comfortable capital adequacy levels, improve its asset quality, sustain its profitability while adhering to shorter tenure gold loans to mitigate price risk, diversify its product profile and any change in the regulatory scenario would be the key rating sensitivities.

**Detailed description of the key rating drivers**

**Key Rating Strengths**

**Long track record and established market position**

MAFIL has an established track record of operations for almost two decades in the gold loan financing segment and has consequently established a strong brand image in the market. MAFIL is one of the leading gold loan financiers in India. The company's consistent efforts in advertising and branding strategy have increased its brand recall significantly amongst customers.

**Experienced promoters and management team**

The promoters have been in the gold loan business for more than six decades. The business was founded by V.C. Padmanabhan in 1949 and in 1986, Shri. V. P. Nandakumar took over the business. Later in 1992, MAFIL was incorporated to expand the group's presence in gold loan business by opening branches pan India spanning 23 states and 4 union territories with 3,331 branches on June 30, 2018. The day to day

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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operations are looked after by a team of professionals overseen by the Board which comprises majority of independent directors with extensive experience in the NBFC sector.

***Good profitability supported by stable growth in AUM***

During FY18, AUM grew by 12% to Rs. 12,953 crore as on March 31, 2018 from Rs. 11,551 crore as on March 31, 2017. Gold loan portfolio grew by 5% from Rs. 11,135 crore as on March 31, 2017 to Rs. 11,735 crore as on March 31, 2018, whereas the gold disbursements grew by 18% during FY18. Post demonetization, Gold loans AUM witnessed declined from the peak level of Rs. 12,396 crore as on September 30, 2016 to Rs. 10,738 crore as on June 30, 2017. Disbursements slowly started to gain traction from Q3FY18 and subsequently Gold loan AUM increased to Rs. 11,735 crore as on March 31, 2018.

Disbursements increased to Rs. 23,119 crore during Q1FY19 and gold loan portfolio stood at Rs.12,464 crore as on June 30, 2018.

Yield on advances stood at 23.69% during FY18 against 27.28% during FY17. Yield during FY17 is high as the closing advances during FY17 was lower than average loan portfolio during the year. The decline in yield on advances is also due to increase in the share of lower yielding non-gold products from 3.69% as on March 31, 2017 to 9.40% as on March 31, 2018. Aided by decline in cost of borrowings from 11.16% in FY17 to 8.15% in FY18, NIM stood at 15.22% in FY18 against 15.85% in FY17.

Operating expenses to average total assets increased to 7.54% in FY18 from 6.69% in FY17 mainly due to increase in employee expenses on the account of additional recruitment of employees in vehicle finance segment and increase in security expenses. Post demonetisation, the management has increased the security at branches. With increase in Opex, ROTA slightly decreased to 5.06% in FY18 from 5.82% in FY17.

***Good asset quality***

With company focusing on shorter tenure loans, periodic collections of interest and follow-up of auction immediately, Asset quality has seen improved in FY18. GNPA and NNPA have improved to 0.54% and 0.33% as on March 31, 2018 as against 2.02% and 1.71% as on March 31, 2017. Net NPA to Networth stood at 2.07% as on March 31, 2018. As on March 31, 2018, 1+ DPD decreased from 22.29% as on March 31, 2017 to 12.10% as on March 31, 2018.

As on June 30, 2018, GNPA and NNPA remained at 0.73% and 0.34%.

***Comfortable capitalisation and liquidity position***

As on March 31, 2018, CAR remained comfortable at 26.96% as compared to 26.12% as on March 31, 2017 mainly due to accretion of profits to reserves. Tier I CAR stood at 26.57% as on March 31, 2018. Overall gearing stood at 2.73 times as on March 31, 2018. CAR and Tier I CAR stood at 25.54% and 25.15% as on June 30, 2018. CAR is likely to remain comfortable over the medium term.

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Asset liability maturity profile is comfortable as there are no cumulative mismatches in any of the buckets. This is due to longer tenure of the borrowings as compared to that of loans disbursed which is of short term in nature.

***Adequate risk management & management information systems in place***

Adequate risk management & management information systems in place MAFIL has put in place adequate risk management systems. Branch employees have been trained to appraise gold jewelry provided as security against loan by prospective borrowers. The company has implemented systems for ensuring the gold security and reducing the custodial risks, including highly secured vaults with dual control and insurance of gold. All the branches are monitored by surveillance cameras. The core gold loan application software, which was developed in-house by MAFIL team, is used by the branches and is linked to the financial software. Furthermore, all the branches are inter-connected which helps the company to extract various reports for monitoring all the branches on a day-to-day basis. The presence of adequate Information Technology and MIS ensures smooth functioning of operations and helps the senior management in exercising effective control of its operations.

**Prospects**

The gold loan industry has undergone various regulatory changes during FY13-14. These changes & guidelines in addition to downtrend in market prices of gold have impacted the growth, asset quality and profitability of the gold loan NBFCs in the two fiscal years ended March 2014. After this period, gold loan NBFCs have witnessed some stability in terms of AUM and profitability in FY15 and FY16. Post demonetization, there was a slowdown in disbursement. However, the disbursement again started picking up in H2FY18.

With track record of more than two decades, established brand name with wider branch network and healthy capitalization levels, MAFIL is better placed to benefit from upside growth in gold loan business. It has also ventured into micro finance and housing finance segment through its subsidiaries. This has resulted in improvement in portfolio diversification.

Going forward, ability of MAFIL to maintain comfortable capital adequacy levels, improve its asset quality, sustain its profitability while adhering to shorter tenure gold loans to mitigate price risk and any change in the regulatory scenario would be the key rating sensitivities.

**Key Rating Weaknesses**

**Product concentration; However, efforts being taken for portfolio diversification**

As on March 31, 2018, gold loans constitute around 91% of the total AUM as against 96% as on March 31, 2018. As a part of diversification strategy, during FY15, MAFIL has ventured into vehicle finance and LAP. The commercial vehicle finance and loan against property loan portfolio stood at Rs.625 crore and Rs.35 crore respectively as on March 31, 2018. MAFIL also started two wheeler loans in FY18 and the portfolio

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stands at around Rs.30 crore as on March 31, 2018. In addition to above segments, MAFIL has also started lending to corporate segment (primarily NBFCs) wherein due diligence done by another entity which co-lends along with MAFIL.

MAFIL has its presence in Microfinance and housing finance through its subsidiaries Asirvad Microfinance Limited (AMFL; rated CARE A+; Stable) and Manappuram Home Finance Private Limited (MHFL; CARE AA-; Stable). Amount of investments in subsidiaries stood at Rs. 370 crore as on March 31, 2018 against Rs. 320 crore as on March 31, 2017. AMFL has 840 branches spread across 20 states and Union Territories with an AUM of Rs. 2,438 crore as on June 30, 2018. As on June 30, 2018, Manappuram Home Finance Private Ltd had a loan book of Rs.406 crore. MAFIL has announced the acquisition of 85.39% stake in Indian School Finance Company Private Limited subject to approval from RBI and various regulatory authorities.

#### ***Geographical concentration***

MAFIL has presence in 23 states and 4 union territories across India with its 3,331 branches. Over the past few years the gold loans portfolio as a % of AUM in South India has been decreasing continuously. As on June 30, 2018, South India contributes to 60% of AUM. However, the portfolio is well distributed within South with Kerala, Tamil Nadu, Karnataka, Andhra Pradesh and Telangana.

#### **Analytical approach:**

Standalone

#### **Applicable Criteria**

Criteria on assigning Outlook to Credit Ratings

CARE's Policy on Default Recognition

Financial Ratios-Financial Sector

Criteria for Short Term Instruments

CARE's Rating Methodology for Non-Banking Finance Companies (NBFCs)

#### **About the Company**

Manappuram Finance Limited, (MAFIL) is a NBFC registered with RBI as non-deposit accepting loan company, headquartered in Valapad, Kerala. MAFIL is promoted by Mr. V.P. Nandakumar in 1992 and as on March 31, 2018, the promoters' stake in MAFIL stood at 34.64%. The other major stake holders of MAFIL are Baring India Private Equity (8.79%), Quinag Acquisition (Fpi) Ltd (6.86%), WF Asian Reconnaissance Fund Limited (3.99%), Barclays Merchant Bank (4.14%) and the rest is held by FIIs. The company offers loan against used jewellery/ gold ornaments and it constitutes around 91% of AUM as on March 31, 2018. During FY15, the company has ventured into commercial vehicle financing and it constitutes 5% of AUM as on March 31, 2018. The company has AUM of Rs. 13,788 crore and operates through 3,331 branches spread across 23 states and 4 Union territories as on June 30, 2018.

During FY18, the company's total income was Rs. 2,950 crore as against the total income of Rs. 3,009 crore in FY17. The company registered a PAT of Rs.700 crore in FY18 as against Rs.726 crore in FY17.

During Q1FY19, the company reported a PAT of Rs.171 crore on a total income of Rs.783 crore.

<b>Brief Financials (Rs. crore)</b>	<b>FY17 (A)</b>	<b>FY18 (A)</b>
Total income	3,009	2,950
PAT	726	700
Interest coverage (times)	2.11	2.35
Total Assets	13,088	14,607
Net NPA (%)	1.71	0.33
ROTA (%)	5.82	5.06

A: Audited

**Status of non-cooperation with previous CRA:**

Not Applicable

**Any other information:**

Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

**Analyst Contact:**

Name: P Sudhakar

Tel: 044-2850 1003

Email: [p.sudhakar@careratings.com](mailto:p.sudhakar@careratings.com)

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

### Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures	-	-	-	1000.00	CARE AA; Stable

### Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Debentures-Non Convertible Debentures	LT	390.00	CARE AA; Stable	1)CARE AA; Stable (06-Jul-18)	1)CARE AA; Stable (14-Aug-17)	1)CARE AA-; Stable (31-Dec-16) 2)CARE AA- (05-Aug-16) 3)CARE AA- (21-Jul-16)	1)CARE AA- (27-Aug-15) 2)CARE AA- (23-Jul-15)
2.	Fund-based - LT-Term Loan	LT	492.29	CARE AA; Stable	1)CARE AA; Stable (06-Jul-18)	1)CARE AA; Stable (14-Aug-17)	1)CARE AA-; Stable (31-Dec-16) 2)CARE AA- (21-Jul-16)	1)CARE AA- (27-Nov-15) 2)CARE AA- (26-Jun-15)
3.	Fund-based - ST-Working Capital Demand loan	ST	3320.00	CARE A1+	1)CARE A1+ (06-Jul-18)	1)CARE A1+ (14-Aug-17)	1)CARE A1+ (31-Dec-16) 2)CARE A1+ (21-Jul-16)	1)CARE A1+ (27-Nov-15) 2)CARE A1+ (26-Jun-15)
4.	Fund-based - LT-Cash Credit	LT	5187.71	CARE AA; Stable	1)CARE AA; Stable (06-Jul-18)	1)CARE AA; Stable (14-Aug-17)	1)CARE AA-; Stable (31-Dec-16) 2)CARE AA- (21-Jul-16)	1)CARE AA- (27-Nov-15) 2)CARE AA- (26-Jun-15)
5.	Debentures-Non Convertible Debentures	LT	150.00	CARE AA; Stable	1)CARE AA; Stable (06-Jul-18)	1)CARE AA; Stable (14-Aug-17)	1)CARE AA-; Stable (31-Dec-16) 2)CARE AA- (21-Jul-16) 3)CARE AA- (25-May-16)	-
6.	Debentures-Non Convertible Debentures	LT	40.00	CARE AA; Stable	1)CARE AA; Stable (06-Jul-18)	1)CARE AA; Stable (14-Aug-17)	1)CARE AA-; Stable (31-Dec-16) 2)CARE AA- (21-Jul-16) 3)CARE AA- (29-Jun-16)	-



7.	Commercial Paper	ST	3500.00	CARE A1+	1)CARE A1+ (06-Jul-18)	1)CARE A1+ (11-Sep-17)	-	-
8.	Debentures-Non Convertible Debentures	LT	100.00	CARE AA; Stable	1)CARE AA; Stable (06-Jul-18)	-	-	-
9.	Debentures-Non Convertible Debentures	LT	1000.00	CARE AA; Stable	-	-	-	-

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Ms. Bindu A L  
Chief General Manager  
**Manappuram Finance Limited**  
Manappuram House,  
P.O Valapad – 680 567  
Thrissur District (Kerala)

October 08, 2018

**Confidential**

Dear Madam,

**Validity of Credit rating for Non-Convertible Debenture issue of Rs.1000 crore  
(Unutilised amount of Rs. 1,000 crore as October 08, 2018)**

In continuation with our rating letter no. CARE/CRO/RL/2018-19/1239 dated August 20, 2018 conveying the rating assigned to the Non-Convertible Debenture issue of Rs. 1,000 crore (Unutilised amount of Rs.1,000 crore as on October 08, 2018), it is re-emphasised that the proposed Non-Convertible Debenture issue needs to be raised within a period of 6 months of the said date of letter after which it needs to be revalidated.

Once the Non-Convertible Debenture is placed, the rating is valid for the tenure of such instrument till redemption. Nevertheless, CARE reserves the right to undertake a review of the rating from time to time, based on circumstances warranting such review.

Thanking you,

Yours faithfully,

*R. Ravishanker*

**[Ravi Shankar R]**  
Manager

Encl.: As above

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**CARE Ratings Limited**  
(Formerly known as Credit Analysis & Research Limited)

**Ms. Bindu A L**  
Chief General Manager  
**Manappuram Finance Limited**  
Manappuram House,  
P.O Valapad – 680 567  
Thrissur District (Kerala)

September 17, 2018

**Confidential**

Dear Madam,

**Validity of Credit rating for Non-Convertible Debenture issue of Rs.1000 crore**  
**(Unutilised amount of Rs.1,000 crore as on September 16, 2018)**

In continuation with our rating letter no. CARE/CRO/RL/2018-19/1239 dated August 20, 2018 conveying the rating assigned to the Non-Convertible Debenture issue of Rs. 1,000 crore (Unutilised amount of Rs.1,000 crore as on September 16, 2018), it is re-emphasised that the proposed Non-Convertible Debenture issue needs to be raised within a period of 6 months of the said date of letter after which it needs to be revalidated.

Once the Non-Convertible Debenture is placed, the rating is valid for the tenure of such instrument till redemption. Nevertheless, CARE reserves the right to undertake a review of the rating from time to time, based on circumstances warranting such review.

Thanking you,

Yours faithfully,

*R. Ravishanker*

**[Ravi Shankar R]**  
Manager

Encl.: As above

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**CARE Ratings Limited**  
(Formerly known as Credit Analysis & Research Limited)

CARE/CRO/RR/2018-19/1069  
Ms. Bindu A L  
Chief General Manager  
**Manappuram Finance Limited**  
Manappuram House,  
P.O Valapad – 680 567  
Thrissur District (Kerala)

August 20, 2018

Dear Madam,

**Credit rating of proposed Non-Convertible Debenture issue**

Please refer to our letter dated August 20, 2018 on the above subject.

2. The rationale for the rating is attached as an **Annexure-I**.
3. We request you to peruse the annexed document and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by August 21, 2018 we will proceed on the basis that you have no comments to offer.

If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,

*R. Ravi Shankar*

Ravi Shankar R  
Manager

Encl.: As above

**CARE RATING RATIONALE**

APPENDED OVERLEAF

**Annexure-I**  
**Rating Rationale**  
**Manappuram Finance Limited**

**Ratings**

Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Non-Convertible Debenture issue ( Proposed)	1,000 <b>(Rupees One thousand crore only)</b>	<b>CARE AA; Stable (Double A; Outlook: Stable)</b>	<b>Assigned</b>

**Rating Rationale**

*The ratings assigned to the proposed non-convertible debenture issue of Manappuram Finance Limited (MAFIL) factors in long track record and the established market position of MAFIL as one of the leading players in the gold loan industry in India, experienced promoters & management team, good profitability indicators, comfortable capitalisation level and liquidity position and adequate risk management & management information systems in place.*

*The ratings are, however, constrained by product concentration on a single asset class, exposure to price of gold and geographical concentration of the loan portfolio.*

Going forward, ability of MAFIL to maintain comfortable capital adequacy levels, improve its asset quality, sustain its profitability while adhering to shorter tenure gold loans to mitigate price risk, diversify its product profile and any change in the regulatory scenario would be the key rating sensitivities.

**Background**

Manappuram Finance Limited, (MAFIL) is a NBFC registered with RBI as non- deposit accepting loan company, headquartered in Valapad, Kerala. MAFIL is promoted by Mr. V.P. Nandakumar in 1992 and as on March 31, 2018, the promoters' stake in MAFIL stood at 34.64%.The other major stake holders of MAFIL are Baring India Private Equity (8.79%), Quinag Acquisition (Fpi) Ltd (6.86%), WF Asian Reconnaissance Fund Limited (3.99%), Barclays Merchant Bank (4.14%) and the rest is held by FIs. The company offers loan against used jewellery/ gold ornaments and it constitutes around 91% of AUM as on March 31, 2018. During FY15, the company has ventured into commercial vehicle financing and it constitutes 5% of AUM as on March 31, 2018. The company has AUM of Rs. 13,788 crore and operates through 3,331 branches spread across 23 states and 4 Union territories as on June 30, 2018.

MAFIL has presence in microfinance and housing finance segments through its subsidiaries, namely, Asirvad Microfinance Limited (AMFL; rated CARE A+; Stable) and Manappuram Home Finance Private Limited (MHFL; rated CARE AA-; Stable). MHFL is a wholly owned subsidiary of MAFIL whereas MAFIL holds 90.39% in AMFL. As on June 30, 2018, AMFL and MHFL has AUM of Rs. 2,438 Crore and Rs.406 Crore respectively.

**Credit Risk Assessment**

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

### ***Long track record and established market position***

MAFIL has an established track record of operations for almost two decades in the gold loan financing segment and has consequently established a strong brand image in the market. MAFIL is one of the leading gold loan financiers in India. The company's consistent efforts in advertising and branding strategy have increased its brand recall significantly amongst customers.

### ***Experienced promoters and management team***

The promoters have been in the gold loan business for more than six decades. The business was founded by V.C. Padmanabhan in 1949 and in 1986, Shri. V. P. Nandakumar took over the business. Later in 1992, MAFIL was incorporated to expand the group's presence in gold loan business by opening branches pan India spanning 23 states and 4 union territories with 3,331 branches on June 30, 2018. The day to day operations are looked after by a team of professionals overseen by the Board which comprises majority of independent directors with extensive experience in the NBFC sector.

### ***Focus on relatively shorter tenure loan to mitigate price risk***

To delink the gold loans from the gold price fluctuations, MAFIL focused on extending shorter term loans of less than 3 months from April 2016, so that the gap between scrap values of gold kept as collateral and obligation of the borrower is minimized and company does not face any losses at the time of recovery through auction.

However due to severe comperation in the gold finance industry and to retain the customers who require longer tenure loans, MAFIL started extending 6 month, 9 month and 12 month loans at lower LTVs during FY18.. However, management's focus will be on 3 month loans. MAFIL is also put in place a system to follow up for interest collection on monthly basis.

The share of shorter tenure (below 3 months) loans stood at as 91.58% on March 31, 2018 as against 99.87% as on March 31, 2017. MAFIL started accelerating the process of auctioning of the loan to avoid under recovery in case of fall in gold prices. The under recovery during auction in FY18 is Rs.29 crore as against Rs.42 crore in FY17.

### ***Good profitability supported by stable growth in AUM***

During FY18, AUM grew by 12% to Rs. 12,953 crore as on March 31, 2018 from Rs. 11,551 crore as on March 31, 2017. Gold loan portfolio grew by 5% from Rs. 11,137 crore as on March 31, 2017 to Rs. 11,735 crore as on March 31, 2018, whereas the gold disbursements grew by 18% during FY18. Post demonetization, Gold loans AUM witnessed declined from the peak level of Rs. 12,396 crore as on September 30, 2016 to Rs. 10,738 crore as on June 30, 2017. Disbursements slowly started to gain traction from Q3FY18 and subsequently Gold loan AUM increased to Rs. 11,735 crore as on March 31, 2018.

Yield on advances stood at 23.69% during FY18 against 27.28% during FY17. Yield during FY17 is high as the closing advances during FY17 was lower than average loan portfolio during the year. The decline in yield on advances is also due to increase in the share of lower yielding non-gold products from 3.69% as on March 31, 2017 to 9.40% as on March 31, 2018. Aided by decline in cost of borrowings from 11.16% in FY17 to 8.15% in FY18, NIM stood at 15.22% in FY18 against 15.85% in FY17.

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#### **Good Asset Quality**

With company focusing on shorter tenure loans, periodic collections of interest and follow-up of auction immediately, Asset quality has seen improved in FY18. GNPA and NNPA have improved to 0.54% and 0.33% as on March 31, 2018 as against 2.02% and 1.71% as on March 31, 2017. Net NPA to Networth stood at 2.07% as on March 31, 2018. As on March 31, 2018, 1+ DPD decrease from 22.29% as on March 31, 2017 to 12.10% as on March 31, 2018.

As on June 30, 2018, GNPA and NNPA remained at 0.73% and 0.34%.

#### **Comfortable capitalisation and liquidity position**

As on March 31, 2018, CAR remained comfortable at 26.96% as compared to 26.12% as on March 31, 2017 mainly due to accretion of profits to reserves. Tier I CAR stood at 26.57% as on March 31, 2018. Overall gearing stood at 2.73 times as on March 31, 2018. CAR and Tier I CAR stood at 25.54% and 25.15% as on June 30, 2018. CAR is likely to remain comfortable over the medium term.

Asset liability maturity profile is comfortable as there are no cumulative mismatches in any of the buckets. This is due to longer tenure of the borrowings as compared to that of loans disbursed which is of short term in nature.

#### **Adequate risk management & management information systems in place**

MAFIL has put in place adequate risk management systems. Branch employees have been trained to appraise gold jewelry provided as security against loan by prospective borrowers. In addition, one more employee designated as gold appraiser in each branch also verifies the same. The company has implemented systems for ensuring the gold security and reducing the custodial risks, including highly secured vaults with dual control and insurance of gold. All the branches are monitored by surveillance cameras. MAFIL has a team of around 789 internal auditors spread across the region, for auditing of the branches. Branch audits and head office audits that are part of internal audits takes place once in two months. Verification of cash, inventory, gross weight, net weight of pledges, quality of the gold pledged, verification of gold loans, including KYC compliance takes place at branch audit by gold loan inspectors and by the internal audit team.

The core gold loan application software, which was developed in-house by MAFIL team is used by the branches and is linked to the financial software. Furthermore, all the branches are interconnected which helps the company to extract various reports for monitoring all the branches on a day-to-day basis. The presence of adequate Information Technology and MIS ensures smooth functioning of operations and helps the senior management in exercising effective control of its operations.

**Product concentration; However, efforts being taken for portfolio diversification** As on March 31, 2018, gold loans constitute around 91% of the total AUM as against 96% as on March 31, 2017. As a part of diversification strategy, during FY15, MAFIL has ventured into vehicle finance and LAP. The commercial vehicle finance and loan against property loan portfolio stood at Rs.625 crore and Rs.35 crore respectively as on March 31, 2018. MAFIL also started two

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wheeler loans in FY18 and the portfolio stands at around Rs.30 crore as on March 31, 2018. In addition to above segments, MAFIL has also started lending to corporate segment (primarily NBFCs) wherein due diligence done by another entity which co-lends along with MAFIL.

MAFIL has its presence in Microfinance and housing finance through its subsidiaries Asirvad Microfinance Limited (AMFL; rated CARE A+; Stable) and Manappuram Home Finance Private Limited (MHFL; CARE AA-; Stable). Amount of investments in subsidiaries stood at Rs. 370 crore as on March 31, 2018 against Rs. 320 crore as on March 31, 2017. AMFL has 840 branches spread across 20 states and Union Territories with an AUM of Rs. 2,438 crore as on June 30, 2018. As on June 30, 2018, Manappuram Home Finance Private Ltd had a loan book of Rs.406 crore. MAFIL has announced the acquisition of 85.39% stake in Indian School Finance Company Private Limited subject to approval from RBI and various regulatory authorities.

#### ***Geographical concentration***

MAFIL has presence in 23 states and 4 union territories across India with its 3,331 branches. Over the past few years the gold loans portfolio as a % of AUM in South India has been decreasing continuously. As on June 30, 2018, South India contributes to 60% of AUM. However, the portfolio is well distributed within South with Kerala, Tamil Nadu, Karnataka, Andhra Pradesh and Telangana.

#### ***Industry and Prospects***

The gold loan industry has undergone various regulatory changes during FY13-14. These changes & guidelines in addition to downtrend in market prices of gold have impacted the growth, asset quality and profitability of the gold loan NBFCs in the two fiscal years ended March 2014. After this period, gold loan NBFCs have witnessed some stability in terms of AUM and profitability in FY15 and FY16. Post demonetization, there was a slowdown in disbursement. However, the disbursement again started picking up in H2FY18.

With track record of more than two decades, established brand name with wider branch network and healthy capitalization levels, MAFIL is better placed to benefit from upside growth in gold loan business. It has also ventured into micro finance and housing finance segment through its subsidiaries. This has resulted in improvement in portfolio diversification and return on assets at consolidated level.

Going forward, ability of MAFIL to maintain comfortable capital adequacy levels, improve its asset quality, sustain its profitability while adhering to shorter tenure gold loans to mitigate price risk and any change in the regulatory scenario would be the key rating sensitivities.

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**Financial Performance:**

Rs. crore

<b>As on March 31</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<b>(12m, A)</b>	<b>(12m, A)</b>	<b>(12m, A)</b>
Interest Income	2,203	2,981	2,899
<b>Total Income</b>	<b>2,217</b>	<b>3,009</b>	<b>2,950</b>
Interest expense & financial charges	884	1,003	791
Net interest income	1,319	1,978	2,108
Operating Expenses	729	777	984
Depreciation	53	58	61
Total Provision / Write offs	32	56	48
PBT	519	1115	1067
Tax	182	389	366
<b>PAT</b>	<b>337</b>	<b>726</b>	<b>700</b>
Net worth	2,737	3,252	3,746
Total Debt	8,800	9,163	10,241
Total Portfolio	10,306	11,551	12,923
Total Assets	11,911	13,088	14,607
<b>Key Ratios (%)</b>			
Overall Gearing (times)	3.27	2.82	2.73
Interest coverage (times)	1.59	2.11	2.35
Tier I CAR %	23.48	25.73	26.57
Total CAR %	24.00	26.12	26.96
<b>Profitability Ratios (%)</b>			
Interest Income / Average Interest Earning Assets (A)	22.50	27.28	23.69
Interest expense / Average Borrowed funds (B)	10.28	11.16	8.15
Interest Spread (A) - (B)	12.22	16.11	15.53
Net Interest Margin	11.26	15.85	15.22
Cost to Income	58.65	41.65	48.39
Operating Expenses/Avg. Total Assets	6.74	6.69	7.54
ROTA (PAT / Average Total Assets)	2.91	5.82	5.06
<b>Asset Quality Ratios</b>			
Gross NPA Ratio	0.97*	2.02#	0.54#
Net NPA Ratio	0.75*	1.71#	0.33#
Net NPA to Net worth	2.84*	6.06#	2.07#

A – Audited; \* - based on 120+dpd # 90+dpd

Note: Ratios have been computed based on average of annual opening and closing balances

NIM has been calculated as net interest income/ average annual total assets

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

**ANNEXURE C**  
**BRICKWORK RATING LETTER**  
APPENDED OVERLEAF



SEBI Registered  
RBI Accredited  
NSIC Empanelled

**BWR/NCD/HO/ERC/VS/0351/2018-19**

**29 Aug 2018**

**Ms. Bindu A.L**

EVP - Finance & Accounts

**Manappuram Finance Limited**

IV/470(old) W638A (New), Manappuram House, Valapad, Thrissur  
Kerala - 680567

Dear Madam,

**Sub: Rating of Manappuram Finance Limited proposed NCD issue of ₹ 1000 Crs (₹ One Thousand Crores Only) with a tenor up to 10 years and review of outstanding NCD issue of Rs 3 Crs.**

Thank you for giving us an opportunity to undertake rating of Proposed NCD issue of Rs. 1000 Crores of Manappuram Finance Limited. Based on the term sheet of the NCD shared with us, information and clarifications provided by your company, as well as information available in public sources, Brickwork Ratings is pleased to inform you that **Manappuram Finance Limited's proposed NCD issue of ₹ 1000 Crs** has been assigned a rating of **BWR AA+ (Pronounced as BWR Double A Plus) (Outlook:Stable)**.

We are pleased to inform you that Brickwork Ratings has also upgraded the rating of Manappuram Finance Ltd.'s outstanding Secured NCD issue as detailed below:

Issue	Issue Size (Rs Crs)	ISIN	Previous Rating	Present Rating
Secured NCD	3 (reduced from 54.70)	INE522D07552	BWR AA (Pronounced as BWR Double A) Outlook: Stable	BWR AA+ (Pronounced as BWR Double A Plus) Outlook: Stable

Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

The Rating is valid for one year from the date of this letter and subject to the terms and conditions that were agreed in your mandate dated 17 Aug 2018 and other correspondence, if any and Brickwork Ratings standard disclaimer appended below. Brickwork Ratings would conduct surveillance every year till maturity/redemption of the instrument. Please note that Brickwork Ratings would need to be kept informed of any significant information/development that may affect your Company's finances/performance without any delay. **You are also requested to submit "No Default Statement" on a monthly basis.**

In View of the above the earlier rating letter with reference number BWR/NCD/HO/ERC/VS/0324/2018-19 dated 22 Aug 2018 stands superseded.

Best Regards,

  
**Vidya Shankar**  
CGM-Ratings

**Note: Rating Rationale of all accepted Ratings are published on Brickwork Ratings website. All non-accepted ratings are also published on Brickwork Ratings web-site . Interested persons are well advised to refer to our website [www.brickworkratings.com](http://www.brickworkratings.com), If they are unable to view the rationale, they are requested to inform us on [brickworkhelp@brickworkratings.com](mailto:brickworkhelp@brickworkratings.com).**

**Disclaimer:** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.

3rd Floor, Raj Alkaa Park, Kalena Agrahara, Bannerghatta Road, Bengaluru - 560 076

Phone: +91 80 4040 9940 • Fax: +91 80 4040 9941 | [info@brickworkratings.com](mailto:info@brickworkratings.com) • [www.BrickworkRatings.com](http://www.BrickworkRatings.com)

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C-2

CIN: U67190KA2007PTC043591



**Rating Rationale**

**Manappuram Finance Limited**

**Brickwork Ratings assigns the following ratings for the Proposed Non-Convertible Debentures of ₹. 1000.00 Crores and also upgrades the ratings of following outstanding NCD issue of Manappuram Finance Limited. (hereafter referred to as “MFL” or “Company”)**

**Particulars**

<b>Instrument</b>	<b>Amount (Rs in Crs)</b>	<b>Tenure</b>	<b>Rating*</b>
<b>Proposed NCD</b>	1000	Upto 10 years	<b>BWR AA+ (Pronounced as BWR Double A Plus) (Outlook: Stable)</b>

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

**BWR also upgrades the rating assigned to the following outstanding issue:**

<b>Instrument</b>	<b>Outstanding amount (Rs in Crs)</b>	<b>Tenure</b>	<b>ISIN</b>	<b>Outstanding Rating</b>	<b>Revised Rating</b>
<b>NCD</b>	3	Upto 10 years	INE522D07552	<b>BWR AA (Pronounced as BWR Double A) (Outlook: Stable)</b>	<b>BWR AA+ (Pronounced as BWR Double A Plus) (Outlook: Stable) (Upgraded)</b>

**Rating Assigned/Upgradation**

**Rationale/Description of Key Rating Drivers/Rating sensitivities:**

BWR has principally relied upon the audited financial results of the Company up to FY18, unaudited financials for Q1FY19, publicly available information and information/clarifications provided by the Company’s management.



SEBI Registered  
RBI Accredited  
NSIC Empanelled

**BWR/NCD/HO/ERC/VS/0458/2018-19**

**11 Oct 2018**

**Ms. Bindu A.L**

EVP - Finance & Accounts

**Manappuram Finance Limited**

IV/470(old) W638A (New), Manappuram House, Valapad, Thrissur  
Kerala - 680567

Dear Madam,

**Sub: Validation of Rating – Manappuram Finance Ltd – Proposed NCD issue (Public) of Rs 1000 Crs with a tenor of upto 10 years.**

Ref: Your email request dated Oct 8, 2018

We wish to advise that your Company's aforementioned Proposed NCD issue of Rs 1000 Crs carries **BWR AA+ (Pronounced BWR Double A Plus) (Outlook: Stable)** rating as advised vide our letter BWR/NCD/HO/ERC/VS/0351/2018-19 dated 29 Aug 2018. The rating is valid up to 29 Aug 2019. We note that the Company has not utilized the said amount.

Instruments with BWR AA+ rating are considered to have **high degree of safety** regarding timely servicing of financial obligations. Such instruments carry **very low credit risk**.

Please note that all the terms and conditions of our earlier letter BWR/NCD/HO/ERC/VS/0351/2018-19 dated 29 Aug 2018 remains unchanged.

On completion of borrowing, please furnish details of security creation and other aspects related to the borrowing.

Best Regards,

**Vidya Shankar**  
**Chief General Manager – Ratings**



**Disclaimer:** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.

**Brickwork Ratings India Pvt. Ltd.**

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CIN: U67190KA2007PTC043591

**BRICKWORK RATING RATIONALE**

APPENDED OVERLEAF



The rating assignment/upgradation factors the considerable increase in size of the Company over the past 5 years in terms of AUM, Net Interest Income (NII) & branches, significant improvement in the earning indicators, declining cost of borrowings, diversified funding profile, comfortable capitalization & gearing level, comfortable liquidity position, Company's strategic initiatives to strengthen the core gold loan business while simultaneously diversifying into other synergistic areas and the continuous evolution in technology.

The rating continues to derive strength from the experienced & professional management of the Company, long track record and established brand of Manappuram in gold loan industry and adequate systems & processes in place. The rating is however, constrained by the inherent risks associated with Gold Loan Business.

### **Description of Key rating drivers:**

#### **Credit Strengths:**

- **Established track record:** Manappuram Finance Ltd. is one of India's leading gold loans NBFCs engaged in providing finance against used household gold ornaments. Incorporated in 1992, the Company is promoted by Mr. V.P. Nandakumar (current MD & CEO) whose family has been involved in gold loans since 1949.
- **Sizeable AUM with diversified portfolio:** MFL's assets under management has consistently grown in the past 5 years from Rs 8,163 crs to Rs 15,765 Crs as on 31st Mar 2018 witnessing a CAGR of 14.07%. Diversified portfolio where Gold Loans constitutes 75%, Microfinance 16%, Housing 2.4% , VEF 4% and Corporate loan & Others constituting 3.8% of Consolidated AUM in FY18 characterises the portfolio of MFL.
- **Strong and Sustained Asset Quality:** MFL has always maintained a healthy asset quality and Gross NPA of 0.6% as on 31st Mar 2018 is the lowest in the Gold Loan Industry. For the last 5 years except in FY17, the Company has always maintained Gross NPA levels well below 1.5%; this was possible due to adoption of stringent lending policies and technologically advanced loan processing tools.
- **Comfortable capital adequacy:** MFLs has maintained adequate capital adequacy which stood at 27% as on 31st Mar 2018 which is well above the minimum prescribed levels of 15% by the regulators.

#### **Credit Risks:**





- **Inherent risks associated with NBFCs:** Being a gold loan finance company, MFL is exposed to inherent risks such as price fluctuation of Gold, operational risks, and severe competition. Since the Company operates under highly regulated environment, it is also exposed to policy changes.
- **Geographical and Product concentration risk:** MFLs loan portfolio is largely concentrated, i.e., about 60% of total loans to southern states of India and 75% of loans are gold loans which exposes the company to geographical and product concentration risks.

### **Rating Outlook: Stable**

BWR believes the **Manappuram Finance Ltd.**'s business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### **About the Company**

Manappuram Finance Limited, formerly Manappuram General Finance and Leasing Limited, is the Group's flagship Company and was established in 1992 in Thrissur (Kerala). It is a non-deposit taking NBFC and is mainly engaged in providing retail advances against Household Used Gold Jewellery. Manappuram is promoted by Mr. V P Nandakumar whose family has been involved in gold loans since 1949. Promoter & Promoter Group has a holding of 34.64% as of June 30, 2018. It is listed on both NSE and BSE.

Mr. V P Nandakumar is the Managing Director and CEO of Manappuram Finance Limited. Mr. Jagdish Capoor is the Chairman and Independent/ Non-Executive Director on the Board of MFL. Besides him, the Board has five more Independent/ Non-Executive Directors and one Nominee Director who are eminent people with vast experience in financial sector. The Company has a team of well-qualified and experienced professionals looking after credit, risk, marketing, audit and other support functions.

MFL is mainly engaged in providing Loan against gold and has diversified into other synergistic products like MFI loans, Commercial Vehicle loans, small size Housing loans through its subsidiaries. It has established pan-India presence, with a strong distribution network of 4,207 branches spread across 24 states and 4 union territories as of June 30, 2018. Out of the total network only 40 branches are located in flood affected areas in Kerala and since the offices are



located in first floor and higher, there were no damages reported. The fact that only about 7% of the total business comes from the state of Kerala also provides additional comfort. Besides, the Company has obtained adequate insurance cover, inter alia, against natural calamities.

### **Proposed terms of NCD:**

The proposed NCD issue of Rs 1000 Crs with a tenor of upto 10 years will be utilized for onward lending and will be secured by receivables (pari passu) to the extent of 1x times and will be redeemed at maturity.

### **Company Financial Performance**

The Company's Asset Under Management, at consolidated level, has increased from Rs. 13,657 Crs as of March 31, 2017 to Rs 15,765 Crs as on 31st March 2018, a y-o-y growth of 15.43%. As of March 31, 2017, Gold loan, MFI loans, Housing loans and Commercial Vehicle loans constituted 74%, 15%, 2% and 4%, respectively in the consolidated AUM.

As of March 31, 2018, MFL's Gross NPA & Net NPA stood at 0.54% (2.02% as of March 31, 2017) and Net NPA stood at 0.33% (1.71% as of March 31, 2017) respectively recognized based on 90 dpd. The Provision Coverage Ratio is at 38.48% as of March 31, 2018 (16%). Its capital adequacy in the form of CRAR stood at 26.97% as of March 31, 2018 which is well above the RBI's minimum stipulated requirement of 15%. Tier I CRAR was at 26.57%. MFL's Tangible Net Worth increased from Rs. 3,307 Crs as of March 31, 2017 to Rs 3,812 Crs mainly on account of retention of profits for the year.

As of March 31, 2018, on a standalone basis, Company's borrowings aggregated Rs. 10,241 Crs constituting Bank borrowings of 52.63%, Commercial Papers of 28.45% and Debentures of 18.83%. The Company's cost of borrowing fell from 9.7% in FY17 to 8.7% in FY18. The Company has a comfortable liquidity profile as the tenure of its assets is well matched with the tenure of its liabilities. Net Interest Margin (NIM) was at 16.23% in FY18 (16.62% in FY17), ROA was at 4.77% in FY18 (5.52%) and ROE was 18.36 % in FY18 (21.93%).

In FY18, on a consolidated basis MFL has reported PAT of Rs 670.91 Crs (Rs.755.85 Crs PAT in FY17) on Net Interest Income (Total Income from Operations net of Interest Expenses) of Rs.2395.7 Crs (Rs.2218.99 Crs in FY17).

**Q1FY19 Financials:** On a standalone basis, for Q1FY19 the Company's Loan portfolio stood at Rs 13,788 Crs when compared to Rs 11,233 Crs in Q1FY18. NII and PAT for Q1FY19 stood at



Rs 555 Crs and 171 Crs respectively. Its capital adequacy ratio was at 25.54% percent as of June 30, 2018.

Total consolidated operating income during the quarter stood at Rs. 935.82 Crores, an increase of 12.56 percent in comparison to Rs. 831.38 Crores reported in the year ago quarter. Consolidated net profit for the quarter ended June 30, 2018 jumped to Rs. 198.77 Crores, an increase of 18.72 percent over Rs. 167.43 Crores recorded in Q1 of the previous fiscal.

Consolidated assets under management (AUM) grew by 24.20 percent to Rs.16,617.86 Crores from Rs. 13,379.84 Crores reported in the year ago quarter.

**Rating History for the last three years (including withdrawn/suspended ratings)**

Sl. No.	Instrument	Current Rating (Aug 2018)			Rating History			
		Type	Amount (RsCrs)	Rating	June 2018	Jul 2017	Jul 2016	2015
1.	Proposed NCD	Long Term	1000	BWR AA+ (Stable) (Assigned)	-	-	-	-
2.	NCD	Long Term	3 (Reduced from 54.70)	BWR AA+ (Outlook: Stable) (Upgradation)	BWR AA (Outlook: Stable)	BWR AA (Outlook: Stable)	BWR AA- (Outlook: Stable)	-

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
  - [Banks & Financial Institutions](#)



Analytical Contacts	Media
<b>Vidya Shankar</b> Chief General Manager - Ratings	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<b>Relationship Contact</b> <a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone: 1-860-425-</b>	

**For print and digital media**

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

**DISCLAIMER**

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**ANNEXURE D**  
**CONSENT OF THE DEBENTURE TRUSTEE**  
APPENDED OVERLEAF

Date: August 24, 2018

To,

**The Board of Directors**  
**Manappuram Finance Limited**  
IV/470A(old) W638A(new)  
Manappuram House  
Valapad, Thrissur  
Kerala – 680567

**Sub: Proposed public issue by Manappuram Finance Limited (the “Company”) of secured, redeemable, non-convertible debentures of face value of Rs. 1,000 each (“NCDs”) aggregating upto Rs. 1,000 Crores**

Dear Sirs,

We, the undersigned, hereby consent to act as debenture trustee to the Issue and to our name being inserted as debenture trustee to the Issue in (i) the draft shelf prospectus (“**DSP**”) which the Company intends to file with the BSE Limited, the designated stock exchange (“**BSE**”) for the purpose of receiving public comments and submitted with the Securities and Exchange Board of India (“**SEBI**”); (ii) the shelf prospectus proposed to be filed with the Registrar of Companies, Kerala (the “**RoC**”) and submitted to SEBI and the BSE; (iii) one or more tranche prospectus proposed to be filed with the RoC and submitted to SEBI and the BSE in relation to the Issue; (iv) the abridged prospectus; and (v) all related advertisements and the subsequent communications sent to the holders of NCDs pursuant to the Issue. The NCDs are proposed to be listed on the BSE.

We also authorise you to deliver a copy of this letter of consent to the RoC pursuant to Section 26 of the Companies Act, 2013, as amended, the SEBI, the BSE and any other regulatory authorities as may be required. The following details with respect to us may be disclosed:

Logo:



Name: Catalyst Trusteeship Limited (Formerly GDA Trusteeship Limited)  
Address: ‘GDA House’, Plot No 85, Bhusari Colony (Right),  
Kothrud, Pune – 411038  
Tel: 022 - 49220543  
Fax: 022 - 49220505  
Email: [ComplianceCTL-Mumbai@ctltrustee.com](mailto:ComplianceCTL-Mumbai@ctltrustee.com)  
Investor Grievance Email: [grievance@ctltrustee.com](mailto:grievance@ctltrustee.com)  
Website: [www.catalysttrustee.com](http://www.catalysttrustee.com)  
Contact Person: Umesh Salvi  
Compliance Officer: Shamala Nalawade  
SEBI Registration No.: IND000000034  
CIN: U74999PN1997PLC110262



**CATALYST TRUSTEESHIP LIMITED** (FORMERLY GDA TRUSTEESHIP LIMITED)

An ISO:9001 Company

**Mumbai Office** Office No. 83 - 87, 8th Floor, B Wing, Mittal Tower, Nariman Point, Mumbai 400 021 Tel +91 (022) 4922 0555 Fax +91 (022) 4922 0505  
**Regd. Office** CDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune 411 038 Tel +91 (020) 25280081 Fax +91 (020) 25280275  
**Delhi Office** Office No. 213, 2nd floor, Navrang House, 21 Kasturba Gandhi Marg, New Delhi- 110 001. Tel. 011 43028101.  
**CIN No.** U74999PN1997PLC110262 Email [dt@ctltrustee.com](mailto:dt@ctltrustee.com) Website [www.catalysttrustee.com](http://www.catalysttrustee.com)  
Pune | Mumbai | Bengaluru | Delhi | Chennai



We agree to keep strictly confidential, until such time as the proposed transaction is publicly announced by the Company in the form of a press release, (i) the nature and scope of this transaction; and (ii) our knowledge of the proposed Issue by the Company.

We enclose a copy of our registration certificate and declaration regarding our registration with SEBI in the required format in **Annexure A**. We also certify that our registration is valid as on date and that we have not been prohibited by SEBI or any other regulatory authority from acting as an intermediary in capital market issues. We also confirm that we have not been debarred from functioning as an intermediary by any regulatory authority, court or tribunal. We further confirm that no enquiry/investigation is presently being conducted by SEBI on us.

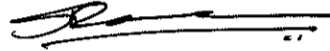
We confirm that we will immediately inform, in writing, the Company and the lead managers to the Issue ("LMs") of any changes to the information stated in this letter till the date the NCDs commence trading on the BSE pursuant to the Issue. In the absence of any such communication, the information stated in this letter should be taken as accurate and updated information until the NCDs commence trading on the BSE pursuant to the Issue.

We further confirm that the information in relation to us in this certificate together with the annexures is true and correct.

This letter may be relied upon by the Company, LMs and the legal advisors appointed by the Company and the LMs in respect of the Issue.

Yours faithfully,

For **Catalyst Trusteeship Limited**



**Authorised Signatory**  
Name: Swapnil Rane  
Designation: Manager



Cc:

**Lead Managers**

**A. K. Capital Services Limited**  
30-39, Free Press House, 3<sup>rd</sup> Floor  
Free Press Journal Marg  
215, Nariman Point  
Mumbai – 400 021

**Edelweiss Financial Services Limited**  
Edelweiss House, Off CST Road  
Kalina  
Mumbai – 400 098

**Cyril Amarchand Mangaldas**  
5th Floor, Peninsula Chambers  
Peninsula Corporate Park Ganpatrao Kadam Marg Lower Parel  
Mumbai 400 013  
**Encl:** As above

**CATALYST TRUSTEESHIP LIMITED** (FORMERLY GDA TRUSTEESHIP LIMITED)

An ISO:9001 Company

Mumbai Office Office No. 83 - 87, 8th Floor, B Wing, Mittal Tower, Nariman Point, Mumbai 400021 Tel +91 (022) 4922 0555 Fax +91 (022) 4922 0505  
Regd. Office GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune 411 038 Tel +91 (020) 25280081 Fax +91 (020) 25280275  
Delhi Office Office No. 213, 2nd floor, Navrang House, 21 Kasturba Gandhi Marg, New Delhi- 110 001. Tel. 011 43029101.  
CIN No. U74999PN1997PLC110262 Email dt@ctitrustee.com Website www.catalysttrustee.com  
Pune | Mumbai | Bengaluru | Delhi | Chennai



**Annexure A**

Date: August 24, 2018

**TO WHOMSOEVER IT MAY CONCERN**

**Sub: Proposed public issue by Manappuram Finance Limited (the "Company") of secured, redeemable, non-convertible debentures of face value of Rs. 1,000 each ("NCDs") aggregating upto Rs. 1,000 Crores through one or more tranches (the "Issue")**

1. Registration number:	IND000000034
2. Date of registration / renewal of registration:	July 29, 2016
3. Date of expiry of registration:	Permanent Registration
4. If applied for renewal, date of application:	N.A.
5. Any communication from SEBI prohibiting [name of certifying entity] from acting as [debenture trustee to the offer]:	NIL
6. Any enquiry/investigation being conducted by SEBI:	NIL
7. Period up to which registration/ renewal fees has been paid:	30th April, 2019
8. Details of any penalty imposed	NIL

For Catalyst Trusteeship Limited

**Authorised Signatory**  
Name: Swapnil Rane  
Designation: Manager

**CATALYST TRUSTEESHIP LIMITED** (FORMERLY GDA TRUSTEESHIP LIMITED)

An ISO:9001 Company

Mumbai Office Office No. 83 - 87, 8th Floor, B Wing, Mittal Tower, Nariman Point, Mumbai 400 021 Tel +91 (022) 4922 0555 Fax +91 (022) 4922 0505  
Regd. Office GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune 411 038 Tel +91 (020) 25280081 Fax +91 (020) 25280275  
Delhi Office Office No. 213, 2nd floor, Navrang House, 21 Kasturba Gandhi Marg, New Delhi- 110 001. Tel. 011 43029101.  
CIN No. U74999PN1997PLC110262 Email dt@ctitrustee.com Website www.catalysttrustee.com  
Pune | Mumbai | Bengaluru | Delhi | Chennai





डिबेंचर न्यासी

प्रकार ख  
FORM-B

DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनियम बोर्ड  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
(डिबेंचर न्यासी) विनियम, 1993  
(DEBENTURE TRUSTEE) REGULATIONS, 1993

000258 (विनियम 8)  
(Regulation 8) (Regulation 8A)

रजिस्ट्रीकरण प्रमाणपत्र  
**CERTIFICATE OF REGISTRATION PERMANENT REGISTRATION**

- 1) बोर्ड, भारतीय प्रतिभूति और विनियम बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा-12 की उपधाता (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,
- 1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

**CATALYST TRUSTEESHIP LIMITED**  
GDA HOUSE, PLOT NO. 85,  
BHUSARI COLONY (RIGHT), PAUD ROAD  
PUNE - 411 038  
MAHARASHTRA

को नियमों में शक्तों के अधीन रहते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है।  
as a debenture trustee subject to the conditions in the rules and in accordance with the regulations:

- 2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट है।
- 2) Registration Code for the debenture trustee is **IND000000034**
- 3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विद्यमान है।
- 3) Unless renewed, the certificate of registration is valid from to

3) This Certificate of Registration shall be valid for permanent, unless suspended or cancelled by the Board.



आदेश से  
भारतीय प्रतिभूति और विनियम बोर्ड  
के लिए और उसके ओर से  
By order  
For and on behalf of  
Securities and Exchange Board of India

स्थान Place : **MUMBAI**  
तारीख Date : **JULY 29, 2016**

*MJ Sonparote*  
**MEDHA SONPAROTE**  
प्राधिकृत हस्ताक्षरकर्ता / Authorised Signatory



**ANNEXURE E**  
**STATEMENT OF ACCOUNTING RATIOS**  
APPENDED OVERLEAF

**STATEMENT OF ACCOUNTING RATIOS (Standalone basis)**

Annexure 1

**1. Basic and Diluted Earnings per Share**

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
Weighted average number of equity shares used in computation of basic earnings per share [in millions] (A)	841.98	841.54	841.21	841.21	841.21
Potential equity shares arising out of the Employees Stock Option Scheme [in millions] (B)	1.91	0.03	0.06	0.06	-
Weighted average number of equity shares used in computation of diluted earnings per share [in millions] (C=A+B)	843.89	841.57	841.27	841.27	841.21
Earnings used in the computation of basic earnings per share [Rs.in million] (D)	7,001.69	7,260.34	3,372.43	2,707.32	2,260.11
Earnings used in the computation of diluted earnings per share [Rs.in million] (E)	7,001.69	7,260.34	3,372.43	2,707.32	2,260.11
Nominal Value of share [in Rs.]	2.00	2.00	2.00	2.00	2.00
Basic earnings per share [in Rs.] (F=(D/A))	8.32	8.63	4.01	3.22	2.69
Diluted earnings per share [in Rs.] (G=(E/C))	8.30	8.63	4.01	3.22	2.69

**2. Return on Networth**

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
Net Profit after tax [Rs.in million] (A)	7,001.69	7,260.34	3,372.43	2,707.32	2,260.11
Average networth [Rs.in million] (B)	35,626.18	30,237.81	26,820.89	25,595.72	24,673.44
Return on networth (A/B)	19.65%	24.01%	12.57%	10.58%	9.16%

**3. Net Asset Value Per Equity Share**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Number of equity shares [in million] (A)	842.53	841.89	841.20	841.20	841.20
Networth [Rs.in million] (B)	38,144.83	33,107.53	27,368.08	26,273.70	24,917.73
Net asset value per equity share (B/A)	45.27	39.32	32.53	31.23	29.62

**4. Debt-equity ratio**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Debt [Rs.in million] (A)	1,02,406.42	91,631.77	89,003.42	83,918.49	77,954.19
Equity [Rs.in million] (B)	38,144.83	33,107.53	27,368.08	26,273.70	24,917.73
Debt-equity ratio (A/B)	2.68	2.77	3.22	3.19	3.13

**Note:**

- Basic earnings per share is computed by dividing Net Profit for the year by the weighted average number of Equity Shares outstanding for the year.
- Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares-outstanding at the year end. Potential equity shares which are anti-dilutive in nature are ignored.
- Networth means means aggregate of Share Capital and Reserves and Surplus at the end of the year.
- Average Networth means sum of opening and closing Networth divided by two.
- Debt means the aggregate of long term borrowings, short term borrowings and current maturities of long-term borrowings at the end of the year.
- Equity for the purpose of calculation of Debt - equity Ratio means aggregate of Share Capital and Reserves and Surplus at the end of the year.

For Manappuram Finance Limited

V.P.Mandakumar  
Managing Director & Chief Executive Officer

Place: Valapad, Thrissur  
Date: September 26, 2018



## STATEMENT OF ACCOUNTING RATIOS (Consolidated basis)

## 1. Basic and Diluted Earnings per Share

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
Weighted average number of equity shares used in computation of basic earnings per share [in millions] (A)	841.98	841.54	841.21	841.21	841.21
Potential equity shares arising out of the Employees Stock Option Scheme [in millions] (B)	1.91	0.03	0.06	0.06	-
Weighted average number of equity shares used in computation of diluted earnings per share [in millions] (C=A+B)	843.89	841.57	841.27	841.27	841.21
Earnings used in the computation of basic earnings per share [Rs.in million] (D)	6,708.94	7,558.48	3,533.68	2,713.17	2,259.81
Earnings used in the computation of diluted earnings per share [Rs.in million] (E)	6,708.94	7,558.48	3,533.68	2,713.17	2,259.81
Nominal Value of share [in Rs.]	2.00	2.00	2.00	2.00	2.00
Basic earnings per share [in Rs.] (F=(D/A))	7.97	8.98	4.20	3.23	2.69
Diluted earnings per share [in Rs.] (G=(E/C))	7.95	8.98	4.20	3.23	2.69

## 2. Return on Networth

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
Net Profit after tax [Rs.in million] (A)	6,708.94	7,558.48	3,533.68	2,713.17	2,259.81
Average networth [Rs.in million] (B)	35,990.00	30,599.16	26,954.18	25,622.71	24,917.43
Return on networth (A/B)	18.64%	24.70%	13.11%	10.59%	9.07%

## 3. Net Asset Value Per Equity Share

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Number of equity shares [in millions] (A)	842.53	841.89	841.20	841.20	841.20
Networth [Rs.in million] (B)	38,362.04	33,617.95	27,580.36	26,327.99	24,917.43
Net asset value per equity share (B/A)	45.53	39.93	32.79	31.30	29.62

## 4. Debt-equity ratio

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Debt [Rs.in million] (A)	1,25,962.56	1,09,861.28	96,379.27	86,319.66	77,954.19
Equity [Rs.in million] (B)	38,362.04	33,617.95	27,580.36	26,327.99	24,917.43
Debt-equity ratio (A/B)	3.28	3.27	3.49	3.28	3.13

## Note:

- Basic earnings per share is computed by dividing Net Profit for the year by the weighted average number of Equity Shares outstanding for the year.
- Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end. Potential equity shares which are anti-dilutive in nature are ignored.
- Networth means aggregate of Share Capital and Reserves and Surplus at the end of the year.
- Average Networth means sum of opening and closing Networth divided by two.
- Debt means the aggregate of long term borrowings, short term borrowings and current maturities of long-term borrowings at the end of the year.
- Equity for the purpose of calculation of Debt - equity Ratio means aggregate of Share Capital and Reserves and Surplus at the end of the year.

For Manappuram Finance Limited



V.P.Nandakumar  
Managing Director & Chief Executive Officer

Place: Valapad, Thrissur  
Date: September 26, 2018



**ANNEXURE F**  
**STATEMENT OF CAPITALISATION**  
**APPENDED OVERLEAF**

## Statement of Capitalisation

Rs. in Million

Particulars	As at June 30, 2018 (Pre-issue)	Increase due to issue	Post issue - Amount after considering the issue (Refer note below)
Secured loan (A)	76,761.48	10,000.00	86,761.48
Unsecured loan (B)	33,475.73	-	33,475.73
<b>Total debt (C)=(A)+(B)</b>	<b>1,10,237.21</b>	<b>10,000.00</b>	<b>1,20,237.21</b>
Share capital (D)	1,685.07	-	1,685.07
Reserves and surplus (E)	37,700.16	-	37,700.16
<b>Total Shareholder's fund (F)=(D)+(E)</b>	<b>39,385.23</b>	-	<b>39,385.23</b>
<b>Debt Equity Ratio (G)= (C)/(E)</b>	<b>2.80</b>		<b>3.05</b>

Note: The figures included in the post issue Column relating to the Secured loan derived after considering the impact due to issue of secured debentures are indicative, assuming that the issue will be fully subscribed, but do not account for any other transactions or movements/issue related expenses. The actual debt equity ratio post the issue would depend on the actual position of debt and equity on the Deemed Date of Allotment.

For **Manappuram Finance Limited**

V.P.Nandakumar  
Managing Director & Chief Executive Officer

Place: Valapad, Thrissur  
Date: September 26, 2018



**ANNEXURE G**  
**STATEMENT OF DIVIDENDS**  
APPENDED OVERLEAF

## Statement of Dividend

(Rs. in Million)

Particulars (Standalone)	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
Equity Share Capital	1685.07	1683.80	1682.41	1682.41	1682.41
Face Value Per Equity Share (Rs.)	2.00	2.00	2.00	2.00	2.00
Interim Dividend on Equity Shares (Rupee per Equity Share)	2.00	1.50	2.25	1.35	1.80
Total interim dividend on Equity Shares	1683.94	1262.56	1892.74	1135.64	1135.65
Final Dividend on Equity Shares (Rupee per Equity Share)	-	-	-	-	0.45
Total Final Dividend on Equity Shares	-	-	-	-	378.54
Dividend Declared Rate (In %)	100.00	75.00	112.50	67.50	112.50
Dividend Rate (In Rs.)	2.00	1.50	2.25	1.35	2.25
Dividend tax (gross) on interim dividend	342.81	257.02	385.31	215.71	193.00
Dividend tax (gross) on final dividend	-	-	-	-	64.33

For **Manappuram Finance Limited**


V.P. Nandakumar  
Managing Director & Chief Executive Officer

Place: Valapad, Thrissur  
Date: September 26, 2018

